23 February 2023

ASX Markets Announcement Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

APPENDIX 4D AND HALF YEAR FINANCIAL REPORT

Attached is a copy of Nine Entertainment Co. Holdings Limited's Appendix 4D and financial report for the 6 months to 31 December 2022.

Rachel Launders
Company Secretary

Authorised for release: Nine Board sub-committee

Further information:

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Nine Entertainment Co. Holdings Limited

ABN 60 122 203 892

23 February 2023: Nine Entertainment Co. Holdings Limited (ASX: NEC) today announced the results for the half year ended 31 December 2022 (H1 FY23).

Attached are the following documents relating to the Nine Entertainment Co. Holdings Limited results for this period.

1. Appendix 4D
2. H1 FY23 reviewed Financial Report

Appendix 4D (Rule 4.2A.3)
For the half year ended 31 December 2022

Results for Announcement to the Market

Key Financial Information		1H FY23 $'000	1H FY22 $'000
Revenue, excluding specific items	Up by 5%	**1,405,688**	1,333,377
Net profit after tax	Down by 11%	**189,505**	213,165
Net profit after tax, excluding specific items	Down by 16%	**190,011**	225,246
Total income attributable to:			
Net profit after tax - owners of the parent	Down by 10%	**183,100**	203,518
Net profit after tax - non-controlling interest	Down by 34%	**6,405**	9,647

Dividends

An interim fully franked dividend of 6.0 cents has been announced payable on 20 April 2023.

Dividends	Amount per share cents	Franked amount per share cents
Dividend per share (paid 20th October 2022)	**7.0**	7.0
Interim 2023 dividend per share (to be paid 20th April 2023)	**6.0**	6.0

A fully franked dividend of 7.0 cents per share was paid on 20 October 2022. Since 31 December 2022, the Directors have determined that an interim fully franked dividend of 6.0 cents per share will be payable in April 2023.

Interim 2023 Dividend

Ex-dividend date: 3rd March

Record date: 6th March

Payment date: 20th April

Net Tangible Assets per Share

Reported	1H FY23 cents	1H FY22 cents
Net tangible asset (deficit) / backing per ordinary share[1]	(43.4)	(35.8)
Net asset backing per ordinary share	123.6	120.5

[1] If the deferred tax liability which relates to intangible assets is removed and the right of use asset is added back, the net tangible asset deficit per share is 3.6 cents (1H FY22: backing per share of 5.7 cents).

Supplementary information

For additional Appendix 4D disclosures, refer to the accompanying Directors' Report and the Financial Report for the half year ended 31 December 2022.

Nine Entertainment Co. 1 Denison Street North Sydney NSW 2060 tel +61 2 9906 9999 fax +61 2 9965 2215 **ABN 60 122 203 892**
www.nineentertainment.com.au

Nine Entertainment Co. Holdings Limited

ABN 60 122 203 892

Financial Report for the half year ended 31 December 2022

The half year financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2022 annual financial report.

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FINANCIAL STATEMENT NOTE INDEX

Nine Entertainment Co. 1 Denison Street North Sydney NSW 2060 tel +61 2 9906 9999 fax +61 2 9965 2215 **ABN 60 122 203 892**

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DIRECTORS' REPORT

The Directors present the financial report for the half year ended 31 December 2022. 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 half 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	9 November 2022
Mike Sneesby	Chief Executive Officer	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	

Dividends

Nine Entertainment Co. Holdings Limited paid a dividend of 7.0 cents per share, fully franked, amounting to $119,377,528 during the period ended 31 December 2022. Since the end of the period, the Company has proposed an interim dividend in respect of the year ending 30 June 2023 of 6.0 cents per share, fully franked, amounting to $100,337,025.

Operating and Financial Review

Review of Operations

For the half year ended 31 December 2022, the Group reported a consolidated net profit after income tax of $189,505,000 (2021: $213,165,000). The consolidated net profit after income tax was all derived from continuing operations.

The Group's revenues from continuing operations (excluding specific items) for the half year ended 31 December 2022 increased by $72,312,000 (5%) to $1,405,688,000 (2021: $1,333,377,000).

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) and before specific items (Note 2.1) for the half year ended 31 December 2022 was $370,474,000 (2021: $406,265,000).

The Group's cash flows generated from operating activities for the period ended 31 December 2022 were $123,491,000 (2021: $264,306,000).

Significant Changes in the State of Affairs

On the 25th of August 2022, the Group announced an on-market buyback of up to 10 percent of the Group's current issued share capital. This commenced in September 2022 and was ongoing as at 31 December 2022. At 31 December 2022, 33,109,504 shares, equating to 1.9% of total issued share capital, have been purchased for a total cost of $66.9 million.

DIRECTORS' REPORT (continued)

Significant Events after the Balance Sheet Date

In the time between 31 December 2022 and the date of this report, the Group announced it had reached an agreement with the International Olympic Committee for the 2024 to 2032 Olympic Games and Olympic Winter Games, giving Nine exclusive rights for all audio-visual platforms, including free to air television, free streaming and all pay television rights including subscription streaming, exclusive audio rights for linear broadcast and non-exclusive rights for audio streaming. The cost to the Group over the rights period includes $305 million in cash payments and a further $10 million of contra advertising.

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.

Auditor's Independence Declaration

The Directors have received the Auditor's Independence Declaration, a copy of which is included on page 4.

