

The image is a composite of two photographs. The left side shows a jockey in a blue and orange helmet and dark jacket riding a brown horse on a track. The right side shows a close-up of a woman with curly hair, wearing a green and white patterned shirt, looking intently. A large, stylized blue graphic element, resembling a horse's head profile, is overlaid on the center, separating the two images.

**Annual Report**  
TAB NZ > 2022

**TAB**





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## Building momentum

**"Our new products and services are finding strong favour with customers and gaining attention from competitors internationally."**

**Mark Stewart, Chairman**



## From the Chairman

### TAB NZ found itself in one of the most pivotal periods in its history in the 2021/22 financial year.

It was a new and exciting period for the business, emerging from Covid-19 restrictions in the latter half of the financial year, a new customer-centric approach under incoming Chief Executive Officer Mike Tod, and some outstanding initiatives for racing and sport customers as a result.

There were some headwinds though. Alongside softening economic conditions globally, the business came under intense pressure as a result of regulatory settings which allow international online wagering operators unfettered access to Kiwi customers while making a minimal contribution to sport and racing.

As a result, we estimate that up to \$150 million was lost by Kiwis to online offshore operators across the past 12 months. That is money that could have stayed onshore to boost the fortunes of sport, racing and communities around New Zealand if regulatory settings were modernised to prevent access from online offshore operators, such as the settings in place in Australia, Singapore and Hong Kong.

Gambling harm minimisation is a critical focus for TAB NZ and part of our social licence to operate is driven by our responsibility to the nation. The online international operators do not have the same incentives to protect Kiwis from gambling harm.

In this light, TAB NZ has spent considerable effort working with the Government and its officials to propose changes to the regulatory settings that ensure TAB NZ has a viable future and that Kiwis are better protected from gambling harm.

We have been heartened by the constructive engagement and are hopeful that positive changes will be made to our operating environment, so that we can grow this business for all those who rely upon our success.

This includes the national sporting organisations (NSOs) that benefit from the increasing role that sports betting plays in our business. The sports betting landscape is more competitive than ever, and the chance to build on the \$12.6 million in commissions we paid to NSOs this year is encouraging, provided those regulatory settings are in place.

Customer-centricity will be at the core of TAB NZ's future success and we have started to build significant momentum in this area since Mike Tod joined as Chief Executive Officer in March. Our new products and services are finding strong favour with customers and gaining attention from competitors internationally.

On behalf of the Board of Directors, I would like to acknowledge the base that Chief Transition Officer Dean McKenzie left Mike and his Executive Leadership Team to build from. Dean navigated TAB NZ through the tail end of the racing reforms, the critical Covid-19 phase and worked closely with Government and industry partners.

I would also like to take the opportunity to thank the Minister for Racing, Hon Kieran McAnulty, for his support and guidance since acquiring the portfolio from Hon Grant Robertson, whose understanding of the business has been crucial during some challenging years. We continue to benefit from Minister Robertson's expertise in his role as Minister for Sport and Recreation.

One of the great strengths of TAB NZ is the culture that is prevalent throughout the business. With Covid-19 restrictions lingering for much of the year, the adaptability and flexibility of our people to keep the engine running was remarkable. Their initiative and drive, led by an excellent Executive Leadership Team who have brought so much impetus to their roles, makes me proud to chair this organisation.

Finally, I would like to thank both the hard-working Board who have brought so much expertise and strategic thinking to this pivotal and challenging year. I also would like to acknowledge my fellow Director Paul Bittar, who stepped down from the Board in October of this year. Paul is a global expert within our industry and his experience and perspectives will be missed around the Board table.

Ngā mihi,



**Mark Stewart MNZM**  
TAB NZ Chairman



FY22 Turnover  
**\$2,928M**



## From the Chief Executive Officer

### TAB NZ began laying the foundation for a sustainable future in the 2021/22 financial year.

Our TAB GamePlan – GP25 strategy will see us become a highly customer-centric digital first business. We are on a journey to offering personalisation, relevance and innovative products and services. Our commitment to being a global leader in our industry was demonstrated by the launch of Punters Promise amongst a host of other exciting new initiatives over the past year.

We have assembled a top flight team to grow this business for the betterment of racing, sport and communities around New Zealand. We are fortunate to have a mix of deep industry and institutional skills as well as fresh new perspectives from leaders with best practice experience gained working globally with some of the world’s biggest and best brands.

