APPENDIX 4E

Tabcorp

Results for announcement to the market

Preliminary final report for the year ended 30 June 2020
Tabcorp Holdings Limited (ABN 66 063 780 709)

Results	$m	% change increase/(decrease)
Revenue from ordinary activities	5,224	(5%)
Profit/(loss) from ordinary activities after tax before goodwill impairment	220	(39%)
Profit/(loss) from ordinary activities after tax attributable to members	(870)	(>100%)
Net profit/(loss) for the period attributable to members	(870)	(>100%)

Dividend	Record date	Payment date	Amount per share	Franked amount per share
Final dividend [(i)]	n/a	n/a	-	-
Interim dividend	25 February 2020	18 March 2020	11.0 ¢	11.0 ¢
Total dividend per share (interim plus final)			11.0 ¢	11.0 ¢

Net tangible asset backing [(ii)]	30 June 2020 $	30 June 2019 $
Net tangible asset backing per ordinary share	(2.09)	(2.11)
Net tangible asset backing per ordinary share including licences	(1.04)	(0.99)

(i) The Tabcorp Board resolved not to pay a final dividend in respect of the year ended 30 June 2020, as per the Australian Securities Exchange (ASX) announcement dated 19 May 2020.

(ii) Net tangible assets includes liabilities in relation to leasing and the corresponding right-of-use assets.

Supplementary information

The previous corresponding period is the year ended 30 June 2019.

The Group adopted AASB 16 Leases during the year ended 30 June 2020 using the 'full retrospective' approach and the results and net tangible assets backing for the previous corresponding year have been restated accordingly.

For additional Appendix 4E disclosures, refer to the Annual Report 2020 and the Media Release lodged with the ASX on 19 August 2020.

This Appendix 4E should be read in conjunction with the Directors' Report and the audited Financial Report for the year ended 30 June 2020.

Tabcorp

ANNUAL REPORT
2020

EXCITEMENT

INTEGRITY

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About the Annual Report

Tabcorp Holdings Limited (Company or Tabcorp) publishes its Annual Report as a single document and on the day it releases its full year results, which provides information to stakeholders in a timely and efficient manner. This Annual Report relates to the operations of Tabcorp and the consolidated entity comprising Tabcorp and its subsidiaries (Group or Tabcorp Group) and the Group's interests in joint arrangements and associates in respect of the financial year ended 30 June 2020 (FY20). A copy of the Annual Report is available, free of charge, on request. Current and past Annual Reports are available from the Company's website at **www.tabcorp.com.au**.

Elect not to receive a hard copy

Shareholders can elect not to receive a hard copy Annual Report by updating their communications preferences with the share registry – go online at **linkmarketservices.com.au** or call 1300 665 661.

Notice of meeting

The Annual General Meeting of Tabcorp Holdings Limited will commence at 10.00am (AEDT) on Tuesday, 20 October 2020.

Corporate Governance Statement

Tabcorp's 2020 Corporate Governance Statement is available from the Company's website at **www.tabcorp.com.au**.

ABOUT TABCORP

- The Tabcorp Group is a world-class diversified gambling entertainment group.
- We operate three market leading businesses:
  - Lotteries and Keno
  - Wagering and Media
  - Gaming Services
- We manage iconic Australian brands which ignite passion and excitement in millions of Australians.
- Our goal is to build a sustainable future for gambling entertainment while making a positive impact for our stakeholders and community.
- Each year our operations return billions of dollars to the Australian community, the racing industry and venue partners including newsagents, hotels, clubs and TAB agents.
- We are an Australian based company with supporting operations in the Isle of Man (a wagering pooling hub) and in Las Vegas, USA (a vision distribution hub).

$5.2 billion	**$6.0 billion**	**$4.5 billion**	**3.7 million+**	**9,000+**	**5,000+**
Revenues	Net assets	Benefits to stakeholders	Active registered customers	Venues, the largest Australian retail footprint	Employees

(i) For FY20 or as at 30 June 2020, as applicable.

Tabcorp's brands are trusted by millions of Australians to provide moments of excitement every day. We act with integrity and are committed to creating value for our stakeholders in a responsible and sustainable manner. We do this by delivering on our strategic pillars, modelling our values in our behaviours, and leveraging our strong foundations.

OUR VISION

THE TRUSTED GAMBLING ENTERTAINMENT COMPANY

OUR PURPOSE

EXCITEMENT WITH INTEGRITY

OUR STRATEGIC PILLARS

- CUSTOMER LED
- SUPERB EXPERIENCES
- BRILLIANT EXECUTION
- COLLABORATIVE PARTNERSHIPS

OUR VALUES

- Do it as one team
- Do the right thing
- Explore what's possible
- Create awesome moments
- Make a difference

OUR FOUNDATIONS

- OUTSTANDING PEOPLE AND TEAMS
- COMMITMENT TO COMMUNITY AND INTEGRITY
- LEADING TECHNOLOGY AND INNOVATION

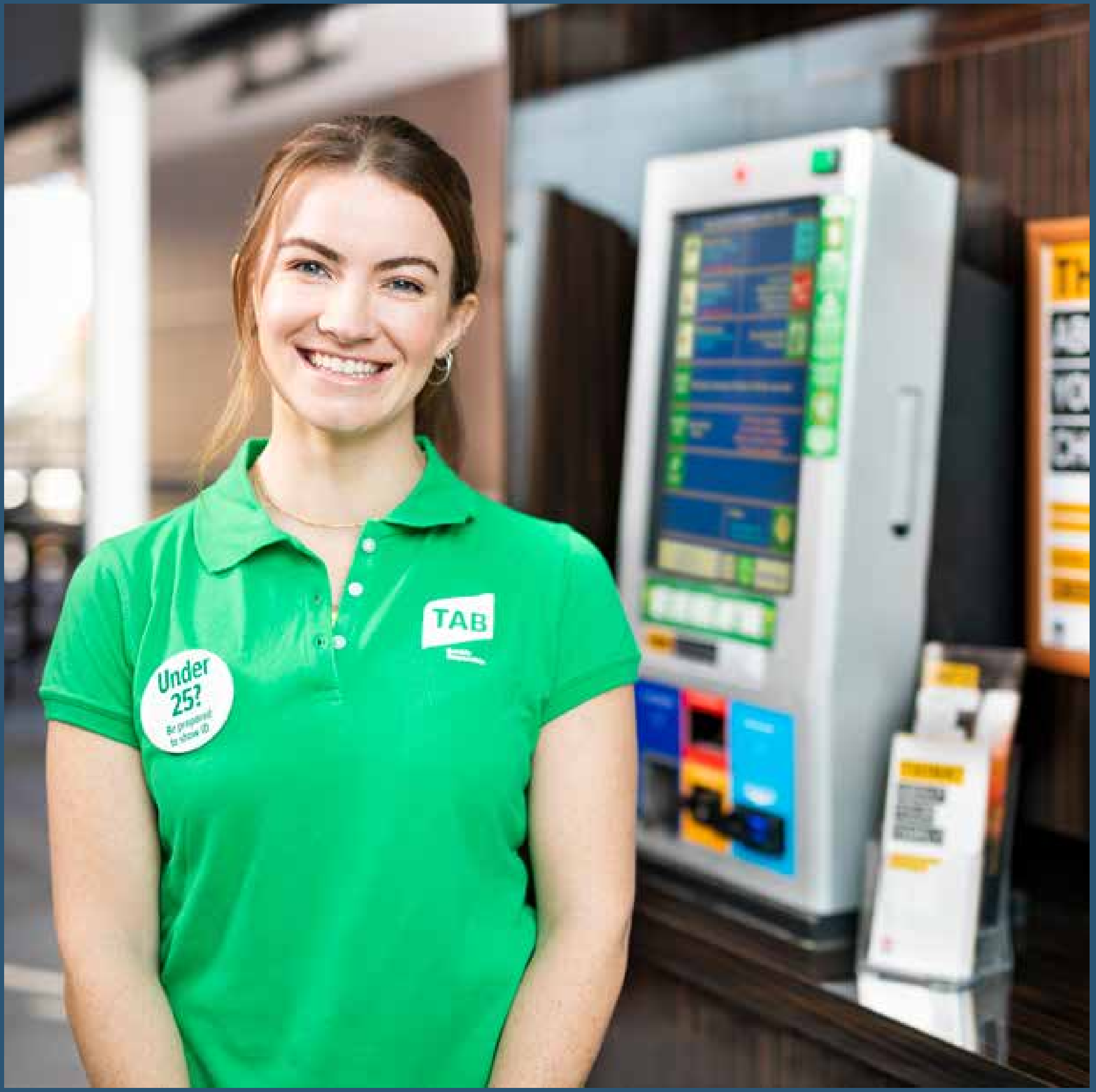
Delivering our vision and purpose in a sustainable manner

We support our people to model our values and deliver ***Excitement with Integrity*** to our customers.

We work collaboratively with all our stakeholders to achieve success in a responsible and enjoyable manner.

We also face challenges together, and through this year's bushfires and COVID-19 pandemic we stood side-by-side with our stakeholders to share the burden and navigate the way forward.

Through the strength of our business model and our enduring stakeholder partnerships we aim to emerge from COVID-19 stronger, together.



CHAIRMAN'S MESSAGE

"Tabcorp is well on the way to setting the standard for responsibility in the gambling sector and today, our Company is the trusted choice for customers, industry partners and government."

Paula Dwyer
Chairman

The 2020 financial year is defined by the worldwide onset of COVID-19, the pandemic that upended our way of life and had a significant impact on all enterprises, including Tabcorp.

From the outset, Tabcorp's priority has been ensuring the safety and wellbeing of our people and supporting our business partners and the community generally.

Our teams adapted to new ways of working quickly and professionally and I would like to acknowledge their efforts to maintain operations so that Australians could continue to play the lottery games they love or watch and bet on racing or their favourite sport.

Our business partners, including the racing industry bodies and major sporting codes across Australia, also deserve credit for proving their ability to operate in a COVIDSafe way.

Performance in review

Tabcorp delivered a net profit after tax and before significant items of $271m in FY20. After significant items, which included $1.09 billion in non-cash goodwill impairment charges relating to the Wagering and Media and Gaming Services businesses, Tabcorp recorded a statutory net loss after tax of $870m.

Our Lotteries and Keno business, which accounts for more than half the Group's revenues and almost 75% of EBIT, largely traded unaffected and delivered another strong result in FY20. However, our Gaming Services, Wagering and Media, and Keno operations were substantially impacted by mandated COVID-19 related retail closures between March and June 2020.

The Group sought to mitigate the financial and earnings impacts of COVID-19 on our businesses through a range of actions including securing our financial liquidity facilities, reductions in operating and capital expenditure, and amending various commercial arrangements.

In May and June, we secured agreement from bank lenders under our Syndicated Facility Agreement and US Private Placement noteholders for waivers and adjustments of leverage and interest cover covenants in relation to the next two testing dates (being 30 June 2020 and 31 December 2020). We acknowledge our syndicate banks and US noteholders for their support of Tabcorp during this challenging period.

As part of securing this relief from our covenants, the Board resolved not to pay a final dividend for FY20 in order to preserve the Group's liquidity in this challenging and uncertain period. An interim dividend of 11 cents per share, fully franked, was paid to shareholders in March 2020.

Notwithstanding the significant disruption from COVID-19, our businesses generated more than $2 billion in taxes and levies to state and territory governments. This, together with our employment of approximately 5,000 team members and the strength of approximately our relationships with our industry partners, once again underscores the important role Tabcorp plays in our community well beyond delivering gambling entertainment experiences to millions of Australians.

Board changes

During the year Tabcorp announced the appointment of two new Directors, Anne Brennan and David Gallop as part of the planned Board succession process. After initially serving as observers, Ms Brennan and Mr Gallop were formally appointed to the Board in July 2020 following the receipt of regulatory and ministerial approvals.

Ms Brennan and Mr Gallop bring complementary skills to the Tabcorp Board and we welcome their contribution.

In February, Ziggy Switkowski retired as a Director. Dr Switkowski has been a valued contributor to Tabcorp, and we wish him well in retirement.

Vickki McFadden has also advised of her intention to retire from the Tabcorp Board at the 2020 Annual General Meeting. Since joining the Board in 2017, Ms McFadden has served as Chairman of the Audit Committee. She will be succeeded in that role by Ms Brennan. We thank Ms McFadden for her contribution.

Chairman and Managing Director succession

With the integration of Tabcorp and Tatts now largely complete, and as flagged last year, I will retire from the Board at the end of 2020. Last month we announced that Steven Gregg will succeed me as Chairman. Mr Gregg has served as a Director of Tabcorp since 2012. He has deep commercial experience across a range of industries and knows Tabcorp well. He is currently Chairman of the People and Remuneration Committee and his appointment ensures continuity of leadership and an orderly transition.

The Company also announced that David Attenborough has advised of his intention to retire as our Managing Director and Chief Executive Officer in the first half of calendar year 2021. A global search for Mr Attenborough's successor is underway.

Mr Attenborough has been an inspiring CEO of Tabcorp and he has courageously navigated through enormous complexity and multiple Company defining events which have arisen throughout his tenure. I would like to personally thank him for his hard work, professionalism and support over many years.

In closing

It has been a privilege to serve as Chairman of Tabcorp following the demerger of Tabcorp's casino assets in 2011. In the nine years since, Tabcorp has delivered a total shareholder return of 149% versus the S&P/ASX200 Accumulation Index of 127%. The recent actions by the Company have further strengthened the operations and enhanced our ability to tackle future opportunities and challenges with confidence.

While there have been many highlights, I would like to call out two. The combination of Tabcorp and Tatts has redefined our Company. This was a highly complex transaction but we persevered through the twists and turns over a 12-month period to deliver an excellent outcome for Tabcorp shareholders at the end of 2017. The integration of the two businesses is substantially complete and pleasingly, the Company now has a resilient, diversified portfolio of assets that positions the Group well for the future.

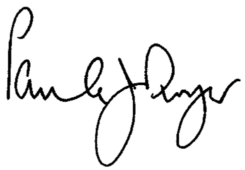
The second highlight is Tabcorp's ongoing commitment to responsible gambling, culminating in the decision in 2018 to define its vision as '***The Trusted Gambling Entertainment Company***' which comes alive in our purpose '***Excitement with Integrity***'. In this sector it is not enough to be commercially successful; to sustain the Company and the industry there must be a broader commitment to responsibly address the social impact of gambling. At Tabcorp our vision has informed decision making and investment across the enterprise – we have invested in enhanced risk and compliance systems, capability and training for our people and partners; we continue to invest in and further develop our responsible gambling initiatives; and we are committed to playing a leadership role in working with our racing partners to ensure the welfare of animals is prioritised. I believe these capabilities are essential for gambling companies moving forward, as community standards strengthen and expectations increase. Pleasingly, because of the significant capital investment we have incurred, Tabcorp is well on the way to setting the standard for responsibility in the gambling sector and today, our Company is the trusted choice for customers, industry partners and government.

At the time of writing, COVID-19 continues to present major health and economic challenges to the community, particularly in Victoria. The wellbeing of our people, partners, customers and the broader community will continue to be at the core of our response. We remain focused on delivering the best possible gambling entertainment experiences while continuing to carefully manage the financial and earnings impact of the pandemic.

We have announced a 1 for 11 underwritten pro-rata accelerated renounceable entitlement offer at a price of $3.25 per new share to raise gross proceeds of approximately $600m. These funds will be used to pay down existing debt facilities and strengthen the balance sheet to provide flexibility in these uncertain times.

On behalf of the Board, I would like to thank the Tabcorp team for their significant efforts over the course of FY20 and especially in navigating the Group through these very challenging times.

Finally, I would like to thank our shareholders for your support of Tabcorp. I look forward to updating you next at our Annual General Meeting on 20 October 2020.



Paula Dwyer
Chairman

MANAGING DIRECTOR'S MESSAGE

"There continues to be uncertainty associated with COVID-19 in terms of both the severity and duration of impact. However, the Group performance is underpinned by diversified earnings streams, strong cash flow conversion and a strong capital base which position it well to deliver in a post COVID-19 environment."

David Attenborough
Managing Director and Chief Executive Officer

FY20 was a year in which we continued to invest in the digital transformation of our businesses and substantially completed the Tabcorp-Tatts integration. However, the second half of FY20 was severely disrupted by the COVID-19 pandemic. Like many businesses around the world, COVID-19 was very challenging for our people, partners and customers, and materially impacted our financial results.

I am proud of the way our Group responded to these challenges by ensuring the safety and wellbeing of our people, supporting our partners and maintaining the customer experience. We also managed the financial impact on the Group by taking action to reduce costs, preserve cash and ensure we have strength and flexibility in our balance sheet. We have also commenced a three-year, enterprise-wide optimisation program.

Group revenue in FY20 was $5,224m, down 4.8% and EBITDA before significant items was $995m, down 11.5%. After incurring non-cash impairment charges of $1,090m relating to the Gaming Services and Wagering and Media businesses and other significant items totalling $51m, the Group recorded a statutory net loss after tax of $870m.

Lotteries and Keno

Lotteries and Keno is the biggest contributor to Group earnings. Revenues were $2,917m, up 1.8%, and EBITDA was $542m, up 5.7%. The strong performance was achieved despite cycling 49 OzLotto and Powerball jackpots of $15m or more in FY19 versus 39 in FY20.

This Lotteries result reflected investments in our game portfolio and our digital and retail channels, which together delivered better customer experiences and deeper alignment with our retail partners.

An extra 400,000 Australians became active registered Lotteries players during FY20, taking the total to 3.7 million, and the majority of the lotteries retail outlets continued trading throughout the COVID-19 restrictions.

Despite strong digital performance, Keno revenues declined 14.3%, largely due to the shutdown of clubs and hotels in its markets.

Wagering and Media

Wagering and Media revenues were $2,084m, down 10.1%, and EBITDA was $371m, down 19.5%.

The Wagering and Media business continued to invest in its digital transformation and substantially completed the integration of the UBET business. The migration of UBET customers to the TAB digital platform now gives them access to a more attractive portfolio of products and services.

However, Wagering and Media was heavily impacted by COVID-19, with enforced closures of retail operations across all states and territories at different times from 23 March 2020. The pandemic is possibly accelerating the structural shift that we have been seeing for some time from retail to digital wagering.

The business made progress in lifting its competitiveness and differentiating the customer experience. The TAB brand was modernised, centred around the theme of '***Long May We Play***', while data investments delivered more personalised experiences for customers.

The signing of exclusive Australian wagering and content partnerships with the major US sports such as the NFL, MLB and NBA was an important element of our strategy to grow in sport, especially in the fast growing US category.

Continued investment in Sky Racing Active and securing Queensland racing's media rights for ten years in July 2020 cements Sky Racing's role as the pre-eminent racing media platform into the future.

Gaming Services

Gaming Services revenues were $221m, down 27.3%, and EBITDA was $84m, down 42.5%.

It was also heavily impacted by the temporary closure of venues from March 2020, which re-opened in June 2020 in all states except Victoria under strict social distancing protocols. Gaming Services revenues were also impacted in the first half by contract expirations, contract extensions at lower daily rates, reduced project work and the non-renewal of a Telstra service contract.

Gaming Services holds a unique position as the services partner of choice for the gaming industry. It has a technology platform that connects suppliers, regulators and venues and which will generate value into the future.

An operational review is being implemented to deliver a simplified operating structure and reduce costs. The strategic review, which was announced in February 2020, was paused because of COVID-19.

Supporting our venue partners

The COVID-19 restrictions heavily impacted our licensed venue and TAB agency partners. In response, we have waived more than $100m in fees. We are continuing to work with all our partners to ensure we can emerge strongly post COVID-19.

Integration and shifting to optimisation

The integration delivered $86m in EBITDA from cost synergies in FY20 and is on track to deliver $95m in FY21. Due to the significant COVID-19 impacts on Tabcorp's revenue base, revenue synergies measurement is now not meaningful. However, delivering the final business improvement initiatives, such as the retail uplift in the ex-UBET states, remains a key priority.

The Group has also commenced a three-year, enterprise-wide optimisation program aiming to deliver significant cost savings and enhanced operational capability.

Our people

I would like to publicly acknowledge the extraordinary job done by the Tabcorp team to maintain COVIDSafe continuity of service, working side-by-side with our venues, the racing industry and other business partners.

During FY20 we welcomed Paul Carew (Chief Operating Officer – Gaming Services), Adam Newman (Chief Financial Officer), Françoise Russo (Chief Information Officer) and Michelle Williams (Chief People Officer) to the Executive Leadership Team. I would also like to thank executives who departed during FY20 – Merryl Dooley, Damien Johnston, Frank Makryllos and Mandy Ross – for their extensive contribution to Tabcorp.

Managing Director and CEO succession

With Tabcorp and Tatts integration substantially complete and the Chairman retiring at the end of 2020, it is also the right time to appoint a new Managing Director and CEO. A global search has commenced and I plan to retire once the new CEO is on board which is expected in the first half of the 2021 calendar year. Until then I am totally committed to steering Tabcorp through the pandemic and ensuring our businesses are in the best possible position for the future.

It has been a privilege to serve as Tabcorp's CEO and I would like to thank the Chairman, Paula Dwyer, for her strength and commitment to our vision of making Tabcorp '***The Trusted Gambling Entertainment Company***'. I would also like to acknowledge the Chairman and Board's unrelenting focus on putting integrity at the heart of how we deal with our people, our partners and our customers.

Conclusion

There continues to be uncertainty associated with COVID-19 in terms of both the severity and duration of impact. However, the Group performance is underpinned by diversified earnings streams, strong cash flow conversion and a strong capital base which position it well to deliver in a post COVID-19 environment.

We are focused in FY21 on continuing to expand the digital opportunity across Lotteries, Keno and Wagering and on unlocking the value of a more competitive TAB.

Our priority is to navigate the pandemic by executing strategies that support our people, partners and customers, while maximising value for our shareholders.

David R H Attenborough
Managing Director and
Chief Executive Officer

(i) Earnings before interest, taxation, depreciation and amortisation (EBITDA) is non-IFRS financial information.

FY20 OVERVIEW

- Group revenue of $5,224m (down 4.8%), statutory net loss after tax of $870m includes a non-cash goodwill impairment charge of $1,090m relating to the Wagering and Media and Gaming Services businesses, NPAT before significant items(i) of $271m (down 31.6%):
  - Strong Lotteries performance – like-for-like sales up approximately 15–30% during COVID-19 restrictions
  - Wagering and Media, Keno and Gaming Services heavily impacted by COVID-19 retail closures in 2H20
  - Competitive intensity and structural change also impacted Wagering and Media

- No FY20 final dividend; interim dividend of 11.0 cents per share fully franked paid in March 2020

- Tabcorp proactively responded to the COVID-19 pandemic with a clear set of actions to:
  - Prioritise the safety and wellbeing of our people, partners and customers
  - Maintain continuity of operations
  - Control costs, preserve cash and maximise financial flexibility

- Tabcorp-Tatts integration substantially complete:
  - Migration of UBET account customers to TAB digital platform was completed post 30 June 2020
  - On track to deliver $95m in EBITDA(ii) from cost synergies in FY21 (FY20: $86m)
  - Measurement of revenue synergies not meaningful due to the effects of COVID-19 on Tabcorp's revenue base
  - One-off costs to 30 June 2020 of $103m pre tax

(i) Excludes discontinued operations and significant items. Significant items after tax in FY20 of $1,141m comprise impairments of goodwill relating to Wagering and Media $905m and Gaming Services $185m, asset impairments and onerous contract $19m, Tatts Group combination implementationcosts $18m and Racing Queensland arrangements $19m, partly offset by the benefit from ACTTAB point of consumption tax refund $5m.

(ii) Earnings before interest, taxation, depreciation and amortisation (EBITDA) is non-IFRS financial information.

FUTURE PRIORITIES

› There is continued significant uncertainty regarding the severity and duration of COVID-19 impacts.

› Continuing to support our people, partners and customers through COVID-19 remains our top priority.

› We have a clear focus on navigating COVID-19 while executing strategies that are expected to create value for our shareholders:

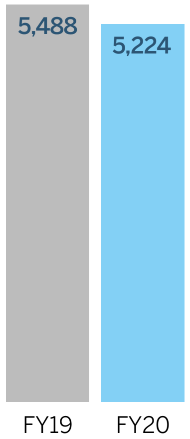
- Expand the digital opportunity across Lotteries and Keno, and Wagering and Media
- Complete retail integration and drive performance improvement with a unified TAB offer
- Implement operational review of Gaming Services
- Enterprise-wide optimisation program designed to deliver significant cost savings and enhanced operational capability

› We have announced a 1 for 11 underwritten pro-rata accelerated renounceable entitlement offer with retail entitlements trading at a price of $3.25 per new share to raise gross proceeds of approximately $600m to strengthen the balance sheet in uncertain times.

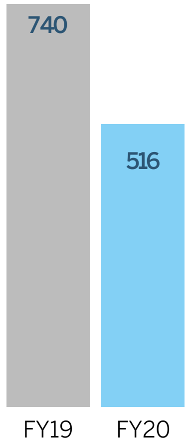
Refer to pages 14 to 18 for further details about the future priorities for each business unit.

FY20 FINANCIAL PERFORMANCE

Revenues
$m

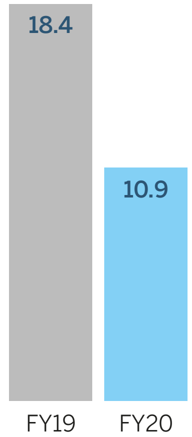


EBIT before goodwill impairment
$m

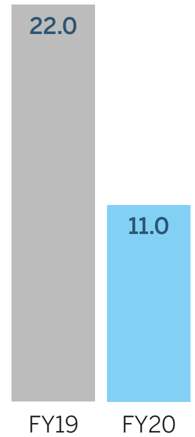


NPAT
$m

Earnings per share before goodwill impairment[iv]
Cents per share

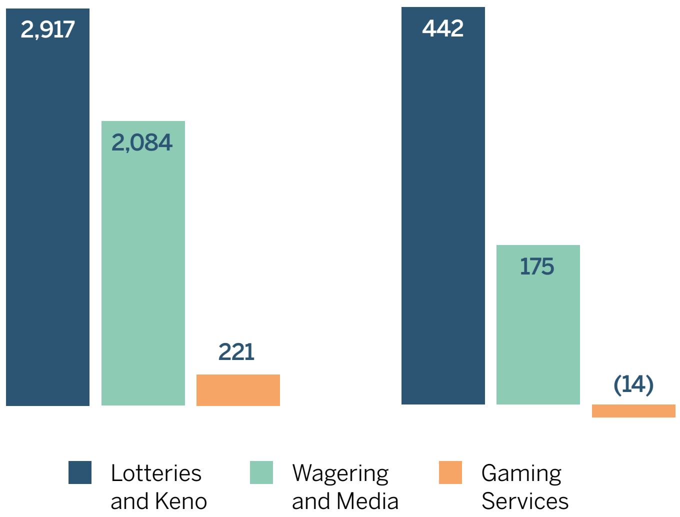


Dividends per share
Cents per share (fully franked)



Segment revenues
$m

Segment profit before interest and tax[ii]
$m



Group results For the year ended 30 June	FY20 $m	FY19[iii] $m	Change %
Revenues	**5,224**	5,488	(4.8)
Taxes, levies, commission and fees	**(3,447)**	(3,507)	(1.7)
Operating expenses	**(840)**	(893)	(5.9)
Depreciation and amortisation	**(378)**	(352)	7.4
Impairment – other	**(43)**	4	>100
EBIT before goodwill impairment	**516**	740	(30.3)
Impairment – goodwill	**(1,090)**	-	>100
EBIT	**(574)**	740	(>100)
NPAT before discontinued operations	**(870)**	371	(>100)
Statutory NPAT	**(870)**	361	(>100)
NPAT before significant items[i][ii]	**271**	396	(31.6)
EPS – cents per share	**(42.9)**	18.4	(>100)
EPS before goodwill impairment[i] – cents per share	**10.9**	18.4	(40.8)
DPS – cents per share (fully franked)	**11.0**	22.0	(50.0)

(i) Results from continuing operations.

(ii) Excludes discontinued operations and significant items. Significant items after tax in FY20 of $1,141m comprise impairments of goodwill relating to Wagering and Media $905m and Gaming Services $185m, asset impairments and onerous contract $19m, Tatts Group combination implementation costs $18m and Racing Queensland arrangements $19m, partly offset by the benefit from ACTTAB point of consumption tax refund $5m.

(iii) FY19 comparative information has been restated as a result of the Group adopting AASB 16 Leases.

(iv) Refer to note A2 of the Financial Report.

Review of FY20 results

The financial results of the Tabcorp Group for the financial year ended 30 June 2020 (FY20) relate to the Tabcorp Group's operations, which comprise its three businesses of:

- Lotteries and Keno
- Wagering and Media
- Gaming Services

FY20 Group revenues were $5,224m, down 4.8%. The Group recorded a statutory net loss after tax of $870m after incurring a non-cash impairment charge of $1,090m(i) relating to the Wagering and Media and Gaming Services businesses and other significant items totalling $51m(i). NPAT from continuing operations before significant items(i) was $271m, down 31.6%.

The COVID-19 pandemic has been very challenging for Tabcorp's people, partners and customers, and materially impacted our FY20 results.

COVID-19 restrictions meant that hotels, clubs and TAB agencies were closed for significant periods of time during FY20 which has heavily impacted our Wagering and Media, Gaming Services and Keno operations. We continue to support our venue partners having waived more than $100m in fees to date, and are focused on ensuring that together we emerge strongly in the post COVID-19 environment.

Our people and partners, including the racing industry and major sports leagues, have done an extraordinary job to maintain COVID-safe continuity of service. This has given Australians the chance to enjoy, watch and bet on racing and the games they love, from their home or, as restrictions allow, their local venue.

The Group sought to mitigate the financial and earnings impacts of COVID-19 on our business through a range of actions including reducing operating and capital expenditure, securing government support for the deferral of certain state taxes, standing down some groups of employees, reducing working hours, accessing the Federal Government's JobKeeper scheme, freezing remuneration increases and not awarding any bonuses in respect of FY20.

Lotteries and Keno delivered strong FY20 performance, driven by its investment in digital and retail channels, enhancements to the game portfolio and growth in registered players.

Wagering and Media continued to invest in its digital transformation while substantially completing the integration of the UBET business. However it was heavily impacted by COVID-19 in the second half, as well as ongoing increased digital competition and decline in the retail channel.

Gaming Services was impacted in the first half by contract expiries, the non-renewal of a Telstra service contract and contract extensions at lower daily rates, and in the second half by COVID-19 enforced closures of hotels and clubs.

Refer to pages 14 to 18 for further details about the performance of each business.

The Tabcorp-Tatts integration is substantially complete, with the migration of UBET customers to the TAB digital platform completed in July 2020. The integration is on track to deliver $95m in EBITDA from cost synergies in FY21 (FY20: $86m). The COVID-19 impacts on Tabcorp's revenue base means that measurement of revenue synergies is now not meaningful. Total one-off integration costs incurred to 30 June 2020 are $103m (pre-tax) and total implementation costs are still expected to be $135m (pre-tax).

With the integration program substantially complete, the Group has commenced a three-year enterprise-wide optimisation program to deliver significant cost savings and enhanced operational capability. Key focus areas include: operating model changes; process simplification and re-design; data and digitisation improvements; and maximising value from our vendor spend and property footprint.

Capital management

The Group undertook numerous actions to preserve liquidity and ensure strength and flexibility in our balance sheet.

In May and June 2020, Tabcorp secured agreement from its bank lenders under its Syndicated Facility Agreement (representing facilities of A$2.2 billion at that time) and from its US Private Placement holders (representing fully hedged debt equivalent to A$2.1 billion at that time) for relief from certain covenants. Among other things, the relief took the form of waivers and adjustments to leverage and interest cover covenants in relation to the 30 June 2020 and 31 December 2020 testing dates.

As part of securing covenant relief, the Tabcorp Board resolved in May 2020 not to pay a final dividend in relation to FY20. While we acknowledge the importance of dividends to shareholders, it was important we took action to preserve the Group's liquidity in a challenging and uncertain period.

An FY20 interim dividend of 11 cents per share fully franked was paid to shareholders in March 2020.

The Group has also revised its capital management policies, including a reduction in its target leverage policy to 2.5-3.0x Gross Debt/EBITDA(ii) (from 3.0-3.5x previously), as well as a reduction in its target dividend payout ratio to 70%–80% of NPAT (before significant items)(iv) on the resumption of dividends.

On 19 August 2020, the Group announced a 1 for 11 underwritten pro-rata accelerated renounceable entitlement offer with retail entitlements trading at a price of $3.25 per new share to raise gross proceeds of approximately $600m.

The table below shows the dividends paid by the Company since the end of the previous financial year. Further information regarding dividends may be found in note A3 to the Financial Report.

2020 interim dividend of 11 cents(iii) paid on 18 March 2020 and totalled $223m.
2019 final dividend of 11 cents(iii) paid on 20 September 2019 and totalled $222m.

(i) Significant items after tax in FY20 of $1,141m comprise impairments of goodwill relating to Wagering and Media $905m and Gaming Services $185m, asset impairments and onerous contract $19m, Tatts Group combination implementation costs $18m and Racing Queensland arrangements $19m, partly offset by the benefit from ACTTAB point of consumption tax refund $5m.

(ii) EBITDA is non-IFRS financial information.

(iii) Amount per share fully franked.

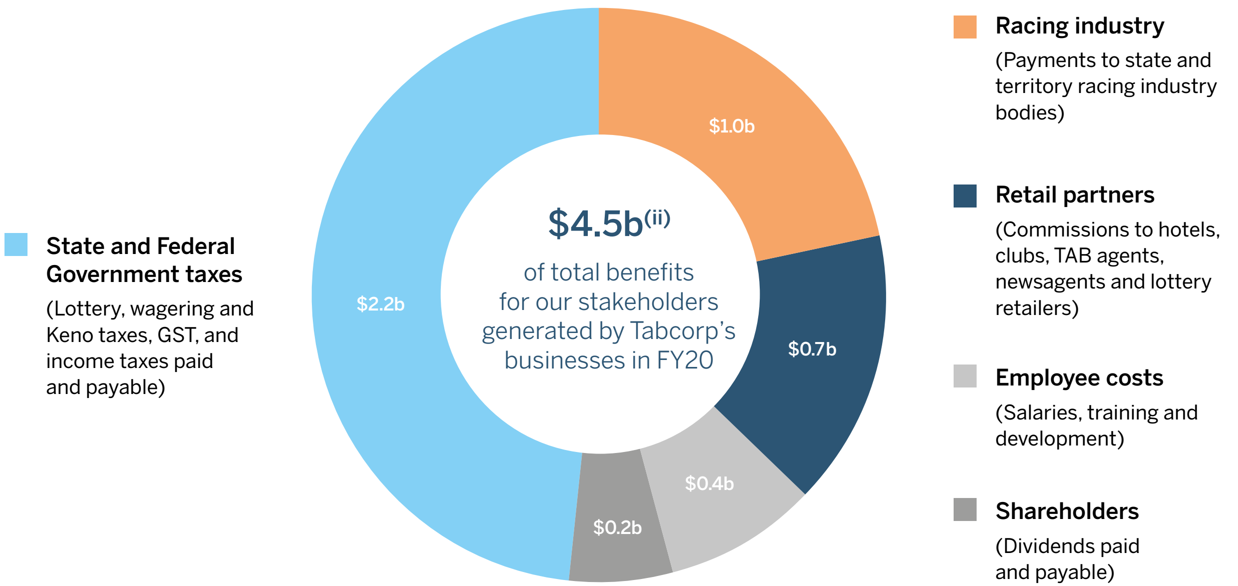
(iv) NPAT under Tabcorp's revised target dividend payout ratio will no longer be adjusted for the Victorian wagering and betting licence and Purchase Price Accounting, as it was historically.

BENEFITS FOR OUR STAKEHOLDERS

Tabcorp's iconic Australian brands provide entertainment enjoyed by millions of Australians, and our business model generates significant economic benefits for our stakeholders.

Almost 70% of Tabcorp's FY20 revenue(ii) was returned to governments, racing industry and retail partners. These contributions support essential government-funded community services and is a significant source of funding for our industry partners.

We have also stood by our stakeholders and supported them through the COVID-19 pandemic and bushfire crisis. We provided fee relief for venues, implemented health and safety measures, delivered campaigns to engage with customers, and contributed $12.6m in voluntary community funding through donations, unclaimed prize money, in-kind giving and other support(i).



(i) Refer to Community section on page 23 for further details.

(ii) Total includes 100% of Victorian Racing Industry joint venture interest and 100% of Keno NSW interest.

Supporting Australian medical research

Tabcorp's businesses have a long track record of supporting stakeholders and contributing funding to support medical research, health infrastructure, and many other community services.

Our Lotteries business accessed unclaimed prize money to donate $1m to the University of Queensland's School of Chemistry and Molecular Biosciences (pictured) to help accelerate research into a COVID-19 vaccine, $600,000 to the Zero Childhood Cancer Program to support a national clinical trial, and $500,000 to Brisbane's Mater Hospital to investigate the impact of COVID-19 on expectant parents and unborn babies.

LOTTERIES AND KENO BUSINESS

Licensee Brands

Game Brands

Review of FY20 results

Lotteries and Keno revenues were $2,917m, up 1.8%, and EBIT was $442m, up 3.8%.

The strong performance was achieved despite cycling 49 OzLotto and Powerball jackpots of $15m or more in FY19 compared to 39 in FY20.

The Lotteries result reflects investments in digital and retail channels and the ongoing evolution of Tabcorp's game portfolio to appeal to a diverse customer base. An extra 400,000 Australians became active registered Lotteries players during FY20, taking the total to 3.7 million.

In FY20, Powerball turnover grew 16%, highlighting its increasing appeal since its 2018 game change, while Set For Life turnover grew 21% – evidence of the benefit of game modifications, including the new Division 2 prize, introduced in March 2020.

PayPal was launched as a payment option for players and the reseller arrangements with Jumbo Interactive were extended on more sustainable commercial terms.(i)

Lotteries' retail distribution partners, such as newsagents and convenience stores, largely continued trading during the COVID-19 lockdown period. In FY20, retail turnover declined 4%, while digital turnover grew and accounted for 28% of total Lotteries turnover.

Keno full year revenues declined 14.3%, largely due to the government mandated shutdown of clubs and hotels in NSW, Queensland and Victoria during 2H20. Growth in active digital account holders helped partially offset the decline in retail.

The strong Lotteries performance helped the Group deliver $2.005b in state taxes and levies to state and territory governments.

