

17 February 2021

Australian Securities Exchange
Companies Announcements Platform
20 Bridge Street
Sydney NSW 2000

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF YEAR ENDED 31 DECEMBER 2020

In accordance with the ASX Listing Rule 4.2A, the following information in respect of Tabcorp Holdings Limited's (**Tabcorp**) results for the half year ended 31 December 2020 is transmitted for lodgment:

1. Appendix 4D; and
2. Interim Financial Report.

The information contained in this announcement should be read in conjunction with Tabcorp's most recent Annual Report.

This announcement was authorised for release by the Tabcorp Board.

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Tabcorp Holdings Limited	Level 21, Tower 2 727 Collins Street Melbourne VIC 3008	GPO Box 1943 Melbourne VIC Australia 3001	tabcorp.com.au ABN 66 063 780 709
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Results for announcement to the market

Half year report for the 6 months ended 31 December 2020

Tabcorp Holdings Limited (ABN 66 063 780 709)

Results	\$m	% change increase/(decrease)
Revenue from ordinary activities	2,870	(2%)
Profit from ordinary activities after tax attributable to members	185	(7%)
Net profit for the period attributable to members	185	(7%)

Dividend	Record date	Payment date	Amount per share	Franked amount per share
Interim dividend	23 February 2021	17 March 2021	7.5 ¢	7.5 ¢

No foreign conduit income is attributable to the interim dividend.

Dividend reinvestment plan

Tabcorp's Dividend Reinvestment Plan (DRP) will operate in respect of the interim dividend, with the last date for receipt of election notices being 24 February 2021. No discount is applicable to shares allocated to participants and no brokerage, commission or other transaction costs will be payable by participants on shares acquired under the DRP. Shares will be allocated on 17 March 2021 and will rank equally in all respects with existing shares. The price at which shares are allocated is the daily volume weighted average market price of Tabcorp shares sold in the ordinary course of trading on the Australian Securities Exchange over a period of 10 business days beginning on the second business day after the dividend record date.

Net tangible asset backing ⁽ⁱ⁾	December 2020 \$	December 2019 \$
Net tangible asset backing per ordinary share	(1.58)	(2.10)
Net tangible asset backing per ordinary share including licences	(0.64)	(1.01)

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

Supplementary information

The previous corresponding period is the half year ended 31 December 2019.

For additional Appendix 4D disclosures, refer to the accompanying Interim Financial Report (which includes the Directors' Report) for the half year ended 31 December 2020 and ASX Media Release.

This Appendix 4D should be read in conjunction with Tabcorp Holdings Limited's Annual Report 2020.

**Tabcorp Holdings Limited
and controlled entities**

ABN 66 063 780 709

**I N T E R I M F I N A N C I A L
R E P O R T**

**For the half year ended
31 December 2020**

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DIRECTORS' REPORT

Tabcorp

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 in respect of the half year ended 31 December 2020 (1H21).

Directors

The Directors of the Company in office during the half year and up to the date of this report (unless otherwise stated) are as follows:

Name	Title
Steven Gregg	Chairman (from 1 January 2021) and Non Executive Director
Paula Dwyer	Chairman and Non Executive Director (ceased 31 December 2020)
David Attenborough	Managing Director and Chief Executive Officer
Bruce Akhurst	Non Executive Director
Harry Boon	Non Executive Director
Anne Brennan	Non Executive Director (from 17 July 2020)
David Gallop AM	Non Executive Director (from 3 July 2020)
Vicki McFadden	Non Executive Director (ceased 20 October 2020)
Justin Milne	Non Executive Director

On 21 September 2020, the Company announced that Janette Kendall will be appointed as a Non Executive Director, subject to the receipt of regulatory and ministerial approvals.

Principal activities

The principal activities of the Group during the half year comprised the provision of gambling and entertainment services. The Group's principal activities remain unchanged from the previous financial year to 30 June 2020, except as disclosed elsewhere in this Directors' Report.

Review of operations

The Tabcorp Group comprises the following three operating segments:

- Lotteries and Keno;
- Wagering and Media; and
- Gaming Services.

