Appendix 4E (Rule 4.3A)

For the year ended 30 June 2021

Results for Announcement to the Market

Key Financial Information		2021 $'000	2020 Restated $'000
Continuing operations			
Revenue from ordinary activities	Up by 8%	2,342,178	2,172,060
Revenue from ordinary activities, excluding specific items	Up by 8%	2,332,984	2,156,785
Net profit/(loss) from ordinary activities after tax	n/m	183,961	(507,751)
Net profit after tax, excluding specific items	Up by 76%	277,530	157,694
Discontinued operations			
Profit/(loss) from ordinary activities after tax		–	(66,189)
Total income attributable to:			
Net profit/(loss) from ordinary activities after tax – owners of the parent	n/m	169,364	(589,198)
Net profit from ordinary activities after tax – non-controlling interest	Down by 4%	14,597	15,258

n/m = not meaningful

Refer to the attached Financial Report, Results Announcement and Investor Presentation for management commentary on the results.

Dividends

A fully franked dividend of 5.5 cents per share has been announced payable on 20th October 2021.

Dividends	Amount per share cents	Franked amount per share cents
Dividend per share (paid 20th October 2020)	2.0	2.0
Interim 2021 dividend per share (paid 20th April 2021)	5.0	5.0

A fully franked dividend amounting to $34,107,865 of 2.0 cents per share was paid on 20 October 2020. An interim fully franked dividend amounting to $85,269,663 of 5.0 cents per share was paid on 20 April 2021.

Dividend and AGM Dates

Ex-dividend date: 9 September 2021

Record date: 10 September 2021

Payment date: 20 October 2021

Annual General Meeting date: 11 November 2021

Net Tangible Assets per Share

Reported	2021 cents	2020 Restated cents
Net tangible asset (deficit)/backing per ordinary share[1]	(38.3)	(40.9)
Net asset backing per ordinary share	114.9	108.4

1. If the right of use assets are included, then the net tangible asset deficit backing per share is (18.0) cents (FY20: (27.6) cents).

Supplementary information

Additional Appendix 4E disclosure requirements can be found in the Directors' Report and the 30 June 2021 Financial Report.

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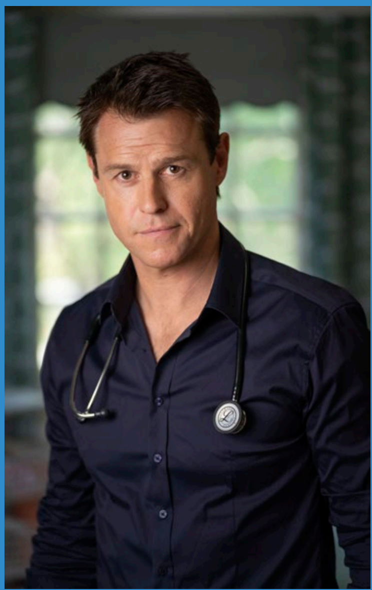
Nine

Financial Report
for the year ended 30 June 2021












Nine Entertainment Co. Holdings Limited
ABN 60 122 203 892

Financial Report

for the year ended 30 June 2021

Contents

The financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3.

Financial Highlights

$2,332m
Revenue
increase of 8%

$565m
EBITDA
increase of 43%

$416m
EBIT
increase of 67%

$278m
NPAT
increase of 76%

15.3 cents
EPS
increase of 83%

0.4x
Net Leverage[1]
improvement of 60%

Before specific items (Note 2.4).

1. Net debt, excluding lease liabilities.

Directors' Report

The Directors present the financial report for the year ended 30 June 2021. The financial report includes the results of Nine Entertainment Co. Holdings Limited (the "Company") and the entities that it controlled during the period (the "Group").

Directors

The Directors of the Company at any time during the year or up to the date of this report were as follows:

Name	Title	Date Appointed	Date Resigned
Peter Costello	Independent Non-Executive Chairman	6 February 2013	
Nick Falloon	Independent Non-Executive Deputy Chairman	7 December 2018	
Hugh Marks	Chief Executive Officer	6 February 2013	31 March 2021
Mike Sneesby	Chief Executive Officer	1 April 2021	
Patrick Allaway	Independent Non-Executive Director	7 December 2018	1 April 2021
Andrew Lancaster	Non-Executive Director	1 April 2021	
Samantha Lewis	Independent Non-Executive Director	20 March 2017	
Mickie Rosen	Independent Non-Executive Director	7 December 2018	
Catherine West	Independent Non-Executive Director	9 May 2016	

Peter Costello (Independent Non-Executive Chairman)

Mr Costello was appointed to the Board in February 2013 as an independent, Non-Executive Director and in March 2016 became Chairman of the Board. He is also a member of the Audit & Risk Management Committee. Mr Costello is currently Chairman of the Board of Guardians of Australia's Future Fund and serves on a number of domestic and international advisory boards. He commenced his career as a solicitor and then a barrister. Mr Costello was a member of the Australian House of Representatives from 1990 to 2009 and was Treasurer of the Commonwealth of Australia from March 1996 to December 2007. From 2009, Mr Costello has worked as a corporate adviser in the fields of mergers, acquisitions and foreign investment.

He has a Bachelor of Arts and a Bachelor of Laws (Hons) and a Doctorate of Laws (Honoris Causa) from Monash University. In 2011, Mr Costello was appointed a Companion of the Order of Australia.

Nick Falloon (Independent Non-Executive Deputy Chairman)

Mr Falloon was appointed to the Board in 7 December 2018 as an independent, Non-Executive Director. Prior to the merger of Nine and Fairfax, Mr Falloon was chairman of the Fairfax Board before taking up the role of deputy chairman of Nine in December 2018. He is also chairman of Domain Holdings Australia (since November 2017). Mr Falloon has had 30 years' experience in the media industry, 19 years working for the Packer-owned media interests from 1982 until 2001.

Mr Falloon served as CEO of Publishing and Broadcasting Limited (PBL) from 1998 to 2001 and before that as Chief Executive Officer of PBL Enterprises and Group Financial Director of PBL. PBL provided a strong background in the television, pay TV, magazine, radio and digital industries. From 2002, Mr Falloon spent nine years as Executive Chairman and CEO of Ten Network Holdings. He holds a Bachelor of Management Studies (BMS) from Waikato University in New Zealand.

Mike Sneesby (Director and Chief Executive Officer)

Mr Sneesby was appointed as a Director and Chief Executive Officer of Nine with effect from 1 April 2021. He was the CEO of Stan Entertainment since its inception in 2013, until his appointment as CEO of Nine. He is also a director of Domain Holdings Australia Ltd (since 21 April 2021).

Mr Sneesby is an experienced media executive with a depth of local and international experience. He was formerly the CEO of the Microsoft/Nine e-commerce joint venture, Cudo, up until its sale in 2013. Prior to that, Mr Sneesby set up the invision IPTV service in Dubai as Vice President of IPTV for the Saudi Telecom/Astra Malaysia joint venture, Intigral. Before joining Intigral, he headed Corporate Strategy and Business Development at ninemsn where he established a portfolio of high growth digital media businesses including the start-up of MSN New Zealand and management of the EPG and listings business HWW. Prior to ninemsn, Mr Sneesby led a company-wide program for Optus rolling out and launching their national ADSL broadband network.

Mr Sneesby spent his earlier career in leadership and consulting positions gaining broad experience in digital media, technology and telecommunications in Australia, Asia and the USA. He holds an Honours Degree in Electrical Engineering from the University of Wollongong and a Masters of Business Administration from the Macquarie Graduate School of Management.

Andrew Lancaster (Non-Executive Director)

Mr Lancaster joined the Board on 1 April 2021 as a Non-Executive Director. Mr Lancaster is CEO of the WIN Corporation and Birketu Pty Ltd, Nine Entertainment Co's largest individual shareholder (so is not an independent director). After more than 27 years working in the media sector, Mr Lancaster has extensive experience in both metropolitan, and regional television and radio. He has a broad knowledge of strategic, structural, operational, financial and resource management as well as a proven history of driving strong revenue growth across all areas of these businesses.

Mr Lancaster is currently a Director of Free TV Australia, Broadcast Transmission Services and NRL team St George Illawarra Dragons.

Mr Lancaster holds a Master of Commerce Human Resource Management and a Bachelor of Economics and Management, both from the University of Wollongong.

Samantha Lewis (Independent Non-Executive Director)

Ms Lewis joined the Board in March 2017 as an independent, Non-Executive Director and is Chair of the Audit & Risk Management Committee and a member of the People & Remuneration Committee. Ms Lewis is a chartered accountant with extensive experience in accounting, finance, auditing, risk management, corporate governance, capital markets and due diligence. Ms Lewis has been a non-executive director since 2014, and in addition to Nine Entertainment, serves on the Boards of ASX-listed Orora Ltd (since March 2014) and Aurizon Holdings Ltd (since February 2015) and is also the Chair of the Audit and Risk Committee of the Australian Prudential Regulatory Authority. Prior to becoming a non-executive director, Ms Lewis spent 20 years at Deloitte including 14 years as a Partner. In that role, she led the audit of a number of major Australian listed companies, in the retail/FMCG and industrial sectors. During her time at Deloitte, Ms Lewis also provided accounting advice and transactional advisory services, including due diligence, IPOs and debt/equity raising. Ms Lewis holds a Bachelor of Arts, Economics from the University of Liverpool.

Mickie Rosen (Independent Non-Executive Director)

Ms Rosen served on the Fairfax Board from March 2017, before moving on to the new board when Nine and Fairfax merged in December 2018. Ms Rosen has nearly three decades of strategy, operating, advisory, and investment experience at the intersection of media, technology and e-commerce. She has built and led businesses for iconic global brands such as Yahoo, Fox, and Disney, and early stage start-ups such as Hulu and Fandango.

Ms Rosen currently serves on public, private, and non-profit boards including Bank of Queensland (since March 2021), Ascendant Digital Acquisition Company and TechStyle Fashion Group, and she advises early to growth stage companies. Until recently, she served on the board of Pandora Media, and was the President of Tribune Interactive, the digital arm of Tribune Publishing, and concurrently the President of the Los Angeles Times. Ms Rosen has also served as a Senior Advisor to the Boston Consulting Group and was a co-founder and partner of a boutique strategic advisory firm, Whisper Advisors.

Prior, Ms Rosen served as Senior Vice President of Global Media & Commerce for Yahoo, where she led Yahoo's media division worldwide. Prior to Yahoo, she was a partner with Fuse Capital, a consumer Internet focused venture capital firm, investing in early stage video, publishing, advertising technology, and e-commerce companies. She was also an executive with Fox Interactive Media, Fandango, and The Walt Disney Company.

The foundation of Ms Rosen's career was built with McKinsey & Company, and she holds an MBA from Harvard Business School.

Catherine West (Independent Non-Executive Director)

Ms West was appointed to the Board in May 2016 as an Independent, Non-Executive Director and is the Chair of the People & Remuneration Committee and a member of the Audit & Risk Management Committee. Ms West has more than 25 years of business and legal affairs experience in the media industry, both in Australia and the UK. Her most recent executive role was Director of Legal – Content Commercial and Joint Ventures for Sky Plc in the UK. In this role, Ms West was responsible for all of Sky's content relationships, distribution, commercial activities and joint ventures. Ms West has been a non-executive director since 2016 and in addition to Nine serves on the Boards of ASX listed Monash IVF group (since September 2020), Peter Warren Automotive (since April 2021) and the Endeavour Group (since June 2021). Ms West is Vice President of the Sydney Breast Cancer Foundation at Chris O'Brien Lifehouse, a director of NIDA and the NIDA Foundation Trust and a Governor of Wenona School. She is a consultant to media companies internationally and to the healthcare sector.

Ms West is a Graduate Member of the Australian Institute of Company Directors and holds both a Bachelor of Laws (Hons) and Bachelor of Economics degree from the University of Sydney.

Directors' Report

Patrick Allaway (Former Independent Non-Executive Director)

Mr Allaway served on the Fairfax Board from April 2016, before moving on to the new board when Nine and Fairfax merged in December 2018. He has had 30 years' experience in the global financial industry across capital markets and corporate advisory; and 17 years Non- Executive Director experience across property, retail, media, and finance.

Mr Allaway commenced his executive career with Citibank in Sydney, London and New York and with Swiss Bank Corporation in Zurich and London. He was previously a Director of Macquarie Goodman, Metcash, Fairfax, Domain Holdings Australia, Woolworths South Africa, and Chairman of Saltbush Capital Markets. In May 2019, he was appointed Non-Executive Director of the Bank of Queensland, and as Chairman of the Bank in October 2019. He is also a Non-Executive Director of Dexus Funds Management (since February 2020) and Allianz Australia (since July 2020). Mr Allaway has a Bachelor of Arts/Law degree from the University of Sydney.

Hugh Marks (Former Director and Chief Executive Officer)

Mr Marks was appointed Chief Executive Officer of Nine Entertainment Co. in November 2015 and ceased to hold that role and be a director on 31 March 2021. Prior to his appointment as CEO, Mr Marks had been an independent, Non-Executive Director since February 2013. Mr Marks has over 20 years' experience as a senior executive in content production and broadcasting in Australia and overseas. Prior to his appointment as CEO, he had ownership and management interests in a number of independent companies producing content for broadcast and pay TV, talent management and digital production. Before joining the Board, Mr Marks was an authority member for the Australian Communications and Media Authority for over two years. Previously, Mr Marks was Chief Executive Officer of the Southern Star Group. Mr Marks has also worked with the Nine Network as legal counsel and then as Director of Nine Films & Television for seven years. Mr Marks was a director of Domain Holdings Australia (from February 2020 to 31 March 2021).

Mr Marks received a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales.

Remuneration Report

The Remuneration Report is set out on the pages that follow and forms part of this Directors' Report.

Directors' Interests

The relevant interests of each Director in the equity of the Company and related bodies corporate as at the date of this report are disclosed in the Remuneration Report.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year, and the number of meetings attended by each Director, were as follows:

	Board		Audit & Risk Management Committee		People & Remuneration Committee	
	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended
Peter Costello	16	16	5	5	–	–
Nick Falloon	16	15	–	–	5	5
Hugh Marks	12	8	–	–	–	–
Mike Sneesby	4	4	–	–	–	–
Patrick Allaway	12	11	4	4	–	–
Andrew Lancaster	4	4	–	–	–	–
Samantha Lewis	16	16	5	5	5	5
Mickie Rosen	16	16	–	–	–	–
Catherine West	16	16	5	5	5	5

Company Secretary

Rachel Launders (General Counsel and Company Secretary)

Ms Launders was appointed joint Company Secretary on 4 February 2015 and became sole Company Secretary on 29 February 2016. Ms Launders holds the role of General Counsel and Company Secretary at the Group. Prior to joining the Group in January 2015, Ms Launders was a partner at Gilbert + Tobin for over 13 years where she specialised in mergers and acquisitions, corporate governance and compliance.

Ms Launders holds a Bachelor of Arts and Bachelor of Laws (Hons) from the University of Sydney. She also completed the Graduate Diploma of Applied Finance and Investment at the Financial Services Institute of Australasia and is a Fellow of the Financial Services Institute of Australasia and a graduate of the Australian Institute of Company Directors.

Principal Activities

The principal activities of the entities within the Group during the year were:

- Broadcasting and program production across Free to Air television, Broadcast video on demand and metropolitan radio networks in Australia;
- Publishing across digital platforms and newspapers;
- Real estate media and technology services; and
- Subscription video on demand.

There have been no significant changes in the nature of activities during the financial year.

Dividends

Nine Entertainment Co. Holdings Limited paid an interim dividend of 5.0 cents per share, fully franked, in respect of the half year ended 31 December 2020 amounting to $85,269,663 on 20 April 2021. Since the year end, the Company has proposed a dividend in respect of the year ended 30 June 2021 of 5.5 cents per share, fully franked, amounting to $93,796,629.

The Company paid a dividend of 2.0 cents per share, fully franked, in respect of the year ended 30 June 2020 amounting to $34,107,865 during the current year.

Corporate Information

Nine Entertainment Co. Holdings Limited is a company limited by shares that is incorporated and domiciled in Australia. It is the parent entity of the Group.

The registered office of Nine Entertainment Co. Holdings Limited is Level 9, 1 Denison Street, North Sydney NSW 2060.

Review of Operations

For the year to 30 June 2021, the Group reported a consolidated net profit after income tax of $183,961,000 (2020: loss $573,940,000). There was no profit or loss from discontinued operations (2020: loss $66,189,000).

The Group's revenues from continuing operations for the year to 30 June 2021 increased by $170,118,000 (8%) to $2,342,178,000 (2020: $2,172,060,000).

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) and before specific items (Note 2.4) for continuing operations for the year ended 30 June 2021 was a profit of $564,696,000 (2020: restated profit of $394,826,000).

The Group's cash flows generated in operations for the year to 30 June 2021 were $398,161,000 (2020 restated: $374,501,000). Further information is provided in the Operating and Financial Review on pages 33 to 38.

COVID-19

Following continued disruption to certain businesses within the Group as a result of the COVID-19 pandemic, the Group has benefited from Government funding available to the regional publishing industry in the form of a Public Interest News Gathering (PING) grant (P&L benefit of $3.1 million in the period). In addition, spectrum fees which would have been payable by broadcasters were waived by the Australian Government, resulting in a P&L benefit of $9.4 million (2020: $1.3 million) in the period.

The Group results also include a net P&L benefit of $8.2 million (2020: $6.1 million) relating to JobKeeper allowance received by significantly impacted businesses which met the relevant criteria, the most significant of which relates to Domain ($8.3 million). This benefit is net of $2.3 million of repayments made for amounts received by wholly owned subsidiaries since the inception of the scheme in March 2020. Following the year end, Domain Group announced its intention to repay JobKeeper allowance received during the year ended 30 June 2021, totalling $6.5 million.

Directors' Report

Significant Changes in the State of Affairs

Cyber-Attack

During the year, the Group was subject to a cyber-attack which caused disruption to operations for a short period of time. No sensitive data was compromised in relation to this attempted breach and the financial impact on the business was not material.

Relocation of the Group headquarters to 1 Denison Street, North Sydney

During the year, the Group relocated its headquarters to 1 Denison Street, North Sydney and commenced a long-term lease with a non-cancellable period of 12 years and two additional 5 year option periods, with market reviews at the time of each option commencement. As a result, a Right of Use asset totalling $156.5 million was recognised within Property, Plant and Equipment, with a related lease liability totalling $189.8 million recognised within financial liabilities.

Significant Events after the Balance Sheet Date

On 16 August 2021, the Domain Board made the decision to repay benefits of $6.5 million received during the year ended 30 June 2021 from the Federal Government's JobKeeper scheme. This will impact the Domain Group's result in the year ended 30 June 2022.

In the time between 30 June 2021 and the date of this report there has not arisen any other item, transaction or event of a material and unusual nature, in the opinion of the Directors of the Company, to affect significantly the operations, results or the state of affairs of the Group, currently or in future financial years.

Likely Developments and Expected Results

Other than the developments described in this report, the Directors are of the opinion that no other matters or circumstance will significantly affect the operations and expected results of the Group.

Unissued Shares and Options

As at the date of this report, there were no unissued ordinary shares or options. There have not been any share options issued during the year or subsequent to the year end.

Indemnification and Insurance of Directors and Officers

During or since the financial year, Nine Entertainment Co. Holdings Limited has paid premiums in respect of a contract insuring all the Directors and officers of the parent entity and its controlled entities against costs incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as Director or officer of Nine Entertainment Co. Holdings Limited or its controlled entities. The insurance contract specifically prohibits disclosure of the nature of the insurance cover, the limit of the aggregate liability and the premiums paid.

Auditor's Independence Declaration

The Directors have received the Auditor's Independence Declaration, a copy of which is included on page 8.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, 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 Ernst & Young during or since the financial year.

Non-audit Services

Details of amounts paid or payable to the auditor for non-audit services provided by the auditor during the year are set out in Note 7.3 of the financial statements.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Rounding

The amounts contained in the financial statements have been rounded off to the nearest thousand dollars (where rounding is applicable) under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Nine Entertainment Co. Holdings Limited is an entity to which the Instrument applies.

Signed on behalf of the Directors in accordance with a resolution of the Directors.

Peter Costello
Chairman

Mike Sneesby
Chief Executive Officer and Director

Sydney, 25 August 2021

Auditor’s Independence Declaration

Building a better working world

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Auditor’s independence declaration to the directors of Nine Entertainment Co. Holdings Limited

As lead auditor for the audit of the financial report of Nine Entertainment Co. Holdings Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Nine Entertainment Co. Holdings Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Christopher George
Partner
25 August 2021

Remuneration Report — Audited

Contents

Remuneration Report — Audited

Letter from Committee Chair

On behalf of the Board, I am pleased to present the Company's Remuneration Report for financial year ended 30 June 2021 (FY21).

FY21 was a challenging year and Nine's Executive team responded to the challenges and continued to adapt and transform the business and achieved a strong financial result. For FY21, on a pre-specific item basis, Nine delivered 43% EBITDA growth to $564.7 million and a Group EBIT of $415.6 million, up 67% on FY20. Net Profit After Tax and Minorities before Specific Items was $261.0 million for the year, up 83%. Nine's digital transformation continued with digital EBITDA growing and now accounting for 44% of Group EBITDA.

Nine successfully completed transformational deals with Google and Facebook and its audiences strengthened across Free to air, BVOD, Publishing, Radio and Stan. 9Now has continued to thrive and consolidate its leadership position in BVOD. Stan has continued to grow and successfully launched Stan Sport. The Executive team has maintained tight cost control and a strong balance sheet with low leverage.

In November 2020, Hugh Marks announced his intention to stand down as CEO. Hugh expertly led the successful transformation of Nine for over 5 years and he leaves Nine in a strong and enviable position to continue its success. I would like to thank Hugh for his huge contribution to Nine and welcome our new CEO Mike Sneesby. Mike's broad media experience ideally equips him to lead Nine in its next phase of growth and development. Mike's background and experience was invaluable in facing his first challenge in successfully leading Nine through the cyber-attack during the second half of this year.

Nine's remuneration structure awards short and long term incentives to Nine's Key Executive Management Personnel based on metrics which are aligned with the creation of shareholder value.

Short-Term Incentives outcomes

The Short Term Incentive plan for FY21 (FY21 STI) was structured with 50% allocated to achievement of the Group EBIT target and 50% allocated to individual objectives which were made up of financial and strategic objectives aligned to our strategy.

Setting a Group financial target in the midst of the pandemic in 2020 was difficult. As positive signs emerged during the first half of the year, the Board re-visited the original Group EBIT target which had been set, and determined that 5% growth on the FY20 Group EBIT outcome of $249.1 million (before restatement $246.8 million) for continuing operations and pre significant items, would be an appropriate target.

The Executive team delivered a Group EBIT of $415.6 million (continuing operations and pre significant items), and therefore the Group financial target was achieved at maximum performance. The individual measures were assessed by the Board and were mainly achieved at above target performance resulting in overall STI outcomes for Executive KMP above target opportunity reflecting the strong company performance during the year.

Long-Term Incentives outcome

The FY19 Long Term Incentive Plan grant (FY19 LTI) was tested at the conclusion of FY21. The required targets for the FY19 LTI grant were Total Shareholder Return (TSR) and Earnings Per Share Growth (EPSG) measured over a three-year performance period.

The EPSG target was not achieved, resulting in no vesting of this portion of the grant (50% of the total grant). The TSR performance was achieved at the 50th percentile, resulting in vesting of 50% of the rights attributable to that hurdle (50% of the total grant). This resulted in LTI participants receiving a total of 25% of the maximum possible benefits under the FY19 LTI. The remainder of the FY19 LTI Rights lapsed.

Changes for FY22 STI and LTI arrangements

The People and Remuneration Committee and the Board review the Executive Remuneration Framework on an annual basis and made some changes to the STI and LTI Plans for FY22.

For the FY22 STI plan, the Group financial target will revert to Group EBITDA. The Board considers that EBITDA provides a more direct measurement of business and our Executives' performance for the year than EBIT and aligns with the company's in year strategy and targets.

In the FY21 LTI plan, to remove the volatility and uncertainty around the recovery of COVID, the Earnings Per Share Growth (EPSG) performance hurdle was changed to a point-to-point measure. Given the stabilisation of our markets, for the FY22 LTI plan the EPSG performance hurdle will revert back to measuring EPSG on a cumulative annual growth rate.

In addition, for the FY22 LTI plan, the Strategic hurdle (digital transformation) introduced for the CEO's LTI plan in FY20 and FY21 will be expanded to include all Executive KMP and participants of the FY22 LTI plan. The target and maximum opportunity for Executive KMP will not change, and the hurdles and their weighting will be 40% for the existing Relative Total Shareholder Return (TSR) performance hurdle, 40% for the existing the Earnings Per Share Growth (EPSG) performance hurdle and 20% for the Strategic hurdle, which will continue to focus on transformation of Nine into a digital focused business.

Otherwise the STI and LTI structures for FY22 remain the same as FY21.

It has been another extraordinary year for Nine and the whole of Australia. On behalf of the Board I would like to extend my thanks to every member of the Nine team for their exceptional work, in informing, engaging and entertaining the nation whilst it continues to experience unprecedented times. The whole of the Nine team has risen to the challenges presented and excelled, executing on the strategic priorities of the business and driving long term performance for shareholders.

I trust you will find this report informative. I encourage you to vote in favour of the report and welcome any questions at the Annual General Meeting.

Yours faithfully,

Catherine West
Chair of the People and Remuneration Committee

Remuneration Report — Audited

1. Key Management Personnel

The Remuneration Report details the remuneration framework and arrangements for Key Management Personnel (KMP), as set out below for the year ended 30 June 2021. KMP are those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company. The table details movements during the 2021 financial year and current KMP and Directors.

Key Management Personnel

Name	Position	Term 2021
Non-Executive Directors (NEDs)		
Peter Costello	Chairman (independent, Non-Executive)	Full year
Nick Falloon	Deputy Chairman (independent Non-Executive)	Full year
Patrick Allaway[1]	Director (independent Non-Executive)	Up to 1 April 2021
Andrew Lancaster[2]	Director (Non-Executive)	From 1 April 2021
Samantha Lewis	Director (independent Non-Executive)	Full year
Mickie Rosen	Director (independent Non-Executive)	Full year
Catherine West	Director (independent Non-Executive)	Full year
Executive Director		
Mike Sneesby[3]	Chief Executive Officer	From 1 April 2021
Other Executive KMP		
Maria Phillips[4]	Chief Financial Officer	From 31 August 2020
Michael Stephenson	Chief Sales Officer	Full year
Former Executive KMP		
Hugh Marks[5]	Chief Executive Officer	Up to 31 March 2021
Paul Koppelman[6]	Chief Financial Officer	Up to 10 July 2020

1. Mr Allaway retired from the Board on 1 April 2021.
2. Mr Lancaster joined the Board on 1 April 2021.
3. Mr Sneesby was appointed Chief Executive Officer effective 1 April 2021.
4. Ms Phillips commenced as Chief Financial Officer on 31 August 2020.
5. Mr Marks ceased to be Chief Executive Officer and therefore ceased to be a KMP of the Company effective 31 March 2021.
6. Mr Koppelman was the Chief Financial Officer from 2 September 2019 until his resignation and ceased being an employee of the Company on 10 July 2020.

2. Executive Summary

The table below outlines each component of the remuneration framework, metrics and the link to Group strategic objectives.

Component	Performance Measure	At risk portion	Link to Strategic Objective
Fixed remuneration Salary, non-monetary benefits and statutory superannuation. *Further detail in Section 3.4.*	Performance and delivery of key responsibilities as set out in the position description.	Not applicable	Fixed remuneration is set at competitive levels to attract and retain high performance individuals. Other considerations include: • Scope of role and responsibility; • Capability, experience and competency; and • Internal and external benchmarks.