The renewed sense of energy is attracting new customers and some of the best talent available in New Zealand. Our overall customer base grew by 8% in 2022, and those customers that were active weekly grew by 14% across the year.

Importantly, we have seen our customer satisfaction scores improve in line with the investments we are making in the experience we offer.

More than three-quarters (77%) of those surveyed rated their interaction with us as easy or extremely easy. That’s a good result, but it also means there is room to improve.

I joined TAB NZ as Chief Executive Officer in March 2022 and I have been hugely energised by the passion our stakeholders across racing, sport, communities, regulators and Government have for this iconic company as we count down to our 75th anniversary in three years.

In the financial year ending 31 July, we distributed \$140.2 million of betting profits to the racing community, up by 13% on 2020/21. This is an outstanding result coming off the back of Covid-19, intense pressure from much larger offshore online competitors and emerging economic headwinds.

Payments to national sporting organisations were in line with last year, but sporting communities received a boost through \$4.4 million in Betting Duty savings passed on from the Department of Internal Affairs through TAB NZ. The racing community also enjoyed an uplift in Betting Duty savings, with \$12.9 million transferred in 2021/22, compared to \$7.1 million in 2020/21.

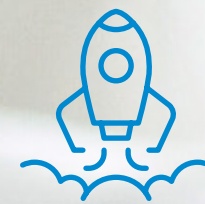
As the financial year drew to a close, we began the process of evaluating a potential deep strategic partnership with a world-class wagering organisation to ensure we have the best systems, digital and physical customer experiences, products and harm minimisation processes globally. We identified five potential partners and expect the evaluation process to run for around six months.

On behalf of the Executive Leadership Team, I would like to thank our customers, staff and stakeholders for their ongoing support of TAB NZ as we seek to build a world-class and sustainably profitable business.

Ngā mihi,



Mike Tod  
Chief Executive Officer



# 14%

Year on year growth in active weekly customers





**A photo of a billboard farewelling the Irish team was liked by 110,000 Facebook users and shared by 11,000 – highly successful customer engagement that also had a significant impact on the business.**

The billboards even captured the attention of Ireland coach Andy Farrell, who was asked at a press conference about the cheeky messages, and responded:

*“We’ve seen a few billboards, they’re up there, which are great. Walking through the streets of Auckland, there’s always a back-handed compliment, which is great.*

*“It’s what we expect and we’re looking forward to that.*

*“Well, it’s true. That’s the reality of it. We take that on the chin and we move onto the next one don’t we?”*

The billboards weren’t just in Auckland though. When the Irish team travelled south to Hamilton for a match against the Māori All Blacks, an “annoying trailer” followed them south and was parked up near Waikato Stadium to ensure the billboards were ever-present in the players’ minds. Billboards and trailers also made appearances in Wellington and Dunedin as the tour continued.

As momentum swung in favour of the Irish, the challenge was to continue to evolve and update the quips across the billboards, news media advertising and social media while ensuring that the slogans were cheeky without crossing the line into arrogance.

This was best captured in one of the final billboards of the campaign, which caught the attention of a British rugby Facebook page. 110,000 Facebook users liked the post, and 11,000 shared it, which spoke to the spirit of rugby fans around the world.

While the campaign met its objective to show the general public a different side of TAB NZ, it also made a significant impact on the business.

More than 80,000 customers were active on their TAB NZ accounts in the first two weeks of the series. This is the highest number of active weekly customers outside of the two big racing weeks of the year – Melbourne Cup and New Zealand Cup Week.

New account sign-ups were up almost 50% compared to the corresponding period in 2021.

All three tests had more than 30,000 TAB NZ customers betting through their account – well up on the 17,000 average of the previous 10 All Blacks home tests.

Turnover on the third test reached \$2 million, compared to an average of \$900,000 across the previous 10 All Blacks home tests.

**50%**



**New account sign-ups**

Up almost 50% compared to the same period in 2021

## 'Consider The Odds' Campaign Hits the Mark

TAB NZ is a brand steeped in New Zealand legacy after more than 70 years in operation.

While holding an iconic place in New Zealand history is a strength, it can also be a challenge when TAB NZ’s customers and the wider New Zealand public view TAB NZ through its traditional lens.

