

17 February 2022

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 2021

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 2021 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.

For more information:

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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 2021

Tabcorp Holdings Limited (ABN 66 063 780 709)

Results	\$m	% change increase/(decrease)
Revenue from ordinary activities	2,934	2%
Profit from ordinary activities after tax attributable to members	175	(5%)
Net profit for the period attributable to members	175	(5%)

Dividend	Record date	Payment date	Amount per share	Franked amount per share
Final dividend	26 August 2021	17 September 2021	7.0 ¢	7.0 ¢
Interim dividend	23 February 2022	17 March 2022	6.5 ¢	6.5 ¢

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 2022. 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 2022 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 2021 \$	December 2020 \$
Net tangible asset backing per ordinary share	(1.47)	(1.58)
Net tangible asset backing per ordinary share including licences	(0.57)	(0.64)

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

Controlled entities

The following controlled entities were incorporated during the half year ended 31 December 2021:

Company Name	Date incorporated
L&K Finance Pty Ltd	7/10/2021
L&K Operations Pty Ltd	7/10/2021
Tatts Keno Holdings Pty Ltd	7/10/2021
Keno (ACT) Pty Ltd	7/10/2021

Supplementary information

The previous corresponding period is the half year ended 31 December 2020.

For additional Appendix 4D disclosures, refer to the accompanying Interim Financial Report (which includes the Directors' Report) for the half year ended 31 December 2021 and ASX Media Release.

This Appendix 4D should be read in conjunction with Tabcorp Holdings Limited's Annual Report 2021.

**Tabcorp Holdings Limited
and controlled entities**

ABN 66 063 780 709

**INTERIM FINANCIAL
REPORT**

**For the half year ended
31 December 2021**

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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 2021 (1H22).

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 and Non-executive Director
David Attenborough	Managing Director and Chief Executive Officer
Bruce Akhurst	Non-executive Director
Harry Boon	Non-executive Director
Anne Brennan	Non-executive Director
David Gallop AM	Non-executive Director
Janette Kendall	Non-executive Director (from 25 August 2021)
Justin Milne	Non-executive Director

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 ended 30 June 2021, 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.

1H22 Group result

	1H22 \$m	1H21 \$m	Change %
Revenues	2,934	2,870	2.2
EBITDA	512	598	(14.4)
EBIT	316	410	(22.9)
NPAT	175	185	(5.4)
Earnings per share (EPS) – cents per share	7.9	8.6	(8.1)
Dividends per share – cents per share fully franked	6.5	7.5	(13.3)

Reported Group net profit after tax (NPAT) was \$175m, which was down 5.4% on the previous corresponding period (pcp). Basic earnings per share (EPS) for the period was 7.9 cents per share, down 8.1% from the pcp.

DIRECTORS' REPORT

Tabcorp

Revenues were \$2,934m, up 2.2% on the pc. Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) was \$512m, down 14.4% on the pc. Earnings before interest and tax (EBIT) was \$316m, down 22.9% on the pc.

The Lotteries and Keno business delivered a record first half profit result, despite cycling the strong COVID-19 tailwind from the pc.

The Wagering and Media business was heavily impacted by COVID-19 related retail closures in NSW, its largest market, and in Victoria, and increased generosity, advertising and promotions in a largely digital market.

The Gaming Services business continued to be heavily impacted by COVID-19 given the business continued to provide significant fee relief to customers for most of the period, before returning to its full fee model on 1 December 2021.

Tabcorp continued to make good progress with its optimisation program '3S' in 1H22, delivering \$16m of EBIT cost savings.

