

MARKET RELEASE

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

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Update on South Australian casino duty dispute

SkyCity Entertainment Group Limited (**SkyCity**) advises that the High Court of Australia has today delivered its judgment on SkyCity Adelaide Pty Limited's (**SkyCity Adelaide**) appeal of the South Australian Court of Appeal's judgment on the interpretation of the provisions in the Casino Duty Agreement dated 27 October 1999 between SkyCity Adelaide and the Treasurer of South Australia (**Agreement**) which determine the treatment of loyalty points converted to gaming machine play for the purpose of calculating casino duty at the SkyCity Adelaide casino.

As detailed in SkyCity's 2024 Annual Report and Group FY24 financial statements released on 22 August 2024, the matter has been the subject of a longstanding contractual dispute concerning the interpretation of the Agreement. Given the complexity of the issues involved, both parties agreed to seek declaratory relief from the South Australian Supreme Court as to the proper construction of the Agreement.

The High Court has confirmed the Court of Appeal's interpretation of the Agreement finding that credits on gaming machines arising from the conversion of loyalty points, when played by customers, are to be included in gaming revenue for the purpose of calculating casino duty at the SkyCity Adelaide casino.

Accordingly, it is estimated (based on casino duty returns filed up to January 2024) that SkyCity Adelaide is now obliged to pay additional casino duty of A\$10.3 million to January 2024 in addition to A\$2.8 million of additional casino duty payable as a consequence of that part of the Court of Appeal's earlier judgment that was not appealed to the High Court.

As at 30 June 2024, SkyCity had recognised a provision of A\$13.1 million (NZ\$14.0 million) in relation to the potential exposure to additional casino duty payable.

In relation to the cross appeal by the Treasurer of South Australia, the High Court has ruled in favour of the Treasurer's position on the interest clause in the Agreement. The question of the amount of interest payable on outstanding duty remains to be determined by a single Judge of the Supreme Court of South Australia at a later date.

If the Supreme Court's decision is unfavourable to SkyCity Adelaide in this regard, SkyCity Adelaide may be obliged to pay penalty interest on the additional casino duty, which could be up to around A\$25.3 million (as at 30 September 2024).

As at 30 June 2024, SkyCity had not recognised a provision in relation to the potential exposure to penalty interest as there remain a range of potential outcomes and no present obligation exists.

"This is a long running matter involving highly technical tax issues regarding the calculation of casino duty. Given the complexities, both parties decided to seek declaratory relief

through the court. We look forward to the resolution of this matter and will continue to work with RevenueSA to achieve this,” said Jason Walbridge, SkyCity’s Chief Executive Officer.

SkyCity understands that a copy of the High Court’s judgment will be made publicly available shortly in accordance with usual court processes.

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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 General Manager Communications Phone: +64 214 26 844 Email: graeme.muir@skycity.co.nz

This announcement has been authorised for release by:
Jo Wong, General Counsel & Company Secretary