

ASX ANNOUNCEMENT

20 February 2025

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

Tabcorp Holdings Limited 2025 Half Year Results Announcement

Attached for release to the market is Tabcorp Holdings Limited's (**Tabcorp** or the **Company**) Half Year Results Announcement for the six months ended 31 December 2024 (**1H25**).

This announcement was authorised for release by the Tabcorp Board.

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Getting Fit

- **Group Revenue of \$1,331.3m**, up 10.1%, **Group EBITDA¹ of \$190.2m**, up 12.0%, on 1H24.
- **Benefits of reformed Victorian Wagering and Betting Licence.** Successful transition to the new, modernised licence. EBITDA uplift of \$36.4m for 4.5 months in 1H25 broadly in line with expectations given soft trading conditions.
- **Strong cost discipline.** Despite persistent cost inflation our underlying opex has improved 1.8%² prior to incentive accrual. **FY25 targeted opex savings increased to \$30m**, from \$20m previously.
- **Wagering & Media revenue** up 11.3% on 1H24. **Cash wagering outperformed** digital, with cash wagering net revenue up 18.2% on 1H24.
- **Integrity Services** EBITDA of \$33.5m up 18.4% on underlying 1H24, driven by 9.7% growth in revenue³.
- **Net Profit After Tax before significant items⁴ of \$22.1m**, an increase of 25.6% on 1H24.
- **1H25 interim dividend** of 1.0 cents per share, unfranked.

Key Group Financial Metrics

\$m	1H25	1H24	Change (%)
Revenue	1,331.3	1,209.6	10.1%
EBITDA	190.2	169.8	12.0%
EBIT	92.7	50.0	85.4%
NPAT before significant items	22.1	17.6	25.6%
Statutory NPAT / (NLAT)	25.3	(636.8)	NM
EPS (cents)	1.1	(28.2)	NM
EPS before significant items ⁵	1.9	0.9	>100%
Dividend per share (cents)	1.0	1.0	Flat

¹ EBITDA, EBIT and NPAT before significant items and underlying referred to throughout this release are non-IFRS financial information, exclude significant items, and are not subject to audit or review.

² Excludes the impact of the VIC JV costs, MPS sale, incentive accrual and Demerger dis-synergy costs.

³ Adjusted for the sale of the MPS business in 1H24.

⁴ Significant items (after tax) benefit totalling \$3.2m comprises transformation costs (\$16.6m), Victorian Licence (benefit of \$22.2m) and Demerger costs (\$2.4m).

⁵ Calculated using NPAT before significant items, Victorian Licence amortisation (\$21.1m) and equity accounted result. 1H24 calculated using NPAT before significant items and equity accounted result.

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1H25 Actions

- **New leadership structure and capability** – Greater alignment to evolved strategy and clearer accountability. Appointment of Chief Wagering Officer and Chief Commercial and Media Officer to increase wagering and media capability.
- **Cost and capital discipline** – Broad range of cost and capital activities delivered in 1H25.
- **Focus on Execution** – Significant opportunity targeted through enhanced ways of working and embedding an action oriented, results focused culture. This year's TAB Everest, Melbourne Cup Carnival and Magic Millions showcased TAB and SKY looking, acting and thinking bigger.

Strategic Evolution

- Tabcorp's digital product is competitive, allowing an evolution of our strategy to take advantage of our unique assets and distribution channels.
- This broader strategic scope will include greater focus on our media, retail and tote assets to deliver customers an unrivalled wagering entertainment experience.
- Tabcorp's strategic plan for FY25 – FY28 is focused on:
 - **Clarity, commitment and capability** – Attract talent and build a high-performance culture with clear accountability under a structure aligned to strategy.
 - **Growth for the industry and ourselves** – Lead industry reform with our stakeholders, reinvigorate and innovate the tote, and deliver profitable growth.
 - **Unrivalled omni-channel experiences** – Seamless execution across our channels, providing a unique, personalised experience. Being the trusted brand synonymous with the best products and promotions. Delivering our commitment to player safety and compliance.
 - **Standalone media entertainment business** – Become the destination for wagering content and entertainment, and a globally integrated media platform serving multiple markets.
 - **Structurally profitable retail business** – Grow the value of our extensive network. Innovate retail as an exclusive channel for engagement, including modernising retail technology and our media footprint.

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Managing Director & Chief Executive Officer Gillon McLachlan said:

"Tabcorp is getting fitter. We have increased our wagering and media capability at the leadership level, developed a simpler, more cost effective operating model, and are operating with a bias for action and increased accountability.

"The improvement in earnings reflects the commencement of our reformed Victorian Licence, cost discipline and increased competitiveness that was amplified with new innovations during the TAB Everest, Melbourne Cup Carnival and Magic Millions.

"We are executing with a more aggressive cost and capital discipline, targeting opex savings in FY25 of \$30m, 50% more than our previous target. Capex is expected to be \$110m-\$120m, around \$25m lower than previous guidance.

