



Interim Financial Statements

For the six months ended 31 January 2022

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Financial Commentary

How has TAB NZ achieved its strategic objectives for the period and what are its effects on financial and operational performance?

Betting and Gaming Turnover

Total Turnover (Betting & Gaming) of \$1,483 million is \$106 million (-7%) below last year. This has mostly been driven by the retail site closures due to COVID-19 restrictions across the country impacting betting turnover (down \$14 million or -1% which was offset in part by growth in account betting activity) and Gaming turnover (down \$92 million or -36%).

Revenue

Total Revenue of \$182 million is \$11 million (-6%) below last year. Contributing to this is lower Net Gaming Revenue (-\$5 million) consistent with the reduction in Gaming Turnover and lower Other Revenue (-\$4 million) due mainly to a decline in revenue from NZ racing shown overseas (-\$2 million) and the removal of credit card deposit fees (-\$2 million).

Expenses

Turnover related expenses and Other operating expenses remained consistent year on year.

Distributions

Distributions from betting profits to the racing community is \$72 million, up \$12 million (+18%) from last year consistent with the code funding arrangement. Additionally, despite the reduction in Net Gaming Profit, total gaming distributions of \$10 million is slightly higher than the same period last year; included in the gaming distributions is \$8 million of funding to the Racing Integrity Board consistent with its approved budget to date.

Assets

Total assets remained consistent year on year. An increase in general cash funds, driven by the timing of asset reinvestment, has resulted in a higher current asset position compared to the last financial year which offsets the reduction in non-current assets due to normal depreciation and usage.

Liabilities

Total liabilities decreased by \$8 million since the last financial year driven by debt repayment (\$10 million) and the settlement of provisions which were offset in part by the timing of payables settlement at balance date.

Equity

Total equity of \$98 million is up \$8 million (9%) compared to prior year, driven by the retention of surplus funds during the period.

Working Capital

Working capital (net current asset) position as at balance date is \$46 million is consistent with the last financial year end position.

Cash and cash equivalents declined by \$6 million (-10%). TAB NZ generated positive net operating cash flows (\$98 million) that was utilised to fund financial and capital investments (\$20 million) and net financing outflows (\$84 million) that includes distributions of \$72 million and debt repayment of \$10 million; additionally, TAB NZ holds general cash funds in term deposits of \$30 million as of the period ended 31 January 2022.



Independent auditor's review report

To the Board members of TAB New Zealand

Report on the interim financial statements

Our conclusion

We have reviewed the interim financial statements of TAB New Zealand and its controlled entities (together "the Group"), which comprise the statement of financial position as at 31 January 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended on that date, and the notes to the interim financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of the Group do not present fairly, in all material respects, the financial position of the the Group as at 31 January 2022, and its financial performance and cash flows for the six months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibility is further described in the *Auditor's responsibility for the review of the financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in the areas of other assurance services and agreed upon procedures. The provision of these other services has not impaired our independence as auditor of the Group.

Board members' responsibility for the financial statements

The Board members are responsible on behalf of the Group for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and consequently does not enable us to obtain assurance that we



might identify in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Who we report to

This report is made solely to the Group's Board members, as a body. Our review work has been undertaken so that we might state to the Group's Board members those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's Board members, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Sarah Turner.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
27 April 2022

Wellington

TAB New Zealand Interim Financial Statements


For the six months ended 31 January 2022

The Board members of TAB New Zealand have authorised the following interim financial statements and related notes for issue on 26 April 2022.



Mark Stewart

Chair of TAB New Zealand



Bill Birnie

Chair of Audit and Risk Committee
of TAB New Zealand

Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 January 2022

		UNAUDITED	
		January 2022	January 2021
	Note	\$000	Restated* \$000
Betting and gaming turnover	3	1,483,203	1,589,272
REVENUE			
Net betting revenue		163,159	164,741
Net gaming revenue		9,365	14,551
Other revenue		9,753	14,168
TOTAL REVENUE		182,277	193,460
Turnover related expenses	4	39,134	40,482
Operating Expenses	5	57,837	59,060
NET PROFIT BEFORE DISTRIBUTIONS		85,306	93,918
Distributions	6	76,199	63,155
Provision for undistributed gaming surplus		1,358	4,809
NET PROFIT AFTER DISTRIBUTIONS		7,749	25,954
OTHER COMPREHENSIVE INCOME			
Movement in fair value of cash flow hedges**		94	(22)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		7,843	25,932
Total other comprehensive loss attributable to:			
Reserves		7,840	25,947
Non-controlling interests in RIU		3	(15)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		7,843	25,932

* Adjustments have been made to comparative figures refer to note 1 for further information.