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	**Mike Sneesby**
Chairman	*Chief Executive Officer and Director*

Sydney, 23 February 2023

Ernst & Young
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Auditor's Independence Declaration to the Directors of Nine Entertainment Co. Holdings Limited

As lead auditor for the review of the half-year financial report of Nine Entertainment Co. Holdings Limited for the half-year ended 31 December 2022, 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 review;

b) no contraventions of any applicable code of professional conduct in relation to the review; and

c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Christopher George
Partner
23 February 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2022

	Note	31 Dec 2022 $'000	31 Dec 2021 $'000
Revenues	2.1	1,410,645	1,334,306
Expenses	2.3	(1,119,321)	(1,020,623)
Finance costs	2.3	(21,045)	(13,309)
Share of (losses)/profits of associate entities		(179)	975
Net profit before income tax expense		270,100	301,349
Income tax expense	5.1	(80,595)	(88,184)
Net profit after income tax expense		189,505	213,165
Net profit for the period attributable to:			
Owners of the parent		183,100	203,518
Non-controlling interest		6,405	9,647
Net profit for the period		189,505	213,165
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		(491)	830
Fair value movement in derivative financial instruments (net of tax)		(800)	-
Items that will not be reclassified subsequently to profit or loss:			
Fair value movement in investment in listed equities (net of tax)		-	1,392
Actuarial gain / (loss) on defined benefit plan (net of tax)		1,355	2,762
Other comprehensive income for the period		64	4,984
Total comprehensive income attributable to equity holders		189,569	218,149
Total comprehensive income attributable to:			
Owners of the parent		183,164	208,501
Non-controlling interest		6,405	9,647
Total comprehensive income for the period		189,569	218,149
Earnings per share			
Basic and diluted earnings attributable to ordinary equity holders of the parent	2.5	$0.11	$0.12

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 31 December 2022

	Note	31 Dec 2022 $'000	30 June 2022 $'000
Current assets			
Cash and cash equivalents		173,548	153,464
Trade and other receivables		450,491	408,380
Program rights & inventories		309,079	291,259
Prepayments		47,737	33,792
Other assets		1,415	2,691
Derivative financial instruments		2,242	3,214
Total current assets		984,512	892,800
Non-current assets			
Receivables		12,168	10,113
Program rights & inventories		156,658	168,236
Investments accounted for using the equity method		33,129	33,606
Other financial assets		6,511	6,511
Property, plant and equipment		470,332	491,490
Intangible assets	3.1	2,521,740	2,512,285
Derivative financial instruments		673	1,333
Defined benefit plan		25,260	23,925
Total non-current assets		3,226,471	3,247,499
Total assets		4,210,983	4,140,299
Current liabilities			
Trade and other payables	3.2	493,489	530,105
Financial Liabilities	4.1	134,404	115,132
Current income tax liabilities		19,750	44,622
Provisions	3.3	205,583	215,924
Derivative financial instruments		1,462	1,721
Total current liabilities		854,688	907,504
Non-current liabilities			
Payables	3.2	115,270	126,211
Financial Liabilities	4.1	872,686	745,515
Deferred tax liabilities	5.2	285,778	267,864
Provisions	3.3	15,954	21,249
Derivative financial instruments		157	406
Total non-current liabilities		1,289,845	1,161,245
Total liabilities		2,144,533	2,068,749
Net assets		2,066,450	2,071,550
Equity			
Contributed equity	4.2	2,045,790	2,111,752
Reserves		(56,827)	(54,922)
Retained earnings		(113,391)	(178,820)
Total equity attributable to equity holders of the parent		1,875,572	1,878,010
Non-controlling interest		190,878	193,540
Total equity		2,066,450	2,071,550

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

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2022

	Contributed equity	Rights Plan Shares	Foreign currency translation reserve	Fair Value reserve of financial assets at FVOCI	Share-based payments reserve	Cash flow hedge reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2022	2,134,803	(23,051)	(1,028)	(6,715)	19,545	1,693	(68,417)	(178,820)	1,878,010	193,540	2,071,550
Profit for the period	-	-	-	-	-	-	-	183,100	183,100	6,405	189,505
Other comprehensive income/(loss) for the period	-	-	(491)	1,355	-	(800)	-	-	64	-	64
Total comprehensive income/(loss) for the period	**-**	**-**	**(491)**	**1,355**	**-**	**(800)**	**-**	**183,100**	**183,164**	**6,405**	**189,569**
Transfers from reserves to equity	-	-	-	-	(1,707)	-	-	1,707	-	-	-
Vesting of Rights Plan shares (Note 4.4)	-	901	-	-	(901)	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	5,621	5,621
Vesting of Share Based Payments	-	-	-	-	(1,986)	-	(2,149)	-	(4,135)	-	(4,135)
Purchase of Shares	(66,863)	-	-	-	-	-	-	-	(66,863)	-	(66,863)
Share-based payment expense, net of tax	-	-	-	-	4,774	-	-	-	4,774	-	4,774
Dividends to shareholders	-	-	-	-	-	-	-	(119,378)	(119,378)	(14,688)	(134,066)
At 31 December 2022	**2,067,940**	**(22,150)**	**(1,519)**	**(5,360)**	**19,725**	**893**	**(70,566)**	**(113,391)**	**1,875,572**	**190,878**	**2,066,450**
At 1 July 2021	2,134,803	(12,657)	(1,901)	(5,806)	21,571	-	(56,534)	(264,925)	1,814,551	145,050	1,959,601
Profit for the period	-	-	-	-	-	-	-	297,143	297,143	18,145	315,288
Other comprehensive income/(loss) for the period	-	-	873	(909)	-	1,693	-		1,657		1,657
Total comprehensive income/(loss) for the period	**-**	**-**	**873**	**(909)**	**-**	**1,693**	**-**	**297,143**	**298,800**	**18,145**	**316,945**
Transfers from reserves to equity	-	-	-	-	(2,136)	-	-	2,136	-	-	-
Vesting of Rights Plan shares (Note 4.4)	-	1,720	-	-	(1,720)	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	48,969	48,969
Vesting of Share Based Payments	-	-	-	-	(7,301)	-	(11,883)	-	(19,184)	-	(19,184)
Purchase of Shares	-	(12,114)	-	-	-	-	-	-	(12,114)	-	(12,114)
Share-based payment expense, net of tax	-	-	-	-	9,131	-	-	-	9,131	-	9,131
Dividends to shareholders	-	-	-	-	-	-	-	(213,174)	(213,174)	(18,624)	(231,798)
At 30 June 2022	**2,134,803**	**(23,051)**	**(1,028)**	**(6,715)**	**19,545**	**1,693**	**(68,417)**	**(178,820)**	**1,878,010**	**193,540**	**2,071,550**