1H22 business results

Lotteries and Keno

	1H22 \$m	1H21 \$m	Change %
Revenues	1,784	1,609	10.9
EBITDA	358	311	15.1
EBIT	305	258	18.2

Business overview	Operation of lotteries under The Lott brand and Keno pursuant to licences and approvals in certain Australian states and territories.
1H22 results	<p>Revenues for the Lotteries and Keno business were \$1,784m and EBIT was \$305m, up 10.9% and up 18.2% respectively on the pc.</p> <p>Lotteries revenues were \$1,665m, up 12.7% on the pc.</p> <p>Keno revenues were \$119m, down 9.8% on the pc.</p>
Review of performance	<p>The Lotteries retail network was not materially impacted by COVID-19 trading restrictions, however Keno was adversely impacted by venue closures.</p> <p>The strong overall revenue growth was underpinned by game development, active portfolio and sequence management, and constantly improving player experiences. Active registered Lotteries customers grew 5% to 3.88m.</p> <p>Digital share of Lotteries turnover was 36.7% (up from 32.1% in the pc). Margin growth, supported by the continued shift to digital and fixed cost leverage, contributed to EBITDA growth. Retail Lotteries turnover remained resilient, up 5% compared to the pc.</p> <p>The Powerball and Oz Lotto jackpot games performed strongly, with turnover up 27% and 11% respectively from the pc, while Saturday Lotto turnover was up 16% from the pc. The performance of the other base games (Mon/Wed Lotto, Set for Life and Instant Scratch-Its) generally reflected some softening of the COVID-19 tailwind from the pc, with most games down approximately 5-10% on the pc on a comparable basis.</p> <p>Keno revenues were \$119m, down 9.8% on the pc, largely impacted by the shutdown of NSW venues.</p>

DIRECTORS' REPORT

Tabcorp

The focus for the Lotteries and Keno business includes continuing to optimise and refresh the game portfolio (such as the launch of Oz Lotto game change expected in May 2022), enhancing the customer experience, increasing digital penetration as part of the omni-channel strategy, and further diversifying the retail channel mix.

Wagering and Media

	1H22 \$m	1H21 \$m	Change %
Revenues	1,073	1,189	(9.8)
EBITDA	148	227	(34.8)
EBIT	43	132	(67.4)

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.
1H22 results	Revenues for the Wagering and Media business were \$1,073m and EBIT was \$43m, down 9.8% and down 67.4% respectively on the pcpc.
Review of performance	<p>Wagering and Media results were heavily impacted by COVID-19 related venue closures in the business's largest market, NSW, which impacted both wagering and media subscription revenues.</p> <p>There were 102 lost days of trading in venues in metropolitan NSW in 1H22 (vs 13 in the pcpc) and 74 lost days in regional NSW (0 in the pcpc). Given the substantial number of lost days of trading in 1H21 in Victoria, there was limited overall impact from retail closures in Victoria on period-on-period performance.</p> <p>Given the challenging market conditions, retail wagering turnover declined 36% compared to the pcpc (excluding NSW, retail turnover was down approximately 9% on the pcpc). A customer's ability to transact digitally in-venue and to make account deposits are key drivers of digital turnover. Despite neither of these factors being possible for large parts of the period, digital turnover grew 2.3% compared to the pcpc.</p> <p>There was improved performance following the re-opening of venues in 2Q22.</p> <p>The heightened competition for customer acquisition in a largely digital market drove increased customer generosity, advertising and promotions, which reduced margins.</p> <p>There were 641,000 active TAB users in 2Q22, up from 634,000 in the pcpc.</p> <p>Operating expenses grew, up 6.5% on the pcpc, due to cycling cash preservation and cost reduction opportunities in the pcpc, increased advertising and promotion costs to support customer retention, and increased technology investment (including improved disaster recovery capability).</p> <p>The Wagering and Media business continues to focus on creating unparalleled customer experiences, driving positive industry change with partners and government, investing in innovation and growth, and delivering efficiencies.</p>

DIRECTORS' REPORT

Tabcorp

Gaming Services

	1H22 \$m	1H21 \$m	Change %
Revenues	78	73	6.8
EBITDA	21	22	(4.5)
EBIT	(17)	(18)	NM*

* Percentage change is not meaningful.