"As we improve execution we will transition to an evolved strategy, with a broader focus on unlocking the value which lies within our unique set of assets.

"We are digitally competitive, and our second half will be about operational growth through our omnichannel offering. We will build on our digital progress to enable a broader set of strategic initiatives that will allow us to take advantage of our unique asset base.

"We are looking, acting and thinking bigger. The TAB Takeover promotion across the Spring Racing Carnival is an example of how we can have more impact in the market by leveraging our retail and media channels to promote our wagering offering. There will be greater integration between these assets to create more personalised experiences for customers. We will have a stronger focus on tote and tote innovation, including continuing to explore a single National Tote.

"Today's pleasing results demonstrates a company executing better. The outcomes of an improved cadence and a culture of accountability. We have taken significant action over the last six months to improve our cost and capital discipline which you can see today.

"When I joined Tabcorp I said I was drawn to the value that can be unlocked within our unique set of strategic assets. Unlocking that value and taking a broader strategic focus will be the key to growing value for shareholders in the years ahead."

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Group Performance Overview⁶

\$m	1H25	1H24 ⁷	Change (%)
Wagering and Media	1,243.2	1,116.6	11.3%
Integrity Services – underlying	88.1	80.3	9.7%
Group Revenue – underlying	1,331.3	1,196.9	11.2%
Wagering and Media	156.7	134.0	16.9%
Integrity Services – underlying	33.5	28.3	18.4%
Group EBITDA – underlying	190.2	162.3	17.2%
Wagering and Media	79.4	33.3	>100%
Integrity Services – underlying	13.3	9.6	38.5%
Group EBIT – underlying	92.7	42.9	>100%

Group revenue was \$1,331.3m, up 11.2% on underlying 1H24, reflecting the benefit of the reformed Victorian Wagering and Betting Licence (**Victorian Licence**), which commenced on 16 August 2024. Integrity Services revenue and EBITDA were impacted by the sale of MPS in the prior period. Tabcorp delivered EBITDA of \$190.2m, up 17.2% on underlying 1H24.

Group opex increased 12.2% to \$354.2m. Underlying opex was 1.8% lower when compared to 1H24, adjusting for the impact of the new Victorian Licence arrangements, demerger dis-synergy, incentive accrual, and the sale of the MPS business.

1H25 Divisional Result: Wagering and Media⁶

\$m	1H25	1H24	Change (%)
Wagering and Media revenue	1,243.2	1,116.6	11.3%
Wagering and Media VC	458.1	393.9	16.3%
Operating expenses	(301.4)	(259.9)	(16.0%)
EBITDA	156.7	134.0	16.9%
D&A	(77.3)	(100.7)	23.2%
EBIT	79.4	33.3	>100%

Wagering and Media revenue for 1H25 increased 11.3% to \$1,243.2m.

⁶ All amounts are before significant items, non-IFRS and not subject to audit or review.

⁷ Underlying adjusted to exclude the impacts of the MPS business that was sold during 1H24.

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Total wagering revenue was up 14.1% driven by the assumption of 100% of Victorian revenue following the end of the joint venture with the Victorian Racing Industry (VRI). Excluding the VRI impact, domestic wagering revenue increased 0.8%. Domestic turnover declined 4.3% reflecting soft trading conditions, however this was offset by higher net yields from favourable results and generosity efficiency.

Media revenue increased 1.6% on 1H24, reflecting growth in vision distribution partly offset by the impact of the softer domestic wagering market on turnover-linked revenues.

Wagering and Media variable contribution margins increased 150bps to 36.8%, driven by higher margins in Victoria following the implementation of the reformed Victorian Licence in mid-August 2024. This was partially offset by increased SKY venue subscription rebates and the end of NSW Point of Consumption Tax relief from December 2023.

Wagering and Media operating expenses increased 16.0% due to the end of cost sharing arrangements with the VRI joint venture under the old Victorian Licence.

Wagering and Media EBITDA of \$156.7m increased by 16.9% and EBITDA margin expanded 60bps to 12.6%. EBIT of \$79.4m increased from \$33.3m in 1H24 due to EBITDA growth and lower D&A following impairments taken in FY24.

1H25 Divisional Result: Integrity Services⁸

\$m	1H25	1H24	Change (%)
Integrity Services – Reported			
Revenue	88.1	93.0	(5.3%)
EBITDA	33.5	35.8	(6.4%)
EBIT	13.3	16.7	(20.4%)
Integrity Services – Underlying⁹			
Revenue	88.1	80.3	9.7%
EBITDA	33.5	28.3	18.4%
EBIT	13.3	9.6	38.5%

On an underlying basis, adjusting for the impact of the sale of the MPS business during 1H24, Integrity Services revenue was up 9.7% to \$88.1m due to CPI-linked fee increases, increase in number of monitored EGMs and growth in project work. Containment of underlying operating expense growth to 2.3% delivered strong operating leverage with underlying EBITDA up 18.4% to \$33.5m and an EBITDA margin of 38.0%, up from 35.2% in 1H24.