** Items of other comprehensive income may be reclassified to profit or loss.

Statement of Changes in Equity

For the six months ended 31 January 2022

	Attributable to TAB NZ		Attributable to non-	TOTAL GROUP
	General reserve	Hedging reserve	controlling interest	EQUITY
			in RIU	
	\$000	\$000	\$000	\$000
Balance as at 1 August 2020	53,339	(272)	107	53,174
Adjustment to opening equity*	(2,116)	-	-	(2,116)
Net profit after distributions	25,969	-	(15)	25,954
Other comprehensive income	-	(22)	-	(22)
Balance as at 31 January 2021	77,192	(294)	92	76,990

	Attributable to TAB NZ		Attributable to non-	TOTAL GROUP
	General reserve	Hedging reserve	controlling interest	EQUITY
			in RIU	
	\$000	\$000	\$000	\$000
Balance as at 1 August 2021 (Restated*)	89,774	264	(3)	90,035
Net profit after distributions	7,746	-	3	7,749
Other comprehensive income	-	94	-	94
Balance as at 31 January 2022	97,520	358	-	97,878

* Adjustments to prior year equity refer to note 1 for further information.

Statement of Financial Position

As at 31 January 2022

	Note	UNAUDITED January 2022 \$000	AUDITED July 2021 Restated* \$000
CURRENT ASSETS			
Cash and cash equivalents		56,877	62,963
Derivative assets		374	266
Trade and other receivables		9,299	9,443
Other financial assets	7	60,771	45,617
Other assets		2,687	3,923
TOTAL CURRENT ASSETS		130,008	122,212
NON-CURRENT ASSETS			
Property, plant and equipment		56,209	62,157
Intangible assets		56,366	59,410
Other financial assets	7	3,524	2,389
Other assets		1,458	1,546
TOTAL NON-CURRENT ASSETS		117,557	125,502
TOTAL ASSETS		247,565	247,714
CURRENT LIABILITIES			
Trade and other payables		40,545	28,105
Customer betting account deposits and vouchers		24,337	23,659
Liabilities from contracts with customers		2,917	4,100
Provisions		3,439	10,263
Taxation payable		5,938	5,425
Lease liabilities		7,039	7,043
TOTAL CURRENT LIABILITIES		84,215	78,595
NON-CURRENT LIABILITIES			
Borrowings	8	15,000	25,000
Lease liabilities		31,770	34,538
Other financial liabilities		18,256	19,080
Provisions		446	466
TOTAL NON-CURRENT LIABILITIES		65,472	79,084
TOTAL LIABILITIES		149,687	157,679
TOTAL EQUITY		97,878	90,035
TOTAL LIABILITIES AND EQUITY		247,565	247,714

* Adjustments have been made to comparative figures refer to note 1 for further information.