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.
1H22 results	Revenues for the Gaming Services business were \$78m up 6.8% on the pcg, and the business reported a net loss before interest and tax of \$17m.
Review of performance	<p>Venue Services revenues were up on the pcg due to a reduction in lost days in Victoria compared to the pcg and the relatively small exposure to the NSW venue closures due to the COVID-19 pandemic. These revenues continued to be heavily impacted by COVID-19 given the business continued to provide significant fee relief to customers for most of the period, and only returned to the full fee model on 1 December 2021.</p> <p>Regulatory Services revenue was lower in the current period compared to the pcg due primarily to venue shutdowns in NSW where approximately 75% of monitored electronic gaming machines are located.</p> <p>Operating expenses grew 18.2% to \$52m in the period compared to pcg, due to the significant cash preservation and cost reduction opportunities in the pcg.</p> <p>A key focus of the Gaming Services business is continuing to simplify the operating and business model, and streamline the operating cost base. This includes rightsizing MAX Venue Services, given the profile of electronic gaming machine (EGM) contracts post-August 2022. There is also an increasing focus on new markets for integrity services and products.</p>

Dividend

A final dividend of 7.0 cents per share fully franked in respect of the year ended 30 June 2021 was announced on 18 August 2021 and paid to shareholders on 17 September 2021.

An interim dividend of 6.5 cents per share fully franked in respect of the 1H22 period has been announced. The interim dividend will be payable on 17 March 2022 to shareholders registered at 23 February 2022. The ex-dividend date is 22 February 2022.

This interim dividend represents a payout ratio of 77% 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.

DIRECTORS' REPORT

Tabcorp

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.

Other matters

Proposed demerger of Lotteries and Keno business

On 5 July 2021, Tabcorp announced the intention to demerge its Lotteries and Keno business. Upon demerger, Tabcorp will continue to operate the Wagering, Media and Gaming Services businesses, and a new standalone ASX-listed company, The Lottery Corporation Limited, will hold the Lotteries and Keno businesses. Tabcorp is targeting completion of the demerger, to be implemented through a court-approved Scheme of Arrangement, in June 2022, subject to all relevant approvals and consents, including shareholder approvals at shareholder meetings expected to be held in May 2022.

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.

Likely Developments and expected results

Current economic uncertainty particularly associated with COVID-19 pandemic, among other things, has hampered the ability of the Gaming Services segment to renew current EGM contracts on existing terms and conditions. While approximately half of EGM contracts have been extended (generally to 2027 to 2030) on a full-service model, approximately one third of EGMs will not be extended. Discussions are continuing for the balance of EGMs, with a number of venues already committed to an alternate service model.

The outlook for the remainder of FY22 and beyond for the Gaming Services segment continues to be uncertain due to COVID-19 restrictions, any potential longer term changes to consumer behaviour as an indirect result of the pandemic and reduced expectations for future growth and contract extensions in an uncertain economic environment.

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 2022
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 2021, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b) no contraventions of any applicable code of professional conduct in relation to the review; and
- c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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



Ernst & Young



Michael Collins
Partner
17 February 2022

INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Tabcorp

		December 2021 \$m	December 2020 \$m
Revenue		2,934	2,870
Other income	A3	5	76
Commissions and fees		(803)	(839)
Government taxes and levies		(1,182)	(1,086)
Employment costs		(188)	(209)
Communication and technology costs		(73)	(56)
Advertising and promotions		(81)	(72)
Other expenses		(83)	(86)
Depreciation and amortisation		(196)	(188)
Demerger costs		(17)	-
Profit before income tax and net finance costs		316	410
Finance income		-	1
Finance costs	A3	(71)	(92)
Profit before income tax		245	319
Income tax expense	A4	(70)	(134)
Net profit after tax		175	185
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedges taken to equity		63	(106)
Exchange differences on translation of foreign operations		(1)	(2)
Income tax relating to these items		(19)	32
Other comprehensive income for the period, net of income tax		43	(76)
Total comprehensive income for the period		218	109
Earnings per share:		December 2021 cents	December 2020 cents
Basic earnings per share		7.9	8.6
Diluted earnings per share		7.8	8.6
Dividends per share:			
Declared and paid during the period	A2	7.0	-
Determined in respect of the period	A2	6.5	7.5