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

Consolidated Statement of Cash Flows

For the half year ended 31 December 2022

	Note	31 Dec 2022 $'000	31 Dec 2021 $'000
Cash flows from operating activities			
Receipts from customers		1,533,508	1,495,252
Payments to suppliers and employees		(1,287,419)	(1,137,794)
Dividends received - associates		-	140
Government grants		-	(6,322)
Interest received		2,016	503
Interest and other costs of finance paid		(19,027)	(13,039)
Income tax paid		(105,587)	(74,434)
Net cash flows generated from operating activities		123,491	264,306
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,154)	(8,974)
Purchase of intangible assets		(35,546)	(26,101)
Proceeds on disposal of property, plant and equipment		1,838	8
Acquisition of subsidiaries, net of cash acquired	6.1	(46)	(54,098)
Net receipt of contingent consideration		-	1,198
Net proceeds from disposal of assets held for sale		1,250	1,858
Net cash flows used in investing activities		(41,658)	(86,109)
Cash flows from financing activities			
Net proceeds from borrowings		828,500	272,000
Repayments of borrowings		(667,500)	(270,000)
Payment of debt refinancing fees		(2,846)	(1,524)
Payment of the principal portion of leases		(20,814)	(18,748)
Net repayment of loan to non-controlling shareholder		1,840	-
Payment for acquisition of subsidiary shares		-	(30,770)
Share buyback	4.2	(66,863)	-
Dividends paid to non-controlling interest		(14,688)	(13,836)
Dividends paid to shareholders of the Group	4.3	(119,378)	(93,797)
Net cash flows used in financing activities		(61,749)	(156,675)
Net increase/(decrease) in cash and cash equivalents		20,084	21,522
Cash and cash equivalents at the beginning of the financial period		153,464	171,927
Cash and cash equivalents at the end of the period		173,548	193,449

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

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2022

1. ABOUT THIS REPORT

The financial report includes the consolidated entity consisting of Nine Entertainment Co. Holdings Limited (the Company) and its controlled entities (collectively, the Group) for the half year ended 31 December 2022.

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 consolidated financial report of the Group for the half year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 23 February 2023. The Directors have the power to amend and reissue the financial report.

1.1 Significant events during the period

On the 25th of August 2022, the Group announced an on-market buyback of up to 10 percent of the Group's current issued share capital. This commenced in September 2022 and was ongoing as at 31 December 2022. At 31 December 2022, 33,109,504 shares, equating to 1.9% of total issued share capital, have been purchased for a total cost of $66.9 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 AASB 134 *Interim Financial Reporting*.

The half year report does not include notes of the type normally included in an annual financial report and therefore should be read in conjunction with the 2022 annual report of Nine Entertainment Co. Holdings Limited and its controlled entities and any public announcements made by Nine Entertainment Co. Holdings Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted in the preparation of the half year financial report are consistent with those applied and disclosed in the 2022 annual report.

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 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 period.

Key Judgements and Estimates

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in an outcome that requires a material adjustment to the carrying amount of assets and liabilities in future periods. The Group's material judgements and estimates were disclosed in Note 1 within the Group's 2022 Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

2. GROUP PERFORMANCE

2.1 Segment Information

	Segment revenue[1]		EBITDA before specific items		Depreciation and amortisation		EBIT before specific items	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Broadcasting	715,807	681,702	223,548	243,034	(28,163)	(28,648)	195,385	214,385
Digital and Publishing	299,678	299,639	96,106	94,450	(22,762)	(21,800)	73,345	72,650
Domain Group	186,593	175,320	49,320	60,988	(23,140)	(17,684)	26,180	43,304
Stan	206,380	183,513	17,910	21,940	(6,620)	(7,864)	11,289	14,076
Segment total	**1,408,458**	**1,340,175**	**386,884**	**420,412**	**(80,685)**	**(75,997)**	**306,199**	**344,414**
Corporate	1,730	2,374	(16,232)	(15,122)	-	-	(16,232)	(15,122)
Associates	-	-	(179)	975	-	-	(179)	975
Total Group	**1,410,188**	**1,342,549**	**370,473**	**406,265**	**(80,685)**	**(75,997)**	**289,788**	**330,268**

[1] includes intersegment revenue of $6,850,000 (2021: $9,695,000).

The reportable segments for continuing operations for the period ended 31 December 2022 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.

Reconciliation of total group revenue on the Consolidated Statement of Profit or Loss and Other Comprehensive Income	Notes	31 Dec 2022	31 Dec 2021
		$'000	$'000
Total Group revenue (per above)		1,410,188	1,342,549
Inter-segment eliminations		(6,850)	(9,695)
Total Group revenue		1,403,337	1,332,854
Interest income		2,351	523
Net gain on contingent consideration payable and sale of financial assets	2.4	4,956	929
Revenue per the Consolidated Statement of Profit or Loss and Other Comprehensive Income		1,410,645	1,334,306

Reconciliation of EBIT before specific items to profit after tax	Notes	31 Dec 2022	31 Dec 2021
		$'000	$'000
EBIT before specific items (per above)		289,788	330,268
Interest income		2,351	523
Finance costs	2.3	(21,045)	(13,309)
Income tax expense	5.1	(81,083)	(92,236)
Profit after income tax and before specific items		190,011	225,246
Specific items	2.4	(994)	(16,133)
Income tax benefit/(expense) on specific items	5.1	488	4,052
Net profit after income tax expense		189,505	213,165

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 period (2021: none).

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2022

2. GROUP PERFORMANCE (continued)

2.2 Revenue and other income

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 $'000	Digital and Publishing $'000	Domain Group $'000	Stan $'000	Corporate $'000	Total $'000
Period ended 31 December 2022						
Advertising revenue	653,232	131,676	142,273	-	-	927,181
Subscription revenue	-	109,179	25,567	206,380	-	341,126
Affiliate revenue	41,016	-	-	-	-	41,016
Circulation revenue	-	33,423	-	-	-	33,423
Program Sales	7,062	-	-	-	-	7,062
Other revenue	14,497	25,400	18,753	-	1,730	60,380
Total segment revenue (Note 2.1)[1]	715,807	299,678	186,593	206,380	1,730	1,410,188

[1] Includes intersegment revenue of $6,850,000.