1H21 Group result

	1H21 \$m	1H20 \$m	Change %
Revenues	2,870	2,914	(1.5)
EBITDA	598	569	5.1
EBIT	410	376	9.0
NPAT	185	199	(7.0)

Earnings per share (EPS) – cents per share	8.6	9.8	(12.2)
Dividends per share – cents per share fully franked	7.5	11.0	(31.8)

DIRECTORS' REPORT

Tabcorp

Reported Group net profit after tax (NPAT) was \$185m, which was down 7.0% on the previous corresponding period (pcp). Basic earnings per share (EPS) for the period was 8.6 cents per share, down 12.2% from the pcp.

Revenues were \$2,870m, down 1.5% on the pcp. Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) was \$598m, up 5.1% on the pcp. Earnings before interest and tax (EBIT) was \$410m, up 9.0% on the pcp.

The Lotteries and Keno business delivered strong digital revenue growth and an excellent performance across the whole game portfolio while cycling very strong jackpot sequences in the pcp.

The Wagering and Media business also delivered strong digital revenue growth, however its earnings were impacted by COVID-19-related shutdowns and other restrictions on the venue network.

The Gaming Services business was also heavily impacted by COVID-19 related venue restrictions, especially in Victoria, that substantially diminished its ability to generate revenues.

The Group implemented a range of COVID-19 related cost mitigation activities, and the Group also took action to improve its financial position and has a stronger balance sheet following the completion of an approximate \$600m Entitlement Offer in September 2020.

The Group also made good progress on its three-year enterprise-wide optimisation program, called "3S" which stands for "simpler, smarter, stronger", to deliver enhanced operational capability and sustainable cost savings. The program, which commenced in 1H21, delivered \$8m in EBIT savings in 1H21 primarily from the review of key commercial arrangements and programs, operating model changes and efficiency improvements. Tabcorp is targeting \$20m-\$25m of EBIT savings from the 3S program in FY21.

1H21 business results

Lotteries and Keno

	1H21 \$m	1H20 \$m	Change %
Revenues	1,609	1,584	1.6
EBITDA	311	295	5.4
EBIT	258	246	4.9

Business overview	Operation of lotteries under The Lott brand and Keno pursuant to licences and approvals in certain Australian states and territories.
1H21 results	<p>Revenues for the Lotteries and Keno business were \$1,609m and EBIT was \$258m, up 1.6% and 4.9% respectively on the pcp.</p> <p>Lotteries revenues were \$1,477m, up 0.7% on the pcp.</p> <p>Keno revenues were \$132m, up 12.8% on the pcp.</p>
Review of performance	<p>Lotteries revenues and earnings growth was achieved despite cycling 23 Powerball and Oz Lotto jackpots of \$15m or more in 1H20, compared to only 15 in 1H21. On a like-for-like offers basis, each of the games in the Lotteries portfolio delivered turnover growth in excess of 20% from the pcp (Powerball 28%, Oz Lotto 22%, Saturday Lotto 21%, Mon/Wed Lotto 24%, Set For Life 33%, Instant Scratch-Its 39%).</p> <p>Digital Lotteries turnover grew 20.9% on the pcp and continued to lift margins, which also benefited from improved reseller arrangements. Digital accounted for 32.1% of all Lotteries turnover in 1H21 (up from 26.7% in the pcp). Retail sales were down compared</p>

DIRECTORS' REPORT

Tabcorp

	<p>to pcg, impacted by below average sequences for jackpot games during 1H21.</p> <p>Keno revenues grew 12.8% on the pcg, supported by a very strong digital performance, while the retail channel rebounded strongly once COVID-19 venue restrictions were eased.</p> <p>The focus for the Lotteries and Keno business includes continuing to drive upside from increased digital penetration and developing the next game change which is expected to be Oz Lotto.</p>
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Wagering and Media

	1H21 \$m	1H20 \$m	Change %
Revenues	1,189	1,180	0.8
EBITDA	227	234	(3.0)
EBIT	132	139	(5.0)

Business overview	Provision of totalisator (or pari-mutuel) and fixed odds betting on racing, sport and other products under the TAB brand through digital and retail channels, and operation of global racing media business under the Sky Racing brand.
1H21 results	Revenues for the Wagering and Media business were \$1,189m and EBIT was \$132m, up 0.8% and down 5.0% respectively on the pcg.
Review of performance	<p>Digital turnover grew 43% and digital revenues grew 34% on the pcg. Retail remains a profitable and valuable channel. However, the COVID-19 shutdowns and restrictions (especially in Victoria) contributed to retail turnover declining 28% on the pcg. Excluding Victoria, retail turnover was down 9% on the pcg. Although Tabcorp experienced strong growth in digital turnover, our competitors had stronger digital growth.</p> <p>The wagering market continued to be highly competitive in 1H21, with significantly increased customer generosity. During 1H21 Tabcorp enhanced its marketing and generosity program in a more digitally oriented market, delivering growth in customers and engagement, albeit at a lower variable contribution margin. TAB's digital customer base grew approximately 17% on the pcg and customers also transacted more frequently during the period.</p> <p>Tabcorp continues to accelerate investments in enhancing the customer experience with a focus on the digital-in-venue offer, sports and racing media content, and personalised experiences.</p>

