

22 February 2024

ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Results for announcement to the market for the half year ended 31 December 2023

In accordance with the ASX Listing Rule 4.2A, the following information in respect of Tabcorp Holdings Limited's (**Tabcorp's**) results for the half year ended 31 December 2023 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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Results for announcement to the market

Half year report for the 6 months ended 31 December 2023

Tabcorp Holdings Limited (ABN 66 063 780 709)

Results	\$m	% change increase/ (decrease)
Revenue from continuing operations	1,209.6	(5%)
Profit from continuing operations before impairment ⁽ⁱ⁾	95.1	84%
Profit after tax from continuing operations	(636.8)	NM ⁽ⁱⁱ⁾
Profit from ordinary activities after tax attributable to members	(636.8)	NM
Net profit for the period attributable to members	(636.8)	NM

(i) Profit from continuing operations before impairment excludes impairment charge and associated tax benefit.

(ii) Percentage change is not meaningful.

Dividend	Record date	Payment date	Amount per share	Franked amount per share
Final dividend	1 September 2023	18 September 2023	1.0 ¢	1.0 ¢
Interim dividend	28 February 2024	21 March 2024	1.0 ¢	1.0 ¢

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 29 February 2024. 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 21 March 2024 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 no less than five trading days beginning on the second business day after the dividend record date.

Net tangible asset backing ⁽ⁱⁱⁱ⁾	December 2023 \$	December 2022 \$
Net tangible asset backing per ordinary share	(0.15)	(0.22)
Net tangible asset backing per ordinary share including licences	0.00	0.07

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

Controlled entities

The following controlled entities were sold during the half year ended 31 December 2023:

Company name	Date sold
Tabcorp Gaming Solutions (Qld) Pty Ltd	31 October 2023
Tabcorp Gaming Solutions Pty Ltd	31 October 2023
Tabcorp Investments No. 6 Pty Ltd	31 October 2023
Tabcorp Gaming Solutions (NSW) Pty Ltd	31 October 2023
Tabcorp Gaming Solutions (ACT) Pty Ltd	31 October 2023

Supplementary information

The previous corresponding period is the half year ended 31 December 2022.

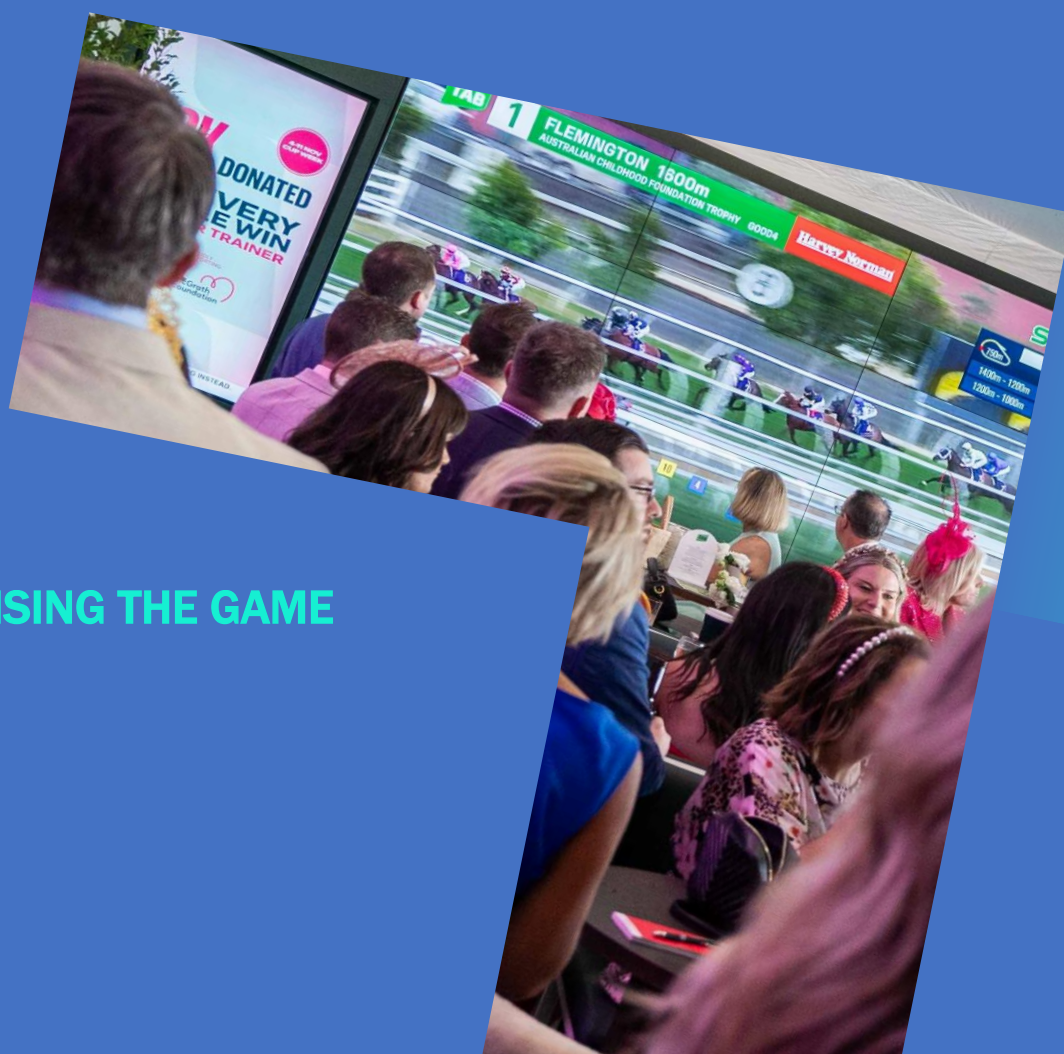
For additional Appendix 4D disclosures, refer to the accompanying Interim Financial Report (which includes the Directors' Report) for the half year ended 31 December 2023 and ASX Release.

This Appendix 4D should be read in conjunction with Tabcorp Holdings Limited's Annual Report 2023.

Tabcorp

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2023



WE'RE RAISING THE GAME

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DIRECTORS' REPORT

The Directors of Tabcorp Holdings Limited (ABN 66 063 780 709) (**Tabcorp** or **the Company**) present their report for the consolidated entity comprising the Company and its subsidiaries (**the Group**) and the Group's interests in joint arrangements and associates in respect of the half year ended 31 December 2023 (**1H24**).

PRINCIPAL ACTIVITIES

The principal activities of the Group during 1H24 comprised the provision of gambling, entertainment and integrity services.

The Group's principal activities during 1H24 remained unchanged from the previous financial year.

REVIEW OF OPERATIONS

The 1H24 financial results relate to the Group's two businesses:

- Wagering and Media
- Gaming Services

Unless otherwise stated, the comparisons to the prior period are in respect of the continuing businesses for the six-month period to 31 December 2022 (**1H23** or **pcp**).

