

# Domain

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## Appendix 4D

### Results for Announcement to the Market

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

#### Key Financial Information (all comparisons to the half year ended 31 December 2019)

Total revenue from ordinary activities	down	12.2%	to	\$138.4m
Net profit from ordinary activities after tax attributable to members (before non-controlling interest)	up	1.2%	to	\$19.6m

Dividends	Amount per Security	Franked Amount per Security
<b>31 December 2020</b>		
Interim dividend (cents)	-	-
<b>31 December 2019</b>		
Interim dividend (cents)	2.0c	2.0c
Record date for determining entitlements to the interim dividend	27 February 2020	

Net Tangible Assets per share	31 December 2020 \$	31 December 2019 \$
Net tangible assets backing per ordinary share <sup>(i)</sup>	(0.36)	(0.45)
Net assets backing per ordinary share	1.59	1.99

(i) Net tangible assets are calculated based on net assets excluding intangible and right-of-use-assets.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the Consolidated Financial Statements for the financial half year ended 31 December 2020.

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

## Appendix 4D

### Results for Announcement to the Market

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

	Note	Statutory Results Items		Significant items (iii)		Trading performance excluding significant items	
		6 months ended 31 Dec 2020 \$'000	6 months ended 31 Dec 2019 \$'000	6 months ended 31 Dec 2020 \$'000	6 months ended 31 Dec 2019 \$'000	6 months ended 31 Dec 2020 \$'000	6 months ended 31 Dec 2019 \$'000
Total revenue	(i)	138,371	157,572	1,378	10,615	136,993	146,957
Expenses		(83,935)	(103,259)	(1,395)	(3,336)	(82,540)	(99,923)
<b>Operating EBITDA</b>		<b>54,436</b>	<b>54,313</b>	<b>(17)</b>	<b>7,279</b>	<b>54,453</b>	<b>47,034</b>
Depreciation and amortisation		(19,802)	(22,053)	-	-	(19,802)	(22,053)
<b>EBIT</b>		<b>34,634</b>	<b>32,260</b>	<b>(17)</b>	<b>7,279</b>	<b>34,651</b>	<b>24,981</b>
Net finance costs	(ii)	(3,549)	(2,816)	-	650	(3,549)	(3,466)
<b>Net profit/(loss) before tax</b>		<b>31,085</b>	<b>29,444</b>	<b>(17)</b>	<b>7,929</b>	<b>31,102</b>	<b>21,515</b>
Income tax (expense)/ benefit		(9,789)	(6,640)	229	416	(10,018)	(7,056)
<b>Net profit after tax</b>		<b>21,296</b>	<b>22,804</b>	<b>212</b>	<b>8,345</b>	<b>21,084</b>	<b>14,459</b>
Net profit attributable to non-controlling interest		1,697	3,430	-	1,909	1,697	1,521
<b>Net profit attributable to members of the Company</b>		<b>19,599</b>	<b>19,374</b>	<b>212</b>	<b>6,436</b>	<b>19,387</b>	<b>12,938</b>
<b>Earnings per share (cents)</b>		<b>3.35</b>	<b>3.32</b>			<b>3.32</b>	<b>2.22</b>

(i) Revenue from ordinary activities excluding interest income.

(ii) Finance costs net of interest income.

(iii) Significant items are those items of such a nature or size that separate disclosure will assist users to understand the accounts. Refer to Note 4 for further details.

# Directors' Report

## Domain Holdings Australia Limited and Controlled Entities for the half year period ended 31 December 2020

The Board of Directors presents its report on the consolidated entity of Domain Holdings Australia Limited (the **Company**) and the entities it controlled at the end of, or during, the period ended 31 December 2020, (collectively, the **Group**), and the review report thereon.

### Directors

The Directors of the Company at any time during the period ended 31 December 2020 or up to the date of this report are as follows.

Directors held office the entire period unless otherwise stated.

**Nick Falloon**

Non-Executive Director and Chairman

**Greg Ellis**

Non-Executive Independent Director

**Geoff Kleemann**

Non-Executive Independent Director and Chair of Audit and Risk Committee

**Diana Eilert**

Non-Executive Independent Director and Chair of People and Culture Committee

**Hugh Marks**

Non-Executive Director

**Jason Pellegrino**

Managing Director and Chief Executive Officer

**Lizzie Young**

Non-Executive Director

### Review of Operations

Statutory revenue for the Group for half year ended 31 December 2020 was lower than the prior year at \$138.4 million (HY20: \$157.6 million). The Group generated a net profit after tax attributable to members of \$19.6 million (HY20 profit: \$19.4 million), EBITDA of \$54.4million (HY20 EBITDA: \$54.3 million) and basic earnings per share were 3.35 cents (HY20: 3.32 cents).