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

BALANCE SHEET

AS AT 31 DECEMBER 2021

Tabcorp

		December 2021 \$m	June 2021 \$m
	Note		
Current assets			
Cash and cash equivalents		560	424
Receivables		174	117
Prepayments		65	45
Derivative financial instruments	B2	73	70
Other financial assets		166	129
Other		122	113
Total current assets		1,160	898
Non current assets			
Receivables		2	2
Other financial assets		110	129
Licences		1,988	2,041
Other intangible assets		8,043	8,056
Property, plant and equipment		341	376
Right-of-use assets		214	233
Prepayments		36	26
Derivative financial instruments	B2	176	88
Other		18	20
Total non current assets		10,928	10,971
TOTAL ASSETS		12,088	11,869
Current liabilities			
Payables		1,380	1,237
Interest bearing liabilities	B1	612	177
Lease liabilities		43	47
Current tax liabilities		37	55
Provisions		52	61
Derivative financial instruments	B2	38	50
Other		102	89
Total current liabilities		2,264	1,716
Non current liabilities			
Payables		297	271
Interest bearing liabilities	B1	1,910	2,299
Lease liabilities		243	262
Deferred tax liabilities		539	526
Provisions		23	25
Derivative financial instruments	B2	28	55
Other		17	19
Total non current liabilities		3,057	3,457
TOTAL LIABILITIES		5,321	5,173
NET ASSETS		6,767	6,696
Equity			
Issued capital		9,239	9,230
Accumulated losses		(1,845)	(1,864)
Reserves		(627)	(670)
TOTAL EQUITY		6,767	6,696

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

CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Tabcorp

	December 2021 \$m	December 2020 \$m
Cash flows from operating activities		
Net cash receipts in the course of operations	3,006	2,997
Payments to suppliers, service providers and employees	(1,361)	(1,305)
Payment of government levies, betting taxes and GST	(1,049)	(881)
Finance income received	-	1
Finance costs paid	(69)	(92)
Income tax paid	(92)	(138)
Net cash flows from operating activities	435	582
Cash flows from investing activities		
Payment for property, plant and equipment and intangibles	(86)	(101)
Proceeds from sale of property, plant and equipment and intangibles	5	5
Proceeds from sale of other non current assets	2	-
Proceeds from sale of shares in an associate	-	98
Payment for other financial assets	(18)	(51)
Net cash flows used in investing activities	(97)	(49)
Cash flows from financing activities		
Net cash flows from revolving bank facilities	(21)	(600)
Repayment of borrowings	-	(397)
Proceeds from issue of shares	-	600
Payment of transaction costs for share issue	-	(13)
Payment of lease liabilities	(25)	(25)
Dividends paid	(136)	-
Payment for on-market share purchase	(20)	(2)
Net cash flows used in financing activities	(202)	(437)
Net increase in cash held	136	96
Cash at beginning of period	424	349
Cash at end of period	560	445

The Group operates under various 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 statement is \$307m (2020: \$275m).

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 2021

Tabcorp

	Number of ordinary shares m	Issued capital		Accumulated losses \$m	Reserves			Total equity \$m
		Ordinary shares \$m	Treasury shares \$m		Hedging \$m	Demerger \$m	Other \$m	
2021								
Balance at 1 July 2021	2,222	9,231	(1)	(1,864)	(10)	(670)	10	6,696
Profit for the period	-	-	-	175	-	-	-	175
Other comprehensive income	-	-	-	-	44	-	(1)	43
Total comprehensive income	-	-	-	175	44	-	(1)	218
Dividends paid	-	-	-	(156)	-	-	-	(156)
Dividend reinvestment plan	4	20	-	-	-	-	-	20
Transfers	-	4	-	-	-	-	(4)	-
Share based payments expense	-	-	5	-	-	-	4	9
Net outlay to purchase shares	-	(3)	(17)	-	-	-	-	(20)
Balance at 31 December 2021	2,226	9,252	(13)	(1,845)	34	(670)	9	6,767
		Total issued capital \$9,239m			Total reserves (\$627m)			
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)			

(i) Ordinary shares issued under a pro-rata accelerated renounceable entitlement offer. The proceeds were used to pay down existing drawn bank facilities in the prior year.