1H24 GROUP RESULTS¹

	Statutory results			Results before significant items		
	1H24 \$m	1H23 \$m	Change %	1H24 \$m	1H23 \$m	Change %
Revenues	1,209.6	1,274.5	(5.1)	1,209.6	1,274.5	(5.1)
Taxes, levies, commissions and fees	(723.6)	(768.9)	(5.9)	(724.0)	(774.8)	(6.6)
Net operating expenses ²	(354.3)	(304.0)	16.5	(315.8)	(303.1)	4.2
EBITDA ^{3 4}	131.7	201.6	(34.7)	169.8	196.6	(13.6)
Depreciation and amortisation	(119.8)	(123.4)	(2.9)	(119.8)	(123.4)	(2.9)
Impairment - goodwill ⁵	(212.8)	-	NM ⁶	-	-	-
Impairment - other ⁷	(639.2)	-	NM	-	-	-
(Loss)/profit before income tax, net finance costs and equity accounted investment (EBIT)	(840.1)	78.2	NM	50.0	73.2	(31.7)
(Loss)/profit before income tax	(856.1)	64.1	NM	26.3	59.1	(55.5)
(Loss)/profit from continuing operations after income tax	(636.8)	51.7	NM	17.6	47.3	(62.8)
Net (loss)/profit after tax	(636.8)	51.7	NM	17.6	47.3	(62.8)
(Loss)/earnings per share (EPS) – cents per share	(28.2)	2.3	NM	0.9	2.2	(59.1)

¹ Results from continuing operations, excluding gains from the settlement of a dispute with the Australian Taxation Office (**ATO**) that were repatriated to The Lottery Corporation (**TLC**) which are classified as discontinued operations (refer to Note C2 of the Financial Report).

² Broadcast rights fees were previously presented as operating expenses (**opex**). To better reflect their nature all broadcast rights fees are now included in commissions and fees. This has the effect of reallocating \$21.9m from opex to commissions and fees in 1H24 (1H23: \$20.1m).

³ Excluding equity accounted investment.

⁴ Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) is non-IFRS financial information, and unaudited.

⁵ Write down of goodwill following half year impairment review relating to Wagering and Media Segment. Refer to Note C1 of the Financial Report.

⁶ Percent change is not meaningful.

⁷ Write down of certain operating assets relating to New South Wales and South Australia cash generating units. Refer to Note A3 of the Financial Report.

In 1H24, the Group recognised revenue of \$1,209.6m, down 5.1% on the pcpc.

The Group reported a net loss after tax of \$636.8m after incurring a non-cash impairment charge of \$731.9m (after tax) and other significant items benefit totaling \$77.5m (after tax)⁸. This compared to a net profit after tax of \$51.7m in the pcpc.

The Group reported a loss before income tax, net finance costs and equity accounted investment of \$840.1m, compared to a profit of \$78.2m in the pcpc.

Group EBITDA before significant items⁹ was \$131.7m, down 34.7% on the pcpc.

The Group recorded a loss per share of 28.2 cents per share. EPS before significant items and equity accounted loss⁹ was 0.9 cents per share.

Following a review of the carrying value of its assets, the Group recognised a non-cash impairment charge of \$731.9m after tax relating to certain assets in the New South Wales (**NSW**) and South Australian (**SA**) Wagering businesses, and goodwill relating to the Wagering and Media Segment. The impairment reflects an assessment based on underlying assumptions, which take into account, among other matters, softness in the Australian wagering market observed during the period driven by higher inflation and interest rates which has impacted consumer spending on wagering activity, the impact of higher interest rates on discount rates, and higher taxes in NSW following the end of transitional payments relating to the June 2022 NSW Point of Consumption Tax increase¹⁰.

Group revenue declined 5.1% compared to the pcpc, primarily reflecting wagering market conditions and the sale of the eBET and Max Performance Solutions businesses in Gaming Services. The impact of trading conditions was reflected in lower Group earnings.

The Company continued progress on executing the TAB25 strategy focused on investments in customers and competitiveness to Win the Australian Market, Levelling the Playing Field for fees, taxes and regulation, and creating a more efficient and effective organisation.

Despite current trading conditions, TAB's competitiveness continued to improve, with TAB total market share and digital market share growing compared to the prior half.

In December 2023, Tabcorp was awarded a new exclusive Victorian Wagering and Betting Licence for a period of 20 years commencing August 2024. The new licence will create a level playing field in Victoria for wagering taxes and racing and sport product fees and generate an immediate step change in earnings in Victoria from August 2024.

The Group's Genesis program is continuing to deliver a more efficient and effective organisation, despite an environment of high cost inflation. Group opex before significant items was \$315.8m, up 4.2% on the pcpc, or up 1% after adjusting for a one-off insurance benefit received in the pcpc.

The Group continued to invest in the TAB25 transformation strategy, including the TAB rebrand and ongoing investment in technology and data capability to deliver improved competitiveness in marketing and promotional efficiency.

Group capital expenditure was \$75.5m, up from \$69.9m¹¹ in the pcpc, with over 70% attributable to growth and transformation initiatives.

The Group's balance sheet remains in a strong position, with \$192.6m in net debt¹² and gearing of 0.9 times¹³ as at 31 December 2023. The initial \$600.0m payment for the new Victorian Wagering and Betting Licence, due at the end of June 2024, is expected to be fully funded from existing debt facilities. The Company had undrawn debt facilities of \$950.0m at 31 December 2023.

⁸ Significant items are disclosed in Note A1 of the Financial Report.

⁹ Non-IFRS financial information, and unaudited.

¹⁰ Refer to Note C1 of the Financial Report for further details.

¹¹ Excludes Demerger Capex (\$4.6m).

¹² Excludes lease liabilities and restricted cash. Net debt is a non-IFRS measure and unaudited.

¹³ Gearing is net debt (including lease liabilities but excluding restricted cash) / EBITDA over the last 12 months, and is non-IFRS financial information and unaudited.

The 1H24 statutory results include the following significant items:

- Non-cash impairment charges relating to NSW and SA wagering assets and goodwill relating to the Wagering and Media Segment.
- Net income tax benefit from the settlement of eight disputes with the ATO in relation to the tax treatment of payments for various licences and authorities. Tabcorp repatriated certain amounts from the settlement to TLC, including interest benefit received from the ATO, which are classified as discontinued operations (refer to Note C2 of the Financial Report).
- Net income tax benefit in relation to other tax matters. Tabcorp has recognised a tax benefit in respect of the \$150.0m Racing Queensland settlement payments made during 2023.
- Genesis transformation program costs, including redundancies and one-off core transformation investments.
- Demerger costs incurred to separate Tabcorp and TLC into two standalone companies. These costs exclude certain Technology related separation costs which are recharged from TLC.
- Tabcorp completed the sale of the MAX Performance Solutions (**MPS**) business on 31 October 2023 and a loss on divestment was recognised.
- Costs associated with the new Victorian Wagering and Betting Licence.

The table below provides a reconciliation of the statutory results from continuing operations to the results from continuing operations before significant items. The results before significant items are useful to provide an understanding of the underlying financial performance of the Group.