Component	Performance Measure	At risk portion	Link to Strategic Objective
Annual short-term incentive (STI) Cash payments and deferred shares. *Further detail in Section 3.5.*	Group Financial measure: 50% – Group Earnings Before Interest and Tax (EBIT) before specific items. Individual measures: 50% – Individual objectives related to the Executive KMP's role and responsibilities.	Chief Executive Officer: Target 100% of fixed remuneration, Maximum 125% of fixed remuneration (previous CEO, Mr Marks, had a maximum of 150% of fixed remuneration). Other Executive KMP: Target 50% of fixed remuneration, Maximum 75% of fixed remuneration.	The group financial measure rewards Group performance. Individual measures reflect individuals' performance and contribution to the achievement of both business unit and Group short and long term objectives. This year's focus was on a successful transition through the impacts of COVID-19, driving performance on revenues and audience targets, meeting targets for Stan, data commercialisation and meeting targets across various strategic initiatives including finance and enterprise transformation. For the new CEO, Mr Sneesby, measures were focused on a successful first 100 days in the role. A portion is paid in cash (67%) and a portion (33%) delivered as Nine shares deferred for up to two years to ensure continued alignment to shareholder outcomes.
Long-term incentive (LTI) Performance rights used to align the reward of executives to the returns generated for Nine shareholders. *Further detail in Section 3.6.*	50% – Total Shareholder Return (TSR) – relative to S&P/ASX 200 Index companies. 50% – Earnings Per Share Growth (EPSG). Additional 25% CEO only – Strategic and Transformation Objectives. Hurdles measured over a three-year performance period. No retesting.	Chief Executive Officer: 125% of fixed remuneration. Other Executive KMP: 50% of fixed remuneration.	Creates a strong link with the creation of shareholder value. Relative TSR was chosen as it provides an external market performance measure having regard to S&P/ASX 200 Index companies representing Consumer Discretionary, Consumer Staples, Information Technology and Communication Services. EPSG was chosen as it aligns with shareholder dividends over time. Strategic and transformation objectives are chosen to focus on key initiatives to position Nine for medium to long term growth and sustainability. The CEO's objectives for the FY21 grant focus on transformation of Nine into a digital focused business, demonstrated by increasing digital audience and engagement and growth in digital revenue and subscription revenue.
Total Remuneration	The remuneration mix is designed to align Executive remuneration and rewards to the creation of long term shareholder value. The remuneration of Executive KMP is set on appointment and then reviewed annually. We set both fixed remuneration and the total remuneration opportunity by considering factors such as experience, competence and performance in the role, competitive market pressures and internal equity with peers.		

2.1 Summary of Executive Remuneration outcomes

The table below is a summary of remuneration outcomes for financial year 2021.

Fixed remuneration	• Mr Sneesby commenced as Nine CEO on 1 April 2021 at a fixed remuneration of $1,400,000 per annum which is less than his predecessor. • Ms Phillips commenced in the role of CFO on 31 August 2020 at a fixed remuneration of $700,000 per annum which is less than her predecessor. • During FY21 there was no increase to Mr Stephenson's fixed remuneration.
Short-term incentive (STI)	• Setting a Group financial target in the midst of the pandemic was difficult. As positive signs emerged during the first half of the year, the Board re-visited the original target which had been set, and determined that 5% growth on the FY20 Group EBIT outcome of $249.1 million (before restatement $246.8 million) for continuing operations and pre significant items, would be an appropriate target. • The reported FY21 Group EBIT for continuing operations (before specific items) was $415.6 million, resulting in the Group Financial target being achieved at maximum performance. This represents 50% of the STI opportunity. • The individual measures were assessed against specific targets and awarded where achieved. This represents 50% of the STI opportunity. • FY21 short-term incentive payments to Executive KMP were consequently above target levels at payouts of between 112.5% and 140% of target opportunity.
Long-term Incentive (LTI)	• LTI grants were made in line with plan rules for Executive KMP in financial year 2021.
Award vesting	• LTI grants made in financial year 2019 were tested at 30 June 2021 in line with the plan rules. • TSR requirements were achieved at the threshold level of performance, resulting in 50% vesting of this portion of the grant (50% of total grant). • The EPSG target was not achieved, resulting in no vesting of this portion of the grant (50% of total grant). • Overall participants received a total of 25% of the possible benefits under the FY19 LTI plan. The remainder of the FY19 Rights lapsed.
Non-executive director fees	• The total amount paid by Nine to Non-Executive Directors in financial year 2021 was $1,101,250. This is well below the aggregate fee pool of $3 million approved by shareholders at the AGM on 21 October 2013.

3. Executive Remuneration

3.1 Remuneration Principles

The remuneration framework is designed to attract and retain high performing individuals, align executive reward to Nine's business objectives and to create shareholder value. The remuneration framework reflects the Company's remuneration approach and considers industry and market practices and advice from independent external advisers.

The Company's Executive reward structure is designed to:

- Align rewards to the creation of shareholder value, implementation of business strategy and delivery of results;
- Implement targeted goals that encourage high performance and establish a clear link between executive remuneration and performance, both at Company and individual business unit levels;
- Attract, retain and motivate high calibre executives for key business roles;
- Provide a balance between fixed remuneration and at-risk elements and short-term and long-term outcomes that encourages appropriate behaviour to provide reward for short-term delivery and long-term sustainability; and
- Implement an industry competitive remuneration structure.

3.2 Approach to Setting Remuneration

Our Executive KMP reward is designed to support and reinforce the Nine strategy, reward delivery against our objectives and align to returns to shareholders. The Group aims to reward the Chief Executive Officer and other Executive KMP (**Executive KMP**) with competitive remuneration and benefits based on consideration of all the relevant inputs and provides a mix of remuneration (comprising fixed remuneration, short and long-term incentives) appropriate to their position, responsibilities and performance within the Group and aligned with industry and market practice.

The key components of the remuneration framework for Executive KMP detailed in this remuneration report include fixed remuneration and at-risk remuneration:

- Fixed remuneration is made up of base salary, non-monetary benefits and superannuation; and
- At-Risk remuneration is made up of short-term and long-term incentives which form the at-risk component of Executive KMP remuneration.

The Company reviews remuneration on a periodic and case-by-case basis taking into consideration market data, performance of the Company and individual and market conditions. The policy is to position remuneration for Executive KMP principally within a competitive range of direct industry peers in light of the small pool of executive talent with appropriate media and entertainment industry experience and skills. There is also consideration of other Australian listed companies of a similar size, complexity and prominence.

The tables in section 3.3 summarises the Executive KMP remuneration structure and mix under the Company's Remuneration Framework.

3.3 Remuneration Mix (at target)

Chief Executive Officer

Fixed Remuneration	Short-Term Incentive		Long-Term Incentive	
30.8%	30.8%		38.4%	**Total at Risk 69.2%**
	Cash – 67%	Deferred Shares – 33%		

Other Executive KMP

Fixed Remuneration	Short-Term Incentive		Long-Term Incentive	
50%	25%		25%	**Total at Risk 50%**
	Cash – 67%	Deferred Shares – 33%		

Longer term focus through incentive deferral

The remuneration mix is structured so that a substantial portion of remuneration is delivered through Deferred STI or LTI. The table below shows that remuneration awards to Executive KMPs are earned over a period of up to three years. This ensures that the interests of executives are aligned with shareholders and the delivery of the long-term business strategy.

Year 1	Year 2	Year 3
Fixed remuneration		
STI – cash (67%)	STI – deferred shares (16.5%)	STI – deferred shares (16.5%)
LTI – 3 year performance period		

3.4 Fixed Remuneration

Fixed remuneration represents the amount comprising base salary, non-monetary benefits and superannuation appropriate to the Executive KMP's role. Fixed remuneration is set at a competitive level to attract and retain talent and considers the scope of the role, knowledge and experience of the individual and the internal and external market.

3.5 Short Term Incentive (STI) Plan

Purpose and overview

- The STI plan is the annual incentive plan that is used for the Executive KMPs and other Executives. The STI plan is designed to align individual performance to the achievement of the business strategy and increased shareholder value.
- Awards are made annually and are aligned to the attainment of clearly defined Group, business unit and individual targets.
- The STI plan is subject to annual review by the People and Remuneration Committee (**PRC**). The structure, performance measures and weightings may therefore vary from year to year.

STI funding

- The pool to fund STI rewards is determined by the Group's financial performance before significant items.

Weighting of STI Measures

- The STI is weighted 50% to a Group financial measure and 50% to individual objectives.

STI Opportunity (at target)

	% of fixed remuneration
CEO	100*
Other Executive KMP	50

* Mr Sneesby's STI opportunity as an Executive KMP for the FY21 STI plan is pro-rata from 1 April 2021.

Group Financial Measures
(50% of the STI)

- Following changes to the accounting standards for leases, the financial measure changed to Group EBIT for continuing operations, before specific items, for the FY21 STI plan.
- Group EBIT was chosen to align executive performance with the key drivers of shareholder value and reflect the short-term performance of the business.
- Group financial performance measures for future years will be determined annually.
- Payouts based on financial measures are detailed below (pro-rata between bands).

	% Payout (of Group Financial Component)	
Performance against target	Current CEO	Other Executive KMP
<95%	Subject to Board consideration	Subject to Board consideration
95%	50%	50%
100%	100%	100%
105%	105%	110%
110%	112.5%	125%
>115%	125%	150%

Individual Objectives
(50% of the STI)

- Executive KMPs are assigned individual objectives based on their specific area of responsibility. These objectives are set annually and are directly aligned to the Board approved financial, operational and strategic objectives and include quantitative measures where appropriate. At least one objective will be a non-financial measure. Weightings are assigned to each objective to reflect their relative importance to delivery of the strategy and required focus.
- Individual objectives in FY21 were focused on a successful transition through the impacts of COVID-19, driving performance on revenues and audience targets, meeting targets for Stan, data commercialisation and meeting targets across various strategic initiatives including finance and enterprise transformation. For the new CEO, Mr Sneesby, measures were focused on a successful first 100 days in the role.

Individual Objectives (50% of the STI) *continued*			

Performance Assessment based on delivery of Individual KPIs	% Payout (of Individual Component)	
	Current CEO	Other Executive KMP
Unsatisfactory	Nil	Nil
Performance Requires Development	25–75%	25–75%
Valued Contribution	75–100%	75–110%
Superior Contribution	100–110%	110–130%
Exceptional Contribution	110–125%	130–150%

Deferred STI Payment

- 33% of any STI outcome is deferred into Nine shares (Shares) that vest in two tranches and cannot be traded until after they have vested.
- Any unvested Shares may be forfeited if the executive ceases to be an employee before a vesting date.

The following allocation of any STI payment between cash and Shares applies for financial year 2021:

	Cash	Deferred Shares	
Date Payable/of Vesting	Following results release	1 year following end of performance period	2 years following end of performance period
Percentage	67%	16.5%	16.5%

- The number of Shares subject to deferral is determined by dividing the deferred STI amount (being 33% of the STI payable) by the volume weighted average price (VWAP). VWAP is calculated over the period commencing 5 trading days before and ending 4 trading days after the performance period results release (i.e. over a total period of 10 trading days).
- The Executive KMP will receive all benefits of holding the Shares in the period before vesting, including dividends, capital returns and voting rights.
- Shares which have vested can only be traded, within specified trading windows, consistent with Nine's Securities Trading Policy or any applicable laws (such as the insider trading provisions).
- The Board has determined that Shares will be acquired on-market to satisfy any awards under this component of the STI Plan.

Assessment and Board discretion

- Actual performance against Group financial and individual measures is assessed at the end of the financial year.
- In assessing the achievement of Group financial and individual measures, the People and Remuneration Committee (PRC) may exercise its discretion to adjust outcomes for significant factors that are considered outside the control of management that contribute positively or negatively to results. Adjustments are by exception and are not intended to be regular. Any adjustment will require the judgement of the PRC and should balance fair outcomes that reflect management's delivery of financial performance, with the outcomes experienced by Nine's shareholders.
- The Board determines the amount, if any, of the short-term incentive to be paid to each Executive KMP, seeking recommendations from the PRC and CEO as appropriate, as well as the Chair of the Audit and Risk Committee.
- For significant outperformance of financial measures and individual objectives, executives may be awarded an STI payment of up to 125% for the CEO, and 150% for other executives, of the target STI.
- The Board has the discretion to clawback awards made under the Short Term Incentive Plan to ensure that participants do not unfairly benefit, including in the event of fraud, dishonesty or a breach of obligation to the Company. In addition, the Board may also clawback awards in the case of material risk issues arising or where any information becomes available after awards are granted, which suggests that the outcome was not justified.

3.6 Long Term Incentive (LTI) Plan

The LTI plan involves the annual granting of conditional rights to participants.

Overview	The Long Term Incentive Plan is an equity incentive plan used to align the Executive KMPs' remuneration to the returns generated for Nine shareholders.
Grant Date	The FY21 grant was issued on the 1 December 2020 and remains on foot (or subject to testing against vesting conditions at the end of the performance period).
Consideration	Nil
Performance Rights	Performance rights are awarded based on the fixed amount to which the individual is entitled divided by the VWAP. The VWAP is calculated over the period commencing 5 trading days before and ending 4 trading days after the results release immediately following the start of the performance period (i.e. over a total period of 10 trading days). Upon satisfaction of Vesting Conditions, each Performance Right will, at the Company's election, convert to a Share on a one-for-one basis or, at the Board's discretion, entitle the Participant to receive cash to the value of a Share. No amount is payable on conversion.
LTI Opportunity (at target)	See table below
Performance Period	For the FY21 grant, the performance period is the three year period from 1 July 2020 to 30 June 2023 (**Vesting Date**).
Vesting Dates	Subject to the Vesting Conditions and Employment Conditions described below, Performance Rights held by each Participant will vest on the Vesting Date (with no opportunity to retest).
Vesting Conditions	See below

LTI Opportunity (at target)

	% of fixed remuneration
CEO	125*
Other Executive KMP	50

* Mr Sneesby's LTI opportunity, as an Executive KMP, for the FY21 LTI grant is pro-rata based on his commencement date of 1 April 2021 to the value of $437,500 (representing 25% of an annual allocation). Allocation of any performance rights is subject to shareholder approval at the 2021 Nine Annual General Meeting in November 2021.

Vesting Conditions

Performance Rights granted for the FY21 allocation will vest on performance of the following hurdles:

- **Total Shareholder Return (TSR) Hurdle:**

40% for the CEO, and 50% for other Executive KMP, is subject to the Company's TSR performance against S&P/ASX 200 Index companies representing Consumer Discretionary, Consumer Staples, Information Technology and Communication Services. TSR was chosen as it provides a relative, external market performance measure.

TSR Vesting Schedule

Outcome	Vesting
Ranked at the 75th percentile or higher	50%
Ranked at the 50th percentile (Threshold)	25%
Ranked below the 50th percentile	0%

Vesting is pro-rated if the outcome is between the Threshold and Maximum band.

- **Earnings Per Share Growth (ESPG) Hurdle:**

40% for the CEO, and 50% for other Executive KMP, is subject to the achievement of fully diluted Earnings Per Share Growth (EPSG) targets as set by the Board over the Performance Period. EPSG was chosen as it aligns with shareholder dividends over time and provides a clear focus on meeting the earnings expectations delivered to the market. For the FY21 grant, the EPSG hurdle requires growth in earnings per share on a point to point basis, over the 3 year performance period, from a pre COVID-19 starting point, for any vesting to occur. This change for the FY21 grant removes the volatility and uncertainty around the recovery of COVID-19. If the Executive team achieves the EPS point-to-point target at the end of FY23, Nine will have come out of the COVID-impacted period in a strong financial position.

Vesting Conditions
continued

EPSG vesting schedule:

Outcome	Vesting
The EPSG hurdle requires growth in earnings per share on a point to point basis, over the performance period from a pre COVID-19 starting point, for any vesting to occur. Vesting occurs when:	
Growth over the period that exceeds the Maximum Vesting Target	50%
Growth over the period that meets or exceeds the Threshold	16.5%
Growth over the period of less than the Threshold	0%

Vesting is pro-rated if the outcome is between the Threshold and Maximum band.

EPSG hurdles are determined at the issue of each grant having regard to factors including:

- Internal forecasting estimates taking into account the outlook for the industry;
- Market expectations, including reference to sell-side equity analyst forecasts;
- Recent actual performance; and
- Market practice and competitor benchmarking.

Due to the competitively sensitive nature of these hurdles and the implied outlook for Nine earnings, the PRC and Nine Board has determined to disclose these EPSG targets upon vesting of any performance rights.

- **Strategic Hurdle – Digital strategy (CEO only):**

20% (for only the CEO) is subject to a strategic or transformation hurdle. For the FY21 grant, performance will be based on targets supporting our digital strategy, including targets relating to:

- Digital audience growth in reach and engagement;
- Digital revenue growth; and
- Subscription revenue growth.

The number of rights that vest will be based on the Board's assessment of performance, on an aggregated level, across a group of quantitative measures.

Due to the competitively sensitive nature of these digital measures and the implied outlook for Nine earnings, the PRC and Nine Board has determined to disclose their assessment upon vesting of any performance rights.

The Board may vary the Vesting Conditions for each Plan issue.

The PRC undertakes reviews of the targets on LTI grants on-foot to ensure they remain relevant in light of any Company transactions and external or legislative impacts.

Cessation of employment (Employment Conditions)	If the Participant is not employed by Nine or any Nine Group member on a particular Vesting Date due to the Participant: • having been summarily dismissed; • resigning (subject to the Board exercising discretion to allow rights to be retained); or • having terminated his/her employment agreement otherwise than in accordance with the terms of that agreement, any unvested Performance Rights held on or after the date of termination will lapse. If the Participant has ceased to be employed by Nine in any other circumstances (e.g. redundancy, retirement, ill health), the Participant will retain a time based, pro-rated number of unvested Performance Rights determined on a tranche-by-tranche basis (where the time based proportion of each tranche is determined as the length of time from the start of the performance period to the date on which employment ceases divided by the total performance period of a particular tranche). Any unvested Performance Rights that do not lapse in accordance with the above, remain on-foot until the relevant Vesting Date. Any vesting at that time will be determined based on Vesting Conditions for those Performance Rights being met.
Disposal restrictions	Where vesting occurs during a trading blackout period under the Company's Securities Trading Policy, any Shares issued or transferred to the Participant upon vesting of any Performance Rights will be subject to restrictions on disposal from the date of issue (or transfer) of the Shares until the commencement of the business day following the end of that blackout period, or such later date that the Board may determine under the Company's Securities Trading Policy. A Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to their Performance Rights.
Clawback provision	The Board has the discretion to clawback awards made under the Long Term Incentive plans to ensure that participants do not unfairly benefit, including in the event of fraud, dishonesty or a breach of obligation to the Company. In addition, the Board may also clawback awards in the case of material risk issues arising or where any information becomes available after awards are granted (whether vested or unvested), which suggests that the initial grant or result was not justified.
Change of control	The Board has the discretion to accelerate vesting of some or all of a Participant's Performance Rights in the event of certain transactions which may result in a change of control of Nine Entertainment Co. Holdings Ltd. The discretion will be exercised having regard to all relevant circumstances at the time. Unvested Performance Rights will remain in place unless the Board determines to exercise that discretion.
Amendments	To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary the terms and conditions of the Performance Rights Plan. This includes varying the number of Performance Rights or the number of Shares to which a Participant is entitled upon a reorganisation of capital of Nine.
Capital Initiatives	The Board will endeavour to amend the terms of any Performance Rights on issue to equitably deal with any capital return, share consolidation or share split, such that the value of those rights is not prejudiced. The Board's actions here will be at their sole discretion.

4. Linking Pay to Performance

4.1 Link Between Remuneration and Company Performance

A key principle of the Nine remuneration framework is to align Executive remuneration outcomes with Company Performance. The People & Remuneration Committee makes recommendations to the Board on performance objectives, both financial and non-financial, for Executive KMP which are intended to be strongly linked between remuneration outcomes and shareholder value.

The Company performance and remuneration outcomes link is demonstrated in the STI plan with 50% linked to the Group's Financial target (Group EBIT for FY21) and the remaining 50% related to Individual Objectives made up of both a financial and non-financial nature.

In the LTI plan, Company performance and remuneration outcomes are linked with key shareholder value measures of Earnings Per Share and relative TSR hurdles required to be achieved for any vesting to occur for all LTI participants. There is a separate strategic hurdle for the CEO which is based on digital transformation.

Set out in the following table is a summary of the Group financial performance over the last five years and the link to Executive KMP remuneration outcomes over this period.

	30 June 21[1] $m	30 June 20[1] Restated[2] $m	30 June 19[3] Pro-Forma $m	30 June 18[3] Pro-Forma $m	30 June 19[4] $m	30 June 18[1] $m	30 June 17[1] $m
Revenue	2,331.5	2,155.3	2,341.7	2,364.0	1,965.1	1,403.9	1,244.9
Group EBITDA	564.7	**394.8**	**423.8**	**385.1**	**349.9**	**257.2**	**205.6**
Group EBITDA %	24%	18%	18%	16%	18%	18%	17%
Net Profit after Tax and Minorities (pre specific items)	261.0	**142.4**	**224.8**	**170.6**	**187.1**	**156.7**	**123.6**
Earnings per share – cents	15.3 cents	8.3 cents	11.6 cents	10.0 cents	13.0 cents	18.0 cents	14.0 cents
	30 June 21 Cents/Share	**30 June 20 Cents/Share**	**30 June 19 Cents/Share**	**30 June 18 Cents/Share**	**30 June 19 Cents/Share**	**30 June 18 Cents/Share**	**30 June 17 Cents/Share**
Opening share price	138	188	248	138	248	138	105
Closing share price	291	138	188	248	188	248	138
Dividend	10.5	7	10	10	10	10	9.5
Executive KMP STI Payments	**30 June 21**	**30 June 20**	**30 June 19**	**30 June 18**	**30 June 19**	**30 June 18**	**30 June 17**
Awarded	131%	0%	69%	129%	69%	129%	94%
Forfeited (at target)	–	100%	31%	–	31%	–	6%

1. Results are presented pre specific items on a continuing operations basis.
2. Details of the restatements in relation to the year ended 30 June 2020 are provided in the financial statements.
3. FY19 Pro-forma results aggregate the results for the former Nine and Fairfax businesses for the full 12 months to 30 June 2019, including 100% of Stan. They are presented pre specific items and purchase price accounting adjustments and on a continuing operations basis. These figures are unaudited.
4. FY19 includes the contribution from the former Fairfax businesses since the merger implementation date of 7 December 2018 and are from continuing operations only. They are presented pre specific items but inclusive of purchase price accounting adjustments.

4.2 Short Term Incentives (STI) Outcomes

The Short Term Incentive Plan for Executive KMP in FY21 was allocated 50% towards the achievement of the Group EBIT target and the remaining 50% for individual measures that reflect the individuals' performance and contribution to the achievement of both business unit and Group objectives.

Setting a Group financial target in the midst of the pandemic was difficult. As positive signs emerged during the first half of the year, the Board re-visited the original target which had been set, and determined that 5% growth on the FY20 Group EBIT outcome of $249.1 million (before restatement $246.8 million) for continuing operations and pre significant items, would be an appropriate target.

The Executive team delivered a Group EBIT of $415.6 million (continuing operations and pre significant items), and therefore the Group financial target was achieved at maximum performance.

For each Executive KMP, clear targets for the Individual Objectives that were important to the delivery of the company's strategic goals were agreed. For FY21, these measures were targeted on a successful transition through the impacts of COVID, driving performance on revenues and audience targets, meeting targets for Stan, data commercialisation, and meeting targets across various strategic initiatives including finance and enterprise transformation. For the new CEO, Mr Sneesby, measures were focused on a successful first 100 days in the role. The Individual measures were assessed by the PRC and the Board and were mainly achieved at above target performance.

The PRC and Board believe that the performance in FY21 has been appropriately reflected in the STI outcomes.

The proportions of target and maximum STI that were awarded and forfeited by each Executive KMP in relation to the current financial year and last year are set out below.

		Proportion of Target STI (%)		Proportion of Maximum STI (%)	
Executive KMP		**Awarded %**	**Forfeited %**	**Awarded %**	**Forfeited %**
Mike Sneesby[1]	**FY21**	**112.5%**	**0%**	**90%**	**10%**
	FY20	–	–	–	–
Maria Phillips[2]	**FY21**	**123%**	**0%**	**82%**	**18%**
	FY20	–	–	–	–
Michael Stephenson	**FY21**	**140%**	**0%**	**93%**	**7%**
	FY20	0%	100%	0%	100%
Former Executive KMP					
Hugh Marks[3]	**FY21**	**135%**	**0%**	**90%**	**10%**
	FY20	0%	100%	0%	100%
Paul Koppelman[4]	**FY21**	**0%**	**100%**	**0%**	**100%**
	FY20	0%	100%	0%	100%

1. Mr Sneesby became an Executive KMP following his appointment as Chief Executive Officer on 1 April 2021. His STI was awarded on a pro-rata basis.
2. Ms Phillips commenced as Chief Financial Officer on 31 August 2020. Her STI was awarded on a pro-rata basis.
3. Mr Marks ceased to be CEO and therefore ceased to be an Executive KMP of the Company effective 31 March 2021.
4. Mr Koppelman was the Chief Financial Officer from 2 September 2019 until his resignation and ceased being an employee of the Company on 10 July 2020.

4.3 Long Term Incentives (LTI) Outcomes

Plan	Grant Date	Test Date	Performance Hurdles	Vesting outcome (%)
FY17 LTI	1 December 2016	30 June 2019	• 50% – Total Shareholder Return • 50% – Earnings Per Share Growth	100%
FY18 LTI	1 December 2017	30 June 2020	• 50% – Total Shareholder Return • 50% – Earnings Per Share Growth	37%
FY19 LTI	26 November 2018	30 June 2021	• 50% – Total Shareholder Return • 50% – Earnings Per Share Growth	25%
FY20 LTI	1 December 2019	30 June 2022	• 50% – Total Shareholder Return • 50% – Earnings Per Share Growth	N/A
	1 December 2020	30 June 2022	• 25% – Digital Transformation Measures (CEO only)	N/A
FY21 LTI	1 December 2020	30 June 2023	• 50% – Total Shareholder Return • 50% – Earnings Per Share Growth • 25% – Digital Transformation Measures (CEO only)	N/A

The performance period of the FY19 Long Term Incentive Plan (granted 26 November 2018) commenced on 1 July 2018 and concluded on 30 June 2021. Performance was assessed at the conclusion of the FY21 year, and as a result of performance over the three year period, 25% vesting was achieved.

The Total Shareholder Return (TSR) hurdle was achieved at the threshold level of performance. The TSR result was at the 50th percentile compared to the comparator group, resulting in 50% vesting of this portion of the grant (50% of total grant).

The cumulative EPSG performance was tested using statutory results, pre-specific items and prior to the purchase price accounting amortisation as a consequence of the Nine and Fairfax merger. That is, EPSG was calculated by applying legacy Nine up to the merger date (7 December 2018) and the merged entity thereafter. The EPSG targets for the FY19 LTI plan were 2% per annum for threshold performance and 5% per annum for stretch performance. The EPSG targets were not achieved, resulting in no vesting of this portion of the grant (50% of total grant).

The portion of rights (75% of total FY19 grant) that did not meet the required performance hurdles were forfeited and lapsed. There is no retesting of the hurdles.

5. Executive Agreements

Each Executive KMP has a formal employment agreement. Each of these employment agreements, which are of a continuing nature and have no fixed term, provide for the payment of fixed and performance-based remuneration, superannuation and other benefits such as statutory leave entitlements.

The key terms of current Executive KMP contracts at 30 June 2021 were as follows:

	Fixed Remuneration[1]	Target STI	Target LTI	Notice Period by Executive	Notice Period by Company	Restraint
Mike Sneesby	$1,400,000	$1,400,000	$1,750,000	12 months	12 months	12 months
Maria Phillips	$700,000	$350,000	$350,000	12 months	12 months	12 months
Michael Stephenson	$840,000	$420,000	$420,000	12 months	12 months	12 months

1. Fixed remuneration comprises of base cash remuneration, superannuation and other non-monetary benefits.

6. Remuneration Governance

6.1 The Board

The Board approves the remuneration arrangements of the Chief Executive Officer (CEO) and other key executives and awards made under short-term incentive (STI) and long-term incentive (LTI) plans, following recommendations from the PRC. The Board also sets the remuneration levels of Non-Executive Directors (NEDs), subject to the aggregate pool limit approved by shareholders.