	Broadcasting $'000	Digital and Publishing $'000	Domain Group $'000	Stan $'000	Corporate $'000	Total $'000
Period ended 31 December 2021						
Advertising revenue	624,450	135,329	162,146	-	-	921,924
Subscription revenue	-	106,345	1,009	183,513	-	290,867
Affiliate revenue	37,946	-	-	-	-	37,946
Circulation revenue	-	34,743	-	-	-	34,743
Program Sales	8,396	-	-	-	-	8,396
Other revenue	10,911	23,222	12,165	-	2,374	48,673
Total segment revenue (Note 2.1)[2]	681,702	299,639	175,320	183,513	2,374	1,342,549

[2] Includes intersegment revenue of $9,695,000.

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

2. GROUP PERFORMANCE (continued)

2.3 Expenses

	31 Dec 2022 $'000	31 Dec 2021 $'000
Expenses		
Broadcasting	520,258	467,317
Digital and Publishing	226,333	227,989
Domain Group	164,869	141,443
Stan	195,091	169,437
Other[1]	12,770	14,437
Total expenses	1,119,321	1,020,623
Included in the expenses above are the following:		
Depreciation and amortisation (excluding program rights)	80,685	75,997
Salary and employee benefit expenses	402,080	367,005
Program rights	252,985	211,035
Total depreciation, salary and program rights	735,750	654,037
Finance Costs		
Interest on debt facilities	13,266	5,868
Interest on lease liabilities	7,025	7,168
Amortisation of debt facility establishment costs	754	273
Total finance costs	21,045	13,309

[1] Includes corporate costs and specific items not allocated to segments, offset by intersegment revenue of $6,850,000 (2021: $9,695,000).

2. GROUP PERFORMANCE (continued)

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:

	31 Dec 2022 $'000	31 Dec 2021 $'000
Net gain/(loss) on contingent consideration payable	2,085	(1,141)
Net profit on sale of investments and other assets	2,871	-
Impairment of other assets	-	(2,225)
Restructuring costs	(4,930)	(11,207)
Other	(1,020)	(1,560)
Net specific items expense before tax	(994)	(16,133)
Income tax benefit on specific items	488	4,052
Net specific items expense after tax	(506)	(12,081)

Net gain/(loss) on contingent consideration payable

Remeasurement gain of $2.1 million relates to the release of the Commercialview Pty Ltd tranche 3B contingent consideration payable and remeasurement of the Insight Data Solutions Holdings Pty Ltd contingent consideration payable.

In the half year ended 31 December 2021, a net loss of $1.1 million related to the buy-out of the Drive (formerly 'CarAdvice') minority shareholders put option liability of $1.0 million, as well as a $0.1 million loss for the final settlement of the contingent consideration for the acquisition of Bidtracker Holdings Pty Ltd.

Net profit on sale of investments and other assets

A net profit on sale of investments and assets held for sale of $2.9 million, consisting of:

- $1.6 million gain on disposal of land and property in Tamworth; and
- $1.3 million profit on divestment of the Rate City Pty Ltd associate investment.

Impairment of other assets

In the half year ended 31 December 2021, an impairment of Domain Group assets totalling $2.4 million was recognised related to the early exit of leased office space; offset by $0.2 million reversal of previous debtor write offs.

Restructuring costs

Restructuring costs include:

- $3.3 million related to the implementation of new pricing models and the development of the new organisational structure at Domain Group; and
- $1.6 million related to the implementation of new financial systems. This expense, in large part, would have been capitalised before the 30 June 2021 accounting policy change related to configuration or customisation costs in a cloud computing arrangement.

In the half year ended 31 December 2021, $11.9 million was recognised in relation to the implementation of new financial systems, including $5.3 million in Domain Group. This was offset by a $0.7m gain on debt modification resulting from an amendment to the Domain Group syndicated loan facility agreement.

Other

The Group has incurred $1.0 million of other costs primarily consisting of legal and advisory fees related to acquisition activity during the period. In the half year ended 31 December 2021, the Group incurred $1.6 million of legal and advisory fees and other costs related to acquisitions.

2. GROUP PERFORMANCE (continued)

2.5 Earnings per share

	31 Dec 2022	31 Dec 2021
Basic and diluted earnings per share before specific items[1]	$0.11	$0.12
Basic and diluted earnings per share after specific items	$0.11	$0.12
Profit attributable to the ordinary equity holders of the parent used in calculating the basic and diluted earnings per share ($'000) from continuing and discontinued operations	183,100	203,518
Weighted average number of ordinary shares used as denominator for basic earnings per share ('000)	1,692,344	1,704,442
Effect of dilution:		
Unissued Rights Plan shares under the performance rights plan (Note 4.4) ('000)	7,004	5,427
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	1,699,348	1,709,869

[1] Diluted earnings per share assumes that the executive long term incentive plan (Refer Note 4.4) is satisfied by issuing new shares.The Company'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.

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2022

3. OPERATING ASSETS AND LIABILITIES

3.1 Intangible assets

	Goodwill	Licences	Mastheads and Brand Names[3]	Customer relationships	Software[1]	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Half year ended 31 December 2022						
At 1 July 2022, net of accumulated amortisation and impairment	1,149,027	598,471	562,460	112,222	90,105	2,512,285
Acquisition through business combinations[2]	(71,500)	-	14,466	43,344	31,575	17,885
Purchases	-	-	193	-	35,546	35,739
Disposals	-	-	-	-	(153)	(153)
Impairment	(566)	-	-	-	(66)	(632)
Amortisation expense	-	-	(830)	(12,772)	(29,782)	(43,384)
At 31 December 2022, net of accumulated amortisation and impairment	1,076,961	598,471	576,289	142,794	127,225	2,521,740
Year ended 30 June 2022						
At 1 July 2021, net of accumulated amortisation and impairment	888,949	598,471	562,739	134,371	81,911	2,266,441
Acquisition through business combinations (Note 6.1)	260,078		185	-	3,504	263,767
Purchases	-	-	-	-	55,987	55,987
Disposals	-	-	-	-	(73)	(73)
Amortisation expense	-	-	(464)	(22,149)	(51,224)	(73,837)
At 30 June 2022, net of accumulated amortisation and impairment	1,149,027	598,471	562,460	112,222	90,105	2,512,285

[1] Capitalised development costs of software being, in part, an internally generated intangible asset.