⁸ All amounts are before significant items, non-IFRS and not subject to audit or review.

⁹ Underlying adjusted to exclude the impacts of the MPS business that was sold during 1H24.

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Balance Sheet

Net debt of \$753m as at 31 December 2024 was \$107m lower than at 30 June 2024. At period end, Tabcorp's average maturity of drawn debt was 4.5 years, with undrawn facilities and unrestricted cash of \$634m, providing significant headroom.

Tabcorp continues to maintain access to diversified funding sources and has no debt maturities until FY28. The Company's balance sheet places us in a strong position to continue to pursue growth opportunities. As at 31 December 2024, leverage was 2.2x¹⁰ and below our target leverage range of less than 2.5x through the cycle.

Dividend

Tabcorp has announced a 1H25 interim dividend of 1.0 cents per share (**cps**), unfranked, representing a payout ratio of 53% of NPAT adjusting for significant and certain non-cash items¹¹.

The unfranked nature of the interim dividend reflects the material impact on the franking balance of tax refunds received in FY24, as noted in our results release in August 2024. This included the settlement of several tax matters with the ATO. The Company is unlikely to be in a position to frank dividends in the near-term given cash tax is expected to be nil due to carried forward tax losses and R&D tax offsets.

The interim dividend is payable on 14 March 2025 to shareholders registered at 26 February 2025. The ex-dividend date is 25 February 2025. The Company's Dividend Reinvestment Plan will operate in respect of the interim dividend with no discount.

Summary and Outlook

Tabcorp's performance in 1H25 demonstrates that Tabcorp is getting fitter. We have increased wagering and media capability, created a simpler more cost-effective operating model and are operating with a new cadence and increased accountability.

Our improved earnings reflect the benefits of the reformed Victorian Licence, cost and capital discipline, and strong execution during the half.

The Company is targeting FY25 operating costs savings of \$30m, an increase from the \$20m target announced in August 2024.

¹⁰ Leverage is net debt / EBITDA on a last 12-month (LTM) basis and is non-IFRS financial information and not subject to audit or review. Net debt is gross debt (Australian Dollar equivalent repayable at maturity), including lease liabilities, less cash.

¹¹ Calculated using NPAT before significant items, Victorian Licence amortisation (\$21.1m) and equity accounted investment result.

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FY25 capital expenditure is expected to be in the range of \$110m-\$120m. FY25 depreciation and amortisation is expected to be in the range of \$200m-\$210m.

While the wagering market has continued to remain soft, we have seen a modest improvement in recent months.

Our focus will remain on executing our evolved strategy and business transformation.

Disclaimer

Forward-looking statements

Any forecasts or other forward-looking statements contained in this release are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Tabcorp, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. Except as required by law or regulation (including the ASX Listing Rules), Tabcorp undertakes no obligation to update these forward-looking statements. Past performance information given in this release is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Non-IFRS financial information

Investors should be aware that certain financial measures included in this release are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under AAS and IFRS. Non-IFRS financial information in this release includes EBITDA, EBIT, NPAT before significant items, net debt which have not been subject to audit. Such non-IFRS financial information does not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although Tabcorp believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information included in this release.

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Glossary

1H/2H	Six months ended 31 December/30 June of the relevant financial year
AAS	Australian Accounting Standards
ASIC	Australian Securities and Investments Commission
ATO	Australian Tax Office
BPS	Basis points
CAPEX	Capital expenditure
CPI	Consumer Price Index
CPS	Cents per share
DEMERGER	The Demerger of the Group's former Lotteries and Keno business that is now operated by the ASX listed company The Lottery Corporation Limited (TLC)
D&A	Depreciation, Amortisation and impairment
EBIT	Earnings before interest and tax (before significant items)
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment (before significant items)
EGM	Electronic Gaming Machine
EPS	Earnings Per Share
FINANCIAL YEAR / FY	The Group's financial year is 1 July to 30 June
GAAP	Generally Accepted Accounting Principles
GROUP	The Tabcorp group of companies
INTEGRITY SERVICES	The Group's business that provides EGM monitoring services under licence, the provision of other regulated and approved services, and other services to licensed gaming venues (formerly referred to as Gaming Services)
IFRS	International Financial Reporting Standards
LTM	Last twelve months
MAX	The Group's Integrity Services brand
MPS	Max Performance Solutions
NM	Not meaningful
NPAT	Net profit after tax
NSW	New South Wales
OPEX	Operating expenses net of other income
SKY RACING, SKY1 & SKY2	Part of the Group's Media business, Broadcasting racing and sport throughout Australia and internationally
TAB	The Group's wagering brand
TURNOVER	Turnover is gross amount wagered by customers. It is a non-IFRS measure
USPP	US Private Placement
VC	Variable Contribution
VIC	Victoria
VIC JV	Victorian Joint Venture
VRI	Victorian Racing Industry
WAGERING AND MEDIA (W&M)	The Group's business that operates fixed odds and pari-mutuel betting products and services on racing, sport and novelty products, and racing and sports broadcasting