6.2 The People and Remuneration Committee (PRC)

The PRC assists the Board in fulfilling its responsibilities for corporate governance and oversight of Nine's human resources policies and practices and workplace health and safety (WHS) management. The PRC's goal is to ensure that Nine attracts the industry's best talent, appropriately aligns their interests with those of key stakeholders, complies with WHS obligations and effectively manages WHS risks.

The PRC makes recommendations to the Board on CEO and Non-Executive Director remuneration. The PRC approves the executive reward strategy, and incentive plans and provides oversight of management's implementation of approved arrangements.

Details of the membership, number and attendance at meetings held by the PRC are set out on page 4 of the Directors' Report.

Further information on the PRC's role, responsibilities and membership is included in the committee charter which is available at www.nineforbrands.com.au

6.3 Management

Management prepares recommendations and information for the PRC's consideration and approval. Management also implements the approved remuneration arrangements.

6.4 Use of Remuneration Consultants

From time to time, the PRC seeks external independent remuneration advice. Remuneration consultants are engaged by, and report directly to, the Committee. In selecting a remuneration consultant, the Committee considers potential conflicts of interest and requires the consultant's independence from management as part of their terms of engagement.

Where the consultant's engagement requires a remuneration recommendation, the recommendation is provided to the Chair of the PRC to ensure management cannot unduly influence the outcome.

The Company has engaged the services of PwC as the Company's remuneration advisor during the 2021 financial year. There were no remuneration recommendations provided to the Committee by PwC or any other consultants in the 2021 financial year.

6.5 Associated Policies

The Company has established a number of policies to support reward and governance, including the Code of Conduct, Disclosure Policy and Securities Trading Policy. These policies have been implemented to promote ethical behaviour and responsible decision making. These policies are available on Nine's website (www.nineforbrands.com.au).

7. Detailed disclosure of executive remuneration

7.1 Non-statutory remuneration disclosures

The actual remuneration awarded to current Executive KMPs in the year ended 30 June 2021 (FY21) is set out in the table below. This information is considered to be relevant as it provides details of the remuneration actually receivable by the Company's Executive KMPs in regards to FY21. STI amounts include both the cash and deferred shares elements awarded for the respective financial year. Only LTIs which were tested and have vested during the year are included. The table differs from the statutory disclosure in section 7.2 principally because the table in section 7.2 includes a value for LTI which may or may not vest in future years.

		Salary and fees $	Cash Bonus $	Fixed salary and allowance and cash bonus	Other Remuneration[1]	Deferred STI[2]	Long-term incentives[3]	Remuneration for FY21
Executive Director								
Mike Sneesby[4]	FY21	344,576	263,813	608,389	131,449	129,937	–	869,775
	FY20	–	–	–	–	–	–	–
Other Executive KMP								
Maria Phillips[5]	FY21	567,946	240,042	807,988	37,496	118,229	–	963,713
	FY20	–	–	–	–	–	–	–
Michael Stephenson	FY21	818,306	393,960	1,212,266	16,748	194,040	121,489	1,544,543
	FY20	818,998	–	818,998	37,414	–	125,800	982,212
Former Executive KMP								
Hugh Marks[6]	FY21	1,528,305	1,401,975	2,930,280	109,029	690,525	404,968	4,134,802
	FY20	1,528,997	–	1,528,997	149,745	–	482,521	2,161,263
Total Executive KMP	FY21	3,259,133	2,299,790	5,558,923	294,722	1,132,731	526,457	7,512,833
	FY20	**2,347,995**	**–**	**2,347,995**	**187,159**	**–**	**608,321**	**3,143,475**

1. Other remuneration relates to superannuation and movement in annual leave and long service leave balances.
2. Deferred STI relates to STI awarded in relation to the financial year but deferred in Nine shares. This is settled in two equal tranches over the following two years.
3. Rights which vested subsequent to 30 June 2021 but which were measured based on performance up to 30 June 2021. The value attributed to these Rights has been calculated based on the share price as at 2 August 2021 as an approximation of the cash value on vesting.
4. Mr Sneesby became an Executive KMP following his appointment as Chief Executive Officer (CEO) on 1 April 2021.
5. Ms Phillips commenced as Chief Financial Officer on 31 August 2020.
6. Mr Marks ceased to be CEO and therefore ceased to be a KMP of the Company on 31 March 2021, however his full year earnings in accordance with his contract of employment are shown in the table.

7.2 Statutory remuneration disclosures

Details of the remuneration of the executives for the year ended 30 June 2021 are set out in the following table in accordance with statutory disclosure requirements.

		Short Term Benefits			Post Employment Benefits	Long Term Benefits						
		Salary and fees $	Cash Bonus $	Other[1] $	Super-annuation	Annual Leave[2] $	Long Service Leave[3] $	Deferred STI[4]	Long-term incentives[5]	Termination Benefits	Total $	Performance Related %
Executive Director												
Mike Sneesby[6]	FY21	344,576	263,813	–	5,424	38,698	87,327	129,937	–	–	869,775	45
	FY20	–	–	–	–	–	–	–	–	–	–	–
Other Executive KMP												
Maria Phillips[7]	FY21	567,946	240,042	–	21,694	14,760	1,042	118,229	134,696	–	1,098,409	45
	FY20	–	–	–	–	–	–	–	–	–	–	–
Michael Stephenson	FY21	818,306	393,960	–	21,694	(25,179)	20,233	194,040	268,866	–	1,691,920	51
	FY20	818,998	–	–	21,003	(9,450)	25,861	–	146,273	–	1,002,685	15
Former Executive KMP												
Hugh Marks[8]	FY21	1,146,230	1,051,481	–	16,270	52,903	34,432	517,894	2,257,750	2,856,656	7,933,616	48
	FY20	1,528,997	–	–	21,003	58,808	69,935	–	646,056	–	2,324,799	28
Paul Koppelman[9]	FY21	69,065	–	–	5,424	35,865	–	–	–	–	110,354	–
	FY20	691,224	–	54,200	17,502	30,491	1,265	–	89,542	–	884,224	10
Greg Barnes[10]	FY21	–	–	–	–	–	–	–	–	–	–	–
	FY20	146,500	–	–	25,000	1,471	–	–	40,651	880,251	1,093,873	4
Total Executive KMP	FY21	2,946,123	1,949,296	–	70,506	117,047	143,034	960,100	2,661,312	2,856,656	11,704,074	
	FY20	**3,185,719**	**–**	**54,200**	**84,508**	**81,320**	**97,061**	**–**	**922,522**	**880,251**	**5,305,581**	

1. Represents a relocation and rent allowance for Mr Koppelman.
2. Amounts may be negative where the KMP's annual leave taken in the year exceeds that accrued.
3. As a result of the Fairfax merger, Management adjusted the LSL provision methodology during the 2020 financial year to ensure consistency across the Group.
4. Deferred STI relates to STI awarded in relation to the financial year but deferred in Nine shares. This will be settled in two equal tranches over the next two years.
5. Details of the Long Term Incentive Plans are outlined in sections 3.6.
6. Mr Sneesby became an Executive KMP following his appointment as Chief Executive Officer (CEO) on 1 April 2021. No LTI has been recorded as the FY21 grant of rights is subject to approval by shareholders at the FY21 AGM in November 2021. Mr Sneesby's LTI opportunity for the FY21 LTI grant, pro-rata based on his commencement date of 1 April 2021, is $437,500 (representing 25% of an annual allocation).
7. Ms Phillips commenced as Chief Financial Officer on 31 August 2020.
8. Mr Marks ceased to be CEO and a KMP on 31 March 2021, and will cease to be an employee of Nine on 31 August 2021. Mr Marks will receive his contractual entitlements according to his contract of employment on the ending of his employment. The statutory remuneration expense is comprised of the following:
   - *Salary and Fees and Superannuation*: These amounts shown are for the 9 months to 31 March 2021, during which time Mr Marks was a KMP. Mr Marks' annual fixed remuneration is $1,550,000.
   - *Cash Bonus and Deferred STI*: Mr Marks was eligible to receive a Short Term Incentive (STI) payment for FY21. The Cash Bonus and Deferred STI amounts shown are for the 9 months to 31 March 2021, during which time he was a KMP.
   - Mr Marks was eligible to receive an annual allocation of performance rights as part of the Long Term Incentive plan. In accordance with the terms of issue of the performance rights and the terms of his employment contract, on cessation of employment Mr Marks will only retain a pro-rata proportion of his LTI rights under the FY20 and FY21 LTI plans; see note 3 to the table in Section 7.3 for further details. Those rights have been accounted for in this table under Long Term Incentives and Termination Benefits as set out below:
   - *Long Term Incentives*: The amounts shown under the Long Term Incentives column is the cost for the 9 months to 31 March 2021 of the FY19, FY20 and FY21 performance rights which Mr Marks will retain under the terms of his contract. This amount is made up of:
     - $46,857 which is the cost to 31 March 2021 of LTI rights to be tested against TSR (TSR rights) awarded under the FY19 LTI plan (vested and unvested), calculated at the fair value on award of TSR rights of $0.641;
     - $2,210,893 which is the cost to 31 March 2021 of the FY20 LTI Rights and the FY21 LTI Rights (as defined in note 3 to the table in Section 7.3), calculated at the share price at 30 June 2021 ($2.91), to recognise that any rights granted in FY20 and FY21 which vest in future years, following testing of the performance hurdles, will be cash settled in accordance with the terms of issue. These rights will be tested against existing performance criteria under those plans in July 2022 and July 2023 respectively to determine whether any rights vest. Whilst the Group has recognised an expense based on the assumption these rights vest in full, as these rights will be tested against their performance hurdles, there is no certainty that these amounts will actually become payable.
   - *Termination Benefits amounts shown comprises*:
     - salary and STI payments for the period of the FY21 financial year between 1 April 2021 and 30 June 2021 totalling $910,625 (salary and superannuation of $387,500 and STI payment of $523,125, of which $350,494 is a cash bonus and $172,631 is Deferred STI);
     - a payment of $1,047,842 representing the balance of the 12 months' notice period payable to Mr Marks under his existing employment agreement;
     - $15,619 which is the cost from 1 April 2021 to 30 June 2021 of TSR rights awarded under the FY19 LTI plan (vested and unvested), calculated at the fair value on award of TSR Rights of $0.641; and
     - an amount of $882,569 which is the cost from 1 April 2021 until 31 August 2021 of the FY20 LTI Rights and the FY21 LTI Rights (as defined in note 3 to the table in Section 7.3) calculated at the share price at 30 June 2021 ($2.91), to recognise that any rights granted in FY20 and FY21 which vest in future years, following testing of the performance hurdles, will be cash settled in accordance with the terms of issue. These rights will be tested against existing performance criteria under those plans in July 2022 and July 2023 respectively to determine whether any rights vest. Whilst the Group has recognised an expense based on the assumption these rights vest in full, as these rights will be tested against their performance hurdles, there is no certainty that these amounts will actually become payable.
9. Mr Koppelman was the Chief Financial Officer from 2 September 2019 until his resignation and ceased being an employee of the Company on the 10 July 2020.
10. Mr Barnes ceased to be an employee of the Company on 31 August 2019. Mr Barnes was paid notice of one year's salary, which was his contractual entitlement to notice.

7.3 Performance Rights and Share Interests of Key Management Personnel

2021 Rights over shares held by Executive KMP

The number of Performance Rights granted to Executive KMP as remuneration, the number vested and lapsed during the year and the number outstanding at the end of the year are shown below.

Performance Rights do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met.

	Share Rights Outstanding at Start of Year No.	Share Rights granted in year No.	Award date	Fair Value per Share Right at award date $	Vesting Date	Vested[1] No.	Lapsed during the year No.	Share Rights Outstanding at End of Year No.
Executive Director								
Mike Sneesby[2]								–
Other Executive KMP								
Maria Phillips		208,830	1 Dec 20	1.940	1 Jul 23			208,830
Michael Stephenson	175,439		26 Nov 18	1.065	1 Jul 21	43,859	131,580	–
	228,260		1 Dec 19	1.163	1 Jul 22			228,260
		250,596	1 Dec 20	1.940	1 Jul 23			250,596
Former Executive KMP								
Hugh Marks[3]	584,795		26 Nov 18	1.065	1 Jul 21	146,198	438,597	–
	760,869		1 Dec 19	1.163	1 Jul 22		210,542	550,327
		292,118	1 Dec 20	1.163	1 Jul 22		80,833	211,285
		1,156,026	1 Dec 20	1.940	1 Jul 23		705,229	450,797
Paul Koppelman[4]	230,978		1 Dec 19	1.163	1 Jul 22		230,978	–

1. Rights which vested subsequent to 30 June 2021 but which were measured based on performance up to 30 June 2021.
2. Mr Sneesby was appointed as Chief Executive Officer effective 1 April 2021. As part of his remuneration arrangement Mr Sneesby will be offered a right to participate in the NEC Long Term Incentive Plan for the 2021 financial year, on a pro-rata basis from his appointment to the CEO role, to the value of $437,500 (25% of his annual LTI opportunity) subject to shareholder approval which will be sought at the FY21 AGM held in November 2021.
3. In accordance with the terms of issue of the performance rights and the terms of his employment contract, on cessation of employment Mr Marks will only retain a pro-rata proportion of his LTI rights under the FY20 and FY21 LTI plans, as follows:
   - For the FY20 LTI plan 291,375 rights will lapse. Mr Marks will retain 761,612 performance rights in respect of the FY20 LTI plan (FY20 LTI Rights) which will be tested against existing performance criteria under that plan in July 2022 to determine whether any rights vest. As these LTI rights will be tested against their performance hurdles in July 2022 there is no certainty that these amounts will actually become payable. Any performance rights which vest will be satisfied by payment of cash, in accordance with the terms of issue.
   - For the FY21 plan, 705,229 rights will lapse. Mr Marks will retain 450,797 performance rights in respect of the FY21 LTI plan (FY21 LTI Rights) which will be tested against existing performance criteria in July 2023 to determine whether any rights vest. As these LTI rights will be tested against their performance hurdles in July 2023 there is no certainty that these amounts will actually become payable. Any performance rights which vest will be satisfied by payment of cash, in accordance with the terms of issue.
4. Mr Koppelman resigned and ceased to be an employee of the Company on 10 July 2020. The rights granted to Mr Koppelman on 1 December 2019 were forfeited and lapsed on resignation.

2021 Shareholding of Key Management Personnel

The Board has a policy of encouraging directors to acquire shares to the value of one year's base fees, to be acquired within five years of appointment.

Nine Entertainment Co. Holdings Limited shares held by KMP and their related parties are as follows:

	As at 1 July 2020 Ord	Granted on conversion of Share Rights Ord	Granted as STI Ord	Other Net Changes Ord	Held directly as at 30 June 2021 Ord	Held nominally as at 30 June 2021 Ord
Non-Executive Directors						
Peter Costello	301,786	–	–	–	–	301,786
Nick Falloon	396,222	–	–	–	51,142	345,080
Andrew Lancaster[1]	–	–	–	–	–	–
Catherine West	40,000	–	–	60,000	–	100,000
Mickie Rosen	80,000	–	–	–	–	80,000
Patrick Allaway[2]	73,542	–	–	–	–	73,542
Samantha Lewis	60,000	–	–	–	–	60,000
Executive Director						
Mike Sneesby	81,083	–	–	–	–	81,083
Other Executive KMP						
Maria Phillips	–	–	–	–	–	–
Michael Stephenson	519,087	92,500	–	(527,070)	64,174	20,343
Former Executive KMP						
Hugh Marks[3]	2,316,644	354,794	–	–	2,389,158	282,280
Paul Koppelman[4]	105,000	–	–	–	–	105,000
Total	**3,973,364**	**447,294**	**–**	**(467,070)**	**2,504,474**	**1,449,114**

1. Mr Lancaster joined the Board on 1 April 2021. The number of shares provided in the table was held at the commencement of his term as a Director and KMP and at the end of the financial year.
2. Mr Allaway retired from the Board on 1 April 2021. The number of shares provided in the table is as at the start of the financial year and as at the end of his term as KMP.
3. Mr Marks ceased to be Chief Executive Officer on 31 March 2021 and therefore ceased to be a KMP of the company. The number of shares provided in the table is as at the start of the financial year and at the end of his term as KMP.
4. Mr Koppelman ceased to be employed by Nine and a KMP of the company on 10 July 2020 and held 105,000 shares at the end of his term as KMP.

Related Body Corporate – Domain Holdings Australia Limited (Domain) equity holdings of Directors

The following table represent the number of Domain ordinary shares and Domain rights over shares held by Directors of Nine and their related parties.

Director	Related Body Corporate	Relevant Interest as at 1 July 2020	Relevant Interest as at 30 June 2021
Nick Falloon[1]	Domain Holdings Australia Limited	101,239 ordinary shares	101,239 ordinary shares
		31,105 share rights	31,105 share rights

1. Domain ran a program (Project Zipline) where employees and Directors could voluntarily sacrifice a portion of their cash salary for a 6 month period, and in return would be granted an allocation of share rights to this value. The period of the arrangement is from 4 May to 1 November 2020. Mr Falloon took up the offer and sacrificed 50% in cash fees and received 31,105 share rights which are anticipated to vest on 7 November 2021. Further details of the Domain program can be found in the Domain Annual Report.

8. Non-Executive Director (NED) Remuneration Arrangements and detailed disclosures of NED remuneration

Remuneration Policy

The Board seeks to set aggregate Non-Executive remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, at a cost that is acceptable to shareholders.

The shareholders of Nine approved an aggregate fee pool of $3 million at the AGM on 21 October 2013. The Board will not seek any increase to the NED fee pool at the 2021 AGM.

Structure

The remuneration of NEDs consists of Directors' fees and committee fees. The payment of additional fees for serving on a committee recognises the additional time commitment required by NEDs who serve on committees. The Chairman of the Board does not receive any additional fees in addition to Board fees for being a member of any committee. All Board fees include any superannuation entitlements, as applicable. These arrangements are set out in the written engagement letters with each Director.

The NED fees are set out below:

Role	Fees
Chairman	$340,000
Directors	$135,000
Audit & Risk Committee chair	$30,000
Audit & Risk Committee member	$20,000
People & Remuneration Committee chair	$25,000
People & Remuneration Committee member	$15,000

NEDs do not receive retirement benefits, nor do they participate in any incentive programs. No Share Rights or other share-based payments were issued to NEDs during the 2021 financial year. The statutory table below includes fees for the period, when they held the position of NEDs.

Directors Fees Paid By Domain Holdings Australia Limited

In the following statutory table representing fees paid to Nine NEDs for financial years 2020 and 2021, Mr Falloon and Mr Allaway (until 1 February 2020) are Board members of Domain Holdings Australia Limited (Domain). The fees paid to Mr Falloon and Mr Allaway in these years are included as controlled entity transactions. The fees are paid by Domain.

Mr Falloon is the Chairman of the Domain Board and a member of the Domain People and Culture Committee, and the Audit and Risk Committee from 1 February 2020 (replacing Mr Allaway). In FY21, the Chairman's fee on the Domain Board was $250,000 per annum. The Chairman does not receive any additional fees for being a member of Committees at Domain.

Mr Allaway retired from the Domain board on 1 February 2020 and was a member of the Domain Audit and Risk Committee.

Mr Marks, who was Nine's CEO until 31 March 2021, joined the Domain Board on 1 February 2020 as a Non-Executive Director until his resignation from the Domain Board effective 31 March 2021. Mr Marks received no fees for his services on the Domain Board.

Mr Sneesby, Nine's CEO, joined the Domain Board on 21 April 2021 as a Non-Executive Director. Mr Sneesby receives no fees for his services on the Domain Board.

NED Remuneration for years ended 30 June 2021 and 2020

	Financial year	Nine: Nine Non-Executive Director Fees $	Nine: Superannuation paid by Nine $	Domain (Controlled Entity): Domain Non-Executive Director Fees $	Domain (Controlled Entity): Superannuation paid by Domain $	Domain (Controlled Entity): Fair Value of Domain's Project Zipline Share Rights $	Total $
Non-Executive Directors							
Peter Costello	2021	340,000	–	–	–	–	340,000
	2020	329,499	10,501	–	–	–	340,000
Nick Falloon[1]	2021	146,747	3,253	189,234	17,977	49,889	407,100
	2020	143,493	6,507	211,626	20,104	6,342	388,072
Andrew Lancaster[2]	2021	–	–	–	–	–	–
	2020	–	–	–	–	–	–
Catherine West	2021	164,384	15,616	–	–	–	180,000
	2020	164,384	15,616	–	–	–	180,000
Mickie Rosen	2021	123,288	11,712	–	–	–	135,000
	2020	123,288	11,712	–	–	–	135,000
Samantha Lewis	2021	176,096	3,904	–	–	–	180,000
	2020	164,384	15,616	–	–	–	180,000
Former Non-Executive Directors							
Patrick Allaway[3]	2021	106,164	10,086	–	–	–	116,250
	2020	141,552	13,448	69,687	6,620	–	231,307
Total NED	2021	1,056,679	44,571	189,234	17,977	49,889	1,358,350
	2020	1,066,600	73,400	281,313	26,724	6,342	1,454,379

1. Mr Falloon received Director fees from a controlled entity, Domain Holdings Australia Limited (Domain), in respect of his services as Chairman of Domain. This amount is disclosed separately and was paid by Domain. In response to the impact of COVID-19, Domain ran a program (Project Zipline) where employees and Directors could voluntarily sacrifice a portion of their cash salary for a 6 month period, and in return would be granted an allocation of share rights to this value. The period of the arrangement was from 4 May to 7 November 2020. Mr Falloon took up the offer and sacrificed in total 50% in cash fees and received 31,105 share rights which are anticipated to vest on 7 November 2021. For the purpose of FY21 this equated to a fair value amount of $49,889 (FY20: $6,342). Further details of the Domain program can be found in the Domain Annual Report.
2. Mr Lancaster joined the Board on 1 April 2021 and has agreed that he will not be paid any Director's fees for serving on the Board or any Committees to which he may be appointed.
3. Mr Allaway retired from the Nine Board on 1 April 2021. Mr Allaway received Director and Committee fees in FY20 from Domain, in respect of his services as a non-executive director of Domain and as a member of the Audit & Risk Committee. This amount is disclosed separately and was paid by Domain. Mr Allaway retired from the Domain Board on 1 February 2020.

9. Loans to Key Management Personnel and their related parties

No loans have been made to KMP or their related parties.

10. Other transactions and balances with Key Management personnel and their related parties

The following related party arrangement has been entered into by a Nine Group member:

- Sebastian Costello, the son of Peter Costello, is employed on a full time basis as a journalist and presenter on commercial, arm's length terms.
- Nick Falloon's son had access to a corporate golf membership for part of the year up until 14 April 2021, which was paid for by the Group. The estimated value of this in the year to 30 June 2021 was $3,676 (30 June 2020; $4,521).

Operating and Financial Review

Review of Operations

	2021 $m	2020 Restated[4] $m	Variance $m	Variance %
Revenue from Continuing Operations (before specific items)	2,331.5	2,155.3	176.2	8%
Group EBITDA from Continuing Operations (before specific items)[1]	564.7	394.8	169.9	43%
Depreciation and Amortisation from Continuing operations	(149.1)	(145.7)	(3.4)	2%
Group EBIT from Continuing Operations (before specific items)	415.6	249.1	166.5	67%
Net Finance Costs from Continuing Operations	(27.5)	(26.3)	(1.2)	5%
Profit after tax before specific items from Continuing Operations	277.5	157.7	119.8	76%
Specific items from Continuing Operations (after income tax)	(93.6)	(665.4)	571.8	(86%)
Profit/(loss) from Continuing Operations after Income Tax	184.0	(507.8)	691.8	(136%)
Net Cash Flows generated from operating activities	398.2	374.5	23.7	6%
Net Debt[2]	249.9	396.9	(147.0)	(37%)
Leverage[3]	0.4X	1.0X		

1. EBITDA plus share of associates.
2. Bank facilities unsecured, less cash at bank.
3. Net Debt (excluding lease liabilities)/EBITDA (before Specific Items).
4. Refer to Note 1.2 for details of restatement to 30 June 2020 comparative financial information.

Revenue from Continuing Operations before Specific items increased by 8% to $2,331.5 million driven by continued audience strength across all key platforms and a marked recovery in ad markets with particularly strong growth for Television Combined (FTA + BVOD).

Group EBITDA before Specific Items (from Continuing Operations) increased by $169.9 million (43%) to $564.7 million with the revenue increase flowing to EBITDA. Depreciation and Amortisation increased from $145.7 million to $149.1 million and Net Finance Costs increased from $26.3 million in the prior year to $27.5 million in the current year.

Specific Items of $108.5 million pre-tax (refer to note 2.4) relate principally to the impact of COVID-19 on the Radio advertising market and an associated review of carrying value, as well as group restructuring costs. These include: $61.5 million in intangible impairments for Radio; $30.5 million in restructuring costs; $18.7 million in provisions relating to onerous production contracts and other provisions; as well as net $2.2 million of other Specific Items reported.

Operating Cash Flow increased $23.7 million to $398.2 million year on year due to the cash conversion of the EBITDA increase offset by the market recovery impact on working capital. In addition, capital expenditure during the period decreased from $136.0 million to $93.8 million, primarily reflecting the completion of Nine's new Sydney headquarters at 1 Denison Street, North Sydney. The Group made dividend payments of $119.4 million or 7.0 cents per share, to shareholders during the year. Net Debt of the wholly owned Group at 30 June 2020 was $171.0 million (excluding lease liabilities) which, based on wholly-owned EBITDA, resulted in net leverage of 0.4x, well within bank covenants.

Operating and Financial Review

Segmental Results

The results of the continuing operations are set out below:

	2021 $m	2020 Restated $m	Variance $m	%
Revenue [1 2]				
Broadcasting	1,242.6	1,127.5	115.1	10%
Digital and Publishing	504.5	518.5	(14.0)	(3%)
Domain Group	286.6	267.8	18.8	7%
Stan	311.8	242.1	69.7	29%
Corporate	2.3	14.2	(11.9)	(84%)
Total Revenue from Continuing Operations [1]	**2,347.8**	**2,170.2**	**177.6**	**8%**
EBITDA [2]				
Broadcasting	332.5	197.3	135.2	69%
Digital and Publishing	117.2	91.5	25.7	28%
Domain Group	100.6	84.7	15.9	19%
Stan	39.5	31.0	8.5	27%
Corporate	(26.1)	(10.6)	(15.5)	146%
Share of Associates	1.0	0.9	0.1	11%
Group EBIT Continuing Operations	**564.7**	**394.8**	**169.9**	**43%**

1. Before the elimination of inter-segment revenue and excluding interest income.
2. Pre specific items.

A summary of each division's performance is set out below.

Broadcasting

	2021	2020	Variance 2021 to 2020	
	$m	$m	$m	%
Revenue	1,242.6	1,127.5	115.1	10%
EBITDA	332.5	197.3	135.2	69%
Margin	27%	17%		10 pts

Nine's Broadcasting division, which comprises Nine Network, 9Now and Nine Radio, reported EBITDA of $332.5 million on revenues of $1,242.6 million for the year.

Nine Network reported a revenue increase from $951.8 million to $1,044.7 million, growth of 10% for the year, primarily as a result of 24% growth in the second half against COVID affected comparatives. The FTA advertising market was up 11.5%[1] across the year, and 25.8% in the second half with Nine's FTA revenue share broadly flat on FY20.

Costs improved by 2% or $19.9 million for the year. Second half costs reflected the prior period COVID affected comparatives with $36 million of the H2 increase NRL-related.