FY21 priorities

Game portfolio:

- Saturday Lotto game changes to launch in October 2020, with bigger Division 1 prize and more weekly winners supported by entry price increase
- Initiatives across the Instant Scratch-Its category to build on the strong FY20 momentum
- Continued strength of jackpot games supportive of accelerated jackpot offers

Customer experience:

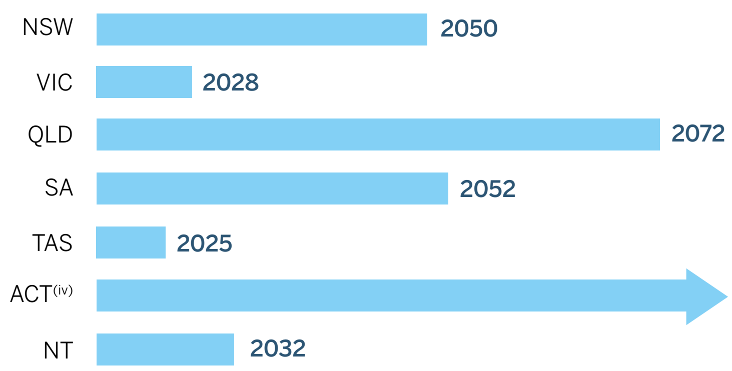
- Enhance personalisation and continue investment in registered player infrastructure and marketing technology to better service players
- Continue the retail roll out of the Lott brand refresh

Distribution:

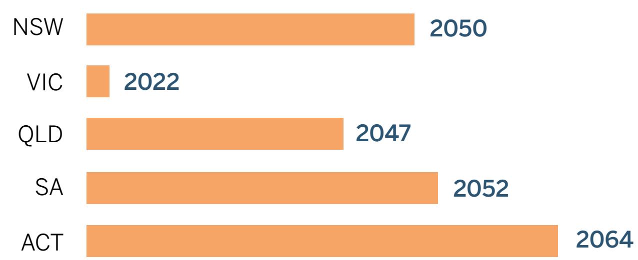
- Continued focus to drive Omni-channel program performance in concert with retail stakeholder groups (including planned extension to South Australia)
- Continued improvement in payment options for players
- Ongoing support of retail partners through the challenge of COVID-19 and maintaining COVID-safe operations

Lotteries and Keno results for the year ended 30 June	FY20 $m	FY19(ii) $m	Change %
Revenues	**2,917**	2,865	1.8
Taxes, levies, commission and fees	**(2,156)**	(2,123)	1.6
Operating expenses	**(219)**	(229)	(4.4)
EBITDA	**542**	513	5.7
Depreciation and amortisation	**(100)**	(87)	14.9
EBIT	**442**	426	3.8

Lotteries licences/approvals(iii)



Keno licences/approvals(iii)



(i) Subject to execution of long-form agreements and satisfaction of conditions precedent.

(ii) FY19 comparative information has been restated as a result of the Group adopting AASB 16 Leases.

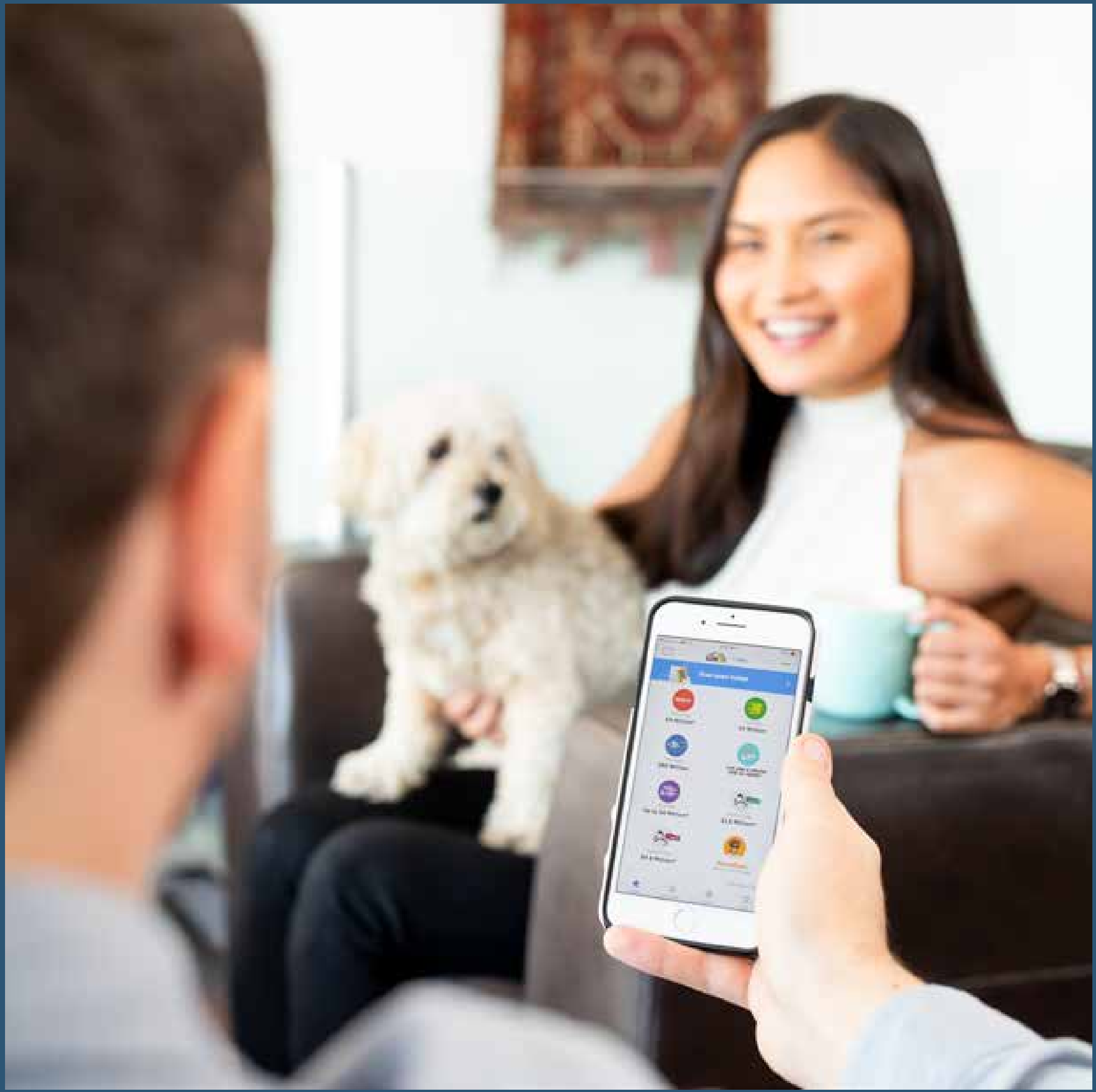
(iii) Ordered by population. Refer to page 33 to 34 for further details.

(iv) Indefinitely unless revoked.

The Lott is the official home of Australia's lotteries

Our games are enjoyed by millions of Australians and provide exciting moments and life-changing jackpot wins.

Our games inspire dreams and deliver wins that can be enjoyed by customers, their families, friends and communities.



WAGERING AND MEDIA BUSINESS

Review of FY20 results

Wagering and Media revenues were $2,084m, down 10.1%, and EBIT was $175m, down 37.7%.

The Wagering and Media business continued to invest in its digital transformation and substantially completed the integration of the UBET business.

However, the Wagering business was heavily impacted by the government mandated closures and restrictions on retail operations across all states and territories at different times from March 2020. COVID-19 has accelerated the channel shift to digital. The business was also impacted by the temporary suspension of various domestic and international sport.

Prior to this time, the business was already navigating a large and complex integration and transforming its offer in a softer consumer market with increased digital competition.

Tabcorp's digital wagering turnover grew 3.8% in FY20 to $7.1b, partially offsetting a decline in retail turnover of 27.9% to $5.4b. This is the first time digital turnover has exceeded retail turnover in Tabcorp's Wagering business across a full year.

The migration of UBET customers to a single TAB digital platform was completed post year-end, finalising a significant milestone for the Tabcorp and Tatts integration. Ex-UBET customers now have access to a more attractive portfolio of products and services including Venue Mode (digital in-venue betting) and extra tote and fixed odds options. This paves the way for the required lift in competitiveness. Wagering call centres and other infrastructure were also consolidated.

The business also made progress in lifting its competitiveness and differentiating the customer experience. The TAB brand was modernised, centred around the theme of '***Long May We Play***', while data investments delivered more personalised experiences for customers.

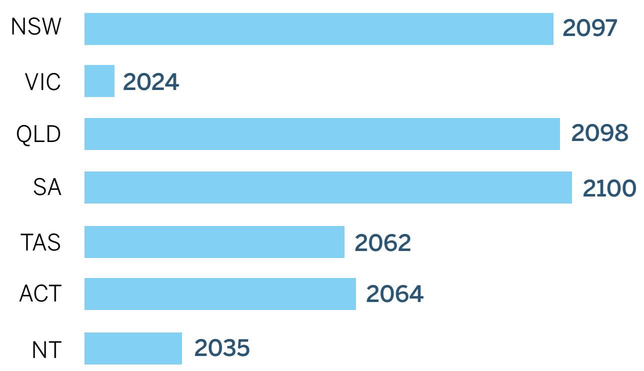
In Media, Tabcorp recently completed a vision and content deal with Major League Baseball. This complements existing NBA and NFL partnerships and helps position TAB and Sky as Australia's 'home of US sport'. In July 2020, Tabcorp secured Queensland racing's media rights for ten years, cementing Sky Racing's role as the pre-eminent racing media platform into the future.

FY21 priorities

- Complete retail integration and drive performance improvement with a unified TAB offer across a single improved platform
- Focus on driving the business with digitally integrated distribution and a leaner cost base
- Appeal to a younger and broader customer base by integrating sports content, and enhancing racing content digitally and in-venue with a reinvigorated brand
- Further enhance digital in-venue offering and expand digital distribution
- Complete the data and personalisation build and combine with unique offering
- Continued focus to structurally stabilise pari-mutuel, including pooling, product and brand

Wagering and Media results for the year ended 30 June	FY20 $m	FY19[(i)] $m	Change %
Revenues	**2,084**	2,318	(10.1)
Taxes, levies, commission and fees	**(1,259)**	(1,367)	(7.9)
Operating expenses	**(454)**	(490)	(7.3)
EBITDA	**371**	461	(19.5)
Depreciation and amortisation	**(192)**	(180)	6.7
Impairment	**(4)**	-	>100
EBIT	**175**	281	(37.7)

Wagering licences/approvals[(ii)]



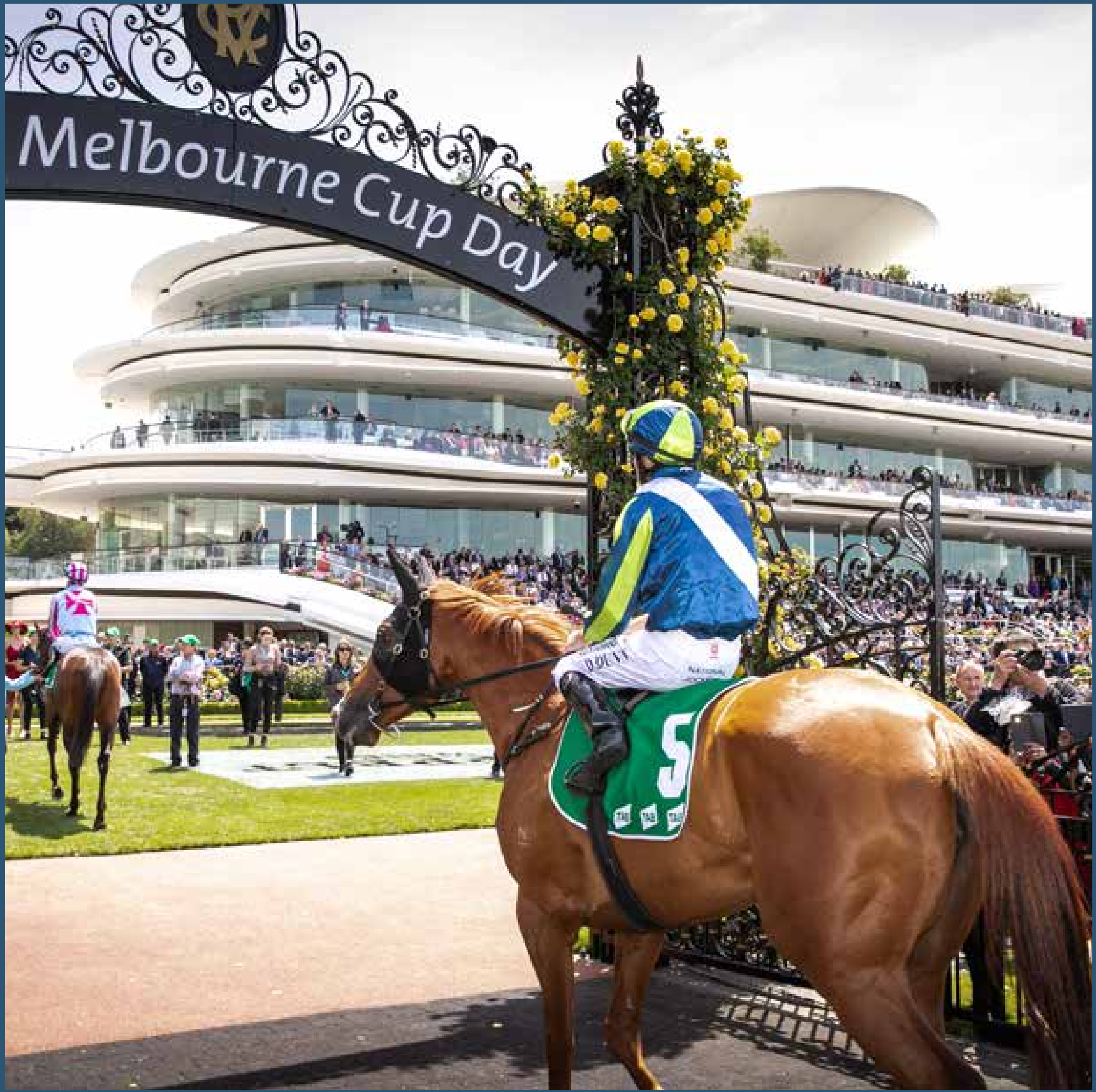
(i) FY19 comparative information has been restated as a result of the Group adopting AASB 16 Leases.

(ii) Ordered by population. Refer to page 34 for further details.

The TAB and Sky Racing help showcase the role racing and sport play in Australian life

Our business works closely with diverse industry stakeholders to bring together Australians who share a passion for racing and sport, and help create excitement and thrills at the country's biggest sporting events.

On the 2019 Melbourne Cup Day, more than three million customers placed a bet with the TAB, and our TAB systems processed over 15 million bets at a peak of 108,000 bets per minute.



GAMING SERVICES BUSINESS

Review of FY20 results

Gaming Services revenues were $221m, down 27.3%, and the business reported a loss before interest and tax of $14m.

The business was heavily impacted by the temporary closure of venues from March 2020, which re-opened in June in all states except Victoria under strict social distancing protocols.

Prior to that, Gaming Services revenues were impacted by contract expirations, contract extensions at lower daily rates, reduced project work and the non-renewal of a Telstra service contract. In April 2020, the NSW Inter-Club Linked Gaming Systems Licence and Inter-Hotel Linked Gaming Systems Licence expired.

In response to COVID-19, Tabcorp suspended all material fees for venues during the period in which they were not trading and took other measures in response to venue closures such as the temporary standing down of most of its workforce, reducing operating and capital expenses, and accessing the Federal Government's JobKeeper scheme.

An operational review of the Gaming Services business is being implemented to deliver a simplified operating structure, an improved offer and reduce costs.

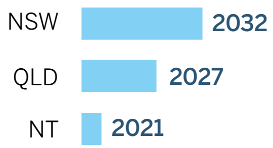
The strategic review, which was announced in February 2020, has been paused because of COVID-19.

FY21 priorities

Implement operational review:

- Leaner management and simplified operating structure
- Develop and implement new products for core MAX Venue Services offer, targeting capital expenditure reductions
- Review and modify operating structure of field services activities
- Streamline the product portfolio of the systems business
- Focus on core monitoring activity within MAX Regulatory Services

Monitoring licences[ii]



(i) FY19 comparative information has been restated as a result of the Group adopting AASB 16 Leases.

(ii) Ordered by population. Refer to page 35 for further details.

Gaming Services results for the year ended 30 June	FY20 $m	FY19[i] $m	Change %
Revenues	**221**	304	(27.3)
Taxes, levies, commission and fees	**(11)**	(14)	(21.4)
Operating expenses	**(126)**	(144)	(12.5)
EBITDA	**84**	146	(42.5)
Depreciation and amortisation	**(86)**	(79)	8.9
Impairment	**(12)**	-	>100
EBIT	**(14)**	67	(>100)

We enable our venue partners to achieve success effectively, efficiently and sustainably

MAX is Australia's leading Gaming services provider.

MAX is committed to fostering and supporting a healthy and responsible gaming industry for the benefit of every venue, every community, every day.

CORPORATE RESPONSIBILITY

Excitement with integrity underpins everything we do at Tabcorp. We aim to deliver superb entertainment experiences ethically, responsibly and sustainably. Tabcorp's corporate responsibility program supports our business strategy and vision to be ***The Trusted Gambling Entertainment Company***.

In FY20, Tabcorp was once again recognised for its sustainability performance and disclosure, ranking second globally in the Casinos and Gambling sector in the Dow Jones Sustainability Index (DJSI) World and DJSI Australia Indices. Tabcorp has been independently assessed according to the FTSE4Good criteria, and continued to be a member of the FTSE4Good Index in 2020.

More detail about Tabcorp's corporate responsibility activities can be found on our website and in our annual Corporate Responsibility Report, available at **www.tabcorp.com.au**.

CUSTOMER CARE

Tabcorp is strongly committed to responsible gambling, gaming and play as it is integral to our long term success. We are committed to complying with, or exceeding, the requirements of relevant legislation in all areas in which we operate.

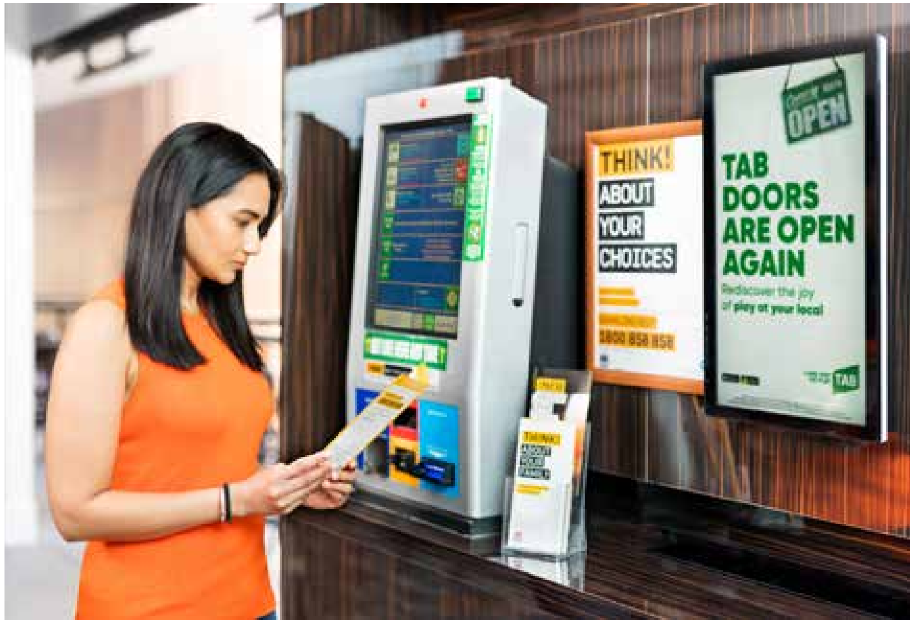
In FY20, the Board endorsed Tabcorp's Customer Care Mission and Principles for responsible gambling. These are designed to strengthen our commitment to the responsible provision and use of our products. Customer Care empowers Tabcorp team members to support responsible gambling use, raise awareness about responsible gambling through sharing information and encourage wider use of responsible gambling tools. We also equip customers with information and resources to help them make informed decisions about how they gamble to minimise potential harm.

In FY20 we continued to enhance customer care technology and human-led tools that work hand-in-hand to better understand gambling behaviour and empower customer choice. All three businesses delivered continuous improvement initiatives to minimise gambling harm, including:

- enhanced tools to identify and eliminate minors using our products including introducing age verification software to assist retail staff, improvements in electronic betting terminal monitoring and the prohibition of school uniforms in agencies;
- online responsible gambling training to team members;
- launching the Keno Assist responsible gambling microsite;
- redesigning the Lott Apps, website and Help Centre to improve user experience and refresh responsible play content; and
- reviewing the MAX business loyalty systems to ensure they adhere to responsible gambling principles.

Tabcorp recognises the impact of COVID-19 on the community and some customers' individual circumstances. In response, Tabcorp has enhanced its customer care initiatives, including:

- increasing customer reviews and contact;
- providing COVID-specific training to call centre team members;
- excluding customers identified as higher risk from promotions;
- reviewing marketing campaigns to ensure appropriate messaging; and
- delivering additional communications to customers about Customer Care and responsible gambling tools.



Tabcorp's Customer Care Principles

CUSTOMER CARE PRINCIPLES

RESPECT THE CUSTOMER DECISION

Our customers are adults and we respect their freedom to make their own choices, except in specific situations where individual safety is compromised. Meaning, when a customer informs us they need help directly, or when Tabcorp analysis indicates the customer is displaying signs of problem gambling behaviour that present an unacceptable risk.

ENABLE INFORMED CHOICE

We distribute 'helpful yet human' educational messages along with legally required messages, to give our customers the right information, at the right time, to make their own individual decisions.

CUSTOMER CARE BY DESIGN

We always put our customers first, especially when designing new products. From a fresh idea to product design and implementation; customer needs are central to everything we do. That's why our products support our customers, and our business.

CREATE TOOLS THAT CARE

We develop gambling management tools to minimise harm and enable our customers to make informed choices. From implementing self-service tools, to AI that helps us better understand our customers and our business – our commitment goes both ways.

ANALYSE CUSTOMER BEHAVIOUR

We unlock insights that help us understand the impact our products, services and experiences have on our customers. We use technology and human sourced data, and we use it with integrity to further benefit our customers – and our business.

INTERACT RESPONSIBLY

We equip our people with the training to know when and how they should interact with customers; from providing customers with helpful self-service tools online, to knowing when to step in and address high-risk behaviour in a retail location.

PROVIDE A SAFETY NET

We endeavour to protect our customers and minimise harm. We do this by placing restrictions and exclusions on our products and services when either; a customer informs us they wish to self-exclude or when Tabcorp analysis indicates the customer is displaying signs of problem gambling behaviour that present an unacceptable risk.

CORPORATE RESPONSIBILITY

PEOPLE

When it comes to our people, our mission is to make Tabcorp the most exciting place to succeed. We are committed to fostering an inclusive culture that reflects a diverse workplace, where team members can share their unique perspectives and contribute their experience to achieve the best possible business outcomes.

We recently launched the new Tabcorp Code of Conduct. The Code puts Tabcorp's values and integrity into practice and outlines the principles that set our standards for ethical business conduct for our people and organisation. The Code is available from the Tabcorp website at **www.tabcorp.com.au/who-we-are/corporate-governance**.

Inclusion and Diversity

Tabcorp aims to become a visible inclusion and diversity leader in our industry and an employer of choice. The Board has set a target for the Tabcorp Board to comprise at least 40% female Non Executive Directors by the end of FY23 and to have at least 40% female representation in the Senior Leadership Cohort by the end of FY21.

The proportion of female Non Executive Directors on the Board increased to 38% with the appointment of Anne Brennan who formally commenced as a Director in July 2020.

We also increased our representation of women in the Senior Leadership Cohort to 39%, moving towards our target of 40% by the end of FY21.

Tabcorp was named an Employer of Choice for Gender Equality by the Workplace Gender Equality Agency in FY20 for the fifth consecutive year.

In FY20, Tabcorp progressed its delivery of its Inclusion and Diversity Strategy, with key initiatives focusing on the priority diversity dimensions of gender, LGBTIQ inclusion, domestic and family violence support, and Aboriginal and Torres Strait Islander inclusion. These included:

- the recognition and celebration of Inclusion Month, including the launch of Tabcorp Pride and Allies, our employee LGBTIQ network;
- advancing our leading position on parental leave through the introduction of leave entitlements for team members who experience pregnancy loss; and
- the development of a broad talent brand campaign focused on attracting diverse talent at both a Group and individual business unit level.

Employee health and safety

Tabcorp is committed to providing a safe environment for employees and visitors, and actively promotes health, safety and wellbeing in the workplace.

In FY20, the Group reported an increase in lost time injuries resulting in a lost time injury frequency rate of 4.1 (per million hours worked), up from 3.6 in FY19. This rate is still well below the industry average of 7.7 based on Safe Work Australia benchmarks. The number of lost time injuries this year is the same as for the previous year, however, there was a reduction in employee hours worked in FY20 due to business stand downs and government restrictions to work remotely from home in response to the COVID-19 pandemic, resulting in an increase in the lost time injury frequency rate.

We continue to review, monitor and report on health and safety risk profiles throughout the business. We have increased our focus on early reporting and proactive injury management which has resulted in a decrease in our WorkCover Premiums this year.

COVID-19 response

The wellbeing of our people has been a key focus of Tabcorp's response to the COVID-19 pandemic.

Tabcorp has followed the advice of the Australian Government Department of Health, Safe Work Australia and State health and safety regulators to implement an organisation wide COVID Safe Plan to protect our employees, contractors and customers. These are continually reviewed to ensure compliance with changes in health orders. Tabcorp has actively promoted the use of the COVIDSafe app, including through our broadcasting platforms such as Sky Racing.

Tabcorp has supported flexible work practices for a number of years through its Flexible Work Policy and technology tools to enable employees to work remotely. This enabled a smooth transition to remote working for the majority of our people in response to the COVID-19 pandemic.

Tabcorp's cost management response to COVID-19 and the effects of government restrictions had, and continue to have, an impact on our people through reduced hours, roster changes, redeployments, and stand downs.

Where possible we internally redeployed some stood down employees to alternate, temporary roles during the response period, primarily within our contact centres.

We have supported our people's wellbeing through this period through our Employee Assistance Program for employees and their families, a dedicated phone and email help line, outbound support calls to assist stood down employees, an employee wellbeing hub on our Intranet, and a regular "check-in" pulse survey to understand employee sentiment and gather feedback on Tabcorp's response to COVID-19.

The check-in survey has been conducted every three weeks since late April to gather employee feedback which directly informs our COVID-19 response. Participation rates have averaged over 65%, with over 75% responding favourably to Tabcorp's response to COVID-19.

Diversity targets	
40%	40%
female NEDs on the Board by the end of FY23	of females in the Senior Leadership Cohort by the end of FY21

COMMUNITY

Tabcorp has a long history of supporting the community, particularly in times of hardship. We believe that contributing to the wellbeing of the communities in which we operate is critical to our long term success.

In FY20, Tabcorp contributed $12.6m(i) to charities and community organisations, which was up 31% from FY19. This community funding was provided through direct donations, unclaimed prize money donations, in-kind giving and foregone revenue (predominantly Sky advertising costs and margin), management costs and employee time.

In addition to supporting our long term community partners, this year we provided assistance to communities affected by bushfires and the COVID-19 pandemic.

Bushfire relief

Tabcorp was proud to support those communities affected by devastating bushfires in late 2019 and early 2020 by:

- Donating proceeds totalling $1.94 million from the Lotto Bushfire Benefit Draw held on 25th January 2020 to nine charitable organisations providing support to communities, volunteer firefighters and wildlife affected by bushfires;
- Dollar matching donations made to bushfire relief charities by our employees, totalling $150,000, as well as waiving our existing volunteering policy to provide open-ended paid leave for volunteer firefighters and reservists;
- Donating $100,000 through Keno to assist Team Rubicon in their efforts to rebuild bushfire affected communities in northern New South Wales; and
- Providing financial relief to venue partners that were directly impacted by bushfires and relief operations.

COVID-19 support

The Lott, via Golden Casket, contributed $1.5 million from unclaimed prize money to COVID-19 research projects, including:

- $1 million to The University of Queensland to accelerate Australian research into a COVID-19 vaccine; and
- $500,000 to Brisbane's Mater Hospital to undertake a trial to assess the impacts of COVID-19 on expectant parents and their unborn babies.

(i) Independently verified by LBG.

Rebecca Ball, Service Delivery Lead within Tabcorp's Technology Team, is also a NSW Rural Fire Service volunteer at her local Kariong fire station.

CORPORATE RESPONSIBILITY

ANIMAL WELFARE

As part of our commitment to building a sustainable future for our business and industry, Tabcorp expects the highest standards of animal welfare and integrity. We have a zero tolerance to animal cruelty, in racing and in society in general.

Tabcorp recognises the efforts the racing industry has made in terms of animal welfare and will continue to work in partnership with the thoroughbred, harness and greyhound racing industries to ensure the welfare of animals is prioritised.

This year Tabcorp supported the racing industry's animal welfare efforts through financial support of the five-part thoroughbred re-homing series on Sky Thoroughbred Central, Thoroughbreds Are Go. TAB also launched the Sock Stable initiative, donating 100% of profits of sock sales to Racing Victoria's Off The Track program and Team Thoroughbred NSW. Tabcorp is also supporting the national Thoroughbred Welfare initiative. Tabcorp is making a financial contribution to support the initiative's activities to improve thoroughbred welfare outcomes, as well as working closely with industry bodies on this issue.

ENVIRONMENT

Tabcorp aims to understand and minimise our environmental impact to reduce the cost of doing business and protect the environment. We are committed to complying with, or exceeding, the requirements of relevant environmental legislation, regulation and codes in all areas in which we operate.

Tabcorp recognises that climate change is a significant global challenge and is committed to reducing our environmental impact and identifying and managing climate related risks and opportunities across our business.

In FY20, Tabcorp undertook a climate risk analysis to evaluate our current and short term climate related risks and opportunities. While Tabcorp has in recent years experienced physical climate-related events such as bushfires and other extreme weather events, these have had a limited impact on the Group, primarily to the operations of the Wagering and Media business due to the disruption or cancellation of some racing and sporting events, and temporary closure of a small number of retail venues and agencies.

In the coming year Tabcorp will expand its climate risk and opportunity analysis in line with the Task Force on Climate-Related Financial Disclosures recommendations.

Details of Tabcorp's environmental footprint and greenhouse gas emission reduction initiatives are available in Tabcorp's Corporate Responsibility Report available at **www.tabcorp.com.au/corporate-responsibility**.

SUSTAINABLE PROCUREMENT

Tabcorp aspires to uphold our values across all the partners we work with, including our suppliers. We are committed to ethical, sustainable and socially responsible procurement.

In FY20, Tabcorp published a Supplier Code of Conduct which outlines the environmental, social and governance principles we expect our suppliers to align to when working with us. Tabcorp's Supplier Code of Conduct is available on the Tabcorp website at **www.tabcorp.com.au/who-we-are/corporate-governance**.

Tabcorp is required to lodge a Modern Slavery Statement under the Modern Slavery Act 2018 (Cth) in respect of the 2020 financial year. In FY20, Tabcorp undertook an independent review to identify and manage key modern slavery and human rights risks most relevant to our operations and supply chain. Details of this review will be included in Tabcorp's Modern Slavery Statement which will be published on the Tabcorp website by March 2021.

BOARD OF DIRECTORS

Paula Dwyer

Independent Chairman and Non Executive Director from June 2011[i]

Paula Dwyer is Chairman of Allianz Australia Limited and a Director of Australia and New Zealand Banking Group Limited and Lion Pty Ltd. She is also a Member of the Kirin Holdings International Advisory Board and a Member of the Takeovers Panel.

Ms Dwyer was formerly the Chairman of Healthscope Limited and a Director of Leighton Holdings Limited, Suncorp Group Limited and Foster's Group Limited. She was formerly a member of the ASIC External Advisory Panel, the Victorian Casino and Gaming Authority and of the Victorian Gaming Commission.

Ms Dwyer held senior executive positions with Ord Minnett (now JP Morgan) and PricewaterhouseCoopers.

Ms Dwyer brings to the Board her commercial experience in strategy, corporate finance and capital management, gambling industry experience, and operating businesses in complex regulated industries.

Tabcorp Committees:

- Chairman of Nomination Committee
- Member of Audit Committee
- Member of Risk and Compliance Committee
- Member of People and Remuneration Committee
- Chairman of the Victorian Joint Venture Management Committee.

Qualifications:

- Bachelor of Commerce
- Fellow of the Chartered Accountants Australia and New Zealand
- Senior Fellow of the Financial Services Institute of Australasia
- Fellow of the Australian Institute of Company Directors (AICD)

Other ASX company directorships in past 3 years:

- Healthscope Limited from June 2014 to June 2019
- Australia and New Zealand Banking Group Limited since April 2012

David Attenborough

Managing Director and Chief Executive Officer from June 2011

David Attenborough joined Tabcorp in April 2010 as Managing Director – Wagering. He became Managing Director and Chief Executive Officer when Tabcorp's demerger of its former casinos business was completed in June 2011. He was appointed as the Managing Director and Chief Executive Officer following the Tabcorp-Tatts combination.

Mr Attenborough is also a Director of the Australasian Gaming Council.

Mr Attenborough was previously the Chief Executive Officer (South Africa) of Phumelela Gaming and Leisure Limited, the leading wagering operator in South Africa. His previous experience also includes the development of casino, bookmaking and gaming opportunities for British bookmaking company Ladbrokes (formerly part of the Hilton Group Plc).

Mr Attenborough brings to the Board extensive gambling industry experience, strategic and commercial acumen, international experience, retailing and customer experience, and corporate responsibility.

Qualifications:

- Bachelor of Science (Honours)
- Master of Business Administration
- Graduate Member of AICD

Other ASX company directorships in past 3 years:

- Nil

Bruce Akhurst

Independent Non Executive Director from July 2017

Bruce Akhurst is the Executive Chairman of Adstream Holdings Pty Ltd and is a Director of Vocus Group Limited and private investment company Paul Ramsay Holdings Pty Ltd. He is also Chairman of the Peter MacCallum Cancer Foundation and a Council Member of RMIT University.

Mr Akhurst was the Chief Executive Officer of Sensis Pty Ltd from 2005 to 2012 and a Director and Chairman of FOXTEL. Mr Akhurst also spent seven years as Group Managing Director and Group General Counsel at Telstra Corporation Limited, and prior to that he was a Partner at Mallesons Stephen Jaques.

Mr Akhurst brings to the Board extensive experience in legal and regulatory compliance, governance and risk management, marketing and customer experience, digital innovation, information technology, strategy, finance and capital management.

Tabcorp Committees:

- Chairman of Risk and Compliance Committee
- Member of People and Remuneration Committee
- Member of Nomination Committee

Qualifications:

- Bachelor of Economics (Honours)
- Bachelor of Laws
- Fellow of AICD

Other ASX company directorships in past 3 years:

- Vocus Group Limited since September 2018

Harry Boon

Independent Non Executive Director from December 2017

Harry Boon joined the Tabcorp Board in December 2017 following the implementation of the combination between Tabcorp and Tatts Group Limited (Tatts). He was previously the Chairman of Tatts, and served as a Non Executive Director of Tatts from May 2005.

Mr Boon is currently the Chairman of Asaleo Care Limited and is a former Director of Toll Holdings Limited.

Mr Boon was previously Chief Executive Officer and Managing Director of ASX listed company Ansell Limited until he retired in 2004, a position which capped a career spanning some 28 years with the Ansell Group. Mr Boon has held senior positions in Australia, Europe, the US and Canada.

Mr Boon brings to the Board extensive experience in global marketing and sales, retailing and customer experience, gambling industry experience, leadership, remuneration, people and organisational culture.

Tabcorp Committees:

- Member of Audit Committee
- Member of Risk and Compliance Committee
- Member of People and Remuneration Committee
- Member of Nomination Committee

Qualifications:

- Bachelor of Laws (Honours)
- Bachelor of Commerce

Other ASX company directorships in past 3 years:

- Asaleo Care Limited since May 2014
- Tatts from May 2005 to December 2017

(i) Ms Dwyer was appointed Chairman in June 2011 upon the demerger of the Group's former casinos business. Prior to the demerger, Ms Dwyer was a Non Executive Director from August 2005.

Anne Brennan

Independent Non Executive Director from July 2020

Anne Brennan is a Non-Executive Director of Spark Infrastructure Group, Argo Investments Limited, Charter Hall Group and Nufarm Limited. She is also on the boards of NSW Treasury Corporation, Rabobank Australia Limited and Rabobank New Zealand Limited.

Ms Brennan previously served as Deputy Chair of Echo Entertainment Group Limited, and as a Non-Executive Director of Metcash Limited and Myer Holdings Limited.

Ms Brennan was formerly the Executive Finance Director of Coates Group and Chief Financial Officer at CSR Limited. She was previously a partner at KPMG, then Arthur Andersen and Ernst & Young.

Ms Brennan brings to the Board extensive experience in finance, capital management, risk and compliance, gambling industry experience and experience in retail and highly regulated industries.

Tabcorp Committees:

- Member of Audit Committee
- Member of Risk and Compliance Committee
- Member of Nomination Committee

Qualifications:

- Bachelor of Commerce (Honours)
- Fellow of the Chartered Accountants Australia and New Zealand
- Fellow of AICD

Other ASX company directorships in past 3 years:

- Argo Investments Limited since September 2011
- Charter Hall Group since October 2010
- Metcash Limited from March 2018 to August 2019
- Myer Holdings Limited from September 2009 to November 2017
- Nufarm Limited since February 2011
- Spark Infrastructure Group from June 2020

David Gallop AM

Independent Non Executive Director from July 2020

David Gallop AM was the Chief Executive Officer and General Secretary of Football Federation Australia from 2012 to 2019 and Chief Executive Officer of the National Rugby League from 2002 to 2012. He also held senior legal roles (including as Company Secretary) with the National Rugby League, News Corporation and law firm Holman Webb.

Mr Gallop has served on numerous sports governing bodies including the Australian Sports Commission (as Deputy Chairman), Rugby League International Federation and the Asian Football Confederation's 2015 AFC Asian Cup Local Organising Committee.

Mr Gallop brings to the Board extensive experience and background in sports administration, media rights and broadcasting, digital content delivery, customer experience, legal and regulatory frameworks and stakeholder relationship management.

Tabcorp Committees:

- Member of Audit Committee
- Member of Risk and Compliance Committee
- Member of Nomination Committee

Qualifications:

- Bachelor of Laws
- Bachelor of Arts
- Graduate Member of AICD

Other ASX company directorships in past 3 years:

- Nil

Steven Gregg

Independent Non Executive Director from July 2012

Steven Gregg is Chairman of Ampol Limited and a Director of Challenger Limited and thoroughbred bloodstock company William Inglis & Son Limited. He is also a Trustee of the Australian Museum Trust and Chairman of Unisson Disability Limited.