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 2021

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 2021 (half year financial report) comprises the Company and its subsidiaries (the Group) and the Group's interest in joint arrangements.

The half year financial report was authorised for issue by the Board of Directors on 17 February 2022 and has been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001 (Cth), and with IAS 34 'Interim Financial Reporting'.

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 2021 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 2021 balance sheet is set out below:

Balance sheet item	COVID-19 assessment	Note
Goodwill	The Group considered the impact of government and other measures taken to address the COVID-19 pandemic on the assumptions used in its annual impairment.	C1

On 5 July 2021, Tabcorp announced its intention to demerge its Lotteries and Keno business and create two standalone ASX-listed companies. The demerger is expected to be implemented through a court-approved Scheme of Arrangement.

The targeted date for the completion of the demerger is June 2022, it remains subject to shareholder, court, final Board, regulatory and third party approvals and consents. As such, the Lotteries and Keno business is not considered a discontinued operation or classified as held-for-distribution as at 31 December 2021.

The accounting policies used are consistent with those applied in the 30 June 2021 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 Impairment testing
- C2 Contingent assets and liabilities

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

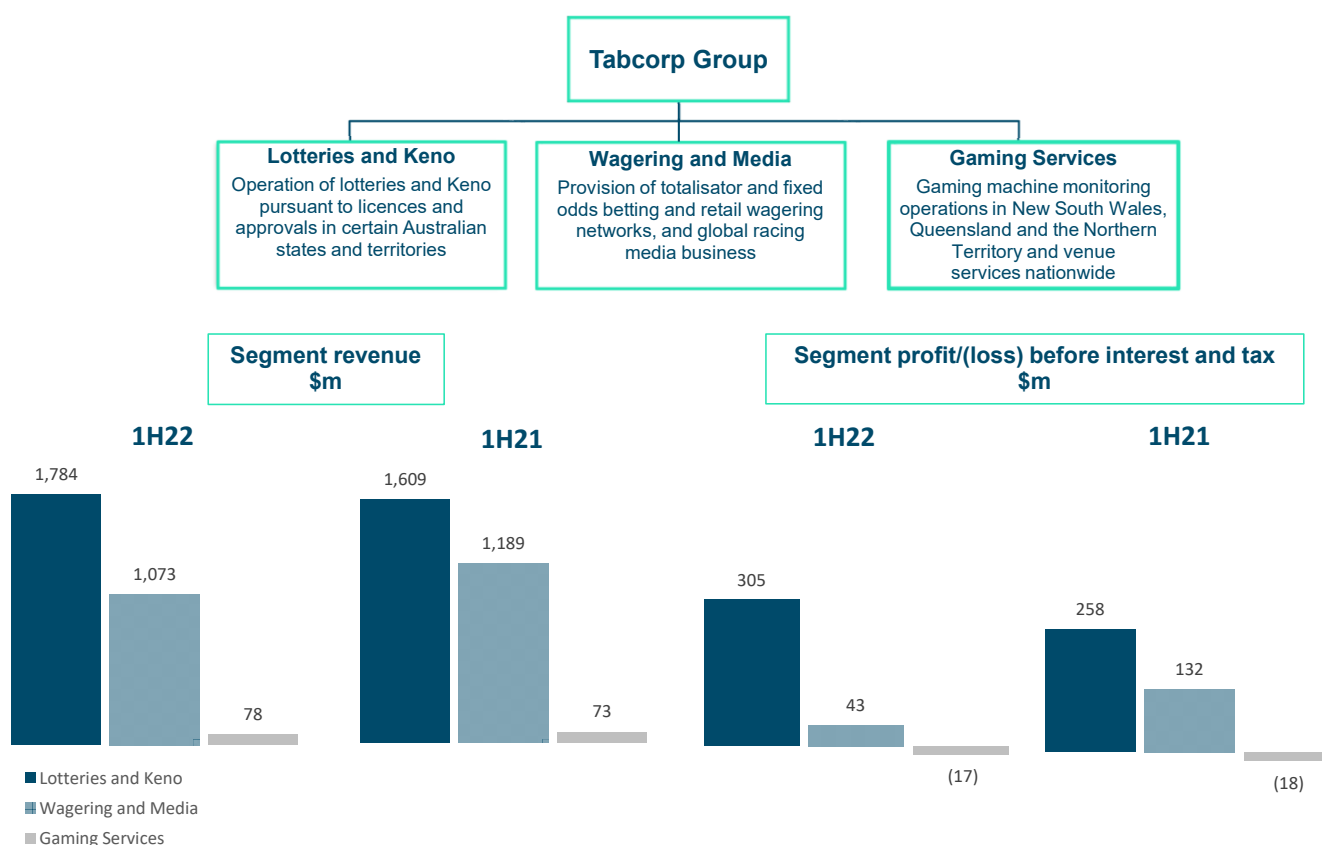
Tabcorp

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 2021

Tabcorp

SECTION A - GROUP PERFORMANCE (CONTINUED)

A1 Segment information (continued)

	Lotteries and Keno \$m	Wagering and Media \$m	Gaming Services \$m	Total \$m
December 2021				
Revenue - external	1,784	1,072	78	2,934
Revenue - intersegment	-	1	-	1
Segment revenue	1,784	1,073	78	2,935
Segment profit/(loss) before interest and tax	305	43	(17)	331
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

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

	Revenue		Profit before income tax	
	December 2021 \$m	December 2020 \$m	December 2021 \$m	December 2020 \$m
Segment total (per above)	2,935	2,871	331	372
Intersegment revenue elimination	(1)	(1)	-	-
Unallocated items:				
- significant items:				
- demerger costs	-	-	(17)	-