Net debt was \$111.5 million, compared with net debt of \$105.8 million at 30 June 2020.

### Dividends

Since the end of the half-year period ended 31 December 2020, the Directors have resolved not to declare an interim dividend.

### Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in this Directors' Report. Amounts contained in this Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### 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 4.

The report is made in accordance with a resolution of the Directors of Domain Holdings Australia Limited.



**Nick Falloon**  
Chairman

**Sydney**

16 February 2021



**Jason Pellegrino**  
Managing Director and Chief Executive Officer



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of Domain Holdings Australia Limited**

As lead auditor for the review of the half year financial report of Domain Holdings Australia 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 Domain Holdings Australia Limited and the entities it controlled during the financial period.

Ernst & Young

Jodie Inglis  
Partner  
16 February 2021

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

	Note	31 December 2020 \$'000	31 December 2019 \$'000
Revenue from contracts with customers	2(A)	136,340	145,669
Other revenue and income	2(B)	2,379	12,791
<b>Total revenue and income</b>		<b>138,719</b>	<b>158,460</b>
Expenses from operations excluding depreciation, amortisation and finance costs	3(A)	(83,935)	(103,259)
Depreciation and amortisation	3(B)	(19,802)	(22,053)
Finance costs	3(C)	(3,897)	(3,704)
<b>Net profit from operations before income tax expense</b>		<b>31,085</b>	<b>29,444</b>
Income tax expense		(9,789)	(6,640)
<b>Net profit from operations after income tax expense</b>		<b>21,296</b>	<b>22,804</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>21,296</b>	<b>22,804</b>
<b>Net profit is attributable to:</b>			
Owners of the parent		19,599	19,374
Non-controlling interest		1,697	3,430
		<b>21,296</b>	<b>22,804</b>
<b>Total comprehensive income is attributable to:</b>			
Owners of the parent		19,599	19,374
Non-controlling interest		1,697	3,430
		<b>21,296</b>	<b>22,804</b>
<b>Earnings per share (cents)</b>			
Basic earnings per share (cents)	9	3.35	3.32
Diluted earnings per share (cents)	9	3.34	3.30

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# Consolidated Balance Sheet

Domain Holdings Australia Limited and Controlled Entities  
as at 31 December 2020

	Note	31 December 2020 \$'000	30 June 2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents		60,515	65,497
Trade and other receivables		49,827	42,679
Sublease receivable		1,378	1,301
<b>Total current assets</b>		<b>111,720</b>	<b>109,477</b>
<b>Non-current assets</b>			
Intangible assets	6	1,107,959	1,113,522
Property, plant and equipment		12,734	13,170
Right-of-use assets		35,369	34,644
Sublease receivable		5,051	5,692
<b>Total non-current assets</b>		<b>1,161,113</b>	<b>1,167,028</b>
<b>Total assets</b>		<b>1,272,833</b>	<b>1,276,505</b>
<b>Current liabilities</b>			
Payables - related parties	12	1,989	5,303
Payables		27,530	36,044
Lease liability		10,179	9,979
Provisions		7,861	7,861
Current tax liabilities		7,793	16,890
<b>Total current liabilities</b>		<b>55,352</b>	<b>76,077</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	7	172,050	171,254
Lease liability		38,505	39,116
Provisions		3,662	5,646
Deferred tax liabilities		72,278	76,116
<b>Total non-current liabilities</b>		<b>286,495</b>	<b>292,132</b>
<b>Total liabilities</b>		<b>341,847</b>	<b>368,209</b>
<b>Net assets</b>		<b>930,986</b>	<b>908,296</b>
<b>Equity</b>			
Contributed equity		1,296,462	1,294,420
Reserves		(31,257)	(35,426)
Retained losses		(337,432)	(356,533)
<b>Total parent entity interest</b>		<b>927,773</b>	<b>902,461</b>
Non-controlling interest		3,213	5,835
<b>Total equity</b>		<b>930,986</b>	<b>908,296</b>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