1. Source: Think TV, Metro Free To Air revenue, 12 months to June 2021.

In a BVOD market which grew by 55%[2] for the year to $252 million, 9Now consolidated its leadership position with revenue growth of 46% to $107.1 million. Users and engagement continued to grow, with Daily Active Users recording double digit growth and live streaming minutes up 39%, notwithstanding COVID disrupted content plans. Overall, 9Now increased its EBITDA contribution from $49.7 million to $73.4 million.

Nine Radio reported EBITDA of $8.4 million (2020: $9.8 million) on revenue of $90.8 million (2020: $102.6 million). The 11% decline in revenue was driven by discontinued businesses such as Map and Page and a Metro radio market which declined by 3%[3], coupled with a lower market share. Radio costs declined by 11% or $10.4 million.

Digital and Publishing

	2021 $m	2020 $m	Variance 2021 to 2020 $m	Variance 2021 to 2020 %
Revenue	504.5	518.5	(14.0)	(3%)
EBITDA	117.2	91.5	25.7	28%
Margin	23%	18%		5 pts

Nine's Digital and Publishing division includes Metro Media, as well as Nine's other Digital Publishing titles, including Pedestrian Group, Drive (formerly "CarAdvice") and nine.com.au. Digital and Publishing reported revenue of $504.5 million and a combined EBITDA of $117.2 million.

Metro Media contributed revenue of $402.0 million (2020: $426.3 million) and EBITDA of $98.9 million (2020: $88.2 million) for the year to 30 June 2021. The 6% decline in revenue was primarily attributable to print with a decline in both retail sales and advertising. Retail sales declined 18% or $15.8 million, as the tail of COVID continued to impact on the hotel, airport and CBD segments. Audiences grew strongly across each of The Sydney Morning Herald, The Age and the Financial Review, albeit with accelerating growth in digital subscriptions and flat print subscription revenue (total subscription revenue up 12% or $16.5 million). Advertising revenue was down 8% or $13.9 million, with print advertising declining but stabilising across the year, partially offset by growth in digital advertising of 11% across the year. There was a sharp decline in other revenue of $11.1 million reflecting the sale of Weatherzone and the reduced Events activity in the period.

Costs at Metro Media declined by $35.1 million with more than half related to production and distribution, driven both by reduced print volumes and Nine's revised printing arrangements. For the full year to June 2021, EBITDA grew by $10.7 million or 12% to $98.9 million.

Other key components of Digital and Publishing together contributed revenue of $102.5 million, and EBITDA of $18.3 million representing a $15.0 million increase for the full year to June 2021.

Domain Group

	2021 $m	2020 $m	Variance 2021 to 2020 $m	Variance 2021 to 2020 %
Revenue	286.6	267.8	18.8	7%
EBITDA	100.6	84.7	15.9	19%
Margin	35%	32%		3 pts

The property market, particularly in Sydney and Melbourne, rebounded strongly through the first half of FY21 which broadly benefited Domain. Across the year, Domain's new listings recovered from FY20 lows, recording growth of 11%. Notwithstanding the absence of an across-the-board price increase, Domain recorded an 11% growth in controllable yield. Together, this resulted in revenue growth of 7% or $18.8 million.

Operating costs increased by 2% or $2.9 million across the year with higher staff and insurance costs offset by efficiencies in promotions, production and software.

In the year to 30 June 2021, full-year EBITDA was up by 19% from $84.7 million in 2020 to $100.6 million in 2021. During the year, Domain continued to grow its audiences, broaden its geographical exposure and focused on providing innovative solutions for both agents and consumers.

2. Source: Think TV, BVOD revenue, 12 months to June 2021.
3. Source: Commercial Radio Australia, 12 months to June 2021, 4 city basis.

Operating and Financial Review

Stan

	2021 $m	2020 $m	Variance 2021 to 2020 $m	%
Revenue	311.8	242.1	69.7	29%
EBITDA	39.5	31.0	8.5	27%
Margin	13%	13%		–

During FY21, Stan consolidated the strong FY20 subscriber growth with current active subscribers now at 2.4 million, and focused on its long term strategic plan. The launch of Stan Sport, confirmation of a major output deal with NBCUniversal and increased programming commitments for Stan Originals, were the key initiatives, all enabled by Stan's established scale and market position.

The combination of the strong subscriber growth and 7% growth in ARPU increased Stan's revenue by 29% across the full year to 30 June 2021 and resulted in EBITDA of $39.5 million for the year, an improvement of $8.5 million on the previous year.

Share of Associates profit

Share of Associates profit increased from a profit after tax of $928,000 to a profit after tax of $5,991,000, largely reflecting a one- off gain of $4,979,000 on an associates' asset sale.

Review of Financial Position

At 30 June 2021, the Net Assets of the Group were $1,959.6 million which is $78.0 million higher than as at 30 June 2020 reflecting current year profitability after dividends paid to shareholders.

Underlying Drivers of Performance

The Group operates across four key businesses and industries, each of which has their own underlying drivers of performance. These are summarised below:

- Broadcasting – size of the advertising market and the share attributed to FTA, Broadcast Video on Demand (BVOD) and Radio, Nine's share of those advertising sectors, the regulatory environment and the ability to secure key programming contracts. Nine's ability to control costs, particularly associated with content.
- Digital and Publishing – size of the advertising market and the share attributed to Online, Nine's share of those advertising sectors, the ability of Nine to engage with audiences across print media and digital platforms with their content. Nine's ability to control costs, particularly associated with printing and distribution.
- Real Estate Media and Technology Services – size of the real estate classifieds market largely driven by new property listings and Domain's share of that market, as well as Domain's ability to sell premium services to agents and users (often referred to as "depth penetration").
- Subscription Video on Demand (SVOD) – size of the SVOD market, Nine's share of the SVOD market and the ability to secure key programming contracts.

The impacts of changes in underlying drivers of performance on the current year result are set out in the Review of Operations, as applicable.

Business Strategies and Future Prospects

The Group is focusing on the following business growth strategies:

- **Consolidation of position as leading distributor of video content**

The Group intends to build on Nine's position as a leading supplier of premium video content, through its FTA, Broadcast Video On Demand (9Now) and Subscription (Stan) businesses. The Group plans to expand its audience by investing in content that appeals to them, and by increasing the ways customers find and access this content, including via mobile devices. Through growth in audiences, the Group's goal is to increase its revenue via both subscriptions and advertising. The Group is committed to supporting the continued growth of Stan and 9Now, particularly through cross-promotion across Nine's multi-platform ecosystem.

In addition, the Group intends to make use of its data assets to improve yields and the effectiveness of advertising.

- **Growth of digital businesses**

The Group intends to continue to migrate its audiences across both Broadcasting and Publishing onto its digital platforms. This will drive the Group's ability to offer a broader range of advertising and subscription options. Continued migration to digital platforms also builds the Group's data asset which enables it to enhance the effectiveness of its advertising and support the growth of its own businesses.

- **Growth of Domain businesses**

The Group is focused on growing Domain, with a clear operational focus on the roll-out of the Group's marketplace strategy. Domain's core residential listings business remains the largest contributor, with residential revenue growth expected to come via both yield and depth, as well as geographical expansion (growth in the business outside of Sydney and central Melbourne), expedited by the relationship with, and access to, other Nine assets, most notably FTA television and digital. Group wide initiatives are underway to augment the growth of Domain primarily via increased brand recognition and enhanced traffic to Domain.com.au. Domain remains focussed on broadening its business base through the creation of a property marketplace, offering consumer, agent and data solutions.

- **Optimisation of performance of the Group's traditional media assets**

As Nine focuses on growing its digital assets, the Group will continue to focus on optimising the performance of its traditional media assets. Nine has restructured much of its Radio business since acquisition and continues to achieve cost efficiencies across its print publishing assets. Content investment will also be more targeted towards content that works across multiple platforms, and exclusivity of content.

- **Optimise the returns and opportunities associated with the Group's content and audience reach**

Across its assets, Nine's strengths lie in the production and broad distribution of its premium content. The Group will continue to identify and pursue opportunities where it can increase its rights to use content and drive premium revenue, and broaden the utilisation of this content across its well-established distribution platforms, as well as the monetisation of the Group's content across other platforms.

The Group remains committed to optimising its cost base and will also assess targeted investment in aligned growth opportunities, focused on driving long term returns for the business.

The Group believes that the successful execution of these business strategies will enable the Group to grow in the future.

Material business risks

The following section outlines the material business risks that may impact on the Group achieving its strategic objectives and business operations, including the mitigating factors put in place to address those risks. The material risks are not set out in any particular order and exclude general risks that could have a material effect on most businesses in Australia under normal operating conditions.

These risks are managed on an ongoing basis as part of our risk management framework. Mitigations and strategies to address them are maintained and regularly reviewed, including via regular reporting to the Board.

Revenue – the major risks which could affect the revenue of the Group are:

- Longer term impact of COVID-19, including the timing and extent of recovery and potential for future outbreaks;
- A significant change to advertising market conditions that leads to a prolonged decline in the advertising market or an adverse shift in FTA television, Print or Digital publishing relative shares of the broader advertising market;
- Nine's share of the FTA market itself;
- A change in the way content is viewed or consumed by audiences;
- Declines in property market conditions;
- Difficulty securing access to premium content; and
- Impact of competitor strategies or new market entrants.

A key contributor to these risks is a change in audience behaviours and preferences. Peak-time programming performance or loss of key programming rights may also contribute to these risks materialising. The continued development of alternative forms of media may lead to increased competition for advertising revenue. Nine's strategies are focused on ensuring we effectively anticipate and respond to the potential risks through having the best platforms, creating and securing the content audiences want to consume and delivering it to them when and where they want it. Our digital strategy enables us to maximise our revenue opportunities across all of our platforms.

Operational – from an operational perspective, the business is subject to operational risks of various kinds, including transmission failure, systems failure, data loss, inaccurate reporting, industrial action (such as at film and television production studios, and in sporting competitions broadcast by Nine), defamation and other execution risks, including those that significantly impact production (such as COVID-19 in FY21). These risks could have a negative effect on Nine's reputation and its ability to conduct its business without disruption or at the budgeted level of cost in various ways.

Technology, cyber security and data privacy – Nine's strategy to leverage all our digital assets requires us to ensure our technology and infrastructure is able to deliver our content when, and where, our audiences choose to consume it. We invest in the latest technologies to ensure we remain at the forefront of industry developments, deliver the best experience for our audiences and maximise operating efficiencies. Whilst the threat of cyber attacks exists in all businesses, Nine's reliance on technology and key partners to deliver our products and services increases the potential impact of cyber risks. During the year we demonstrated our preparedness to address these risks following a cyber attack in March 2021. Whilst the attack did cause some disruption, we were able to respond to limit the impacts. Despite the success of our response, we continue to invest in ensuring our cyber security practices and infrastructure respond to the ever-evolving cyber threats we face.

Regulation and Legislation – Nine's businesses are subject to changes in regulation at Federal, State and local level as well as changes in government policy and decisions by the courts. These risks include changes to: the regulatory environment under which the FTA industry operates; anti-siphoning legislation; the licence conditions under which Nine operates (including the granting of a fourth licence in the major markets in which Nine operates); regulation of content; advertising restrictions in relation to certain types of products; and interpretation of privacy and defamation laws. These risks could adversely impact Nine's reputation and/or Nine's revenues, costs or financial performance. The Group's internal processes are regularly assessed and tested as part of robust risk and assurance programs. Further to this, Nine manages the costs of compliance to ensure our costs of doing business are not significantly impacted. We do this by ensuring we pro-actively manage changes to regulatory requirements and respond with effective programs to ensure compliance.

People and culture – The increasingly competitive landscape and the ongoing need for media organisations to remain agile in order to anticipate and respond to changing audience preferences, continues to place pressure on the competition for talent. The ability to attract and retain talent with the necessary skills and capabilities to operate in a challenging market whilst being able to continue to adapt is critical to Nine's success. We continue to be an employer of choice by being Australia's best Media Company, investing in our people through training and development opportunities, by promoting diversity and workplace flexibility and maintaining succession planning.

Domain – Domain is a separate company which has minority investors and is listed on the ASX. As such, decisions by the board and the actions of the company must be made having regard to their best interests. This may mean that if their interests diverge from those of Nine, Domain may adopt an approach contrary to the preferences of Nine.

Nine Entertainment Co. Holdings Limited

ABN 60 122 203 892

Financial Statements

30 June 2021

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Note	2021 $'000	2020 Restated[1] $'000
Continuing operations			
Revenues	2.1	2,342,178	2,172,060
Expenses	2.3	(2,039,575)	(2,625,378)
Finance costs	2.3	(29,002)	(27,793)
Share of profits of associate entities	6.2(c)	5,991	928
Net profit/(loss) from continuing operations before income tax expense		279,592	**(480,183)**
Income tax expense	5.1	(95,631)	(27,568)
Net profit from continuing operations after income tax expense		183,961	**(507,751)**
Discontinued operations			
Profit/(Loss) after tax from discontinued operations	6.7	–	(66,189)
Net profit/(loss) for the period		183,961	**(573,940)**
Net profit/(loss) for the period attributable to:			
Owners of the parent		169,364	(589,198)
Non-controlling interest		14,597	15,258
Net profit/(loss) for the period		183,961	**(573,940)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		(525)	(168)
Other		–	145
Items that will not be reclassified subsequently to profit or loss:			
Fair value movement in investment in listed equities	7.1	1,230	(489)
Actuarial gain/(loss) on defined benefit plan (net of tax)	7.2	3,674	(4,176)
Other comprehensive income/(loss) for the period		4,379	**(4,688)**
Total comprehensive income/(loss) attributable to equity holders		188,340	**(578,628)**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		173,743	(593,886)
Non-controlling interest		14,597	15,258
Total comprehensive income/(loss) for the period		188,340	**(578,628)**
Earnings per share			
Basic earnings attributable to ordinary equity holders of the parent	2.5	$0.10	($0.35)
Diluted earnings attributable to ordinary equity holders of the parent	2.5	$0.10	($0.34)
Earnings per share for continuing operations			
Basic and diluted earnings attributable to ordinary equity holders of the parent	2.5	$0.10	($0.31)

1. Refer to Note 1.2 for details of restatement to 30 June 2020 comparative financial information.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2021

	Note	30 June 2021 $'000	30 June 2020 Restated[1] $'000
Current assets			
Cash and cash equivalents	3.1	171,927	187,394
Trade and other receivables	3.2	380,997	258,061
Program rights and inventories	3.3	256,617	225,744
Prepayments		32,744	25,377
Other assets		3,934	10,978
Assets held for sale		3,622	3,622
Total current assets		849,841	**711,176**
Non-current assets			
Receivables	3.2	12,473	13,511
Program rights and inventories	3.3	140,939	122,585
Investments accounted for using the equity method	6.2	31,181	25,766
Other financial assets	7.1	6,690	5,460
Property, plant and equipment	3.5	573,936	415,172
Intangible assets	3.6	2,266,441	2,352,896
Prepayments		4,150	12,449
Defined benefit plan	7.2	25,533	14,805
Total non-current assets		3,061,343	**2,962,644**
Total assets		3,911,184	**3,673,820**
Current liabilities			
Trade and other payables	3.4	475,026	380,587
Financial Liabilities	4.1	123,492	103,429
Current income tax liabilities		56,052	9,983
Provisions	3.7	180,028	153,739
Derivative financial instruments	4.5	2,772	–
Total current liabilities		837,370	647,738
Non-current liabilities			
Payables	3.4	100,035	74,096
Financial liabilities	4.1	726,938	749,192
Deferred tax liabilities	5.2	257,002	298,741
Provisions	3.7	30,238	19,761
Derivative financial instruments	4.5	–	2,700
Total non-current liabilities		1,114,213	1,144,490
Total liabilities		1,951,583	**1,792,228**
Net assets		1,959,601	**1,881,592**
Equity			
Contributed equity	4.2	2,122,146	2,123,146
Reserves		(42,670)	(61,531)
Retained earnings		(264,925)	(314,965)
Total equity attributable to equity holders of the parent		1,814,551	**1,746,650**
Non-controlling interest		145,050	**134,942**
Total equity		1,959,601	**1,881,592**

1. Refer to Note 1.2 for details of restatement to 30 June 2020 comparative financial information.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	Contributed equity $'000	Rights plan shares $'000	Foreign currency translation reserve $'000	Fair Value reserve of financial assets at FVOCI $'000	Share-based payments reserve $'000	Other reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
At 1 July 2020 (restated)	2,134,803	(11,657)	(1,376)	(10,710)	4,959	(54,404)	(314,965)	1,746,650	134,942	1,881,592
Profit for the period	–	–	–	–	–	–	169,364	169,364	14,597	183,961
Other comprehensive income/(loss) for the period	–	–	(525)	4,904	–	–	–	4,379	–	4,379
Total comprehensive income/(loss) for the period	**–**	**–**	**(525)**	**4,904**	**–**	**–**	**169,364**	**173,743**	**14,597**	**188,340**
Transfers from reserve to equity	–	–	–	–	(54)	–	54	–	–	–
Vesting of Rights Plan shares (Note 4.4)	–	1,293	–	–	(1,293)	–	–	–	–	–
Acquisition of NCI	–	–	–	–	–	(2,130)	–	(2,130)	(170)	(2,300)
Recognition of non-controlling interest in subsidiary	–	–	–	–	–	–	–	–	140	140
Transactions with non-controlling interests	–	–	–	–	–	–	–	–	570	570
Purchase of shares	–	(2,293)	–	–	–	–	–	(2,293)	–	(2,293)
Share-based payment expense, net of tax	–	–	–	–	17,959	–	–	17,959	–	17,959
Dividends to shareholders	–	–	–	–	–	–	(119,378)	(119,378)	(5,029)	(124,407)
At 30 June 2021	**2,134,803**	**(12,657)**	**(1,901)**	**(5,806)**	**21,571**	**(56,534)**	**(264,925)**	**1,814,551**	**145,050**	**1,959,601**
At 1 July 2019 (as previously reported)	2,134,803	(8,587)	(1,058)	(6,190)	6,604	6,296	448,811	2,580,679	192,644	2,773,323
Net effect of change in accounting policy (Note 1.2)	–	–	–	–	–	–	(4,189)	(4,189)	(1,114)	(5,303)
At 1 July 2019 (restated)	2,134,803	(8,587)	(1,058)	(6,190)	6,604	6,296	444,622	2,576,490	191,530	2,768,020
Profit for the period	–	–	–	–	–	–	(589,198)	(589,198)	15,258	(573,940)
Other comprehensive income/(loss) for the period	–	–	(168)	(4,520)	–	–	–	(4,688)	–	(4,688)
Total comprehensive income/(loss) for the period	**–**	**–**	**(168)**	**(4,520)**	**–**	**–**	**(589,198)**	**(593,886)**	**15,258**	**(578,628)**
Transfers from reserve to equity	–	–	(150)	–	–	–	150	–	–	–
Vesting of Rights Plan shares (Note 4.4)	–	2,730	–	–	(2,730)	–	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–	(1,683)	(60,700)	–	(62,383)	(55,376)	(117,759)
Transactions with non-controlling interests	–	–	–	–	–	–	–	–	3,913	3,913
Purchase of shares	–	(5,800)	–	–	–	–	–	(5,800)	–	(5,800)
Share-based payment expense	–	–	–	–	2,768	–	–	2,768	–	2,768
Dividends to shareholders	–	–	–	–	–	–	(170,539)	(170,539)	(20,383)	(190,922)
At 30 June 2020 (restated)	**2,134,803**	**(11,657)**	**(1,376)**	**(10,710)**	**4,959**	**(54,404)**	**(314,965)**	**1,746,650**	**134,942**	**1,881,592**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	Note	30 June 2021 $'000	30 June 2020 Restated[1] $'000
Cash flows from operating activities			
Receipts from customers		2,482,841	2,764,062
Payments to suppliers and employees		(1,978,030)	(2,285,341)
Dividends received – associates		50	5,467
Government grants		11,809	4,552
Interest received		1,520	1,619
Interest and other costs of finance paid		(28,713)	(27,330)
Income tax paid		(91,316)	(88,528)
Net cash flows generated from operating activities		398,161	**374,501**
Cash flows from investing activities			
Purchase of property, plant and equipment		(42,633)	(85,310)
Purchase of intangible assets		(51,130)	(50,647)
Proceeds on disposal of property, plant and equipment		–	807
Disposal/(acquisition) of subsidiaries, net of cash acquired		4,470	(132,864)
Proceeds from disposal of investments and assets held for sale		6,000	(6,454)
Funding to associates		(939)	382
Net cash flows used in investing activities		(84,232)	**(274,086)**
Cash flows from financing activities			
Proceeds from borrowings		229,960	761,442
Repayments of borrowings		(395,000)	(691,473)
Purchase of rights plan shares		(2,293)	(5,800)
Payment of the principal portion of leases		(40,010)	(42,389)
Dividends paid to and other transactions with non-controlling interest		(2,675)	(20,383)
Dividends paid to shareholders of the Group	4.3	(119,378)	(170,539)
Net cash flows used in financing activities		(329,396)	**(169,142)**
Net decrease in cash and cash equivalents		(15,467)	**(68,727)**
Cash and cash equivalents at the beginning of the financial period		187,394	256,121
Cash and cash equivalents at the end of the period		171,927	**187,394**

1. Refer to Note 1.2 for details of restatement to 30 June 2020 comparative financial information.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

1. About this Report

The financial report includes the consolidated entity consisting of Nine Entertainment Co. Holdings Limited (the "Company" or "Parent Entity") and its controlled entities (collectively, the "Group") for the year ended 30 June 2021.

Nine Entertainment Co. Holdings Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report. Information on the Group's structure is provided in Note 6. Information on other related party relationships is provided in Note 6.6.

The consolidated general purpose financial report of the Group for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 25th August 2021. The Directors have the power to amend and reissue the financial report.

1.1 Significant events during the period

Cyber-Attack

During the year, the Group was subject to a cyber-attack which caused disruption to operations for a short period of time. No sensitive data was compromised in relation to this attempted breach and the financial impact on the business was not material.

Relocation of the Group headquarters to 1 Denison Street, North Sydney

During the period, the Group relocated its headquarters to 1 Denison Street, North Sydney and commenced a long-term lease with an initial term of 12 years. As a result, a Right of Use asset totalling $156.5 million was recognised within Property, Plant and Equipment, with a related finance lease liability totalling $189.8 million recognised within financial liabilities. This lease represents a cash commitment of the Group in FY22 of $17.4 million, FY23 – FY27 a total of $97.2 million and FY28 onwards a total of $95.3 million.

1.2 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 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared using the going concern basis of accounting and the historical cost convention, except for derivative financial instruments and investments in listed equities which have been measured at fair value and investments in joint ventures and associates which have been accounted for using the equity method.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the instrument applies.

The accounting policies adopted in the preparation of the financial report are consistent with those applied and disclosed in the 2020 annual report except as set out below and in Note 7.6. The consolidated financial statements provide comparative information in respect of the previous period, which is reclassified where necessary in order to provide consistency with the current financial year.

Statement of compliance

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

Key Judgements and Estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

Note 3.3 Program rights and inventories

Note 3.6 Intangible assets

Note 3.7 Provisions

Note 6.1 Business combinations

Restatements to comparative financial information for the year-ended 30 June 2020

The comparative financial information for the year ended 30 June 2020 has been restated as a result of an accounting policy change and a restatement to the deferred tax liability. Details of these restatements, including the related impact on the comparative financial information, is set out below:

1.2(a) Accounting Policy Change – Configuration or Customisation Costs in a Cloud Computing Arrangement

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. Following this clarification, the Group has changed its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements. The nature and effect of the adjustment as a result of changing this policy is described below.

The Group's accounting policy has historically been to capitalise costs related to the configuration of SaaS arrangements as intangible assets in the Statement of Financial Position, where they meet the relevant definition. The adoption of the above agenda decision resulted in a de-recognition of these intangible assets and the recognition of an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, impacting both the current and prior periods presented.

This change in policy has resulted in an increased expense in the current financial year related to the implementation of financial systems across the Group that would have previously been capitalised. Refer to Note 2.4 for details.

The change in policy has been retrospectively applied and comparative financial information has been restated, as detailed below.

1.2(b) Deferred Tax Liability Restatement

In the current year, the Group identified that the tax base applied to certain assets for the calculation of deferred tax assets and liabilities was overstated. This arose from the finalisation of purchase price accounting in respect of the 2018 merger with Fairfax Group and resulted in a $33.6 million understatement of the Group's deferred tax liability.

Accordingly, the Group has increased its deferred tax liability by $33.6 million and recognised a commensurate increase in goodwill as of 30 June 2020. There was no earnings impact to the 2021 or 2020 financial years as a result of this adjustment or any adjustments to income tax paid or payable.

The impact of this adjustment on comparative financial information is detailed below.

1.2(c) Summary of Comparative Period Restatements

Consolidated Statement of Financial Position

30 June 2020 $'000	As Previously Reported[1]	SaaS Adjustment (Note 1.2(a))	DTL Restatement (Note 1.2(b))	As Restated
Intangible assets	2,325,244	(5,920)	33,572	2,352,896
Total non-current assets	**2,934,992**	**(5,920)**	**33,572**	**2,962,644**
Total assets	**3,646,168**	**(5,920)**	**33,572**	**3,673,820**
Deferred tax liabilities	266,814	(1,645)	33,572	298,741
Total non-current liabilities	**1,112,563**	**(1,645)**	**33,572**	**1,144,490**
Total liabilities	**1,760,301**	**(1,645)**	**33,572**	**1,792,228**
Net assets	**1,885,868**	**(4,275)**	**–**	**1,881,592**
Retained earnings	(311,613)	(3,352)	–	(314,965)
Total equity attributable to equity holders of the parent	**1,750,004**	**(3,352)**	**–**	**1,746,650**
Non-controlling interest	135,864	(922)	–	134,942
Total equity	**1,885,868**	**(4,275)**	**–**	**1,881,592**

1. Comparative information in respect of the year ended 30 June 2020, reclassified where necessary in order to provide consistency with the current financial year.

1. About this Report continued

1.2 Basis of preparation continued

1 July 2019 $'000	As Previously Reported	SaaS Adjustment (Note 1.2(a))	DTL Restatement (Note 1.2(b))	As Restated
Intangible assets	2,958,405	(7,233)	–	2,951,172
Total non-current assets	**3,329,341**	**(7,233)**	**–**	**3,322,108**
Total assets	**4,409,058**	**(7,233)**	**–**	**4,401,825**
Deferred tax liabilities	314,380	(1,930)	–	312,450
Total non-current liabilities	**770,374**	**(1,930)**	**–**	**768,444**
Total liabilities	**1,635,735**	**(1,930)**	**–**	**1,633,805**
Net assets	**2,773,323**	**(5,303)**	**–**	**2,768,020**
Retained earnings	448,811	(4,189)	–	444,622
Total equity attributable to equity holders of the parent	**2,580,679**	**(4,189)**	**–**	**2,576,490**
Non-controlling interest	192,644	(1,114)	–	191,530
Total equity	**2,773,323**	**(5,303)**	**–**	**2,768,020**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

30 June 2020 $'000	As Previously Reported	SaaS Adjustment (Note 1.2(a))	DTL Restatement (Note 1.2(b))	As Restated
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	(1,772,443)	(2,910)	–	(1,775,353)
Depreciation and amortisation	(149,932)	4,222	–	(145,710)
Net profit/(loss) from continuing operations before income tax expense	**(481,495)**	**1,312**	**–**	**(480,183)**
Income tax expense	(27,283)	(285)	–	(27,568)
Net profit from continuing operations after income tax expense	**(508,778)**	**1,027**	**–**	**(507,751)**
Net profit/(loss) for the period attributable to:				
Owners of the parent	(590,033)	835	–	(589,198)
Non-controlling interest	15,066	192	–	15,258
Earnings per share				
Basic earnings attributable to ordinary equity holders of the parent	($0.35)	$0.00	–	($0.35)
Diluted earnings attributable to ordinary equity holders of the parent	($0.34)	$0.00	–	($0.34)

Consolidated Statement of Cash Flows

30 June 2020 $'000	As Previously Reported	SaaS Adjustment (Note 1.2(a))	DTL Restatement (Note 1.2(b))	As Restated
Payments to suppliers and employees	(2,282,431)	(2,910)	–	(2,285,341)
Net cash flows generated from operating activities	**377,411**	**(2,910)**	**–**	**374,501**
Purchase of intangible assets	(53,557)	2,910	–	(50,647)
Net cash flows (used in)/from investing activities	**(276,996)**	**2,910**	**–**	**(274,086)**

1.3 Notes to the Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business or it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

1. About this report: provides an introduction to the structure and preparation of the report;
2. Group performance: provides a breakdown of individual line items in the statement of profit or loss and other comprehensive income that the directors consider most relevant and the accounting policies, judgements and estimates relevant to understanding these line items;
3. Operating assets and liabilities: provides a breakdown of the key assets and liabilities and the accounting policies, judgements and estimates relevant to understanding these line items;
4. Capital structure and management: provides information about the capital management practices of the Group, shareholders' return and the Group's exposure to various financial risks, how they affect the Group's performance and are managed;
5. Taxation: discusses the tax position of the Group;
6. Group structure: explains aspects of the Group structure and how changes have affected the financial position and performance of the Group; and
7. Other: provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements. However, these are not considered critical in understanding the historical financial performance or position of the Group.