As the organisation emerged from a period of legislative and structural change, the marketing team was looking for an opportunity to present the brand in a fresh and innovative way. Innovation was the genesis of the Consider The Odds campaign that ran throughout the three-test rugby series between the All Blacks and Ireland in July 2022.

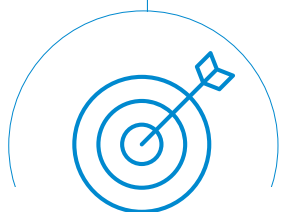
The plan? Get people talking about TAB NZ in a way they’ve never done before – by being cheeky, a little bit controversial and part of the conversation throughout the series.

Cue the creation of the “Consider The Odds” billboards. These started appearing around Auckland on the week of the arrival of the Irish team in New Zealand.

From that point until the moment players stepped onto the field, TAB NZ was there to remind them that their odds weren’t looking good.

The All Blacks have not lost a test at Eden Park since 1994 and Ireland had never tasted victory on New Zealand soil against the All Blacks, so TAB NZ helpfully pointed out these facts through the billboards, social media, media releases and news stories.

**200%**



**\$2M turnover on the third test**

More than doubled the last 10 All Blacks home tests

**80k+**

**Active users on TAB accounts**

More than 80,000 were active in the first two weeks



## Responsible Gambling

### TAB NZ continued to evolve our responsible gambling and harm minimisation approach through 2021/22 in both the online and retail sector with the inclusion of a number of new tactics.

A mandatory account limit setting was implemented for all customers requesting to re-open their account following a period of exclusion.

For new customers, an enhanced join process was put in place to ensure that age verification be completed within 7 days alongside a mandatory spend maximum limit that could not be altered until verification had been completed. This balances the harm minimisation component alongside the acquisition of new customers.

In early 2022, a dedicated digital image gallery linked to the national concern database of excluded customers was made available in all of our TAB NZ retail Class 4 stores. This provides a greater ability for store staff to view images of excluded people in real-time for their particular venue.

For customers wanting to self-exclude themselves from TAB NZ Class 4 stores, this process was evolved, enhanced and digitised to negate the need for a paper-based process.

Bespoke reporting methods were developed in late 2021 to identify potential risk in TAB NZ wagering customers. Once risks were identified, the Responsible Gambling team were able to make a primary, secondary then tertiary intervention with customers if a risk of gambling harm continued to be identified. Indications are showing that this process is working to identify risk-based gambling at different levels and degrees, to enable TAB NZ to inform and support these customers, keeping their best interests at heart.

Covid-19 continued to cause significant disruption for all New Zealanders throughout much of the 2021/22 financial year. During this time, TAB NZ continued to take a responsible gambling approach. We sent a dedicated Responsible Gambling email to all customers to advise them to check in on their personal situation, and let them know about the TAB NZ tools available that could help manage their account betting.

In the advocacy and collaborative space, TAB NZ had dedicated involvement with 2021 Gambling Harm Awareness week, which included a dedicated email to customers, banner advertising on tab.co.nz and social media posts through TAB NZ social media channels.

TAB NZ also proactively put in place a treatment stakeholder group to further enhance communication to and from the sector that is tasked with treatment of harm and addiction caused by gambling.

Underpinning all this, the Responsible Gambling team was boosted by the appointment of two additional Responsible Gambling Advisors to help the organisation's efforts to prevent and minimise harm for our customers.

Further development work in the TAB NZ responsible gambling space is expected to continue to evolve in the coming years as TAB NZ seeks to de-stigmatise the act of seeking support. We'll also continue to normalise the use of voluntary options for customers to manage their own betting in a way that works for them, free of harm.

## Distribution Insights

### Betting Distributions and Other payments

Y2022

Total betting profit distributions to the racing community	<b>\$140.2M</b>
Betting Duty Savings	<b>\$12.9M</b>
Racing Betting Information Use Charges	<b>\$22.8M</b>
<b>TOTAL (excluding Class 4 grants):</b>	<b>\$175.9M</b>

Total distributions and other payments to the racing community in 2020/21 were \$149.9m.