[2] Adjustment to recognise intangible assets identified as part of the purchase price allocation exercise completed during the period. Refer to Note 6.1 for details.

[3] 31 December 2022 balance consists of $13.8 million of amortising assets and $562.5 million of non-amortising assets.

At 31 December 2022, net of accumulated amortisation and impairment

Cost (gross carrying amount)	2,586,778	651,745	1,682,265	254,747	345,074	5,520,609
Accumulated amortisation and impairment	(1,509,817)	(53,274)	(1,105,976)	(111,953)	(217,849)	(2,998,869)
Net carrying amount	1,076,961	598,471	576,289	142,794	127,225	2,521,740

At 30 June 2022, net of accumulated amortisation and impairment

Cost (gross carrying amount)	2,658,278	651,745	1,667,606	211,403	278,106	5,467,139
Accumulated amortisation and impairment	(1,509,251)	(53,274)	(1,105,146)	(99,181)	(188,000)	(2,954,853)
Net carrying amount	1,149,027	598,471	562,460	112,222	90,105	2,512,285

3. OPERATING ASSETS AND LIABILITIES (continued)

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

The Group has allocated goodwill, licences, mastheads and brand names to the following cash generating units ("CGUs"):

	Goodwill	Licences	Mastheads and Brand Names
	$'000	$'000	$'000
At 31 December 2022			
Total TV	-	457,884	-
NBN	3,300	11,000	-
Stan	315,302		71,452
Domain	632,331	-	406,595
Metropolitan Media	105,052	-	84,413
Nine Radio	-	129,587	-
Other[1]	20,976		-
Total licences and goodwill as at 31 December 2022	1,076,961	598,471	562,460
At 30 June 2022			
Total TV	-	457,884	-
NBN	3,300	11,000	-
Stan	315,302	-	71,452
Domain	704,397	-	406,595
Metropolitan Media	105,052	-	84,413
Nine Radio	-	129,587	-
Other[1]	20,976	-	-
Total licences and goodwill as at 30 June 2022	1,149,027	598,471	562,460

[1] Other goodwill is made up of Nine.com.au $6.7 million (June 2022: $6.7 million) and PedestrianTV $14.3 million (June 2022: $14.3 million).

3.1(b) Determination of recoverable amount

The Group determined Total TV, 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.

At 31 December 2022, a review was performed for indicators of impairment in order to determine whether a formal impairment assessment was required.

The Directors have determined that there are no impairment indicators as at 31 December 2022. In reviewing for such indicators, the Group assessed internal and external factors which could impact any of the key assumptions used in determining CGU recoverable value in 30 June 2022 impairment modelling. This assessment included growth rates, discount rates and a comparison of actual performance during the period to forecasted cash flow projections utilised. The cash flow projections which are used in determining any impairment require the Group to make significant judgements and estimates. Key assumptions in preparing the cash flow projections for each CGU are set out in the 2022 annual financial report.

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2022

3. OPERATING ASSETS AND LIABILITIES (continued)

3.2 Trade and other payables

	31 Dec 2022 $'000	30 June 2022 $'000
Current - unsecured		
Trade and other payables	230,767	266,359
Program contract payables	163,592	163,693
Deferred income	77,281	76,952
Contingent consideration (Note 6.1)	21,849	23,101
Total current trade and other payables	493,489	530,105
Non-current - unsecured		
Program contract payables	102,191	111,034
Deferred income	3,211	4,476
Contingent consideration (Note 6.1)	9,868	10,701
Total non-current trade and other payables	115,270	126,211

3.3 Provisions

	Employee entitlements $'000	Onerous contracts $'000	Other[1] $'000	Total $'000
At 1 July 2022	149,805	17,572	69,796	237,173
Amounts provided/(utilised) during the period	(14,004)	(1,152)	(480)	(15,636)
At 31 December 2022	**135,801**	**16,420**	**69,316**	**221,537**
Represented by:				
Current	122,247	16,420	66,916	205,583
Non-current	13,554	-	2,400	15,954
At 31 December 2022	**135,801**	**16,420**	**69,316**	**221,537**

[1] Included in other provisions are defamation provisions $31.8 million, content and royalties provisions $30.6 million, provisions for property $3.5 million, disposal related provisions $2.4 million and provisions for restructuring $1.0 million. (30 June 2022: Defamation provisions $32.5 million, content and royalties provisions $28.6 million, provisions for property $4.6 million, disposal related provisions $2.7 million and provisions for restructuring $1.4 million).

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2022

3. OPERATING ASSETS AND LIABILITIES (continued)

3.4 Commitments

	<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000
Year ended 31 Dec 2022				
Capital expenditure	2,461	-	-	2,461
Lease commitments - Group as lessee	16,428	51,630	37,224	105,282
Lease commitments - Group as lessor[1]	(5,876)	(2,706)	-	(8,582)
Television and Subscription Video on Demand program and sporting broadcast rights	339,679	968,882	124,090	1,432,651
Total Commitments	**352,692**	**1,017,806**	**161,314**	**1,531,812**

	<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000
Year ended 30 June 2022				
Capital expenditure	3,632	-	-	3,632
Lease commitments - Group as lessee	16,748	47,089	34,161	97,998
Lease commitments - Group as lessor[1]	(8,445)	(5,354)	-	(13,799)
Television and Subscription Video on Demand program and sporting broadcast rights	343,597	789,151	53,872	1,186,620
Total Commitments	**355,532**	**830,886**	**88,033**	**1,274,451**

[1] The Group has commercial subleases on office premises and amounts disclosed above represent the future minimum rentals receivable under non-cancellable operating leases.

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.