Statement of Cash Flows

For the six months ended 31 January 2022

	UNAUDITED	
	January 2022	January 2021
	\$000	Restated* \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
INFLOWS		
Betting and gaming turnover	1,483,203	1,589,272
NZ racing shown overseas	5,569	7,892
Other revenue	3,869	383
Jackpot retentions and account deposits	-	2,124
TOTAL INFLOWS FROM OPERATING ACTIVITIES	1,492,641	1,599,671
OUTFLOWS		
Betting and gaming dividends paid	(1,271,856)	(1,365,997)
Betting and gaming duty paid	(12,858)	(12,614)
Taxes and levies	(28,776)	(30,739)
Jackpot retentions and account deposits	(36)	-
Payments to national sporting organisations	(6,399)	(8,946)
Payments for employee benefits	(19,502)	(20,868)
Payments to suppliers	(55,200)	(57,250)
TOTAL OUTFLOWS FROM OPERATING ACTIVITIES	(1,394,627)	(1,496,414)
NET CASH PROVIDED BY OPERATING ACTIVITIES	98,014	103,257
CASH FLOWS FROM INVESTING ACTIVITIES		
INFLOWS		
Interest received	479	279
TOTAL INFLOWS FROM INVESTING ACTIVITIES	479	279
OUTFLOWS		
Investment in term deposits	(15,000)	(18,000)
Purchases of property, plant and equipment and intangible assets	(5,436)	(4,754)
TOTAL OUTFLOWS FROM INVESTING ACTIVITIES	(20,436)	(22,754)
NET CASH USED IN INVESTING ACTIVITIES	(19,957)	(22,475)
CASH FLOWS FROM FINANCING ACTIVITIES		
OUTFLOWS		
Repayment of borrowings and interest paid on borrowings	(10,116)	(11,004)
Repayment of leases and associated interest	(2,743)	(2,977)
Betting net profit distributions	(61,128)	(53,672)
Gaming net profit distributions to the racing industry	(10,407)	(4,501)
Gaming net profit distribution to external bodies	(9)	(1,294)
TOTAL OUTFLOWS FROM FINANCING ACTIVITIES	(84,403)	(73,448)
NET CASH USED IN FINANCING ACTIVITIES	(84,403)	(73,448)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(6,346)	7,334
Cash and cash equivalents as at the beginning of the period	62,963	54,120
Foreign exchange loss on cash and cash equivalents	260	137
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	56,877	61,591

* Adjustments have been made to comparative figures refer to note 1 for further information.

Notes to the interim financial statements

The purpose of these interim financial statements is to report on the financial performance for the six months ended 31 January 2022. Additionally, these financial statements report on transactions and events that are significant in gaining an understanding of the changes in financial position, performance and cash flows of TAB New Zealand (TAB NZ) since 1 August 2021.

The notes to the financial statements include additional information which provides more insights around TAB NZ's financial position, performance and cash flows.

Who is TAB NZ and what is the basis of financial statement preparation?

1. Basis of preparation

Reporting entity and statutory basis

TAB NZ is a statutory body domiciled in New Zealand and established by the Racing Industry Act 2020 which sets forth TAB NZ's principal objectives as follows:

- a) to facilitate and promote betting; and
- b) subject to ensuring that risks of problem gambling and underage gambling are minimised, to maximise:
 - i. its profits for the long-term benefit of New Zealand racing; and
 - ii. its returns to New Zealand sports.

TAB NZ is a commercial wagering entity focused on providing its customers with competitive betting products on racing and sports through its various channels including retail, digital (online and mobile) and on-course. Whilst TAB NZ has a significant digital offering, it operates in over 500 outlets which provide customers with a more personalised experience. TAB NZ has a well-established broadcasting operation and also operates the largest outside broadcasting operation in New Zealand (Trackside 1 and 2); and holds a Class 4 gaming licence in selected stores which mainly supports the integrity function of the racing industry in New Zealand in addition to providing support to the sporting community.

Statement of compliance

The Act requires that TAB NZ prepare financial statements that comply with generally accepted accounting practice (GAAP) in New Zealand (as defined under the Financial Reporting Act 2013). The financial statements presented are for TAB NZ and its subsidiaries, the Racing Integrity Unit (RIU) and the Betting Accounts and Betting Vouchers Trust (collectively, the Group).

These unaudited interim financial statements comply with NZ IAS 34 Interim Financial Reporting and do not include all the disclosures required for full annual financial statements prepared in accordance with NZ IFRS. These interim financial statements should be read in conjunction with the last published full financial statements for the year ended 31 July 2021.

Basis of measurement

These interim financial statements have been prepared on the historical cost basis and are presented in New Zealand dollars (\$) which is TAB NZ's functional currency.

New standards, interpretations and amendments issued

During the year, TAB NZ revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements consistent with the recently issued IFRIC agenda decision clarifying its interpretation of NZ IAS 38, Intangible Assets, in terms of these types of arrangements. The new accounting policy is presented below.

Changes in accounting policies and other prior period adjustments

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing TAB NZ with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing TAB NZ systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate. The impact of this is shown in the 'Change of accounting policy' column of the table below.