He is the former Chairman of Goodman Fielder Limited and former Chairman of Austock Group Limited, and he was a Member of the Grant Samuel non-executive Advisory Board.

Mr Gregg had an executive career in investment banking and management consulting, including as Global Head of Investment Banking and CEO at ABN Amro Bank, and Partner and Senior Adviser to McKinsey & Company.

Mr Gregg brings to the Board extensive experience in corporate finance and capital management, strategic and commercial acumen, retailing and racing industry experience.

Tabcorp Committees:

- Chairman of People and Remuneration Committee
- Member of Audit Committee
- Member of Nomination Committee

Qualifications:

- Bachelor of Commerce

Other ASX company directorships in past 3 years:

- Ampol Limited since October 2015
- Challenger Limited since October 2012

Vickki McFadden

Independent Non Executive Director from July 2017

Vickki McFadden is Chairman of GPT Group and a Director of Newcrest Mining Limited, Allianz Australia Ltd and Myer Family Investments Pty Ltd. She is also a Member of Chief Executive Women.

Ms McFadden was Chairman of Eftpos Payments Australia Limited and Skilled Group Limited, President of the Takeovers Panel, and was previously a Non Executive Director of Leighton Holdings Limited. Prior to this, she was Managing Director, Investment Banking at Merrill Lynch (Australia) Pty Ltd.

Ms McFadden brings to the Board extensive experience in finance and capital management, governance, risk management and compliance, people and organisational culture, strategy and corporate responsibility.

Tabcorp Committees:

- Chairman of Audit Committee
- Member of Risk and Compliance Committee
- Member of Nomination Committee

Qualifications:

- Bachelor of Commerce
- Bachelor of Laws
- Member of AICD

Other ASX company directorships in past 3 years:

- GPT Group since March 2018
- Newcrest Mining Limited since October 2016

Justin Milne

Independent Non Executive Director from August 2011

Justin Milne is a former Chairman of NetComm Wireless Limited, MYOB Group Limited, Australian Broadcasting Corporation and pieNETWORKS Limited, and was a Director of NBN Co Limited, SMS Management and Technology Limited, Members Equity Bank Limited and Basketball Australia Limited.

Mr Milne had an executive career in telecommunications, marketing and media. From 2002 to 2010 he was Group Managing Director of Telstra's broadband and media businesses, and headed up Telstra's BigPond New Media businesses in China. He was also the Chief Executive Officer of OzEmail and the Microsoft Network.

Mr Milne brings to the Board extensive experience in information technology, media, digital innovation, marketing and customer experience, public policy, strategic and commercial acumen and governance.

Tabcorp Committees:

- Member of Risk and Compliance Committee
- Member of Nomination Committee

Qualifications:

- Bachelor of Arts
- Fellow of AICD

Other ASX company directorships in past 3 years:

- MYOB Group Limited from March 2015 to May 2019
- NetComm Wireless Limited from March 2012 to July 2019
- SMS Management and Technology Limited from August 2014 to September 2017

CORPORATE GOVERNANCE

Tabcorp's Board recognises the importance of having proper and effective corporate governance arrangements and maintaining high standards of corporate behaviour and accountability. The governance arrangements adopted by the Group enable the Board and management to make well informed decisions, provide appropriate accountability and transparency, and instil and reinforce a culture and behaviours that support Tabcorp's vision to be ***The Trusted Gambling Entertainment Company***.

Achievements

- Announced succession plans for the Chairman and MD & CEO. Steven Gregg will succeed the Chairman Paula Dwyer who will retire from the Board on 31 December 2020. David Attenborough announced his intention to retire as MD & CEO in the first half of calendar year 2021, and a global search is underway for a successor.
- Anne Brennan and David Gallop were appointed as new Non Executive Directors, and Zygmunt Switkowski retired from the Board.
- Vickki McFadden has advised of her intention to retire from the Board at the 2020 Annual General Meeting. Anne Brennan will succeed Ms McFadden as Chairman of the Audit Committee.
- A self-assessment was undertaken of the effectiveness and performance of the Board, its Committees and individual Directors.
- Tabcorp reviewed and updated a number of policies, including its Securities Trading Policy, Anti-Bribery and Corruption Policy, Conflicts of Interest Policy, Code of Conduct and Whistleblower Policy.

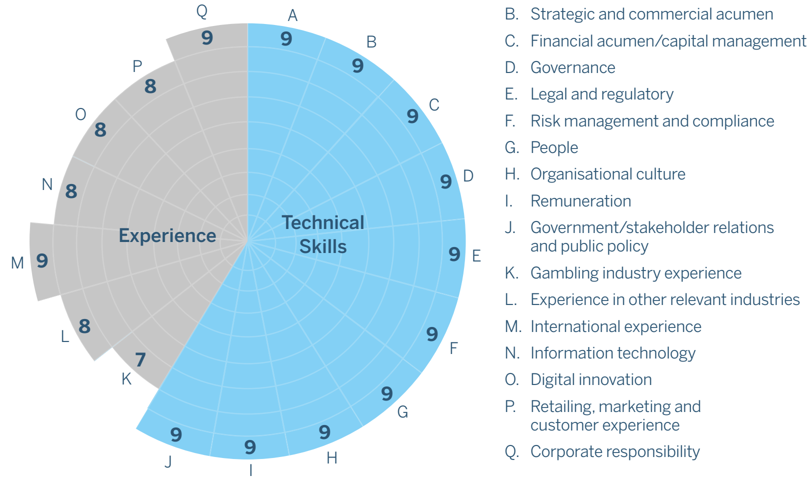
Balanced Board

- The Board comprises a mix of longer serving NEDs and more recent appointments, with five new Directors appointed in the past three years.
- The Board has a target of having at least 40% female NEDs by the end of FY23.
- All Tabcorp's NEDs are considered by the Board to be independent.
- The Board is comprised of Directors who bring a diverse range of skills, experience, qualifications and backgrounds to provide effective leadership and add value.
- The Board is undertaking a process for orderly and coordinated Board renewal, which is being overseen by the Nomination Committee.

Board Committees

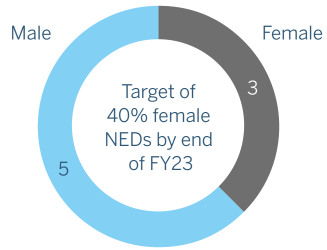
- The Board has four standing Committees:
  - Audit Committee
  - Risk and Compliance Committee
  - People and Remuneration Committee
  - Nomination Committee
- All committee members, including Chairmen, are independent Directors.

Board skills matrix



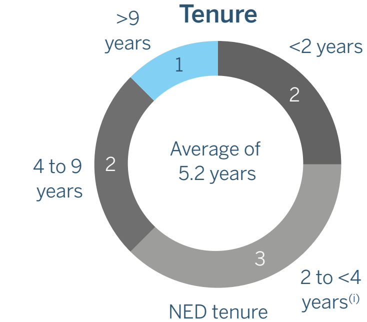
Number of Directors with developed capability

Diversity



Non Executive Directors (NEDs)

Tenure



NED tenure

(i) Includes Harry Boon, who served as a Director and Chairman of Tatts from 2005 to 2017.

Tabcorp's Corporate Governance Statement 2020, Appendix 4G, Board and Committee charters, key policies and governance documents are available from the Who We Are > Corporate Governance section of Tabcorp's website at **www.tabcorp.com.au**

Board and Committee meeting attendance

The attendance of the Directors at meetings of the Board and standing Board Committees during the year in review were:

Name	Board meetings A	Board meetings B	Audit Committee A	Audit Committee B	Risk and Compliance Committee A	Risk and Compliance Committee B	People and Remuneration Committee A	People and Remuneration Committee B	Nomination Committee A	Nomination Committee B
Current Directors										
Paula Dwyer(i)	14	14	6	6	4	4	5	5	4	4
David Attenborough(ii)	14	14	6	6	4	4	5	5	4	4
Bruce Akhurst	14	14	4	4	4	4	1	2	4	4
Harry Boon	14	14	6	6	4	4	5	5	4	4
Anne Brennan(iii)	7	7	3	3	2	2	-	-	2	2
David Gallop(iii)	10	11	3	3	2	2	-	-	2	2
Steven Gregg	14	14	6	6	-	-	5	5	4	4
Vickki McFadden	14	14	6	6	4	4	-	-	4	4
Justin Milne	14	14	-	-	4	4	-	-	4	4
Former Director										
Zygmunt Switkowski(iv)	9	9	-	-	-	-	3	3	4	4

A – Number of meetings attended

B – Maximum number of possible meetings available for attendance

(i) Paula Dwyer also attended meetings of the Victorian Joint Venture Management Committee as Chairman of this Committee.

(ii) David Attenborough attends Committee meetings, but he is not a member of any Committee. Only Non Executive Directors are members of Board Committees.

(iii) Anne Brennan and David Gallop commenced as Non Executive Directors on 17 July 2020 and 3 July 2020 respectively following the receipt of all necessary regulatory and ministerial approvals. For the meetings disclosed above, Ms Brennan and Mr Gallop attended as observers whilst awaiting regulatory approval, for which they were not required to attend and could not vote on any matter.

(iv) Zygmunt Switkowski retired from the Board on 28 February 2020.

In addition to the meetings above, Directors also participated in 10 additional meetings of the Board or Board Sub-Committees established for special purposes during the year to consider a broad range of matters, including the impacts of COVID-19 on the Group. Management also provided regular briefings to Directors on developments in relation to COVID-19 during this period.

The functions and memberships of the Board Committees are set out in the Company's Corporate Governance Statement available on Tabcorp's website. The Board and Committee Charters are also available on Tabcorp's website.

Directors' interests in Tabcorp securities

At the date of this report, the Directors had the following relevant interests in the securities of the Company, as notified to the ASX in accordance with section 205G(1) of the Corporations Act 2001:

Name	Number of Ordinary shares
Current Directors	
Paula Dwyer	125,000
David Attenborough(i)	1,209,097
Bruce Akhurst	100,000
Harry Boon	70,000
Anne Brennan(ii)	7,500
David Gallop(ii)	7,000
Steven Gregg	42,000
Vickki McFadden	50,000
Justin Milne	46,608
Former Director	
Zygmunt Switkowski(iii)	91,949

(i) David Attenborough also has an interest in 1,837,228 Performance Rights.

(ii) Anne Brennan and David Gallop commenced as Non Executive Directors on 17 July 2020 and 3 July 2020 respectively following the receipt of all necessary regulatory and ministerial approvals.

(iii) Zygmunt Switkowski retired as a Director of Tabcorp on 28 February 2020 and the interests disclosed above were applicable at that time.

(iv) The MD & CEO's shareholding is within the Executive Shareholding Policy. All NED shareholdings are within the Non Executive Director Shareholding Policy, noting that NEDs are required to reach the applicable threshold within three years from appointment, or by 14 December 2020 (the third anniversary of the Combination), whichever is the later.

EXECUTIVE LEADERSHIP TEAM

David Attenborough

Managing Director and Chief Executive Officer

David joined Tabcorp in April 2010 as Managing Director – Wagering. He became Managing Director and Chief Executive Officer when Tabcorp's demerger of its former casinos business was completed in June 2011.

He has an extensive background in totalisator and fixed odds betting, racing and broadcasting. He was previously the Chief Executive Officer (South Africa) of Phumelela Gaming and Leisure Limited, the leading wagering operator in South Africa. His previous experience also includes the development of casino, bookmaking and gaming opportunities for British bookmaking company Ladbrokes (formerly part of the Hilton Group Plc).

David is a Director of the Australasian Gaming Council.

David holds a Bachelor of Science (Honours) and a Master of Business Administration, and he is a Graduate Member of AICD.

Adam Newman

Chief Financial Officer

Adam joined Tabcorp in October 2019 as Chief Financial Officer.

He was previously the Chief Financial Officer of ASX-listed energy company AusNet Services Limited. He also held senior leadership roles at BlueScope Steel in Australia and the USA, and worked at BHP and in Coopers & Lybrand's Perth and London Corporate Advisory groups.

Adam holds a Bachelor of Business, Post Graduate Diploma of Business, and Graduate Diploma in Applied Finance. He has also attended the Advanced Management Program at INSEAD (France). Adam is a Member of Chartered Accountants Australia and New Zealand and FINSIA.

Paul Carew

Chief Operating Officer – Gaming Services

Paul commenced as Chief Operating Officer – Gaming Services in February 2020. Since joining Tabcorp in 2006, he has held various senior management positions across the Gaming, Retail Wagering and Keno businesses.

Prior to joining Tabcorp, Paul was Sales Manager at Fosters Group and was a licensed venue operator.

Paul holds a Bachelor of Commerce, Marketing and Management, and has attended the University of Nevada Executive Development Program in the USA.

Clinton Lollback

Chief Risk Officer

Clinton joined Tabcorp in January 2016 in this newly created role to lead Tabcorp's risk and compliance functions.

Prior to joining Tabcorp, he was the Head of Operational Risk at Macquarie Group, a role he established and led for 10 years.

Clinton has extensive risk management experience in the banking and finance industry, including roles with Westpac, JP Morgan, and Coopers & Lybrand.

Clinton holds a Bachelor of Business and is a Member of Chartered Accountants Australia and New Zealand.

Patrick McGlinchey

Group General Counsel and Co-Company Secretary

Patrick commenced with Tabcorp in March 2019 as Group General Counsel, leading Tabcorp's Legal, Regulatory and Governance functions with functional responsibility for Company Secretariat.

Prior to joining Tabcorp, he was Regional General Counsel Asia Pacific at LafargeHolcim Group leading the legal, corporate governance and compliance teams across the region. Patrick also has experience in the gambling entertainment industry, having served previously as Chief Legal Officer and Company Secretary at Aristocrat Leisure Limited.

Patrick holds a Bachelor of Laws (Honours) and a Bachelor of Economics (Soc Sc). He has attended various executive development courses including the International Institute for Management Development in Switzerland and the Wharton School in the USA.

Françoise Russo
Chief Information Officer

Françoise commenced as Tabcorp's Chief Information Officer in May 2020.

Prior to joining Tabcorp, Françoise was Global Chief Information Officer at Toll Group, where she led a multi-year business transformation underpinned by a program of global technology modernisation. She has also worked overseas with organisations such as Procter & Gamble, Diageo and British American Tobacco, where she was the Regional Chief Information Officer for Europe, Middle East and Africa.

Françoise holds a Masters of Business Administration, a Masters in Information Systems and a Bachelor in Psychology. She has attended the University of Oxford's Said Business School and Warwick Business School at the University of Warwick, UK.

Adam Rytenskild
Managing Director – Wagering and Media

Adam joined Tabcorp in 2000 and has been a member of Tabcorp's Executive Leadership Team since 2010. During this time he has led Wagering's Digital and Retail Operations, Gaming Services business, Keno business and has been Managing Director – Wagering and Media since the Tabcorp-Tatts combination in December 2017.

Adam has over 20 years' experience in gambling entertainment and leading complex businesses that are highly regulated, have multiple stakeholders, are underpinned by a strong customer focus, and operate in highly competitive digital environments. His career also includes nine years with Mobil Oil prior to joining Tabcorp.

He is an Alternate Director of the Australasian Gaming Council.

He holds a Masters of Business Administration, has attended the Senior Executive Program at the London Business School and the Executive Breakthrough Program with Egon Zehnder. He is a Member of AICD.

Ben Simons
Chief Strategy Officer

Ben commenced with Tabcorp in July 2017 in the position of Chief Strategy Officer. He has oversight of corporate strategy and branding, business development, and the Office of the CEO, which includes corporate communications and government, investor and stakeholder relations.

He was previously with Telstra where he was most recently Director of Telstra Air, Australia's largest wifi hotspot network, and Director of Retail Product Strategy. Prior to Telstra, he was Principal of management consulting firm Bain and Company.

Ben holds a Masters in Business Administration, a Bachelor of Economics, a Bachelor of Laws, and a Graduate Diploma in Applied Finance from the Securities Institute of Australia.

Sue van der Merwe
Managing Director – Lotteries and Keno

Sue became Tabcorp's Managing Director – Lotteries and Keno following the combination of Tabcorp and Tatts in December 2017. Previously she held the role of Chief Operating Officer – Lotteries at Tatts Group.

Sue has extensive experience in lotteries spanning 30 years. She has played a central role in the successful development of the Australian lottery industry, and was instrumental in the acquisition of multiple lottery licences and the successful integration of these businesses. Today she is responsible for one of the most complex multi-jurisdictional lottery businesses in the world.

She is Chairman of the Asia Pacific Lottery Association, sits on the World Lottery Association Executive Committee and was inducted into PGRI's Lottery Industry Hall of Fame in 2016, recognising her contribution to world lottery excellence and integrity.

Sue holds a Bachelor of Social Science, Marketing and Economics.

Michelle Williams
Chief People Officer

Michelle commenced with Tabcorp in February 2020 as Chief People Officer.

Prior to joining Tabcorp, she was Group Director Human Resources at Fairfax Media Limited and was responsible for setting and implementing human resources strategy across Fairfax's portfolio of newspapers, websites, radio stations, events and digital ventures in Australia and New Zealand. Prior to Fairfax, she held human resources roles with AXA and Colonial Limited.

Michelle holds a Bachelor of Commerce and a Bachelor of Science and is a member of the Australian Human Resources Institute.

DIRECTORS' REPORT

Contents

The Directors of Tabcorp Holdings Limited (the Company) present their report for the consolidated entity comprising the Company and its subsidiaries (the Group) and the Group's interests in joint arrangements and associates in respect of the financial year ended 30 June 2020.

1. PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year comprised the provision of gambling and entertainment services. The Group's principal activities remain unchanged from the previous financial year, except as disclosed elsewhere in this Directors' Report.

2. OPERATING AND FINANCIAL REVIEW

The financial results of the Group for the financial year ended 30 June 2020 comprise its three operating segments of Lotteries and Keno, Wagering and Media, and Gaming Services. The activities and financial performance of the Group and each of its operating segments for the financial year are set out on pages 1 to 19 and below.

Lotteries and Keno

The Lotteries and Keno business has the following operations and licences/approvals.

Lotteries operations:

- The Lott is the brand that unites Tabcorp's licensed lottery operations under one banner. Tabcorp conducts lotteries in all states and territories of Australia, except Western Australia, under licence arrangements.
- Our leading game brands include Set for Life, Powerball, Oz Lotto, TattsLotto, Saturday Lotto, Gold Lotto, X Lotto, Monday and Wednesday Lotto, Lucky Lotteries, Lotto Strike, Super 66, Keno and Instant Scratch-Its.
- Our lotteries products can be purchased in newsagencies, convenience stores and other retail outlets, online at theLott.com and via our mobile app.

Keno operations:

- Keno is a random number game that is played every 3 to 3.5 minutes with the chance for customers to win instant prizes and multi-million dollar lifechanging jackpots.
- Keno is played in clubs, hotels and TABs in Victoria, Queensland, South Australia and the ACT, and in clubs and hotels in NSW, and is available online in the ACT.
- Keno jackpot pooling across Victoria, NSW, Queensland and ACT.

Lotteries licences/approvals[(i)]:

- NSW Operator Licence and various product licences expire in April 2050.
- Victorian Public Lottery Licence expires in June 2028.
- Queensland Licensed Lottery Operator's Licence expires in July 2072.
- Lotteries operates under an agency agreement with the Lotteries Commission of South Australia which runs until December 2052.
- Tasmanian lotteries operate under renewable five year permits linked to Victorian (June 2025) and Queensland (June 2023) licences.
- ACT Approval to conduct a lottery indefinitely unless revoked.
- Northern Territory Lottery Agreement expires in June 2032.

(i) Ordered by population of states/territories.

Keno licences/approvals[i]:

- NSW Keno Licence expires in April 2050. Tabcorp operates Keno in NSW under a management agreement with ClubKENO Holdings Pty Ltd.
- Victorian Keno Licence expires in April 2022.
- Queensland Keno Licence expires in June 2047.
- Keno operates under an agency agreement with the Lotteries Commission of South Australia which runs until December 2052.
- ACT Approval to Conduct Keno expires in October 2064.

Wagering and Media

The Wagering and Media business has the following operations and licences/approvals.

Wagering operations:

- The business offers totalisator (or pari-mutuel) and fixed odds betting on racing, sports and other events.
- The business operates through a network of TAB agencies, hotels and clubs, and on-course operations in Victoria, NSW, Queensland, South Australia, Tasmania, Northern Territory and the ACT.
- Wagering channels include retail, internet, mobile devices and phone.
- Trackside, a computer simulated racing product, operates in Victoria, NSW and the ACT, and licensed in other Australian and overseas jurisdictions.
- International wagering and pooling is conducted through the Premier Gateway International (PGI) joint venture on the Isle of Man (50% interest).

Media operations:

- Three Sky Racing television channels broadcast thoroughbred, harness and greyhound racing to audiences in TAB outlets, hotels, clubs, other licensed venues, in-home to pay TV subscribers and over various digital platforms.
- Sky Racing Active is a digital app providing an 'access all areas' pass to Sky Racing's live and on-demand racing content across thoroughbred (excluding Victoria and South Australia), harness and greyhound racing. Sky Racing Active allows users to create their own racing playlists and showcases.
- Three Sky Sports television channels broadcast various sports to audiences in TAB outlets, hotels, clubs and other licensed venues.
- The Sky Sports Radio network operates in NSW and the ACT, the RadioTAB network operates in Queensland, South Australia, Northern Territory and Tasmania, and the business has advertising and sponsorship arrangements with Radio Sport National.
- The business broadcasts Australian racing throughout Australia and distributes Australian and international racing to other countries, and imports overseas racing to Australia.

Wagering licences/approvals[i]:

- NSW Wagering Licence expires in March 2097, with retail exclusivity period to expire in June 2033.
- Victorian Wagering and Betting Licence expires in August 2024, and may be extended by the State of Victoria for a further two year period.
- Queensland Race Wagering Licence and Sports Wagering Licence expire in June 2098.
- South Australian Major Betting Operations Licence expires in June 2100, with retail exclusivity period to expire in December 2032.
- Tasmanian Gaming Licence expires in March 2062.
- ACT Totalisator Licence expires in October 2064.
- ACT Sports Bookmaking Licence expires in October 2029, with further rolling extensions to October 2064.
- ACT Approval to Conduct Trackside expires in October 2064.
- Northern Territory Totalisator Licence and Sports Bookmaker Licence expire in October 2035.

(i) Ordered by population of states/territories.

Gaming Services

The Gaming Services business has the following operations and licences/approvals.

Gaming Services operations:

- The Gaming Services business operates two units under the MAX brand: MAX Regulatory Services and MAX Venue Services.
- MAX Regulatory Services provides electronic gaming machine (EGM) monitoring and related services across NSW, Queensland, and the Northern Territory.
- MAX Venue Services provides a mix of services including: gaming machine and systems supply and expertise, specialised services and strategic advice to licensed gaming venues in Victoria and NSW; value-add services to venues in NSW, Victoria, Queensland, Tasmania, the ACT and the Northern Territory such as gaming and loyalty systems, business intelligence tools, and cashless and ticket in ticket out (TITO) services; and logistics, installation, relocation, repair and maintenance of EGMs, lottery and wagering terminals and other transaction devices across Australia.

Monitoring licences[i]:

- NSW Centralised Monitoring System Licence expires in November 2032.
- Queensland Monitoring Operator's Licence expires in August 2027, with indefinite rolling renewal capability.
- Northern Territory Monitoring Provider's Licence expires in July 2021 with indefinite rolling renewal capability.

Other licences/approvals[i]:

- NSW Gaming Machine Dealer's and Seller's Licences.
- Listings on the Victorian Roll of Manufacturers, Suppliers and Testers.
- Queensland Service Contractor Licence and Approved Financier status.
- South Australian Gaming Machine Dealer's Licence (voluntarily suspended) and Gaming Machine Service Licence.
- Listings on the Tasmanian Roll of Recognised Manufacturers, Suppliers and Testers of Gaming Equipment.
- ACT Supplier Certificates.
- Northern Territory listing on the Roll of Approved Gaming Equipment Suppliers, Gaming Machine Service Contractors Licence and other approvals.

(i) Ordered by population of states/territories.

(ii) The Group's NSW Inter-Club Linked Gaming Systems Licence and Inter-Hotel Linked Gaming Systems Licence expired in April 2020.

3. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than matters arising from the impacts of the COVID-19 pandemic discussed in the Operating and Financial Review and elsewhere in the Directors' Report, no other significant changes in the state of affairs of the Group have occurred since the commencement of the financial year on 1 July 2019.

4. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

On 21 July 2020, the Federal Government announced that the JobKeeper scheme will be extended until 28 March 2021 for employers who continue to be significantly impacted by COVID-19. Further changes to the business eligibility criteria were announced in August 2020. The Group may be eligible to receive further subsidy under the extended scheme.

The Group notes the recent developments in Victoria, including the declaration of a 'state of disaster' with effect from 2 August 2020. The relevant restrictions resulted in the temporary closure of Victorian licensed venues (hotels and clubs) and TAB agencies which offer Tabcorp's Wagering and Media, Keno and Gaming Services products. At the reporting date a definitive assessment of the future effects of these restrictions, and COVID-19 more generally, on the Group cannot be made.

On 19 August 2020, the Group announced a 1 for 11 underwritten pro-rata accelerated renounceable entitlement offer with retail entitlements trading at a price of $3.25 per new share to raise gross proceeds of approximately $600m.

No other matters or circumstances have arisen since the end of the financial year, which are not otherwise dealt with in this Directors' Report or in the Financial Report, that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

5. BUSINESS STRATEGIES

The Group is one of Australia's leading gambling entertainment companies and seeks to deliver sustainable superior returns to its shareholders through the delivery of financial, operational and leadership excellence. To achieve these outcomes, the Group continues to focus on a number of key priorities, which are discussed on pages 4 to 9. The priorities of the Group's operating businesses are set out on pages 14 to 18.

6. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Each year the Board participates in a formal strategic review and planning process to provide guidance to management about the Group's strategic direction. The Group plans to continue with its business strategies, as set out in this report and referenced above. The execution of these strategies is expected to result in improved financial performance over the coming financial years.

The achievement of the expected results in future financial years is dependent on a range of factors, and may be adversely affected by any number of events, and are subject to, among other things, the material business risks described in section 7.

The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the Directors have reasonable grounds to believe that to include such information will be likely to result in unreasonable prejudice to the Group.

7. MATERIAL BUSINESS RISKS

The Group has a structured and proactive approach to understanding, identifying and managing risk which is aligned to the Group's strategies and operations. The Group operates within an established Risk Management Framework (summarised opposite) which enables the effective identification, monitoring, management, reporting and oversight of risks throughout the Group. This framework is overseen by the Chief Risk Officer and the Risk and Compliance Committee, and supports a strong culture of proactive risk management, helps protect our reputation and supports long term value creation for our stakeholders.

For further information regarding the Group's approach to risk management and risk governance, refer to Tabcorp's Corporate Governance Statement.

There are various risks that could have a material impact at a whole-of-Group level on the achievement of the Group's strategies and future prospects which are presented below, in no particular order, together with existing mitigations employed by the Group. Many of the risks may arise due to events occurring that are outside the control of the Group.

Risk Management Framework

Risk	Description and potential consequences	Mitigations employed
Breach of laws and licences, and compliance and conduct risks	The Group's businesses are regulated by laws, licences, regulations, rules, permits and other approvals. Any material breach of the relevant obligations or failure to meet compliance and conduct requirements may have an adverse impact on the financial performance and operating position of the Group. Any such adverse impact may arise as a result of the suspension or loss of applicable material gambling licences, renewal of licences on less favourable terms, increased supervision and oversight by regulators and other stakeholders, civil or criminal penalties, brand or reputational damage, and the inability to obtain future licences or business opportunities. In addition, a breakdown in material operational processes, system errors or failure to comply with the requirements for the calculation of jackpots, tote and fixed odds dividends, gambling taxes or other stakeholder returns, may require the Group to repay winnings or other financial impacts, or seek reimbursement of any overpayments, while also exposing the Group to litigation, including class actions, or other forms of disputes.	• The Group has risk management, compliance and accountability frameworks, considered risk appetite positions on material matters, and supporting policies, procedures, tools, training and other controls. • Employees and managers are provided with training and support to enable them to effectively manage their risk and compliance obligations in accordance with the Group's frameworks. • The Group regularly engages with regulators and has a robust environment for testing and approving systems, with many key systems requiring independent third party testing and approval by regulators before deployment. • Systems, processes and equipment are regularly monitored and tested. Internal Audit periodically reviews the effectiveness of, and provides independent and objective assurance regarding the adequacy of, controls and processes for managing risk and compliance obligations.
Licences and other approvals	The conduct of wagering, lotteries, Keno and the provision of gaming services are regulated by laws, licences, permits and other approvals from relevant state and territory governments. The loss of or failure to renew any material licence, permit, authorisation or other approval (or renewal on less favourable terms) may have an adverse impact on the financial position, performance and operations of the Group.	• The Group operates a diverse portfolio of businesses across a number of jurisdictions, business segments and customer categories which reduces the reliance on any one specific business or jurisdiction. • The Group maintains long term gambling licences and, where the terms are appropriate, seeks new licences and to extend existing licences where possible.

Risk	Description and potential consequences	Mitigations employed
Changes in laws and the regulatory environment	The Group's businesses operate in a highly regulated environment and are significantly affected by government policy and the manner in which governments and regulators exercise their powers. From time to time, government policy and decisions shift and are influenced by societal attitudes and political and/or media attention. Changes in legislation, regulation, taxation or government policy (and related judicial decisions and enforcement policy) by govenment agencies, tribunals and departments, including as a result of changes in societal attitudes towards gambling products, may have an adverse impact, to varying degrees, on the Group's operational and financial performance as a result of significant changes in the nature of operations, increased compliance or other costs, resourcing demands, and potential changes in the level of competition in relevent markets.	• The Group proactively engages with regulators and governments, and from time to time makes submissions relating to proposed changes in laws, and regulatory and licensing environments, which may impact the Group. • The Group regularly reviews its operating business model and strategies to take account of changes to the regulatory and licensing environments to mitigate adverse consequences of these changes. • The Group proactively engages with industry bodies to align the Group's business strategies with potential industry changes and ensure the sustainability of the Group's businesses and those industries more broadly. • The Group continues to invest in and embed customer care initiatives and responsible gambling practices.
Litigation, disputes and investigations	From time to time, members of the Group become involved, or could become involved, in litigation and disputes, including class actions, including with regulatory or law enforcement bodies (such as ACCC, ASIC, AUSTRAC and State-based gambling regulators), joint ventures and other business partners, stakeholders and third parties. In addition, members of the Group (as well as their current and former officers and executives) may be subject to various investigations carried out by the Australian Taxation Office or investigations carried out by other Federal or State regulatory or law enforcement bodies (including the ACCC, the Australian Federal Police, ASIC, AUSTRAC and State-based gambling regulators). Probity-related implications may also arise for Tabcorp. This could potentially lead to the suspension or loss of applicable gambling licences, other financial or criminal penalties, disciplinary action, brand damage and/or loss of future business opportunities, each of which may, if they were to occur, have a material adverse effect on the financial position, performance and/or operations of the Group. There is also the risk that Tabcorp's reputation may further suffer due to public scrutiny surrounding any such litigation, dispute or investigations regardless of their outcome and this may also adversely affect the Group's ability to generate revenue or conduct its operations	• The Group is supported by legal, regulatory and risk teams and implements robust risk, compliance, contract management processes and systems and controls to help mitigate risks of any potential litigation, disputes and investigations where possible. Any litigation, disputes or investigations that arise from time to time are managed in an effective and efficient manner with a view to protecting not only Tabcorp's financial position, but also its reputation and ongoing operations. • As noted, the Group also endeavours to maintain strong working relationships through regular proactive engagement with regulatory and law enforcement bodies, industry controlling bodies, other industry partners and governments. This can help prevent actual and potential issues arising and/or from escalating.
Consumer discretionary spending and preferences	Gambling activities compete with other consumer products for consumers' discretionary spending and in particular with other forms of leisure and entertainment. If the Group does not adequately respond to competition for consumers' discretionary expenditure, there may be an adverse effect on the operational and financial performance of the Group. Consumer discretionary spending may also be affected by adverse changes to general economic or industry conditions, changes in consumers' attitudes towards gambling products and the availability of payment channels, which may in turn adversely affect the financial performance of the Group.	• As noted above, the Group operates a diverse portfolio of businesses with operations spanning multiple jurisdictions and market segments, which reduces the reliance on any single business and customer category. • The Group adopts a range of strategies to further mitigate this risk, including using its exclusive retail network, enhancing its customer service and relationship management, introducing new products, adopting alternative payment channels, and driving digital innovation and excellence across its multi-channel network. • The Group's strategic marketing and consumer insights teams support the businesses to understand and respond to changing consumer trends.

Risk	Description and potential consequences	Mitigations employed
Competition	The Group's businesses are affected, to varying degrees, by competing suppliers of gambling and media products and services, based both in Australia and overseas. New competitors and disruptors may also enter the Group's traditional markets and be subject to less regulation compared to the Group. As a result, there is a risk that the Group may not be able to compete on the same terms as other operators, or may face increased levels of competition from suppliers of gambling products and services, which could adversely affect the operational and financial performance of the Group. A sustained increase in competition from existing competitors or new entrants may result in a material failure to grow, or a loss of market share or revenue in some markets.	• As noted above, the Group operates a diverse portfolio of businesses with operations spanning multiple jurisdictions and market segments, which reduces the reliance on any single business and/or customer category. • The Group strives for continual improvement in its product and service offering to attract and retain customers, including enhancing its customer service and relationship management, introducing new products, and driving digital innovation and excellence across its multi-channel network. • The Group supports an industry where all gambling operators can compete effectively and are required to adhere to, and are held to, the same laws, regulations, industry codes and standards.
Funding risks	The Group is exposed to risks relating to the cost and availability of funds to support its operations, including changes in interest rates and foreign currency exchange rates, counterparty credit and liquidity risks which could impact its financing activities. In addition, as part of its arrangements with its external financiers, the Group is subject to a number of customary conditions and financial covenants. A failure to comply with such conditions and covenants may require the Group to repay borrowings earlier than anticipated, or result in increased financing costs for the Group, which could in turn adversely affect the financial performance of the Group.	• The Group's Treasury department is responsible for managing the Group's finance facilities and interest rate, credit, liquidity and currency risks in line with policies approved by the Board. • The Group maintains an active capital management program with a diverse range of funding sources and long dated maturities. During FY20, the Group engaged with certain external financiers and secured agreement for certain covenant waivers to preserve liquidity and mitigate the financial impacts of the COVID-19 pandemic. Refer to page 11 of the Operating and Financial Review for further information. • Detailed disclosures are contained in the Financial Report in section B titled "Capital and risk management" on pages 83 to 93.
Technology, cybersecurity and privacy risks	The Group's business relies on the successful operation of technology infrastructure, which could be adversely affected by various factors including obsolescence of equipment, complexity of core environments, extended digital outages which prevent account customers from transacting on the Group's products, malicious attacks on technology systems and customer and company data and regulatory information, ability to recover from a significant hardware or data centre failure, and managing risks associated with outsourcing key processes and activities to third-parties. The Group's business also relies on technology infrastructure to support ongoing business growth. Where such infrastructure cannot efficiently support the changing needs of the business, this may potentially adversely impact the reputation, operations or financial performance of the Group. The COVID-19 working environment has seen an enhanced threat level across all industries and organisations as opportunistic criminals seek to exploit organisations' cyber defences. A significant cyber incident or prolonged failure of the computer systems and/or related infrastructure or technology security failure could impact upon the Group's technology systems and equipment, prevent operation of revenue generating functions, result in the loss or exposure of information assets, or personal customer or regulatory data could be wrongfully appropriated, lost or disclosed, which may potentially adversely impact the reputation, operations or financial performance of the Group and expose the Group to significant regulatory enforcement actions, litigation and other disputes.	• The Group's Technology team dedicates resources, systems and expertise to the identification, analysis, and mitigation of technology risks, and leverages the expertise from key technology partners. • This team designs new generation information technology platforms and evolves existing core platforms to take advantage of advances in technologies and practices to provide leading security technologies to support the Group's growth strategies. • A dedicated information and cyber-security team within the Technology function is tasked with protecting key information assets, detecting any attempted attacks, and responding appropriately. Regular reviews and assessments with follow up actions assist ongoing defensive strategies and response readiness. • The Group maintains support arrangements for cyber incident response and recovery, and holds a cyber breach insurance policy. • The Group has a Privacy Policy, Privacy Officer, and a number of internal working groups, and adopts practices, procedures and systems to provide oversight and support the appropriate management of data and its privacy. • The Group has disaster recovery plans and business continuity plans in place to manage major technology failures, cyber-security attacks and privacy breaches should they occur.

Risk	Description and potential consequences	Mitigations employed
Reliance on infrastructure and third party commercial arrangements	The Group is reliant on key infrastructure and third party commercial arrangements for the operation of its business. A significant malfunction or interruption to key infrastructure, or a failure of, significant interruption to, or reduction in the quality of third party products and services that the Group relies upon for a sustained period of time, may have an adverse impact on the reputation and the operating and/or financial performance of the Group.	• The Group's procurement function seeks commercial relationships across a diverse supplier base with clear terms of engagement, agreed service levels, regular reporting and monitoring, and where necessary risk mitigation and remediation action plans. • The Group has in place business continuity and disaster recovery plans. • The Group maintains an insurance program which includes limited recourse in the event of major failures of infrastructure or third party supply arrangements.
Racing and sports products	The Group's Wagering and Media business is reliant on racing industries, stakeholders and sporting bodies across Australia, and internationally, providing a program of events for the purposes of wagering, and obtaining and maintaining the necessary broadcast rights and content for race meetings and sporting events. A significant decline in the quality or number of events that comprise this program (for example due to adverse weather conditions, climate change, natural disasters, epidemic/pandemic outbreaks (such as the COVID-19 pandemic), an outbreak of equine influenza or other animal sickness pandemics, or changes in societal attitudes associated with animal welfare or other sustainability issues) would have a significant adverse effect on Wagering and Media revenue and may potentially have a material adverse effect on the operational and financial performance of the Group.	• As noted above, the Group operates a diverse portfolio of businesses with operations spanning multiple jurisdictions and market segments, which reduces the reliance on any single business and customer category. • In addition, the Group's Wagering and Media business offers betting products on, and broadcasts, a wide variety of racing, sports and other events, domestically and internationally. • The Group works closely with racing bodies and industry stakeholders to optimise racing schedules and broadcasts to provide the best racing product available to customers and mitigate the potential for adverse impacts which may result from a decline in racing product. • The Group has in place business continuity plans to help manage and respond to significant events which may impact upon the supply of racing and sports product. • The Group performs financial modelling, sensitivity analysis and stress testing to monitor and respond to the impacts of racing and sport product supply disruptions. • The Group also maintains an insurance program which provides limited cover for major disruptions.