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

4. CAPITAL STRUCTURE AND MANAGEMENT

4.1 Financial Liabilities

	31 Dec 2022 $'000	30 June 2022 $'000
Current		
Lease liabilities	35,054	35,360
Bank facilities unsecured	99,350	79,772
Total current financial liabilities	134,404	115,132
Non-current		
Lease liabilities	334,669	347,380
Bank facilities unsecured	538,017	398,135
Total non-current financial liabilities	872,686	745,515

100% Owned Facilities

In December 2022, the Group refinanced its debt facilities for its wholly owned subsidiaries, entering into a new $750 million (30 June 2022: $625 million) syndicated bank facility which is comprised of a $100 million working capital facility expiring in December 2023, a $225 million revolving facility expiring in December 2025, a $225 million revolving facility expiring in December 2026, and a $200 million facility expiring in Dec 2027. The debt refinance was determined to be a substantial modification under *AASB 9 Finance Instruments* and as such all remaining capitalised borrowings costs related to the old facility, totalling $0.5 million, were expensed during the period. At 31 December 2022, $436 million (30 June 2022: $260 million) of the syndicated facilities was drawn.

A $33.3 million bank guarantee facility is also available to the Group's 100% owned subsidiaries on a rolling annual basis. As of 31 December 2022, $26.6 million was drawn (30 June 2022: $28.6 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 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 during the period ended 31 December 2022.

Domain

Domain Group is party to a $350 million syndicated bank facility which is available to a controlled entity, Domain Holdings Australia Limited. This facility consists of tranches maturing in December 2025 ($210 million) and December 2026 ($140 million).

The interest rate for drawings under this facility is the applicable bank bill rate plus a credit margin. At 31 December 2022, $205 million (30 June 2022: $220 million) was drawn on this facility.

A $5.0 million bank guarantee facility is also available to Domain on a rolling annual basis. As of 31 December 2022, $3.0 million was drawn (30 June 2022: $3.0m).

Domain is subject to certain customary financial covenants measured on a six monthly basis. Domain has been in compliance with its financial covenant requirements during the period ended 31 December 2022.

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2022

4. CAPITAL STRUCTURE AND MANAGEMENT (continued)

4.2 Share capital

	31 Dec 2022 $'000	30 June 2022 $'000
Issued share capital		
Ordinary shares authorised and fully paid	2,045,790	2,111,752
Movements in issued share capital - ordinary shares		
Carrying amount at the beginning of the financial period	2,111,752	2,122,146
Purchase of rights plan shares	-	(12,114)
Share buyback	(66,863)	-
Vesting of Rights Plan shares (Note 4.4)	901	1,720
Carrying amount at the end of the financial period	2,045,790	2,111,752

	31 Dec 2022 No. of shares	30 June 2022 No. of shares
Balance at beginning of the financial period	1,705,393,253	1,705,393,253
Share buyback	(33,109,504)	-
Balance at the end of the financial period	1,672,283,749	1,705,393,253

At 31 December 2022, a trust controlled by the Company held 4,099,079 (30 June 2022: 5,209,131) ordinary fully paid shares in the Company. During the period, no shares (30 June 2022: 4,561,562) were acquired by the Trust. Shares are held 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.

4.3 Dividends paid and proposed

	31 Dec 2022 $'000	31 Dec 2021 $'000
Dividends paid in the period		
Dividend of 7 cents per share fully franked (2021: 5.5 cents)	119,378	93,797
Dividends not recognised at 31 December 2022		
Since 31 December 2022, the Directors have announced a fully franked interim dividend for the year ending 30 June 2023 of 6 cents per fully paid ordinary share (2022: 7 cents)	100,337	119,378

4. CAPITAL STRUCTURE AND MANAGEMENT (continued)

4.4 Share based payments

Under the executive long-term incentive plan for Nine Entertainment Co. Holdings Limited ("parent entity"), performance rights ("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 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 of the 2022 Annual Report. In addition, there are long-term incentive plans in Domain Group.

The total expense recognised for share based payments during the financial period for the Group was $4,773,758 (2021: $7,644,167), of which $2,514,546 (2021: $6,645,985) relates to Domain Group.

Movement during the period

The following table sets out the number of Rights outstanding as at 31 December:

	31 Dec 2022 Number	30 June 2022 Number
Outstanding at 1 July	6,156,372	6,614,132
Granted during the period	2,822,561	2,328,964
Forfeited during the period[1]	-	(824,789)
Exercised during the period	(1,024,799)	(490,475)
Lapsed during the period	(933,610)	(1,471,460)
Outstanding at period end [2]	7,020,524	6,156,372

[1] These Rights were forfeited by executives that left during the period.

[2] This includes 450,797 (30 June 2022: 1,291,006) 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. 2,167,293 (30 June 2022: 2,102,264) of the performance rights have been issued with approval under ASX Listing Rule 10.14.

During the period ended 31 December 2022, the Group awarded 581,329 shares (2021: 517,083) to senior management as part payment of their short-term incentives for the year ended 30 June 2022. An expense of $1,230,682 was recognised in respect of these incentives in the prior period (2021: $1,517,477).

4. CAPITAL STRUCTURE AND MANAGEMENT (continued)

4.5 Financial instruments

Carrying Value and Fair Values of Financial Instruments

The carrying value of a financial instrument 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 amounts of financial instruments in the Statement of Financial Position approximate their fair value.

The Group uses various methods in estimating the fair value of a financial instrument. 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 counterparties and foreign exchange spot rates, forward rates and listed share prices. Fair values of the Group's interest-bearing borrowings and loans 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.

Fair values hierarchy has been determined as follows for financial assets and financial liabilities of the Group at 31 December 2022.

Level 1: Investment in listed equities

Level 2: Forward foreign exchange contracts, interest rate swaps and financial liabilities

Level 3: Acquisition contingent consideration and CGU recoverable amount for Domain.

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

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2022

5. Taxation

5.1 Income tax expense

	31 Dec 2022 $'000	31 Dec 2021 $'000
Current tax expense	80,715	69,853
Deferred tax (benefit)/expense relating to the origination and reversal of temporary differences	(120)	18,331
Income tax expense	80,595	88,184
Reconciliation of tax expense to prima facie tax payable		
Profit before income tax	270,100	301,349
Prima facie income tax expense/(benefit) at the Australian rate of 30%	81,030	90,405
Tax effect of:		
Share of associates' net loss/(profit)	83	(293)
Difference between tax and accounting adjustments from acquisition and disposal of investments	(1,237)	-
Adjustments in respect of current income tax of previous years	1,495	(1,251)
Research and development tax offset	(1,677)	(1,500)
Other items - net	901	823
Income tax expense[1]	80,595	88,184

[1] The income tax expense comprises an expense of $81,083,000 (2021: $92,236,000) on profit before specific items and a tax credit of $488,000 (2021: $4,052,000) on specific items.