DIRECTORS' REPORT

Tabcorp

Gaming Services

	1H21 \$m	1H20 \$m	Change %
Revenues	73	149	(51)
EBITDA	22	66	(66)
EBIT	(18)	21	(>100)

Business overview	MAX Regulatory Services provides electronic gaming machine monitoring and related services across NSW, Queensland and the Northern Territory. MAX Venue Services provides a mix of venue services nationwide.
1H21 results	Revenues for the Gaming Services business were \$73m and EBIT was (\$18m), down 51% and >100% respectively on the pcip.
Review of performance	<p>The decline in Gaming Services revenues and earnings is primarily COVID-19 related, with licensed venues operating under venue density requirements, especially in Victoria, which delivers approximately 30% of the business' revenues, with Greater Melbourne venues only opening from November 2020.</p> <p>In response to COVID-19, and in support of its licensed venue partners, Tabcorp suspended all material fees of venues during the period in which they were not operating. With venues operating again, fees are being scaled up progressively to return to pre-COVID-19 levels.</p> <p>In parallel, the business is executing against its turnaround plan, addressing its cost base and significantly reducing capital expenditure.</p> <p>Gaming Services will continue to prioritise lifting profitability and performance, while also supporting licensed venues to emerge strongly from COVID-19.</p>

Dividend

An interim dividend of 7.5 cents per share fully franked in respect of the 1H21 period has been announced. The interim dividend will be payable on 17 March 2021 to shareholders registered at 23 February 2021. The ex-dividend date is 22 February 2021.

This interim dividend represents a payout ratio of 80% of NPAT before significant items. As previously announced, the Group's target dividend payout ratio is 70% to 80% of NPAT before significant items.

The Company's Dividend Reinvestment Plan will operate in respect of this interim dividend, with no discount or underwriting applicable.

Significant changes in the state of affairs

Other than matters arising from the impacts of the COVID-19 pandemic discussed elsewhere in this report, there are no other significant changes in the state of affairs of the Group that occurred during the half year under review not otherwise disclosed in this report.

DIRECTORS' REPORT

Tabcorp

Other matters

Entitlement Offer

In September 2020, the Company completed a 1-for-11 pro-rata accelerated renounceable entitlement offer (with retail entitlements trading) raising gross proceeds of approximately \$600m. The proceeds of the Entitlement Offer were used to pay down existing drawn bank debt facilities, strengthen the Company's balance sheet and provide greater financial flexibility and additional credit metric headroom for covenant and rating purposes.

Jumbo share disposal

In September 2020, the Group disposed its 11.6% interest in Jumbo Interactive Limited (ASX code: JIN) for gross proceeds of approximately \$98m, with a profit before tax of \$69m.

Amended 2016 tax assessment

During the period, the Australian Taxation Office (ATO) issued the Group with an amended assessment for the 2016 taxation year in relation to the deductibility of the licence fee incurred by Tatts Group Limited in relation to monitoring gaming machines in NSW. The primary tax in dispute of \$62m and interest charges of \$9m were paid in December 2020. This has negatively impacted 1H21 NPAT by \$69m. Tabcorp has lodged an objection against the amended assessment and if successful, the amended assessment amounts should be refunded.

Significant events after the end of the half year period

There have been no other matters or circumstances that have arisen since the end of the half year that have significantly affected or may significantly affect the Group's operations which are not otherwise disclosed in the Directors' Report or the Financial Report.

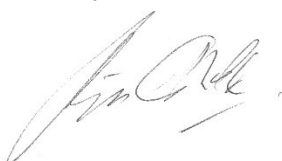
Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8. This auditor's independence declaration forms part of the Directors' Report.