# Consolidated Cash Flow Statement

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

	Note	31 December 2020 \$'000	31 December 2019 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		145,490	166,094
Payments to suppliers and employees (inclusive of GST)		(110,087)	(114,643)
Net income taxes paid		(20,650)	(22,068)
Finance costs paid		(2,144)	(2,873)
Financing component of lease receipts and payments		(511)	(761)
Interest received		179	157
<b>Net cash inflow from operating activities</b>		<b>12,277</b>	<b>25,906</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment and software		(10,335)	(10,851)
Receipts from sublease receivable - principal component		506	-
Payment for purchase of controlled entities (net of cash acquired)		-	(19,170)
Loan to other party		-	(500)
Disposal of controlled entities (net of cash disposed of)		-	(52)
<b>Net cash outflow from investing activities</b>		<b>(9,829)</b>	<b>(30,573)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to non-controlling interests in subsidiaries		(5,029)	(4,520)
Payment of lease liabilities - principal component		(4,291)	(4,325)
Proceeds from borrowings by subsidiary with non-controlling shareholder		1,404	185
Proceeds from issue of shares by subsidiary with non-controlling shareholder		486	2,120
Dividends paid to shareholders	8	-	(23,323)
Payment of debt facility fees		-	(543)
<b>Net cash outflow from financing activities</b>		<b>(7,430)</b>	<b>(30,406)</b>
<b>Net (decrease) in cash and cash equivalents held</b>		<b>(4,982)</b>	<b>(35,073)</b>
Cash and cash equivalents at the beginning of the financial period	7	65,497	49,315
<b>Cash and cash equivalents at end of the financial period</b>	<b>7</b>	<b>60,515</b>	<b>14,242</b>

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.



# Consolidated Statement of Changes in Equity

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

Note	Contributed Equity <sup>(i)</sup> \$'000	Other Reserves \$'000	Reserves		Retained Losses \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
			Share- Based Payment Reserve \$'000	Total Reserves \$'000			
<b>Balance at 30 June 2020</b>	1,294,420	(38,777)	3,351	(35,426)	(356,533)	5,835	908,296
Profit for the period	-	-	-	-	19,599	1,697	21,296
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>19,599</b>	<b>1,697</b>	<b>21,296</b>
<b>Transactions with owners in their capacity as owners:</b>							
Dividends paid or declared to non-controlling interests in subsidiaries	-	-	-	-	-	(5,029)	(5,029)
Non-controlling interest arising on business combination	-	-	-	-	-	140	140
Transactions with non-controlling interest	-	-	-	-	-	570	570
Vesting of employee engagement shares	2,042	-	(1,544)	(1,544)	(498)	-	-
Share-based payments, net of tax	-	-	5,713	5,713	-	-	5,713
<b>Total transactions with owners</b>	2,042	-	4,169	4,169	(498)	(4,319)	1,394
<b>Balance at 31 December 2020</b>	<b>1,296,462</b>	<b>(38,777)</b>	<b>7,520</b>	<b>(31,257)</b>	<b>(337,432)</b>	<b>3,213</b>	<b>930,986</b>

(i) The number of ordinary shares authorised and fully paid at 31 December 2020 is 584,263,689 (31 December 2019: 583,077,789).

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

Domain Holdings Australia Limited and Controlled Entities

for the half year period ended 31 December 2020

	Note	Reserves				Retained Losses	Non-Controlling Interest	Total Equity
		Contributed Equity	Other Reserves	Share-Based Payment Reserve	Total Reserves			
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2019</b>		1,289,658	(37,343)	2,372	(34,971)	(94,574)	3,411	1,163,524
Profit for the period		-	-	-	-	19,374	3,430	22,804
<b>Total comprehensive income for the period</b>		-	-	-	-	<b>19,374</b>	<b>3,430</b>	<b>22,804</b>
<b>Transactions with owners in their capacity as owners:</b>								
Dividends paid to shareholders	8	-	-	-	-	(23,323)	-	(23,323)
Dividends paid or declared to non-controlling interests in subsidiaries		-	-	-	-	-	(4,507)	(4,507)
Non-controlling interest arising on business combination		-	-	-	-	-	(43)	(43)
Transactions with non-controlling interest		-	-	-	-	-	2,121	2,121
Vesting of employee engagement shares		665	-	(665)	(665)	-	-	-
Share-based payments, net of tax		-	-	453	453	-	-	453
<b>Total transactions with owners</b>		<b>665</b>	<b>-</b>	<b>(212)</b>	<b>(212)</b>	<b>(23,323)</b>	<b>(2,429)</b>	<b>(25,299)</b>
<b>Balance at 31 December 2019</b>		<b>1,290,323</b>	<b>(37,343)</b>	<b>2,160</b>	<b>(35,183)</b>	<b>(98,523)</b>	<b>4,412</b>	<b>1,161,029</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