Consolidated (\$m)	Statutory results	Impairment ¹⁴	ATO dispute settlement	Other tax matters	Transformation costs	Demerger costs	MPS divestment	New Victorian Wagering and Betting Licence	Other	Results before significant items
Revenues	1,209.6	-	-	-	-	-	-	-	-	1,209.6
Taxes, levies, commissions and fees	(723.6)	-	-	-	-	-	-	-	(0.4)	(724.0)
Net operating expenses ¹⁵	(354.3)	-	-	-	13.5	11.1	7.5	6.0	0.4	(315.8)
EBITDA^{16 17}	131.7	-	-	-	13.5	11.1	7.5	6.0	-	169.8
Depreciation, amortisation and impairment	(971.8)	852.0	-	-	-	-	-	-	-	(119.8)
EBIT	(840.1)	852.0	-	-	13.5	11.1	7.5	6.0	-	50.0
Equity accounted loss	(2.8)	-	-	-	-	-	-	-	-	(2.8)
Net finance costs	(13.2)	-	(7.7)	-	-	-	-	-	-	(20.9)
(Loss)/profit before tax	(856.1)	852.0	(7.7)	-	13.5	11.1	7.5	6.0	-	26.3
Income tax	219.3	(120.1)	(40.2)	(59.0)	(4.1)	(3.3)	(1.3)	-	-	(8.7)
(Loss)/profit after tax	(636.8)	731.9	(47.9)	(59.0)	9.4	7.8	6.2	6.0	-	17.6

¹⁴ Includes write down of goodwill following the half year impairment review relating to Wagering and Media Segment (\$212.8m), and write down of NSW and SA operating assets relating to Wagering and Media (\$639.2m).

¹⁵ Broadcast rights fees were previously presented as opex. To better reflect their nature all broadcast rights fees are now included in commissions and fees. This has the effect of reallocating \$21.9m from opex to commissions and fees in 1H24 (1H23: \$20.1m).

¹⁶ Excluding equity accounted investment.

¹⁷ Non-IFRS financial information, and unaudited.

1H24 BUSINESS RESULTS

Wagering and Media

	1H24 \$m	1H23 \$m	Change %
Revenues	1,116.6	1,165.7	(4.2)
Operating expenses ¹⁸	(259.9)	(243.9)	6.6
EBITDA before significant items ¹⁹	134.0	154.4	(13.2)
Depreciation and amortisation	(100.7)	(96.5)	4.4
EBIT before significant items ¹⁹	33.3	57.9	(42.5)

Business overview	<p>Wagering and Media operates a diverse and complementary portfolio of operations.</p> <p>TAB is a leading omni-channel provider of wagering experiences in Australia, with a unique combination of digital, retail destinations and media assets. The wagering licences held by TAB across each Australian State and Territory (excluding WA) enable it to offer totalisator (or pari-mutuel) and fixed odds betting on racing, sport, and other events through digital and cash betting in retail.</p> <p>Sky Racing is a leader in multi-venue, multi-channel racing and sports broadcasting. Sky Racing operates a combination of racing and sports channels distributed directly to TAB's venue network, in-home to pay TV subscribers and over various digital platforms.</p> <p>Premier Gateway International (PGI) operates an international wagering and tote pooling hub licensed and operating out of the Isle of Man. Sky Racing World (SRW), based in the US, manages the international marketing and distribution of international racing content. SRW also assists with importing international racing content into Australia and facilitates associated tote pools.</p>
1H24 results	<p>Wagering and Media revenues were \$1,116.6m, down 4.2%, and EBIT was \$33.3m, down 42.5%, on the pcp.</p>
Review of performance	<p>Wagering revenues were lower than the pcp reflecting a decline in the overall wagering market.</p> <p>Retail cash wagering turnover²⁰ was down 3.8%, and revenue was down 3.8% on the pcp.</p> <p>Digital wagering turnover²⁰ was down 3.8%, and revenue was down 4.0% on the pcp.</p> <p>Despite current market conditions, TAB's targeted investments in product, brand, data, technology and retail contributed to an improving TAB market share trend²¹:</p> <ul style="list-style-type: none"> • Total revenue market share was 33.7%, up from 32.9% for the six month period to 30 June 2023; • Digital turnover market share was 21.2%, up from 20.1% for the six month period to 30 June 2023; and • Digital revenue market share was 24.4%, up from 23.9% for the six month period to 30 June 2023. <p>Revenue from the Group's Media and International business declined 5.4% on the pcp, driven by the impact of wagering market conditions on turnover-linked digital distribution revenues.</p> <p>Operating expenses were 6.6% higher due to high cost inflation and investment in the TAB brand relaunch along with other growth initiatives, and cycling an \$11.0m insurance benefit in the pcp. Underlying operating expenses grew 2.0% adjusting for the insurance benefit.</p>

¹⁸ Broadcast rights fees were previously presented as operating expenses. To better reflect their nature all broadcast rights fees are now included in commissions/fees. This has the effect of reallocating \$21.9m from operating expenses to commissions/fees in 1H24 (1H23: \$20.1m).

¹⁹ Non-IFRS financial information, and unaudited.

²⁰ Includes Victorian Racing Industry Interest.

²¹ Total market includes digital and cash wagering revenue. Digital includes digital and call centre channels in which a customer transacts using their account. Based on data supplied by industry partners which accounts for approximately one-third of the wagering market. All data is before generosities.

Gaming Services

	1H24 \$m	1H23 \$m	Change %
Revenues	93.0	108.8	(14.5)
Operating expenses	(55.9)	(58.5)	(4.4)
EBITDA before significant items ²²	35.8	42.9	(16.6)
Depreciation and amortisation	(19.1)	(26.9)	(29.0)
EBIT before significant items ²²	16.7	16.0	4.4

Business overview	<p>Gaming Services operates the MAX business, which is comprised of MAX Regulatory Services (MRS) and MAX Technical Services (MTS).</p> <p>MRS provides integrity services, monitoring electronic gaming machines (EGMs) and providing related integrity services across NSW, Queensland, Northern Territory and Tasmania. In Queensland and Northern Territory, MRS also provides additional products, technology and other gaming services.</p> <p>MTS provides technical support and maintenance services to external customers nationally as well as Tabcorp's other operating businesses.</p> <p>The sale of the MPS business was completed on 31 October 2023.</p>
1H24 results	<p>Gaming Services revenues were \$93.0m, down 14.5%, and EBIT was \$16.7m, up 4.4%, on the pcip.</p>
Review of performance	<p>Gaming Services revenues declined in 1H24, reflecting the impact of the sale of eBet (completed in February 2023) and MPS, partly offset by the commencement of the new Tasmanian monitoring licence on 1 July 2023, contracted CPI-linked price increases in the NSW MRS business and an increase in the number of monitored EGMs.</p> <p>Operating expenses decreased 4.4% due to cost reduction following the sale of eBet and MPS.</p> <p>Gaming Services is now underpinned by a high-quality integrity services business, following the sale of eBet and MPS and with the commencement of the new Tasmanian monitoring licence.</p>

DIVIDEND

A final dividend of 1.0 cents per share fully franked in respect of the year ended 30 June 2023 (**FY23**) was announced on 24 August 2023 and paid to shareholders on 18 September 2023.