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



Steven Gregg
Chairman

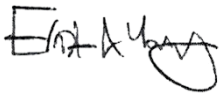
17 February 2021
Melbourne

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

As lead auditor for the review of the half-year financial report of Tabcorp Holdings Limited for the half-year ended 31 December 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Ernst & Young



David Shewring
Partner
17 February 2021

INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Tabcorp

		December 2020 \$m	December 2019 \$m
Revenue		2,870	2,914
Other income	A3	76	2
Commissions and fees		(839)	(796)
Government taxes and levies		(1,086)	(1,094)
Employment costs		(209)	(215)
Communication and technology costs		(56)	(55)
Advertising and promotions		(72)	(82)
Other expenses		(86)	(105)
Depreciation and amortisation		(188)	(187)
Impairment	A3	-	(6)
Profit before income tax and net finance costs		410	376
Finance income		1	1
Finance costs	A3	(92)	(95)
Profit before income tax		319	282
Income tax expense	A4	(134)	(83)
Net profit after tax		185	199
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedges taken to equity		(106)	12
Exchange differences on translation of foreign operations		(2)	1
Income tax relating to these items		32	(4)
Other comprehensive income for the period, net of income tax		(76)	9
Total comprehensive income for the period		109	208
Earnings per share:		December 2020 cents	December 2019 cents
Basic earnings per share		8.6	9.8
Diluted earnings per share		8.6	9.8
Dividends per share:			
Declared and paid during the period	A2	-	11.0
Determined in respect of the period	A2	7.5	11.0

The income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 31 DECEMBER 2020

Tabcorp

		December 2020 \$m	June 2020 \$m
	Note		
Current assets			
Cash and cash equivalents		445	349
Receivables		110	72
Prepayments		54	33
Derivative financial instruments	B2	19	103
Other financial assets		77	26
Assets held for sale	C2	39	39
Other		118	105
Total current assets		862	727
Non current assets			
Receivables		2	3
Investment in an associate	C1	-	29
Other financial assets		158	159
Licences		2,094	2,148
Other intangible assets		8,137	8,134
Property, plant and equipment		410	456
Right-of-use assets		258	275
Prepayments		18	20
Derivative financial instruments	B2	123	426
Other		33	39
Total non current assets		11,233	11,689
TOTAL ASSETS		12,095	12,416
Current liabilities			
Payables	C4	1,456	1,178
Interest bearing liabilities	B1	-	249
Lease liabilities		45	47
Current tax liabilities		8	-
Provisions		46	47
Derivative financial instruments	B2	47	44
Other		90	81
Total current liabilities		1,692	1,646
Non current liabilities			
Payables	C4	256	238
Interest bearing liabilities	B1	2,430	3,471
Lease liabilities		284	306
Deferred tax liabilities		536	586
Provisions		34	29
Derivative financial instruments	B2	114	104
Other		21	9
Total non current liabilities		3,675	4,743
TOTAL LIABILITIES		5,367	6,389
NET ASSETS		6,728	6,027
Equity			
Issued capital		9,209	8,617
Accumulated losses		(1,785)	(1,970)
Reserves		(696)	(620)
TOTAL EQUITY		6,728	6,027

The balance sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Tabcorp

	December 2020 \$m	December 2019 \$m
Cash flows from operating activities		
Net cash receipts in the course of operations	2,997	2,858
Payments to suppliers, service providers and employees	(1,305)	(1,398)
Payment of government levies, betting taxes and GST	(881)	(1,027)
Finance income received	1	1
Finance costs paid	(92)	(99)
Income tax paid	(138)	(98)
Net cash flows from operating activities	582	237
Cash flows from investing activities		
Payment for property, plant and equipment and intangibles	(101)	(178)
Proceeds from sale of property, plant and equipment and intangibles	5	1
Proceeds from sale of shares in an associate	98	-
Payment for other financial assets	(51)	(21)
Net cash flows used in investing activities	(49)	(198)
Cash flows from financing activities		
Net cash flows from revolving bank facilities	(600)	255
Repayment of borrowings	(397)	(192)
Proceeds from issue of shares	600	-
Payment of transaction costs for share issue	(13)	-
Dividends paid	-	(194)
Payment of lease liabilities	(25)	(26)
Payment for on-market share purchase	(2)	(3)
Net cash flows used in financing activities	(437)	(160)
Net increase/(decrease) in cash held	96	(121)
Cash at beginning of period	349	463
Cash at end of period	445	342