## Domain Holdings Australia Limited and Controlled Entities for the half year period ended 31 December 2020

### 1. About this Report

#### A. Basis of preparation

The interim financial report is for the 6 months from 1 July 2020 to 31 December 2020 (2019: 6 months from 1 July 2019 to 31 December 2019).

The financial report is a general purpose financial report and has been prepared:

- In accordance with the requirements of the *Corporations Act 2001*, Accounting standard AASB 134 *Interim Financial Reporting* and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**);
- In compliance with International Accounting Standard 34 *Interim Financial Reporting*;
- On a going concern basis which assumes continuity of current business activities and the realisation of assets and settlement of liabilities in the ordinary course of business; and
- On a historical cost convention except for contingent considerations that are measured at fair value.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated statements as at 30 June 2020.

#### i. New accounting standards, interpretations and amendments adopted by the Group

There were no new accounting standards, interpretations and amendments adopted by the Group in the half year period ended 31 December 2020.

#### ii. Standards issued but not yet effective

Certain new accounting standards, amendments and interpretations have been issued that are not yet effective for the half year period ended 31 December 2020. However, the Group intends to adopt the following new or amended standards and interpretations, if applicable, when they become effective with no significant impact being expected on the Consolidated Financial Statements of the Group:

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to AASB 3 *Business Combinations*).
- Definition of Material (Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*).

#### iii. Functional and presentational currency

All amounts are expressed in Australian dollars, which is the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

#### iv. Rounding of amounts

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

#### v. Prior year comparatives

The financial report presents reclassified comparative information where necessary to conform to changes in presentation in the current half year.

#### B. Principles of consolidation

##### i. Controlled entities

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated.

##### ii. Non-controlling interests

Non-controlling interests in the earnings and equity of controlled entities are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Balance Sheet and Consolidated Statement of Changes in Equity respectively.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

## 2. Revenues

	Note	31 December 2020 \$'000	31 December 2019 \$'000
<b>A. Revenue from contracts with customers</b>			
Residential		93,464	84,474
Media, Developers and Commercial		22,090	24,185
Agent Services		11,728	16,792
Core Digital		127,282	125,451
Consumer Solutions and Other		2,894	2,560
Print		6,164	17,658
<b>Revenue from contracts with customers</b>		<b>136,340</b>	<b>145,669</b>
<b>B. Other revenue and income</b>			
Interest income		348	238
Gains on sale of property, plant and equipment		-	311
Gain on contingent consideration	4	1,378	10,615
Gain on debt refinance	4	-	650
Rental income		592	857
Other		61	120
<b>Total other income</b>		<b>2,379</b>	<b>12,791</b>
<b>Total revenue and income</b>		<b>138,719</b>	<b>158,460</b>

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

## 3. Expenses

	Note	31 December 2020 \$'000	31 December 2019 \$'000
<b>A. Expenses from operations excluding depreciation, amortisation and finance costs</b>			
Staff and employee related costs <sup>(i)</sup>		38,081	41,486
Production and distribution costs		9,419	14,793
Promotions		17,178	23,881
Rent and outgoings		896	1,327
IT and communication costs		8,590	9,979
Fringe benefits tax, travel, entertainment and employee related costs		1,836	3,288
Loss on sale of controlled entities	4	-	1,191
Restructuring and redundancy charges	4	1,395	2,145
Other		6,540	5,169
<b>Total expenses from operations excluding depreciation, amortisation and finance costs</b>		<b>83,935</b>	<b>103,259</b>
<b>B. Depreciation and amortisation</b>			
Depreciation of plant and equipment		1,490	1,029
Depreciation of leasehold buildings		1,188	1,173
Depreciation of right-of-use assets		3,528	4,002
Amortisation of software	6	10,874	13,314
Amortisation of customer relationships and tradenames	6	2,722	2,535
<b>Total depreciation and amortisation</b>		<b>19,802</b>	<b>22,053</b>
<b>C. Finance costs</b>			
External parties borrowing costs and unwinding of discount on contingent consideration		3,228	2,943
Finance cost on leases		669	761
<b>Total finance costs</b>		<b>3,897</b>	<b>3,704</b>
<b>D. Other expense disclosures</b>			
Operating lease rental expense		278	436
Share-based payment expense <sup>(ii)</sup>		3,413	435
<b>Total other expenses</b>		<b>3,691</b>	<b>871</b>