Risk	Description and potential consequences	Mitigations employed
Changes in race fields and sports product fees and taxes	Each state and territory of Australia has implemented race fields arrangements, under which wagering operators pay product fees for use of that industry's race fields information. Similar arrangements exist in relation to various sports. There is the potential that fees will increase, new fees will be introduced, or the method for determining fees will change, and such changes may have an adverse effect on the operational and financial performance of the Group. In addition, a material increase in the taxes and levies payable by the Group in respect of its wagering, lotteries or gaming businesses may reduce margins and have an adverse impact on the financial performance of the Group. There is also a risk that racing, sport or industry bodies may disagree with the Group regarding the application of certain aspects of the race fields regimes, contracts that govern product fees or relevant commercial arrangements generally, or the manner in which taxes, levies and fees are determined. Such disagreements may lead to litigation or other dispute resolution processes being involved, including negotiated settlement of relevant commercial disputes.	• The Group currently has contracts in place that the Group considers will allow it to offset or share some of the race field fees or offer additional protections under the respective arrangements. • The Group maintains strong relationships with industry controlling bodies, other industry partners and governments and engages with them in respect of proposed changes to industry funding arrangements, fees and other taxes and levies. • Where possible, the Group seeks to enter into contracts with racing and sports controlling bodies that provide long term certainty of commercial arrangements.
Disruption or decline of licensed venues, agencies and retail network	The operating and financial performance of the Group's business is materially dependent on the operation of a network of licensed venues (hotels and clubs), TAB agencies, newsagencies, convenience stores and other retail outlets which offer the Group's products. Significant disruption or closures of, or a decline in, these channels, whether as a result of a particular event (for example, due to adverse weather events or climate change, epidemic/pandemic outbreak (such as the COVID-19 pandemic), or natural disaster), economic conditions, changes in consumer behaviour or any other factors, may have a direct adverse effect on the operating and financial performance of the Group.	• The Group operates a diverse portfolio of businesses through a multi-channel strategy across retail and digital networks, which reduces the reliance on any single channel. • The Group regularly reviews its omni-channel strategies and seeks to optimise its investment in the retail network to align with changing market and consumer trends. • The Group works with industry peak bodies and its retail network partners to optimise its product and service offering in retail venues, and implements a number of initiatives to improve the in-venue customer experience, including for example introducing digital commissions to TAB venues and introducing TAB Venue Mode to enhance the customer experience when using the TAB app while in a TAB venue. • The Group has in place business continuity and disaster recovery plans.

Risk	Description and potential consequences	Mitigations employed
COVID-19 pandemic	The COVID-19 pandemic and government restrictions have impacted the Group's operating businesses to varying degrees, and in turn the Group's financial and operational performance. To date, the main impacts have been to the Group's Wagering and Media business (due primarily to the temporary closure of licensed venues (hotels and clubs) and TAB agencies and disruption to sporting events and international racing), and in the Gaming Services business (due to the temporary closure of licensed venues). The COVID-19 pandemic and related actions taken in response by the Australian and other governments, including national lockdowns, border controls/travel restrictions and the effects of the pandemic on the global and domestic economy have had, and are likely to continue to have, a material adverse effect on Tabcorp, its financial performance and position. There is no certainty as to the length of Australian and other government restrictions and whether they will increase or be eased in the future. The long term impacts from COVID-19 on general economic or industry conditions and consumer discretionary spending are uncertain and may adversely impact the financial and operational performance of the Group and the delivery of its growth strategies in the future. Refer also to the risk topics "Racing and sports products", "Disruption or decline of licensed venues, agencies and retail network" and "People" for further information about other risks which could be impacted by COVID-19 and other potential pandemics.	• The Group is committed to prioritising the health, safety and wellbeing of its people, partners, customers and the community. The Group has business continuity plans, processes and resources in place to mitigate health and safety risks, maintain continuity of service (albeit at reduced levels for some of its businesses and channels), and ameliorate the financial and operational impacts. • The Group regularly engages with governments, regulators, customers, venue and racing industry partners, and employees to help manage the impact on our stakeholders. • The diversification of the Group's businesses across multiple channels, products and jurisdictions provides greater resilience when such pandemics occur. • During the COVID-19 pandemic, the Group identified and implemented initiatives to mitigate the financial and earnings impacts, including reducing operating and capital expenditure, securing debt covenant waivers and preserving liquidity, suspending the FY20 final dividend, securing government support for the deferral of lottery and Keno taxes and payroll tax, encouraging retail customers to use digital channels, and actively promoting remaining available products. A range of people related initiatives were also implemented, including standing down some groups of employees, reducing working hours and annual leave balances, working remotely, accessing the Federal Government's JobKeeper scheme, and freezing remuneration increases and no FY20 incentive outcomes. • A COVID-19 Response Advisory Group (CRAG) was established to coordinate and oversee the Group's response to the COVID-19 pandemic. Further details about the CRAG are contained in Tabcorp's Corporate Governance Statement.
People	The Group's performance and the execution of its strategies depends on its ability to attract and retain key senior management and operating personnel and foster a high performance culture. The loss of any key personnel, or the Group's inability to attract the requisite personnel with suitable experience, could have an adverse effect on the performance of the Group and the delivery of its strategies and/or operations. There is a heightened risk that the people related initiatives that were implemented to mitigate the impacts of the COVID-19 pandemic (refer above) may have an adverse impact on the Group's ability to attract and retain certain key senior management and personnel, as well as employee engagement and productivity.	• The Board, People and Remuneration Committee, Chief People Officer and various management committees have responsibility for overseeing people related strategies and programs. • The Group has adopted strategies, policies and processes for the recruitment, development and retention of talent, and for fostering an inclusive, diverse and engaged workforce. • The Group's remuneration framework aims to attract, motivate and retain high calibre individuals through performance-linked remuneration based on the achievement of Group and individual performance (financial and non-financial) outcomes. • The Group has in place business continuity plans and workplace preparedness plans to assist our people and businesses to respond to, and recover from, COVID-19 and other potential workplace disruptions.

8. DIRECTORS

The names and details of the Company's Directors in office during the financial year and up to the date of this report (unless otherwise stated) are set out on pages 26 to 27 and below.

Dr Zygmunt Switkowski AO retired as an independent Non Executive Director of the Company on 28 February 2020, having served as a Director of the Company from October 2006. At the time of his retirement, he was Chairman of NBN Co Limited and Chancellor of RMIT University. Dr Switkowski is the former Chairman of Suncorp Group Limited, a former Director of Healthscope Limited and Oil Search Limited, and former Chairman of the Australian Nuclear Science and Technology Organisation. Dr Switkowski was the Chief Executive Officer and Managing Director of Telstra Corporation Limited from 1999 to 2005, and is a former Chief Executive Officer of Optus Communications. He is a Fellow of AICD, Australian Academy of Technological Sciences and Engineering, and Australian Academy of Science. In the past three years, he was a director of other ASX listed companies as follows: Healthscope Limited from April 2016 to June 2019; Oil Search Limited from November 2010 to December 2016; and Suncorp Group Limited from September 2005 to September 2018.

9. DIRECTORS' INTERESTS IN CONTRACTS

Some Directors of the Company, or related entities of the Directors, conduct transactions with entities within the Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Director or Director-related entity on normal commercial terms and conditions.

The Board assesses the independence of Directors and, among other things, takes into account any related party dealings referable to a Director which are material and require disclosure under accounting standards, and whether any Director is, or is associated with, a supplier, professional adviser, consultant to or customer of the Group which is material. No such circumstances arose during the financial year. For more information refer to the Corporate Governance Statement available on Tabcorp's website.

10. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Directors and Officers of the Group are indemnified against liabilities pursuant to agreements with the Group. Members of the Group have entered into insurance contracts with third party insurance providers, and in accordance with normal commercial practices, under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential.

11. COMPANY SECRETARIES

Chris Murphy commenced as Acting Company Secretary on 23 March 2018 and was formally appointed as Company Secretary on 6 February 2019 following receipt of the necessary regulatory and ministerial approvals. Prior to joining Tabcorp, he was Assistant Company Secretary of Transurban Group and previously held company secretariat and/or legal roles at Cleanaway Limited, Alstom Limited and Melbourne Stadiums Limited. Chris holds a Bachelor of Laws (Honours), Bachelor of Commerce, a Graduate Diploma of Applied Corporate Governance and a Graduate Certificate in Applied Finance and Investment, and he is an Associate Member of the Governance Institute of Australia.

Patrick McGlinchey was appointed as Company Secretary on 26 June 2020. Patrick is Tabcorp's Group General Counsel with responsibility for the Group's Legal, Regulatory and Governance functions. Prior to joining Tabcorp in March 2019, he held senior legal, governance and compliance roles at LafargeHolcim Group and Aristocrat Leisure Limited. Patrick holds a Bachelor of Laws (Honours) and a Bachelor of Economics (Soc Sc). He has also attended various executive development courses including the International Institute for Management Development in Switzerland and the Wharton School in the USA.

12. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's environmental obligations are regulated under both state and federal laws. The Group complies with, or in many cases exceeds, its environmental performance obligations. During the financial year ended 30 June 2020, no environmental breaches have been notified to the Group by any government agency.

13. POLITICAL EXPENDITURE AND ENGAGEMENT

As a listed entity operating in a highly regulated environment, Tabcorp has an obligation to its shareholders and stakeholders to participate in the process of public policy development. Tabcorp is a member of various networking forums organised by political parties and Tabcorp personnel attend networking events that support political parties as they participate in the democratic system of parliamentary government in Australia – at both a Commonwealth and state/territory level. Under various Australian laws the cost of these networking forums and events is classified as a political donation.

Tabcorp takes a strict principles-based approach when making contributions to political parties in accordance with our Political Donations Policy. The Board has oversight of this policy and approves Tabcorp's political expenditure program and budget each year.

Tabcorp discloses its political contributions to the Australian Electoral Commission (AEC) and other bodies, as required by law and our Political Donations Policy. In FY20, Tabcorp's political contributions totalled $190,445 (FY19: $179,423). These contributions were to meet the cost of memberships of political party business forums and attendance at events and party conference corporate days.

Further details are available in Tabcorp's Corporate Governance Statement and under the Corporate Governance section of Tabcorp's website, including Political Donations Policy and a link to Tabcorp's Annual Returns to the AEC.

14. ROUNDING OF AMOUNTS

Dollar amounts in the Financial Report and the Directors' Report have been rounded to the nearest million and in the Remuneration Report to the nearest hundred thousand unless specifically stated to be otherwise, in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

15. AUDITORS

The Group's external auditor is Ernst & Young. The Group's internal audit function is fully resourced by Tabcorp, with specialist independent external support where necessary. More information relating to the audit functions can be found in the Company's Corporate Governance Statement.

16. NON-AUDIT SERVICES

Ernst & Young, the external auditor to the Company and the Group, provided non-statutory audit services to the Company during the financial year ended 30 June 2020. The Directors are satisfied that the provision of non-statutory audit services during this period was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-statutory audit service provided means that auditor independence was not compromised.

The Audit Committee regularly reviews the activities of the independent external auditor and reviews the auditor's performance on an annual basis. The Chairman of the Audit Committee must approve all non-statutory audit and other work to be undertaken by the auditor (if any). Further details relating to the Audit Committee and the engagement of auditors are available in the Company's Corporate Governance Statement available on the Tabcorp website.

Ernst & Young, acting as the Company's external auditor, received or are due to receive $1,142,000 in relation to the provision of non-statutory audit services to the Company in respect of the financial year ended 30 June 2020. These services relate to other assurance and agreed upon procedures services under other legislation or contractual arrangements and other services. Amounts paid or payable by the Company for audit and non-statutory audit services are disclosed in note E6 to the Financial Report.

17. AUDITOR'S INDEPENDENCE DECLARATION

Shown opposite is a copy of the auditor's independence declaration provided under section 307C of the Corporations Act 2001 in relation to the audit for the financial year ended 30 June 2020. This auditor's independence declaration forms part of this Directors' Report.

18. REMUNERATION REPORT

The Remuneration Report for the financial year ended 30 June 2020 forms part of this Directors' Report, and can be found on pages 46 to 70.

This Directors' Report has been signed in accordance with a resolution of Directors.

Paula J Dwyer
Chairman

Melbourne
19 August 2020

Building a better working world

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Auditor's Independence Declaration to the Directors of Tabcorp Holdings Limited

As lead auditor for the audit of the financial report of Tabcorp Holdings Limited for the financial year ended 30 June 2020, 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 Tabcorp Holdings Limited and the entities it controlled during the financial year.

Ernst & Young

David Shewring
Partner
19 August 2020

REMUNERATION REPORT (AUDITED)

Contents

1. LETTER FROM THE PEOPLE AND REMUNERATION COMMITTEE CHAIRMAN

Dear Shareholder,

On behalf of the Tabcorp Board of Directors, I am pleased to present Tabcorp's 2020 Remuneration Report for which we will seek your approval at the Annual General Meeting (AGM) to be held on 20 October 2020.

Tabcorp delivered a net profit after tax and before significant items of $271m in FY20. After significant items, which included $1,090m in non-cash goodwill impairment charges relating to the Wagering and Media, and Gaming Services businesses, Tabcorp recorded a statutory net loss after tax of $870m.

Like many organisations, the Group's performance for the financial year ended 30 June 2020 (FY20) was impacted by COVID-19. Tabcorp's first priority was to ensure the safety and wellbeing of our people and to support our partners. Lockdown measures imposed throughout the country because of COVID-19 resulted in the standing down of many of our staff, predominantly in the on-site and on-track parts of the business and the closure of many of our agencies and venue partner retail outlets.

We have sought to manage the financial impacts on our business by reducing operating and capital expenditure where possible, encouraging retail customers to use digital alternatives and actively promoting remaining available products and services.

With recent changes in lockdown restrictions across most Australian states, our agencies and venue partner retail outlets have begun to re-open, and many local and international sporting and racing events have resumed. This has enabled us to reinstate and redeploy many of our employees, in all states and territories except Victoria.

In terms of our three business units:

- The Lotteries and Keno business performed very strongly driven by its investment in digital channels, game development and growth in registered players. The Lotteries business also successfully commercially reset and extended the Jumbo Interactive reseller agreement for a further ten years.
- The Wagering and Media business continued to invest in its digital transformation and substantially completed the integration of the UBET business. However, it was heavily impacted by COVID-19, with enforced closure of retail operations across all states and territories at different times from March to June 2020. The business was also impacted by the temporary suspension of domestic and international sport.
- Gaming Services was heavily impacted by the suspension of the majority of its revenues following the closure of hotels and clubs from March 2020. The business has taken the opportunity to complete an operational review and its venues outside Victoria have now re-opened under strict social distancing protocols.

Tabcorp aims to reward its executives competitively and appropriately for:

- Strong Group financial and non-financial performance.
- Creating long term shareholder value.
- Behaving in line with Tabcorp's values.
- Acting in line with Tabcorp's risk management and compliance framework.

Although the executive and management team made good progress across a number of key business areas and managed an effective response program to the COVID-19 pandemic, the Board determined the Short Term Incentive Group Funding Multiplier to be zero, and therefore no Short Term Incentive awards to be paid to the executive KMP (including the MD & CEO) for FY20.

In making this determination the Board particularly noted:

- the below target Group financial performance;
- the increased cost and delayed integration of the Tabcorp and Tatts businesses – although now substantially complete; and
- areas for improvement in operational performance including adherence to Tabcorp's rigorous risk and compliance framework.

MD & CEO remuneration

In considering the impact of COVID-19 on the Group, the MD & CEO's fixed remuneration was temporarily reduced by 20% from 1 April 2020 to 30 June 2020, and reinstated to the previous level on 1 July 2020. Apart from this, there were no adjustments to Mr Attenborough's fixed remuneration in FY20 and it is intended that there will be no adjustments in FY21 (his fixed remuneration has not been increased since 2017).

In terms of variable pay, Mr Attenborough's maximum Short Term Incentive opportunity was reduced from 150% to 112.5% of fixed remuneration in FY20. No other changes were made in FY20 and it is intended that no changes will be made to Short Term Incentive opportunities in FY21.

As previously mentioned, in line with the financial results being below targeted levels, the MD & CEO did not receive a Short Term Incentive award for FY20.

The 2016 Long Term Incentive grant also lapsed (in its entirety) during FY20, and the MD & CEO did not benefit from this grant.

Executive KMP remuneration

The total increase to executive KMP remuneration at the start of FY20 was 2.7%, largely due to the increase provided to the Managing Director Lotteries and Keno in recognition of her remuneration being below market peers. It is intended that there will be no adjustment to executive KMP remuneration in FY21.

In line with the financial results being below targeted levels, executive KMP did not receive a Short Term Incentive award for FY20.

Also, the 2016 Long Term Incentive grant lapsed (in its entirety), and executive KMP received no benefit from this grant.

Long Term Incentive Plan

The Board has agreed that, from the 2020 Long Term Incentive offer, the Combination Synergy measure (introduced as an interim measure) will be replaced by a return on invested capital (ROIC) measure (weighted 25%). 75% of the 2020 Long Term Incentive offer will continue to be based on a relative total shareholder return (TSR) measure. Further details will be outlined in the Notice of Meeting for the 2020 AGM in relation to the MD & CEO's grant and in Tabcorp's FY21 Remuneration Report.

Non Executive Director fees

The Board Chairman and Board base fees were reset against the new remuneration benchmark peer group (ASX 25 to 75), resulting in a reduction of approximately 10% effective from 1 September 2019. In response to the impact of COVID-19 on the business, Board Chairman, Board base and Committee fees were temporarily reduced by 10% between 1 April 2020 and 30 June 2020, and reinstated to previous (pre-April 2020/pre-COVID) levels on 1 July 2020.

It is intended that Board and Board Committee fees will not be increased in FY21.

The Board continues to remain confident that Tabcorp is well positioned to execute strategies that can generate the most value for shareholders in a post COVID-19 environment.

Steven Gregg
People and Remuneration Committee Chairman

2. PURPOSE

This Remuneration Report details the remuneration policies and arrangements for the Key Management Personnel (KMP) of the Group, comprising Tabcorp and its subsidiaries, for the year ended 30 June 2020 (FY20). KMP are those persons having the authority and responsibility for planning, directing and controlling the activities of Tabcorp and the Group, and comprises the Directors of Tabcorp and certain members of the Executive Leadership Team. This Remuneration Report is presented in accordance with the requirements of the Corporations Act 2001 (Cth) (Act) and its regulations and has been audited as required by section 308(3C) of the Act.

3. KEY MESSAGES

Non Executive Director fees	FY20	Board Chairman and Base Board fees	**Reduced** by approximately **10%,** effective 1 September 2019. Further **reduced** by **10%** between 1 April 2020 and 30 June 2020, in response to the impact of COVID-19 on the Group.
		Board Committee fees	**Reduced** by **10%** between 1 April 2020 and 30 June 2020, in response to the impact of COVID-19 on the Group.
	FY21	All fees	Restored to pre-April 2020 (pre-COVID) levels from 1 July 2020. It is intended that no other adjustments will be made in FY21.
MD & CEO remuneration	FY20	Fixed remuneration	**Reduced** by **20%** between 1 April 2020 and 30 June 2020, in response to the impact of COVID-19 on the Group. No other adjustments to fixed remuneration were made in FY20 (fixed remuneration has not been increased since December 2017).
		Short term incentive (STI) opportunity and award	**Target opportunity:** 75% of fixed remuneration (unchanged). **Maximum opportunity:** 112.5% of fixed remuneration (**reduced** from 150% in FY19). **Actual FY20 STI award:** 0% ($0). No award was provided.
		Long term incentive (LTI) opportunity and vesting	**Target opportunity:** 75% of fixed remuneration (unchanged). **Maximum opportunity:** 150% of fixed remuneration (unchanged). **Vesting of the 2016 LTI grant:** 0% ($0). The 2016 LTI grant lapsed and the MD & CEO did not receive any benefit from this grant.
	FY21	Fixed remuneration	Restored to the pre-April 2020 (pre-COVID) level from 1 July 2020. It is intended that no other adjustments will be made in FY21 to Mr Attenborough's fixed remuneration.
		STI and LTI opportunities	It is intended that no adjustments will be made in FY21 to Mr Attenborough's STI and LTI opportunities.

Executive KMP remuneration	FY20	Fixed remuneration	The MD & CEO's fixed remuneration reduced by 20% from 1 April 2020 to 30 June 2020. His fixed remuneration returned to the pre-COVID (pre-April 2020) level on 1 July 2020. As such, there was no net adjustments to the MD & CEO's fixed remuneration in FY20. The Managing Director Gaming Services and the previous Chief Financial Officer's fixed remuneration levels remained unchanged. The Managing Director Wagering and Media received a 2% fixed remuneration increase (in line with market movements). The Managing Director Lotteries and Keno received a 14% fixed remuneration increase, recognising that her remuneration levels were below market (compared to business unit heads running similar sized businesses) and in recognition of her strong performance since Combination. The total increase to executive KMP fixed remuneration in FY20 was 2.7% (excluding any reductions made as a result of COVID-19). The total remuneration package provided to the newly appointed Chief Financial Officer is lower in value than that of his predecessor.
		Short term opportunities and awards	**Target opportunity:** 50% of fixed remuneration (unchanged). **Maximum opportunity:** 100% of fixed remuneration (unchanged). **Actual FY20 STI award (all executive KMP):** 0% ($0). No STI awards were provided for FY20.
		Long term incentive (LTI) opportunity and vesting	**Target opportunity:** 50% of fixed remuneration (unchanged in FY20). **Maximum opportunity:** 100% of fixed remuneration (unchanged in FY20). **Vesting of the 2016 LTI grant:** 0% ($0). The 2016 LTI grant lapsed and the executive KMP did not receive any benefit from this grant.
	FY21	Fixed remuneration	It is intended that no adjustments will be made in FY21.
		STI and LTI opportunities	It is intended that no adjustments will be made in FY21.
Remuneration framework changes for FY21			The next long term incentive grant (intended to be made in October 2020), will continue to include relative TSR as one of the performance measures (75% of the grant). The second performance measure, Combination Synergy, which was included in the 2019 grant (as an interim measure) will be replaced with a return on invested capital (ROIC) measure and vesting of 25% of the grant will be subject to this measure. More details will be provided in the FY21 Remuneration Report and the Notice of Meeting for the 2020 AGM.

4. KEY MANAGEMENT PERSONNEL

(a) Non Executive Director changes during FY20

Mr David Gallop joined the Tabcorp Board on 14 October 2019 initially as an observer and formally commenced as a Non Executive Director on 3 July 2020 following the receipt of all necessary regulatory and ministerial approvals.

Ms Anne Brennan joined the Tabcorp Board on 3 February 2020 initially as an observer and formally commenced as a Non Executive Director on 17 July 2020 following the receipt of all necessary regulatory and ministerial approvals.

Dr Zygmunt Switkowski retired from the Board, effective 28 February 2020.

(b) Executive KMP changes during FY20

Mr Adam Newman joined the Group and replaced Mr Damien Johnston as Chief Financial Officer and KMP on 7 October 2019. Mr Frank Makryllos (Managing Director Gaming Services) ceased to be KMP from 18 February 2020. His role was not replaced in FY20.

Table 1: KMP for FY20

Name	Position held	Period in position if less than full year
Current Non Executive Directors		
Paula Dwyer	Chairman and Non Executive Director	
Bruce Akhurst	Non Executive Director	
Harry Boon	Non Executive Director	
Anne Brennan	Non Executive Director	Observer from 3 February 2020, Non Executive Director from 17 July 2020.
David Gallop	Non Executive Director	Observer from 14 October 2019, Non Executive Director from 3 July 2020.
Steven Gregg	Non Executive Director	
Vickki McFadden	Non Executive Director	
Justin Milne	Non Executive Director	
Former Non Executive Directors		
Zygmunt Switkowski	Non Executive Director	Until and including 28 February 2020
Executive Director		
David Attenborough	Managing Director and Chief Executive Officer (MD & CEO)	
Current executive KMP		
Adam Newman	Chief Financial Officer	From 7 October 2019
Adam Rytenskild	Managing Director (MD) Wagering and Media	
Sue van der Merwe	Managing Director (MD) Lotteries and Keno	
Former executive KMP		
Damien Johnston	Chief Financial Officer	Until and including 6 October 2019
Frank Makryllos	Managing Director (MD) Gaming Services	Until and including 17 February 2020

Any references made to "executive KMP" in this Remuneration Report includes the MD & CEO unless otherwise stated.

(c) KMP changes for FY21

As previously announced to the ASX, Ms Dwyer will retire from the Board on 31 December 2020 as part of the Board's succession plan. Mr Gregg will succeed Ms Dwyer as Board Chairman from 1 January 2021. Tabcorp also announced that Mr Attenborough will retire as the Group's MD & CEO in the first half of the 2021 calendar year. A global search for his successor is underway.

5. REMUNERATION GOVERNANCE

The People and Remuneration Committee comprises four independent Non Executive Directors and assists the Board in fulfilling its responsibilities with respect to people-related and remuneration matters as outlined below.

People and remuneration policies, frameworks and structures	Establishing and maintaining people (including talent and retention, diversity and inclusion and culture and engagement) and remuneration policies, frameworks and structures. Ensuring that these are strategically aligned and market competitive, encourage strong employee performance, engagement and shareholder value creation while mitigating risks and ensure all employees are treated fairly and equitably (across all demographics).
Non Executive Director fee structure and levels	Establishing and determining market-competitive and appropriate fee structures and levels that remunerate Non Executive Directors effectively for their responsibilities in a highly complex and regulated business.
Executive remuneration levels	Setting remuneration levels that are market-competitive and appropriate, encouraging and recognising strong performance and retaining key skills.
Incentive outcomes	Determining performance and incentive outcomes that align with Tabcorp's risk and compliance framework and correlate with business performance and shareholder value creation.
People strategy and projects	Oversee the Group's people strategies and projects, including talent and retention, diversity and inclusion, culture and engagement; as well as the Group's health, safety and wellbeing strategy and performance.

The People and Remuneration Committee regularly reviews remuneration arrangements to ensure they continue to be fair, competitive, encourage strong business performance and shareholder value creation, and align with the Group's values and approach to risk management and compliance. To inform its decisions, the Committee sources a range of data and may receive independent advice, as appropriate. No remuneration-related advice was sought and no remuneration recommendations were received in respect of KMP during FY20 and to the date of this report. The Committee is governed by its Charter, which is available on Tabcorp's website (**www.tabcorp.com.au**) under the Corporate Governance section.

6. EXECUTIVE KMP REMUNERATION

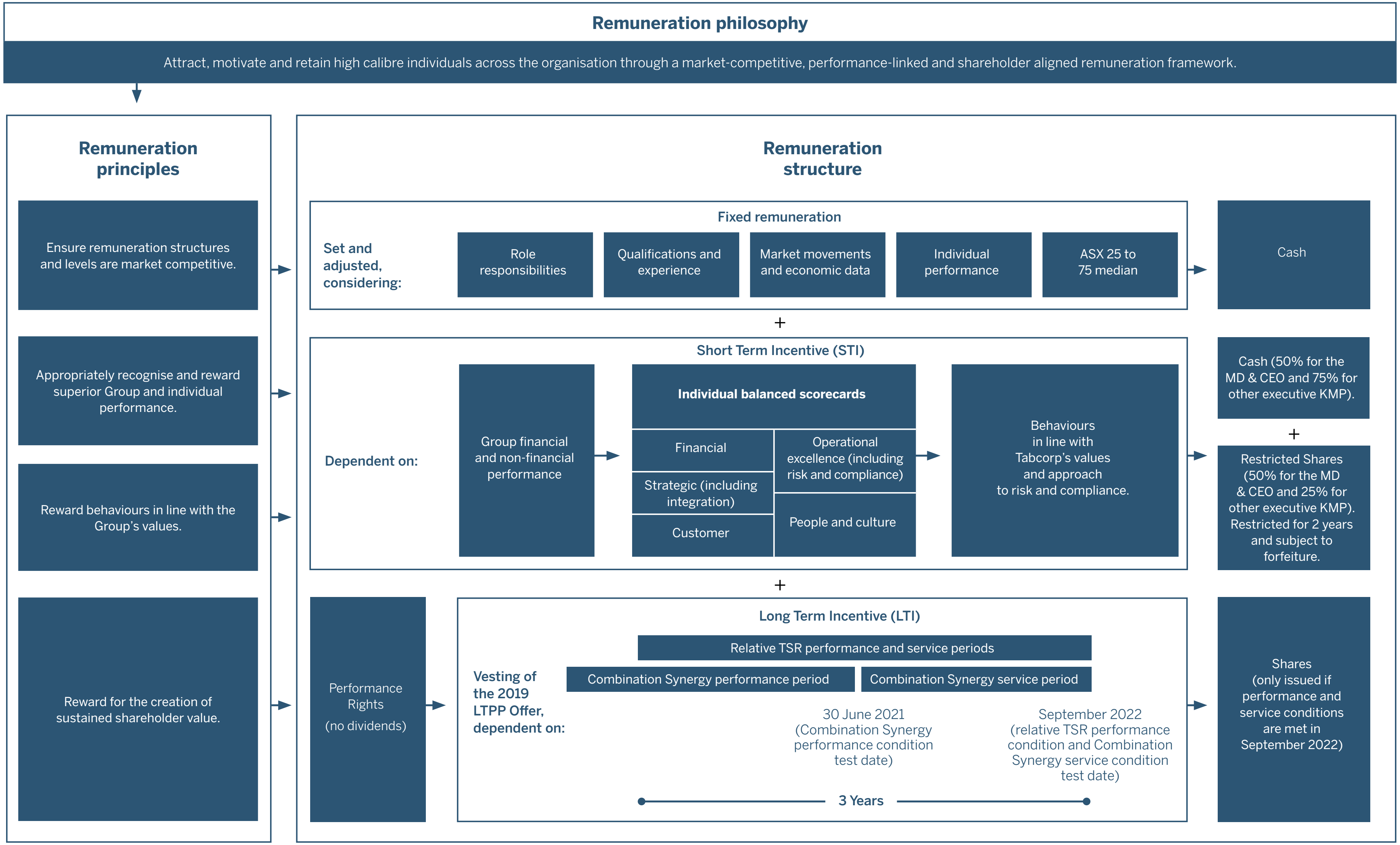
(a) Strategy

Tabcorp aims to reward its executive KMP competitively and appropriately for:

Strong Group financial and non-financial performance	Creating long term shareholer value	Behaving in line with Tabcorp's values	Acting in line with Tabcorp's risk management and compliance framework
Tabcorp's short term incentive pool and 60% of short term incentive awards are based on Group performance (financial and non-financial).	Tabcorp's short and long term incentive performance measures are directly linked to shareholder value creation.	All executive KMP are assessed equally on performance and behaviours annually. This determines fixed and variable remuneration outcomes.	Key scorecard measures and a documented accountability framework (which feeds into the performance management framework) ensures that executive KMP are rewarded for results that are achieved in a sustainable and ethical manner.

(b) Structure

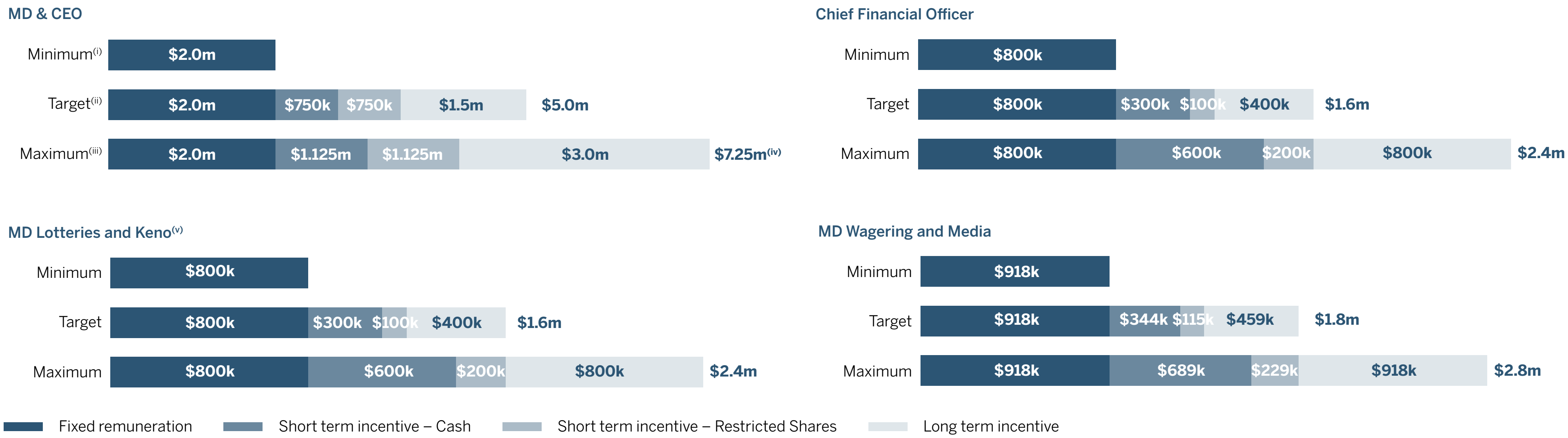
Diagram 1: Executive KMP remuneration structure



(c) Remuneration packages

The following diagram details executive KMP FY20 annual remuneration packages assuming minimum, target and stretch levels of performance (Group and business unit). Executive KMP remuneration packages are set in line with their responsibilities in a complex and highly regulated business and are reviewed annually against market peers (being the ASX 25 to 75 group of companies) to ensure they remain competitive and that their skills are retained.

Diagram 2: Annual executive KMP remuneration packages



(i) The "minimum" value represents the value of annual remuneration where short and long-term performance (Group and individual) is below target and no STI awards are made and LTI Performance Rights (granted in that year) are assumed not to vest.

(ii) The "target" value represents the value of annual remuneration where target levels of performance (Group and individual) have been achieved and the target STI opportunity is awarded and 50% of the LTI Performance Rights (granted in that year) are assumed to vest. This LTI value is calculated using Tabcorp's share price as at the LTI grant date.

(iii) The "maximum" value represents the value of annual remuneration where stretch levels of performance (Group and individual) have been achieved and the maximum STI opportunity is awarded and 100% of the LTI Performance Rights (granted in that year) are assumed to vest. This LTI value is calculated using Tabcorp's share price as at the LTI grant date.

(iv) The MD & CEO's maximum short term incentive opportunity was reduced from 150% to 112.5% of fixed remuneration from FY20.

(v) As disclosed in Tabcorp's 2019 Remuneration Report, Ms van der Merwe received an uplift to her fixed remuneration (effective 1 September 2019). This uplift was provided, considering that her remuneration levels were below market (when compared to business unit heads running similar sized businesses) and in recognition of her strong performance since Combination.

60% of the MD & CEO's target remuneration package is variable and at risk (72% at maximum). 50% of the executive KMP (excluding the MD & CEO) target remuneration packages is variable and at risk (67% at maximum).

The MD & CEO's fixed remuneration was reduced by 20%, from 1 April 2020 to 30 June 2020. This was in response to the impacts of COVID-19 on the Group's business and financial results. The MD & CEO's fixed remuneration returned to pre-April 2020 levels (as detailed in Diagram 2) from 1 July 2020.

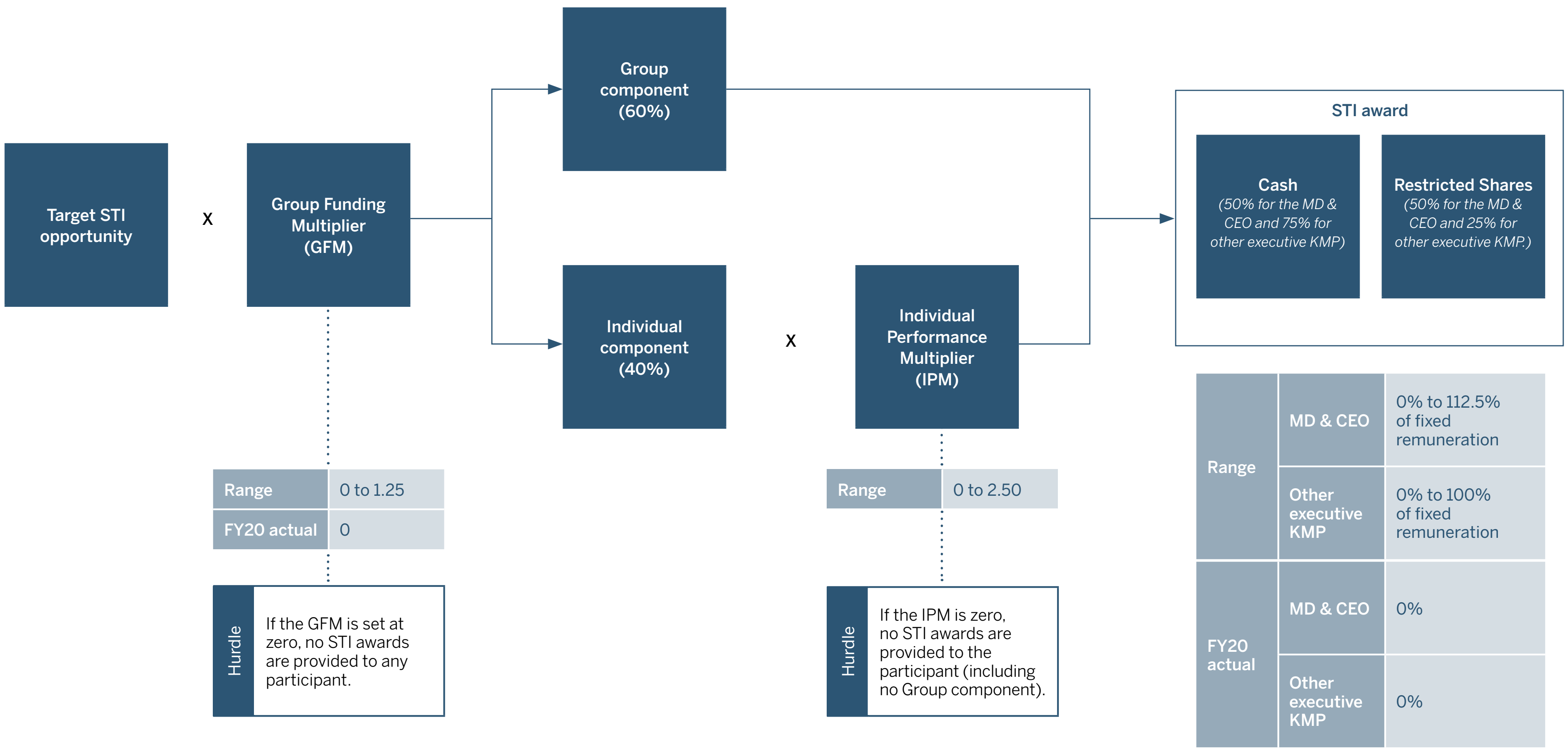
(d) Remuneration structure and operation

(i) Fixed remuneration

What constitutes fixed remuneration?	Cash salary, statutory superannuation contributions and employee-elected salary sacrificed benefits.
How is it set?	With reference to the responsibilities and complexities of the role, the executive's knowledge, experience and skills and market benchmarks.
What is Tabcorp's remuneration benchmarking peer group?	The ASX 25 to 75 group of companies.