An interim dividend of 1.0 cents per share fully franked in respect of the 1H24 period has been announced. The interim dividend will be payable on 21 March 2024 to shareholders registered as at 28 February 2024. The ex-dividend date is 27 February 2024.

This interim dividend represents a payout ratio of 111% of NPAT before significant items and equity accounted loss²², reflecting the Company's strong financial position and confidence in the Company's trading outlook.

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

²² Non-IFRS financial information, and unaudited.

The table below shows the dividends paid, declared or recommended by the Company during the 1H24 period and comparison to the pcpr.

	1H24 interim	FY23 final	1H23 interim
Amount (per share, fully franked)	1.0 cents	1.0 cents	1.3 cents
Record date	28 Feb 2024	1 Sep 2023	27 Feb 2023
Payment date	21 Mar 2024	18 Sep 2023	21 Mar 2023
Total	\$22.8m	\$22.8m	\$29.6m

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 31 October 2023, the Group completed the sale of the MPS business which leased electronic gaming machines to venues and provided related services.

On 18 December 2023, Tabcorp announced it had been awarded a new exclusive Victorian Wagering and Betting Licence (**New Licence**) by the Victorian Government. The New Licence is for a period of 20 years commencing August 2024, with Licence premium payments comprising of upfront payment of \$600.0m in June 2024 and \$30.0m p.a. ongoing fixed payments from August 2025 to 2043. The Group is currently undertaking the necessary preparatory activities under the Licence and Related Agreements to transition control of the Victorian wagering operations by the licence commencement date on 16 August 2024. The changes under the New Licence include the cessation of the current joint venture arrangement with the Victorian Racing Industry (**VRI**) and the termination of the current industry funding obligations. A capital commitment has been disclosed at 31 December 2023 for payments under the New Licence²³.

As part of the transitional arrangements proposed, funding support has been offered to the VRI in the form of fixed distributions until the end of the current licence and paying the VRI \$15.0m of additional funding for each of the first three years of the New Licence. As at the date of this report, no amounts have been recognised in the half year financial report for this offer.

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.

SIGNIFICANT EVENTS AFTER THE END OF THE HALF YEAR PERIOD

In January 2024, as part of its transformation agenda and cost reduction program under the TAB25 strategy, the Group commenced its plan to implement a restructuring program that includes the use of third party service providers. The cost of this will be incurred in the second half of financial year 2024.

In February 2024, Tabcorp entered into a six year media rights and sponsorship agreement with the Victorian Racing Club. The partnership includes domestic and international broadcast rights to the Melbourne Cup Carnival and exclusive wagering sponsorship rights. Tabcorp has also entered into an agreement to sub-licence the Melbourne Cup Carnival domestic free-to-air media rights to Nine Entertainment.

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 hundred thousand unless specifically stated to be otherwise, in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

²³ Refer to Note C3 of the Financial Report for further details.

AUDITOR'S INDEPENDENCE DECLARATION

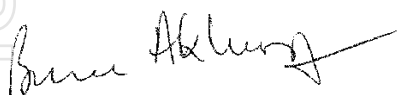
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10. The auditor's independence declaration forms part of the Directors' Report.

DIRECTORS

The Directors of the Company in office during 1H24 and up to the date of this report (unless otherwise stated) are as follows:

NAME	TITLE
Bruce Akhurst	Chairman and Non-Executive Director
Adam Rytenskild	Managing Director and Chief Executive Officer
Brett Chenoweth	Non-Executive Director
David Gallop AM	Non-Executive Director
Janette Kendall	Non-Executive Director
Justin Milne	Non-Executive Director
Raelene Murphy	Non-Executive Director
Karen Stocks	Non-Executive Director

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



Bruce Akhurst
Chairman

22 February 2024
Melbourne



**Building a better
working world**

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Auditor's independence declaration to the directors of Tabcorp Holdings Limited

As lead auditor for the review of the half-year financial report of Tabcorp Holdings Limited for the half-year ended 31 December 2023, 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
22 February 2024

INCOME STATEMENT

for the half year ended 31 December 2023

		December 2023 \$m	December 2022 \$m
Continuing operations			
Revenue	A3	1,209.6	1,274.5
Other income	A3	12.8	40.2
Commissions and fees		(545.4)	(596.2)
Government taxes and levies		(178.2)	(172.7)
Employment costs		(157.3)	(161.2)
Communication and technology costs		(63.2)	(61.8)
Advertising and promotions		(68.0)	(65.4)
Other expenses	A3	(78.6)	(55.8)
Depreciation and amortisation		(119.8)	(123.4)
Impairment - goodwill	C1	(212.8)	-
Impairment - other	C1	(639.2)	-
(Loss)/profit before income tax, net finance costs and equity accounted investment		(840.1)	78.2
Loss from equity accounted investment		(2.8)	(1.2)
Finance income		12.0	1.7
Finance costs	A3	(25.2)	(14.6)
(Loss)/profit from continuing operations before income tax		(856.1)	64.1
Income tax benefit/(expense)	A4	219.3	(12.4)
(Loss)/profit from continuing operations after income tax		(636.8)	51.7
Discontinued operations			
Profit from discontinued operations after tax	C2	-	-
Net (loss)/profit after tax		(636.8)	51.7
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedges taken to equity		(3.5)	(0.2)
Exchange differences on translation of foreign operations		(1.9)	1.6
Income tax relating to these items		0.5	0.1
Other comprehensive income for the period, net of income tax		(4.9)	1.5
Total comprehensive income for the period		(641.7)	53.2
(Loss)/earnings per share:			
From continuing operations			
Basic (loss)/earnings per share		(28.2)	2.3
Diluted (loss)/earnings per share		(28.2)	2.3
Total attributable to shareholders of Tabcorp			
Basic (loss)/earnings per share		(28.2)	2.3
Diluted (loss)/earnings per share		(28.2)	2.3
Dividends per share:			
Declared and paid during the period	A2	1.0	6.5
Determined in respect of the period	A2	1.0	1.3

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

BALANCE SHEET

As at 31 December 2023

		December 2023 \$m	June 2023 \$m
	Note		
Current assets			
Cash and cash equivalents		313.4	290.7
Receivables		149.1	165.8
Prepayments		64.4	51.0
Current tax assets		56.5	10.8
Derivative financial instruments	B2	0.5	0.8
Assets held for sale	A3	-	22.9
Other		7.5	9.8
Total current assets		591.4	551.8
Non current assets			
Receivables		4.5	6.8
Investment in associates		30.4	30.6
Licences		346.9	640.6
Other intangible assets		1,988.9	2,503.6
Property, plant and equipment		144.1	172.0
Right-of-use assets		57.3	99.7
Prepayments		34.1	33.6
Derivative financial instruments	B2	0.6	4.2
Other		9.3	9.5
Total non current assets		2,616.1	3,500.6
TOTAL ASSETS		3,207.5	4,052.4
Current liabilities			
Payables		528.0	571.0
Lease liabilities		33.0	37.2
Provisions		49.4	40.0
Derivative financial instruments	B2	14.9	16.4
Liabilities directly associated with assets held for sale		-	1.9
Other		4.5	0.8
Total current liabilities		629.8	667.3
Non current liabilities			
Interest bearing liabilities	B1	418.7	431.9
Lease liabilities		91.0	103.3
Deferred tax liabilities		34.1	180.1
Provisions		13.7	10.1
Derivative financial instruments	B2	9.6	-
Other		15.2	0.6
Total non current liabilities		582.3	726.0
TOTAL LIABILITIES		1,212.1	1,393.3
NET ASSETS		1,995.4	2,659.1
Equity			
Issued capital		1,687.6	1,687.1
Retained earnings		306.8	966.4
Reserves		1.0	5.6
TOTAL EQUITY		1,995.4	2,659.1