The cash flow statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Tabcorp

	Number of ordinary shares m	Issued capital Ordinary shares \$m	Treasury shares \$m	Accumulated losses \$m	Reserves			Total equity \$m
					Hedging \$m	Demerger \$m	Other \$m	
2020								
Balance at 1 July 2020	2,032	8,618	(1)	(1,970)	42	(670)	8	6,027
Profit for the period	-	-	-	185	-	-	-	185
Other comprehensive income	-	-	-	-	(74)	-	(2)	(76)
Total comprehensive income	-	-	-	185	(74)	-	(2)	109
Ordinary shares issued ⁽ⁱ⁾	185	600	-	-	-	-	-	600
Transaction costs for share issue	-	(9)	-	-	-	-	-	(9)
Transfers	-	3	-	-	-	-	(3)	-
Share based payments expense	-	-	-	-	-	-	3	3
Net outlay to purchase shares	-	(2)	-	-	-	-	-	(2)
Balance at 31 December 2020	2,217	9,210	(1)	(1,785)	(32)	(670)	6	6,728
		Total issued capital	\$9,209m			Total reserves	(\$696m)	
2019								
Balance at 1 July 2019	2,019	8,562	-	(656)	(60)	(670)	4	7,180
Profit for the period	-	-	-	199	-	-	-	199
Other comprehensive income	-	-	-	-	8	-	1	9
Total comprehensive income	-	-	-	199	8	-	1	208
Dividends paid	-	-	-	(222)	-	-	-	(222)
Dividend reinvestment plan	6	28	-	-	-	-	-	28
Transfers	-	3	-	-	-	-	(3)	-
Restricted shares issued	-	-	(3)	-	-	-	-	(3)
Share based payments expense	-	-	1	-	-	-	3	4
Balance at 31 December 2019	2,025	8,593	(2)	(679)	(52)	(670)	5	7,195
		Total issued capital	\$8,591m			Total reserves	(\$717m)	

(i) Ordinary shares issued under a pro-rata accelerated renounceable entitlement offer. The proceeds have been used to pay down existing drawn bank facilities. Refer to note B1.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Tabcorp

ABOUT THIS REPORT

Tabcorp Holdings Limited (the Company) is a company domiciled in Australia. The general purpose condensed consolidated half year financial report of the Company for the six months ended 31 December 2020 (half year financial report) comprises the Company and its subsidiaries (the Group) and the Group's interest in joint arrangements and associates.

The half year financial report was authorised for issue by the Board of Directors on 17 February 2021 and has been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001 (Cth).

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth).

The COVID-19 pandemic and related actions taken in response by the Australian and other governments, including national lockdowns, border controls/travel restrictions and social distancing measures continue to have an adverse impact on the financial performance of the Group. The current period financial statements reflect the adverse impacts of these measures on the results of the Group. Refer to the Directors' report for further information.

An assessment of the impact of COVID-19 on the Group's 31 December 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 31 December 2020 testing date.	B1
Payables	Current payables include lottery taxes and payroll tax deferred as a result of government support received during the COVID-19 pandemic.	C4

The Group accessed the Federal Government's JobKeeper scheme in relation to Gaming Services (refer to note A3). This business suspended all material fees for venues and temporarily stood down most of its workforce during the period where impacted by COVID-19 venue closures.

The accounting policies used are consistent with those applied in the 30 June 2020 financial report.

Note disclosures in this half year financial report have been grouped into the following three sections:

A Group performance

- A1 Segment information
- A2 Dividends
- A3 Revenue and expenses
- A4 Income tax
- A5 Subsequent events

B Capital and risk management

- B1 Interest bearing liabilities
- B2 Derivative financial instruments
- B3 Fair value measurement

C Other disclosures

- C1 Investment in an associate
- C2 Assets held for sale
- C3 Impairment testing
- C4 Payables
- C5 Contingent assets and liabilities

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Tabcorp

SECTION A - GROUP PERFORMANCE (CONTINUED)

A1 Segment information (continued)

	Lotteries and Keno \$m	Wagering and Media \$m	Gaming Services \$m	Total \$m
December 2020				
Revenue - external	1,609	1,188	73	2,870
Revenue - intersegment	-	1	-	1
Segment revenue	1,609	1,189	73	2,871
Segment profit/(loss) before interest and tax	258	132	(18)	372
December 2019				
Revenue - external	1,584	1,179	149	2,912
Revenue - intersegment	-	1	-	1
Segment revenue	1,584	1,180	149	2,913
Segment profit before interest and tax	246	139	21	406