2. Group Performance

2.1 Segment information

	Segment revenue[1]		EBITDA before specific items		Depreciation and amortisation		EBIT before specific items	
	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 $'000	30 June 2020 Restated $'000	30 June 2021 $'000	30 June 2020 Restated $'000	30 June 2021 $'000	30 June 2020 Restated $'000
Broadcasting	1,242,643	1,127,478	332,519	197,263	(56,644)	(48,733)	275,875	148,530
Digital and Publishing	504,522	518,530	117,189	91,503	(39,795)	(41,863)	77,394	49,640
Domain Group	286,587	267,844	100,580	84,686	(38,636)	(41,428)	61,944	43,258
Stan	311,761	242,113	39,471	31,028	(14,009)	(13,152)	25,462	17,876
Segment total	2,345,513	**2,155,965**	589,759	**404,480**	(149,084)	**(145,176)**	440,675	**259,304**
Corporate	2,274	14,214	(26,075)	(10,582)	–	(534)	(26,075)	(11,116)
Associates	–	–	1,012	928	–	–	1,012	928
Total Group	2,347,787	**2,170,179**	564,696	**394,826**	(149,084)	**(145,710)**	415,612	**249,116**

1. Includes inter-segment revenue of $16,309,000 (2020: $14,855,000).

Following a change in internal reporting, the results of 9Now, which was previously reported under the Digital and Publishing segment, are reported under the Broadcasting segment. Comparative financial information has been restated accordingly to reflect this change.

Reconciliation of total Group revenue from continuing operations on the Consolidated Statement of Profit or Loss and Other Comprehensive Income	30 June 2021 $'000	30 June 2020 Restated $'000
Total Group revenue (per above)	2,347,787	2,170,179
Inter-segment eliminations	(16,309)	(14,855)
Total Group revenue	2,331,478	**2,155,324**
Interest income	1,506	1,461
Specific item – Net gain on contingent consideration payable and sale of financial assets	9,194	15,275
Revenue per the Consolidated Statement of Profit or Loss and Other Comprehensive Income	2,342,178	**2,172,060**

Reconciliation of EBIT before specific items to profit after tax from continuing operations	Notes	30 June 2021 $'000	30 June 2020 Restated $'000
EBIT before specific items		415,612	249,116
Interest income		1,506	1,461
Finance costs	2.3	(29,002)	(27,793)
Income tax expense	5.1	(110,586)	(65,089)
Profit before specific items		277,530	**157,695**
Specific items	2.4	(108,524)	(702,967)
Income tax benefit/(expense) on specific items	5.1	14,955	37,521
Net profit/(loss) from continuing operations after income tax expense		183,961	**(507,751)**

Geographic Information

A majority of the Group's external revenues arise out of sales to customers within Australia.

Major customers

The Group did not have any customers which accounted for more than 10% of operating revenue for the year (2020: none).

Accounting Policy

For the financial report for the year ended 30 June 2021, management have reviewed the segments to reflect how the Chief Operating Decision Makers (determined to be the Board of Directors) review and manage the business.

The reportable segments for continuing operations for the period ended 30 June 2021 are:

- Broadcasting – includes free to air television activities, 9Now and metropolitan radio networks in Australia.
- Digital and Publishing – includes Nine Digital (Nine.com.au and other digital activities) and Metropolitan Media (metropolitan news, sport, lifestyle and business media across various platforms).
- Domain Group – real estate media and services businesses.
- Stan – subscription video on demand service.

Segment performance is evaluated based on continuing operations segment earnings before interest, tax, depreciation and amortisation (EBITDA), before specific items. Specific items are items that by size and nature or incidence are relevant in explaining the financial performance of the Group and are excluded when assessing the underlying performance of the business. These are detailed in Note 2.4.

Group finance costs on bank facilities, interest income and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties and are eliminated on consolidation.

2. Group Performance continued

2.2 Revenue and other income from continuing operations

In the following table, revenue is disaggregated by major products/service lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 2.1).

	Broadcasting[2] $'000	Digital and Publishing[2] $'000	Domain Group $'000	Stan $'000	Corporate $'000	Total $'000
Period ended 30 June 2021						
Advertising revenue	1,141,827	246,668	269,780	–	–	1,658,275
Subscription revenue	–	148,538	505	311,252	–	460,295
Affiliate revenue	59,293	–	–	–	–	59,293
Circulation revenue	–	72,215	–	–	–	72,215
Program Sales	20,409	–	–	509	–	20,918
Other revenue	21,114	37,101	16,302	–	2,274	76,791
Total segment revenue (Note 2.1)[1]	1,242,643	504,522	286,587	311,761	2,274	2,347,787

1. Includes inter-segment revenue of $16,309,000.
2. During the year, the classification of certain rebates has been aligned across the Group, resulting in a decrease in revenue and expenses in the Digital and Publishing segment by $6.7 million and the Broadcasting segment by $8.5 million. The 2020 comparative financial information has been adjusted in line with this change, resulting in a reclassification of $15.2 million from expenses to revenue. This change has no impact on EBITDA or EBIT of the segment.

	Broadcasting $'000	Digital and Publishing $'000	Domain Group $'000	Stan $'000	Corporate $'000	Total $'000
Period ended 30 June 2020						
Advertising revenue	1,030,791	259,406	242,325	–	–	1,532,522
Subscription revenue	–	132,062	–	242,113	–	374,175
Affiliate revenue	54,833	–	–	–	–	54,833
Circulation revenue	–	87,990	–	–	–	87,990
Program Sales	16,098	–	–	–	–	16,098
Other revenue	25,756	39,072	25,519	–	14,214	104,561
Total segment revenue (Note 2.1)[1]	**1,127,478**	**518,530**	**267,844**	**242,113**	**14,214**	**2,170,179**

1. Includes inter-segment revenue of $14,855,000.

Accounting Policy

Revenue

The Group recognises revenue only when the performance obligation is satisfied and the control of goods or services is transferred, typically at the point of being published, broadcast or streamed. Amounts disclosed as revenue are net of commissions, rebates, discounts and returns which are recognised when they can be reliably measured. All performance obligations are expected to be recognised within one year. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration is generally resolved within a short time frame.

The following specific recognition criteria must also be met before revenue is recognised:

Type of sales revenue	Recognition Criteria
Advertising revenue	• Broadcasting – Recognised by reference to when an advertisement has been broadcast and specific viewer metrics contained in the agreement with the customer have been met. Publishing and Domain: • Revenue from advertising for newspapers, magazines and other publications is recognised on the publication date. • Revenue from the provision of advertising on websites is recognised over the period the advertisements are placed. • Revenue from the provision of property listings is accounted for as a single performance obligation, the provision of a listing being a distinct service. Revenue is recognised over the listing period.
Subscription revenue	• Revenue from subscriptions for newspapers, magazines, other publications is recognised on the publication date. • Revenue for digital subscriptions and Stan subscriptions is recognised over time.
Affiliate revenue	• Revenue from affiliates is recognised on a monthly basis based on a percentage of revenue generated by the affiliate. Affiliate revenue relates to the Group's entitlement to a percentage of advertising revenue derived by broadcast partners, payable to the Group as consideration for use of the Group's program inventory.
Circulation revenue	• Revenue from circulation for newspapers, magazines and other publications is recognised on the publication date.
Program sales revenue	• Revenue from program sales and recoveries, including syndicated programming content, is recognised in the month that it is broadcast or as the program content is distributed.
Other revenue includes:	
a) Transactional revenue	Recognised when the services are performed.
b) Non-trading revenue	Recognised when the services are performed.

Type of other income	Recognition Criteria
Other income includes:	
a) Dividends	Recognised when the right to receive payment has been established.
b) Interest	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).
c) Sublease income	Recognised on a straight-line basis over the term of the lease.

2. Group Performance continued

2.3 Expenses from continuing operations

	30 June 2021 $'000	30 June 2020 Restated $'000
Expenses		
Broadcasting[1,4]	1,049,073	1,357,278
Digital and Publishing[1]	437,399	577,736
Domain Group	236,168	420,276
Stan	286,299	224,238
Other[2]	30,636	45,850
Total expenses from continuing operations	2,039,575	**2,625,378**
Included in the expenses above are the following:		
Depreciation and amortisation (excluding program rights)	157,425	146,293
Salary and employee benefit expenses[3]	686,961	645,600
Program rights	507,608	486,632
Total depreciation, salary and program rights	1,351,994	**1,278,525**
Finance Costs		
Interest on debt facilities	12,970	15,279
Interest on lease liabilities	15,321	11,561
Amortisation of debt facility establishment costs	711	953
Total finance costs	29,002	**27,793**

1. During the year, the classification of certain rebates has been aligned across the Group, resulting in a decrease in revenue and expenses in the Digital and Publishing segment by $6.7 million and the Broadcasting segment by $8.5 million. The 2020 comparative financial information has been adjusted in line with this change, resulting in a reclassification of $15.2 million from expenses to revenue. This change has no impact on EBITDA or EBIT of the segment.
2. Includes corporate costs and specific items not allocated to segments, offset by inter-segment revenue of $16.3 million (2020: $14.9 million).
3. Government grants of $10.5 million (2020: $4.5 million) have been received by the Group during the current year, $8.3 million of which are attributable to Domain (2020: $3.6 million). During the year, the Group has repaid $2.3 million of grants received since inception of the JobKeeper scheme. Total expenses from continuing operations therefore include $8.2 million (2020: $4.5 million) of net grants received.
4. Expenses include Specific Items, including impairment, for Broadcasting ($61.5 million). Refer to Note 2.4 for details. (2020: Broadcasting ($310.8 million); Digital and Publishing ($92.7 million); Domain Group ($188.2 million).

Accounting Policy

Borrowing costs

Interest is recognised as an expense when it is incurred. Debt establishment costs are recognised as a reduction of the financial liability on initial recognition, and amortised using the effective interest method.

2.4 Specific items

The net profit after tax includes the following specific items, which by size and nature or incidence are relevant in explaining the financial performance of the Group:

	30 June 2021 $'000	30 June 2020 Restated $'000
Impairment of goodwill and other intangibles	(61,500)	(591,776)
Impairment of other assets	(8,233)	(61,412)
Restructuring costs	(30,519)	(49,420)
Net profit on sale of investments and assets held for sale	8,846	1,930
Net gain on contingent consideration payable	1,576	15,455
Other specific provisions	(18,694)	(8,574)
Acquisition related costs	–	(9,170)
Net specific items loss before tax from continuing operations	(108,524)	(702,967)
Income tax benefit on specific items from continuing operations	14,955	37,521
Net specific items loss after tax from continuing operations	(93,569)	(665,446)

Impairment of goodwill and other intangibles

An impairment charge of $61.5 million has been recognised in respect of the Nine Radio cash generating unit. The decrease in the estimated recoverable amount of this business compared to prior year is a result of the continued impact of the COVID-19 pandemic on this market. Refer to Note 3.6 for details. In the year ended 30 June 2020, the charge relates to impairment of the Nine Network ($310.8 million), Other Digital ($40.9 million), CarAdvice ($46.8 million, inclusive of $3.0 million of specific software impairments), Pedestrian TV ($5.0 million) and Domain ($188.2 million) cash generating units.

Impairment of other assets

The impairment of other assets includes:

- $7.7 million (2020: $36.4 million) of program inventory, principally related to the change in FTA license requirements; and
- $1.7 million (2020: $17.2 million) of right of use assets relating to surplus property leases and other asset impairments no longer considered recoverable due to the relocation of the Group's headquarters to 1 Denison Street, North Sydney.
- Offset by a $1.1 million reversal of previous debtor write-offs.

Restructuring costs

Restructuring costs include:

- $15.2 million related to the implementation of new financial systems across the Group, of which $5.5 million relates to Domain Group. This expense, in large part, would have been capitalised before the current year accounting policy change related to configuration or customisation costs in a cloud computing arrangement;
- $11.5 million of redundancy and restructuring costs incurred during the period;
- $2.3 million of onerous short-term property leases excess to requirements as a result of the relocation of the Group's headquarters to 1 Denison Street, North Sydney; and
- $1.5 million of other expenses incurred for one-off projects in the current year.

The prior year includes redundancy costs in relation to the Fairfax merger, Macquarie Radio acquisition and other restructuring and termination costs for the Group, including $11.5 million relating to onerous short-term property leases excess to requirements as a result of the Fairfax merger and relocation of the Group's headquarters to 1 Denison Street, North Sydney.

Net profit on sale of investments and assets held for sale

Gain on sale of RateCity ($3.5 million) and RSVP ($1.0 million) investments and the Group's share of the gain on sale of assets by an associate ($5.0 million), offset by final expenses in respect of the sale of ACM.

2. Group Performance continued

2.4 Specific items continued

Net gain on contingent consideration payable

Revaluation on contingent and deferred consideration relates to an increase in the deferred consideration receivable for Commerce Australia Pty Ltd and a reduction in the deferred consideration payable for Bidtracker Holdings Pty Ltd Tranche 3 (combined gain of $4.6 million) and the revaluation of contingent consideration payable for Commercialview.com.au Pty Limited Tranches 3A and 3B (expense of $3.0 million).

Other specific provisions

Includes onerous production contracts related to future commitments and other provisions related to prior financial periods. In the year ended 30 June 2020, includes provision for defamation and other provisions related to prior financial periods.

Acquisition related costs

In the year ended 30 June 2020, costs related to the acquisition of Macquarie Media Limited (excluding redundancies) and the merger of Fairfax (excluding redundancies).

2.5 Earnings per share

	30 June 2021	30 June 2020 Restated
From continuing and discontinued operations (in cents)		
Basic and diluted earnings per share before specific items[1]	$0.15	$0.08
Basic earnings/(loss) per share after specific items	$0.10	($0.35)
Diluted earnings/(loss) per share after specific items[1]	$0.10	($0.34)
Profit/(loss) attributable to the ordinary equity holders of the parent used in calculating the basic and diluted earnings per share ($'000) from continuing and discontinued operations	169,364	(589,198)
From continuing operations (in cents)		
Basic and diluted earnings per share before specific items[1]	$0.15	$0.08
Basic and diluted earnings/(loss) per share after specific items[1]	$0.10	($0.31)
Profit/(loss) attributable to the ordinary equity holders of the parent used in calculating the basic and diluted earnings per share ($'000) from continuing operations	169,364	(523,009)
Weighted average number of ordinary shares used as denominator for basic earnings per share ('000)	1,704,355	1,703,446
Effect of dilution:		
Rights Plan shares under the performance rights plan (Note 4.4) ('000)	3,930	4,827
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	1,708,285	**1,708,273**

1. Diluted earnings per share assumes that the executive long term incentive plan (Refer Note 4.4) is satisfied by issuing new shares. The Group's practice to date has been to purchase the shares on the open market and if this practice continues there will be no difference between basic and diluted earnings per share.

Accounting Policy

Basic Earnings Per Share

Basic earnings per share amounts are calculated by dividing the net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, as adjusted for shares held in Trust (refer Note 4.4).

Diluted Earnings Per Share

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent by the sum of the weighted average number of ordinary shares outstanding during the year plus the number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (such as performance rights) into ordinary shares.

3. Operating Assets and Liabilities

3.1 Cash and cash equivalents

	30 June 2021 $'000	30 June 2020 Restated $'000
Cash balances representing continuing operations:		
(a) For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
– Cash on hand and at bank	171,927	187,394
Total cash and cash equivalents	171,927	**187,394**
(b) Reconciliation of profit/(loss) after tax to net cash flows from operations:		
Profit/(Loss) after tax from continuing operations	183,961	(507,751)
Loss after tax from discontinuing operations	–	(66,189)
(Loss)/profit on sale of properties and other assets	(3,483)	71,989
Depreciation and amortisation	157,425	146,293
Impairment of assets	9,454	42,358
Impairment of Intangibles	61,500	591,776
Share-based payment expense	10,785	2,768
Share of associates net profit	(5,991)	(928)
Derivative interest unwinding	–	365
Other non-cash items	1,322	23,106
Changes in assets and liabilities		
Trade and other receivables	(121,676)	146,851
Program rights and inventories	(56,900)	14,097
Prepayments and other assets	4,112	38,186
Trade and other payables	117,585	(54,927)
Provision for income tax	46,070	(37,456)
Provision for employee entitlements	27,273	(6,567)
Other provisions	9,494	19,601
Deferred income tax liability	(42,225)	(48,912)
Foreign currency movements in assets and liabilities of overseas controlled entities	(545)	(159)
Net cash flows from operating activities	398,161	**374,501**

3. Operating Assets and Liabilities continued

3.1 Cash and cash equivalents continued

3.1.1 Changes in liabilities from financing activities — bank facilities

	Bank Facilities $'000
At 1 July 2020	584,316
Net cash flows	(165,040)
Other changes (liability related)	2,574
At 30 June 2021	**421,850**
At 1 July 2019	511,953
Net cash flows	69,969
Other changes (liability related)	2,394
At 30 June 2020	**584,316**

Accounting Policy

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand, deposits held at call with financial institutions and other short-term investments with original maturities of three months or less that are readily convertible to cash and subject to insignificant risk of changes in value. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the Consolidated Statement of Financial Position.

3.2 Trade and other receivables

	30 June 2021 $'000	30 June 2020 $'000
Current		
Trade receivables	356,853	251,328
Allowance for expected credit loss	(7,219)	(7,390)
	349,634	243,938
Related party receivables (Note 6.6)	4,074	6,302
Allowance for expected credit loss	(2,910)	(2,910)
Other receivables	30,199	10,731
Total current trade and other receivables	380,997	258,061
Non-Current		
Loans to related parties (Note 6.6)	4,146	4,021
Other	8,327	9,490
Total non-current trade and other receivables	12,473	13,511

The ageing analysis of trade receivables not considered impaired is as follows:

				Past due but not impaired	
	Total	Not past due	<30 days	31-60 days	>61 days
2021	349,634	323,508	23,481	2,135	510
2020	243,938	222,430	17,058	1,134	3,316

Accounting Policy

Trade receivables are recognised and carried at original invoice amount less an allowance for expected credit loss. They are non-interest bearing and are generally on 30 to 60 day terms.

Key judgements, estimates and assumptions

Expected credit losses for trade receivables are initially recognised based on the Group's historical observed default rates. If appropriate, the Group will adjust the historical credit loss with forward-looking information. For instance, if forecast economic conditions are expected to materially deteriorate over the next year, which could lead to an increased number of defaults in debtors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Expected credit losses for individual trade receivables are recognised when there is an expectation that the Group will not be able to collect all amounts due according to the original trade terms. Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. Factors considered as objective evidence of impairment include ageing and timing of expected receipts and the creditworthiness of counter-parties. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows.

3.3 Program rights and inventories

	30 June 2021 $'000	30 June 2020 $'000
Current		
Program rights – cost less accumulated amortisation and impairment	244,354	210,080
Inventories	12,263	15,664
Total current program rights and inventories	256,617	225,744
Non-Current		
Program rights – cost less accumulated amortisation and impairment	140,939	122,585
Total non-current program rights and inventories	140,939	122,585

During the year, $7.7 million of program inventory and sports rights were impaired, principally related to the change in FTA license requirements. In the prior year $36.4 million of program inventory and sports rights were impaired as a result of the COVID-19 pandemic. These have been classified as Specific items – refer to Note 2.4 for details.

3. Operating Assets and Liabilities continued

3.3 Program rights and inventories continued

Accounting Policy

Program Rights

The Group recognises program rights which are available for use. Programs which are available for use, including those acquired overseas, are recorded at cost less amounts charged to the Statement of Profit or Loss and Other Comprehensive Income based on the useful life of the content and management's assessment of the future years of benefit, which is regularly reviewed with additional write-downs made as considered necessary. Program rights are classified as current or non-current based on the expected realisation of economic benefits flowing from their use.

Inventories

Inventories are carried at lower of cost or net realisable value ("NRV"). The NRV is the estimated future net cash inflows in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Key judgements, estimates and assumptions

The assessment of the appropriate carrying value of program rights and inventories requires estimation by management of the forecast future cash flows which will be derived from that content. This estimate is based on a combination of market conditions and the value generated from the broadcast of comparable programs.

3.4 Trade and other payables

	30 June 2021 $'000	30 June 2020 $'000
Current – unsecured		
Trade and other payables	250,688	193,770
Program contract payables	158,733	128,709
Deferred income	65,605	58,108
Total current trade and other payable	475,026	380,587
Non-current – unsecured		
Program contract payables	92,489	67,806
Other creditor	3,533	1,095
Deferred income	4,013	5,195
Total non-current trade and other payables	100,035	74,096

Accounting Policy

Trade and other payables are carried at amortised cost. Liabilities are brought to account 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. Terms of trade in relation to trade payables are, on average, 30 to 60 days from the date of invoice. Program contract payables are settled according to the contract negotiated with the program supplier.

Deferred income represents the fair value of cash received for revenue relating to future periods.

3.5 Property, Plant and Equipment

	Freehold land and buildings $'000	Leasehold improve -ments $'000	Plant and equipment $'000	Work in progress[1] $'000	ROU property $'000	ROU plant and equipment $'000	Total property, plant and equipment $'000
Year ended 30 June 2021							
At 1 July 2020, net of accumulated amortisation and impairment	23,930	21,638	65,958	77,797	216,540	9,309	415,172
Additions	–	3,691	9,597	62,668	171,557	165	247,678
Transfers	–	72,917	63,314	(136,231)	–	–	–
Disposals	–	(149)	(379)	–	(5,265)	–	(5,793)
Impairment	–	–	–	–	(1,705)	–	(1,705)
Depreciation expense	(961)	(10,544)	(26,032)	–	(39,832)	(4,047)	(81,416)
At 30 June 2021, net of accumulated depreciation and impairment	22,969	87,553	112,458	4,234	341,295	5,427	573,936
Year ended 30 June 2020							
At 1 July 2019, net of accumulated depreciation and impairment	16,484	33,375	95,107	20,356	–	–	165,322
Opening reclassification to intangibles[2]	–	–	(13,794)		–	–	(13,794)
AASB16 initial recognition	–	–	–	–	270,324	13,660	283,984
Additions	8,859	194	16,865	67,940	2,465	983	97,306
Finalisation of purchase price accounting (Note 6.1)	–	–	(8,877)	–	–	–	(8,877)
Transfers	365	(169)	9,571	(9,767)	–	–	–
Disposals	(44)	(3,383)	(3,423)	(732)	(8,913)	–	(16,495)
Impairment	–	(2,931)	(6,195)	–	(10,236)	–	(19,362)
Depreciation expense	(1,734)	(5,448)	(23,296)	–	(37,100)	(5,334)	(72,912)
At 30 June 2020, net of accumulated depreciation and impairment	**23,930**	**21,638**	**65,958**	**77,797**	**216,540**	**9,309**	**415,172**
At 30 June 2021, net of accumulated depreciation and impairment							
Cost (gross carrying amount)	31,998	136,740	538,469	4,234	430,168	14,808	1,156,417
Accumulated amortisation and impairment	(9,029)	(49,187)	(426,011)	–	(88,873)	(9,381)	(582,481)
Net carrying amount	22,969	87,553	112,458	4,234	341,295	5,427	573,936
At 30 June 2020, net of accumulated depreciation and impairment							
Cost (gross carrying amount)	31,998	60,281	465,937	77,797	263,876	14,643	914,532
Accumulated amortisation and impairment	(8,068)	(38,643)	(399,979)	–	(47,336)	(5,334)	(499,360)
Net carrying amount	**23,930**	**21,638**	**65,958**	**77,797**	**216,540**	**9,309**	**415,172**

1. Work in progress additions and transfers primarily relate to the Group's new headquarters of 1 Denison Street, North Sydney.
2. An opening balance reclassification of $13.8 million from property, plant and equipment to other intangible assets has been undertaken in relation to software to ensure consistency of classification across the Group.

3. Operating Assets and Liabilities continued

3.5 Property, Plant and Equipment continued

Accounting Policy

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

- freehold buildings – 20 to 60 years;
- other production equipment – up to 15 years;
- leasehold improvements – lease term;
- right-of-use property – lease term;
- right-of-use plant and equipment – up to 6 years;
- plant and equipment – 2 to 15 years; and
- computer equipment – up to 6 years.

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted as appropriate each year end.

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. The recoverable amount is the greater of fair value less costs to sell and value in use. The recoverable amounts are based on the present value of expected future cash flows. 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. Refer to Note 3.6 for details of CGU recoverable amount assessment.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to arise from the continued use or disposal of the asset. Any gain or loss arising on de-recognition 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 and Other Comprehensive Income in the year the item is derecognised.

Assets held for sale

The Group classifies non-current assets and disposal groups as held for sale or for distribution to equity holders of the parent if their carrying amounts will be recovered principally through sale or a distribution rather than through continuing use. Such non-current assets and disposals are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to sell or distribute are the incremental costs directly attributable to the sale or distribution, excluding the finance costs and income tax expense.

The criteria for held for sale or for distribution classification is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate sale or distribution in its present condition. Management must be committed to the sale or distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or distribution.

Key judgements, estimates and assumptions

The Group has applied certain judgements including which contractual arrangements represent a lease, the period over which the lease exists, the variability of future cash flows and the applicable incremental borrowing rates used to calculate the lease liability.

3.6 Intangible assets

	Goodwill $'000	Licences $'000	Mastheads and Brand Names $'000	Customer relationships $'000	Software[1] $'000	Total $'000
Year ended 30 June 2021						
At 1 July 2020, net of accumulated amortisation and impairment (restated)	933,738	615,182	563,118	156,625	84,233	2,352,896
Purchases	–	–	–	–	51,130	51,130
Impairment	(44,789)	(16,711)	–	–	(76)	(61,576)
Amortisation expense	–	–	(379)	(22,254)	(53,376)	(76,009)
At 30 June 2021, net of accumulated amortisation and impairment	888,949	598,471	562,739	134,371	81,911	2,266,441
Year ended 30 June 2020 (restated)						
At 1 July 2019, net of accumulated amortisation and impairment	1,516,748	624,082	562,893	176,316	78,366	2,958,405
Opening reclassification from Property, plant and equipment	–	–	–	–	13,794	13,794
Finalisation of purchase price accounting[2]	15,904	–	–	–	2,186	18,090
Net effect of change in accounting policy (Note 1)	–	–	–	–	(5,920)	(5,920)
Acquisition of subsidiaries	20,782	–	225	–	5,190	26,197
Purchases	–	–	–	2,805	50,752	53,557
Disposals	(39,849)	–	–	–	(1,999)	(41,848)
Impairment	(579,847)	(8,900)	–	–	(3,029)	(591,776)
Amortisation expense	–	–	–	(22,496)	(55,107)	(77,603)
At 30 June 2020, net of accumulated amortisation and impairment (restated)	**933,738**	**615,182**	**563,118**	**156,625**	**84,233**	**2,352,896**

1. Capitalised development costs of software being, in part, an internally generated intangible asset.
2. In the current year, the Group identified a $33.6 million understatement in goodwill which has been adjusted as of 30 June 2020. Refer to Note 1.2 for further details.