(i) Staff and employee related costs are net of government grants of \$5.7 million relating to JobKeeper (total of \$6.5 million less \$0.8 million transferred to capitalised labour costs). During the period, a total of \$8.3 million was received, of which \$1.8 million relates to prior year.

(ii) Share-based payment expense of \$3.4 million excludes \$0.2 million transferred to capitalised labour costs related to Project Zipline.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

## 4. Significant Items

The net profit after tax includes the following items whose disclosure is relevant in explaining the financial performance of the Group. Significant items are those items of such a nature or size that separate disclosure will assist users to understand the financial statements.

	31 December 2020	31 December 2019
	\$'000	\$'000
Restructuring and redundancy charges <sup>(i)</sup>	(1,395)	(2,145)
Gain on debt refinance <sup>(ii)</sup>	-	650
Income tax benefit	229	416
<b>Restructuring charges, net of tax</b>	<b>(1,166)</b>	<b>(1,079)</b>
Gain on contingent consideration and sale of financial asset <sup>(iii)</sup>	1,378	10,615
Net loss on sale of controlled entity <sup>(iv)</sup>	-	(1,191)
<b>Gains on contingent consideration payable and sale of financial asset, net of tax</b>	<b>1,378</b>	<b>9,424</b>
<b>Net significant items after income tax</b>	<b>212</b>	<b>8,345</b>

(i) Restructuring charges of \$1.4 million and \$2.1 million pre-tax in December 2020 and December 2019 respectively, largely relate to the implementation of new finance system, new pricing models and continued restructuring charges relating to the implementation of the new organisational structure.

(ii) A gain of \$0.7m was recognised in the prior year as part of the debt refinance. Refer to Note 7 for details of the new syndicated facility.

(iii) Gain on contingent consideration of \$1.4m in December 2020 relates to an increase in the contingent consideration receivable for Commerce Australia Pty Ltd and a reduction in the contingent consideration payable for Bidtracker Holdings Pty Ltd Tranche 3. Prior year gain on contingent consideration related to the release of contingent consideration for Commercialview.com.au Pty Ltd Tranche 2 and Tranche 3 and Review Property Pty Ltd Tranche 3.

(iv) Loss on sale of controlled entity in prior year relates to the sale of Mapshed Pty Ltd during the period.

## 5. Segment Reporting

### A. Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors, CEO and CFO in assessing performance and in determining the allocation of resources.

Reportable Segment	Products and Services
Core Digital	Digitally focused real estate media and services business - providing residential, commercial and rural property marketing solutions and search tools, plus information for buyers, investors, sellers, renters and agents Australia-wide.
Consumer Solutions and Other	Connecting consumers with services relevant to them at different property lifecycle stages, home loans, insurance, trade services and residential and commercial utilities connections.
Print	Real estate newspaper and magazine publishing.
Corporate	Comprises corporate entity results not included in the segments above.

# Notes to the Consolidated Financial Statements

## Domain Holdings Australia Limited and Controlled Entities for the half year period ended 31 December 2020

### B. Results by operating segment

The segment information provided to the Board of Directors, CEO and CFO for the reportable segments for the half year period ended 31 December 2020 is as follows:

	Segment Revenue	Revenue from External Customers	Underlying EBITDA <sup>(i)</sup>
	\$'000	\$'000	\$'000
<b>31 December 2020</b>			
Core Digital	127,282	127,282	66,736
Consumer Solutions and Other	2,894	2,894	(2,681)
Print	6,164	6,164	957
Corporate	653	653	(10,559)
<b>Total for the Group</b>	<b>136,993</b>	<b>136,993</b>	<b>54,453</b>
<b>31 December 2019</b>			
Core Digital	125,451	125,451	51,492
Consumer Solutions and Other	2,560	2,560	(2,098)
Print	17,658	17,658	5,146
Corporate	1,288	1,288	(7,506)
<b>Total for the Group</b>	<b>146,957</b>	<b>146,957</b>	<b>47,034</b>

(i) Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation excluding significant items.