### Commissions and other payments to the sporting community

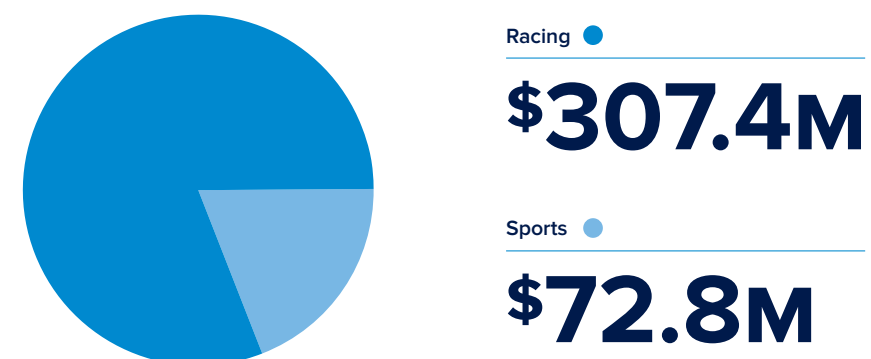
Y2022

Total National Sporting Organisation (NSO) Commissions	<b>\$12.6M</b>
Betting Duty Savings paid	<b>\$4.4M</b>
<b>TOTAL (excluding Class 4 grants):</b>	<b>\$17.0M</b>

Total NSO commissions in 2020/21 were \$13.0m.

Note: Sporting betting information use charges are collected separately from TAB NZ and flow directly to NSOs.

### Gross betting revenue by source (\$M)



Net betting revenue of \$312.6m after deductions of GST (\$50.5m) and Duties and Levies (\$17.1m) (see Note 3).

## Class 4 Gaming Distributions

Total returns were more than \$18.5m across the racing industry and amateur sport organisations across New Zealand despite the impacts of Covid-19 restrictions.

Racing Industry Funds were used to cover the operational costs of the Racing Integrity Board for the control and conduct of race meetings, and to support Racing New Zealand with Stakes and Racing Club Infrastructure project enhancements across the Codes.

**257** Number of requests for funding supported by TAB NZ

**42** Number of different sports supported across New Zealand

**\$1.6M** Amount of money distributed to amateur sporting organisations in New Zealand

Although total funding was significantly impacted by Covid-19 restrictions, some of the highlights included:

Boccia balls



**\$20,000+**

### Boccia New Zealand Canterbury

TAB NZ fully funded the request for 50 new boccia balls for the regional programme to support development programs in collaboration with regional Paralympic federations to meet the increasing demand for equipment across New Zealand.

Track improvements



**\$20,000**

### Capitol BMX Club Wellington

TAB NZ supported alterations to the club's 400m UCI international-level BMX track at Ian Galloway Park based in Karori. The amendments to the BMX track will allow an increase in user experiences and skill levels.

New horse yards



**\$7,500+**

### Central Districts Equine Society Manawatu

TAB NZ supported a request towards six new Wooden Horse Yards at the Central Districts Equine Park in Palmerston North to replace the current yards. The new yards will house horses overnight during competitions across many events and offer improved conditions.

New hull and foil



**\$8,000+**

### Sailability Wellington Trust Wellington

TAB NZ supported a request towards the purchase of a new hull and foil for a bespoke class of sailboat. This boat will be used to help enable sailors with disabilities to learn to sail and compete in races within the Wellington harbour.

IWF-regulation barbells



**\$20,000**

### Olympic Weightlifting NZ Auckland

TAB NZ supported the purchase of IWF-regulation barbells for upcoming competitions, training and educational use. The barbells will be used in the running of the 2023 Masters World Cup, Oceania, and Commonwealth Championships being held in Auckland in March 2023. Up to 750 Masters (age 35+) athletes from around the world are expected to visit Auckland to participate. Following this event, these barbells will be used in developing weightlifting participation nationally for domestic competition opportunities (from secondary school to masters age groups and all competitive levels), education (for weightlifting and other sports' athletes and coaches) and club support (particularly start-up needs) by providing necessary training equipment.

New equipment



**\$6,781**

### Smash Volleyball Club Canterbury

TAB NZ supported the purchase of beach volleyball equipment including volleyballs and a portable net system. The Smash Volleyball Club is supporting youth across Christchurch and the portable system will enable them to take volleyball to people and continue to build the membership.



## Corporate Governance Statement

The management of the business and affairs of TAB NZ took place under the direction of its Governing Body.

### Governing Body responsibilities

The Governing Body met 11 times. Every meeting was subject to a formal agenda and reporting procedures. Agendas were prepared by TAB NZ's Secretary, in conjunction with the Chairman and Chief Transition Officer (until March 2022) and the Chief Executive Officer and Chairman (from April 2022).