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

	Revenue		Profit before income tax	
	December 2020 \$m	December 2019 \$m	December 2020 \$m	December 2019 \$m
Segment total (per above)	2,871	2,913	372	406
Intersegment revenue elimination	(1)	(1)	-	-
Unallocated items:				
- significant items:				
- net gain on disposal of investment in an associate ⁽ⁱ⁾	-	-	69	-
- Racing Queensland arrangements ⁽ⁱⁱ⁾	-	-	(15)	(12)
- implementation costs relating to combination with Tatts Group	-	-	(11)	(16)
- restructuring costs	-	-	(5)	-
	-	-	38	(28)
- finance income	-	-	1	1
- finance costs ⁽ⁱⁱⁱ⁾	-	-	(92)	(95)
- other	-	2	-	(2)
Total per income statement	2,870	2,914	319	282

(i) Refer to note C1.

(ii) Additional fees related to the minimum performance obligations for three years to December 2020 under Racing Queensland arrangements.

(iii) Current period includes interest charges relating to uncertain tax positions of \$9 million (refer to note C5).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

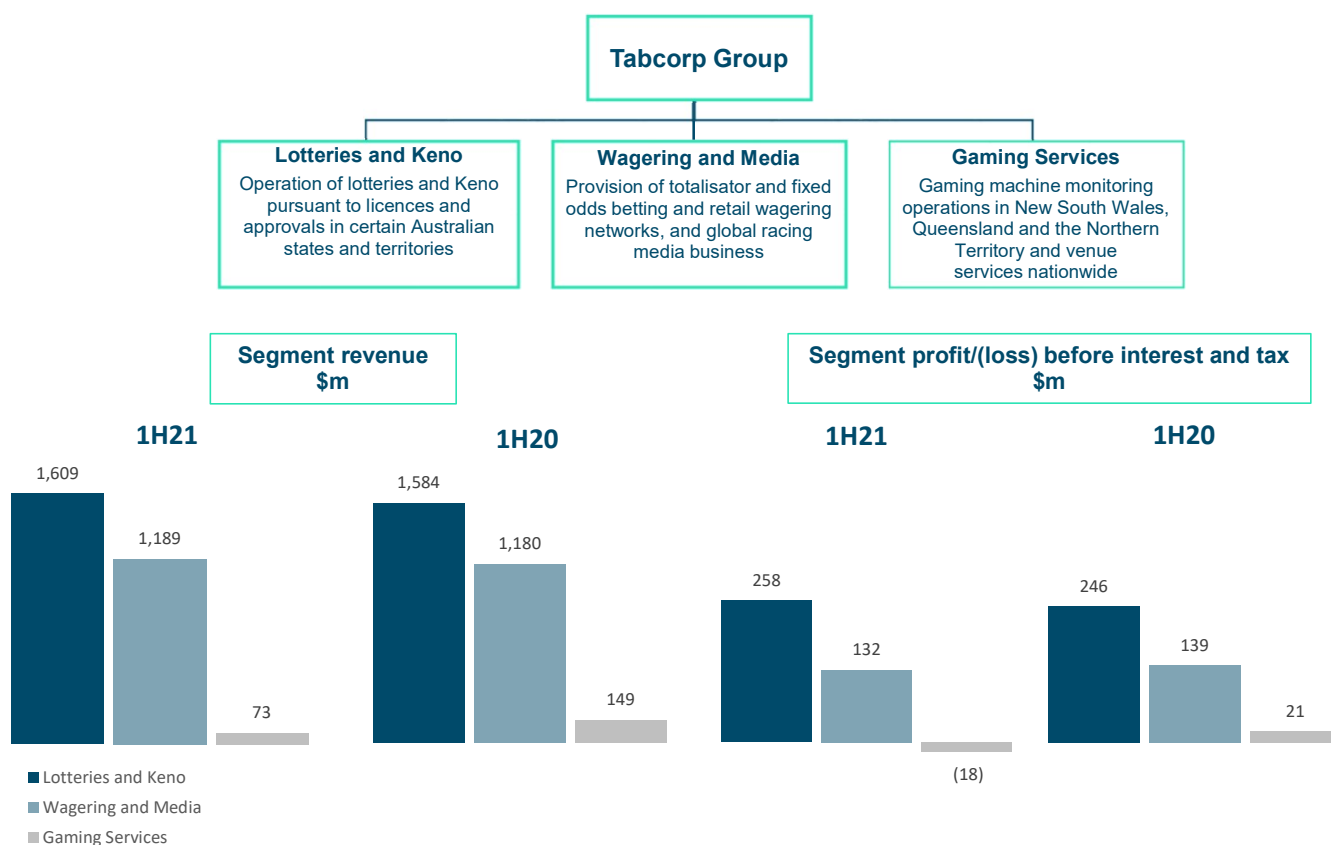
Tabcorp

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. Inter-segment pricing is determined on commercial terms and conditions.