(ii) Short term incentive (STI)

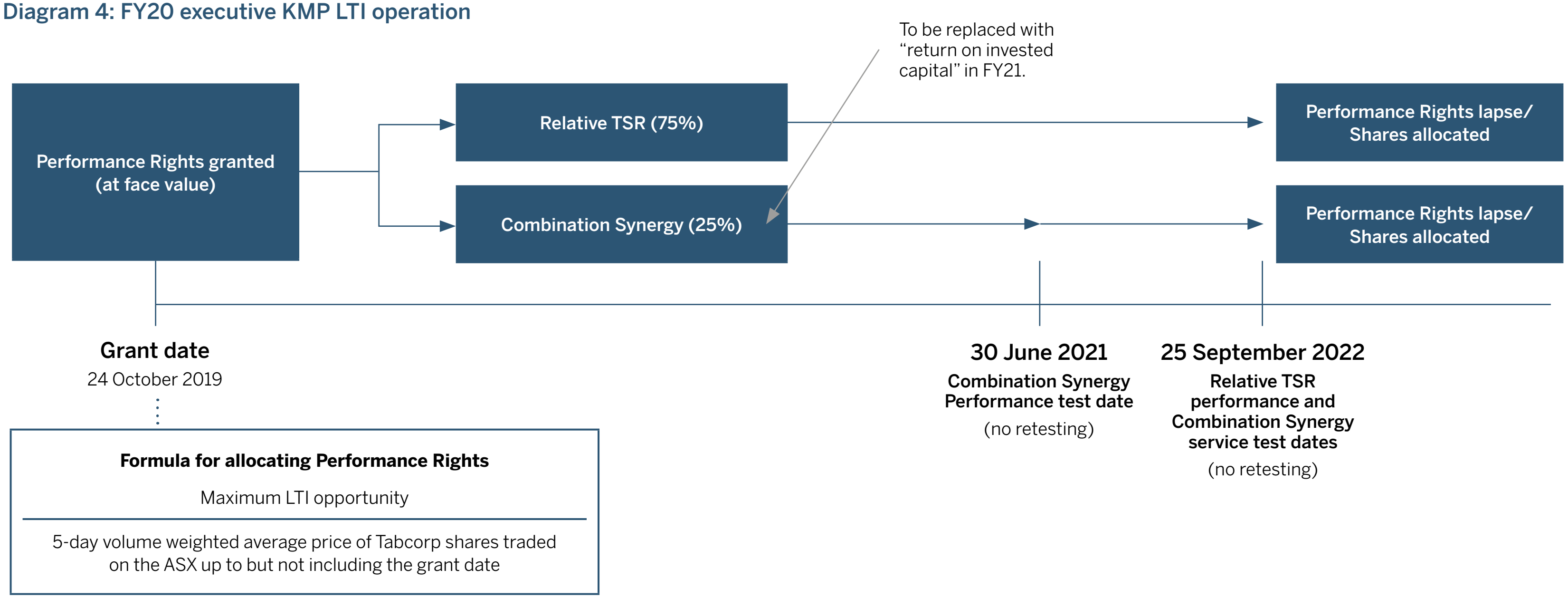
Diagram 3: Executive KMP STI operation



What is the target STI opportunity?	The value of the STI award if target performance levels are achieved and behaviours are in accordance with the Group's values.
How does the GFM operate?	It is set at the end of the financial year by the People and Remuneration Committee. It is based on the Group's NPAT before significant items result but also considers operational, risk and compliance and customer performance. It can range from between 0 and 1.25. No STI awards are provided to any participant if the GFM is set at 0 (first gateway). It was set at 0 for FY20.
What are the "Group" and "Individual" components?	60% of the STI opportunity is dependent on Group results and rewards participants for their contribution to it. 40% of the STI opportunity is dependent on individual performance (financial and non-financial). For executive KMP, other than the MD & CEO, individual performance is reflective of business unit and individual performance.
How does the IPM operate?	Executive KMP are assigned IPMs depending on their business unit performance (against a scorecard of measures) and their behaviours as assessed against the Group's values. If the IPM is set at 0, the full STI award is forfeited (second gateway).
In what form are STI awards made to executive KMP?	Cash (50% for the MD & CEO and 75% for other executive KMP) and Restricted Shares (50% for the MD & CEO and 25% for other executive KMP). The Restricted Shares are restricted for two years and subject to forfeiture and claw back conditions.
What happens to Restricted Shares if an STI participant leaves the Group during the 2-year restriction period?	If the participant resigns or is terminated for cause, Restricted Shares are forfeited (unless the Board determines otherwise). If the participant leaves the Group under any other circumstances (including as a result of redundancy, retirement or ill health), then Restricted Shares will remain on foot until the end of the original restriction period (unless the Board determines otherwise).
Can Restricted Shares be forfeited or clawed back?	Restricted Shares may be forfeited at the Board's discretion, based on certain adverse events or information that may come to light. If these adverse events occur or adverse information becomes available after the Restricted Shares have become unrestricted, the Board may require the participants to (amongst other things) repay all or part of the value of the Restricted Shares.
How does the STI framework align with Tabcorp's risk and compliance objectives?	The STI scorecard contains non-financial measures which include adherence with risk management and compliance objectives, appropriate customer outcomes and cultural measures. The STI award is also dependent on participants displaying the appropriate behaviours in line with the Group's values. The STI award is delivered partly as Restricted Shares (restricted for two years) and subject to malus and claw back provisions.
What happens in the event of a change in control of the Group?	The Board is required to determine, in its absolute discretion, the appropriate treatment regarding any Restricted Shares.

(iii) FY20 long term incentive (LTI)

Diagram 4: FY20 executive KMP LTI operation



On what basis are Performance Rights allocated?	Participants are allocated a maximum number of Performance Rights (based on their maximum LTI opportunities) using a face value allocation methodology. Each Performance Right provides the right to receive one Tabcorp ordinary share, at no cost to the participant, subject to the satisfaction of specified performance and service conditions. Performance Rights do not attract dividends or voting rights.
What are the performance measures?	For the 2019 LTI Offer, 75% of the Performance Rights are subject to relative TSR performance and 25% to Combination Synergy performance. If performance conditions are not met, Performance Rights will lapse.
What is "relative TSR"?	The return to shareholders (comprising capital returns, dividends and share price movements over the performance period relative to a peer group of companies). It was chosen as an LTI measure as it directly aligns to rewarding executive KMP for sustained shareholder value creation.
What is "Combination Synergy"?	The contribution of synergies created through the integration of Tabcorp and Tatts Group, to EBITDA savings. It was chosen as an LTI measure as it directly aligns to Tabcorp's key strategic priority of integrating the Tabcorp and Tatts Group businesses and delivering expected synergies.
What is the service condition?	For the 2019 LTI Offer, Performance Rights are also subject to a service condition from the grant date to 25 September 2022.
When will the performance and service conditions be tested?	Relative TSR performance will be tested on 25 September 2022. Combination Synergy performance will be tested as of 30 June 2021 and the service condition will be tested on 25 September 2022. Any potential vesting of Performance Rights and issuing of shares will only occur after the September 2022 test date (being 25 September 2022).

		Relative TSR[i]			Combination Synergy[iv]	
		Percentile ranking[i]	**% of the Performance Rights that will vest**	**Peer Group**	**Contribution of synergies to EBITDA savings in FY21**	**% of the Performance Rights that will vest**
What are the performance conditions?	**Threshold**	Below 50th percentile	0%	S&P/ASX 100 companies excluding organisations operating in the Metals & Mining and Oil and Gas sectors.	Below $130m	0%
	Target[ii]	50th percentile	37.5%		$130m	12.5%
	Maximum[ii]	75th percentile	75%		Stretch[iii]	25%

What if performance and service conditions are met?	Relative TSR will be calculated by an independent organisation at the end of the performance and service periods. Combination Synergy performance will be calculated and verified by an independent advisor following 30 June 2021. The Combination Synergy service condition will be tested and agreed with the Board in September 2022. If the service and performance conditions have been met, Tabcorp will issue or transfer ordinary shares to the participant, which will rank equally with other fully paid shares (full voting and dividend rights).
What happens when an LTI participant leaves the Group?	If a participant resigns or is dismissed for cause, Performance Rights will lapse (unless the Board determines otherwise). In all other circumstances a pro rata number of Performance Rights (based on the portion of the performance period that the participant was employed) remain on foot and are subject to the original terms and conditions (including performance conditions), unless the Board determines otherwise.
What happens in the event of a change in control of the Group?	The Board can determine, in its absolute discretion, the appropriate treatment regarding any unvested Performance Rights.
Can Performance Rights be cancelled or clawed back?	Performance Rights may lapse at the Board's discretion based on adverse events that have occurred or where adverse material information becomes available after the Performance Rights have been granted to participants. If this adverse event occurred or adverse information becomes available after the Performance Rights have vested and shares or cash have been awarded, the Board may require participants to repay all or part of the value of the Shares or cash.
Accounting treatment	Performance Rights are expensed on a straight line basis over the vesting period. Under Accounting Standards, for the relative TSR measure Tabcorp is required to recognise an expense irrespective of whether Performance Rights ultimately vest to the participant. A reversal of the expense is only recognised in the event the Performance Rights lapse due to cessation of employment within the vesting period (for relative TSR and Combination Synergy measures) or the Performance Rights do not vest (for the Combination Synergy measure).

(i) The vesting schedule aligns to predominant ASX 100 practice.

(ii) Straight line (pro rata) vesting occurs between threshold and target, and target and maximum performance levels.

(iii) The stretch performance target has not been disclosed due to its sensitive nature. This target will be disclosed retrospectively once tested.

(iv) When considering the outcomes of the Combination Synergy performance test, the Board will take into account the overall Group performance as well as financial and non-financial performance within each business unit (including the costs to deliver integration).

(e) Remuneration and accountability

In FY20 no STI or LTI awards were clawed back.

Tabcorp has embedded a set of organisational values of which "Doing the Right Thing" is a core component. Tabcorp is committed to ensuring that our employees operate with the utmost integrity and that our customers and the communities that we operate in can benefit from our products in a responsible manner. Tabcorp has a Board approved Code of Conduct which outlines expectations of our employees and which is cascaded to employees at various points in time including through training programs. During FY20, Tabcorp implemented an accountability framework which provides a link between risk management and compliance breaches and implications for both employee remuneration outcomes and employment. Tabcorp also reviewed its sales incentive plans during FY20 to ensure that they continue to incentivise our sales employees for generating sales in an ethical manner (including protecting our customers).

To assist the People and Remuneration Committee determine appropriate remuneration outcomes for the organisation, including executive KMP, several sources of information are presented. These include risk culture reports which are presented to the Board Risk and Compliance Committee and then shared and discussed with the People and Remuneration Committee. It also includes culture surveys and workforce snapshot reports to ensure they are taken into consideration when making decisions relating to incentives. The Chairman of the Risk and Compliance Committee is also a member of the People and Remuneration Committee and, from FY21 has a standing agenda item to present risk and compliance performance outcomes when incentive outcomes are discussed.

As mentioned in sections 6(d)(ii) and 6(d)(iii), if an adverse material event has occurred or adverse material information has become available, the Board has the ability to (amongst other things):

- reduce, or not make, STI awards and/or reduce LTI offers (partially or fully) prior to awarding them;
- forfeit STI Restricted Shares and/or lapse Performance Rights (partially or fully) while they are restricted/still on foot; and/or
- request part or full repayment of the value of the Restricted Shares/Performance Rights that have already become unrestricted/vested.

Material events or information may include (but not limited to) where the participant has:

- acted dishonestly (including, but not limited to, misappropriation of funds, or deliberately concealing material events that would have influenced business outcomes);
- contributed to materially breaching Tabcorp's compliance obligations (regulatory or legal);
- been accountable for significant reputational harm to the Group; and/or
- acted in such a way that the Group has made a financial misstatement.

In addition to STI and LTI impacts, Tabcorp can terminate staff where such events have occurred. If this was to occur, by default, all STI and LTI awards on foot would be forfeited/lapsed.

(f) Policy prohibiting hedging

Participants in the Group's incentive plans are restricted from hedging the value of Restricted Shares and unvested Performance Rights, and must not enter into a derivative arrangement in respect of the equity instruments granted under these plans. Breaches of the restriction will result in equity instruments being forfeited. These prohibitions are included in the terms and conditions of the incentive plans and Tabcorp's Securities Trading Policy, available on Tabcorp's website (**www.tabcorp.com.au**) under the Corporate Governance section.

Equity instruments granted under the incentive plans can only be registered in the name of the participant, are identified as non-tradable on the share register, and cannot be traded or transferred to another party until vested or until any trading restriction period has expired (where applicable).

(g) Executive Shareholding Policy

The Executive Shareholding Policy (applicable to all executive KMP) ensures that the interests of executives, the Group and shareholders are aligned. Under the Policy, the MD & CEO is required to hold the equivalent of 200% of the value of his fixed remuneration in Tabcorp shares. Other executive KMP are required to hold the equivalent of 100% of the value of their fixed remuneration in Tabcorp shares. The minimum shareholding must be achieved within five years from the executive KMP's appointment, or by 14 December 2022 (whichever is later). At the date of this report, all executive KMP complied with this Policy (noting that they have until 14 December 2022 to achieve the minimum shareholding required).

A copy of this Policy is available on Tabcorp's website (**www.tabcorp.com.au**) under the Corporate Governance section.

(h) Executive KMP employment contracts

Table 2: Current executive KMP contracts and notice periods

Executive KMP	Position	Contract duration	Minimum notice period (months) Executive	Tabcorp
David Attenborough	MD & CEO	Open ended	6	12
Adam Newman	Chief Financial Officer	Open ended	6	9
Adam Rytenskild	MD Wagering and Media	Open ended	6	9
Sue van der Merwe	MD Lotteries and Keno	Open ended	6	9

Where Tabcorp terminates the executive KMP's employment, Tabcorp may, at its discretion, elect to pay the executive KMP an amount in lieu of notice for any portion of the relevant notice period worked. On cessation of employment, STI or LTI awards may vest, lapse or be forfeited in accordance with the relevant plan rules.

7. EXECUTIVE KMP REMUNERATION OUTCOMES IN FY20

(a) 5-year business performance

Table 3: 5-year Group financial performance and remuneration outcomes

	Measurement unit	FY16	FY17	FY18	FY19	FY20
Net profit/(loss) after tax (NPAT)	$m	170	(21)	29	361	(870)(iv)
Basic earnings per share (EPS)	c	20.4	(2.5)	1.9	17.9	(42.9)(v)
Closing share price(i)	$	4.57	4.37	4.46	4.45	3.38
Dividends(ii)	CPS	24.0	25.0	21.0	22.0	11.0
STI Group funding Multiplier (STI pool)	% of target pool	90%	30%	33%	100%	0%
STI awards						
MD & CEO	% of target opportunity	90%	0%	33%	85%	0%
	% of maximum opportunity	36%	0%	17%	43%	0%
Other executive KMP	% of target opportunity	99%	17%	33%	89%	0%
	% of maximum opportunity	40%	8%	17%	44%	0%
LTI vesting						
All executive KMP	% of target opportunity	200%	200%	160%	0%	0%(iii)
	% of maximum opportunity	100%	100%	80%	0%	0%(iii)

(i) Closing share price is as at 30 June of the respective financial year. Opening share price as at 1 July 2015 was $4.55.

(ii) Includes interim and final dividends. For FY20, a final dividend was not paid.

(iii) The 2016 LTI grant of Performance Rights was tested on 14 September 2019 and the entire grant lapsed for all participants (including the executive KMP). No participant benefited from the 2016 LTI grant.

(iv) Includes impairment of goodwill of $1,090m.

(v) FY20 EPS before impairment of goodwill was 10.9c.

As detailed in Table 3, both the overall Group STI pool and executive KMP incentive outcomes (long and short term) have varied over the preceding five years in line with business results (financial and non-financial), demonstrating a strong link between variable pay and Group performance.

(b) FY20 STI outcomes

Diagram 5: FY20 Group STI scorecard and performance outcomes

No STI awards were paid to executive KMP (including the MD & CEO) for FY20. More detail regarding this outcome is presented on the following page.

Scorecard category	Key priority	Measures	FY20 performance outcome	Comments
Financial	Achieve profit targets Prudent capital management Disciplined cost management	NPAT (statutory) NPAT (before significant items) Gross debt/EBITDA ratio Operating expenses to revenue ratio	Target Stretch	• NPAT (statutory) loss of $870m, largely contributed to by non-cash goodwill impairment charges. • NPAT (before significant items) of $271m, below the Group's FY20 target. • Gross debt to EBITDA ratio has increased due to lower revenues, placing pressure on debt covenant agreements. However an agreement was reached with bank lenders under the Syndicated Facility Agreement for waivers of leverage and interest cover covenants in relation to the next two testing dates. An agreement was also reached with the Group's US Private Placement note holders, for, among other things, a waiver of interest cover covenants and adjustments to leverage covenant ratios in relation to the next two testing dates. • Actions were taken during the year to reduce capital and operating expenses on the back of the impact of COVID-19 which resulted in an operating expense to revenue ratio that is favourable to target.
Strategic (including integration)	Close to core expansion Integration of the Tabcorp and Tatts Group businesses	Deliver to domestic and international strategy Achieve synergy targets	Target Stretch	• Most of the key elements of the Group's strategic roadmap were delivered successfully. • Successful extension of Jumbo Interactive Limited reseller agreement for the next 10 years (to July 2030). • International Wagering sports media strategy progressed with major rights deals with US Sports bodies (including National Basketball Association (NBA), National Football League (NFL) and Major League Baseball (MLB)). World first wagering partnership with NFL. • Key products in Wagering and game reviews in Lotteries implemented, driving increases in customer acquisition. • Delivered targeted cost synergies in FY20. • Although strategic performance was considered to be successful in FY20, lowlights include the delay to integration of the TAB and UBET businesses and the higher cost of integration incurred.
Operational excellence (including risk and compliance)	Effective risk management Social responsibility and sustainability Optimal systems, process and operational performance	Compliance and reputation External stakeholder relations Dow Jones Sustainability Indices Collaborate with and support stakeholders on animal welfare initiatives Achieve technology service levels across key business periods and events	Target Stretch	• No material compliance issues in FY20. • Targeted performance in Dow Jones Sustainability Indices (domestic and international) achieved, retaining existing placing. • Active participation in Thoroughbred Welfare Initiative and financial sponsorship of racing industry-led animal welfare programs. • Strong operational and project performance through the COVID-19 pandemic. • 99.9% uptime (on average) systems performance during the year and through key events/periods. However, opportunities have been identified to further enhance systems and processes following some disruptions (e.g. Quaddie Cashout).
Customer first	Customer growth and retention Customer care and satisfaction	Grow the customer base Customer loyalty Responsible gambling Customer experience	Target Stretch	• Achieved target customer acquisition and retention numbers within the Lotteries and Keno business with an increase in active registered customers. PayPal implemented to improve the customer experience. • Strong customer acquisition and retention (specifically through digital channel) within Wagering, however impacted by COVID-19. • Positive Net Promoter scores across Wagering and Media and Lotteries and Keno with market leading results for "top of mind awareness" and "first choice for betting" in Wagering. • Tabcorp's responsible gambling program continues to advance with the development tools and technology to better understand customer behaviours and encourage them to make responsible decisions. Key products launched and advanced include "Tab Assist" and "Take a Break". Responsible gambling continues to be a significant focus for the Board and the Group.
People and Culture	Improve employee experience Strong health and safety performance	Engagement Diversity LTIFR (Lost Time Injury Frequency Rate)	Target Stretch	• High level of employee advocacy during COVID-19, ascertained through regular COVID-19 employee pulse surveys. Strong focus on supporting the remote workforce during COVID-19 including mental wellness support. Strategies for "return to work" defined with appropriate controls. • Female representation of 39% in the senior leadership group, on track to achieve Tabcorp's stated target of 40% in FY21. • Retained citation from the Workplace Gender Equality Agency for the fifth year for being an employer of choice for female employees. • LTIFR of 4.1, largely contributed to by non-controllable events. Results benchmark well against the market.

The Group STI pool is principally based on the NPAT (before significant items) result for the year. As the FY20 NPAT (before significant items) result was below target, the People and Remuneration Committee considered whether it was appropriate for an STI pool to be unlocked for FY20.

At the end of FY20, the People and Remuneration Committee carefully considered:

- the Group's FY20 financial results.
- the impact of COVID-19 on the Group and the impact of the pandemic on and feedback from investors.
- FY20 non-financial performance at the Group level and across each business unit, considering the impact of COVID-19 on business operations, employees, partners and communities.

The Committee also received feedback from the Chairman of the Risk and Compliance Committee regarding risk and compliance performance in FY20.

Although the group performed well strategically and maintained operational performance and supported its employees effectively through the pandemic (as evidenced through positive employee pulse survey results), full-year operational and customer performance results were below target.

Given performance outcomes and, in consideration of the impact of COVID-19 on the Group's stakeholders, the People and Remuneration Committee exercised its discretion and reduced the STI pool to zero. As a result, no STI awards were made to executive KMP (including the MD & CEO).

Table 4: Executive KMP FY20 STI awards

		Group component (60%)		Individual component (40%)		Total STI awarded			Actual STI achieved	STI foregone	Actual STI achieved
	Financial year	Target $'000	Awarded $'000	Target $'000	Awarded $'000	Total[i] $'000	Cash portion $'000	Deferred portion $	As a % of target	As a % of target	As a % of maximum
Current executive KMP											
David Attenborough	**FY20**	**900**	-	**600**	-	-	-	-	-	**100%**	-
	FY19	900	900	600	375	1,275	638	637	85%	15%	43%
Adam Newman[ii]	**FY20**	**240**	-	**160**	-	-	-	-	-	**100%**	-
Adam Rytenskild	**FY20**	**275**	-	**184**	-	-	-	-	-	**100%**	-
	FY19	270	270	180	90	360	270	90	80%	20%	40%
Sue van der Merwe	**FY20**	**240**	-	**160**	-	-	-	-	-	**100%**	-
	FY19	210	210	140	210	420	315	105	120%	0%	60%
Former executive KMP											
Damien Johnston[iii]	**FY20**	**270**	-	**180**	-	-	-	-	-	**100%**	-
	FY19	270	270	180	112	382	382	-	85%	15%	43%
Frank Makryllos	**FY20**	**210**	-	**140**	-	-	-	-	-	**100%**	-
	FY19	210	210	140	35	245	184	61	70%	30%	35%

(i) This reflects the total value of the STI granted as at 30 June 2020. The minimum STI value possible is zero.

(ii) Mr Newman was appointed, effective 7 October 2019. As such, he was not eligible to receive an STI award in FY19.

(iii) Mr Johnston ceased employment with the Group, effective 29 February 2020. Due to him ceasing employment, his FY19 STI award was paid fully in cash.

(c) LTI awards granted in FY20

In FY20, LTI grants were provided to executive KMP following shareholder approval of the MD & CEO's 2019 LTI grant received on 24 October 2019 at the Tabcorp Annual General Meeting. These LTI grants are subject to two performance conditions and a service condition as detailed in section 6(d)(iii).

Table 5: Performance Rights granted during FY20

			Fair value per Performance Right(iii)			
Current executive KMP	Grant date(i)	Number granted (at face value)(ii)	Relative TSR $	Combination Synergy $	Total fair value at grant date(iv) $	Vesting date
David Attenborough	24 October 2019	617,283	2.42	4.24	1,774,687	25 September 2022
Adam Newman	24 October 2019	164,609	2.42	4.24	473,251	25 September 2022
Adam Rytenskild	24 October 2019	188,888	2.42	4.24	543,053	25 September 2022
Sue van der Merwe	24 October 2019	164,609	2.42	4.24	473,251	25 September 2022
Former executive KMP						
Damien Johnston	n/a	-	-	-	-	
Frank Makryllos	24 October 2019	144,032	2.42	4.24	414,092	25 September 2022
Total		**1,279,421**			**3,678,334**	

(i) Vesting of the 2019 LTI allocation of Performance Rights is subject to three year relative TSR and Combination Synergy performance and service conditions. Accordingly, no testing or vesting of the 2019 LTI grant occurred during FY20. The value of the Performance Rights is amortised over the next three years.

(ii) The number of Performance Rights granted was based on a face value allocation methodology, being the 5-day volume weighted average price of Tabcorp Shares traded on the ASX up to but not including the grant date (calculated as $4.86).

(iii) The LTI allocation is weighted 75% – relative TSR and 25% – Combination Synergy.

(iv) Represents the maximum value of the grants to each executive KMP for accounting purposes. The minimum possible total value of the grant is nil. For details of the valuation of the Performance Rights, including models and assumptions used, refer to note E1 of the Tabcorp Financial Report.

(d) LTI awards tested in FY20

The 2016 LTI grant (which had one performance measure – relative TSR) was tested on 14 September 2019. The three year TSR result placed Tabcorp at the 34th percentile of the peer group, and accordingly no Performance Rights vested (100% of the Performance Rights lapsed) and participants did not derive any value from this grant.

Table 6: Performance Rights vested and lapsed and shares issued during FY20

Current executive KMP	Number of Performance Rights vested	Value of Performance Rights exercised(i) $	Number of Performance Rights lapsed(ii)	Number of shares issued	Amount paid per share $
David Attenborough	-	-	501,002	-	-
Adam Newman	-	-	-	-	-
Adam Rytenskild	-	-	123,607	-	-
Sue van der Merwe	-	-	-	-	-
Former executive KMP					
Damien Johnston	-	-	137,241	-	-
Frank Makryllos	-	-	-	-	-
Total	**-**	**-**	**761,850**	**-**	**-**

(i) No Performance Rights were exercised during the year as the entire 2016 LTI grant lapsed.

(ii) Performance Rights that lapsed were granted on 25 October 2016 under the 2016 LTI offer.

Table 7: Executive KMP interests in Performance Rights (number)

Current executive KMP	Balance at start of year	Balance at executive KMP commencement(i)	Granted as remuneration	Vested	Lapsed(ii)	Balance at executive KMP cessation date(iii)	Balance at end of year(iv)
David Attenborough	1,720,947	n/a	617,283	-	(501,002)	n/a	1,837,228
Adam Newman	n/a	-	164,609	-	-	n/a	164,609
Adam Rytenskild	523,994	n/a	188,888	-	(123,607)	n/a	589,275
Sue van der Merwe	150,862	n/a	164,609	-	-	n/a	315,471
Former executive KMP							
Damien Johnston	491,419	n/a	-	-	(137,241)	354,178	-
Frank Makryllos	150,862	n/a	144,032	-	-	294,894	-
Total	**3,038,084**		**1,279,421**	**-**	**(761,850)**	**649,072**	**2,906,583**

(i) Reflects Performance Rights held at 7 October 2019 for Mr Newman.
(ii) Reflects the number of 2016 LTI Performance Rights that were tested and lapsed during FY20.
(iii) Reflects Performance Rights held at 6 October 2019 for Mr Johnston and at 17 February 2020 for Mr Makryllos.
(iv) The number of Performance Rights vested and exercisable or vested and not exercisable at year end was nil.

Table 8: LTI Performance Rights allocations to current executive KMP on foot

Grant year	Grant date	Number of Performance Rights on foot	Allocation to	Performance measures	Performance test date	Service test date and expiry date
2017	27 October 2017	779,816	MD & CEO, senior management	Relative TSR	15 September 2020	15 September 2020
2018	17 October 2018	743,535	MD & CEO, senior management	Relative TSR	19 September 2021	19 September 2021
		247,843		Combination Synergy	30 June 2021	19 September 2021
2019	24 October 2019	851,543	MD & CEO, senior management	Relative TSR	25 September 2022	25 September 2022
		283,846		Combination Synergy	30 June 2021	25 September 2022

The full terms and conditions that applied to prior year LTI Performance Rights grants were described in detail in the relevant Remuneration Reports which are available on Tabcorp's website.

(e) Actual remuneration received in FY20

Table 9 provides a non-statutory voluntary disclosure of the total remuneration received by current executive KMP during FY20. Some of the figures in the table have not been prepared in accordance with the Australian Accounting Standards. This information is supplementary to the remuneration disclosure prepared in accordance with the statutory requirements and Australian Accounting Standards as detailed in section 10 of this report. We believe this information will help shareholders understand the cash and other benefits actually received by executive KMP from the various components of their remuneration during FY20.

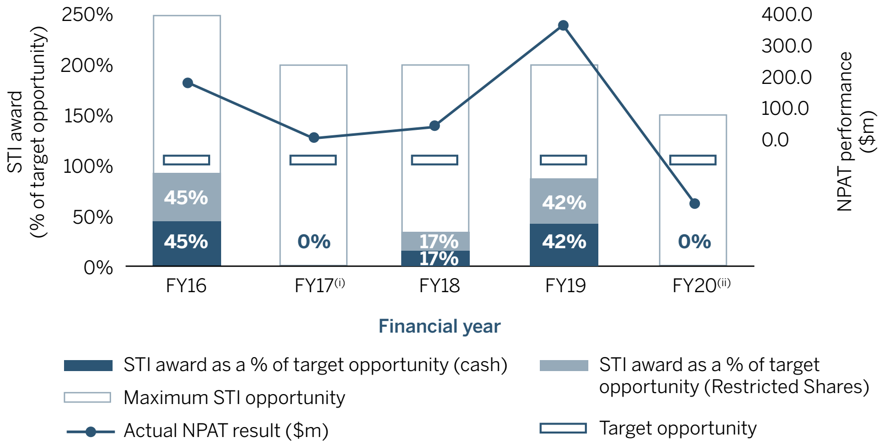
Table 9: Actual value of remuneration received by executive KMP during FY20

Current executive KMP	Salary and fees(i) $'000	STI cash bonus(ii) $'000	Superannuation $'000	Value of STI Restricted Shares that became unrestricted(iii) $'000	Value of LTI vested(iv) $'000	Total $'000
David Attenborough	1,879	638	21	-	-	2,538
Adam Newman	560	-	16	-	-	576
Adam Rytenskild	894	270	21	41	-	1,226
Sue van der Merwe	709	315	80	-	-	1,104
Total	**4,042**	**1,223**	**138**	**41**	**-**	**5,444**

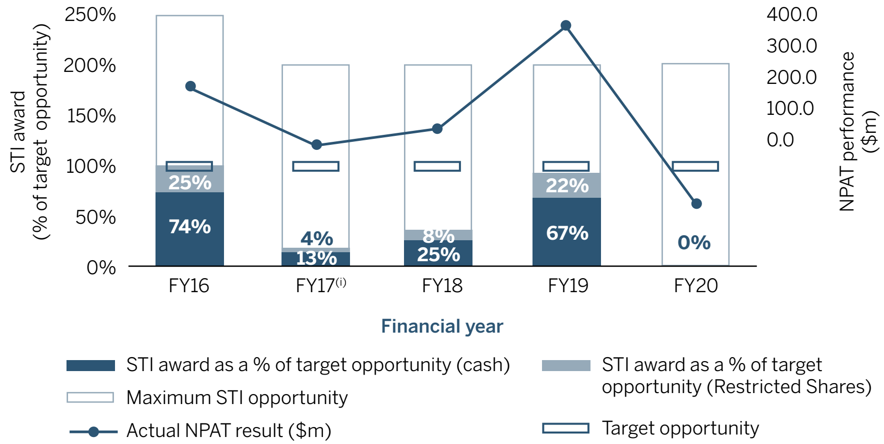
(i) Comprises salary and sacrificed benefits (including salary sacrificed superannuation and motor vehicle novated leases including FBT where applicable).
(ii) STI cash bonus reflects the portion of the FY19 STI which was paid in cash in August 2019.
(iii) Value of the deferred component of the FY17 STI (provided in the form of Restricted Shares) which was released during FY20 and calculated based on the market value of Tabcorp shares at the date the restrictions ceased to apply (being 10 August 2019).
(iv) The 2016 LTI grant of Performance Rights lapsed in full. As such, executive KMP did not receive any benefit from this grant.

(f) Variable remuneration outcomes over the preceding five financial years

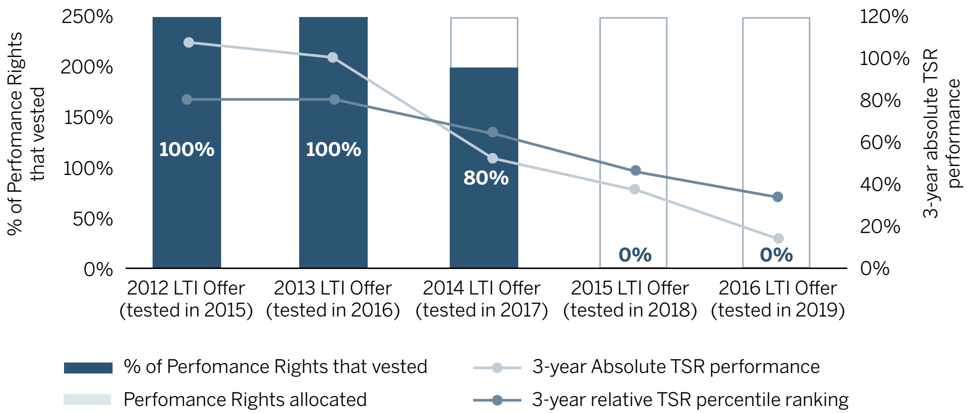
MD & CEO – historical STI outcomes



Executive KMP (excl. MD & CEO) – historical STI outcomes



Executive KMP LTI vesting outcomes



(i) The executive KMP's maximum STI opportunities were reduced from 250% of the target opportunity to 200% in FY17.
(ii) The MD & CEO's maximum STI opportunity was further reduced to 150% of the target opportunity in FY20.

(g) Other remuneration

Mr Newman joined the Group as CFO on 7 October 2019. To compensate him for forgone entitlements, Mr Newman was granted 40,985 Restricted Shares on 7 October 2019. The Restricted Shares are subject to dealing restrictions and a service condition until 7 October 2021. All 40,985 Restricted Shares were granted during FY20 and none were forfeited. The value of the Restricted Shares is $200,000, calculated based on the Tabcorp share price at the grant date. The Restricted Shares are subject to forfeiture conditions, so the minimum possible value of the Restricted Shares is nil.

The Restricted Shares are subject to an ongoing service condition. This condition has been imposed to ensure alignment with shareholders and so that Mr Newman does not get the full benefit of the shares if he leaves the Group before 7 October 2021. Satisfaction of the condition will be assessed by the MD & CEO and the People and Remuneration Committee following 7 October 2021.

8. EXECUTIVE KMP REMUNERATION ARRANGEMENTS FOR FY21

It is intended that no adjustments will be made to Mr Attenborough's or other executive KMP remuneration in FY21.

The 2020 LTI grant (intended to be made in October 2020) will continue to include two performance measures. Vesting of 75% of the grant will be subject to relative TSR performance over a three-year period. Vesting of 25% of the grant will be based on ROIC performance over three financial years (commencing with FY21). ROIC will replace the interim Combination Synergy measure.

More details will be provided in Tabcorp's FY21 Remuneration Report and 2020 Notice of Meeting.

9. NON EXECUTIVE DIRECTOR FEES

(a) Strategy and framework

Non Executive Director fees are set based on workload and responsibilities, qualifications and experience and market benchmarks. Following the reset of the remuneration benchmarking peer group in FY20 (to the ASX 25 to 75 group of companies), the Board Chairman and base Board fees were reduced by approximately 10% each, effective 1 September 2019.

The COVID-19 pandemic had a significant impact on the Group's operations and financial results in FY20. In response to this (and considering the impacts of COVID-19 on shareholders, employees and communities), the Board elected to reduce the Board Chairman and base Board fees by a further 10%, from 1 April 2020 to 30 June 2020. Board Committee fees were also reduced by 10%, from 1 April 2020 to 30 June 2020. All fees were restored to pre-April 2020 (pre-COVID) levels from 1 July 2020.

Non Executive Directors do not receive any performance or incentive-related payments. Board fees are not paid to the MD & CEO or to executives for directorships of any subsidiaries.

(b) FY20 fee structure

Non Executive Directors receive a base Board fee and a fee for each Board Committee that they chair or are a member of (except for the Nomination Committee, where no additional fees are paid). The Board Chairman receives a single fixed fee which is inclusive of services on all standing Board Committees. Superannuation contributions form part of the fees and Non Executive Directors are not eligible to receive any other retirement benefits.

Table 10: FY20 Non Executive Director fee structure

		Non Executive Director fees ($'000 per annum, including superannuation)						
		As at 30 June 2019 $'000	As at 1 September 2019 $'000	Change %	As at 1 April 2020 $'000	Change %	Overall change in FY20 %	As at 1 July 2020 $'000
Board	Chairman	646	580	-10.2	522	-10.0	-19.2	580
	Member(i)	208	186	-10.5	168	-10.0	-19.5	186
Audit Committee	Chairman	55	55	-	49	-10.0	-10.0	55
	Member	24	24	-	22	-10.0	-10.0	24
Risk and Compliance Committee	Chairman	49	49	-	44	-10.0	-10.0	49
	Member	22	22	-	20	-10.0	-10.0	22
People and Remuneration Committee	Chairman	49	49	-	44	-10.0	-10.0	49
	Member	22	22	-	20	-10.0	-10.0	22

(i) The fee paid to Board members is inclusive of services on the Nomination Committee.

(c) Fees paid during FY20

Non Executive Directors are entitled to be reimbursed for all business-related expenses, including travel, which may be incurred as part of their duties. Certain Non Executive Directors received additional fees for membership of other Board Sub-Committees. During FY20, a Sub-Committee of the Board was in operation with responsibility for overseeing and managing special business and legal matters. Also during FY20, a number of additional Board and Sub-Committee meetings and briefing sessions were held in response to the COVID-19 pandemic. No additional fees were paid to Non Executive Directors in respect of these meetings. Table 11 details all fees paid to Non Executive Directors including additional fees paid to members of these Sub-Committees.