### C. Other segment information

The Board of Directors, CEO and CFO assess the performance of the operating segments based on a measure of underlying EBITDA.

A reconciliation of underlying EBITDA to operating profit before income tax is provided as follows:

	31 December 2020	31 December 2019
	\$'000	\$'000
Underlying EBITDA for continuing operations	54,453	47,034
Significant income before tax (including significant interest income)	1,378	11,265
Significant expense before tax (including significant depreciation and amortisation)	(1,395)	(3,336)
Depreciation and amortisation	(19,802)	(22,053)
Interest income	348	238
Finance costs	(3,897)	(3,704)
<b>Reported net profit before tax</b>	<b>31,085</b>	<b>29,444</b>

# Notes to the Consolidated Financial Statements

## Domain Holdings Australia Limited and Controlled Entities for the half year period ended 31 December 2020

A summary of significant items (before tax) by operating segments is provided for the period ended 31 December 2020 and 31 December 2019.

	Restructuring Charges	Gains on Contingent Consideration	Net Gain on Sale of Controlled Entities	Gain on Debt Refinance	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 December 2020</b>					
Core Digital	-	1,378	-	-	1,378
Corporate	(1,395)	-	-	-	(1,395)
<b>Total for the Group</b>	<b>(1,395)</b>	<b>1,378</b>	<b>-</b>	<b>-</b>	<b>(17)</b>
<b>31 December 2019</b>					
Core Digital	-	10,615	(1,191)	-	9,424
Corporate	(2,145)	-	-	650	(1,495)
<b>Total for the Group</b>	<b>(2,145)</b>	<b>10,615</b>	<b>(1,191)</b>	<b>650</b>	<b>7,929</b>

Information provided to the Board of Directors, CEO and CFO in respect of assets and liabilities is presented on a group basis consistent with the Consolidated Financial Statements.

## 6. Intangible Assets

	31 December 2020	30 June 2020
	\$'000	\$'000
Tradenames	270,361	270,510
Goodwill	777,816	777,827
Software	16,297	20,775
Software (capital works in progress) <sup>(i)</sup>	6,177	4,529
Customer relationships	37,308	39,881
<b>Total intangible assets</b>	<b>1,107,959</b>	<b>1,113,522</b>

(i) \$0.2 million of capitalised works in progress relate to Project Zipline. Capitalised works in progress is net of \$0.8 million capitalised government grants related to JobKeeper.



# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

## Reconciliations

Reconciliations of the carrying amount of each class of intangible at the beginning and end of the current financial period are set out below:

	Note	Tradenames \$'000	Goodwill \$'000	Software \$'000	Software (Capital Works in Progress) \$'000	Customer Relationships \$'000	Total \$'000
<b>31 December 2020</b>							
Balance at beginning of the financial period		270,510	777,827	20,775	4,529	39,881	1,113,522
Additions		-	-	972	7,072	-	8,044
Capitalisations from works in progress		-	-	5,424	(5,424)	-	-
Disposal of controlled entities		-	(11)	-	-	-	(11)
Amortisation		(149)	-	(10,874)	-	(2,573)	(13,596)
<b>At 31 December 2020, net of accumulated amortisation and impairment</b>		<b>270,361</b>	<b>777,816</b>	<b>16,297</b>	<b>6,177</b>	<b>37,308</b>	<b>1,107,959</b>
<b>At 31 December 2020</b>							
Cost		272,785	1,212,730	94,521	6,177	65,405	1,651,618
Accumulated amortisation and impairment		(2,424)	(434,914)	(78,224)	-	(28,097)	(543,659)
<b>Net carrying amount</b>		<b>270,361</b>	<b>777,816</b>	<b>16,297</b>	<b>6,177</b>	<b>37,308</b>	<b>1,107,959</b>

## A. Impairment testing of indefinite life intangible assets

The Group is required to test for indicators of impairment at each reporting period and perform full impairment testing at least annually. The Bidtracker cash generating unit ("CGU") was the only CGU in the Group with indicators of impairment. The intangible assets allocated to the Bidtracker CGU are as follows:

Allocation to CGU Group	Operating Segment	Goodwill \$'000	Tradenames \$'000	Software \$'000	Total \$'000
<b>31 December 2020</b>					
Bidtracker	Core Digital	20,613	176	1,341	22,130
<b>Total intangible assets</b>		<b>20,613</b>	<b>176</b>	<b>1,341</b>	<b>22,130</b>