The Group has three operating segments at period end.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Tabcorp

SECTION A - GROUP PERFORMANCE (CONTINUED)

A2 Dividends

Fully franked dividends declared and paid during the period:

Prior year final dividend

Fully franked dividends determined in respect of the period (declared and recognised after balance date):

Interim dividend

December 2020 Cents per share	December 2019 Cents per share	December 2020 \$m	December 2019 \$m
-	11.0	-	222
7.5	11.0	166	223

A3 Revenue and expenses

(a) Other income

Net gain on disposal of investment in an associate ⁽ⁱ⁾

Net gain/(loss) on disposal of non current assets

Other ⁽ⁱⁱ⁾

(b) Impairment ⁽ⁱⁱⁱ⁾

Buildings

Plant and equipment

Other intangible assets - software

(c) Finance costs

Interest costs on interest bearing liabilities

Interest costs on lease liabilities

Other ^(iv)

December 2020 \$m	December 2019 \$m
69	-
(1)	1
8	1
76	2
-	3
-	1
-	2
-	6
66	81
7	8
19	6
92	95

(i) Refer to note C1.

(ii) Current period includes subsidy received under the Federal Government's JobKeeper scheme in relation to Gaming Services of \$8m.

(iii) Prior period includes the writedown of assets held for sale (refer to note C2).

(iv) Current period includes interest charges relating to uncertain tax positions of \$9m (refer to note C5).

A4 Income tax

The major components of income tax expense are:

Current tax

Adjustments in respect of current income tax of previous years ⁽ⁱ⁾

Deferred tax

(94)	(85)
(57)	-
17	2
(134)	(83)

(i) Current period includes \$62 million relating to uncertain tax positions. Refer to note C5 for details on related contingent asset.

A5 Subsequent events

Other than the events disclosed elsewhere in this report, no additional matters or circumstances have arisen since the end of the half year, that may significantly affect the Group's operations, the results of those operations or the state of affairs of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Tabcorp

SECTION B - CAPITAL AND RISK MANAGEMENT

B1 Interest bearing liabilities

The Group borrows money from financial institutions and debt investors in the form of bank loans and foreign currency denominated notes. The following table details the debt position of the Group at 31 December:

Facility	Details	Facility limit \$m	Maturity	December 2020 \$m	June 2020 \$m
Bank overdraft	Floating interest rate revolving bilateral overdraft facility.	100	Feb-22	-	-
Bank loans - unsecured	Floating interest rate revolving facility. Subject to financial undertakings as to gearing and interest cover.	226	n/a ⁽ⁱ⁾	-	226
		660	Jul-22	448	299
		600	Jul-23	-	148
		600	Jul-24	-	598
		2,086		448	1,271
US private placement	Fixed interest rate US dollar debt. Aggregate US dollar principal of \$1,383 million (June 2020: \$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 \$1,754 million (June 2020: \$1,925 million). Subject to financial undertakings as to gearing and interest cover.	USD 170	n/a	-	249
		USD 133	Apr-22	172	193
		USD 105	Jun-26	136	152
		USD 450	Jun-28	582	653
		USD 520	Jun-30	672	754
		USD 175	Jun-33	226	254
		AUD 97	Jun-35	97	97
		AUD 97	Jun-36	97	97
				1,982	2,449
				2,430	3,720
Current				-	249
Non current				2,430	3,471
				2,430	3,720

(i) Facility was repaid in full and cancelled during the period (original maturity was Jul-21).