Table 11: Non Executive Director fees paid during FY20

	Year	Short term Fees $'000	Post employment Superannuation[ii] $'000	Total $'000
Current Non Executive Directors				
Paula Dwyer[i]	**FY20**	**551**	**26**	**577**
	FY19	590	56	646
Bruce Akhurst[iii]	**FY20**	**236**	**22**	**258**
	FY19	266	25	291
Harry Boon	**FY20**	**229**	**22**	**251**
	FY19	252	24	276
Anne Brennan [iv]	**FY20**	**83**	**8**	**91**
David Gallop[v]	**FY20**	**133**	**13**	**146**
Steven Gregg[vi]	**FY20**	**239**	**23**	**262**
	FY19	249	24	273
Vickki McFadden	**FY20**	**237**	**23**	**260**
	FY19	260	25	285
Justin Milne[iii]	**FY20**	**191**	**18**	**209**
	FY19	219	21	240
Former Non Executive Directors				
Zygmunt Switkowski[vii]	**FY20**	**130**	**12**	**142**
	FY19	235	22	257
Total	**FY20**	**2,029**	**167**	**2,196**
	FY19	2,071	197	2,268

(i) Ms Dwyer also received a fee of $35,000 (plus superannuation at 9.5%) for the role of Chairman of the Victorian Joint Venture Management Committee in FY20. The fee was borne by the Joint Venture, which is jointly controlled by Tabcorp.

(ii) Recent legislation changes now allow persons with multiple employers to instruct one or more (but not all) of those employers to stop superannuation deductions and receive these fees in cash. Certain Non Executive Directors directed Tabcorp to stop superannuation deductions in FY20 and receive the equivalent superannuation contributions in cash.

(iii) Includes additional fees of $2,188 (plus superannuation at 9.5%) received for membership of other Board Sub-Committees.

(iv) Appointed as an observer on 3 February 2020 and commenced as a Director and KMP on 17 July 2020, following the receipt of all necessary approvals. Total remuneration for the period reflects observer fees.

(v) Appointed as an observer on 14 October 2019 and commenced as a Director and KMP on 3 July 2020 following the receipt of all necessary approvals. Total remuneration for the period reflects observer fees.

(vi) Includes additional fees of $4,375 (plus superannuation at 9.5%) received for membership of other Board Sub-Committees.

(vii) Retired from the Board on 28 February 2020.

The current maximum aggregate amount of fees that can be paid to Non Executive Directors per year for their services (including superannuation contributions) is set at $3.0 million, as approved by shareholders at the Annual General Meeting held on 17 October 2018. No adjustment to this limit is proposed for 2020. The total actual fees paid (including superannuation) to Non Executive Directors in FY20 was $2,196,000 (which includes observer fees paid to Mr Gallop and Ms Brennan).

(d) Non Executive Director Shareholding Policy

This policy requires Non Executive Directors to hold a minimum shareholding in Tabcorp equivalent to the annual Board Member base fee (currently $170,000, excluding superannuation), and the Board Chairman to hold a minimum shareholding equivalent to double this annual Board Member base fee. At the date of this report, all Non Executive Directors (including the Board Chairman) complied with this policy, noting that Non Executive Directors are required to reach the applicable threshold within three years of appointment, or by 14 December 2020, whichever is the later. A copy of this policy is available on Tabcorp's website (**www.tabcorp.com.au**) under the Corporate Governance section.

10. STATUTORY REMUNERATION DISCLOSURES

(a) KMP statutory remuneration tables

The following table provides a breakdown of the executive KMP remuneration in accordance with statutory requirements and the Australian Accounting Standards.

Table 12: Executive KMP remuneration for FY20

		Short term		Long term	Post employment	Charge for share based allocations[iii]					
Current executive KMP	**Financial year**	**Salary and fees[i] $'000**	**Cash bonus[ii] $'000**	**Accrued leave benefits $'000**	**Superannuation $'000**	**Restricted Shares $'000**	**Merger Completion Award (Restricted Shares)[iv] $'000**	**Performance Rights $'000**	**Total $'000**	**Performance related[v]**	**Termination benefits $'000**
David Attenborough	**FY20**	**1,879**	**-**	**(109)**	**21**	**287**	**63**	**1,565**	**3,706**	**52%**	**-**
	FY19	1,979	638	11	21	300	126	1,452	4,527	56%	-
Adam Newman[vi]	**FY20**	**560**	**-**	**11**	**16**	**75**	**-**	**132**	**794**	**26%**	**-**
Adam Rytenskild	**FY20**	**894**	**-**	**(33)**	**21**	**42**	**11**	**507**	**1,442**	**39%**	**-**
	FY19	880	270	23	21	56	23	457	1,730	47%	-
Sue van der Merwe	**FY20**	**709**	**-**	**95**	**80**	**39**	**-**	**262**	**1,185**	**25%**	**-**
	FY19	621	315	-	79	39	-	129	1,183	41%	-
Former executive KMP											
Damien Johnston[vii]	**FY20**	**233**	**-**	**(6)**	**5**	**3**	**5**	**106**	**346**	**33%**	**450**
	FY19	880	382	54	21	14	17	438	1,806	47%	-
Frank Makryllos[viii]	**FY20**	**427**	**-**	**8**	**13**	**16**	**-**	**154**	**618**	**27%**	**175**
	FY19	679	184	(8)	21	25	-	129	1,030	33%	-
Total	**FY20**	**4,702**	**-**	**(34)**	**156**	**462**	**79**	**2,726**	**8,091**		**625**
	FY19	5,039	1,789	80	163	434	166	2,605	10,276		-

(i) Comprises salary and sacrificed benefits (including salary sacrificed superannuation and motor vehicle novated leases including FBT where applicable).

(ii) Cash bonus reflects the cash portion of the STI achieved in the relevant financial year, being 50% for the MD & CEO and 75% for other executive KMP. The remaining portion of the STI is deferred into Restricted Shares and is reflected in the Restricted Shares column in accordance with Accounting Standards.

(iii) Represents the fair value of share based payments expensed by Tabcorp. Includes the restricted portion of the Merger Completion Award that was expensed by Tabcorp during the year.

(iv) Merger Completion Awards were granted to select employees (employed by Tabcorp prior to the Combination) in recognition of their contribution to the successful completion of the combination between Tabcorp and Tatts Group ("Combination"). This included only the following executive KMP – Mr Attenborough (MD & CEO), Mr Rytenskild (MD Wagering and Media) and Mr Johnston (the previous Chief Financial Officer). For executive KMP who participated, vesting of the Awards is subject to Combination Synergy performance conditions, measured over a 3.5 year (approximately) period (and will be tested on 30 June 2021). For more information, please refer to Tabcorp's 2018 and 2019 Remuneration Reports.

(v) Represents the sum of the cash bonus (from STI awards), Restricted Shares (from STI and Merger Completion Awards) and LTI Performance Rights as a percentage of total remuneration, excluding termination payments.

(vi) Commenced employment and as executive KMP from 7 October 2019. Mr Newman was allocated 40,985 Restricted Shares on commencement of employment. These Restricted Shares, which replaced forgone entitlements, are subject to a 2-year service condition.

(vii) Mr Johnston ceased as an executive KMP on 6 October 2019. Termination benefits reflect payment in lieu of partial notice.

(viii) Mr Makryllos ceased as an executive KMP on 17 February 2020. Termination benefits reflect payment in lieu of partial notice.

Table 13: KMP interests in Tabcorp shares for FY20 (number)

KMP	Balance at start of year(i)	Granted as remuneration(ii)	On vesting of Performance Rights	Net change other(iii)	Balance at end of year(iv)
Current Non Executive Directors					
Paula Dwyer	150,000	-	-	(25,000)	125,000
Bruce Akhurst	80,000	-	-	20,000	100,000
Harry Boon	70,000	-	-	-	70,000
Anne Brennan(v)	-	-	-	7,500	7,500
David Gallop(vi)	-	-	-	7,000	7,000
Steven Gregg	42,000	-	-	-	42,000
Vickki McFadden	50,000	-	-	-	50,000
Justin Milne	41,808	-	-	4,800	46,608
Former Non Executive Directors					
Zygmunt Switkowski	91,949	-	-	-	91,949
Current Executive Director					
David Attenborough	1,064,677	144,420	-	-	1,209,097
Current executive					
Adam Newman	-	40,985	-	12,955	53,940
Adam Rytenskild	192,239	20,388	-	45,315	257,942
Sue van der Merwe	79,410	23,786	-	-	103,196
Former executive					
Damien Johnston	376,063	-	-	-	376,063
Frank Makryllos	42,550	13,875	-	-	56,425
Total	**2,280,696**	**243,454**	**-**	**72,570**	**2,596,720**

(i) Reflects shareholdings as at 7 October 2019 for Mr Newman.

(ii) Includes Restricted Shares issued during FY20 as the deferred component of the FY19 STI. For Mr Newman they represent restricted shares issued as sign on incentives.

(iii) Includes voluntary on-market transactions.

(iv) Reflects shareholding as at 28 February 2020 for Dr Switkowski, 6 October 2019 for Mr Johnston and 17 February 2020 for Mr Makryllos. No shares are nominally held by KMP at the end of the reporting period.

(v) Commenced as observer on 3 February 2020. Appointed as a Non Executive Director and KMP on 17 July 2020, following receipt of all necessary regulatory approvals.

(vi) Commenced as observer on 14 October 2019. Appointed as a Non Executive Director and KMP on 3 July 2020, following receipt of all necessary regulatory approvals.

(b) Transactions and loans with KMP

No KMP (including their related parties) have entered into material commercial relationships or transactions with the Company or a subsidiary during FY20 other than as disclosed in this Remuneration Report. All KMP related party relationships are at arm's length and on normal commercial terms and none of the KMP were, or are, involved in any procurement or other decision-making regarding organisations with which they have an association. No KMP (including their related parties) has entered into a loan made, guaranteed or secured, directly or indirectly, by the Company or a subsidiary during the reporting period.

FINANCIAL REPORT

Contents

INCOME STATEMENT For the year ended 30 June 2020

	Note	2020 $m	2019 $m
Revenue	A4	**5,224**	5,488
Other income	A4	**1**	17
Commissions and fees		**(1,442)**	(1,498)
Government taxes and levies		**(2,005)**	(2,009)
Employment costs		**(378)**	(421)
Communications and technology costs		**(111)**	(126)
Advertising and promotions		**(155)**	(162)
Other expenses		**(197)**	(201)
Depreciation and amortisation		**(378)**	(352)
Impairment – goodwill	C2	**(1,090)**	-
Impairment – other	A4	**(43)**	4
Profit/(loss) before income tax and net finance costs		**(574)**	740
Finance income		**2**	1
Finance costs	A4	**(195)**	(209)
Profit/(loss) from continuing operations before income tax		**(767)**	532
Income tax expense	A5	**(103)**	(161)
Profit/(loss) from continuing operations after income tax		**(870)**	371
Discontinued operations			
Loss from discontinued operations net of tax	D4	**-**	(10)
Net profit/(loss) after tax		**(870)**	361
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedges taken to equity		**146**	(5)
Exchange differences on translation of foreign operations		**2**	1
Income tax relating to these items		**(44)**	1
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on retirement benefit obligation		**1**	(3)
Income tax relating to these items		**-**	1
Other comprehensive income for the year, net of income tax		**105**	(5)
Total comprehensive income for the year		**(765)**	356

Earnings per share:		2020 cents	2019 cents
From continuing operations			
Basic earnings per share	A2	**(42.9)**	18.4
Diluted earnings per share	A2	**(42.9)**	18.4
From continuing operations before goodwill impairment			
Basic earnings per share	A2	**10.9**	18.4
Diluted earnings per share	A2	**10.8**	18.4
Total attributable to shareholders of Tabcorp			
Basic earnings per share	A2	**(42.9)**	17.9
Diluted earnings per share	A2	**(42.9)**	17.9
Dividends per share:			
Declared and paid during the year	A3	**22.0**	21.0
Determined in respect of the year	A3	**11.0**	22.0

The accompanying notes form an integral part of this income statement.

BALANCE SHEET As at 30 June 2020

	Note	2020 $m	2019 $m
Current assets			
Cash and cash equivalents	C6	**349**	463
Receivables	C7	**72**	113
Prepayments		**33**	35
Current tax assets		**-**	26
Derivative financial instruments	B4	**103**	19
Other financial assets	B2	**26**	13
Assets held for sale	E7	**39**	-
Other		**105**	97
Total current assets		**727**	766
Non current assets			
Receivables	C7	**3**	6
Investment in an associate	D5	**29**	29
Other financial assets	B2	**159**	156
Licences	C1	**2,148**	2,254
Other intangible assets	C2	**8,134**	9,184
Property, plant and equipment	C4	**456**	555
Right-of-use assets	C5	**275**	328
Prepayments		**20**	23
Derivative financial instruments	B4	**426**	289
Other		**39**	33
Total non current assets		**11,689**	12,857
TOTAL ASSETS		**12,416**	13,623
Current liabilities			
Payables	C8	**1,178**	1,206
Interest bearing liabilities	B3	**249**	192
Lease liabilities	C5	**47**	51
Provisions	C9	**47**	59
Derivative financial instruments	B4	**44**	46
Other		**81**	81
Total current liabilities		**1,646**	1,635
Non current liabilities			
Payables	C8	**238**	234
Interest bearing liabilities	B3	**3,471**	3,527
Lease liabilities	C5	**306**	358
Deferred tax liabilities	A5	**583**	565
Provisions	C9	**29**	26
Derivative financial instruments	B4	**104**	82
Other		**9**	13
Total non current liabilities		**4,740**	4,805
TOTAL LIABILITIES		**6,386**	6,440
NET ASSETS		**6,030**	7,183
Equity			
Issued capital		**8,617**	8,562
Accumulated losses		**(1,967)**	(653)
Reserves		**(620)**	(726)
TOTAL EQUITY		**6,030**	7,183

The accompanying notes form an integral part of this balance sheet.

CASH FLOW STATEMENT For the year ended 30 June 2020

	Note	2020 $m	2019 $m
Cash flows from operating activities			
Net cash receipts in the course of operations		**5,243**	5,729
Payments to suppliers, service providers and employees		**(2,523)**	(2,762)
Payment of government levies, betting taxes and GST		**(1,754)**	(1,801)
Finance income received		**2**	2
Finance costs paid		**(197)**	(215)
Income tax paid		**(100)**	(183)
Net cash flows from operating activities	C6	**671**	770
Cash flows from investing activities			
Payment for property, plant and equipment and intangibles		**(290)**	(278)
Proceeds from sale of property, plant and equipment and intangibles		**12**	2
Payment for other financial assets		**(15)**	(93)
Loan repayments received from customers		**1**	2
Payment for exercise of call option		**-**	(8)
Proceeds from sale of shares in an associate		**-**	12
Net cash flows used in investing activities		**(292)**	(363)
Cash flows from financing activities			
Net cash flows from revolving bank facilities		**(80)**	236
Proceeds from borrowings		**226**	-
Repayment of borrowings		**(192)**	(83)
Payment of lease liabilities		**(52)**	(55)
Dividends paid		**(392)**	(393)
Payments for on-market share purchase		**(3)**	(1)
Net cash flows used in financing activities		**(493)**	(296)
Net increase/(decrease) in cash held		**(114)**	111
Cash at beginning of year		**463**	352
Cash at end of year	C6	**349**	463

The accompanying notes form an integral part of this cash flow statement.

The cash flow statement includes the cash flows of the discontinued Sun Bets business in the prior year, refer note D4.

STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2020

	Number of ordinary shares m	Issued capital: Ordinary shares $m	Issued capital: Treasury shares $m	Accumulated losses $m	Reserves: Hedging $m	Reserves: Demerger $m	Reserves: Other $m	Total equity $m
2020								
Balance at beginning of year	**2,019**	**8,562**	**-**	**(653)**	**(60)**	**(670)**	**4**	**7,183**
Loss for the year	**-**	**-**	**-**	**(870)**	**-**	**-**	**-**	**(870)**
Other comprehensive income	**-**	**-**	**-**	**1**	**102**	**-**	**2**	**105**
Total comprehensive income	**-**	**-**	**-**	**(869)**	**102**	**-**	**2**	**(765)**
Dividends paid	**-**	**-**	**-**	**(445)**	**-**	**-**	**-**	**(445)**
Dividend reinvestment plan	**13**	**53**	**-**	**-**	**-**	**-**	**-**	**53**
Transfers	**-**	**3**	**-**	**-**	**-**	**-**	**(3)**	**-**
Restricted shares issued	**-**	**-**	**(3)**	**-**	**-**	**-**	**-**	**(3)**
Share based payments expense	**-**	**-**	**2**	**-**	**-**	**-**	**5**	**7**
Balance at end of year	**2,032**	**8,618**	**(1)**	**(1,967)**	**42**	**(670)**	**8**	**6,030**
		Total issued capital $8,617m			**Total reserves ($620m)**			
2019								
Balance at beginning of year	2,013	8,529	-	(566)	(57)	(670)	2	7,238
Effect of adoption of AASB 16	-	-	-	(22)	-	-	-	(22)
Balance at beginning of year (restated)	2,013	8,529	-	(588)	(57)	(670)	2	7,216
Profit for the year	-	-	-	361	-	-	-	361
Other comprehensive income	-	-	-	(3)	(3)	-	1	(5)
Total comprehensive income	-	-	-	358	(3)	-	1	356
Dividends paid	-	-	-	(423)	-	-	-	(423)
Dividend reinvestment plan	6	30	-	-	-	-	-	30
Transfers	-	3	-	-	-	-	(3)	-
Restricted shares issued	-	-	(1)	-	-	-	-	(1)
Share based payments expense	-	-	1	-	-	-	4	5
Balance at end of year	2,019	8,562	-	(653)	(60)	(670)	4	7,183
		Total issued capital $8,562m			Total reserves ($726m)			

Issued capital
Ordinary shares are issued and fully paid. They carry one vote per share and hold rights to dividends. Issued capital is recognised at the fair value of the consideration received. When issued capital is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from total issued capital. Any transaction costs directly attributable to the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the share proceeds received.

Treasury shares represent the unvested portion of Restricted Shares issued to executives as an incentive, on appointment or for retention, which is recognised as a reduction in issued capital. The amount which has been credited to the employee equity benefit reserve is transferred to issued capital to the extent the relevant Performance Rights vest or have been treated as vested.

Nature of reserves
Hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

Demerger reserve arose on the demerger of The Star Entertainment Group (previously the Echo Entertainment Group) in 2011. It represents the difference between the fair value of The Star Entertainment Group shares (being the distribution liability arising on demerger), the amount allocated as a capital reduction and any transfers to retained earnings.

Other reserves contain the employee equity benefit reserve and the foreign currency translation reserve.

The accompanying notes form an integral part of this statement of changes in equity.

ABOUT THIS REPORT

Tabcorp Holdings Limited (the Company) is a company limited by shares which are traded on the Australian Securities Exchange. The Company is incorporated and domiciled in Australia, and is a for-profit entity. The Financial Report of the Company for the year ended 30 June 2020 comprises the Company and its subsidiaries (the Group) and the Group's interest in joint arrangements and associates.

The measures taken by the governments in response to the COVID-19 pandemic in March 2020 resulted in temporary closure of Australian licensed venues (hotels and clubs) and TAB agencies, and the cancellation and/or postponement of major sports events around the world. The current period financial statements reflect the adverse impacts of these measures on the results and the cash flows. Refer to the Operating and Financial Review section of the Annual Report for further information. An assessment of the impact of COVID-19 on the Group's 30 June 2020 balance sheet is set out below:

Balance sheet item	COVID-19 assessment	Note
Interest bearing liabilities	The Group engaged with the respective lending groups and secured covenant relief for 30 June 2020 and 31 December 2020 testing dates. In addition, a new bank facility was drawn down in March.	B1 and B3
Goodwill	The Group has considered the impact of government and other measures taken to address the COVID-19 pandemic on the assumptions used in its annual impairment test. An impairment charge against goodwill has been recognised for the Wagering and Media and Gaming Services segments.	C2 and C3
Receivables	Trade debtors include the impact of the temporary closure of venues resulting in suspension of invoicing and increase in allowance for expected credit losses.	C7
Payables	Current payables include lottery and Keno taxes and payroll tax deferred as a result of government support received during the COVID-19 pandemic and reflects employee bonus accruals of nil.	C8
Provisions	Employee benefits provisions reflect the utilisation of leave entitlements as part of COVID-19 response measures.	C9

Further details on the impact of COVID-19 on the Group's results can be found in the Directors' report for the year ended 30 June 2020.

The Financial Report was authorised for issue by the Board of Directors on 19 August 2020.

The Financial Report is a general purpose financial report which:

- has been prepared in accordance with the Corporations Act 2001 (Cth), Australian Accounting Standards as issued by the Australian Accounting Standards Board and other mandatory financial reporting requirements in Australia;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- is presented in Australian dollars with dollar amounts rounded to the nearest million unless specifically stated to be otherwise, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191; and
- is prepared on the historical cost basis, except for derivative financial instruments and equity instruments that have been measured at fair value and assets held for sale that have been measured at the lower of cost and fair value.

The accounting policies have been applied consistently throughout the Group for the purposes of this Financial Report.

The Group applies, for the first time, *AASB 16 Leases* which requires a lessee to recognise assets and liabilities for all leases with exemption available for low value leases and leases less than 12 months. Refer note E8.

Note disclosures have been grouped into five sections. The notes within each section detail the accounting policies applied, together with any key judgements and estimates used. The purpose of this format is to provide users with a clear understanding of the key drivers of the Group's financial performance and financial position.

Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of these assets and liabilities recognised in the financial statements are described in the following notes:

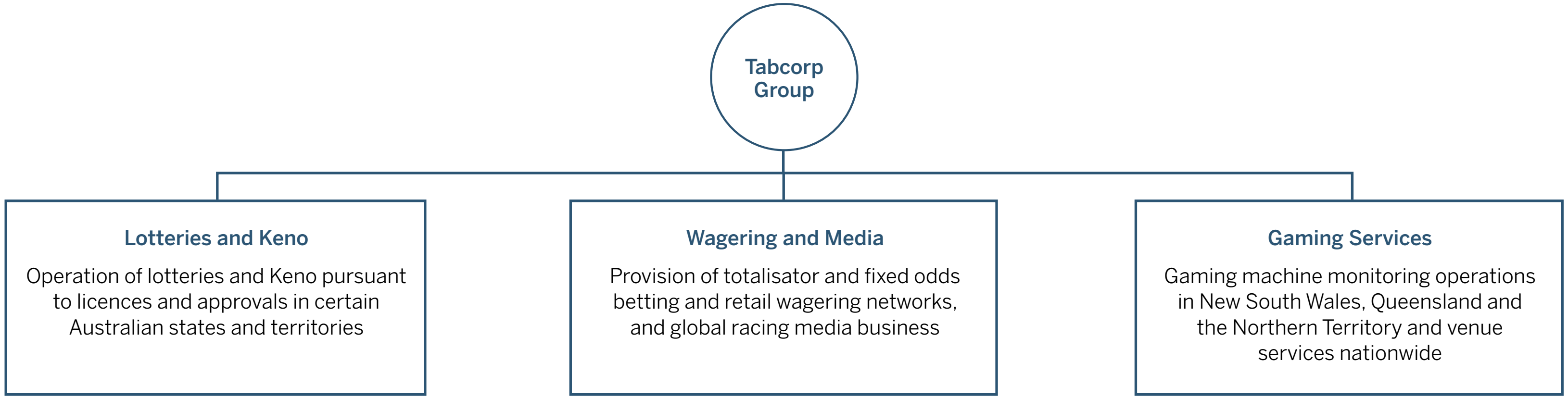
- A5 – Income tax
- B2 – Other financial assets
- B4 – Derivative financial instruments
- C1 – Licences
- C2 – Other intangible assets
- C3 – Impairment testing
- C5 – Leases
- C9 – Provisions
- E4 – Contingencies

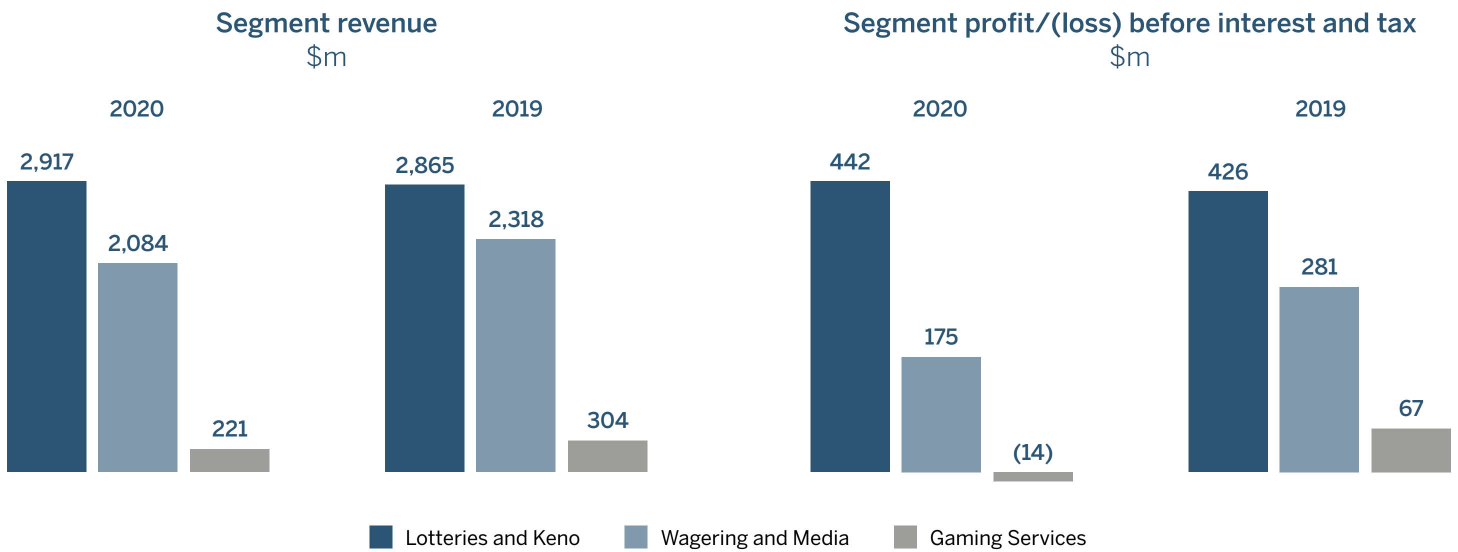
SECTION A – GROUP PERFORMANCE

A1 Segment information

Operating segments reflect the business level at which financial information is provided to the Managing Director and Chief Executive Officer (Chief Operating Decision Maker), for decision making regarding resource allocation and performance assessment. The measure of segment profit used excludes significant items not considered integral to the ongoing performance of the segment. Intersegment pricing is determined on commercial terms and conditions.

The Group has three operating segments at year end.





A1 Segment information (continued)

	Lotteries and Keno $m	Wagering and Media $m	Gaming Services $m	Total $m
2020				
Revenue – external	**2,917**	**2,083**	**221**	**5,221**
Revenue – intersegment	**-**	**1**	**-**	**1**
Segment revenue	**2,917**	**2,084**	**221**	**5,222**
Segment profit/(loss) before interest and tax	**442**	**175**	**(14)**	**603**
Depreciation and amortisation	**100**	**192**	**86**	**378**
Impairment – other (i)	**-**	**4**	**12**	**16**
Capital expenditure (ii)	**55**	**144**	**63**	**262**
2019				
Revenue – external	2,865	2,316	304	5,485
Revenue – intersegment	-	2	-	2
Segment revenue	2,865	2,318	304	5,487
Segment profit before interest and tax	426	281	67	774
Depreciation and amortisation	87	180	79	346
Impairment – other	-	-	-	-
Capital expenditure (ii)	65	152	91	308

(i) Includes write down of certain operating assets.
(ii) Capital expenditure excludes the acquisition of licences, unallocated items, make good provisions raised during the year and additions to right-of-use assets.

A reconciliation of segment result to the Group's income statement is as follows:

	Revenue		Profit/(loss) before tax		Depreciation & amortisation		Impairment (v)	
	2020 $m	2019 $m	2020 $m	2019 $m	2020 $m	2019 $m	2020 $m	2019 $m
Segment total (per above)	**5,222**	5,487	**603**	774	**378**	346	**16**	-
Intersegment revenue elimination	**(1)**	(2)	**-**	-	**-**	-	**-**	-
Unallocated items:								
– significant items:								
– implementation costs relating to combination with Tatts Group	**-**	-	**(26)**	(34)	**-**	-	**-**	-
– Racing Queensland arrangements (i)	**-**	-	**(27)**	(17)	**-**	-	**-**	-
– impairment – goodwill (ii)	**-**	-	**(1,090)**	-	**-**	-	**1,090**	-
– impairment – other (iii)	**-**	-	**(22)**	-	**-**	-	**22**	-
– onerous contract	**-**	-	**(5)**	-	**-**	-	**-**	-
– ACT point of consumption tax compensation	**-**	-	**-**	15	**-**	-	**-**	-
	-	-	**(1,170)**	(36)	**-**	-	**1,112**	-
– finance income	**-**	-	**2**	1	**-**	-	**-**	-
– finance costs	**-**	-	**(195)**	(209)	**-**	-	**-**	-
– other (iv)	**3**	3	**(7)**	2	**-**	6	**5**	(4)
Total per income statement (continuing operations)	**5,224**	5,488	**(767)**	532	**378**	352	**1,133**	(4)

(i) Additional fees related to the minimum performance obligations for three years to December 2020 under Racing Queensland arrangements.
(ii) Write down of goodwill following the annual impairment review relating to Wagering and Media ($905m) and Gaming Services ($185m). Refer to notes C2 and C3.
(iii) Write down of certain operating assets relating to Wagering and Media ($15m) and Gaming Services ($7m).
(iv) Current year includes impairment of surplus corporate properties ($5m).
(v) Reconciliation includes impairment of goodwill and impairment of other assets.

A2 Earnings per share

	2020 $m	2019 $m
Profit/(loss) from continuing operations after income tax	**(870)**	371
Loss from discontinued operations net of tax	-	(10)
Earnings used in calculation of earnings per share (EPS) attributable to shareholders	**(870)**	361

Profit/(loss) from continuing operations after income tax	**(870)**	371
Adjustment for impairment – goodwill	**1,090**	-
Earnings used in calculation of EPS from continuing operations before goodwill impairment	**220**	371

	2020 Number (m)	2019 Number (m)
Weighted average number of ordinary shares used in calculating basic EPS	**2,026**	2,016
Effect of dilution from Performance Rights	**4**	4
Weighted average number of ordinary shares used in calculating diluted EPS	**2,030**	2,020

Basic EPS is calculated as net profit after tax divided by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated on the same basis as basic EPS except that it reflects the impact of any potential commitments the Group has to issue shares in the future, for example shares to be issued upon vesting of Performance Rights.

A3 Dividends

	2020 cents per share	2019 cents per share	2020 $m	2019 $m
Fully franked dividends declared and paid during the year:				
Prior year final dividend	**11.0**	10.0	**222**	201
Interim dividend	**11.0**	11.0	**223**	222
	22.0	21.0	**445**	423
Fully franked dividends determined in respect of the year:				
Interim dividend	**11.0**	11.0	**223**	222
Final dividend (declared and recognised after balance date)	**-**	11.0	**-**	222
	11.0	22.0	**223**	444
Franking credits balance				
Franking credits available at balance date			**12**	102
Impact of estimated current tax refunds			**(16)**	(41)
Franking credits/(deficit) available at the 30% company tax rate after allowing for tax payable or receivable			**(4)**	61

A4 Revenue and expenses

	2020 $m	2019 $m
(a) Revenue comprises:		
Revenue from contracts with customers	**4,239**	4,431
Other revenue (i)	**985**	1,057
	5,224	5,488
(b) Other income		
Net loss on disposal of non current assets	**(5)**	(1)
ACT point of consumption tax compensation	**-**	15
Other (ii)	**6**	3
	1	17
(c) Employment costs include:		
Defined contribution plan expense	**32**	31
(d) Finance costs		
Interest costs on interest bearing liabilities	**163**	176
Interest costs on lease liabilities	**16**	17
Other	**16**	16
	195	209
(e) Impairment – other		
Buildings (iii)	**5**	-
Leasehold improvements	**-**	1
Plant and equipment (iii)	**10**	1
Other intangible assets – software (iii)	**27**	-
Right-of-use assets	**1**	(6)
	43	(4)

(i) Includes fixed odds betting revenue, refer accounting policy below.

(ii) Current year includes subsidy received under the Federal Government's JobKeeper scheme of $4m.

(iii) Current year includes the write down of certain operating assets and surplus corporate properties. Refer Note A1.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. Incremental costs of obtaining contracts with a duration of one year or less are expensed as incurred. The following specific criteria must also be met before revenue is recognised:

Lotteries revenue is recognised as the gross subscriptions received for lotteries less prizes payable when the official draw for each game is completed. Subscriptions received during the year for games which will be drawn in the next financial period are deferred and recognised as revenue in the next financial period. Revenue from lottery card subscriptions is recognised over the life of the subscription. Management fees recognised in relation to the Master Agent Agreement associated with the operation of SA Lotteries are recognised in revenue.

Keno revenue is recognised as the residual value after deducting the return to customers from Keno turnover.

Wagering revenue is recognised as the residual value after deducting the return to customers from wagering turnover. Fixed odds betting revenue is classified as other revenue and recognised as the net win or loss on an event. The amounts bet on an event are recognised as a liability until the outcome of the event is determined, at which time the revenue is brought to account. Open fixed odds betting positions are carried at fair value and gains and losses arising on these positions are recognised in revenue.

The Group previously operated loyalty programmes enabling customers to accumulate award credits for wagering spend. A portion of the spend was allocated to the loyalty points awarded to customers on relative stand-alone selling price and was recognised as a contract liability until the points were redeemed. Revenue from the award credits was recognised when the award was redeemed or expired.

Media revenue includes subscription income and advertising revenue, and is recognised once the service has been rendered. Subscriptions received relating to future periods are treated as deferred revenue.

Gaming services revenue is recognised once the service has been rendered or the goods have been delivered to the buyer.

Interest revenue earned from customers in the ordinary course of operations is disclosed within revenue.

Contributions to defined contribution plans are recognised in the income statement as they become payable.

Finance income is recognised using the effective interest rate method.

Finance costs are recognised as an expense when incurred.

A5 Income tax

	2020 $m	2019 $m
(a) The major components of income tax expense are:		
Current tax	**(127)**	(168)
Adjustments in respect of current income tax of previous years	**(2)**	(12)
Deferred tax	**26**	19
	(103)	(161)
Income tax reconciliation:		
Profit/(loss) from continuing operations before income tax	**(767)**	532
Loss from discontinued operations before income tax	**-**	(10)
Profit/(loss) before income tax	**(767)**	522
Income tax receivable/(payable) at the 30% company tax rate	**230**	(157)
Tax effect of adjustments in calculating taxable income:		
– impairment of goodwill	**(327)**	-
– amortisation of licences	**(12)**	(12)
– unbooked deferred tax assets	**-**	(1)
– research and development claims	**3**	2
– other	**3**	7
Income tax expense	**(103)**	(161)
Income tax expense reported in the income statement	**(103)**	(161)
Income tax benefit attributable to discontinued operations	**-**	-
Income tax expense	**(103)**	(161)

A5 Income tax (continued)

(b) Deferred tax assets/(liabilities)

	Balance at 1 July 2018 $m	Recognised in income statement $m	Recognised directly in equity $m	Balance at 30 June 2019 $m	Recognised in income statement $m	Recognised directly in equity $m	Balance at 30 June 2020 $m
Lease liabilities	128	(5)	-	123	**(19)**	**-**	**104**
Provisions	34	(8)	-	26	**(3)**	**-**	**23**
Property, plant and equipment	17	-	-	17	**-**	**-**	**17**
NSW Trackside concessions	8	(3)	-	5	**(3)**	**-**	**2**
Accrued expenses	8	2	-	10	**(6)**	**-**	**4**
Other	11	(6)	1	6	**2**	**-**	**8**
Fair value of cash flow hedges	25	-	1	26	**-**	**(44)**	**(18)**
Licences	(623)	20	-	(603)	**20**	**-**	**(583)**
Other intangible assets	(44)	2	-	(42)	**8**	**-**	**(34)**
Right-of-use assets	(112)	3	-	(109)	**19**	**-**	**(90)**
Unclaimed dividends	(9)	1	-	(8)	**1**	**-**	**(7)**
Research and development	(29)	13	-	(16)	**7**	**-**	**(9)**
Net deferred tax assets/(liabilities)	(586)	19	2	(565)	**26**	**(44)**	**(583)**

Income tax comprises current and deferred income tax. Income tax is recognised in the income statement except when it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes. The temporary differences for goodwill and the initial recognition of an asset or liability in a transaction which is not a business combination and that affect neither accounting nor taxable profit at the time of the transaction are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

A **deferred tax asset** is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The income tax expense and deferred tax balances assume certain tax outcomes in relation to the application of tax legislation as it applies to the Group. An **uncertain tax treatment** occurs where there is uncertainty over whether a tax authority will accept a tax treatment adopted by the Group under tax law. The Group revisits the accounting in relation to an uncertain tax treatment when there are changes in relevant facts and circumstances (refer to note E4).

A6 Subsequent events

Subsequent events other than those disclosed elsewhere in this report are:

JobKeeper subsidy

On 21 July 2020, the Federal Government announced that the JobKeeper scheme will be extended until 28 March 2021 for employers who continue to be significantly impacted by COVID-19. Further changes to the business eligibility criteria were announced in August 2020. Tabcorp may be eligible to receive further subsidy under the extended scheme.

Victorian restriction level

Tabcorp notes the recent developments in Victoria, including the declaration of a 'state of disaster' with effect from 2 August 2020. The relevant restrictions resulted in the temporary closure of Victorian licensed venues (hotels and clubs) and TAB agencies, which offer Tabcorp's Wagering and Media, Keno and Gaming Services products. At the reporting date a definitive assessment of the future effects of these restrictions, and COVID-19 more generally, on the Group cannot be made.

Entitlement offer

We have announced a 1 for 11 underwritten pro-rata accelerated renounceable entitlement offer with retail entitlements trading at a price of $3.25 per new share to raise gross proceeds of approximately $600m.

SECTION B – CAPITAL AND RISK MANAGEMENT

B1 Capital management

The Group's objectives when managing capital are to ensure the Group continues as a going concern while providing optimal returns to shareholders and benefits for other stakeholders, and to maintain an appropriate capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group has a target of an investment grade credit rating. Gearing is managed primarily through the ratio of gross debt to earnings before interest, tax, depreciation, amortisation and impairment (EBITDA).

