



MARKET RELEASE

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

11 February 2024

**INTENTION BY DEPARTMENT OF INTERNAL AFFAIRS TO
COMMENCE CIVIL PROCEEDINGS**

SkyCity Entertainment Group Limited (**SkyCity**) has been informed by the New Zealand Department of Internal Affairs (**Department**) that it intends to file civil penalty proceedings in the High Court against SkyCity Casino Management Limited (**SCML**) for non-compliance by SCML with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (**Act**) on 16 February 2024. The Department's proposed enforcement response follows a review of SCML's compliance with the Act.

SCML is a subsidiary of SkyCity and the holder of the casino operator's licence for the SkyCity Auckland, SkyCity Hamilton and SkyCity Queenstown casinos in New Zealand.

Draft pleadings have been provided to SkyCity setting out five separate causes of action. Those causes of action allege significant compliance issues in relation to the Act. These are largely, although not exclusively, historical matters. Some matters relate to incidents of non-compliance which have previously been self-reported to the Department.

Since late 2021, SkyCity has had in place a significant AML/CFT enhancement programme to address compliance systems and correct historical shortcomings. This has involved, and continues to involve, significant investment in people and technology, and various reviews of SkyCity's processes and systems to identify areas which require improvement.

SkyCity is disappointed that it has not met the standard to which it needs to hold itself, and this has resulted in the action taken by the Department. SCML and SkyCity will engage constructively with the Department in relation to the proposed proceedings, with a view to resolving these matters expeditiously. Given that the matter will be before the Court, it would be inappropriate for SkyCity to comment further at this stage.

In the event the Department's claim was to be accepted in whole or in part by the High Court, SCML would be subject to a civil penalty to be imposed by the Court as set out in subpart 3 of the Act. Under the Act and relevant case law, SkyCity and the Department assess SkyCity's maximum liability in relation to these claims as being NZ\$8 million in aggregate.

SkyCity is committed to continuing to uplift its processes and systems, particularly with respect to AML/CFT and host responsibility matters.

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For more information, please contact:

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