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	
	31 Dec 2022 $'000	30 June 2022 $'000	31 Dec 2022 $'000	31 Dec 2021 $'000
Employee benefits provision	37,236	37,178	58	(911)
Other provisions and accruals	50,024	43,510	6,514	(12,025)
Property, plant and equipment	10,667	10,184	483	5,784
Intangible assets	(395,266)	(381,946)	(13,320)	4,321
Tax losses	9,540	24,792	(15,252)	(11,886)
Business related costs deductible over five years	14,899	15,507	(608)	(2,394)
Accelerated depreciation - program stock	(50,220)	(47,000)	(3,220)	435
Leases AASB16	39,038	32,246	6,792	(491)
Other	(1,696)	(2,335)	639	(196)
Net deferred income tax liabilities	(285,778)	(267,864)	(17,914)[1]	(17,362)

[1] Consists of $18,653,000 of deferred tax liability recognised through goodwill related to the acquisitions of Insight Data Solutions Group and RealBase Group (refer to Note 6.1), offset by $619,000 of deferred tax benefit through equity reserves and $120,000 of deferred tax benefit to the Consolidated Statement of Profit or Loss.

6. Other

6.1 Business combinations and acquisition of non-controlling interests

The Domain Group gained control of the following entities during the year ended 30 June 2022:

Entity acquired	Principal activity	Date of acquisition	Ownership interest as at 31 Dec 2022
Insight Data Solutions and its subsidiaries (IDS Group)	Land and property valuation and insights and analytics services in the Government sector	15 October 2021	100%
Realbase Pty Ltd and its subsidiaries (Realbase Group)	Campaign management technology platform in Australia and New Zealand, providing services to real estate agents on all property transactions	29 April 2022	100%

Assets acquired and liabilities assumed

During the period ended 31 December 2022, the purchase price allocation for both acquisitions has been undertaken resulting in changes to the amounts disclosed on a provisional basis in the Group's annual consolidated financial statements as at 30 June 2022. Changes to the amounts disclosed for Realbase Group remain provisional, with their measurement to be finalised within one year from the date of acquisition.

	IDS Group $'000	Realbase $'000
Cash	622	1,937
Trade and other receivables	37	5,113
Total current assets	**659**	**7,050**
Right-of-use asset	-	1,588
Intangible assets	39,870	53,203
Property, plant and equipment	21	244
Leasehold improvements	-	109
Deferred tax assets	1,847	2,296
Total non-current assets	**41,738**	**57,440**
Total assets	**42,397**	**64,490**
Trade and other payables	5,980	10,700
Current tax liabilities	-	966
Provisions	496	1,016
Lease liabilities	-	281
Total current liabilities	**6,476**	**12,963**
Provisions	-	225
Lease liabilities	-	1,370
Deferred tax liabilities	8,037	14,273
Total non-current liabilities	**8,037**	**15,868**
Total liabilities	**14,513**	**28,831**
Total identifiable net assets at fair value	**27,884**	**35,659**
Goodwill arising on acquisition	51,361	137,217
Total identifiable net assets and goodwill attributable to the Domain Group	**79,245**	**172,876**

6. Other (continued)

6.1 Business combinations and acquisition of non-controlling interests (continued)

Purchase consideration	IDS Group $'000	Realbase $'000
Cash paid	54,720	172,876
Contingent consideration	24,525	-
Total purchase consideration	**79,245**	**172,876**

Net cash outflow on acquisition	IDS Group $'000	Realbase $'000
Cash paid	(54,720)	(172,876)
Cash acquired	622	1,937
Total purchase consideration	**(54,098)**	**(170,939)**

Acquisition of Insight Data Solutions Group

On 15 October 2021, Property Data Solutions (2) Pty Limited (PDS 2), a wholly-owned subsidiary of the Domain Group, acquired 100% of the share capital in Insight Data Solutions Holdings Pty Ltd and its subsidiaries. The acquisition marks another step forward in executing on the Group's Marketplace strategy to expand its addressable market beyond agents and consumers to financial institutions and government. The acquisition of the IDS Group establishes Domain as a market leading provider of land and property valuation, insights and analytics services into the government sector, and significantly expands the size of the Property Data Solutions pillar of Domain's Marketplace strategy.

The consideration of the acquisition comprises an upfront cash payment and multiple tranches of additional cash payments that are contingent on the future financial and commercial performance of the IDS Group, relating to securing and delivering services under new customer contracts over the performance period ending in June 2027. The first tranche cash payment of $54.7 million was settled on 15 October 2021. Other tranches are due to be settled during the performance period between completion and June 2027.

The on target and maximum consideration for the transaction, including the undiscounted contingent consideration, is $134.7 and $153.7 million respectively. The range of potential outcomes, undiscounted, is $54.7 million to $153.7 million. The expectation at acquisition is that it will be cash settled, however, the purchase agreement allows for this consideration to be settled in cash or equity at Domain Group's discretion.

As at the acquisition date, the discounted fair value of the contingent consideration was estimated to be $24.5 million. The fair value of the contingent consideration determined at the date of acquisition reflects the probabilities of securing certain new government contracts and achieving budgeted financial targets. Subsequent to the acquisition date, these assumptions have been revised as a result of change in facts and circumstances, resulting in the remeasurement of the contingent consideration.

The contingent consideration is recognised as a financial liability on the balance sheet and is measured at fair value through the Statement of Profit or Loss and Other Comprehensive Income. The contingent consideration is accounted for in accordance with *AASB 9 Financial Instruments* and disclosed as a financial liability (contingent consideration) as the amount to be paid is variable, based upon the post-acquisition financial and commercial performance of the IDS Group.