TAB NZ maintained an Interests Register, in which the interests of its members are recorded. Governing Body members were expected to manage any conflicts of interest in accordance with the provisions of the Racing Industry Act 2020.

### Governing Body committees

The TAB NZ Governing Body formally constituted four committees: the Dates Committee, the Audit and Risk Committee, the People and Culture Committee and the Net Proceeds Committee.

These committees supported the Governing Body by considering relevant issues at a detailed level and reporting back to the Governing Body.

This reporting generally included the making of recommendations to the Governing Body, except where specific decision-making authority had been delegated to the committee by the Governing Body.

## Executive Leadership Team

At 31 July 2022



**Mike Tod**  
Chief Executive Officer



**Sam Moncur**  
Chief Financial Officer



**Jodi Williams**  
Chief Marketing and Customer Officer



**Fred Laury**  
Chief Digital Officer



**Megan Campbell**  
Chief People Officer



**Simon Thomas**  
Chief Betting Officer



**Cameron Rodger**  
Chief Commercial Officer



## Chief Financial Officer Commentary

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

Total Turnover (Betting & Gaming)

**\$2,928M**

▼ 2021  
**5%**

Total Revenue  
(excluding Government Grants)

**\$354M**

▼ 2021  
**5%**

Total Operating Expenses

**\$6M**

▲ 2021  
**8%**

Total Distributions  
from betting profits

**\$140M**

▲ 2021  
**13%**

### Betting and Gaming Turnover

Total Turnover (Betting & Gaming) of \$2,928 million is \$148 million (-5%) 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 \$25 million or -1%) and Gaming turnover (down \$123 million or -24%).

### Revenue

Total Revenue of \$354 million is \$19 million (-5%) below last year. Contributing to this is lower Net Gaming Revenue (-\$7 million) consistent with the reduction in Gaming Turnover and lower Other Revenue (-\$7 million) driven by the removal of credit card deposit fees (-\$6 million).

### Expenses

Turnover related expenses increased \$6 million (+8%) which includes higher marketing costs of \$4 million; operating expenses remained consistent with last year.

### Distributions

Distributions from betting profits to the racing community is \$140 million, up \$16 million (+13%) from last year consistent with the code funding arrangement. Additionally, despite the reduction in Net Gaming Profit, total gaming distributions of \$17 million were made during the year; included in the gaming distributions is \$14 million of funding to the Racing Integrity Board consistent with its approved budget.

Total Assets

**\$220M**

▼ 2021  
**11%**

Total Liabilities

**\$131M**

▼ 2021  
**17%**

Total Equity

**\$89M**

▼ 2021  
**1%**

Working Capital

**\$25M**

▼ 2021  
**\$19M**

### Assets

Total assets decreased year on year. A decrease in general cash funds (used for early debt repayment in the first half of the year) and a reduction in non-current assets due to normal depreciation and usage offset by additions during the period.

### Liabilities

Total liabilities decreased year on year driven by debt repayment (\$25 million) and the settlement of provisions which were offset in part by the timing of payables settlement at balance date.

### Equity

Total equity of \$89 million is down \$1 million (-1%) compared to prior year reflective of the current year's results.

### Working Capital

Working capital (net current asset) position as at balance date is \$25 million, the decrease from last year by \$19 million is driven by the early debt repayment of the loan facility during the year.

Cash and cash equivalents declined by \$18 million (-29%). TAB NZ generated positive net operating cash flows (\$178 million) that was utilised to fund financial and capital investments (\$16 million) and net financing outflows (\$182 million) that includes distributions of \$151 million and debt repayment of \$25 million; additionally, TAB NZ holds general cash funds in term deposits of \$20 million as of the period ended 31 July 2022.



## Independent Auditor's Report



### Independent auditor's report

To the Board members of TAB New Zealand

#### Our opinion

In our opinion, the accompanying financial statements of TAB New Zealand (TAB), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 July 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

#### What we have audited

The Group's financial statements comprise:

- the statement of financial position as at 31 July 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of other assurance services and agreed upon procedures. In addition, certain partners and employees of our firm may deal with TAB on normal terms within the ordinary course of trading activities of TAB. The provision of these other services and these relationships has not impaired our independence as auditor of TAB.