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

CASH FLOW STATEMENT

for the half year ended 31 December 2023

	December 2023 \$m	December 2022 \$m
Cash flows from operating activities		
Net cash receipts in the course of operations	1,271.8	1,254.8
Payments to suppliers, service providers and employees	(1,091.6)	(1,178.5)
Payment of government levies, betting taxes and GST	(123.3)	(144.6)
Finance income received	17.3	1.7
Finance costs paid	(22.0)	(14.6)
Income tax received/(paid)	69.1	(43.8)
Net cash flows from/(used in) operating activities	121.3	(125.0)
Cash flows from investing activities		
Payment for property, plant and equipment and intangibles	(73.9)	(117.0)
Proceeds from sale of property, plant and equipment and intangibles	1.2	37.6
Net proceeds from business divestment	21.0	-
Payment for acquisition of shares in associates	(2.6)	(32.8)
Proceeds from sale of other non current assets	1.1	-
Net cash flows used in investing activities	(53.2)	(112.2)
Cash flows from financing activities		
Net cash flows from revolving bank facilities	-	415.0
Payment of lease liabilities	(21.6)	(23.1)
Dividends paid	(21.9)	(95.4)
Payment for on-market share purchase	(1.9)	(2.3)
Net cash flows (used in)/from financing activities	(45.4)	294.2
Net increase in cash held	22.7	57.0
Cash at beginning of period	290.7	199.4
Cash at end of period	313.4	256.4

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 \$87.3m (2022: \$87.5m).
The cash flow statement for the period ended 31 December 2023 includes the cash flows related to discontinued operations of The Lottery Corporation.
Refer to note C2.

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 2023

	Number of ordinary shares m	Issued capital		Retained earnings \$m	Reserves		Total equity \$m
		Ordinary shares \$m	Treasury shares \$m		Hedging \$m	Other \$m	
2023							
Balance at 1 July 2023	2,281.5	1,687.9	(0.8)	966.4	(3.2)	8.8	2,659.1
Loss for the period	-	-	-	(636.8)	-	-	(636.8)
Other comprehensive income	-	-	-	-	(3.0)	(1.9)	(4.9)
Total comprehensive income	-	-	-	(636.8)	(3.0)	(1.9)	(641.7)
Dividends paid	-	-	-	(22.8)	-	-	(22.8)
Dividend reinvestment plan	0.8	0.9	-	-	-	-	0.9
Share based payments expense	-	-	1.5	-	-	0.3	1.8
Net outlay to purchase shares	-	-	(1.9)	-	-	-	(1.9)
Balance at 31 December 2023	2,282.3	1,688.8	(1.2)	306.8	(6.2)	7.2	1,995.4
		Total issued capital \$1,687.6m			Total reserves \$1.0m		
2022							
Balance at 1 July 2022	2,225.7	1,636.5	(0.6)	1,074.2	1.6	(0.6)	2,711.1
Profit for the period	-	-	-	51.7	-	-	51.7
Other comprehensive income	-	-	-	-	(0.1)	1.6	1.5
Total comprehensive income	-	-	-	51.7	(0.1)	1.6	53.2
Dividends paid	-	-	-	(144.7)	-	-	(144.7)
Dividend reinvestment plan	53.7	49.3	-	-	-	-	49.3
Share based payments expense	-	-	1.4	-	-	1.5	2.9
Net outlay to purchase shares	-	-	(2.3)	-	-	-	(2.3)
Balance at 31 December 2022	2,279.4	1,685.8	(1.5)	981.2	1.5	2.5	2,669.5
		Total issued capital \$1,684.3m			Total reserves \$4.0m		

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 2023

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 2023 (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 22 February 2024 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 2023 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).

On 18 December 2023, Tabcorp announced it has been awarded a new exclusive Victorian Wagering and Betting Licence (New Licence) by the Victorian Government. The New Licence is for a period of 20 years commencing August 2024, with Licence premium payments comprising of upfront payment of \$600.0m in June 2024 and \$30.0m p.a. ongoing fixed payments from August 2025-2043. The Group is currently undertaking the necessary preparatory activities under the Licence and Related Agreements to transition control of the Victorian wagering operations by the Licence Commencement Date on 16 August 2024. The changes under the New Licence include the cessation of the current joint venture arrangement with the Victorian Racing Industry (VRI) and the termination of the current industry funding obligations. A capital commitment has been disclosed at 31 December 2023 for payments under the New Licence.

As part of the transitional arrangements proposed funding support has been offered to the VRI in the form of fixed distributions until the end of the current licence and paying the VRI \$15.0m of additional funding for each of the first three years of the new licence. As at the date of this report, no amounts have been recognised in the half year financial report for this offer.

The Group's balance sheet reflects a net current asset deficiency. This largely arises due to customer account balances being classified as current liabilities under Australian Accounting Standards as the Group does not have an unconditional right to defer payment beyond 12 months, notwithstanding these are recurring in nature and not expected to be fully settled within the next 12 months. The Group maintains sufficient undrawn facilities to meet working capital requirements, including settlement of customer account balances as required. In order to minimise finance costs, excess cash is used to reduce non current interest bearing liabilities until the current liabilities become due.

The accounting policies used are consistent with those applied in the 30 June 2023 financial report.

Changes in comparative presentation

During the current year, the Group made a classification adjustment such that broadcast rights fees previously presented as other expenses are now presented as commissions and fees. The change was made to provide the users of the financial statements more relevant and reliable information. The prior period presentation was reclassified to align with the current period. The net impact of this reclassification adjustment on the Group's net profit after tax is nil.