- net gain on disposal of investment in an associate ⁽ⁱ⁾	-	-	-	69
- Racing Queensland arrangements ⁽ⁱⁱ⁾	-	-	-	(15)
- implementation costs relating to combination with Tatts Group	-	-	-	(11)
- restructuring costs	-	-	-	(5)
	-	-	(17)	38
- finance income	-	-	-	1
- finance costs ⁽ⁱⁱⁱ⁾	-	-	(71)	(92)
- other	-	-	2	-
Total per income statement	2,934	2,870	245	319

(i) During the prior 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.

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

(iii) Prior period includes interest charges relating to uncertain tax positions of \$9 million (refer to note C2).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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 2021 Cents per share	December 2020 Cents per share	December 2021 \$m	December 2020 \$m
7.0	-	156	-
6.5	7.5	145	166

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) Finance costs

Interest costs on interest bearing liabilities

Interest costs on lease liabilities

Other ⁽ⁱⁱⁱ⁾

December 2021 \$m	December 2020 \$m
-	69
2	(1)
3	8
5	76
60	66
5	7
6	19
71	92

(i) Prior period includes the disposal of the Group's investment in Jumbo Interactive Limited.

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

(iii) Prior period includes interest charges relating to uncertain tax positions of \$9m (refer to note C2).

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

(85)	(94)
5	(57)
10	17
(70)	(134)

(i) Prior period includes \$62 million relating to uncertain tax positions. Refer to note C2 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 2021

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 limit		December	June
Facility	Details	\$m	Maturity	2021	2021
				\$m	\$m
Bank overdraft	Floating interest rate revolving overdraft facility ⁽ⁱ⁾	100	Feb-22	-	-
Bank loans - unsecured	Floating interest rate revolving facility. Subject to financial undertakings as to gearing and interest cover.	660	Jul-22	429	449
		600	Jul-23	-	-
		1,260		429	449
US private placement	Fixed interest rate US dollar debt. At 31 December 2021 aggregate US dollar principal of \$1,383 million (June 2021: \$1,383 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 2021: \$1,754 million). Subject to financial undertakings as to gearing and interest cover.	USD 133	Apr-22	183	177
		USD 105	Jun-26	144	139
		USD 450	Jun-28	618	596
		USD 520	Jun-30	714	689
		USD 175	Jun-33	240	232
		AUD 97	Jun-35	97	97
		AUD 97	Jun-36	97	97
				2,093	2,027
				2,522	2,476
Current				612	177
Non current				1,910	2,299
				2,522	2,476