#### Other information

The Board members are responsible for the other information. The other information comprises the information included in the Annual report (but does not include the financial statements and our auditor's report thereon). The other information we obtained prior to the date of this auditor's report comprised the CFO commentary, Supplementary information and Directory. The remaining other information is expected to be made available to us after that date. The remaining other information is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of audit opinion or assurance conclusion thereon.

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T: +64 4 462 7000, pwc.co.nz



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board members and use our professional judgement to determine the appropriate action to take.

#### Responsibilities of the Board members for the financial statements

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

In preparing the financial statements, the Board members are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board members either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/>

This description forms part of our auditor's report.

#### Who we report to

This report is made solely to the TAB's Board members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 TAB and the TAB's Board members, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

*PricewaterhouseCoopers*

Chartered accountants  
18 October 2022

Wellington



# TAB New Zealand Financial Statements

For the year ended 31 July 2022

The Board members of TAB New Zealand have authorised the following financial statements and related notes for issue on 18 October 2022.



**Mark Stewart**  
Chairman of TAB New Zealand



**Bill Birnie**  
Chairman of the Audit and Risk Committee of TAB New Zealand

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 July 2022

	Note	2022 \$000	2021 Restated* \$000
Betting and gaming turnover	3a	2,928,106	3,076,168
<b>REVENUE</b>			
Net betting revenue	3	312,585	315,947
Net gaming revenue	3	22,293	29,278
NZ racing shown overseas revenue		14,597	16,598
Other revenue	3b	4,054	10,704
<b>TOTAL REVENUE</b>		<b>353,529</b>	<b>372,527</b>
<b>TURNOVER RELATED EXPENSES</b>			
<b>OPERATING EXPENSES</b>			
Broadcasting expenses		9,386	9,345
Communication and technology expenses*		24,097	21,785
Premises and equipment expenses		6,624	6,419
Staff expenses	6a	40,909	41,937
Depreciation and amortisation*	13, 14	22,912	23,884
Other operating expenses*	6b	15,022	17,930
<b>TOTAL OPERATING EXPENSES</b>	<b>6</b>	<b>118,950</b>	<b>121,300</b>
<b>TOTAL EXPENSES</b>		<b>198,750</b>	<b>195,326</b>
<b>NET PROFIT BEFORE DISTRIBUTIONS</b>		<b>154,779</b>	<b>177,201</b>
Distributions	7	152,671	135,108
Provision for undistributed gaming surplus	17	1,887	3,652
<b>NET PROFIT AFTER DISTRIBUTIONS</b>		<b>221</b>	<b>38,441</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Movement in fair value of cash flow hedges**		(828)	536
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(607)</b>	<b>38,977</b>
<b>Total other comprehensive income attributable to:</b>			
Reserves		(610)	39,087
Non-controlling interests in RIU		3	(110)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(607)</b>	<b>38,977</b>

\* 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 year ended 31 July 2022

	Attributable to TAB NZ		Attributable to non-controlling interest in RIU	TOTAL GROUP EQUITY
	General reserve	Hedging reserve		
	\$000	\$000	\$000	\$000
<b>Balance as at 1 August 2020</b>	<b>53,339</b>	<b>(272)</b>	<b>107</b>	<b>53,174</b>
Adjustment to opening equity*	(2,116)	–	–	(2,116)
Net profit after distributions	38,551	–	(110)	38,441
Other comprehensive income	–	536	–	536
<b>Balance as at 31 July 2021 (Restated*)</b>	<b>89,774</b>	<b>264</b>	<b>(3)</b>	<b>90,035</b>
<b>Balance as at 1 August 2021 (Restated*)</b>				
	<b>89,774</b>	<b>264</b>	<b>(3)</b>	<b>90,035</b>
Net profit after distributions	218	–	3	221
Other comprehensive income	–	(828)	–	(828)
<b>Balance as at 31 July 2022</b>	<b>89,992</b>	<b>(564)</b>	<b>–</b>	<b>89,428</b>