Impact on income statement

Expenses – increase/(decrease)

Commissions and fees

Other expenses

Net impact on profit for the period

December
2022
\$m

20.1

(20.1)

-

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 Discontinued operations
- C3 Commitments
- C4 Contingencies

NOTES TO THE FINANCIAL STATEMENTS

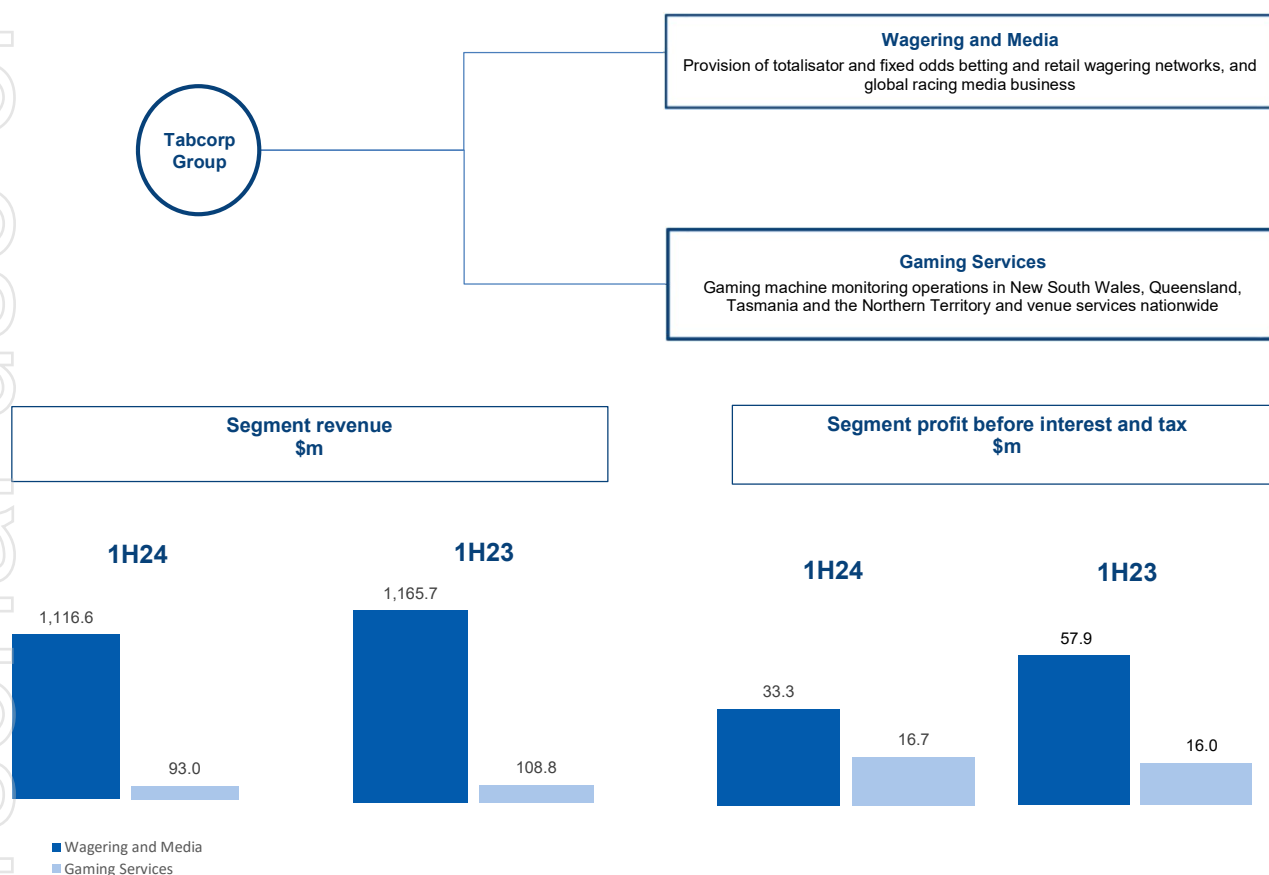
for the half year ended 31 December 2023

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.

The Group has two operating segments from continuing operations at period end.



NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2023

SECTION A - GROUP PERFORMANCE (CONTINUED)

A1 Segment information (continued)

	Wagering and Media \$m	Gaming Services \$m	Total \$m
December 2023			
Segment revenue	1,116.6	93.0	1,209.6
Segment profit before interest and tax	33.3	16.7	50.0
December 2022			
Segment revenue	1,165.7	108.8	1,274.5
Segment profit before interest and tax	57.9	16.0	73.9

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

	Revenue		(Loss)/profit from continuing operations before income tax	
December 2023 \$m	December 2022 \$m	December 2023 \$m	December 2022 \$m	
Segment total (per above)	1,209.6	1,274.5	50.0	73.9
Unallocated items:				
- significant items:				
- net gain on disposal of assets ⁽ⁱ⁾	-	-	-	6.5
- loss on TGS business divestment ⁽ⁱⁱ⁾	-	-	(7.5)	-
- demerger costs ⁽ⁱⁱⁱ⁾	-	-	(11.1)	(1.5)
- transformation costs ^(iv)	-	-	(13.5)	-
- new Victorian Wagering and Betting Licence ^(v)	-	-	(6.0)	-
- impairment - goodwill ^(vi)	-	-	(212.8)	-
- impairment - other ^(vii)	-	-	(639.2)	-
	-	-	(890.1)	5.0
- loss from equity accounted investment	-	-	(2.8)	(1.2)
- finance income ^(viii)	-	-	12.0	1.7
- finance costs	-	-	(25.2)	(14.6)
- other	-	-	-	(0.7)
Total per income statement	1,209.6	1,274.5	(856.1)	64.1

- (i) Prior period includes net gain on disposal of electronic gaming machines.
- (ii) On 31 October 2023, the Group completed the sale of the Tabcorp Gaming Solutions (TGS) business (trading as MAX Performance Solutions) to PVS Australia Pty Ltd and Nexus Services Pty Ltd for \$21.0m in cash, including customary working capital and other minor adjustments. The loss on TGS business divestment includes loss on sale of business of \$3.1m (refer to note A3), onerous contract provision of \$1.7m, inventory write-off of \$2.0m and separation costs of \$0.7m.
- (iii) Costs incurred to separate Tabcorp and The Lottery Corporation into two standalone companies.
- (iv) Includes establishment and implementation costs of the transformation program.
- (v) Includes associated costs to procure the new licence.
- (vi) Write down of goodwill following the half year impairment review relating to Wagering and Media segment (\$212.8m). Refer to note C1.
- (vii) Write down of certain operating assets relating to New South Wales and South Australia cash generating units (\$639.2m). Refer to note A3.
- (viii) Includes interest received from continuing operations from ATO dispute settlement of \$7.7m (refer to note A4). The portion relating to The Lottery Corporation has been presented as discontinued operations (refer to note C2).

A2 Dividends

Fully franked dividends declared and paid during the period:

Prior year final dividend	1.0	6.5	22.8	144.7
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Fully franked dividends determined in respect of the period (declared and recognised after balance date):

Interim dividend	1.0	1.3	22.8	29.6
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NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2023

SECTION A - GROUP PERFORMANCE (CONTINUED)

A3 Revenue and expenses

(a) Disaggregated revenue information:

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Wagering \$m	Media \$m	Gaming Services \$m	Total \$m
December 2023				
Revenue from contracts with customers	474.5	113.4	93.0	680.9
Other revenue ⁽ⁱ⁾	528.7	-	-	528.7
	1,003.2	113.4	93.0	1,209.6
December 2022				
Revenue from contracts with customers	488.7	114.5	108.8	712.0
Other revenue ⁽ⁱ⁾	562.5	-	-	562.5
	1,051.2	114.5	108.8	1,274.5

Timing of revenue recognition
Goods and services transferred at a point in time
Goods and services transferred over time

	December 2023 \$m	December 2022 \$m
	1,145.5	1,201.3
	64.1	73.2
	1,209.6	1,274.5

(b) Other income/(loss)