At 30 June 2021, net of accumulated amortisation and impairment

	Goodwill $'000	Licences $'000	Mastheads and Brand Names $'000	Customer relationships $'000	Software[1] $'000	Total $'000
Cost (gross carrying amount)	2,639,656	1,596,651	563,906	191,760	256,506	5,248,479
Accumulated amortisation and impairment	(1,750,707)	(998,180)	(1,167)	(57,389)	(174,595)	(2,982,038)
Net carrying amount	888,949	598,471	562,739	134,371	81,911	2,266,441
At 30 June 2020, net of accumulated amortisation and impairment (restated)						
Cost (gross carrying amount)	2,639,656	1,596,651	563,906	191,760	205,376	5,197,349
Accumulated amortisation and impairment	(1,705,918)	(981,469)	(788)	(35,135)	(121,143)	(2,844,453)
Net carrying amount	**933,738**	**615,182**	**563,118**	**156,625**	**84,233**	**2,352,896**

3. Operating Assets and Liabilities continued

3.6 Intangible assets continued

During the year an impairment charge was recognised against goodwill in respect of Nine Radio of $44.8 million (2020: Nine Network ($301.9 million), Nine.com.au ($40.9 million), Drive ($43.8 million), Pedestrian TV ($5.0 million) and Domain ($188.2 million)). Radio licenses were also impaired by $16.7 million (2020: TV licenses $8.9 million and $3.0 million of obsolete software intangible assets). These impairments have been classified as Specific Items – refer to Note 2.4 for details.

3.6(a) Allocation of non-amortising intangibles and goodwill

The Group has allocated non-amortising intangibles and goodwill to the following cash generating units ("CGUs"):

	Goodwill $'000	Licences $'000	Mastheads and Brand Names $'000
Year ended 30 June 2021			
TV Broadcast	–	457,884	–
NBN	3,300	11,000	–
Stan	315,302	–	71,452
Domain	444,319	–	406,874
Metropolitan Media	105,052	–	84,413
Nine Radio	–	129,587	–
Other[1]	20,976	–	–
Total licences and goodwill as at 30 June 2021	888,949	598,471	562,739
Year ended 30 June 2020			
TV Broadcast	–	457,884	–
NBN	3,300	11,000	–
Stan	315,302	–	71,452
Domain	444,319	–	407,253
Metropolitan Media	105,052	–	84,413
Nine Radio	44,789	146,298	–
Other[1]	20,976	–	–
Total licences and goodwill as at 30 June 2020	933,738	615,182	563,118

1. Other goodwill is made up of Nine.com.au $6.7 million (June 2020: $6.7 million) and PedestrianTV $14.3 million (June 2020: $14.3 million).

3.6(b) Determination of recoverable amount

The recoverable amount of the CGUs is determined based on Value-in-use calculations using discounted cash flow projections based on financial forecasts covering a five-year period with a terminal growth rate applied thereafter, with the exception of the Domain CGU which is based on fair value less cost of disposal calculations (and which is classified within Level 3 of the fair value hierarchy) using cash flow projections for up to ten years and a terminal growth rate applied thereafter.

As at 30 June 2020, the Group adjusted the composition of Group CGUs by moving the 9Now business from the Nine.com.au CGU to the Nine Network CGU. This adjustment was undertaken following an assessment of cash inflows and other relevant factors in accordance with accounting standards. Following this change, the CGU formerly known as "Nine Network" and the 9Now business have been tested as the TV Broadcast CGU.

The Group determined TV Broadcast, NBN, Domain, Nine Radio, Metropolitan Media, Stan and each of the components of Other (Nine.com.au and Pedestrian TV) to be CGUs subject to an annual impairment test.

The Group performed its annual impairment test in June 2021 for each CGU. The cash flow projections which are used in determining any impairment require management to make significant estimates and judgements. Each of the assumptions is subject to significant judgement about future economic conditions and the ongoing structure of markets in which the CGUs operate. Forecasted cash flows are risk-adjusted allowing for estimated changes in the business, the competitive trading environment and potential changes in customer behaviour.

During the year to 30 June 2021, there has been a marked improvement in the Australian economy, including the majority of the markets in which NEC operates, following the recovery from the impact of the COVID-19 pandemic. This recovery has been significantly quicker than previously forecasted, with the majority of the markets in which the Group operate returning to, or above, pre-COVID levels.

3.6(c) Impairment losses recognised

As a result of impairment analysis performed at 30 June 2021, management identified an impairment in the Nine Radio CGU ($61.5 million). There is headroom in the Group's remaining CGUs.

The COVID-19 pandemic has significantly impacted the radio advertising market in the year to 30 June 2021, with a slower recovery evident in this market compared to other markets in which the Group operates. Given the uncertain timing and extent of recovery in this market, as well as the ongoing disruption from digital mediums, management has adjusted longer-term growth assumptions of this CGU. As a result, goodwill and other intangible assets totalling $61.5 million have been impaired and this impairment is included within Expenses in the Statement of Profit and Loss and Other Comprehensive Income. This impairment has been disclosed as a specific item in Note 2.4.

3.6(d) Key assumptions

Operating cash flow projections have been determined based on expectations of future performance, considering recent trading. Significant assumptions used in the impairment testing are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. Changes in certain assumptions can lead to significant changes in the recoverable amount of these assets. In the context of this uncertain environment, the Group has based its impairment testing upon conditions existing at 30 June 2021 and what the Directors believe can reasonably be expected at that date. Key assumptions in the cash flows include revenue growth, cost of sales and operating expenses. These assumptions take into account management's expectations of market demand and operational performance.

The key assumptions on which management has based its cash flow projections when determining the value in use calculations for each CGU are set out below. Management has applied its best estimates to each of these variables but cannot warrant their outcome.

TV Broadcast

- The advertising market for metro FTA television reflects management's expectation of single-digit decline in the short term to medium term in line with market maturity and management's expectations of market development. The advertising market for broadcast video-on-demand is expected to exhibit double-digit growth over the short to medium term consistent with industry market participant expectations.
- Nine Network's share of the Metro Free-To-Air, and 9Now's share of the broadcast video-on-demand, advertising markets in future years is estimated after consideration of recent audience performance in key demographics, revenue share performance and the impact of investment in content.
- Expenditure is assumed to increase over the life of the model, to support the forecast growth in revenue.
- The pre-tax discount rate applied to the cash flow projections was 13.03% (30 June 2020: 15.97%) which reflects current market assessment of the time value of money and the risks specific to the relevant segments in which the CGU operates.
- Terminal growth rate of 1.00% (30 June 2020: 1.20%).

Metropolitan Media:

- Revenue is forecast to show strong growth in the short term following the commencement News Media Bargaining Code agreements. A flat market is then assumed in the medium term based on market maturity and is in line with industry trends and management's expectation of market development.
- Expenditure is assumed to increase in FY22 to support the forecast growth in revenue, after which it remains relatively flat over the life of the model.
- The pre-tax discount rate applied to the cash flow projections was 14.30% (30 June 2020: 14.25%) which reflects current market assessment of the time value of money and the risks specific to the relevant segments in which the CGU operates.
- Terminal growth rate of 0.0% (30 June 2020: 0.0%) consistent with industry forecasts specific to the CGU.

3. Operating Assets and Liabilities continued

3.6 Intangible assets continued

Nine Radio:

- Revenue is based on assumptions around market growth and market share by station, considering past performance and trends, and reflects management's expectation of single-digit growth in the short to medium.
- Expenditure is assumed to remain relatively flat over the life of the model.
- The pre-tax discount rate applied to the cash flow projections was 14.59% (30 June 2020: 16.61%) which reflects management's best estimate of the time value of money and the specific risk within the cash flow projections applicable to the relevant licence.
- Terminal growth rate of 1.5% (2020: 2.0%) consistent with industry forecasts specific to the CGU.

Stan:

- Revenue growth is in line with subscription video-on-demand business industry trends, taking account of recent investment in the diversification of content.
- Expenditure is assumed to increase over the life of the model, to support the forecast growth in revenue.
- The pre-tax discount rate applied to the cash flow projections was 14.04% (30 June 2020: 15.41%) which reflects current market assessment of the time value of money and the risks specific risk to the Australian subscription video-on-demand market.
- Terminal growth rate of 3.5% (2020: 3.5%) consistent with industry forecasts specific to the CGU.

Domain:

The key assumptions on which management has based its cash flow projections when determining the fair value less cost of disposal calculations for Domain are as follows:

- Revenue growth is in line with digital business industry trends, market maturity and management's expectations of market development.
- Expenditure is assumed to increase over the life of the model, to support the forecast growth in revenue.
- The pre-tax discount rate applied to the cash flow projections was 13.14% (30 June 2020: 13.30%) which reflects current market assessment of the time value of money and the risks specific to the relevant market in which the CGU operates.
- Terminal growth rate of 2.5% (2020: 2.5%) consistent with industry forecasts specific to the CGU.

NBN:

- The advertising market for Regional FTA television shows single-digit decline over the short to medium term.
- Expenditure is assumed to remain relatively flat over the life of the model.
- The pre-tax discount rate applied to the cash flow projections was 14.07% (30 June 2020: 14.70%) which reflects management's best estimate of the time value of money and the risks specific to the regional free-to-air television market.
- Terminal growth rate of 0.0% (30 June 2020: 0.0%).

Nine.com.au:

- The digital platforms within this CGU are forecasted to be challenged in line with market maturity and management's expectations of market development.
- Expenditure is assumed to decline in line with revenue over the life of the model.
- The pre-tax discount rate applied to the cash flow projections was 15.84% (30 June 2020: 20.60%) which reflects management's best estimate of the time value of money and the risks specific to the digital display market.
- Terminal growth rate of 0.0% (30 June 2020: 0.0%).

Pedestrian TV:

- The digital advertising market shows single-digit growth over the short to medium term in line with digital business industry trends, market maturity and management's expectations of market development.
- Expenditure is assumed to increase over the life of the model, to support the forecast growth in revenue.
- The pre-tax discount rate applied to the cash flow projections was 14.90% (30 June 2020: 16.67%) which reflects management's best estimate of the time value of money and the risks specific to the digital display market.
- Terminal growth rate of 2.0% (30 June 2020: 2.0%).

For the purpose of impairment testing, intangible assets with indefinite lives, including goodwill, are allocated to the Group's operating divisions which represent the lowest level within the Group at which the assets are monitored for internal management purposes.

3.6(e) Sensitivity

The estimated recoverable amounts of the CGUs represent Management's assessment of future performance based on historical performance and expected future economic and industry conditions.

- The recoverable amount of the TV Broadcast and NBN CGUs are in excess of the carrying amounts of intangible and tangible assets of the respective CGUs. The excess is deemed to relate to previously impaired goodwill, which cannot be reversed according to Australian Accounting Standards. Any reasonable adverse change in key assumptions would not lead to impairment.
- The recoverable amount of the Metropolitan Media, Nine.com.au, PedestrianTV, Stan and Domain CGUs are in excess of the carrying amounts of intangible and tangible assets of the respective CGUs. Any reasonable adverse change in key assumptions would not lead to impairment.
- The estimated recoverable amount of the Nine Radio CGU is equal to the carrying value, following the impairment charge previously discussed. Any future event that results in adverse changes to forward assumptions would accordingly result in further impairment. The following changes to the impairment assessment of this CGU are considered to be reasonably possible and would increase the impairment charge, assuming all other assumptions are held constant, by the following amounts:

Assumption ($ million)	Nine Radio
1.0% reduction in forecasted revenue growth per annum	(8.0)
0.50% increase in the pre-tax discount rate	(5.4)
0.25% reduction in the terminal growth rates	(1.8)

Together any adverse changes in the key assumptions would cumulatively result in a more significant additional impairment impact.

Accounting Policy

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities. 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.

Licences

Licences are carried at cost less any accumulated impairment losses. The Directors regularly assess the carrying value of licences to ensure they are not carried at a value greater than their recoverable amount.

No amortisation is provided against these assets as the Directors consider that the licences are indefinite life intangible assets.

Mastheads and Brand Names

The Group's mastheads and brand names operate in established markets with limited licence conditions and are expected to continue to complement the Group's new media initiatives. On this basis, the Directors have determined that the majority of mastheads and brand names have indefinite useful lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the Group. These assets are not amortised but are tested for impairment annually.

Customer Relationships

Customer relationships purchased in a business combination are amortised on a straight-line basis over their useful lives, which are between two and twelve years.

3. Operating Assets and Liabilities continued

3.6 Intangible assets continued

Other intangible assets

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.

Costs incurred to develop software for internal use, and websites are capitalised and amortised over the estimated useful life of the software or website. Costs related to design or maintenance of software for internal use and websites are expensed as incurred.

Where expenditure relates to Software-as-a-Service (SaaS) arrangements, an assessment is undertaken to determine if this can be capitalised. Refer to Note 7.6 for details of the Group's accounting policy.

Intangible assets, excluding development costs, created within the business are expensed in the year in which the expenditure is incurred.

Only intangible assets with a finite life are amortised.

Intangible assets are tested for impairment where an indicator of impairment exists, and annually in the case of indefinite life intangibles, 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 de-recognition 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 and Other Comprehensive Income when the asset is derecognised.

Key judgements, estimates and assumptions

The Group determines whether goodwill, and other identifiable intangible assets with indefinite useful lives are impaired at least on an annual basis. Other intangible assets are reviewed at least annually to determine whether any indicators of impairment exist, and if necessary an impairment analysis is performed. Impairment testing requires an estimation of the recoverable amount of the cash generating units to which the goodwill and other intangible assets with indefinite useful lives are allocated. Refer above for key assumptions used.

3.7 Provisions

	Employee entitlements $'000	Onerous contracts $'000	Other[1] $'000	Total $'000
At 1 July 2020	106,624	15,026	51,849	173,499
Amounts provided/(utilised) during the period	27,273	1,883	7,611	36,767
At 30 June 2021	**133,897**	**16,909**	**59,460**	**210,266**
Represented by:				
Current	121,442	5,025	53,561	180,028
Non-current	12,455	11,884	5,899	30,238
At 30 June 2021	**133,897**	**16,909**	**59,460**	**210,266**

1. Included in other provisions are defamation provisions $28.0 million, content and royalties provisions $20.6 million, disposal related provisions $5.0 million and provisions for property $5.9 million. (2020: defamation provisions $23.5 million, content and royalties provisions $12.0 million, disposal related provisions $10.5 million and provisions for property $5.8 million).

	Employee entitlements $'000	Onerous contracts $'000	Other[1] $'000	Total $'000
At 1 July 2019	113,191	22,788	49,454	185,433
Amounts provided/(utilised) during the period	(6,567)	(7,762)	2,395	(11,934)
At 30 June 2020	**106,624**	**15,026**	**51,849**	**173,499**
Represented by:				
Current	95,824	12,762	45,152	153,739
Non-current	10,800	2,264	6,697	19,761
At 30 June 2020	**106,624**	**15,026**	**51,849**	**173,499**

Accounting Policy

Provisions

Provisions are recognised when the Group has a legal or constructive obligation 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.

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 borrowing cost.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to balance 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 12 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.

3. Operating Assets and Liabilities continued

3.7 Provisions continued

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 years of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Onerous contracts

The Group is carrying provision for onerous contracts (other than property contracts) where, due to changes in market conditions, the expected benefit derived from the contract is lower than the committed contractual terms.

Other

Other provisions include:

- Defamation, content and royalties' provisions, estimated based on the expected costs to be incurred.
- Disposal related provisions, including Events contra advertising, based on related disposal agreements.
- Property leases, other than those accounted for in accordance with AASB 16, are considered to be an onerous contract if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Where a decision has been made to vacate the premises or there is excess capacity and the lease is considered to be onerous, a provision is recorded.
- Amounts payable in connection with restructuring, including termination benefits, on-costs, outplacement and consultancy services. Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Key judgements, estimates and assumptions

Onerous contract provisions

The Group has recognised onerous contract provisions in relation to various content contracts where the cost exceeds the economic benefit derived from the contract.

Defamation Provision

The Group has recognised a defamation provision related to a number of ongoing claims and proceedings against the Group. This provision is calculated based on Management's best estimate of the costs expected to be incurred.

3.8 Commitments

	<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000
Year ended 30 June 2021				
Capital expenditure	6,796	747	–	7,543
Lease commitments – Group as lessee	13,271	34,974	40,918	89,163
Lease commitments – Group as lessor[1]	(10,651)	(13,773)	–	(24,424)
Television and Subscription Video on Demand program and sporting broadcast rights	316,994	383,932	–	700,926
Total Commitments	326,410	405,880	40,918	773,208

	<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000
Year ended 30 June 2020				
Capital expenditure	39,769	4,386	–	44,155
Lease commitments – Group as lessee[2]	16,476	93,777	176,785	287,038
Lease commitments – Group as lessor[1]	(10,159)	(24,263)	–	(34,422)
Television program and sporting broadcast rights	276,677	426,133	–	702,810
Total Commitments	**322,763**	**500,033**	**176,785**	**999,581**

1. The Group has commercial subleases on office premises and amounts disclosed above represent the future minimum rentals receivable under non-cancellable operating leases at 30 June 2021.
2. 30 June 2020: Includes leasing commitments of the group's new headquarters of 1 Denison Street North Sydney, within one year $12.7 million, within 5 years $76.9 million, and after 5 years of $159.9 million which were not accounted for under AASB 16 Leases in the year ended 30 June 2020. This lease has been accounted for under AASB 16 *Leases* in the year ended 30 June 2021.

Lease commitments include lease of land and buildings where the lease term has not yet commenced and outgoings where the application of AASB 16 is not applicable. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

4. Capital Structure and Management

4.1 Financial Liabilities

	30 June 2021 $'000	30 June 2020 $'000
Current		
Lease liabilities[1]	43,897	23,803
Bank facilities unsecured	79,595	79,626
Total current financial liabilities	123,492	**103,429**
Non-current		
Lease liabilities[1]	384,683	244,502
Bank facilities unsecured	342,255	504,690
Total non-current financial liabilities	726,938	**749,192**

1. During the period, the Group relocated its headquarters to 1 Denison Street, North Sydney and commenced a long-term lease with a non-cancellable period of 12 years and two additional 5 year option periods, with market reviews at the time of each option commencement, recognising a lease liability totalling $189.8 million on commencement.

100% Owned Facilities

The Group is party to syndicated bank facilities with limits totalling $625.0 million which comprise two revolving cash advance facilities ($272.5 million in each facility), maturing in February 2023 and February 2024, and a one year $80.0 million working capital facility expiring in February 2022, following an extension executed in January 2021. At 30 June 2021, $250.0 million (30 June 2020: $415.0 million) of the syndicated facilities was drawn.

In light of the economic uncertainty caused by the COVID-19 pandemic, the Group entered a 1 year debt facility of $47.5 million at 30 June 2020 which was not utilised during the period and expired on 30 June 2021.

A $33.2 million bank guarantee facility is also available to the Group's 100% owned subsidiaries on a rolling annual basis. As of 30 June 2021, $26.6 million was drawn (30 June 2020: $24.0 million).

The corporate facilities available to the Group for its 100% owned subsidiaries are provided by a syndicate of banks and financial institutions. The interest rate for drawings under these facilities is the applicable bank bill rate plus a credit margin.

These facilities are supported by guarantees from most of the Company's wholly-owned subsidiaries (refer to note 6.3) but are otherwise provided on an unsecured basis. These facilities impose various affirmative and negative covenants on the Company and the Group, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

As part of the corporate facilities, the Group is subject to certain customary financial covenants measured on a six monthly basis. The Group has been in compliance with its financial covenant requirements to date including the period ended 30 June 2021.

Domain

The Group has exposure to a $225.0 million syndicated bank facility which is available to a controlled entity, Domain Holdings Australia Limited (Domain), with tranches maturing in November 2022 ($125.0 million) and November 2023 ($100.0 million). At 30 June 2021, $173.0 million (30 June 2020: $173.0 million) was drawn. The interest rate for drawings under this facility is the applicable bank bill rate plus a credit margin.

In March 2021, Domain cancelled the additional debt facility of $80.0 million obtained as part of its response to COVID-19. Domain has not utilised this additional facility during the period and are not forecasting the need for this additional facility given the ongoing improvement in property market conditions.

A $5.0 million bank guarantee facility is also available to Domain Holdings Group on a rolling annual basis. As of 30 June 2021, $975,296 was drawn (30 June 2020: $975,296).

Accounting Policy

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method.

4.2 Share capital

	30 June 2021 $'000	30 June 2020 $'000
Issued share capital		
Ordinary shares authorised and fully paid	2,122,146	2,123,146
	2,122,146	2,123,146
Movements in issued share capital — ordinary shares		
Carrying amount at the beginning of the financial period	2,123,146	2,126,216
Purchase of rights plan shares	(2,293)	(5,800)
Vesting of Rights Plan shares (Note 4.4)	1,293	2,730
Carrying amount at the end of the financial period	2,122,146	**2,123,146**

	30 June 2021 No. of shares	30 June 2020 No. of shares
Balance at beginning of the financial period	1,705,393,253	1,705,393,253
Issue of ordinary shares fully paid	–	–
Balance at the end of the financial period	1,705,393,253	**1,705,393,253**

At 30 June 2021, a trust controlled by the Company held 1,605,869 (30 June 2020: 2,011,252) ordinary fully paid shares in the Company. During the period, 800,000 shares (2020: 3,140,000 shares) were acquired by the Trust. The shares were purchased for the purpose of allowing the Group to satisfy performance rights obligations to certain senior management of the Group.

Terms and Conditions of Contributed Equity

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

Accounting Policy

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Group, less transaction costs. The Group provides remuneration to senior management in the form of share-based payments, whereby employees render services as consideration for equity instruments. In the Group's financial statements the transactions of these share-based payments are settled through a plan trust and are treated as being executed by the Group (an external third party acts as the Group's agent). Where shares to satisfy the Rights Plan are purchased by the plan trust, the consideration paid is deducted from total shareholders' equity and the shares are treated as treasury shares until they are subsequently vested, sold, reissued or cancelled. Where such shares are vested, sold or reissued, any consideration received is included in shareholders' equity.

4. Capital Structure and Management continued

4.3 Dividends paid and proposed

4.3(a) Dividends appropriated during the financial year

During the year Nine Entertainment Co. Holdings Limited ("Nine") paid an interim dividend of 5.0 cents per share, fully franked (amounting to $85,269,663) in respect of the half year ended 31 December 2020 and a dividend of 2.0 cents per share, fully franked (amounting to $34,107,865) in respect of the year ended 30 June 2020.

4.3(b) Proposed Dividends on Ordinary Shares not recognised as a liability

Since the year end, the Directors have proposed a dividend, fully franked of 5.5 cents per share amounting to $93,796,629 to be paid in October 2021 (2020: fully franked dividend of 2.0 cents per share amounting to $34,107,865).

4.3(c) Franking credits available for subsequent years

The franking credits available for subsequent years as at 30 June 2021 was $42,999,675 (2020: $35,980,358). This balance represents the franking account balance as at 30 June 2021. After adjusting for franking credits which arise from the payment of income tax payable balances as at the end of the financial year, the franking account balance is $89,872,324.

Nine had an exempting account balance of $41,069,000 for the year ended 30 June 2021 (2020: $41,069,000). Nine became a former exempting entity as a consequence of the IPO in December 2013. As a result, Nine's franking account balance at that time was transferred to an exempting account. Exempting credits will generally only be of benefit to certain foreign resident shareholders by providing an exemption from Australian dividend withholding tax. The exempting credits will generally not give rise to a tax offset for Australian resident shareholders.

Accounting Policy

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

4.4 Share-based payments

Under the executive long-term incentive plan for Nine Entertainment Co. Holdings Limited ("parent entity" or "NEC"), performance rights ("Rights" or "NEC Rights") have been granted to executives and other senior management who have an impact on the Group's performance. On satisfaction of vesting conditions, each NEC Right will convert to a share in the parent entity on a one-for-one basis or entitle the Participant to receive cash to the value of a share. Details of the plan are included in the Remuneration Report on pages 9 to 32. In addition, there are long-term incentive plans in Domain Group; further details of Domain Group's employee share plans are detailed in the Domain Group annual report for the year ended 30 June 2021.

The total expense (pre tax) recognised for share based payments during the financial period for the Group was $10,236,643 (2020: $2,767,844), of which $8,016,217 (2020: $2,659,816) relates to Domain Group.

Movement during the period

The following table sets out the number of NEC Rights outstanding as at 30 June:

	30 June 2021 Number	30 June 2020 Number
Outstanding at 1 July	7,699,571	9,267,322
Granted during the year	3,290,321	5,014,005
Forfeited during the year[1]	(1,929,311)	(326,444)
Vested[2]	(1,133,069)	(3,950,809)
Lapsed during the year	(1,313,380)	(2,304,503)
Outstanding at 30 June[3]	6,614,132	**7,699,571**

1. These Rights were forfeited by executives that left during the period.
2. 1,358,069 rights vested during the period which had been accounted as at and were measured based on performance up to 30 June 2021. This includes 159,926 (2020: 341,095) NEC Rights in relation to executives that left in prior years which were cash settled.
3. This includes 1,500,634 (2020: 565,978) NEC Rights in relation to executives that left in prior years which may be cash settled if they vest at the end of the testing period. 2,209,013 of the Rights have been issued with approval under ASX Listing Rule 10.14.

During the year ended 30 June 2021, the Group awarded 225,000 shares to a number of employees in recognition of additional performance in response to COVID-19 related matters.

Accounting Policy

The Group provides remuneration to senior management in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost for 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 benefit expense, together with a corresponding increase in share-based payment reserves, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised at each reporting date, until vesting date, reflects the extent to which the vesting period has expired. The share-based payments can be settled with either cash or equity at the election of the Group.

Where terms of an individual's share-based payment is modified to settle in cash, the cumulative expense is transferred from the share-based payment reserve to Payables in the Statement of Financial Position.

4. Capital Structure and Management continued

4.5 Financial instruments

4.5(a) Financial risk management

The Group's principal financial instruments, other than derivatives, comprise cash and short-term deposits and credit facilities (refer to Notes 3.1 and 4.1). The main purpose of these financial instruments is to manage liquidity and to raise finance for the Group's operations. The Group has various other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations.

The Group uses derivatives in accordance with Board approved policies to reduce the Group's exposure to adverse fluctuations in interest rates and foreign exchange rates. Derivative instruments that the Group uses to hedge risks such as interest rate, foreign currency, and commodity price movements include:

- interest rate swaps; and
- forward foreign currency contracts.

The Group's risk management activities are carried out centrally, under policies approved by the Board, in cooperation with the Group's operating units so as to maximise the benefits associated with centralised management of Group risk factors.

4.5(b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of net debt and total equity balances.

Capital risk management focuses on the maturity profile and stability of debt facilities. The Group's capital structure is reviewed to maintain:

- sufficient finance for the business at a reasonable cost;
- sufficient funds available to the business to implement its capital expenditure and business acquisition strategies; and
- compliance with all financial covenants.

Where excess funds arise with respect to the funds required to enact the Group's business strategies, consideration is given to repayment of debt, increased dividends or buy back of shareholder equity.

4.5(b)(i) Carrying value and Fair Values of Financial Assets and Financial Liabilities

The carrying value of a financial asset or liability will approximate its fair value where the balances are predominantly short-term in nature, can be traded in highly liquid markets, and incur little or no transaction costs. The carrying values of the following accounts approximate their fair value:

Account	Note
Cash and cash equivalents	3.1
Trade and other receivables	3.2
Trade and other payables	3.4

The Group uses various methods in estimating the fair value of a financial asset or liability. The different methods have been defined as follows:

Level 1: The fair value is calculated using quoted prices in active markets.