(i) The revolving overdraft facility was extended subsequent to year end on 14 January 2022 until the earlier of 31 July 2022 or the demerger date.

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 2021 \$m	June 2021 \$m
Current assets		
Cross currency swaps	73	70
Non current assets		
Cross currency swaps	176	88
	249	158
Current liabilities		
Cross currency swaps	6	7
Interest rate swaps	23	30
Fixed Odds open betting positions	9	13
	38	50
Non current liabilities		
Interest rate swaps	28	55
	66	105

The requirements for the application of hedge accounting have been assessed by the Group at 31 December 2021. In consideration of the possibility of demerger of the Lotteries and Keno business at 31 December 2021, management no longer consider the forecast future cash outflows associated with the US Private Placement liabilities disclosed in note B1 to be 'highly probable' within the Group. As a result, the Group is required to discontinue hedge accounting prospectively from 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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 2021 \$m	June 2021 \$m	December 2021 \$m	June 2021 \$m
Financial liabilities				
US private placement	2,101	2,034	2,351	2,431

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

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 referenced 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 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Tabcorp

SECTION C - OTHER DISCLOSURES

C1 Impairment testing

The COVID-19 pandemic and government restrictions have continued to impact the Wagering and Media and Gaming Services businesses to varying degrees, and in turn their financial and operational performance due to the temporary closure of retail agencies, licensed venues and venue density requirements. The outlook for the remainder of FY22 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.

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 potential indicators of impairment for the Wagering and Media and Gaming Services segments, following the impacts of the COVID-19 pandemic and government restrictions.

The potential indicators of impairment cause management to review the current expectations used at 30 June 2021 to assess if the recoverable amount of these segments is less than the current carrying value. The review of these expectations determined that the recoverable amount of both the Wagering and Media and Gaming Services segments remains above the carrying value at 31 December 2021 and as a result there is no impairment required for these segments.

The key estimates and assumptions used to determine the fair value less costs of disposal of a CGU at 30 June 2021 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 2021 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.

C2 Contingent assets and liabilities

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

Contingent assets

Insurance recoveries

There are outstanding insurance matters on foot between controlled entities and third parties at 31 December 2021. Given the nature of insurance claim processes it is not practicable for the business to disclose an estimate of the asset arising from the settlement and the impact it will have on the Group's financial position.

Australian Taxation Office Audit

During the prior year the Australian Taxation Office (ATO) issued Tatts Group Limited (Tatts) (a wholly owned subsidiary of Tabcorp) 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 amount 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 and a Notice of Decision was issued in June 2021 disallowing the objection. Tatts has appealed this decision in the Federal Court of Australia. If Tatts is ultimately successful in its claim, the Company expects that the amended assessment amounts will be refunded.

Contingent liabilities

Legal challenges

Controlled entities are the subject of a number of outstanding and continuing legal actions and other potential legal exposures with third parties as at 31 December 2021. It is expected that any liabilities arising from such legal action or other potential exposures would not have a material adverse effect on the Group's financial position, except as set out below.

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 39 month period to 31 December 2021 is an expense of up to \$75 million post tax (30 June 2021: \$66 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 2021 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 2022

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

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 2021, 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 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-Year Financial Report

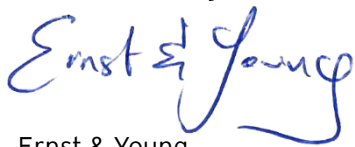
The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half

year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Ernst & Young



Michael Collins
Partner
Melbourne
17 February 2022