Net gain on disposal of assets ⁽ⁱⁱ⁾
Loss on sale of TGS business ⁽ⁱⁱⁱ⁾
Transitional Services Agreement (TSA) income ^(iv)
Other ^(v)

	1.9	8.7
	(3.1)	-
	9.9	15.7
	4.1	15.8
	12.8	40.2

(c) Finance costs

Interest costs on interest bearing liabilities
Interest costs on lease liabilities
Other

	18.0	7.4
	2.4	2.8
	4.8	4.4
	25.2	14.6

(d) Impairment - other ^(vi)

Licences
Other intangible assets
Property, plant and equipment
Right-of-use assets

	283.1	-
	297.1	-
	22.1	-
	36.9	-
	639.2	-

(e) Other expenses ^(vii)

	78.6	55.8
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- (i) Includes fixed odds betting revenue.
(ii) Prior period includes net gain on disposal of electronic gaming machines of \$6.5m.
(iii) Refer to note A1.
(iv) TSA income relates to the provision of services to The Lottery Corporation in the transition period following its demerger and is accounted for on a gross basis. The technology separation costs in relation to the demerger are accounted for on a net basis.
(v) Prior period includes insurance recoveries of \$11.0m.
(vi) A deferred tax benefit of \$120.1m has been recognised following the impairment charge recognised in the period. Refer to note A4.
(vii) Other expenses has increased due to the ongoing expenditure under the transformation program and ongoing separation from The Lottery Corporation. Refer to note A1.

A4 Income tax

The major components of income tax benefit/(expense) from continuing operations are:

Current tax expense	(0.5)	(17.3)
Adjustments in respect of current income tax of previous years ⁽ⁱ⁾	55.5	7.3
Tax settlement ⁽ⁱⁱ⁾	44.2	-
Deferred tax	120.1	(2.4)
	219.3	(12.4)

- (i) Includes the Racing Queensland settlement previously accounted for as non-deductible. The \$45.0m tax effect was previously disclosed as a permanent difference in calculating taxable income (refer to the annual report for the year ended 30 June 2022).
(ii) In September 2023, Tabcorp received \$94.5m refund representing disputed tax liabilities and interest from ATO in relation to the resolved dispute on income tax treatment of payments for various licences and authorities. The portion relating to Tabcorp's continuing operations in the tax settlement represents \$44.2m for disputed tax liabilities and \$7.7m interest, recognised as adjustment to income tax benefit and finance income, respectively. The portion relating to The Lottery Corporation in the tax settlement has been presented as discontinued operations (refer to note C2). As at 30 June 2023, the Company had disclosed a contingent asset in connection to one matter incorporated in the overall claim.

At 31 December the Group has a current tax receivable of \$56.5m comprising the 2023 income tax refund and 2024 income tax payments in excess of current tax expense for the period.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2023

SECTION A - GROUP PERFORMANCE (CONTINUED)

A5 Subsequent events

In January 2024, as part of its transformation agenda and cost reduction program under the TAB25 strategy, the Group commenced a plan to implement a restructuring program that includes the use of third party service providers. The cost of this will be incurred in the second half of financial year 2024.

In February 2024, Tabcorp entered into a six year media rights and sponsorship agreement with the Victorian Racing Club. The partnership includes domestic and international broadcast rights to the Melbourne Cup Carnival and exclusive wagering sponsorship rights. Tabcorp has also entered into an agreement to sub-licence the Melbourne Cup Carnival domestic free-to-air media rights to Nine Entertainment.

Other than the events disclosed elsewhere in this report, no other 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.

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 2023 and 30 June 2023:

Facility	Details	Facility limit \$m	Maturity	December 2023 \$m	June 2023 \$m
Bank loans - unsecured	Floating interest rate revolving facility. Subject to financial undertakings as to gearing and interest cover.	400.0	Jul-25	-	-
		550.0	Jul-27	-	-
				-	-
US private placement	Fixed interest rate US dollar debt. At 31 December 2023 aggregate US dollar principal of \$289.0m. Cross currency swaps are in place for all US dollar debt. Under these swaps the aggregate Australian dollar amount payable at maturity is \$424.9m. Subject to financial undertakings as to gearing and interest cover.	USD 169.0	Mar-30	244.9	252.6
		USD 120.0	Mar-33	173.8	179.3
				418.7 ⁽ⁱ⁾	431.9 ⁽ⁱ⁾
				418.7	431.9
Current				-	-
Non current				418.7	431.9
				418.7	431.9

(i) The value comprises the drawn down value of \$422.5m (2023: \$435.9m) less borrowing costs of \$3.8m (2023: \$4.0m).

B2 Derivative financial instruments

The Group holds the following derivative financial instruments, all at fair value based on level 2 observable inputs, other than fixed odds open betting positions which are within level 3 in fair value hierarchy (refer to note B3):

	December 2023 \$m	June 2023 \$m
Current assets		
Foreign exchange forward contracts	0.5	0.8
Non current assets		
Foreign exchange forward contracts	0.6	1.8
Cross currency swaps	-	2.4
	0.6	4.2
	1.1	5.0
Current liabilities		
Cross currency swaps	4.5	-
Fixed odds open betting positions	10.4	16.4
	14.9	16.4
Non current liabilities		
Cross currency swaps	9.6	-
	24.5	16.4

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2023

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 2023	June 2023	December 2023	June 2023
	\$m	\$m	\$m	\$m
Financial liabilities				
US private placement	422.5	435.9	460.4	502.8

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).

Foreign exchange forward contracts

Fair value is calculated using widely accepted valuation techniques including discounted cash flow analysis of the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, such as yield curves, spot and forward FX rates.

The Group incorporates credit valuation adjustments to appropriately reflect the applicable counterparty's non-performance risk in the fair value measurements.

In adjusting the fair value of its derivative contracts for the effect of non-performance risk, the Group has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees (level 2 in fair value hierarchy).

Cross currency swaps

Fair value is calculated using market data including both the Australian and the United States interest rate curves which include the base rates and forward curves, incorporating swap rates and foreign exchange rates. A discounted cash flow approach is used to derive the fair value of cross currency swaps at balance date (level 2 in fair value hierarchy).

Fixed odds open betting positions

Fair value is calculated based upon the latest open market prices on the relevant underlying sporting or other events available at the close of business at the balance date (level 3 in fair value hierarchy). Changes in the fair value of the open positions are recorded in revenue in the consolidated income statement. There are no reasonably probable changes to assumptions and inputs that would lead to material changes in the fair value methodology although final value will be determined by future sporting or other events results.

There have been no significant transfers between the fair value levels during the half year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2023

SECTION C - OTHER DISCLOSURES

C1 Impairment testing

In accordance with the Group's accounting policies, the Group assessed whether there were indicators of impairment at the end of the reporting period in respect of the Group's assets. This assessment identified potential indicators of impairment (discussed below) in the Group's Wagering business, which is within the Group's Wagering and Media segment. Accordingly the Group estimated the recoverable amount for:

- › Each Cash Generating Unit (CGU) within the Wagering and Media segment; and
- › The Wagering and Media segment (group of CGUs), which is the level at which goodwill is monitored by the Group.