Level 2: The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, through valuation techniques including forward pricing and swap models and using present value calculations. The models incorporate various inputs including credit quality of counter-parties and foreign exchange spot rates, forward rates and listed share prices. Fair values of the Group's financial liabilities are determined by using a DCF method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The fair value of the option over the controlled entity is determined based on a multiple of the controlled entity's EBITDA. As such, the fair value of the financial liability moves based on the EBITDA of the controlled entity and a significant increase/(decrease) in the EBITDA of the controlled entity would result in higher/(lower) fair value of the financial liability.

Fair values hierarchy has been determined as follows for financial assets and financial liabilities of the Group at 30 June 2021:

Level 1: Investment in listed equities (refer to Note 7.1).

Level 2: Forward foreign exchange contracts, interest rate swaps and financial liabilities and options over listed equities.

Level 3: Unlisted shares, options over controlled entities and CGU recoverable amount for Domain.

There were no transfers between the Level 1, Level 2 and Level 3 fair value measurements during the year.

The following table lists the carrying values and fair values of the Group's financial assets and financial liabilities at balance date:

		2021		2020	
	Note	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000
Derivative financial liabilities					
Option over controlled entity – current		2,772	2,772	–	–
Option over controlled entity – non-current		–	–	2,700	2,700
Total derivative financial instruments – liabilities		2,772	2,772	**2,700**	**2,700**
Bank facilities – current					
Syndicated facility unsecured – at amortised cost	4.1	79,595	79,595	79,626	79,626
Bank facilities – non-current					
Syndicated facility unsecured – at amortised cost	4.1	342,255	342,255	504,690	504,690
Total bank facilities		421,850	421,850	**584,316**	**584,316**

4. Capital Structure and Management continued

4.5 Financial instruments continued

4.5(b)(ii) Market risk factors

The key risk factors that arise from the Group's activities, including the Group's policies for managing these risks, are outlined below. Market risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The market risk factors to which the Group is exposed are discussed in further detail below.

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial commitments as and when they fall due. To help reduce this risk, the Group ensures it has readily accessible funding arrangements available.

The contractual maturity of the Group's financial assets and other financial liabilities are shown in the following tables. The amounts presented represent the future undiscounted principal and interest cash flows and therefore do not equate to the values shown in the Statement of Financial Position.

	Contractual maturity (nominal cash flows)							
	2021				2020			
	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000
Derivative – outflows								
Option over controlled entity (Note 6.3) – current	2,772	–	–	–	–	–	–	–
Option over controlled entity (Note 6.3) – non-current	–	–	–	–	–	2,700	–	–
Other financial assets[1]								
Cash assets	171,927	–	–	–	187,394	–	–	–
Trade and other receivables	380,997	1,366	10,001	1,106	258,061	5,101	8,410	–
Other financial liabilities[1]								
Trade and other payables	470,857	71,255	27,089	191	379,007	52,204	19,248	–
Lease liabilities	56,954	55,517	141,077	278,636	24,803	34,587	89,427	175,935
Contingent consideration	4,169	1,500	–	–	1,580	2,644	–	–
Bank facilities (including interest)[2]	85,681	291,095	55,375	–	88,682	8,082	512,210	–

1. For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date.
2. This assumes the amount drawn down at 30 June 2021 remains drawn until the facilities mature.

Interest rate risk

Interest rate risk refers to the risks that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest-bearing financial assets and liabilities that the Group utilises. Non-derivative interest bearing assets are predominantly cash. The Group's debt facilities are all floating rate liabilities, which gives rise to cash flow interest rate risks.

The Group's risk management policy for interest rate risk seeks to minimise the effects of interest rate movements on its asset and liability portfolio through active management of the exposures.

The Group maintains a mix of long-term and short-term debt to manage these risks as deemed appropriate. The Group designates which of its financial assets and financial liabilities are exposed to a fair value or cash flow interest rate risk, such as financial assets and liabilities with a fixed rate or financial assets and liabilities with a floating rate that is reset as market rates change.

At balance date, the Group had the following mix of financial assets and financial liabilities exposed to Australian floating interest rate risk that were not designated as cash flow hedges.

	2021				2020			
	Average interest rate p.a. %	Floating rate $'000	Non-interest bearing $'000	Total $'000	Average interest rate p.a. %	Floating rate $'000	Non-interest bearing $'000	Total $'000
Financial assets								
Cash and cash equivalents	0.59	171,927	–	171,927	1.15	187,394	–	187,394
Trade and other receivables	N/A	N/A	393,470	393,470	N/A	N/A	271,572	271,572
Financial liabilities								
Trade and other payables	N/A	N/A	588,955	588,955	N/A	N/A	454,683	454,683
Lease liabilities	3.66	428,580	–	428,580	3.86	268,305	–	268,305
Syndicated facilities – at amortised cost	1.42	421,850	–	421,850	1.54	584,316	–	584,316

Interest rate sensitivity analysis

There will be no material impact on net profit after tax if interest rates were higher or lower by 1% with all other variables held constant. A sensitivity of 1% was selected as it is considered reasonable given the current level of both the short-term and long-term Australian financial market.

4. Capital Structure and Management continued

4.5 Financial instruments continued

4.5(c) Credit risk exposures

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Group to make a financial loss. The Group has exposure to credit risk on all financial assets included in the Group's Statement of Financial Position. To help manage this risk, the Group:

- has a policy for establishing credit limits; and
- manages exposures to individual entities it either transacts with or with which it enters into derivative contracts (through a system of credit limits).

The Group's credit risk is mainly concentrated across a number of customers and financial institutions. The Group does not have any significant credit risk exposure to a single customer or group of customers, or individual institutions. Refer to Note 3.2 for details on the Group's policy on impairment, its ageing analysis of trade receivables and the allowance for expected credit losses.

4.5(c)(i) Credit risk

The maximum exposure to credit risk is the carrying amount of current receivables. For those non-current receivables, the maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables. Collateral is not held as security.

4.5(c)(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to trade payables and receivables from contractual payments.

The Group manages this foreign currency risk by entering into cross-currency hedges. As at 30 June 2021, the Group does not have any material cross-currency hedges.

Accounting Policy

The Group uses derivative financial instruments, such as interest rate swaps and foreign currency contracts, to economically hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For the purposes of hedge accounting, hedges are classified as fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability, or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in profit or loss as a finance cost. Any gain or loss attributable to the hedged risk on re-measurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in profit and loss. Any adjustment to the carrying amount of a hedged interest-bearing financial instrument is recognised over the remaining term of the hedging relationship using the Effective Interest Rate method.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

5. Taxation

5.1 Income tax expense

	30 June 2021 $'000	30 June 2020 Restated $'000
Current tax expense	137,384	49,947
Deferred tax (benefit)/expense relating to the origination and reversal of temporary differences	(41,753)	(22,379)
Income tax expense	95,631	**27,568**
Reconciliation of tax expense to prima facie tax payable		
Profit/(loss) from continuing operations	279,592	(480,183)
Prima facie income tax/(benefit)expense at the Australian rate of 30%	83,878	(144,055)
Tax effect of:		
Share of associates' net (profit)/loss	(304)	(214)
Difference between tax and accounting profit from disposal of properties	(353)	(442)
Impairments, write down of investments and revaluation of derivative financial instruments	18,453	175,026
Adjustments in respect of current income tax of previous years	(1,795)	(676)
Research and development tax offset	(3,961)	(1,855)
Other items – net	(287)	(216)
Income tax expense	95,631	**27,568**

5.2 Deferred tax assets and liabilities

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss and other comprehensive income	
	30 June 2021 $'000	30 June 2020 Restated $'000	30 June 2021 $'000	30 June 2020 Restated $'000
Employee benefits provision	33,311	30,373	2,938	(3,411)
Other provisions and accruals	45,188	31,376	13,812	3,653
Property, plant and equipment[1]	11,916	4,056	7,860	13,408
Intangible assets	(389,604)	(403,853)	14,249	(17,037)
Tax losses	44,179	64,501	(20,322)	(9,945)
Business related costs deductible over five years	16,119	9,568	6,551	(5,694)
Accelerated depreciation – program stock	(48,108)	(50,783)	2,675	27,930
AASB16 *Leases*	23,931	11,460	12,471	11,460
Other	6,066	4,561	1,505	2,015
Net deferred income tax liabilities	(257,002)	**(298,741)**	41,739[2]	**22,379**

1. In the current year, the Group identified a $33.6 million understatement in the Group's deferred tax liability which has been adjusted as of 30 June 2020. Refer to Note 1.2 for further details. There was no earnings impact to the 2021 or 2020 financial years as a result of this adjustment, or any adjustments to income tax paid or payable.
2. Consists of $41,753,000 of deferred tax benefit to the Consolidated Statement of Profit or Loss and deferred tax expense through equity reserves, mainly consisting of a defined benefit plan deferred tax expense of $7,659,000 offset by a share based payment reserve deferred tax benefit of $7,174,000 and other movements of $471,000.

5. Taxation continued

Accounting Policy

Current tax liabilities are measured at the amount expected to be paid to the taxation authorities based on the current year's taxable income. The tax rules and tax laws used to compute the amount are those that are enacted at the balance date.

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

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

- except where the deferred income 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 nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where 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 income 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:

- where the deferred income 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 not 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 only recognised 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 income 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 income tax asset to be utilised.

Deferred income 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 other comprehensive income and not in the profit or loss for the year.

Tax consolidation

Nine Entertainment Co. Holdings Limited ("Nine") and its 100% owned Australian subsidiaries are part of a tax consolidated group. As a result, members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Nine.

Nine has recognised the current tax liability of the tax consolidated group.

Members of the tax consolidated group are part of a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the year. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the head entity. The Group has applied the group allocation approach to determine the appropriate amount of current and deferred tax to allocate to each member of the tax consolidated group.

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; 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 Statement of Cash Flows on a gross basis and the GST components of cash flows arising from investing and financing activities, which are 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.

6. Group Structure

6.1 Business combinations

Acquisitions for the year ended 30 June 2021

There were no acquisitions for the year ended 30 June 2021.

Acquisitions for the year ended 30 June 2020

Acquisition of remaining 45.6% interest in Macquarie Media Limited

During the period, the Group acquired the remaining 45.6% stake in Macquarie Media Limited which it did not already own, for a total consideration of $113.9 million, with the acquisition completed on 21 November 2019. The Group acquired the remainder of Macquarie Media Limited to consolidate its position as a supplier of news and current affairs across all of the Group's key platforms. Macquarie Media Limited was previously consolidated into the Group's results as a result of the Fairfax merger on 7 December 2018 and therefore there was no change to the net assets recorded in relation to this entity as a result of the acquisition of the remaining 45.6% stake.

Bidtracker Group

On 27 November 2019, the Group (through Domain) acquired 100% of the share capital in the Bidtracker Group which operates the business Real Time Agent. The consideration of the acquisition is to be paid in three tranches, with two of the three being contingent on defined targets over FY20 and FY21.

The first tranche included payment of $19.4 million which was settled in cash on 27 November 2019 and $0.5 million cash effective settlement of the intercompany loan. The second tranche of 1.5 million was settled in cash on 21 October 2020. Tranche three is anticipated to be settled in October 2021 based on the performance against defined revenue targets in FY21. An additional amount between nil and $9.1 million in cash is payable; the maximum consideration for the transaction across the three tranches is $30.0 million, the expected total consideration for the transaction as at 30 June 2021 is $22.4 million.

The contingent consideration for tranche three is recognised as a financial liability on the Consolidated Balance Sheet and is measured at fair value through the profit and loss. Goodwill of $20.6 million was recognised at the time of acquisition. The goodwill comprises expected synergies arising from the acquisition.

AASB 3 *Business Combinations* allows a measurement period after a business combination to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all of the various components of the business combination as of the acquisition date. The period cannot exceed one year from the acquisition date.

Disposals for the year ended 30 June 2021

There were no disposals for the year ended 30 June 2021.

Disposals for the year ended 30 June 2020

Stuff NZ

On 31 May 2020, the Group disposed of its 100% interest in Stuff Limited ("Stuff NZ") for consideration of $1 resulting in a loss on disposal of $44.0 million. Since the Fairfax merger in December 2018, Stuff New Zealand was held for sale and recognised as a discontinued operation in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Following the disposal, a loss on disposal was recognised within the Discontinued Operations line of the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income.

6. Group Structure continued

6.1 Business combinations continued

Disposal of The Weather Company Pty Ltd

On 30 September 2019, the Group disposed of its 75% stake in The Weather Company Pty Ltd ("Weatherzone") for $30 million. The transaction did not create any profit or loss on disposal as it was sold at fair value recognised under purchase price accounting on the Fairfax merger.

Commerce Australia Pty Limited

On 13 March 2020, the Group (through Domain) completed the disposal of its 100% share in Commerce Australia Pty Limited (MyDesktop) for a total maximum cash consideration of $14.4 million, of which $7.0 million is contingent on achieving a number of conditions in. The expected consideration for this transaction is $14.3 million. The sale was part of Domain's strategy to simplify and optimise and work in alignment with all agents. A net gain on disposal of $0.6 million being $1.3 million revenue and $0.7 million disposal costs was recognised through Other Revenue and Income in the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Accounting Policy

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Consideration is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the acquisition date. Where equity instruments are issued in a business combination, the fair value of the instruments is their published price at the acquisition date unless, in rare circumstances, it can be demonstrated that the published price at the acquisition date is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any Non-Controlling interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the acquisition date at the original effective interest rate.

6.2 Investments accounted for using the equity method

6.2(a) Investments at equity accounted amount

	30 June 2021 $'000	30 June 2020 $'000
Associated entities – unlisted shares	31,181	25,766

6.2(b) Investments in Associates and Joint Ventures

Interests in associates and joint ventures are accounted for using the equity method of accounting. Information relating to associates is set out below:

			% Interest[1]	
	Principal Activity	Country of Incorporation	30 June 2021	30 June 2020
Adventure TV Channel Pty Ltd	Television channel providers	Australia	50	50
Australian Money Channel Pty Ltd[2]	Television channel providers	Australia	–	50
CopyCo Pty Ltd	Content licensing	Australia	20	20
Darwin Digital Television Pty Ltd	Television broadcast	Australia	50	50
Future Women Pty Ltd	Online content provider	Australia	50	50
Homebush Transmitters Pty Ltd	Transmission services	Australia	50	50
Intrepica Pty Ltd	Online learning service	Australia	15	15
NPC Media Pty Ltd	Television playout services	Australia	50	50
Oztam Pty Ltd	Television audience measurement	Australia	33	33
RateCity Pty Ltd[3]	Operator of a financial product comparison service	Australia	–	50
The Premium Content Alliance	Media research and promotion	Australia	25	25
TX Australia Pty Ltd	Television transmission	Australia	50	50
Digital Radio Broadcasting Sydney Pty Ltd	Digital audio broadcasting	Australia	12	12
Digital Radio Broadcasting Melbourne Pty Ltd	Digital audio broadcasting	Australia	18	18
Digital Radio Broadcasting Brisbane Pty Ltd	Digital audio broadcasting	Australia	25	25
Digital Radio Broadcasting Perth Pty Ltd	Digital audio broadcasting	Australia	17	17
Mediality Pty Ltd	Newsagency and information service	Australia	47	47
Oneflare Pty Ltd	Home services marketplace	Australia	21	21
RSVP.com.au Pty Limited[4]	Online dating services	Australia	–	58
Skoolbo Pte Ltd	Online learning service	Singapore	19	19

1. The proportion of ownership is equal to the proportion of voting power held, except where stated.
2. This entity was deregistered on 12 August 2020.
3. This entity was disposed on 29 April 2021.
4. This entity was disposed on 22 January 2021.

6. Group Structure continued

6.2 Investments accounted for using the equity method continued

6.2(c) Carrying amount of investments in associates

	30 June 2021 $'000	30 June 2020 $'000
Balance at the beginning of the financial year	25,766	26,145
Funding to associates	939	–
Acquired during the year	–	6,743
Impairments	–	(778)
Disposals	(1,465)	(1,805)
Share of associates' net profit/(loss) for the year[1]	5,991	928
Dividends received or receivable	(50)	(5,467)
Carrying amount of investments in associates at the end of the financial year	31,181	**25,766**

1. Includes a one-off gain of $5.0 million relating to the Group's share of an associates' asset sale. This has been disclosed as a specific item – refer to Note 2.4.

6.2(d) Share of associates and joint ventures net profit/(loss)

The following table illustrates the Group's aggregate share of net profit/(loss) after income tax from associates and joint ventures.

	30 June 2021 $'000	30 June 2020 $'000
Net profit after income tax from continuing operations	5,991	928

The Group's current year share of losses of associates and joint ventures not recognised is nil (2020: $nil). The Group's cumulative share of losses of associates and joint ventures not recognised is nil (2020: $nil)

6.2(e) Share of associates and joint ventures assets and liabilities

	30 June 2021 $'000	30 June 2020 $'000
Current assets	15,839	17,148
Non-current assets	28,635	60,576
Total assets	44,474	**77,724**
Current liabilities	12,104	15,078
Non-current liabilities	10,503	15,626
Total liabilities	22,607	**30,704**

6.2(f) Impairment

There was no impairment recorded during the current financial year (2020: $778,000).

Accounting Policy

Associates are entities over which the Group has significant influence and which are not subsidiaries. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The investments in the associate or joint venture are accounted for using the equity method. They are carried in the Consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The consolidated Statement of Consolidated Profit or Loss and Other Comprehensive Income reflects the Group's share of the results of operations of the associates or joint ventures. Dividends received from associates and joint ventures are recognised in the Consolidated Statement of Financial Position as a reduction in the carrying amount of the investment.

When the Group's share of losses in the associate or joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Impairment

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group performs an impairment test to determine whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as "Share of profit of an associate" in the Statement of Consolidated Profit or Loss and Other Comprehensive Income.

6.3 Investment in controlled entities

The consolidated financial statements include the financial statements of Nine Entertainment Co. Holdings Limited and its controlled entities. Significant controlled entities and those included in an ASIC instrument with the parent entity are:

	Footnote	Place of incorporation	Ownership interest June 2021 %	Ownership interest June 2020 %
Nine Entertainment Co. Holdings Ltd	A, B	Australia	Parent Entity	Parent Entity
Channel 9 South Australia Pty Ltd	A, B	Australia	100	100
CarAdvice.com Pty Ltd[1]		Australia	88	88
Ecorp Pty Ltd	A, B	Australia	100	100
General Television Corporation Pty Limited	A, B	Australia	100	100
Mi9 New Zealand Limited	A, B	New Zealand	100	100
Micjoy Pty Ltd	A, B	Australia	100	100
NBN Enterprises Pty Limited	A, B	Australia	100	100
NBN Pty Ltd	A, B	Australia	100	100
Nine Films & Television Pty Ltd	A, B	Australia	100	100
Nine Films & Television Distribution Pty Ltd	A, B	Australia	100	100
Nine Network Australia Pty Ltd	A, B	Australia	100	100

6. Group Structure continued

6.3 Investment in controlled entities continued

	Footnote	Place of incorporation	Ownership interest June 2021 %	Ownership interest June 2020 %
Nine Network Australia Holdings Pty Ltd	A, B	Australia	100	100
Nine Network Marketing Pty Ltd	A, B	Australia	100	100
Nine Network Productions Pty Limited	A, B	Australia	100	100
Nine Entertainment Group Pty Limited	A, B	Australia	100	100
NEC Mastheads Pty Ltd	A, B	Australia	100	100
Nine Entertainment Co. Pty Limited	A, B	Australia	100	100
Nine Digital Pty Ltd	A, B	Australia	100	100
Pay TV Holdings Pty Limited	A, B	Australia	100	100
Petelex Pty Limited	A, B	Australia	100	100
Pedestrian Corporation Holdings Pty Limited		Australia	100	100
Pedestrian Group Pty Limited	A, B	Australia	100	100
Pink Platypus Pty Ltd	A, B	Australia	100	100
Queensland Television Holdings Pty Ltd	A, B	Australia	100	100
Queensland Television Pty Ltd	A, B	Australia	100	100
Shertip Pty Ltd	A, B	Australia	100	100
Stan Entertainment Pty Ltd	A, B	Australia	100	100
Swan Broadcasters Pty Ltd	A, B	Australia	100	100
TCN Channel Nine Pty Ltd	A, B	Australia	100	100
Television Holdings Darwin Pty Limited	A, B	Australia	100	100
Territory Television Pty Ltd	A, B	Australia	100	100
White Whale Pty Ltd	A, B	Australia	100	100
2GTHR Pty Ltd	A, B	Australia	100	100
All Homes Pty Limited		Australia	59	59
ACT Real Estate Media Pty Ltd		Australia	59	59
Alldata Australia Pty Ltd		Australia	59	59
Allure Media Pty Ltd	A, B	Australia	100	100
Associated Newspapers Pty Ltd	A, B	Australia	100	100
Australian Openair Cinema Pty Limited	A, B	Australia	100	100
Australian Property Monitors Pty Limited		Australia	59	59
Bidtracker Holdings Pty Ltd		Australia	59	59
Bodypass Trading Pty Ltd		Australia	100	100
Buyradio Pty Ltd	B	Australia	100	100
Commercial Real Estate Holdings Pty Ltd		Australia	59	59

	Footnote	Place of incorporation	Ownership interest June 2021 %	Ownership interest June 2020 %
Commercial Real Estate Media Pty Limited[2]		Australia	40	40
Commercialview.com.au Ltd[2]		Australia	40	40
David Syme & Co Pty Limited	A, B	Australia	100	100
Digital Home Loans Pty Limited[2]		Australia	36	36
Domain Group Finance Pty Limited		Australia	59	59
Domain Holdings Australia Limited		Australia	59	59
Domain Insure Pty Ltd[2]		Australia	41	41
Domain Operations Pty Limited		Australia	59	59
Fairfax Corporation Pty Limited	A, B	Australia	100	100
Fairfax Digital Australia & New Zealand Pty Limited	A, B	Australia	100	100
Fairfax Digital Pty Limited	A, B	Australia	100	100
Fairfax Entertainment Pty Limited	A, B	Australia	100	100
Fairfax Event Sub Pty Ltd	B	Australia	100	100
Fairfax Media Limited	A, B	Australia	100	100
Fairfax Media Events Pty Ltd	A, B	Australia	100	100
Fairfax Media Group Finance Pty Ltd	A, B	Australia	100	100
Fairfax Media Management Pty Limited	A, B	Australia	100	100
Fairfax Media Publications Pty Limited	A, B	Australia	100	100
Fairfax News Network Pty Ltd	A, B	Australia	100	100
Find a Babysitter Pty Ltd	A, B	Australia	100	100
Radio 2GB Sydney Pty Ltd	A, B	Australia	100	100
Homepass Australia Pty Ltd[2,3]		Australia	59	40
Homepass Pty Ltd[2,3]		Australia	59	40
John Fairfax & Sons Pty Limited	A, B	Australia	100	100
John Fairfax Pty Limited	A, B	Australia	100	100
Nine Radio Pty Limited	A, B	Australia	100	100
Macquarie Media Network Pty Limited	B	Australia	100	100
Nine Radio Operations Pty Limited	A, B	Australia	100	100
Nine Radio Syndication Pty Limited	A, B	Australia	100	100
Map and Page Pty Ltd		Australia	100	100
Metro Media Publishing Pty Ltd		Australia	55	55
Metro Media Services Pty Ltd		Australia	59	59
MarketNow Payments Pty Ltd[2,4]		Australia	35	–
MMP Community Network Pty Ltd		Australia	59	59

6. Group Structure continued

6.3 Investment in controlled entities continued

	Footnote	Place of incorporation	Ownership interest June 2021 %	Ownership interest June 2020 %
MMP (DVH) Pty Ltd[2]		Australia	37	37
MMP (Melbourne Times) Pty Ltd[2]		Australia	41	41
MMP Bayside Pty Ltd[2]		Australia	46	46
MMP Eastern Pty Ltd[2]		Australia	41	41
MMP Greater Geelong Pty Ltd[2]		Australia	28	28
MMP Holdings Pty Ltd[2]		Australia	59	59
MMP Moonee Valley Pty Ltd[2]		Australia	41	41
National Real Estate Media Pty Limited		Australia	59	59
National Real Estate Nominees Pty Ltd		Australia	59	59
New South Wales Real Estate Media Pty Limited[2]		Australia	30	30
Northern Territory Real Estate Media Pty Ltd[2]		Australia	30	30
Property Data Solutions Pty Ltd		Australia	59	59
Queensland Real Estate Media Pty Ltd[2]		Australia	30	30
Radio 1278 Melbourne Pty Limited	A, B	Australia	100	100
Radio 2UE Sydney Pty Ltd	A, B	Australia	100	100
Radio 3AW Melbourne Pty Limited	A, B	Australia	100	100
Radio 4BC Brisbane Pty Limited	A, B	Australia	100	100
Radio 6PR Perth Pty Limited	A, B	Australia	100	100
Radio Magic 882 Brisbane Pty Limited	A, B	Australia	100	100
Review Property Pty Ltd		Australia	59	59
South Australia Real Estate Media Pty Ltd[2]		Australia	30	30
Tasmania Real Estate Media Pty Ltd[2]		Australia	30	30
The Age Company Pty Limited	A, B	Australia	100	100
Western Australia Real Estate Media Pty Ltd[2]		Australia	30	30

A. These controlled entities have entered into a deed of cross guarantee with the parent entity under ASIC Corporations (Wholly-owned Companies) instrument 2016/785 - the "Closed Group" (refer to Note 6.4).

B. Members of the "Extended Closed Group" (refer to Notes 4.1 and 6.4 for further detail).

1. The Group currently owns 88% of the shares in CarAdvice.com Pty Ltd, however it is 100% consolidated in accordance with accounting standards.
2. This represents the Group's effective interest in the entity which is partially owned (yet controlled) by a non-wholly owned subsidiary.
3. On 1 March 2021, Domain Group acquired the remaining share capital in Homepass Pty Ltd. Total consideration was $2.3 million for the remaining 31.5% with $1.15 million contingent on future performance.
4. On 9 November 2020, MarketNow Payments Pty Ltd was incorporated with 10 shares issued to Domain Holdings Australia Limited at $1 each. On 13 November 2020, a further 209,990 shares were issued to Domain Holdings Australia Ltd and 140,000 shares were issued to non-controlling interest Limepay Pty Ltd for $1 each; ownership interest for Domain after the issue is 60% equating to 35% for Nine.

Accounting Policy

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent entity and its subsidiaries as at 30 June 2021. 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. Controlled entities are de-consolidated from the date control ceases.

Subsidiary acquisitions are accounted for using the acquisition method of accounting. The financial statements of subsidiaries are prepared for the same reporting year as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Financial Position respectively.

6.4 Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and various deeds of cross guarantee entered into with the parent entity, certain controlled entities of Nine Entertainment Co. Holdings Limited have been granted relief from the Corporations Act 2001 requirements for preparation, audit and publication of accounts. The Statement of Consolidated Profit or Loss and Other Comprehensive Income of the entities which are members of the "Closed Group" and the "Extended Closed Group" for the year ended 30 June 2021 is as follows:

	Closed Group[1]		Extended Closed Group[2]	
	2021 $'000	2020 Restated $'000	2021 $'000	2020 Restated $'000
Consolidated Statement of Profit or Loss and Other Comprehensive Income				
Profit/(loss) from continuing operations before income tax	224,956	(446,190)	224,956	(469,974)
Income tax expense	(80,402)	(19,251)	(80,402)	(27,890)
Net profit/(loss) after income tax from operations	144,554	(465,441)	144,554	(497,864)
Dividends paid during the period	(119,378)	(170,539)	(119,378)	(170,539)
Adjustment for Entities which joined the closed Group during the year	(25,570)	–	–	–
Adjustments to reserves	54	–	54	–
Accumulated profits at the beginning of the financial year	(205,531)	431,567	(231,101)	438,420
Accumulated profits at the end of the financial year	(205,871)	(204,413)	(205,871)	(229,983)

1. Closed Group are those entities party to the Deed of Cross Guarantee.
2. Refer to Note 6.3 for details.

The debt facilities for the 100% owned group (refer to Note 4.1) are supported by guarantees from most of the Company's wholly owned subsidiaries, these guarantors are referred to as the "Extended Closed Group".