At 30 June the Group's gearing ratio was:

	2020 $m	2019 $m
Gross debt (US private placement debt at the Australian dollar principal repayable under cross currency swaps)[(i)]	**3,748**	3,851
EBITDA (before significant items)[(ii)]	**995**	1,124
Gearing ratio	**3.8**	3.4

(i) Includes lease liabilities following the implementation of AASB 16.

(ii) EBITDA for the prior year represents continuing operations.

B2 Other financial assets

Other financial assets are held to fund payments to winners of certain lottery games, where winnings are payable for up to 20 years.

	2020 $m	2019 $m
Equity instruments at fair value through other comprehensive income		
Unlisted investments – managed fund	**22**	21
Debt instruments at amortised cost		
Investment – term deposits	**163**	148
	185	169
Current	**26**	13
Non current	**159**	156
	185	169

Equity instruments at fair value through other comprehensive income are equity instruments which the Group intends to hold for the foreseeable future, and for which an irrevocable election to classify as such upon transition to AASB 9 has been made.

After initial measurement, they are subsequently carried at fair value (refer to note B5). Changes in the fair value are recognised in other comprehensive income and accumulated in a reserve within equity. No subsequent recycling of gains or losses to profit or loss is permitted.

Debt instruments at amortised cost are financial assets held in order to collect contractual cash flows that solely represent payments of principal and interest. They are carried at amortised cost.

B3 Interest bearing liabilities

The Group borrows money from financial institutions and debt investors in the form of bank loans, foreign currency denominated notes and bonds.

The following table details the debt position of the Group at 30 June:

Facility	Details	Facility limit $m	Maturity	2020 $m	2019 $m
Bank overdraft	Floating interest rate revolving bilateral overdraft facility.	100	Feb-21	-	-
Bank loans – unsecured	Floating interest rate revolving facility. Subject to financial undertakings as to gearing and interest cover.	226	Jul-21	**226**	-
		660	Jul-22	**299**	631
		600	Jul-23	**148**	495
		600	Jul-24	**598**	-
		2,086		**1,271**	1,126
US private placement	Fixed interest rate US dollar debt. At 30 June 2020 aggregate US dollar principal of $1,553 million (2019: $1,553 million). Cross currency swaps are in place for all US dollar debt. Under these swaps the aggregate Australian dollar amount payable at maturity is $1,925 million (2019: $1,925 million).	USD 170	Dec-20	**249**	246
		USD 133	Apr-22	**193**	189
		USD 105	Jun-26	**152**	149
		USD 450	Jun-28	**653**	638
		USD 520	Jun-30	**754**	737
		USD 175	Jun-33	**254**	248
		AUD 97	Jun-35	**97**	97
		AUD 97	Jun-36	**97**	97
				2,449	2,401
Tatts Bonds	Floating rate interest 90 day BBSW +3.1% paid quarterly in arrears. Redeemed in July 2019.	192	n/a	-	192
				3,720	3,719
Current				**249**	192
Non current				**3,471**	3,527
				3,720	3,719

B3.1 Changes in liabilities arising from financing activities:

	Balance at 30 June 2019 $m	Cash flows $m	Foreign exchange movement $m	Changes in fair values $m	Lease additions $m	Other $m	Balance at 30 June 2020 $m
Interest bearing liabilities							
Current	192	(192)	-	-	-	249	249
Non current	3,527	146	51	-	-	(253)	3,471
Cross currency interest rate swaps							
Current assets	(19)	-	-	(84)	-	-	(103)
Non current assets	(289)	-	-	(137)	-	-	(426)
Current liabilities	5	-	-	(1)	-	-	4
Lease liabilities							
Current	51	(52)	-	-	1	47	47
Non current	358	-	-	-	11	(63)	306
	3,825	(98)	51	(222)	12	(20)	3,548

	Balance at 30 June 2018 $m	Cash flows $m	Foreign exchange movement $m	Changes in fair values $m	Lease additions $m	Other $m	Balance at 30 June 2019 $m
Interest bearing liabilities							
Current	133	(99)	(34)	-	-	192	192
Non current	3,372	236	115	-	-	(196)	3,527
Cross currency interest rate swaps							
Current assets	(41)	-	-	22	-	-	(19)
Non current assets	(122)	-	-	(167)	-	-	(289)
Current liabilities	9	-	-	(4)	-	-	5
Lease liabilities							
Current	53	(55)	-	-	2	51	51
Non current	373	-	-	-	23	(38)	358
	3,777	82	81	(149)	25	9	3,825

Interest bearing liabilities are recognised initially at fair value net of transaction costs, and subsequent to initial recognition are recognised at amortised cost which is calculated using the effective interest rate method. Foreign currency liabilities are carried at amortised cost and are translated at the exchange rates ruling at reporting date. Gains and losses are recognised in the income statement when the liabilities are derecognised in addition to the amortisation process.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

B4 Derivative financial instruments

The Group holds the following derivative financial instruments, all at fair value based on level 2 observable inputs (refer to note B5):

	2020 $m	2019 $m
Current assets		
Cross currency swaps	**103**	19
Non current assets		
Cross currency swaps	**426**	289
	529	308
Current liabilities		
Cross currency swaps	**4**	5
Interest rate swaps	**31**	30
Fixed Odds open betting positions	**9**	11
	44	46
Non current liabilities		
Interest rate swaps	**104**	82
	148	128

Derivative financial instruments are recognised initially at cost, and subsequently are stated at fair value (refer to note B5). The method of recognising any remeasurement gain or loss depends on the nature of the item being hedged. For the purposes of hedge accounting, the Group's hedges are classified as cash flow hedges.

At inception, hedge relationships are designated as such and documented. This includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedge effectiveness requirements are assessed.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

– there is an economic relationship between the hedged item and the hedging instrument;
– the effect of credit risk does not dominate the value changes that result from that economic relationship; and
– the hedge ratio is the same as that resulting from actual amounts of hedged items and hedging instruments for risk management.

Cash flow hedges are used to hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction. Hedge effectiveness is measured by comparing the change in the fair value of the hedged item and the hedging instrument respectively each quarter. Any difference represents ineffectiveness. The effective portion of any gain or loss on the hedging instrument is recognised directly in equity, with any ineffective portion recognised in the income statement. For hedged items relating to financial assets or liabilities, amounts recognised in equity are reclassified into the income statement when the hedged transaction affects the income statement (i.e. when interest income or expense is recognised). When the hedged item is the cost of a non-financial asset or liability, the amounts recognised in equity are transferred into the initial cost or other carrying amount of the non-financial asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or the designation of the hedge relationship is revoked but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Financial instruments that do not qualify for hedge accounting are stated at fair value with any resultant gain or loss being recognised in the income statement.

B4.1 Interest rate swaps

These swaps are used to mitigate the risk of variability in cash flows due to movements in the reference interest rate of the designated debt.

The notional principal amounts and periods of expiry of these interest rate swap contracts are:

	Notional principal	
	2020 $m	**2019 $m**
Less than one year	**-**	240
One to five years	**427**	427
More than five years	**722**	722
Notional principal	**1,149**	1,389
Fixed interest rate range p.a.	**1.9% – 4.9%**	1.9% – 7.3%
Variable interest rate range p.a.	**0.1% – 0.1%**	1.2% – 1.7%

Net settlement receipts and payments are recognised as an adjustment to interest expense on an accruals basis over the term of the swaps, such that the overall interest expense on borrowings reflects the average cost of funds achieved by entering into the swap agreements.

There is an economic relationship between the hedged item and the hedged instrument as the key terms of the interest rate swap are similar to the key terms of the floating rate borrowings. The Group has established a hedge ratio of 1:1 which has been determined by comparing the notional principal of the swap with the notional amount of the designated debt.

Further information about the Group's interest rate risk management is disclosed in note B6.1.

B4.2 Cross currency swaps

These swaps are used to reduce the exposure to the variability of movements in the forward USD exchange rate in relation to the USD private placement debt.

The principal amounts and periods of expiry of the cross currency swap contracts are:

	2020		2019	
	Pay principal AUD m	**Receive principal USD m**	**Pay principal AUD m**	**Receive principal USD m**
Less than one year	**171**	**170**	-	-
One to five years	**127**	**133**	298	303
More than five years	**1,627**	**1,250**	1,627	1,250
Notional principal	**1,925**	**1,553**	1,925	1,553
Fixed interest rate range p.a.	**5.3% – 5.6%**	**4.6% – 5.2%**	5.3% – 5.6%	4.6% – 5.2%
Variable interest rate range p.a.	**2.2% – 4.0%**		3.3% – 5.4%	

There is an economic relationship between the hedged item and the hedged instrument as the terms and conditions in relation to the interest rate and maturity of the cross currency swaps are similar to the terms and conditions of the underlying hedged US private placement debt. The Group has established a hedge ratio of 1:1 which has been determined by comparing the notional principal of the swap with the notional amount of the designated debt.

Further information about the Group's foreign currency risk management is disclosed in note B6.2.

B4 Derivative financial instruments (continued)

B4.3 Impact of hedging on balance sheet

The change in fair value used for measuring ineffectiveness is set out in the below table. All hedging instruments are presented within derivative financial instruments in the balance sheet.

	2020 $m	2019 $m
Interest rate swaps	**(23)**	(70)
Cross currency swaps	**222**	188
	199	118

The ineffectiveness recognised in the income statement was immaterial in both the current and prior financial year.

B4.4 Impact of hedging on equity

Set out below is a reconciliation of the movement in the hedging reserve:

	Hedging reserve $m
As at 1 July 2019	**(60)**
Effective portion of changes in fair value arising from:	
– Interest rate swaps	**(23)**
– Cross currency swaps	**222**
Loss on revaluation of USD debt	**(51)**
Other	**(2)**
Tax effect	**(44)**
As at 30 June 2020	**42**
As at 1 July 2018	(57)
Effective portion of changes in fair value arising from:	
– Interest rate swaps	(70)
– Cross currency swaps	188
Loss on revaluation of USD debt	(121)
Other	(1)
Tax effect	1
As at 30 June 2019	(60)

B5 Fair value measurement

The fair value of financial assets and financial liabilities is estimated for recognition, measurement and disclosure purposes at each balance date. Various methods are available to estimate the fair value of a financial instrument, and comprise:

Level 1 – calculated using quoted prices in active markets.

Level 2 – estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – estimated using inputs for the asset or liability that are not based on observable market data.

The carrying amount of financial assets or liabilities recognised in the financial statements is deemed to be the fair value unless stated below:

	Carrying amount		Fair value	
	2020 $m	**2019 $m**	**2020 $m**	**2019 $m**
Financial assets				
Investment in an associate	**29**	29	**69**	146
	29	29	**69**	146
Financial liabilities				
US private placement	**2,459**	2,411	**3,037**	2,749
Tatts Bonds	**-**	192	**-**	194
	2,459	2,603	**3,037**	2,943

The fair value of the Group's financial instruments is estimated as follows:

Investment in an associate

Fair value is determined using quoted market price (level 1 in fair value hierarchy).

US private placement

Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at balance date, in combination with restatement to foreign exchange rates at balance date (level 2 in fair value hierarchy).

Tatts Bonds

Fair value was determined using independent market quotations (level 1 in fair value hierarchy).

Cross currency and interest rate swaps

Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at balance date (level 2 in fair value hierarchy).

Equity instruments at fair value through other comprehensive income

Fair value is reference to market prices prevailing at balance date (level 2 in fair value hierarchy).

There have been no significant transfers between level 1 and level 2 during the financial year ended 30 June 2020.

B6 Financial instruments – risk management

The Group's principal financial instruments, other than derivatives, comprise cash, term deposits, unlisted investments and interest bearing liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group also has various other financial assets and liabilities which arise directly from its operations.

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities, principally interest rate swaps and cross currency swaps. The Group does not hold or issue derivative financial instruments for trading purposes.

The main risks arising from the Group's financial instruments are discussed in section B6.1 to B6.4.

B6.1 Interest rate risk

The Group has a policy of controlling exposure to interest rate fluctuations by the use of fixed and variable rate debt, floating rate term deposits and interest rate swaps or caps. It has entered into interest rate swap arrangements to hedge underlying debt obligations and allow floating rate borrowings to be swapped to fixed rate borrowings. Under these arrangements, the Group pays fixed interest rates and receives the bank bill swap rate (BBSW) calculated on the notional principal amount of the contracts. The Group also has entered into floating rate term deposits where it receives variable interest that is priced against the BBSW.

At 30 June 2020 after taking into account the effect of interest rate swaps and floating rate term deposits, approximately 71.0% (2019: 77.2%) of the Group's borrowings are at a fixed rate of interest.

The following assets and liabilities are exposed to floating interest rate risk:

	2020 $m	2019 $m
Cash assets	**217**	315
Short term deposits	**93**	56
Investment terms deposits – current	**26**	13
Investment terms deposits – non current	**137**	135
	473	519
Bank loans – unsecured	**(1,271)**	(1,126)
Tatts Bonds	**-**	(192)
Interest rate swaps – notional principal amounts	**(1,149)**	(1,389)
Cross currency swaps – notional principal amounts	**(1,021)**	(1,021)
	(3,441)	(3,728)

Sensitivity analysis – interest rates – AUD and USD

The Group's sensitivity to reasonably possible changes in interest rates on the affected financial assets and financial liabilities in existence at year end is shown below. With all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post tax profit higher/(lower)		Other comprehensive income higher/(lower)	
	2020 $m	**2019 $m**	**2020 $m**	**2019 $m**
AUD				
+ 0.5% (50 basis points)(2019: + 0.5%)	**(3)**	(1)	**63**	67
- 0.5% (50 basis points)(2019: - 0.5%)	**1**	2	**(66)**	(70)
USD				
+ 0.2% (20 basis points)(2019: + 0.2%)	**-**	-	**(29)**	(28)
- 0.2% (20 basis points)(2019: - 0.2%)	**-**	-	**29**	28

The movements in profit are due to higher/lower interest costs from variable rate debt and investments. The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges.

Significant assumptions used in the analysis include:

- reasonably possible movements were determined based on the Group's current credit rating and mix of debt, relationships with financial institutions and the level of debt that is expected to be renewed, as well as a review of the last two years' historical movements and economic forecasters' expectations;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at balance date; and
- net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months.

B6.2 Foreign currency risk

The Group's primary currency exposure is to US dollars as a result of issuing US private placement debt. In order to hedge this exposure, the Group has entered into cross currency swaps to fix the exchange rate on the USD debt until maturity. The Group agrees to pay a fixed USD amount in exchange for an agreed AUD amount with swap counterparties, and to re-exchange this again at maturity. These swaps are designated to hedge the principal and interest obligations of the US private placement debt.

Sensitivity analysis foreign exchange

The following analysis is based on the Group's foreign currency risk exposures in existence at balance date and demonstrates the Group's sensitivity to reasonably possible changes in the AUD/USD exchange rate. With all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post tax profit higher/(lower)		Other comprehensive income higher/(lower)	
	2020 $m	**2019 $m**	**2020 $m**	**2019 $m**
AUD/USD + 10 cents (2019: + 10 cents)	**-**	-	**(65)**	(43)
AUD/USD - 10 cents (2019: - 10 cents)	**-**	-	**87**	58

The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges. Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

B6 Financial instruments – risk management (continued)

B6.2 Foreign currency risk (continued)

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- reasonably possible movements were determined based on a review of the last two years' historical movements and economic forecasters' expectations;
- movement of 10 cents was calculated by taking the USD spot rate as at balance date, moving this spot rate by 10 cents and then re-converting the USD into AUD with the 'new spot rate'. This methodology reflects the translation methodology undertaken by the Group;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at balance dates; and
- net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months.

The translation of the results of the Group's foreign subsidiaries into the Group presentation currency has not been included in the above sensitivity analysis as it represents translation risk rather than transaction risk.

B6.3 Credit risk

The Group's credit risk arises in relation to cash and cash equivalents, receivables, term deposits, financial liabilities and liabilities under financial guarantees. Credit risk on financial assets which have been recognised on the balance sheet, is the carrying amount less any allowance for non recovery.

Credit risk is managed by:

- adherence to a strict cash management policy;
- use of a risk assessment process for customers requesting credit using credit checks, bank opinions and trade references;
- conducting all investment and financial instrument activity with approved counterparties with investment grade credit ratings; and
- reviewing compliance with counterparty exposure limits on a continuous basis, and spreading the aggregate value of transactions amongst the approved counterparties.

Credit risk associated with financial liabilities arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure in respect of derivative contracts is detailed in the liquidity risk table in note B6.4.

Credit risk includes liabilities under financial guarantees. For financial guarantee contract liabilities the fair value at initial recognition is determined using a probability weighted discounted cash flow approach. The fair value of financial guarantee contract liabilities has been assessed as nil (2019: nil), as the possibility of an outflow occurring is considered remote.

Details of the financial guarantee contracts at balance date are outlined below:

- The Company has entered into a deed of cross guarantee as outlined in note D2.
- The maximum amount of bank guarantee contracts at balance date is $34 million (2019: $38 million).

B6.4 Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and notes. To help reduce liquidity risk, the Group targets a minimum level of cash and cash equivalents to be maintained, and has sufficient undrawn funds available.

The Group's current policy is that not more than 33% of debt facilities should mature in any financial year. At 30 June 2020, 7% (2019: 7%) of debt facilities will mature in less than one year.

Due to the measures in place for managing liquidity and access to capital markets, this risk is not considered significant.

The contractual cash flows including principal and estimated interest payments of financial liabilities in existence at year end are as follows:

	2020			2019		
Non-derivative financial instruments	**< 1 year $m**	**1–5 years $m**	**> 5 years $m**	**< 1 year $m**	**1–5 years $m**	**> 5 years $m**
Financial liabilities						
Payables	**(1,178)**	**(95)**	**(143)**	(1,206)	(121)	(113)
Bank loans– unsecured	**(25)**	**(1,332)**	**-**	(42)	(1,229)	-
US private placement	**(286)**	**(528)**	**(2,316)**	(119)	(711)	(2,408)
Tatts Bonds	**-**	**-**	**-**	(194)	-	-
Lease liabilities	**(60)**	**(190)**	**(167)**	(66)	(214)	(217)
Net inflow/(outflow)	**(1,549)**	**(2,145)**	**(2,626)**	(1,627)	(2,275)	(2,738)
Derivative financial instruments						
Financial assets						
Interest rate swaps – receive AUD floating	**2**	**16**	**24**	23	58	63
Cross currency swaps – receive USD fixed	**275**	**484**	**2,006**	108	663	2,087
	277	**500**	**2,030**	131	721	2,150
Financial liabilities						
Interest rate swaps – pay AUD fixed	**(32)**	**(89)**	**(52)**	(44)	(101)	(73)
Cross currency swaps – pay AUD floating	**(247)**	**(409)**	**(1,973)**	(94)	(623)	(2,080)
Fixed Odds open betting positions	**(9)**	**-**	**-**	(11)	-	-
	(288)	**(498)**	**(2,025)**	(149)	(724)	(2,153)
Net inflow/(outflow)	**(11)**	**2**	**5**	(18)	(3)	(3)

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date. For foreign currency receipts and payments, the amount disclosed is determined by reference to the USD/AUD rate at balance date.

SECTION C – OPERATING ASSETS AND LIABILITIES

C1 Licences

	Lotteries licences $m	Wagering licences $m	Gaming machine monitoring licence $m	Keno licences $m	Total $m
2020					
Carrying amount at beginning of year	**1,328**	**678**	**179**	**69**	**2,254**
Amortisation	**(45)**	**(42)**	**(13)**	**(6)**	**(106)**
Carrying amount at end of year	**1,283**	**636**	**166**	**63**	**2,148**
Cost	**1,391**	**978**	**200**	**128**	**2,697**
Accumulated amortisation and impairment	**(108)**	**(342)**	**(34)**	**(65)**	**(549)**
	1,283	**636**	**166**	**63**	**2,148**
2019					
Carrying amount at beginning of year	1,374	719	193	75	2,361
Amortisation	(46)	(41)	(14)	(6)	(107)
Carrying amount at end of year	1,328	678	179	69	2,254
Cost	1,391	978	200	128	2,697
Accumulated amortisation and impairment	(63)	(300)	(21)	(59)	(443)
	1,328	678	179	69	2,254

Amortisation policy – straight line basis over useful life (years):	10–55	12–93	15	10–34	

Licence expiration date:					
– Victoria	2028	2024		2022	
– Queensland	2072	2098		2047	
– New South Wales	2050	2097	2032	2050	
– Australian Capital Territory		2064(i)			
– Northern Territory	2032				
– South Australia	2052	2100			

(i) ACT sports bookmaking licence was granted for an initial term of 15 years with further rolling extensions to a total term of 50 years

Licences that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

C2 Other intangible assets

	Goodwill[(i)] $m	NSW Trackside concessions $m	Customer related assets $m	Brand names $m	Media content and broadcast rights $m	Other $m	Software $m	Total $m
2020								
Carrying amount at beginning of year	**8,250**	**135**	**138**	**218**	**31**	**39**	**373**	**9,184**
Additions:								
– acquired	-	-	-	-	-	-	**40**	**40**
– internally developed	-	-	-	-	-	-	**149**	**149**
Amortisation	-	**(2)**	**(15)**	-	-	**(3)**	**(99)**	**(119)**
Impairment	**(1,090)**	-	-	-	-	-	**(27)**	**(1,117)**
Transfers	-	-	-	-	-	-	**2**	**2**
Disposals	-	-	-	-	-	-	**(5)**	**(5)**
Carrying amount at end of year	**7,160**	**133**	**123**	**218**	**31**	**36**	**433**	**8,134**
Cost	**8,956**	**150**	**147**	**218**	**31**	**55**	**960**	**10,517**
Accumulated amortisation and impairment	**(1,796)**	**(17)**	**(24)**	-	-	**(19)**	**(527)**	**(2,383)**
	7,160	**133**	**123**	**218**	**31**	**36**	**433**	**8,134**
Includes capital works in progress of:							**136**	**136**
2019								
Carrying amount at beginning of year	8,250	137	149	218	31	42	315	9,142
Additions:								
– acquired	-	-	-	-	-	-	46	46
– internally developed	-	-	-	-	-	-	94	94
Amortisation	-	(2)	(11)	-	-	(3)	(80)	(96)
Transfers	-	-	-	-	-	-	(2)	(2)
Carrying amount at end of year	8,250	135	138	218	31	39	373	9,184
Cost	8,956	150	158	218	31	55	818	10,386
Accumulated amortisation and impairment	(706)	(15)	(20)	-	-	(16)	(445)	(1,202)
	8,250	135	138	218	31	39	373	9,184
Includes capital works in progress of:							93	93

(i) The impairment of goodwill relates to the Wagering and Media and Gaming Services businesses reflecting the direct impact of the government and other measures to address the COVID-19 pandemic, the possible acceleration of retail contraction, the level of competitive intensity and structural changes and the potential decline in consumer confidence and increased economic uncertainty. Refer to note C3.

	Goodwill	NSW Trackside concessions	Customer related assets	Brand names	Media content and broadcast rights	Other	Software	Total
Amortisation policy – straight line basis over useful life (years):		87	10–20	Indefinite	Indefinite	20	3–10	
Expiration date:		2097				2033[(ii)]		

(ii) New South Wales retail exclusivity

Goodwill arising in a business combination represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed. All business combinations are accounted for by applying the acquisition method. Any contingent consideration is recognised at fair value at the acquisition date. Negative goodwill arising on an acquisition is recognised directly in the income statement. Goodwill is not amortised, and is stated at cost less any accumulated impairment losses. Any impairment losses recognised against goodwill cannot be reversed.

Brand names, media content and broadcast rights with indefinite useful lives are not amortised as the Board of Directors believe that the life of these intangibles to the Group will not materially diminish over time, and the residual value at the end of that life would be such that the amortisation charge, if any, would not be material.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. The cost of internally developed software includes the cost of materials, direct labour and an appropriate proportion of overheads.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

C3 Impairment testing

Goodwill and indefinite life intangible assets are tested for impairment annually, or whenever there is an indicator of impairment.

Carrying amount of goodwill and other intangible assets with indefinite useful lives allocated to each cash generating unit (CGU) or segment:	2020 $m	2019 $m
Goodwill		
Lotteries and Keno	**5,304**	5,304
Wagering and Media	**1,734**	2,639
Gaming Services	**122**	307
	7,160	8,250
Other intangible assets with indefinite useful lives		
Lotteries	**108**	108
NSW Wagering	**99**	99
Sky Racing	**31**	31
Sky Sports Radio	**6**	6
ACTTAB	**5**	5
	249	249

In accordance with the Group's accounting policies, the Group performs its impairment testing annually at 30 June.

The recoverable amount of each CGU is determined based on fair value less costs of disposal, calculated using discounted cash flows. The cash flow forecasts are principally based upon a four year period and extrapolated using long term growth rates ranging from 1.0% to 3.5% (2019: 2.0% to 3.5%). These cash flows are then discounted using a relevant long term post tax discount rate, ranging between 7.5% and 8.4% (2019: 7.5% and 8.4%). This is considered to be level 3 in the fair value hierarchy (refer to note B5 for explanation of the valuation hierarchy).

Key assumptions on which management has based its cash flow projections:

- Impact of the government and other measures on the business to address the COVID-19 pandemic.
- Fees paid to Racing Queensland (RQ) following the introduction of point of consumption tax have been calculated on the basis of the Group's interpretation of the calculation. This is subject to a dispute with RQ (refer note E4 Contingencies).
- State tax regimes and the regulatory environment in which the Group currently operates remain largely unchanged, other than announced.
- Exclusive retail wagering licences held are assumed to be retained. The wagering business competes with bookmakers and other interstate and international wagering operators who accept bets over the phone and the internet. There is a possibility that competition from interstate and international operators may extend further to the Group's retail wagering network in the future.
- Race fields arrangements implemented in each State and Territory of Australia remain largely unchanged.
- Growth rates used to extrapolate cash flows are either in line with or do not exceed the long term average growth rate for the industry in which the CGU operates.
- Discount rates applied are based on the post tax weighted average cost of capital applicable to the relevant CGU.
- Terminal growth rate used is in line with the forecast long term underlying growth rate in Consumer Price Index.

The key estimates and assumptions used to determine the fair value less costs of disposal of a CGU are based on management's current expectations after considering past experience and external information, and are considered to be achievable.

The impairment assessment has revealed the carrying value of the Wagering and Media and Gaming Services segments, including allocation of corporate assets, exceeded their recoverable amount at 30 June 2020. Therefore, an impairment charge against goodwill of $905 million for the Wagering and Media segment and $185 million for the Gaming Services segment has been recognised in the income statement.

Cash flow projections reflect the potential impact of the pandemic on these businesses, level of competitive intensity, structural changes and possible acceleration of retail contraction particularly in a digital centric market.

The COVID-19 pandemic and government restrictions have impacted these businesses to varying degrees, and in turn their financial and operational performance primarily due to the temporary closure of licensed venues and agencies and disruption to sporting events and international racing. The outlook for FY21 and beyond continues to be uncertain due to the timing of lifting of COVID-19 restrictions and any potential longer term changes to consumer behaviour as an indirect result of the pandemic and increased economic uncertainty.

Any adverse changes to the key assumptions that had a negative impact on the recoverable amount for these segments could indicate a requirement for additional impairments.
The following summarises the effect of a change in a key assumption on impairment assuming all other assumptions are held constant. These sensitivities assume the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in these assumptions may accompany a change in another assumption.

	Impairment charge impact	
Assumption	**Wagering and Media (higher)/lower $m**	Gaming Services (higher)/lower $m
+0.5 percentage point (pp) long term growth	**140**	35
-0.5pp long term growth	**(130)**	(30)
+0.5pp post-tax discount rate	**(210)**	(50)
-0.5pp post-tax discount rate	**250**	55
+3% EBITDA across all forecast years	**130**	45
-3% EBITDA across all forecast years	**(130)**	(45)

At each balance date, in addition to goodwill and intangible assets with indefinite useful lives, all non-current assets are reviewed for impairment if events or changes in circumstances indicate they may be impaired. When an indicator of impairment exists, the Group makes a formal assessment of recoverable amount. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless the asset's recoverable value cannot be estimated as it does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, the recoverable amount is determined for the CGU, being assets grouped at the lowest levels for which there are separately identifiable cash flows.

Goodwill and intangible assets with indefinite useful lives (brand names, broadcast rights and media content) acquired through business combinations have been allocated to each CGU or group of CGUs expected to benefit from the business combination's synergies for impairment testing.

C4 Property, plant and equipment

	Freehold land $m	Buildings $m	Leasehold improvements $m	Plant and equipment $m	Total $m
2020					
Carrying amount at beginning of year	**61**	**27**	**86**	**381**	**555**
Additions	**-**	**-**	**15**	**58**	**73**
Disposals	**(6)**	**(3)**	**(1)**	**(2)**	**(12)**
Depreciation	**-**	**(2)**	**(14)**	**(88)**	**(104)**
Transfers	**-**	**-**	**(6)**	**4**	**(2)**
Transferred to assets held for sale	**(37)**	**(2)**	**-**	**-**	**(39)**
Impairment	**-**	**(5)**	**-**	**(10)**	**(15)**
Carrying amount at end of year	**18**	**15**	**80**	**343**	**456**
Cost	**18**	**35**	**162**	**997**	**1,212**
Accumulated depreciation and impairment	**-**	**(20)**	**(82)**	**(654)**	**(756)**
	18	**15**	**80**	**343**	**456**
Includes capital works in progress of:		**-**	**2**	**21**	**23**
2019					
Carrying amount at beginning of year	61	29	83	315	488
Additions	-	1	26	141	168
Disposals	-	-	-	(2)	(2)
Depreciation	-	(3)	(17)	(79)	(99)
Transfers	-	-	(5)	7	2
Impairment	-	-	(1)	(1)	(2)
Carrying amount at end of year	61	27	86	381	555
Cost	61	45	161	961	1,228
Accumulated depreciation and impairment	-	(18)	(75)	(580)	(673)
	61	27	86	381	555
Includes capital works in progress of:		-	20	49	69

Depreciation policy – straight line basis over useful life (years):		7–40	5–14	3–10	

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate.

C5 Leases

The Group has lease contracts for various properties, motor vehicles and other equipment with lease terms expiring from 1 to 13 years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or are subject to market rate review.

The Group applies, for the first time, *AASB 16 Leases* in the current financial year using the 'full retrospective' approach (refer note E8 for the effect of adopting AASB 16).

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Property $m	Other $m	Total $m
2020			
Carrying amount at beginning of year	**317**	**11**	**328**
Additions	**8**	**4**	**12**
Lease remeasurements	**(16)**	**-**	**(16)**
Depreciation	**(43)**	**(6)**	**(49)**
Gain on termination	**1**	**-**	**1**
Impairment	**(1)**	**-**	**(1)**
Carrying amount at end of year	**266**	**9**	**275**
2019			
Carrying amount at beginning of year	322	12	334
Additions	20	5	25
Lease remeasurements	13	-	13
Depreciation	(44)	(6)	(50)
Impairment	6	-	6
Carrying amount at end of year	317	11	328

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2020 $m	2019 $m
Carrying amount at beginning of year	**409**	426
Additions	**12**	25
Lease remeasurements	**(16)**	13
Interest expense	**16**	17
Payments (cash outflow)	**(68)**	(72)
Carrying amount at end of year	**353**	409
Current	**47**	51
Non current	**306**	358
	353	409

C5 Leases (continued)

Future minimum rentals receivable under non-cancellable operating subleases as at 30 June:

	2020 $m	2019 $m
Not later than one year	**2**	1
Later than one year but not later than five years	**9**	9
Later than five years	**-**	3
	11	13

When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At commencement of the lease, the Group recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Right-of-use assets are recognised at the commencement date of the lease, which is when the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Lease liabilities are recognised at the commencement date of the lease, measured at the present value of lease payments to be made over the lease term using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. Lease payments include fixed payments or variable lease payments that depend on an index or a rate, incorporating the Group's expectations of extension options which is a key area of judgement. Option periods are only included in determining the lease term at inception when they are reasonably certain to be exercised.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. Lease liabilities are remeasured when there is a modification, a change in the lease term, or changes in future lease payments arising from a change in rates or index used to determine the payments.

Short term leases (lease term of 12 months or less) and **leases of low value assets** are recognised as an expense as incurred.

C6 Notes to the cash flow statement

(a) Cash and cash equivalents comprise:	2020 $m	2019 $m
Cash on hand and in banks	**256**	407
Short term deposits	**93**	56
	349	463

For the purpose of the cash flow statement, cash comprises cash and short term deposits with an original maturity of three months or less, and bank overdrafts (refer note B3).

Significant restrictions

The Group operates under various state based licences which have regulatory requirements in place that restrict the Group's use of certain cash balances. The carrying amount of these cash balances included within the consolidated financial statements is $206 million (2019: $275 million).

(b) Reconciliation of net profit/(loss) after tax to net cash flows from operating activities	2020 $m	2019 $m
Net profit/(loss) after tax	**(870)**	361
Add items classified as investing/financing activities:		
– net loss on disposal of non current assets	**5**	1
– other	**(2)**	-
Add non cash income and expense items:		
– depreciation and amortisation	**378**	352
– impairment – goodwill	**1,090**	-
– impairment – other	**43**	(4)
– share based payments expense	**7**	4
– other	**(6)**	(1)
Net cash provided by operating activities before changes in assets and liabilities	**645**	713
Changes in assets and liabilities:		
(Increase)/decrease in:		
– debtors	**50**	(11)
– current tax assets	**29**	(4)
– other assets	**(6)**	7
(Decrease)/increase in:		
– payables	**3**	125
– provisions	**(9)**	(31)
– deferred tax liabilities	**(26)**	(19)
– other liabilities	**(15)**	(10)
Net cash flows from operating activities	**671**	770

C7 Receivables

	2020 $m	2019 $m
Current		
Trade debtors(i)	**43**	65
Allowance for expected credit losses(ii)	**(5)**	(2)
	38	63
Other	**34**	50
	72	113

(i) Current year includes the impact of suspending Gaming Services fees for venues during the period they were not trading due to COVID-19.

(ii) The impact of COVID-19 on the recoverability of current year receivables has been considered and reflected in the allowance for expected credit losses.

	2020 $m	2019 $m
Non current		
Trade debtors	**1**	2
Other	**2**	4
	3	6

Trade debtors are recognised and carried at original invoice amount less an allowance for any uncollectible amount.

Expected credit losses for the Group are calculated using a lifetime expected loss allowance under the simplified approach of AASB 9. The expected credit loss is based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

C8 Payables

	2020 $m	2019 $m
Current		
Payables	**1,178**	1,206

Current year includes the deferral of lottery and Keno taxes of $114m and payroll tax of $4m as a result of government support received during the COVID-19 pandemic, and reflects employee bonus accruals of nil.

	2020 $m	2019 $m
Non current		
Payables	**238**	234

Non current payables include prizes payable to the lottery major prize winners and instalments payable for the Queensland wagering licence.

Non current payables relating to the Queensland wagering licence are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

C9 Provisions

	2020 $m	2019 $m
Current		
Employee benefits[(i)]	**41**	56
Premises	**1**	1
Other	**5**	2
	47	59
Non current		
Employee benefits	**7**	10
Premises	**16**	16
Other	**6**	-
	29	26

(i) Employee benefits provisions in the current year reflect the utilisation of leave entitlements as part of COVID-19 response measures.

Movement in provisions other than employee benefits during the year are set out below:

	Premises $m	Other $m
Carrying amount at beginning of year	**17**	**2**
Provisions made during year	**-**	**11**
Provisions used during year	**-**	**(2)**
Carrying amount at end of year	**17**	**11**

Premises provisions comprise make good provisions for leasehold properties requiring remedial work at the end of the lease arrangement.

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recorded as a finance cost.

Employee benefits (short term) are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided and the obligation can be estimated reliably.

Employee benefits (long term) – the Group's net obligation is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is discounted to determine its present value. Remeasurements are recognised in the income statement in the period in which they arise. This excludes pension plans.

SECTION D – GROUP STRUCTURE

D1 Subsidiaries

The ultimate parent entity within the Group is Tabcorp Holdings Limited.

The consolidated financial statements incorporate the assets, liabilities and results of Tabcorp Holdings Limited and the following controlled entities, that were held in both current and prior period unless otherwise stated:

100% owned Australian subsidiaries in a deed of cross guarantee with Tabcorp Holdings Limited (refer to note D2)

Tabcorp Assets Pty Ltd	Tabcorp Wagering Participant (Vic) Pty Ltd	Maxgaming Holdings Pty Ltd
Tabcorp Participant Pty Ltd	Tab Limited	Maxgaming NSW Pty Ltd
Luxbet Pty Ltd	Tabcorp Services Pty Ltd	Maxgaming Qld Pty Ltd
Tabcorp Wagering Holdings Pty Ltd	Tabcorp Finance Pty Ltd	Reaftin Pty Ltd
Tabcorp ACT Pty Ltd	Sky Channel Pty Ltd	Bytecraft Systems Pty Ltd
Tabcorp Gaming Holdings Pty Ltd	2KY Broadcasters Pty Ltd	Bytecraft Systems (NSW) Pty Ltd
Keno (Qld) Pty Ltd	Tabcorp Training Pty Ltd	Tattersall's Holdings Pty Ltd
TAHAL Pty Ltd	Tabcorp International Pty Ltd	Tattersall's Sweeps Pty Ltd
Keno (NSW) Pty Ltd	Tabcorp International No.4 Pty Ltd	George Adams Pty Ltd
Tabcorp Gaming Solutions (NSW) Pty Ltd	Tatts Group Limited	Tatts NT Lotteries Pty Ltd
Tabcorp Gaming Solutions Pty Ltd	Ubet Qld Limited	New South Wales Lotteries Corporation Pty Limited
Intecq Limited	Ubet NT Pty Ltd	Golden Casket Lottery Corporation Limited
eBET Gaming Systems Pty Limited	Ubet Radio Pty Ltd	Tatts Lotteries SA Pty Ltd
Tabcorp Investments No.5 Pty Ltd	Ubet SA Pty Ltd	TattsTech Pty Ltd
Tabcorp Investments No.6 Pty Ltd	Ubet Tas Pty Ltd	50-50 Software Pty Ltd
Tabcorp Wagering (Vic) Pty Ltd	Tasradio Pty Ltd	tatts.com Pty Ltd
Tabcorp Wagering Assets (Vic) Pty Ltd		

100% owned Australian subsidiaries

Tabcorp Gaming Solutions (ACT) Pty Ltd	OneTab Holdings Pty Ltd	Industry Data Online Pty Ltd
Tabcorp Gaming Solutions (Qld) Pty Ltd	Tattersall's Gaming Pty Ltd	Sky Channel Marketing Pty Ltd
Tabcorp International No.5 Pty Ltd	Tatts Employment Co (NSW) Pty Ltd	Tattersall's Gaming Systems NSW Pty Ltd
Tabcorp International No.6 Pty Ltd	Tatts Employee Share Plan Pty Ltd	Tatts Online Pty Ltd
Tabcorp Investments No.9 Pty Ltd	Tabcorp Employee Share Administration Pty Ltd	Thelott Enterprises Pty Ltd
Tabcorp Investments No.10 Pty Ltd	Sky Australia International Racing Pty Ltd	Ubet Enterprises Pty Ltd
Tabcorp Investments No.11 Pty Ltd	Club Gaming Systems (Holdings) Pty Ltd	Wintech Investments Pty Ltd
Tabcorp Wagering Manager (Vic) Pty Ltd	COPL Pty Ltd	Tabcorp Investments Pty Ltd[i]
OneTab Australia Pty Ltd	eBET Systems Pty Limited	

International subsidiaries

Name	Country of incorporation	% equity interest
Luxbet Europe Limited (i)	Isle of Man	100
Luxbet Europe Services Limited (i)	Isle of Man	100
Premier Gateway International Limited	Isle of Man	50
Premier Gateway Services Limited	Isle of Man	50
Tabcorp Europe Holdings Limited	Isle of Man	100
Tabcorp Europe Limited	Isle of Man	100
Bytecraft Systems (NZ) Limited	New Zealand	100
Tattersall's Investments (South Africa) (Pty) Limited	South Africa	100
Tabcorp UK Limited (ii)	United Kingdom	100
Sky Racing World Holdco, LLC	United States of America	100
Sky Racing World, LLC	United States of America	100
Tabusa, LLC	United States of America	100

(i) Companies were deregistered by the Group during the current year.