Individual CGUs within the Wagering and Media segment (group of CGUs) have been identified as:

- › Each State in which the Group holds its wagering and betting licences (Victoria, New South Wales (NSW), Queensland, Australian Capital Territory, Northern Territory, Tasmania, South Australia (SA));
- › The International wagering business; and
- › Each media operation (Sky Channel, 2KY Radio and Ubet Radio).

The following specific impairment indicators were identified by the Group in its assessment at 31 December 2023 in respect of the Wagering business:

- › softness in the Australian wagering market observed through the six months to 31 December 2023 driven by higher inflation and interest rates which has impacted consumer spending on wagering activity;
- › impact of higher interest rates on discount rates; and
- › higher taxes in NSW CGU following the end of the transitional payments relating to the June 2022 NSW Point of Consumption Tax increases.

No indicators of impairment were identified in respect of the Gaming Services Segment or related CGUs.

Key assumptions and outcomes of the 31 December 2023 impairment test for the Wagering and Media segment and CGUs are discussed below.

Assumptions and approach

The recoverable amount of each CGU within the Wagering and Media segment, as well as the total Wagering and Media segment (group of CGUs) at which goodwill is managed, is determined based on fair value less costs of disposal (FVLCD), calculated using a discounted cash flow (DCF) technique. The fair value determined is Level 3 within the fair value hierarchy (refer to note B3 for details of the levels).

The key estimates and assumptions used to determine the FVLCD of a CGU are based on management's current expectations which is informed by current and past performance and external information.

The testing methodology applied to determine the recoverable amount (on a FVLCD basis) is as follows:

- › Cash flows are forecast over a 20-year forecast period. A 20-year period is considered appropriate to adjust for the impact of licence expiries and assumed renewals. The 20-year forecast after tax cash flow projections are based on the following:
 - Through to 30 June 2027: cash flow forecasts are based on outcomes of the Group's long term forecasting process.
 - From 1 July 2027 to 2043: cash flow forecasts are extrapolated using a long-term growth rate of 2.5% (June 2023: 2.5%).
- › A terminal value for each CGU is determined using a long-term growth rate of 2.0%.
- › Where applicable based on the specific licence term for each state-based CGU, an estimate of the licence renewal cost is made at the point of licence expiry.
- › A discount rate of 9.3% is applied determined based on the post-tax weighted average cost of capital (June 2023: 8.9%).

Key assumptions within the determination of recoverable amount in addition to those outlined above include:

- › State tax regimes and the regulatory environment in which the Group currently operates remain largely unchanged, other than those publicly announced.
- › Race fields arrangements implemented in each State and Territory of Australia remain largely unchanged.

Impairment testing outcomes

The impairment assessment has determined that as a result of the indicators outlined above, the carrying value of the NSW and SA CGUs as well as the Wagering and Media segment, including allocation of corporate assets, exceeded their recoverable amount at 31 December 2023. The recoverable amounts determined for the Wagering and Media segment was \$1,883.5m. The recoverable amount for the NSW CGU and SA CGU are not significant.

Impairment charges recognised were \$596.4m for the NSW CGU, \$42.8m for the SA CGU, and \$212.8m for the Wagering and Media segment has been recognised in the income statement. The total impairment charge recognised in the income statement is \$852.0m.

	December 2023 \$m
Allocation of impairment to assets	
Licences	283.1
Goodwill	212.8
Other intangible assets (excluding Goodwill)	297.1
Property, plant and equipment	22.1
Right-of-use assets	36.9
Total impairment recognised	852.0

An income tax benefit of \$120.1m was recognised in respect of the decrease in asset values from the impairment outlined above. Refer note A3.

The goodwill balance within the Wagering and Media Segment after allocation of impairment charge was \$1,521.2m.

Sensitivity to changes in assumptions and reasonably possible changes

Changes to the key estimates and assumptions outlined above may lead to further impairment.

The following summarises the effect of a change in a key assumption on the recoverable amount of the Wagering and Media segment (group of CGUs). These sensitivities assume the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in these assumptions may accompany a change in another assumption. A change in assumptions may also impact the recoverable amounts determined for the NSW CGU and SA CGU.

	Increase/(decrease) in recoverable amount Wagering and Media segment (group of CGUs) \$m
Change in key assumption	
+0.25 percentage point (pp) long term growth	58.7
-0.25 pp long term growth	(57.0)
+0.1pp post-tax discount rate	(38.5)
-0.1pp post-tax discount rate	39.6
+1% EBITDA across all forecast years	42.7
-1% EBITDA across all forecast years	(42.7)

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2023

SECTION C - OTHER DISCLOSURES (CONTINUED)

C2 Discontinued operations

Demerger of The Lottery Corporation Limited

The Lottery Corporation was demerged on 1 June 2022 and was reported as a discontinued operation. The Lottery Corporation operates Lotteries and Keno pursuant to licences and approvals in certain Australian states and territories.

The results of discontinued operations for the current period includes an income tax benefit of \$37.1m from the portion relating to The Lottery Corporation in the ATO dispute settlement, and a \$5.5m portion relating to the interest income received (refer note A4). Both of these amounts were received by Tabcorp as the party to the ATO dispute settlement and subsequently paid to The Lottery Corporation under the terms of the Separation Deed dated 25 March 2022. The profit from discontinued operations after tax is nil for the period (half year ended 31 December 2022: nil).

Cash flows from operating activities (contained in the Group cash flow statement) include amounts from discontinued operations. As such, \$42.6m is included in payments to suppliers, service providers and employees, \$5.5m in finance income received and \$37.1m in income tax received. The net impact on the cash flows from operating activities is nil.

Further information on the demerger of The Lottery Corporation is available in the annual report for the year ended 30 June 2022.

C3 Commitments

As referenced in the About This Report section, the Group has capital commitments for Licence premium payments for the new exclusive Victorian Wagering and Betting Licence.

C4 Contingencies

Contingent liabilities

Charge

A controlled entity, Tabcorp Wagering Participant (Vic) Pty Ltd, which is a participant in the joint venture, has entered into a deed of cross charge with its joint venture partner to cover the non payment of a called sum in the event of the joint venture incurring a loss. The charge is over undistributed and future earnings of the joint venture to the level of the unpaid call.

Regulatory matters and legal challenges

There are outstanding regulatory matters and legal actions on foot and other potential legal exposures between controlled entities and third parties at 31 December 2023. It is expected that any liabilities arising from such regulatory matters, legal actions or other potential exposures would not have a material adverse effect on the Group's financial position.

DIRECTORS' DECLARATION

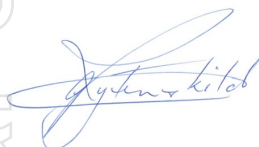
In the opinion of the Directors of Tabcorp Holdings Limited:

- (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 2023 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.



Bruce Akhurst
Chairman



Adam Rytenskild
Managing Director and Chief Executive Officer

Melbourne
22 February 2024



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working world**

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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 Balance Sheet as at 31 December 2023, the Income Statement, Cash Flow Statement and Statement of Changes in Equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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


Directors' responsibilities for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 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
22 Feb 2024



Matt Biernat
Partner