Change in accounting policy

TAB NZ assessed that as at 31 July 2021, \$0.2 million of SaaS configuration and customisation effective in the second half of the financial year ending 31 July 2021 required adjustment to align with the new IFRIC guidance; the adjustment has been reflected as a change in accounting policy in the prior period. Comparative period balances in the statement of financial position have been restated. The impact of this is shown in the 'Change of accounting policy' column of the table below.

Other prior period adjustment

Other software license arrangements were also reassessed as part of this review and it was determined that an asset should have been recognised at inception of the contract; these fees have previously been accounted for as an expense when incurred and disclosed as an operating commitment in the financial statements. Consequently, \$2.1 million net equity adjustment has been disclosed as an adjustment to the opening balances of the financial year ending 2021 in the statement of changes in equity; comparative period balances in the statement of financial position, performance, and cash flows have been restated. The impact of the prior period adjustment is shown in the table below.

Within the Statement of Profit or Loss and Other Comprehensive Income	January 2021 Original \$000	Change in accounting policy \$000	Other prior period adjustment \$000	January 2021 Restated \$000
OPERATING EXPENSES				
Communication and technology expenses	11,550	-	(1,050)	10,500
Depreciation and amortisation	10,993	-	1,158	12,151
Other operating expenses	7,453	-	469	7,922
TOTAL OPERATING EXPENSES	58,483	-	577	59,060
NET PROFIT BEFORE DISTRIBUTIONS	26,531	-	(577)	25,954

Within the Statement of Financial Position	July 2021 Original \$000	Change in accounting policy \$000	Other prior period adjustment \$000	July 2021 Restated \$000
NON-CURRENT ASSETS				
Intangible assets	42,271	(220)	17,359	59,410
CURRENT LIABILITIES				
Trade and other payables	25,255	-	2,850	28,105
NON-CURRENT LIABILITIES				
Other financial liabilities	1,615	-	17,465	19,080
TOTAL EQUITY	93,211	(220)	(2,956)	90,035

The table above is presented to show the corresponding restated values of the affected accounts as shown in the statement of financial position. For completeness, the adjustments to balances as of 31 July 2020 (i.e. opening balances of the comparative period ending 31 July 2021) relating to this item impacted Intangible assets revised to \$64.0 million (+\$19.7 million), Total Liabilities revised to \$176.2 million (+\$21.8 million) and Net Equity revised to \$51.1 million, (-\$2.1 million as shown in the statement of changes in equity).

Within the statement of cash flows, \$1.1 million cash outflow ('Payments to suppliers' line) has been reclassified from operating activities to investing activities ('Purchases of property, plant and equipment and intangible assets' line) as a result of the above; there is no impact to the net movement in cash and cash equivalents.

Going concern

These interim financial statements are prepared on a going concern basis.

How were the results of the group reported internally?

The following is an analysis of the Group's profit by reportable segments. There have been no changes in the nature of operating segments since 31 July 2021.

2. Operating segments

	UNAUDITED TAB NZ				
	Betting \$000	Gaming \$000	RIU \$000	Eliminations \$000	Total \$000
31 January 2022					
NET PROFIT BEFORE DISTRIBUTIONS	79,569	5,710	27	-	85,306
Less distributions	(71,847)	(4,352)	-	-	(76,199)
Less provision for undistributed Gaming net profit	-	(1,358)	-	-	(1,358)
NET PROFIT AFTER DISTRIBUTIONS	7,722	-	27	-	7,749
31 January 2021					
NET PROFIT / (LOSS) BEFORE DISTRIBUTIONS	86,833	10,501	(20)	(3,396)	93,918
Less distributions	(60,859)	(5,692)	-	3,396	(63,155)
Less provision for undistributed Gaming net profit	-	(4,809)	-	-	(4,809)
NET PROFIT / (LOSS) AFTER DISTRIBUTIONS	25,974	-	(20)	-	25,954

How did TAB NZ perform in creating value for its customers?

3. Revenue

TAB NZ's total revenue and other income shown in the Statement of Profit or Loss and Other Comprehensive Income arise from contracts with customers covered under NZ IFRS 15 and from other sources covered under various other standards; these are summarised in the following table:

Turnover

	UNAUDITED	
	January 2022 \$000	January 2021 \$000
Betting turnover - racing	939,668	964,485
Betting turnover - sports	380,333	369,255
Total betting turnover	1,320,001	1,333,740
Gaming turnover	163,202	255,532
TOTAL BETTING AND GAMING TURNOVER	1,483,203	1,589,272

Net betting and net gaming revenue

Net betting revenue and Net gaming revenue represent the net win or loss to TAB NZ. Net betting and gaming revenue consists of turnover less dividends paid or payable, less duties and GST. Problem gambling levies and betting and gaming machine duties are considered sales taxes, and are therefore included within net betting and gaming revenue, consistent with GST.