On 22 January 2021, Mi9 New Zealand Limited, 2GTHR Pty Ltd, 2GTHR Pty Ltd, Associated Newspapers Pty Ltd, Australian Openair Cinemas Pty Limited, Fairfax Media Group Finance Pty Ltd, Fairfax News Network Pty Ltd, Find a Babysitter Pty Ltd, Nine Network Marketing Pty Ltd, Nine Radio Syndication Pty Limited, Pedestrian Group Pty Limited, Pink Platypus Pty Ltd, Radio 1278 Melbourne Pty Limited, Radio 2UE Sydney Pty Ltd, Radio 4BC Brisbane Pty Limited, Radio 6PR Perth Pty Limited, Radio Magic 882 Brisbane Pty Limited were added as parties to the Deed of Cross-Guarantee.

6. Group Structure continued

6.4 Deed of cross guarantee continued

The Consolidated Statement of Financial Position of the entities which are members of the "Closed Group" and the "Extended Closed Group" for the year ended 30 June 2021 is as follows:

	Closed Group[1]		Extended Closed Group[2]	
	2021 $'000	2020 Restated $'000	2021 $'000	2020 Restated $'000
Current assets				
Cash and cash equivalents	70,949	112,831	70,949	114,978
Trade and other receivables	322,192	229,150	322,192	235,279
Program rights and inventories	256,617	229,758	256,617	229,758
Property, plant and equipment held for sale	3,622	3,622	3,622	3,622
Other assets	34,679	28,342	34,679	28,676
Total current assets	688,059	**603,703**	688,059	**612,313**
Non-current assets				
Receivables	8,021	4,443	8,021	4,443
Program rights	140,939	118,571	140,939	118,571
Investment in associates accounted for using the equity method	31,181	25,517	31,181	25,766
Investment in Group entities	832,528	832,528	835,424	835,424
Other financial assets	6,690	2,269	6,690	5,460
Property, plant and equipment	529,492	335,819	529,492	366,245
Intangible assets	1,274,733	1,353,590	1,274,733	1,353,590
Other assets	29,683	27,255	29,683	27,255
Total non-current assets	2,853,267	2,699,992	2,856,163	2,736,754
Total assets	3,541,326	3,303,695	3,544,222	3,349,067
Current liabilities				
Trade and other payables	428,158	255,721	428,158	335,364
Financial liabilities	112,412	94,965	112,412	96,067
Income tax liabilities	47,499	5,566	47,499	6,014
Provisions	158,824	149,393	158,824	149,666
Derivatives	2,772	–	2,772	–
Total current liabilities	749,665	505,645	749,665	587,111
Non-current liabilities				
Payables	88,503	252,438	89,923	265,436
Financial liabilities	520,172	526,827	520,172	538,872
Deferred tax liabilities	195,921	299,349	195,921	287,726
Provisions	26,496	14,439	26,496	19,220
Total non-current liabilities	831,092	**1,093,053**	832,512	**1,111,254**
Total liabilities	1,580,757	**1,598,698**	1,582,177	**1,698,365**
Net assets	1,960,569	**1,704,997**	1,962,045	**1,650,702**

1. Closed Group are those entities party to the Deed of Cross Guarantee.
2. Refer to Note 6.3 for details.

6.5 Parent entity disclosures

	Parent entity	
	2021 $'000	2020 $'000
(a) Financial Position		
Current assets	77,168	58,610
Non-current assets	2,389,395	2,375,065
Total assets	2,466,563	2,433,675
Current liabilities	1,078	869
Non-current liabilities	684,507	580,510
Total liabilities	685,585	581,379
Net assets	1,780,978	1,852,296
Contributed equity	2,134,803	2,134,803
Reserves	6,703	5,829
Retained earnings	(360,528)	(288,336)
Total Equity	1,780,978	1,852,296
(b) Comprehensive income/(loss)		
Net profit/(loss) for the year	13,560	(714,290)
Total comprehensive income/(loss) for the year	13,560	(714,290)

6. Group Structure continued

6.6(a) Transactions with related parties

The following table provides the total value of transactions that were entered into with related parties for the relevant financial year.

	2021 $'000	2020 $'000
Rendering of services to and other revenue from:		
Associates of Nine Entertainment Co:		
Future Women Pty Ltd	9	11
Adventure TV Channel Pty Ltd	6,034	421
Ratecity Pty Ltd[1]	–	26
Darwin Digital Television Pty Ltd	6	77
NPC Media Pty Ltd	74	57
Receiving of services from related parties:		
Associates of Nine Entertainment Co:		
Mediality Pty Ltd	7	300
Digital Radio Broadcasting Sydney Pty Ltd	671	574
Dividends received from:		
Associates of Nine Entertainment Co:		
Digital Radio Broadcast Sydney Pty Ltd	–	267
Combined Translator Facilities Pty Ltd	50	100
TX Australia Pty Ltd	–	4,500
Oztam Pty Ltd	–	600
Amounts owed by related parties:		
Adventure TV Channel Pty Ltd	820	2,750
NPC Media Pty Ltd	95	433
Ratecity Pty Ltd[1]	–	148
Future Women Pty Ltd	112	–
Homebush Transmitters Pty Ltd	118	54
Darwin Digital Television Pty Ltd	18	7
Amounts owed to related parties:		
Adventure TV Channel Pty Ltd	6,521	2,747
Oztam Pty Ltd	402	–
NPC Media Pty Ltd	241	2,055
Loans to related parties:[2]		
Darwin Digital Television Pty Ltd	2,910	2,910
NPC Media Pty Ltd	4,000	4,000
Darwin Digital Television Pty Ltd	125	–
Other	21	21

1. Investment disposed during the period – refer to Note 6.2(b) for details.
2. The loans granted to these related parties are non-interest bearing.

Terms and conditions of transactions with related parties

All of the above transactions, other than non-interest bearing loans, were conducted under normal commercial terms and conditions. Outstanding balances at the year end in relation to these transactions, disclosed under "amounts owed by related parties", are made on terms equivalent to those that prevail on arm's length transactions, are interest free and settlement occurs in cash.

For the year ended 30 June 2021, the Group has made an allowance for expected credit losses relating to amounts owed by related parties of $2.9 million (2020: $2.9 million). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

6.6(b) Parent entity

Nine Entertainment Co. Holdings Limited is the ultimate parent entity of the Group incorporated within Australia and is the most senior parent in the Group which produces financial statements available for public use.

6.6(c) Controlled entities, associates and joint arrangements

Investments in associates and joint arrangements are set out in Note 6.2.

Interests in significant controlled entities are set out in Note 6.3.

6.6(d) Key management personnel

6.6(d)(i) Transactions with key management personnel

All transactions between the Group and its key management personnel and their personally related entities are conducted under normal commercial terms and conditions unless otherwise noted.

6.6(d)(ii) Compensation of key management personnel

Remuneration by category	2021 $'000	2020 $'000
Short-term employee benefits	6,141,332	4,587,831
Termination payments	2,856,656	880,251
Post-employment benefits	133,054	184,633
Long-term benefits	1,220,182	178,381
Share-based payments	2,711,201	928,864
Total remuneration of key management personnel	13,062,425	**6,759,960**

The table includes current and former key management personnel.

Detailed remuneration disclosures are provided in the Remuneration Report on pages 9 to 32.

6.7 Discontinued operations

Year ended 30 June 2021

There are no discontinued operations in the current year.

Year ended 30 June 2020

Following the acquisition of Fairfax on 7 December 2018, the Board agreed to sell Stuff NZ, a wholly owned businesses of Fairfax. Consequently, the Group classified that business as a discontinued operation.

Stuff NZ was sold on 31 May 2020. Refer to Note 6.1 for details. During the year to disposal, Stuff generated a profit before tax of $12.3 million, including $4.5 million of net income classified as a Specific Item. Furthermore, during this period NZ$4.2 million in government subsidies was received from the New Zealand government related to the NZ Government's Wage Subsidy program in response to COVID-19.

Profit after tax from discontinued operations includes the loss on disposal of Stuff NZ ($44.0 million) and finalisation of the ACM disposal including working capital adjustments ($6.7 million), and the termination of a related printing operations agreement ($14.0 million).

7. Other

7.1 Other financial assets

	2021 $'000	2020 $'000
Non-current		
Investments in listed entities	6,690	5,460
Closing balance at 30 June	6,690	**5,460**

Investments in Yellow Brick Road (ASX: YBR) and Sports Entertainment Group Limited (ASX: SEG). These investments are carried at fair value through other comprehensive income in order to avoid volatility in the profit and loss.

	2021 $'000	2020 $'000
Non-current		
As at 1 July	5,460	5,949
Movement in fair value	1,230	(489)
Closing balance at 30 June	6,690	**5,460**

Accounting Policy

Certain of the Group's investments are categorised as investments in listed equities under AASB 9 – Financial Instruments. When financial assets are recognised initially, they are measured at fair value plus, in the case of assets not recorded at fair value through profit or loss, directly attributable transaction costs.

The investment in listed equities is classified as a Level 1 instrument as described in Note 4.5(b). Fair value was determined with reference to a quoted market price with a mark to market gain of $1,230,000 adjusted against the investment for the year ended 30 June 2021 (2020: $489,000 loss).

Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Subsequent measurement

Investments in listed equities are non-derivative financial assets, principally equity securities, which meet the definition of equity instruments. Upon initial recognition under AASB 9, the Group made an irrevocable election, on an instrument by instrument basis, to present subsequent changes in the fair value of its investments in listed equities in a separate component of equity. Dividends from investments in listed equities are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same and discounted cash flow analysis, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

7.2 Defined benefit plan

	2021 $'000	2020 $'000
Non-current		
Defined benefits plan[1]	25,533	14,805
Closing balance at 30 June	**25,533**	**14,805**

1. 30 June 2021 balance consists of Fairfax Media Super defined benefit plan (2021: $2,258,000; 2020: $1,934,000), Macquarie Media Ltd (MML) Super defined benefit plan (2021: $360,000; 2020: $277,000) and Nine Network Superannuation Plan (2021: $22,915,000; 2020: $12,594,000).

Plan information

Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. The defined benefit section of the Plan is closed to new members. All new members receive accumulation only benefits.

Regulatory framework

The Superannuation Industry (Supervision) (SIS) legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS Regulations require an actuarial valuation to be performed for each defined benefit superannuation plan every three years, or every year if the plan pays defined benefit pensions unless an exemption has been obtained.

Responsibilities for the governance of the Plans

The Plan's Trustees are responsible for the governance of the Plans. The Trustees have a legal obligation to act solely in the best interests of Plan beneficiaries. The Trustee has the following roles:

- administration of the Plan and payment to the beneficiaries from Plan assets when required in accordance with Plan rules;
- management and investment of the Plan assets; and
- compliance with superannuation law and other applicable regulations.

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licenses and supervises regulated superannuation plans.

Risks

There are a number of risks to which the Plans expose the Company. The more significant risks relating to the defined benefits are:

- Investment risk – the risk that investment returns will be lower than assumed and the Company will need to increase contributions to offset this shortfall;
- Salary growth risk – the risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions; and
- Legislative risk – the risk that legislative changes could be made which could increase the cost of providing the defined benefits.

The defined benefit assets of the Nine Network superannuation plan are invested in the AMP Future Directions Balanced investment option. The assets have a 55% weighting to equities and therefore the Plan has a significant concentration of equity market risk. However, within the equity investments, the allocation both globally and across the sectors is diversified. The assets held to support accumulated benefits, including the accumulation accounts in respect of defined benefit members, are held in the investment options selected by the member.

Significant events

There were no plan amendments affecting the defined benefits payable, curtailments or settlements during the year.

Valuation

The actuarial valuations of the defined benefits funds for the year ended 30 June 2021 were performed by Mercer Investment Nominees Limited for the purpose of satisfying accounting requirements.

The details of the plan disclosed throughout relates to the Nine Network Superannuation Plan and excludes the Fairfax Media and MML Plans, on the basis that they are not considered material to the Group.

7. Other continued

7.2 Defined benefit plan continued

Reconciliation of the Net Defined Benefit Asset

Financial year ended	30 June 2021 $'000	30 June 2020 $'000
Net defined benefit asset at start of year	12,594	21,161
Current service cost	(782)	(1,401)
Net interest	176	402
Actual return on Plan assets less interest income	9,445	(1,921)
Actuarial gains arising from changes in financial assumptions	(398)	(1,393)
Actuarial gains arising from liability experience	1,861	(544)
Employer contributions	19	25
Contributions to accumulation section	–	(3,735)
Net defined benefit asset at end of year	22,915	12,594

Reconciliation of the Fair Value of Plan Assets

Financial year ended	30 June 2021 $'000	30 June 2020 $'000
Fair value of Plan assets at beginning of the year	52,498	58,519
Interest income	791	1,215
Actual return on Plan assets less interest income	9,445	(1,921)
Employer contributions	19	25
Contributions by Plan participants	703	731
Benefits paid	(2,865)	(2,925)
Taxes, premiums and expenses (paid)/received	(71)	589
Contributions to accumulation section	–	(3,735)
Fair value of planned assets at 30 June	60,520	52,498

Reconciliation of the Present Value of the Defined Benefit Obligation

Financial year ended	30 June 2021 $'000	30 June 2020 $'000
Present value of defined benefit obligations at beginning of year	39,904	37,358
Current service cost	782	1,401
Interest cost	615	813
Contributions by Plan participants	703	731
Actuarial losses arising from changes in financial assumptions	398	1,393
Actuarial (gain)/losses arising from liability experience	(1,861)	544
Benefits paid	(2,865)	(2,925)
Taxes, premiums and expenses (paid)/received	(71)	589
Present value of defined benefit obligations at 30 June	37,605	39,904

The defined benefit obligation consists entirely of amounts from Plans that are wholly or partly funded.

Fair value of Plan assets

As at 30 June 2021 total Plan assets of $60,520,000 are held in AMP Future Directions Balanced investment option. These assets are fair valued using Level 2 inputs.

The percentage invested in each asset class at the reporting date is:

As at	30 June 2021[1] %	30 June 2020 %
Australian Equity	24%	23%
International Equity	31%	33%
Fixed Income	21%	20%
Property	11%	6%
Alternatives/Other	9%	15%
Cash	4%	3%

1. Asset allocation as at 31 May 2021.

The fair value of Plan assets includes no amounts relating to:

- any of the Company's own financial instruments; or
- any property occupied by, or other assets used by, the Company.

Significant Actuarial Assumptions

As at	30 June 2021	30 June 2020
Assumptions to Determine Benefit Cost		
Discount rate	1.6% pa	2.2% pa
Expected salary increase rate	2.0% pa	2.0% pa
Assumptions to Determine Benefit Obligation		
Discount rate	1.4% pa	1.6% pa
Expected salary increase rate	2.0% pa	2.0% pa

Sensitivity Analysis

The defined benefit obligation as at 30 June 2021 under several scenarios is presented below:

Scenarios A and B relate to discount rate sensitivity. Scenarios C and D relate to salary increase rate sensitivity.

- Scenario A: 0.5% pa lower discount rate assumption.
- Scenario B: 0.5% pa higher discount rate assumption.
- Scenario C: 0.5% pa lower salary increase rate assumption.
- Scenario D: 0.5% pa higher salary increase rate assumption.

% pa	Base case	Scenario A -0.5% pa discount rate	Scenario B +0.5% pa discount rate	Scenario C -0.5% pa salary increase rate	Scenario D +0.5% pa salary increase rate
Discount rate	1.4% pa	0.9% pa	1.9% pa	1.4% pa	1.4% pa
Salary increase rate	2.0% pa	2.0% pa	2.0% pa	1.5% pa	2.5% pa
Defined benefit obligation ($'000s)[1]	37,605	38,671	36,653	36,822	38,456

1. Includes defined benefit contributions tax provision.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

7. Other continued

7.2 Defined benefit plan continued

Asset-liability matching strategies

No asset and liability matching strategies have been adopted by the Plan.

Funding arrangements

The financing objective adopted at the 1 July 2018 actuarial investigation of the Plan, in a report dated 21 December 2018, is to maintain the value of the Plan's assets at least equal to:

- 100% of accumulation account balances (including additional accumulation accounts of defined benefit members); plus
- 110% of defined benefit Vested Benefits.

In that valuation, it was recommended that the Company contributes to the Plan as follows:

- Defined Benefit members:

Category	Employer Contributions Rate (% of Salaries)
A	nil
A1	nil

Plus any compulsory or voluntary member pre-tax (salary sacrifice) contributions.

- For A1 members, the employer should also make the relevant Superannuation Guarantee contributions to members' chosen funds.
- Accumulations members:
  - the Superannuation Guarantee rate of ordinary Time Earnings (or such lesser amount as required to meet the Employer's obligations under Superannuation Guarantee legislation or employment agreements);
  - except that one year of required Employer SG Contributions (not exceeding $1 million per month or $12 million in aggregate, gross of tax) will be financed from Defined Benefit Assets from 1 April 2019 to 31 March 2020 (or starting at a date as agreed between the Trustee and the Employer but no later than 1 July 2019). During the year to 30 June 2021, contributions of $nil (2020: $3.7 million (net of tax)) were financed from defined benefit assets; and
  - any additional employer contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions).

Expected Contributions

Financial year, ending	30 June 2022
Expected employer contributions	–

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation as at 30 June 2021 is five years (30 June 2020: six years).

Expected benefit payments for the financial year ending on:	$'000
30 June 22	5,034
30 June 23	4,948
30 June 24	4,391
30 June 25	4,466
30 June 26	7,740
Following five years	16,514

Accounting Policy

The Group contributes to defined benefit superannuation funds which require contributions to be made to separately administered funds.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to a separate component of equity in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the Statement of Comprehensive Income on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "expenses" in the Statement of Comprehensive Income (by function):

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

7.3 Auditors' remuneration

	2021 $	2020 $
Amounts to Ernst & Young (Australia):		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities[1]	2,693,518	2,980,455
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	63,460	99,550
Fees for other services – Tax compliance and advisory	303,145	370,383
Total auditors' remuneration	**3,060,123**	**3,450,388**

1. Comprised of the audit and review of the consolidated group ($1,527,500) and the audit and review of other related entities ($1,166,018). (2020: consolidated group ($2,144,987) and the audit and review of other related entities ($835,468)).

7.4 Contingent liabilities and related matters

The consolidated entity has made certain guarantees regarding contractual leases, performance and other commitments of $27,577,141 (2020: $24,975,789). All contingent liabilities are unsecured. The probability of having to meet these commitments is remote and there are uncertainties relating to the amount and the timing of any outflows.

Certain entities in the Group are party to various legal actions and exposures that have arisen in the ordinary course of business. Appropriate provisions have been recorded, however the outcomes cannot be predicted with certainty.

The parent entity is a party to the Deed of Cross Guarantee entered into with various Group companies. Refer to Note 6.4 for further details. Refer to Note 3.8 for disclosure of the Group's commitments. The operation of the Deed of Cross Guarantee has the effect of joining the parent entity as a guarantor to the Group's commitments and contingencies.

7. Other continued

7.5 Events after the balance sheet date

Following the year end, Domain Group announced its intention to repay JobKeeper allowance received during the year ended 30 June 2021, totalling $6.5 million.

There has not arisen in the interval between the end of the financial period and the date of this report any other item, transaction or event of a material and unusual nature, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

7.6 Other significant accounting policies

Accounting Policy

7.6(a) Changes in accounting policies and disclosures

Year ended 30 June 2021

Changes in accounting policies – IFRIC agenda decision – Configuration or Customisation Costs in a Cloud Computing Arrangement

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to a Software-as-a-Service (SaaS) arrangement. As a result, the Group has changed its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements. The nature and effect of the changes as a result of changing this policy is described in Note 1.2 and the Group's new accounting policy is detailed below:

Accounting policy – Software-as-a-Service (SaaS) arrangements

SaaS arrangements are arrangements in which the Group does not currently control the underlying software used in the arrangement.

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the company has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are now recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are now recognised as expenses over the duration of the SaaS contract. Previously some costs had been capitalised and amortised over its useful life.

The Group has early adopted the following standards, interpretations or amendments that have been issued but are not yet effective.

Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policy, Management has made following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements.

- **Determining whether cloud computing arrangements contain a software licence intangible asset**

  The Group evaluates cloud computing arrangements to determine if it provides a resource that the Group can control. The Group determines that a software licence intangible asset exists in a cloud computing arrangement when both of the following are met at the inception of the arrangement:

  - It is feasible for the Group to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.

- **Capitalisation of configuration and customisation costs in SaaS arrangements**

  Where the Group incurs costs to configure or customise SaaS arrangements and such costs are considered to enhance current on-premise software or provide code that can be used by the Group in other arrangements, the Group applies judgement to assess whether such costs result in the creation of an intangible asset that meets the definition and recognition criteria in AASB 138 *Intangible Assets*.

- **Determination whether configuration and customisation costs provide a distinct service to access to the SaaS**

  The Group applies judgement in determining whether costs incurred provide a distinct service, aside from access to the SaaS. Where it is determined that no distinct service is identifiable, the related costs are recognised as expenses over the duration of the service contract.

- **IFRS Interpretations Committee (IFRIC) Agenda Decision - Costs Necessary to Sell Inventories (IAS 2 Inventories)**

In June 2021, IFRIC published an agenda decision in relation to the accounting treatment when determining net realisable value (NRV) of inventories, in particular what costs are necessary to sell inventories under AASB 102 Inventories. The Group is currently assessing the impact the agenda decision will have on its current accounting policy and whether an adjustment to inventory may be necessary. Accordingly, a reliable estimate of the impact of the IFRIC agenda decision on the Group cannot be made at the date of this report. The Group expects to complete the implementation of the above IFRIC agenda decision as part of its interim report for the period ending 31 December 2021.

- **AASB 2020-3 Amendments to AASB 137 Onerous Contracts — Cost of Fulfilling a Contract (effective date 1 January 2022)**

AASB 137 defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Unavoidable cost is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it.

AASB 137 does not specify which costs to include in determining the cost of fulfilling a contract. Consequently, AASB 137 was amended to clarify that when assessing whether a contract is onerous, the cost of fulfilling the contract comprises all costs that relate directly to the contract, which includes both the:

- incremental costs of fulfilling that contract (e.g., materials and labour); and
- an allocation of other costs that relate directly to fulfilling contracts (e.g., depreciation of property, plant and equipment).

An entity shall apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Comparative information is not restated. Instead, the cumulative effect of initially applying the amendments is recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. This has not had a material impact on the Group.

- **Other**

Certain new accounting standards, amendments and interpretations have been issued that are not yet effective for the financial year ended 30 June 2021. However, the Group intends to adopt the following new or amended standards and interpretations, if applicable, when they become effective with no significant impact being expected on the Consolidated Financial Statements of the Group:

- AASB 2020-3 Amendments to AASB 3 — Reference to the Conceptual Framework

Directors' Declaration

The Directors of Nine Entertainment Co. Holdings Limited have declared that:

1. the Directors have received the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the year ended 30 June 2021.
2. in the opinion of the Directors, the consolidated financial statements and notes that are set out on pages 39 to 101 and the Remuneration Report in pages 9 to 32 in the Directors' Report, are in accordance with the *Corporations Act 2001*, including.
   i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
   ii) complying with Australian Accounting Standards and the *Corporations Act 2001*
3. in the opinion of the Directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. a statement of compliance with International Financial Reporting Standards has been included on page 44 of the financial statements; and
5. in the opinion of the Directors, at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 6.3 will be able to meet any obligations or liabilities which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

The Directors' Declaration is made in accordance with a resolution of the Board of Nine Entertainment Co. Holdings Limited.

Peter Costello
Chairman

Mike Sneesby
Chief Executive Officer and Director

Sydney, 25 August 2021

Independent Auditor's Report

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Independent auditor's report to the members of Nine Entertainment Co. Holdings Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Nine Entertainment Co. Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Impairment testing of intangible assets

Why significant	How our audit addressed the key audit matter
At 30 June 2021, the Group's consolidated statement of financial position included goodwill and other intangible assets amounting to $2,266m, representing 57.9%of total assets. As disclosed in Note 3.6 to the financial statements, the Directors have assessed goodwill and other intangible assets for impairment and recorded an impairment charge of $61.5 million for the year. This assessment involved critical accounting estimates and assumptions, based upon conditions existing as at 30 June 2021, specifically concerning factors such as forecast cashflows, discount rates and terminal growth rates. The estimates and assumptions relate to future performance, market and economic conditions which are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. Changes in certain assumptions can lead to significant changes in the recoverable amount of these assets. As a result, we consider the impairment testing of goodwill and other intangible assets to be a key audit matter.	Our audit procedures included the following: • Assessment as to whether the models used by the Directors in their impairment testing of the carrying values of intangible assets met the requirements of Australian Accounting Standards. • Evaluation of the determination of each Cash Generating Unit ("CGU") based on whether independent cash inflows are generated by the CGU and other factors. • Testing of the mathematical accuracy of the models. • Consideration of the underlying assumptions regarding future cash flows used in the models by comparing these to the Board approved five-year business plans and long-term capital and content investment plans. • Consideration of the historical accuracy of the Group's cash flow forecasting. • Assessment of the discount rates and growth rates (including terminal growth rates) applied in the models, with involvement from our valuation specialists and with reference to external data such as broker forecasts and valuations. • Consideration of the sensitivity analysis performed by the Group, focusing on the areas in the models where a reasonably possible change in assumptions could cause the carrying amount to differ from its recoverable amount and therefore indicate impairment or a reversal of prior year impairment. • Consideration of the adequacy of the disclosures relating to intangible assets in the financial statements, including those made with respect to judgements and estimates.

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Cyber Incident

Why significant	How our audit addressed the key audit matter
During the period the Group was affected by a significant cyber incident, affecting systems, processes and causing disruption to the Group. The cyber incident required significant auditor attention in considering its impact and the response by management on financial reporting processes and on our planned audit approach. This necessitated the involvement of our cyber security experts. Accordingly, this was considered to be a key audit matter.	Our audit procedures included the following: • Inquiries with senior management to understand the Group's assessment of the cyber incident and the steps taken to respond to the incident, including alternate transaction processing procedures implemented during the affected period. This focused on the key financial systems used in the preparation of the Group financial statements. • Reviewed management's assessment of the impact of the cyber incident on the key financial systems used across the Group and in the preparation of the Group financial statements. • Reviewed, with the assistance of our cyber security specialists, the investigative report prepared by the Group's third party experts to assess whether the key financial systems had been compromised. • Considered where our audit plan needed to be modified as a result of incident and management's response to it. • Evaluated the design and tested the operating effectiveness of the Group's alternate processes during the effected period.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

► Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 32 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Nine Entertainment Co. Holdings Limited for the year ended 30 June 2021 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Christopher George
Partner
Sydney
25 August 2021

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Corporate Directory

Nine Entertainment Co. Holdings Limited
ABN 60 122 203 892

Annual General Meeting

The Annual General Meeting will be held at 10.00am AEST on Thursday, 11 November 2021. Arrangements for the meeting will be notified at the relevant time.

Financial Calendar 2022

Interim Result	24 February 2022
Preliminary Final Result	25 August 2022
Annual General Meeting	17 November 2022

Company Secretary

Rachel Launders

Registered Office

Nine Entertainment Co. Holdings Limited
Level 9, 1 Denison Street,
North Sydney NSW 2060
Ph: +61 2 9906 9999

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Ph: 1300 888 062 (toll free within Australia)
Ph: +61 2 8280 7670
Fax: +61 2 9287 0303

Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Securities Exchange Listing

The Company's ordinary shares are listed on the Australian Securities Exchange as NEC.

Auditors

Ernst & Young
200 George Street
Sydney NSW 2000

Nine