B2 Derivative financial instruments

The Group holds the following derivative financial instruments, all at fair value based on level 2 observable inputs (refer to note B3):

	December 2020 \$m	June 2020 \$m
Current assets		
Cross currency swaps	19	103
Non current assets		
Cross currency swaps	123	426
	142	529
Current liabilities		
Cross currency swaps	8	4
Interest rate swaps	32	31
Foreign exchange forward contracts	1	-
Fixed Odds open betting positions	6	9
	47	44
Non current liabilities		
Cross currency swaps	23	-
Interest rate swaps	91	104
	114	104
	161	148

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Tabcorp

SECTION B - CAPITAL AND RISK MANAGEMENT (CONTINUED)

B3 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	
	December 2020	June 2020	December 2020	June 2020
	\$m	\$m	\$m	\$m
Financial assets				
Investment in an associate	-	29	-	69
	-	29	-	69
Financial liabilities				
US private placement	1,990	2,459	2,470	3,037
	1,990	2,459	2,470	3,037

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

Investment in an associate

Fair value was 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).

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 calculated by 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 half year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Tabcorp

SECTION C - OTHER DISCLOSURES

C1 Investment in an associate

Investment in Jumbo Interactive Limited (Jumbo)

During the period, the Group disposed of its 7,234,178 shares in Jumbo at a price of \$13.52 per share, with a profit before tax impact of \$69 million.

December 2020	June 2020
\$m	\$m
-	29

C2 Assets held for sale

Freehold land
Buildings

37	37
2	2
39	39

Assets are classified as held for sale where sales are highly probable. The assets relate to two surplus corporate properties. The sale of one property settled in January 2021, with the other expected to be completed by 30 June 2021.

C3 Impairment testing

In accordance with the Group's accounting policies, the Group has assessed each cash generating unit ('CGU') at period end to determine whether there were any indications of impairment. After consideration of the potential indicators of impairment which could impact the valuations of the CGUs, the Group concluded that there were no indicators of impairment.

The COVID-19 pandemic and government restrictions have continued to impact the businesses to varying degrees, and in turn their financial and operational performance due to the temporary closure of licensed venues and venue density requirements. The outlook for the remainder of FY21 and beyond continues to be uncertain due to COVID-19 restrictions and any potential longer term changes to consumer behaviour as an indirect result of the pandemic and increased economic uncertainty.

The key estimates and assumptions used to determine the fair value less costs of disposal of a CGU at 30 June 2020 are based on management's current expectations after considering past experience and external information, and are considered achievable. As outlined in note C3 of the Group's 30 June 2020 financial report, any adverse changes to the key assumptions that had a negative impact on the recoverable amount for the Wagering and Media and Gaming Services segments could indicate a potential requirement for impairment.

C4 Payables

Current

Current period includes the deferral of lottery taxes of \$242m (June 2020: \$114m) and payroll tax of \$5m (June 2020: \$4m) as a result of government support received during the COVID-19 pandemic.

Non current

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

December 2020	June 2020
\$m	\$m
1,456	1,178
256	238

C5 Contingent assets and liabilities

Since the last annual reporting date, the material changes in contingent assets and liabilities are:

Contingent assets

Australian Taxation Office Audit

During the period the Australian Taxation Office (ATO) issued Tatts Group Limited (Tatts) with an amended assessment for the tax year ended 30 June 2016. The amended assessment relates to the deductibility of the licence fee incurred by Tatts in relation to monitoring gaming machines in New South Wales. The primary tax in dispute of \$62 million and interest charges of \$9 million were paid in December 2020. An objection was lodged with the ATO in January 2021 in relation to the amended assessment. If Tatts is ultimately successful in its claims, the amended assessment amounts should be refunded.

Contingent liabilities

Racing Queensland dispute

On 28 June 2019 Racing Queensland (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 27 month period to 31 December 2020 is an expense of up to \$57 million post tax (30 June 2020: \$44 million post tax). The impact of the alleged underpayment on the relevant variable fees would extend until June 2044 when the relevant deed expires.

DIRECTORS' DECLARATION

Tabcorp

In the opinion of the Directors of Tabcorp Holdings Limited:

- (a) the financial statements and notes 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 31 December 2020 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001 (Cth); and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.



Steven Gregg
Chairman



David Attenborough
Managing Director and Chief Executive Officer

Melbourne
17 February 2021

Independent Auditor's Review Report to the Members of Tabcorp Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Tabcorp Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

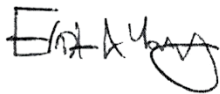
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

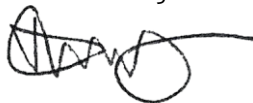
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



David Shewring

Partner

Melbourne

17 February 2021