The recoverable amount of the RTA CGU is determined based on fair value less costs of disposal, using a discounted cash flow methodology. The valuations used to support the carrying amounts of the intangible assets are based on forward looking key assumptions that are, by nature, uncertain. The nature and basis of the key assumptions used to estimate future cash flows and the discount rates used in the projections, when determining the recoverable amount of the RTA CGU, is set out below:

## Key Assumptions

	Bidtracker
Based on the latest Board approved forecasts which were risk adjusted to consider the uncertain economic outlook due to the impact of COVID-19.	Year 1 cash flows
Management has considered the potential impacts of COVID-19 beyond year 1 cash flows and as a result, applied balanced expectations by assuming an extended recovery period.	Year 2 – 10 cash flows
Management acknowledges that the actual recovery period could differ from the assumptions used in the impairment assessment.	
Long-term revenue growth is in line with digital business industry trends, market maturity and management's expectations of market development, which remain substantially unchanged from previous periods.	
The terminal growth rate is consistent with industry specific forecasts in which the CGU operates.	2.5%
The discount rate (post-tax) reflects current market assessment of the time value of money and the risks specific to the relevant market in which the CGU operates.	
Pre-AASB 16 Leases	13.30%
Post-AASB 16 Leases	13.10%

Each of the above factors is subject to significant judgement about future economic conditions and the ongoing structure of the digital real estate advertising industry.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

## Significant estimate: Impact of possible changes in key assumptions

### Bidtracker

The impairment testing described above and performed at 31 December 2020 did not result in any impairment being recognised. If the post-tax discount rate applied to the cash flow projections of this CGU had been 0.70% higher than management's estimates (13.80% instead of 13.10%), the headroom would reduce to nil. If the forecast EBITDA margin is reduced by 2.62% from the next financial year compared to management's estimate, the headroom would reduce to nil. If the forecast revenue growth is reduced by 1.36% from the next financial year compared to management's estimate, the headroom would reduce to nil. Similarly, if the Group's terminal growth rate is 1.66% lower than management's estimate (0.84% instead of 2.50%), headroom would reduce to nil.

## 7. Interest-bearing Liabilities

	Note	31 December 2020 \$'000	30 June 2020 \$'000
<b>Non-current interest-bearing liabilities - unsecured</b>			
Bank borrowings	(A)	172,050	171,254
<b>Total non-current interest-bearing liabilities</b>		<b>172,050</b>	<b>171,254</b>
<b>Net debt</b>			
Cash and cash equivalents		(60,515)	(65,497)
Non-current interest-bearing liabilities		172,050	171,254
<b>Net debt</b>	(B)	<b>111,535</b>	<b>105,757</b>

### A. Bank borrowings

In November 2019, the Group refinanced its debt entering into a revised \$225.0 million revolving syndicated bank facility (previously: \$250.0 million). Subsequently, in April 2020, in light of the economic uncertainty caused by the impact of COVID-19, the Group reached an agreement with its banking group for a new debt facility of \$80.0 million (Facility D), with a term of 18 months. The new facility is considered a separate facility and does not constitute a modification under AASB 9 *Financial Instruments*. The banking group has also agreed to a waiver of the Group's financial covenants until 31 December 2020. The next covenant testing date is therefore 30 June 2021. The Group was in compliance with its financial covenants at 31 December 2020.

The interest rate for drawings under the facility is the applicable bank bill swap bid rate (BBSY) plus the relevant credit margin. At 31 December 2020, the Group had drawn \$173.0 million (30 June 2020: \$173.0 million) of the total available facility with \$132.0 million (30 June 2020: \$132.0 million) unused credit facilities.

### B. Financing arrangements

The Group net debt was \$111.5 million as at 31 December 2020 (30 June 2020: net debt \$105.8 million).

The Group has sufficient unused committed facilities and cash at the reporting date to finance any potential current liabilities that may arise. Refer to Note 1 for further details relating to the going concern basis of accounting.

### C. Fair value measurement

The carrying value of bank borrowings approximate the fair value as at the reporting date.