What costs were incurred in providing services to customers?

This section highlights the different costs incurred by TAB NZ to generate wagering and gaming turnover and as well as the costs required to carry out its operations.

4. Turnover related expenses

	UNAUDITED	
	January 2022	January 2021
	\$000	\$000
Advertising and promotions	2,956	2,236
Commingle fee	791	820
National sporting organisations*	6,199	6,150
Overseas racing rights	17,902	16,521
Race form publications	133	280
Retail fees	5,252	6,590
Other turnover related expenses	5,901	7,885
TOTAL TURNOVER RELATED EXPENSES	39,134	40,482

* In addition to this line, TAB NZ made payments to the sporting community for Duty Savings during the six months ending 31 January 2022. Refer to note 6 for further information.

5. Operating expenses

	UNAUDITED	
	January 2022	January 2021
	\$000	Restated* \$000
Broadcasting expenses	4,653	4,626
Communication and technology expenses	11,607	10,500
Premises and equipment expenses	2,960	3,074
Staff expenses	19,703	20,787
Depreciation and amortisation	11,643	12,151
Other operating expenses	7,271	7,922
TOTAL OPERATING EXPENSES	57,837	59,060

* Adjustments have been made to comparative figures refer to note 1 for further information.

Compensation of key management personnel for the six months to 31 January 2022 are as below:

	UNAUDITED	
	January 2022	January 2021
	\$000	\$000
Salaries and other short-term employee benefits	904	989
Total Chief Executive and leadership team remuneration	904	989
Board members' fees	141	164
TOTAL COMPENSATION OF KEY MANAGEMENT PERSONNEL	1,045	1,153

How TAB NZ supported the racing and sporting communities!

TAB NZ distributes its net profit to the racing community and distributes gaming grants to sporting community organisations. This section shows how the betting and gaming net profit of TAB NZ was distributed to these stakeholders.

6. Distributions and other payments

6a. Distributions from betting and gaming

31 January 2022	UNAUDITED			
	BETTING	GAMING	Undistributed RITA Gaming net profit from 31 July 2021	TOTAL
	\$000	\$000	\$000	\$000
Distributions to the racing community				
Code funding	71,847	-	-	71,847
Racing integrity	-	4,285	3,652	7,937
Other application of funds from Gaming operations				
Infrastructure development	-	4	-	4
Stakes enhancement	-	-	2,412	2,412
Other racing authorised	-	54	-	54
TOTAL DISTRIBUTIONS TO THE RACING COMMUNITY	71,847	4,343	6,064	82,254
Distributions (grants) to sporting community organisations				
Sports authorised purposes (paid and payable)	-	9	-	9
TOTAL DISTRIBUTIONS (GRANTS) TO SPORTING COMMUNITY ORGANISATIONS	-	9	-	9
Reversal of prior period provision for undistributed net profit	-	-	(3,652)	(3,652)
Reversal of prior year accumulated gaming net profit	-	-	(2,412)	(2,412)
TOTAL DISTRIBUTIONS	71,847	4,352	-	76,199

The undistributed and accumulated gaming surplus from FY21 of \$6.1 million was allocated to FY22 gaming distributions as detailed above.

31 January 2021	UNAUDITED			
	BETTING	GAMING	Undistributed Gaming net profit from 31 July 2020	TOTAL
	\$000	\$000	\$000	\$000
Distributions to the racing community				
Code funding	60,859	-	-	60,859
Racing integrity entities	-	2,491	2,491	4,982
Other application of funds from Gaming operations				-
Infrastructure development	-	145	1,085	1,230
Stakes enhancement	-	1,866	-	1,866
Other racing authorised	-	470	4	474
TOTAL DISTRIBUTIONS TO THE RACING COMMUNITY	60,859	4,972	3,580	69,411
Distributions (grants) to sporting community organisations				
Sports authorised purposes (paid and payable)	-	720	574	1,294
TOTAL DISTRIBUTIONS (GRANTS) TO SPORTING COMMUNITY ORGANISATIONS	-	720	574	1,294
Reversal of prior year provision for undistributed net profit	-	-	(3,069)	(3,069)
Reversal of prior year accumulated gaming net profit	-	-	(1,085)	(1,085)
TOTAL DISTRIBUTIONS FROM RITA PARENT	60,859	5,692	-	66,551
Distributions to RIU - eliminated on consolidation	-	(3,396)	-	(3,396)
TOTAL DISTRIBUTIONS FROM GROUP	60,859	2,296	-	63,155