After reporting a provisional balance sheet at 30 June 2022, Domain has completed the purchase price allocation during the period. This resulted in a reduction of goodwill from $82.4 million to $51.4 million, with the recognition of $23.7 million in software, $11.1 million in customer relationships and $1.7 million in brand names offset by $5.5 million in deferred tax liabilities recognised and other balance sheet adjustments. Amortisation has been recognised in respect of amortising intangibles since acquisition. Goodwill recognised comprises expected synergies arising from the acquisition and none of the goodwill recognised is expected to be deductible for income tax purposes. The Group has now finalised determining the fair value of assets and liabilities acquired in respect of IDS Group.

6. Other (continued)

6.1 Business combinations and acquisition of non-controlling interests (continued)

Acquisition of Realbase Group

On 29 April 2022, Australian Property Monitors Pty Ltd, a wholly-owned subsidiary of the Domain Group, acquired 100% of the share capital in Realbase Pty Ltd and its subsidiaries (Realbase Group). The acquisition marks another step forward in the evolution of the Domain's Marketplace strategy. The acquisition of the Realbase Group is highly strategic, meaningfully accelerating the scale and impact of Domain's Agent Solutions business unit, with complementary offerings that create a holistic end-to-end solution for real estate agents.

The consideration of the acquisition comprises an upfront cash payment and multiple tranches that are contingent upon Realbase Group achieving stretch financial performance targets based on a mix of revenue and EBITDA metrics over a three-year period from financial years ending 31 December 2024 to 31 December 2026. As at the acquisition date and 31 December 2022, Management determined the fair value of the contingent consideration to be nil based on forecast projections of the business.

The first tranche cash payment of $173.9 million was settled on 29 April 2022. Subsequently, the completion statement was finalised resulting in a purchase price reduction amount of $1.0 million. The on-target and maximum consideration for the transaction is $197.9 million and $222.9 million respectively. The range of potential outcomes, undiscounted, is $172.9 million to $222.9 million. The expectation at acquisition is that it will be cash settled, however, the purchase agreement allows for this consideration to be settled in cash and/or equity at Domain Group's discretion.

The contingent consideration is recognised as a financial liability on the balance sheet and is measured at fair value through the profit or loss and other comprehensive income. The contingent consideration is accounted for in accordance with *AASB 9 Financial Instruments* and disclosed as a financial liability as the amount to be paid is variable, based upon the post-acquisition financial and commercial performance of the Realbase Group.

After reporting a provisional balance sheet at 30 June 2022, Domain has undertaken a purchase price allocation during the period. This resulted in a reduction of goodwill from $177.7 million to $137.2 million, with the recognition of $32.2 million in customer relationships, $12.8 million in mastheads and $7.9 million in software, offset by $13.7 million in deferred tax liabilities recognised and a $1.3 million adjustment to purchase consideration and net assets acquired. Amortisation has been recognised in respect of amortising intangibles since acquisition. Goodwill recognised comprises expected synergies arising from the acquisition and none of the goodwill recognised is expected to be deductible for income tax purposes.

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. Whilst a purchase price allocation exercise has been performed, the balance sheet presented for the Realbase Group is provisional given that the measurement period ends one year from the date of acquisition.

Disposals

There were no disposals for the half-year ended 31 December 2022 (31 December 2021: none)

6. Other (continued)

6.1 Business combinations and acquisition of non-controlling interests (continued)

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 by the parent 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.

Significant judgements, estimates and assumptions

Contingent consideration is valued at fair value on the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is remeasured to fair value at each reporting date with revaluations recognised within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The determination of the fair value is based on discounted cashflows. The key assumptions include the probability and timing of meeting commercial and financial performance targets and the discount factor. Management uses their best estimates of future cashflows and other key assumptions to determine the appropriate fair value of contingent consideration on acquisition and at each subsequent reporting period. Where appropriate, Management obtained external expert advice for these key assumptions and continues to seek further advice (where applicable) on these throughout the measurement period. Given the fair value measurement was performed using significant non-observable inputs, the fair value was classified as a Level 3 measurement. The contingent consideration is classified as an 'other payable' and is disclosed as part of 'Trade and other payables' on the Consolidated Statement of Financial Position.

IDS Group

Management remeasured the contingent consideration at reporting date based on its best estimates of key assumptions and future developments in the business performance of the IDS Group. As a result, the contingent consideration was remeasured from $32.3 million to $31.5 million discounted (from $36.7 million to $34.9 million undiscounted), with the resulting gain being recorded in the profit or loss and disclosed as a specific item (refer to Note 2.4). At each reporting period, Management will continue to remeasure the contingent consideration based on the IDS Group securing and delivering specified government contracts over the earn out period ending in December 2027. The maximum potential contingent consideration to be paid is $99.0 million.

Realbase Group

At both acquisition and reporting date, Management determined the fair value of the contingent consideration to be nil based on forecast projections of the business. At each reporting period, Management will remeasure the contingent consideration based on the latest forecast financial performance of the business.

6. Other (continued)

6.2 Events after the balance sheet date

In the time between 31 December 2022 and the date of this report, the Group announced it had reached an agreement with the International Olympic Committee for the 2024 to 2032 Olympic Games and Olympic Winter Games, giving Nine exclusive rights for all audio-visual platforms, including free to air television, free streaming and all pay television rights including subscription streaming, exclusive audio rights for linear broadcast and non-exclusive rights for audio streaming. The cost to the Group over the rights period includes $305 million in cash payments and a further $10 million of contra advertising. 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.

6.3 Contingent liabilities and related matters

The consolidated entity has made certain guarantees regarding contractual leases, performance and other commitments of $29,564,337 (2022: $30,345,559). 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, including defamation claims, 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. 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.

Directors' Declaration

In accordance with the resolution of the Directors of Nine Entertainment Co. Holdings Limited, in the opinion of the Directors:

1. the consolidated financial statements and notes that are set out on pages 5 to 28 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 31 December 2022 and of its performance for the financial period ended on that date; and

    ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Peter Costello
Chairman

Mike Sneesby
Chief Executive Officer and Director

Sydney, 23 February 2023

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

Conclusion

We have reviewed the accompanying half year 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 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half year financial report

The directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Christopher George
Partner
Sydney
23 February 2023