(ii) Company was placed in members' voluntary liquidation during the prior year.

Subsidiaries are entities controlled by the Company. The Group controls an entity if and only if the Group has:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect its returns.

The financial statements of subsidiaries are included in the consolidated financial report from the date control commences until the date control ceases.

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of the exchange prevailing at balance date, and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Elimination of intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are undertaken in preparing the consolidated financial statements.

All **investments** are initially recognised at cost, being the fair value of the consideration given, and if acquired prior to 1 July 2009 included acquisition charges associated with the investment. Subsequently investments are carried at cost less any impairment losses.

A **joint arrangement** is an arrangement over which the Group has joint control with other parties and is bound by a contractual arrangement. A joint arrangement is classified as either a joint operation or a joint venture depending upon the rights and obligations of the parties to the arrangement.

- A **joint operation** is where the parties have rights to the assets and obligations for the liabilities, relating to the arrangement. The Group recognises in relation to its interest in a joint operation its assets, including its share of assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue including its share of revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.
- A **joint venture** is where the parties have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since acquisition date.

D2 Deed of cross guarantee

The parties to the deed of cross guarantee, as identified in note D1, each guarantee the debts of the others. By entering into the deed, the subsidiaries are relieved from the requirements of preparation, audit and lodgement of a financial report and a Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. Together with Tabcorp Holdings Limited, the entities represent a 'Closed Group' for the purposes of the ASIC Instrument.

The consolidated income statement and balance sheet of all entities included in the Closed Group are set out below.

	2020 $m	2019 $m
Income statement		
Revenue	**5,219**	5,497
Expenses	**(5,853)**	(4,820)
Profit/(loss) before income tax and net finance costs	**(634)**	677
Finance income	**2**	2
Finance costs	**(195)**	(209)
Profit/(loss) from continuing operations before income tax	**(827)**	470
Income tax expense	**(104)**	(162)
Profit/(loss) from continuing operations after income tax	**(931)**	308
Discontinued operations		
Loss from discontinued operations net of tax	**-**	(82)
Net profit/(loss) after tax	**(931)**	226
Other comprehensive income		
Change in fair value of cash flow hedges taken to equity that may be reclassified to profit or loss	**146**	(5)
Income tax on items that may be reclassified to profit or loss	**(44)**	1
Items that will not be reclassified to profit or loss	**(1)**	-
Other comprehensive income for the year, net of income tax	**101**	(4)
Total comprehensive income for the year	**(830)**	222
Net profit/(loss) after tax	**(931)**	226
Accumulated losses at beginning of year	**(705)**	(528)
Retained earnings of entities added to deed of cross guarantee	**-**	20
Other comprehensive income	**(1)**	-
Dividends paid	**(445)**	(423)
Accumulated losses at end of year	**(2,082)**	(705)

	2020 $m	2019 $m
Balance sheet		
Cash and cash equivalents	**338**	450
Receivables	**71**	112
Prepayments	**33**	35
Current tax assets	**-**	27
Derivative financial instruments	**103**	19
Other financial assets	**26**	13
Assets held for sale	**39**	-
Other	**105**	97
Total current assets	**715**	753
Receivables	**3**	6
Investment in controlled entities	**36**	14
Other financial assets	**159**	157
Licences	**2,148**	2,254
Other intangible assets	**8,039**	9,089
Property, plant and equipment	**456**	555
Right-of-use assets	**275**	328
Prepayments	**20**	23
Derivative financial instruments	**426**	289
Other	**24**	20
Total non current assets	**11,586**	12,735
TOTAL ASSETS	**12,301**	13,488
Payables	**1,184**	1,129
Interest bearing liabilities	**249**	192
Lease liabilities	**47**	51
Provisions	**47**	59
Derivative financial instruments	**44**	46
Other	**81**	82
Total current liabilities	**1,652**	1,559
Payables	**238**	234
Interest bearing liabilities	**3,471**	3,527
Lease liabilities	**306**	359
Deferred tax liabilities	**585**	568
Provisions	**29**	26
Derivative financial instruments	**104**	81
Other	**1**	1
Total non current liabilities	**4,734**	4,796
TOTAL LIABILITIES	**6,386**	6,355
NET ASSETS	**5,915**	7,133
Issued capital	**8,617**	8,562
Accumulated losses	**(2,082)**	(705)
Reserves	**(620)**	(724)
TOTAL EQUITY	**5,915**	7,133

D3 Parent entity disclosures

	Tabcorp Holdings 2020 $m	2019 $m
Result of the parent entity		
Profit for the year	**321**	247
Other comprehensive income	**(1)**	-
Total comprehensive income for the year	**320**	247
Financial position of the parent entity		
Current assets	**71**	67
Total assets	**7,959**	8,028
Current liabilities	**43**	41
Total liabilities	**52**	53
Total equity of the parent entity comprising of:		
Issued capital	**8,617**	8,562
Retained earnings/(accumulated losses)	**(48)**	77
Demerger reserve	**(670)**	(670)
Other reserves	**8**	6
Total equity	**7,907**	7,975

Contingent liabilities

Refer to note E4.

Capital expenditure

The parent entity did not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2020 or 30 June 2019.

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a deed of cross guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are set out in note D2.

Tax consolidation

Tabcorp Holdings Limited (the Head Company) and its 100% owned Australian tax resident subsidiaries have formed an income tax consolidation group, and are therefore taxed as a single entity. Members of the tax consolidation group entered into a tax sharing arrangement that provides for the allocation of income tax liabilities between the entities should the Head Company default on its tax payment obligations. At balance date, the possibility of default is remote.

Members of the tax consolidation group have entered into a tax funding agreement which requires each member of the tax consolidation group to make a tax equivalent payment to or from the Head Company, based on the current tax liability or current tax asset of the member. These amounts are recognised as either an increase or decrease in the subsidiaries' intercompany accounts with the Head Company. Deferred taxes are recognised separately by each member of the tax consolidation group.

D4 Discontinued operations

In July 2018, Sun Bets ceased trading and is reported as a discontinued operation in the prior year. Sun Bets was a UK online wagering and gaming business that the Group had in partnership with News UK since 2016.

The results of the discontinued operations for the prior year are presented below:

	2019 $m
Revenue	-
Expenses	(10)
Loss before income tax benefit	(10)
Income tax benefit on operating activities of discontinued operations	-
Loss from discontinued operations, net of tax	(10)
Cash flow information – discontinued operations:	
The cash flows from the discontinued operations contained in the Group cash flow statement for the prior year are:	
Net cash outflow from operating activities	(92)
Net cash outflow	(92)
Earnings per share from discontinued operations:	
Basic earnings per share (cents)	(0.5)
Diluted earnings per share (cents)	(0.5)

A **discontinued operation** is a component of the Group's business that represents a separate major line of business or geographical area of operations, or is a controlled entity acquired or held exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

D5 Investment in an associate

	2020 $m	2019 $m
Investment in Jumbo Interactive Ltd (Jumbo)	**29**	29

The Group owns 7,234,178 fully paid ordinary shares in Jumbo (11.6% interest), which is a retailer of official government and charitable lotteries in Australia, and is listed on the ASX under the ticker 'JIN'.

The equity accounted profit recognised during the year was $3m (2019: $3m). Dividends received from Jumbo during the year were $3m (2019: $3m).

The above associate was incorporated in Australia. The Group does not have representation on the Board of Directors, although it does have the option to have representation. The Group does not participate in the significant financial and operating decisions but has arrangements in place with the associate which are material to Jumbo's operational financial performance. The Group has therefore determined that it has significant influence over this entity. In the normal course of business, commission is paid to Jumbo for acting as an agent in regards to the sale of lottery tickets. In the prior year, the Group exercised options over 3,474,492 ordinary shares at a strike price of $2.37 and disposed 2.85 million shares with a profit before tax impact of $1 million.

An **associate** is an entity over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating decisions of the investee. Investments in associates are accounted for using the equity method.

SECTION E – OTHER DISCLOSURES

E1 Employee share plans

The Company operates share plans which provide equity instruments to senior executives and management as a component of their remuneration.

Long Term Performance Plan (LTPP)

The LTPP is available at the most senior executive levels. Under the LTPP employees may become entitled to Performance Rights in the Company. Performance Rights are subject to a relative total shareholder return (relative TSR) measure, a market vesting condition. A second performance measure (weighted 25%), being a non-market vesting condition, was introduced in the 2019 and 2020 grants.

The fair value of Performance Rights under each performance measure is determined at grant date by an external valuer and takes into account the terms and conditions upon which they were granted. The fair value is recognised as an employee expense (with a corresponding increase in equity) over the vesting period.

For the relative TSR measure the fair value is recognised as an expense irrespective of whether the Performance Rights vest to the holder, and a reversal of the expense is only recognised in the event the instruments lapse due to cessation of employment within the vesting period. For the second performance measure the amount expensed is based on the expected number of Performance Rights vesting, with the ultimate expense reflecting the actual Performance Rights that vest.

The dilutive effect, if any, of outstanding Performance Rights is reflected in the computation of diluted earnings per share.

Short Term Performance Plan (STPP)

For senior management it is mandatory to defer 25% (50% for the Managing Director and Chief Executive Officer) of their STPP into Restricted Shares, which are subject to a two year service condition. The cost of the Restricted Shares is based on the market price at grant date and is recognised over the vesting period.

The maximum number of shares that can be outstanding at any time under these plans is limited to 5% of the Company's issued capital.

The share based payments expense in respect of the equity instruments granted is recognised in the income statement for the period.

Further explanation of the share plans is disclosed in the Remuneration Report.

Performance Rights (number)

Details of and movements in Performance Rights granted under the LTPP that existed during the current or prior year are:

		Balance at	Movement during the year			Balance at
Grant date	Expiry date	start of year	Granted	Forfeited	Vested	end of year
2020						
25 October 2016	14 September 2019	1,110,418	-	(1,110,418)	-	-
27 October 2017	15 September 2020	1,333,108	-	(36,138)	-	1,296,970
17 October 2018	19 September 2021	1,727,310	-	(240,343)	-	1,486,967
17 October 2018	30 June 2021	575,758	-	(80,113)	-	495,645
24 October 2019	25 September 2022	-	1,615,270	(98,422)	-	1,516,848
24 October 2019	25 September 2022	-	538,415	(32,807)	-	505,608
		4,746,594	2,153,685	(1,598,241)	-	5,302,038

E1 Employee share plans (continued)

Grant date	Expiry date	Balance at start of year	Movement during the year Granted	Forfeited	Vested	Balance at end of year
2019						
29 October 2015	22 September 2018	1,136,076	-	(1,136,076)	-	-
25 October 2016	14 September 2019	1,135,762	-	(25,344)	-	1,110,418
27 October 2017	15 September 2020	1,460,242	-	(127,134)	-	1,333,108
17 October 2018	19 September 2021	-	1,727,310	-	-	1,727,310
17 October 2018	30 June 2021	-	575,758	-	-	575,758
		3,732,080	2,303,068	(1,288,554)	-	4,746,594

No Performance Rights were exercisable at the end of the current or prior year.

Fair value of equity instruments

Performance Rights have been independently valued at the date of grant using a modified form of Monte-Carlo simulation-based model.

The weighted average fair value of Performance Rights granted during the year was $2.87 (2019: $2.98).

The assumptions underlying the Performance Rights valuations are:

Grant date	Expiry date	Share price at date of grant $	Expected volatility in share price(i) %	Expected dividend yield(ii) %	Risk free interest rate(iii) %	Value per Performance Right $
29 October 2015	22 September 2018	4.73	25.00	5.00	1.80	2.47
25 October 2016	14 September 2019	4.91	22.00	5.00	1.78	2.51
27 October 2017	15 September 2020	4.45	22.00	5.50	2.04	2.37
17 October 2018	19 September 2021	4.76	21.00	5.06	2.05	2.59
17 October 2018	30 June 2021	4.76	21.00	5.06	2.05	4.16
24 October 2019	25 September 2022	4.85	20.00	4.62	0.73	2.42
24 October 2019	25 September 2022	4.85	20.00	4.62	0.73	4.24

(i) Reflects the assumption that the historical volatility is indicative of future trends.

(ii) Reflects the assumption that the current payout ratio will continue with no anticipated increases.

(iii) Represents the zero coupon interest rate derived from government bond market interest rates on the valuation date and vary according to each maturity date.

E2 Pensions and other post employment benefit plans

The Group has two defined benefit superannuation plans (closed to new entrants), the New South Wales Lotteries Corporation Pty Limited defined benefit plan ('NSW Lotteries plan') and the Tabcorp Superannuation Plan ('Tabcorp plan'), which provide benefits based on salary and length of service. The plans are governed by the employment laws of Australia and the Group contributes to the plans at rates based on actuarial advice.

Reconciliation of the net defined benefit asset/(liability) recognised in the balance sheet(i)	**Fair value of plan assets $m**	**Present value of defined benefit obligation $m**	**Net defined benefit plan assets/ (liabilities) $m**
NSW Lotteries plan			
– Balance at 30 June 2018	16	(25)	(9)
– Actuarial gains/(losses)	-	(3)	(3)
– Benefits paid	(1)	1	-
– Other	2	(1)	1
– Balance at 30 June 2019	**17**	**(28)**	**(11)**
– Actuarial gains/(losses)	-	**3**	**3**
– Benefits paid	**(1)**	**1**	-
– Other	**1**	**(1)**	-
– Balance at 30 June 2020	**17**	**(25)**	**(8)**
Tabcorp plan			
– Balance at 30 June 2018	15	(12)	3
– Actuarial gains/(losses)	-	(1)	(1)
– Actual return on plan assets excluding interest income	1	-	1
– Benefits paid	(1)	-	(1)
– Balance at 30 June 2019	15	(13)	2
– Actuarial gains/(losses)	-	**(1)**	**(1)**
– Actual return on plan assets excluding interest income	**(1)**	-	**(1)**
– Benefits paid	**(1)**	**1**	-
– Other	**1**	-	**1**
– Balance at 30 June 2020	**14**	**(13)**	**1**

(i) Net defined benefit plan assets and net defined benefit plan liabilities are recognised on the balance sheet in other non current assets and other non current liabilities respectively.

Amounts recognised in other comprehensive income	**2020 $m**	**2019 $m**
NSW Lotteries plan	**3**	(3)
Tabcorp plan	**(2)**	-
	1	(3)

E2 Pensions and other post employment benefit plans (continued)

Fair value of plan assets

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	NSW Lotteries plan		Tabcorp plan	
	2020 %	**2019 %**	**2020 %**	**2019 %**
Cash	**10.2**	9.6	**5.0**	5.0
Fixed interest	**7.5**	10.1	**17.0**	17.0
Australian equities	**18.1**	19.8	**28.0**	28.0
International equities	**29.7**	27.0	**25.0**	25.0
Property	**8.3**	8.5	**6.0**	6.0
Alternatives	**26.2**	25.0	**19.0**	19.0
	100.0	100.0	**100.0**	100.0

The Trustees are responsible for the governance and administration of the funds, the management and investment of the fund assets and compliance with other applicable regulations.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The funds have no significant concentration of investment risk or liquidity risk.

The Group's total defined benefit obligation is not materially sensitive to changes in assumptions.

Defined benefit plans are recognised in the balance sheet as the difference between the present value of the estimated future benefits that will be payable to plan members and the fair value of the plan's assets. An annual adjustment is made to recognise all movements in the carrying amount of the plan in the income statement, except for the portion of the movement that is attributable to actuarial gains and losses, which are recognised directly in equity. Actuarial gains and losses represent the difference between previous actuarial assumptions of future outcomes and the actual outcome, in addition to the effect of changes in actuarial assumptions.

E3 Commitments

	2020 $m	**2019 $m**
Capital expenditure commitments		
Property, plant and equipment	**6**	14
Software	**6**	15
	12	29

E4 Contingencies

Details of contingencies where the probability of future payments is not considered remote are set out below as well as details of contingencies, which although considered remote, the Directors consider should be disclosed as they are not disclosed elsewhere in the notes to the financial statements.

Contingent liabilities

(a) Charge

A controlled entity, Tabcorp Wagering Participant (Vic) Pty Ltd, which is a participant in the joint venture outlined in note E5(a), has entered into a deed of cross charge with its joint venture partner to cover the non payment of a called sum in the event of the joint venture incurring a loss. The charge is over undistributed and future earnings of the joint venture to the level of the unpaid call.

(b) Legal challenges

There are outstanding legal actions between controlled entities and third parties at 30 June 2020. It is expected that any liabilities arising from such legal action would not have a material adverse effect on the Group's financial position, except as set out below.

(c) Australian Taxation Office Audit

During the year, the Australian Taxation Office (ATO) issued Tatts Group Limited (Tatts) with their position paper in relation to the tax year ended 30 June 2016. The position paper sets out the ATO's view on the income tax treatment of certain expenditure including licence fees incurred by Tatts in relation to monitoring gaming machines in New South Wales, which differs to Tatts' view. Tatts had previously claimed a deduction for this expenditure.

The Group is working with the ATO on this matter, and retains the view, supported by external professional advice, that on the balance of probability the deductions are allowable. The financial statements continue to reflect this view, and no provision for a liability has been recognised. If the Group is ultimately unsuccessful in its claims and the income tax deductions are disallowed, the estimated financial impact is an expense of $62 million post tax, excluding any penalties and interest charges the ATO may impose.

(d) Racing Queensland Dispute

On 28 June 2019 RQ commenced legal proceedings against the Company and UBET Qld Limited (UBET). RQ is seeking damages and other relief. The proceedings are in relation to two interrelated disputes relating to the calculation of fees following the introduction of the point of consumption tax in Queensland on 1 October 2018. The Company and UBET currently consider, on the balance of probability, that no provision for liability is required. The relevant variable fees are paid monthly. If the Company and UBET are ultimately unsuccessful in the proceedings, the estimated financial impact covering the 21 month period to 30 June 2020 is an expense of up to $44 million post tax (30 June 2019: $20 million post tax). The impact of the alleged underpayment on the relevant variable fees would extend until June 2044 when the relevant deed expires.

E5 Related party disclosures

(a) Transactions with joint arrangements

The Group conducts an unincorporated joint venture with VicRacing Pty Ltd in Victoria (the joint venture). The principal activity of the joint venture is the organisation, conduct, promotion and development of wagering and betting in Victoria. The Group receives 50% of the revenue and expenses of the joint venture, which is accounted for as a joint operation.

The Group charges the joint venture for the provision of employee, management and asset services. On consolidation, 50% of the charges eliminate (being the Group's interest in the joint venture). Charges for the remaining 50% of $80 million were received by the Group in 2020 (2019: $84 million).

(b) Compensation of Key Management Personnel (KMP)

	2020 $000	**2019 $000**
Short term	**6,731**	8,899
Other long term	**(34)**	80
Post employment	**323**	358
Share based payments	**3,267**	3,207
Termination benefits	**625**	-
	10,912	12,544

E6 Auditor's remuneration

	2020 $000	**2019 $000**
Amounts received or due and receivable by Ernst and Young for:		
– audit and review of the statutory financial reports of the Group and subsidiaries	**1,868**	1,896
– other assurance and agreed upon procedures services under other legislation or contractual arrangements	**280**	476
– other services	**862**	354
	3,010	2,726

E7 Assets held for sale

	2020 $m	2019 $m
Freehold land	**37**	-
Buildings	**2**	-
	39	-

During the year, the Group entered into sale agreements in relation to surplus corporate properties. As the sales are highly probable, the related assets have been classified as held for sale at 30 June 2020. The sales are expected to be completed within 12 months of balance date.

Assets classified as held for sale are recognised at the lower of carrying amount and fair value less costs to sell. Gains and losses on subsequent re-measurement are included in the income statement. No depreciation or amortisation is charged on these assets while they are classified as held for sale.

E8 Other accounting policies

(a) Statement of compliance

(i) Changes in accounting policy and disclosures

The accounting policies used are consistent with those applied in the 30 June 2019 financial report, except for the adoption of new standards effective as of 1 July 2019. The Group applies, for the first time, *AASB 16 Leases* which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with exemptions available for low value leases and leases less than 12 months. Previously, the Group classified its leases as operating leases under *AASB 117 Leases*.

The Group adopted AASB 16 using the 'full retrospective' approach whereby on a lease by lease basis the right-of-use asset and lease liability is calculated from commencement of the lease. The cumulative effect has been recognised as an adjustment of $22m to the opening balance of retained earnings as at 1 July 2018. The comparative information in relation to the year ended 30 June 2019 and the balance sheet as at 30 June 2019 has been restated. The restatement is not considered to have a material impact on the balance sheet and therefore a restated third balance sheet as at 1 July 2018 has not been presented.

The Group has elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease. Instead, the Group applied AASB 16 to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4.

The effect of adopting AASB 16 is set out below. The Group's revised accounting policies in relation to leases are set out in note C5.

Impact on the Balance Sheet (increase/(decrease)) as at:	30 June 2020 $m	30 June 2019 $m
Receivables	**2**	3
Property, plant and equipment	**(7)**	(7)
Right-of-use assets	**275**	328
Total assets impact	**270**	324
Payables	**-**	(1)
Lease liabilities	**353**	409
Deferred tax liabilities	**(12)**	(10)
Provisions	**(45)**	(51)
Total liabilities impact	**296**	347
Equity impact	**(26)**	(23)

E8 Other accounting policies (continued)

(a) Statement of compliance (continued)

Impact on the Income Statement (favourable/(unfavourable)) for the year ended:	30 June 2020 $m	30 June 2019 $m
Revenue	**6**	6
Other expenses	**55**	54
Depreciation and amortisation	**(49)**	(50)
Impairment – other	**(1)**	6
Profit/(loss) before income tax and net finance costs impact	**11**	16
Net finance costs	**(16)**	(17)
Profit/(loss) from continuing operations before income tax impact	**(5)**	(1)
Income tax expense	**2**	-
Net profit/(loss) after tax impact	**(3)**	(1)

There is no impact on other comprehensive income.

Impact on Earnings per share from continuing operations (increase/(decrease)) for the year ended:	30 June 2020 cents	30 June 2019 cents
Basic earnings per share	**(0.1)**	(0.1)
Diluted earnings per share	**(0.2)**	-

Impact on the Cash Flow Statement (increase/(decrease) in cash) for the year ended:	30 June 2020 $m	30 June 2019 $m
Payments to suppliers, service providers and employees	**68**	72
Finance costs paid	**(16)**	(17)
Net cash flows from operating activities	**52**	55
Payment of lease liabilities	**(52)**	(55)
Net cash flows used in financing activities	**(52)**	(55)
Net increase/(decrease) in cash held	**-**	-

A number of other new and amended accounting standards became mandatorily applicable for the Group for the first time in the current financial year. The adoption of these new and amended standards had no impact on the financial position or performance of the Group, or the disclosures included in this Financial Report.

(ii) New Australian Accounting Standards or International Financial Reporting Standards issued but not yet effective

A number of new and amended accounting standards and interpretations have been recently issued by the Australian Accounting Standards Board but not yet effective. These new or amended accounting standards and interpretations have not been early adopted and are not expected to have a material impact on the financial position or performance of the Group.

(b) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- when 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;
- wagering and certain Keno revenues, due to the GST being offset against government taxes; and
- receivables and payables, which 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 balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is 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.

(c) Foreign currency translation and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement with the exception of differences on foreign currency borrowings that are in an effective hedge relationship. These are taken directly to equity until the liability is extinguished at which time they are recognised in the income statement. Refer to note B4 for further detail.

Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

DIRECTORS’ DECLARATION

In the opinion of the Directors of Tabcorp Holdings Limited:

(a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001 (Cth), including:

  (i) giving a true and fair view of the Group’s financial position as at 30 June 2020 and of its performance for the year ended on that date; and

  (ii) complying with Accounting Standards and Corporations Regulations 2001 (Cth);

(b) the financial statements and notes also comply with International Financial Reporting Standards; and

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

This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note D2 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

Signed in accordance with a resolution of Directors.

Paula J. Dwyer
Chairman

David R. H. Attenborough
Managing Director and Chief Executive Officer

Melbourne
19 August 2020

INDEPENDENT AUDITOR'S REPORT

Building a better working world

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Independent Auditor's Report to the Members of Tabcorp Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tabcorp Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of 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 2020 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 judgement, 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 Assessment of licence intangibles, other intangibles and goodwill

Why significant	How our audit addressed the key audit matter
The Group has licence intangibles of $2,148 million, other intangibles of $974 million and goodwill of $7,160 million. An impairment charge of $905 million was recognised in relation to goodwill in the Wagering and Media segment and $185 million in relation to goodwill in the Gaming Services segment during the period. An impairment assessment is performed on an annual basis for goodwill and indefinite life intangibles. Finite life intangibles are assessed for impairment when there is a trigger. This assessment determines whether the carrying value of these assets and the related non-current assets exceed the recoverable amount. Our focus was considering whether the impairment charge recorded was appropriate. This involved assessing the judgements inherent in the cash flow forecast and testing key assumptions supporting the impairment model such as forecast business growth rates, discount rates, licence renewal and terminal value assumptions.	▶ We evaluated the Group's future cash flow forecasts, including the potential impacts of government and other measures to address the COVID-19 pandemic supporting the impairment assessments for goodwill, licence intangibles other intangibles, property plant and equipment and right of use leased assets within the Group's cash generating units (CGUs) and segments. ▶ We evaluated the appropriateness of the key assumptions in the forecasts. We performed sensitivity analysis around the key assumptions to ascertain the extent of change in those assumptions that would either individually or collectively result in an additional impairment charge. ▶ We assessed the discount rates applied by comparing them to the cost of capital for the Group. ▶ We involved our valuation specialists to assess whether the methodology applied is in accordance with Australian Accounting Standards and evaluated key assumptions including licence renewal and terminal values, long term growth rates, discount rates, capital expenditure assumptions and working capital requirements applied in the impairment model. ▶ We performed market capitalisation and earnings multiples cross checks in comparison with other comparable businesses to corroborate the impairment testing models. ▶ We assessed the Group's determination of the cash generating units (CGUs) used for their impairment assessment is in accordance with Australian Accounting Standards. ▶ We evaluated the adequacy of impairments that had been recognised during the financial year. ▶ We assessed the adequacy of the disclosures made within note C3- Impairment testing including disclosure of reasonably possible change sensitivities.

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Reliance on automated processes and controls related to revenue

Why significant	How our audit addressed the key audit matter
The Group's financial reporting processes are heavily reliant on IT systems with automated processes and controls over the capturing, valuing and recording of Wagering, Keno and Lotteries transactions, fees and charges. Given the significance of these processes and controls to the accounting records and financial reporting process, the understanding and testing of these IT systems, and the related processes and controls was a key audit matter.	With the involvement of our IT specialists we assessed the effectiveness of the control environment and transaction processing controls relevant to the recording of revenue transactions. When testing controls was not considered an appropriate or efficient testing approach, alternative audit procedures were performed on the financial information being produced by systems.

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 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do 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.

If, based on the work we have performed, 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.

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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 judgement 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.

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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 the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Tabcorp Holdings Limited for the year ended 30 June 2020, 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

Ernst & Young

David Shewring
Partner
Melbourne
19 August 2020

FIVE YEAR REVIEW

Financial performance	Unit	FY20	FY19(i)	FY18	FY17	FY16
Total revenue(ii)	$m	**5,224**	5,488	3,765	2,234	2,189
EBITDA(iii)	$m	**(196)**	1,082	490	285	480
Profit/(loss) before interest and tax	$m	**(574)**	730	241	102	301
Profit/(loss) after income tax attributable to members of parent entity	$m	**(870)**	361	29	(21)	170
Dividend(iv)	$m	**223**	444	423	209	200
Financial position and cash flow						
Total assets	$m	**12,416**	13,623	12,941	3,741	3,303
Total liabilities	$m	**6,386**	6,440	5,702	2,258	1,615
Shareholders' funds/total equity	$m	**6,030**	7,183	7,239	1,483	1,688
Net cash flows from operating activities	$m	**671**	770	448	223	401
Capital expenditure - payments	$m	**290**	278	292	197	183
Cash at end of year	$m	**349**	463	353	114	126
Shareholder value						
Earnings per share	cents	**(42.9)**	17.9	1.9	(2.5)	20.4
Dividends per share(iv)	cents	**11.0**	22.0	21.0	25.0	24.0
Operating cash flow per share(v)	cents	**18.8**	24.4	10.5	3.0	26.2
Net assets per share	$	**2.98**	3.56	4.89	1.78	2.03
Return on shareholders' funds	%	**(12.8)**	5.0	0.6	(1.3)	10.0
Total shareholder return(vi)	%	**(19.9)**	4.2	7.5	0.6	5.5
Share price close	$	**3.38**	4.45	4.46	4.37	4.57
Market capitalisation	$m	**6,869**	8,986	8,978	3,650	3,800
Segment revenue from continuing operations(vii)						
Lotteries and Keno(viii)	$m	**2,917**	2,865	1,391	213	209
Wagering and Media(ii)	$m	**2,084**	2,318	2,122	1,873	1,873
Gaming Services	$m	**221**	304	250	144	107
Employee						
Safety(ix)	LTIFR	**4.1**	3.6	2.3	1.5	0.9
Females in senior management roles	%	**39**	36	36	39	37
Other stakeholder benefits						
Returns to racing industry	$m	**954**	975	917	813	787
State and territory gambling taxes and GST	$m	**2,086**	2,100	1,166	406	428
Income tax expense	$m	**103**	161	85	46	61

The Tabcorp-Tatts combination was implemented in December 2017, therefore FY18 includes approximately six months contribution from the Tatts business, and FY19 represents the first full financial year for the combined group.

(i) FY19 has been restated to reflect the impact of the application of AASB 16 Leases which was adopted in FY20. Periods prior to FY19 have not been restated.

(ii) Periods since FY18 (which was restated) reflect the impact of the application of AASB 15 Revenue from Contracts with Customers.

(iii) Includes impairment of:

FY20: Goodwill – $1,090 million and other assets – $43 million.

FY19: Other assets – ($4) million.

FY18: Other assets – $39 million.

FY17: Other assets – $28 million.

(iv) Dividends attributable to the year, but which may be payable after the end of the period.

(v) Net operating cash flow per the cash flow statement does not include payments for property plant and equipment and intangibles, whereas these items are included in the calculation for the operating cash flow per share ratio.

(vi) Total shareholder return (TSR) is calculated from 1 July to 30 June. The share price used for calculating TSR is the volume weighted average share price used in the Tabcorp Dividend Reinvestment Plan (DRP). Where no DRP was in operation, the closing share price on the dividend payment date is used.

(vii) Revenue includes both external and internal revenue.

(viii) Prior to FY18, this was the Keno segment.

(ix) The lost time injury frequency rate (LTIFR) is the number of lost time injuries per million hours worked.

SHAREHOLDER INFORMATION As at 31 July 2020

Securities on issue

Tabcorp has on issue 2,032,311,646 fully paid ordinary shares (shares) which are quoted on the Australian Securities Exchange (ASX) under the code TAH. The issued capital has increased since 30 June 2019 due to shares issued pursuant to Tabcorp's Dividend Reinvestment Plan. These shares represent the only Company securities quoted on the ASX. There currently isn't a share buy-back in operation in respect of the Company's shares.

Tabcorp also has 5,302,038 Performance Rights issued to executives pursuant to Tabcorp's Long Term Incentive Plan which are not quoted on the ASX.

During FY20, a total of 679,155 shares were acquired on market at an average price of $4.43 per share pursuant to Tabcorp's employee incentive plans.

Shareholding restrictions

The Company's Constitution, together with an agreement entered into with the State of Queensland, contain restrictions prohibiting an individual from having a voting power of more than 10% in the Company without obtaining prior written consent from the relevant government regulator or minister. The Company may refuse to register any transfer of shares which would contravene these shareholding restrictions or require divestiture of the shares that cause an individual to exceed the shareholding restrictions.

Voting rights

Shares issued by Tabcorp carry one vote per share. Performance Rights do not carry any rights to vote at general meetings of the Company's shareholders. Failure to comply with certain provisions of the Victorian Gambling Regulation Act 2003 or Tabcorp's Constitution, including the shareholder restrictions discussed above, may result in suspension of voting rights.

Substantial shareholders

The following is a summary of the substantial shareholders pursuant to notices lodged with the ASX in accordance with section 671B of the Corporations Act 2001:

Name	Date of interest	Number of ordinary shares(i)	% of issued capital(ii)
AustralianSuper Pty Ltd	16 March 2020	174,180,122	8.60
BlackRock Group	22 January 2020	121,798,304	6.01
The Vanguard Group, Inc	29 December 2017	106,462,742	5.295

(i) As disclosed in the last notice lodged with the ASX by the substantial shareholder.

(ii) The percentage set out in the notice lodged with the ASX is based on the total issued share capital of Tabcorp at the date of interest.

SHAREHOLDER INFORMATION As at 31 July 2020

Twenty largest registered holders of ordinary shares

Investor name	Number of ordinary shares	% of issued capital
HSBC Custody Nominees (Australia) Limited	521,958,699	25.68
J P Morgan Nominees Australia Pty Limited	432,938,059	21.30
Citicorp Nominees Pty Limited	179,821,132	8.85
National Nominees Limited	67,758,526	3.33
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	39,138,799	1.93
Merrill Lynch (Australia) Nominees Pty Limited	33,527,924	1.65
BNP Paribas Noms Pty Ltd <DRP>	29,428,068	1.45
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	18,177,655	0.89
Argo Investments Limited	10,586,538	0.52
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	8,946,744	0.44
Robin Edward Davey <Est Alexander Hubbard A/C>	7,654,934	0.38
Avanteos Investments Limited <Encircle IMA A/C>	5,735,072	0.28
Australian Executor Trustees Limited <IPS Super A/C>	5,624,643	0.28
Wentworth Investments Pty Ltd	5,311,910	0.26
Netwealth Investments Pty Ltd <Wrap Services A/C>	4,685,441	0.23
Navigator Australia Ltd <SMA Antares Inv DV Build A/C>	4,339,609	0.21
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	4,018,374	0.20
UBS Nominees Pty Ltd	3,697,077	0.18
AMP Life Limited	3,540,402	0.17
Invia Custodian Pty Limited <Sank Pty Ltd – SJF Disc A/C>	3,189,385	0.16
Total of top 20 registered holders	**1,390,078,991**	**68.40**

Distribution of securities held

	Ordinary shares(i)			Performance Rights(ii)		
Number of securities held	Number of holders	Number of securities	% of securities	Number of holders	Number of securities	% of securities
1 – 1,000	79,712	26,709,341	1.31	-	-	-
1,001 – 5,000	68,360	163,347,100	8.04	-	-	-
5,001 – 10,000	12,483	89,313,672	4.39	1	8,443	0.16
10,001 – 100,000	9,061	195,017,207	9.60	13	622,648	11.74
100,001 and over	381	1,557,924,326	76.66	12	4,670,947	88.10
Total	**169,997**	**2,032,311,646**	**100%**	**26**	**5,302,038**	**100%**

(i) Ordinary shares includes Restricted Shares offered to employees under the Company's incentive arrangements.

(ii) Performance Rights were issued pursuant to the Company's long term incentive arrangements. Refer to the Remuneration Report on pages 46 to 70 for more information about the Company's incentive arrangements.

Unmarketable parcels

There were 28,751 shareholders holding less than a marketable parcel of ordinary shares ($500 or more, equivalent to 141 ordinary shares) based on a market price of $3.56 per share at the close of trading on 31 July 2020.

COMPANY DIRECTORY

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Facsimile 02 9287 0309 (proxy forms only)
Email tabcorp@linkmarketservices.com.au
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Frenchs Forest NSW 2086
Telephone 02 9451 0888

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INDICATIVE KEY DATES

2020	
Last date for receipt of AGM director nominations	1 September
AGM	20 October

2021*	
Half year results announcement	17 February
Ex-dividend for interim dividend	22 February
Record date for interim dividend	23 February
Last date for receipt of DRP elections	24 February
Interim dividend payment	17 March
End of financial year	30 June
Full year results announcement	18 August
Ex-dividend for final dividend	25 August
Record date for final dividend	26 August
Last date for receipt of DRP elections	27 August
Last date for receipt of AGM director nominations	31 August
Final dividend payment	17 September
AGM	20 October

* Proposed dates set out above are subject to change. Payment of any dividend is subject to Board approval and the key dates for each dividend will be confirmed to the ASX. Refer to the Company's website for any updates.

Corporate information

The Company is a company limited by shares that is incorporated and domiciled in Australia.

Stock exchange listing

The Company's ordinary shares are quoted on the Australian Securities Exchange (ASX) under the code 'TAH'.

Investment warning

Past performance of shares is not necessarily a guide to future performance. The value of investments and any income from them is not guaranteed and can fall as well as rise. Tabcorp recommends investors seek independent professional advice before making investment decisions.

Privacy

Tabcorp respects the privacy of its stakeholders. Tabcorp's Privacy Policy is available on the Company's website at **www.tabcorp.com.au**.

Currency

References to currency are in Australian dollars unless otherwise stated.

Trade marks

® These trade marks are registered in Australia (either across Australia or limited to certain state/s or territory/ies) and are owned by or licensed to a company in the Tabcorp Group.

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