6b. Betting duty savings transferred and transferable

In addition to the above distributions, Duty Savings were transferred and transferrable during the six months ending 31 January as follows.

	UNAUDITED	
	January 2022 \$000	January 2021 \$000
Racing Community	7,387	3,567
Sporting Community*	3,183	-
TOTAL BETTING DUTY SAVINGS TRANSFERRED AND TRANSFERABLE	10,570	3,567

* This line is in addition to the payments made to the National Sporting Organisations during the six months ending 31 January 2022. Refer to note 4 for further information.

As the legislation and relevant regulations provide for the above items to be directly paid out by the TAB NZ to specified external entities, the TAB NZ is considered an agent for the underlying transactions and have, therefore, excluded the impact of those transactions in the statement of profit or loss; any funds retained and subsequently transferred out are reflected in the statement of financial position.

6c. Business Information Use Charges transferred and transferrable

In addition to the above, Betting Information Use Charges of \$12.2 million (HY21: \$9.9 million) were transferred and transferrable to the racing community during the six months ending 31 January 2022.

Other information

7. Other financial assets

	UNAUDITED 2022 \$000	AUDITED 2021 \$000
Term deposits including Betting Accounts and Vouchers Trust	59,999	44,999
Lease receivable	4,296	3,007
TOTAL OTHER FINANCIAL ASSETS	64,295	48,006

Term deposits of \$60 million is made up of the following:

- \$30 million relates to the Betting Accounts and Betting Vouchers Trust representing funds held in trust to cover the balance of customer betting accounts deposits and vouchers liability; additionally, a further \$2 million of funds included within cash and cash equivalents is held to cover the total owed to customers of betting account deposits and vouchers liability of \$24 million. The deposits and cash balance held in trust are not available for use by TAB NZ in the ordinary course of business up to the value of the betting deposits and vouchers liability.
- \$30 million relates to TAB NZ general cash funds invested in term deposits as part of TAB NZ's normal investment strategy.

8. Borrowings

TAB NZ has an unsecured revolving credit facility of \$35.0 million with a full contractual term ending November 2023. Interest is payable based on prevailing market rate plus a margin; there are no guarantees or covenants attached to this facility. As at balance date, TAB NZ has \$15.0 million of bank borrowings (HY21: \$35.0 million) and \$20.0 million of undrawn banking facilities available to it; please refer to note 10, subsequent events, for additional information around TAB NZ's borrowings.

9. Related parties

There have been no significant changes to the related parties or transactions with related parties since 31 July 2021.

10. Subsequent events

Subsequent to 31 January 2022, New Zealand remains at the red COVID-19 traffic light setting which impacts TAB NZ's retail outlet operations which had a flow on effect on betting and gaming turnover for the six month period; TAB NZ continues to monitor developments on this matter. Furthermore, in February 2022 TAB NZ voluntarily repaid the \$15.0 million of bank borrowings and reduce the loan facility to \$20.0 million. These events did not result in an adjustment to the financial position of TAB NZ as at 31 January 2022 as reported in these financial statements.

Directory

Board Members

Mark Stewart

MNZM

Chair

Anna Stove

Deputy Chair

William (Bill) Birnie

CNZM

Paul Bittar

Jason Fleming

Wendie Harvey

Raewyn Lovett

ONZM

Leadership Team

Mike Tod

Chief Executive Officer (from 21 March 2022)

Dean McKenzie

Chief Transition Officer (until 18 March 2022)

Sam Moncur

General Manager Finance

Jessica Meech

General Manager Corporate and Governance Services

Simon Thomas

General Manager Customer and Betting

Edward Rennell

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Auditors

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