Facility	Interest Rate	Maturity	31 December 2020 Commitment	30 June 2020 Commitment
A – Revolving credit	BBSY + 1.2%	November 2022	\$5 million	\$5 million
B – Revolving loan	BBSY + 1.3% – 1.7% <sup>(i)</sup>	November 2022	\$120 million	\$120 million
C – Revolving loan	BBSY + 1.45% – 1.75% <sup>(i)</sup>	November 2023	\$100 million	\$100 million
D – Revolving loan	BBSY + 2.45%	October 2021	\$80 million	\$80 million
<b>Total debt facility</b>			<b>\$305 million</b>	<b>\$305 million</b>

(i) The interest rate margin is dependent on the Group's net debt to EBITDA ratio.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

## 8. Dividends Paid and Proposed

	31 December 2020 \$'000	31 December 2019 \$'000
<b>Ordinary shares</b>		
June 2019 dividend: fully franked 4.0 cents – paid 10 September 2019	-	23,323
<b>Total dividends paid</b>	-	<b>23,323</b>

## 9. Earnings per Share

	31 December 2020	31 December 2019
<b>Earnings per Share (EPS)</b>		
Basic EPS (in cents)	3.35	3.32
Diluted EPS (in cents)	3.34	3.30
<b>Earnings reconciliation - basic</b>		
Net profit attributable to owners of the parent (\$'000)	19,599	19,374
<b>Earnings reconciliation - diluted</b>		
Net profit attributable to owners of the parent (\$'000)	19,599	19,374
Weighted average number of ordinary shares used in calculating basic EPS	584,263,689	583,169,343
Weighted average number of ordinary shares used in calculating diluted EPS	587,420,655	586,895,750

## 10. Commitments and Contingencies

At 31 December 2020, the Group had capital commitments of \$1.1 million (31 December 2019: \$4.9 million) relating to the design and implementation of new financial reporting and billing systems.

## 11. Events subsequent to Reporting Date

There were no events that have occurred after the end of the period that would materially affect the reported results or would require disclosure in this report.

## 12. Related Parties and Entities

### A. Ultimate parent

The ultimate parent of the Group is Nine Entertainment Co. Holdings Limited which is based and listed in Australia.

### B. Key Management Personnel (KMP)

A number of Directors of the Company also hold directorships with other corporations which provide and receive goods or services to and from the Group in the ordinary course of business on normal terms and conditions. None of these Directors derive any direct personal benefit from the transactions between the Group and these corporations.

Transactions were entered into during the period with the Directors of the Company and its controlled entities or with Director-related entities, which:

- occurred within a normal employee, customer or supplier relationship on terms and conditions no more favorable than those which it is reasonable to expect would have been adopted if dealing with the Director or Director-related entity at arm's length in the same circumstances;
- do not have the potential to adversely affect decisions about the allocation of scarce resources or discharge the responsibility of the Directors; or
- are minor or domestic in nature.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2020

## C. Transactions with related parties

The following transactions occurred with the ultimate parent company on normal market terms and conditions:

	Transaction value for the six months ended		Balance outstanding	
	31 December	31 December	31 December	30 June
	2020	2019	2020	2020
	\$'000	\$'000	\$'000	\$'000
Sales to related parties	1,742	2,858	-	-
Purchases from related parties	(2,424)	(3,030)	-	-
Amounts owed by related parties	-	-	589	222
Amounts owed to related parties	-	-	(2,578)	(5,525)

# Directors' Declaration

## Domain Holdings Australia Limited and Controlled Entities for the half year period ended 31 December 2020

In accordance with a resolution of the Directors of Domain Holdings Australia Limited (**Company**), we declare that:

In the opinion of the Directors,

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* 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 six months period ended on that date; and
  - (ii) complying with the Australian Accounting Standards and the *Corporations Regulations 2001*.
- (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.

On behalf of the Board



**Nick Falloon**  
Chairman



**Jason Pellegrino**  
Managing Director and Chief Executive Officer

**Sydney**  
16 February 2021

## Independent Auditor's Review Report to the Members of Domain Holdings Australia Pty Ltd

### Report on the Half year Financial Report

#### Conclusion

We have reviewed the accompanying half year financial report of Domain Holdings Australia Pty Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and 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 Group's financial position as at 31 December 2020 and of its 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 Group 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

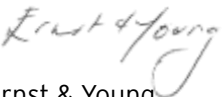
Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, 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 financial position as at 31 December 2020 and its 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



Jodie Inglis  
Partner  
Sydney  
16 February 2021