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



## TAB New Zealand Financial Statements continued

### Statement of Financial Position

As at 31 July 2022

	Note	2022 \$000	2021 Restated* \$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	44,586	62,963
Derivative assets		–	266
Trade and other receivables	9	11,447	9,443
Other financial assets	15	50,575	45,617
Other assets		3,753	3,923
<b>TOTAL CURRENT ASSETS</b>		<b>110,361</b>	<b>122,212</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	51,209	62,157
Intangible assets*	14	54,077	59,410
Other financial assets	15	3,391	2,389
Other assets		1,396	1,546
<b>TOTAL NON-CURRENT ASSETS</b>		<b>110,073</b>	<b>125,502</b>
<b>TOTAL ASSETS</b>		<b>220,434</b>	<b>247,714</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables*	10	38,254	28,105
Customer betting account deposits and vouchers	11	27,876	23,659
Derivative liabilities		643	–
Liabilities from contracts with customers	12	3,346	4,100
Provisions	17	4,285	10,263
Taxation payable		4,841	5,425
Lease liabilities	22	6,309	7,043
<b>TOTAL CURRENT LIABILITIES</b>		<b>85,554</b>	<b>78,595</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	16	–	25,000
Lease liabilities	22	27,991	34,538
Other financial liabilities*	16	17,016	19,080
Provisions	17	445	466
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>45,452</b>	<b>79,084</b>
<b>TOTAL LIABILITIES</b>		<b>131,006</b>	<b>157,679</b>
<b>TOTAL EQUITY</b>		<b>89,428</b>	<b>90,035</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>220,434</b>	<b>247,714</b>

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

### Statement of Cash Flows

For the year ended 31 July 2022

	2022 \$000	2021 Restated* \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>INFLOWS</b>		
Betting and gaming turnover	2,928,106	3,076,168
NZ racing shown overseas	14,042	15,575
Government grants	–	6,600
Other revenue	1,050	7,551
Jackpot retentions and account deposits	3,690	2,099
<b>TOTAL INFLOWS FROM OPERATING ACTIVITIES</b>	<b>2,946,888</b>	<b>3,107,993</b>
<b>OUTFLOWS</b>		
Betting and gaming dividends paid	(2,514,981)	(2,646,455)
Betting and gaming duty paid	(23,682)	(21,147)
Taxes and levies	(57,748)	(59,544)
Payments to national sporting organisations	(12,934)	(15,485)
Payments for employee benefits	(40,766)	(43,227)
Payments to suppliers*	(118,840)	(125,592)
<b>TOTAL OUTFLOWS FROM OPERATING ACTIVITIES</b>	<b>(2,768,951)</b>	<b>(2,911,450)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>177,937</b>	<b>196,543</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>INFLOWS</b>		
Interest received	1,366	806
<b>TOTAL INFLOWS FROM INVESTING ACTIVITIES</b>	<b>1,366</b>	<b>806</b>
<b>OUTFLOWS</b>		
Investment in term deposits	(5,001)	(20,999)
Purchases of property, plant and equipment and intangible assets*	(12,552)	(11,296)
<b>TOTAL OUTFLOWS FROM INVESTING ACTIVITIES</b>	<b>(17,553)</b>	<b>(32,295)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(16,187)</b>	<b>(31,489)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>OUTFLOWS</b>		
Repayment of borrowings and interest paid on borrowings	(25,133)	(21,974)
Repayment of leases and associated interest	(5,729)	(5,886)
Betting net profit distributions and payments to the racing industry	(132,341)	(119,203)
Gaming net profit distributions to the racing industry	(16,953)	(5,744)
Gaming net profit distribution to external bodies	(1,578)	(3,352)
<b>TOTAL OUTFLOWS FROM FINANCING ACTIVITIES</b>	<b>(181,734)</b>	<b>(156,159)</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(181,734)</b>	<b>(156,159)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(19,984)</b>	<b>8,895</b>
Cash and cash equivalents as at the beginning of the period	62,963	54,120
Foreign exchange movement on cash and cash equivalents	1,607	(52)
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD</b>	<b>44,586</b>	<b>62,963</b>



## TAB New Zealand Financial Statements continued

### Statement of Cash Flows continued

	2022	2021 Restated*
	\$000	\$000
<b>NET PROFIT AFTER DISTRIBUTIONS</b>	<b>221</b>	<b>38,441</b>
<b>NON-CASH ITEMS</b>		
Depreciation and amortisation expense*	22,912	23,884
Other non-cash items	(17)	7
<b>TOTAL NON-CASH ITEMS</b>	<b>22,895</b>	<b>23,891</b>
<b>ITEMS CLASSIFIED AS INVESTING/FINANCING ACTIVITIES</b>		
Net gain on sale of property, plant and equipment	7	3,317
Net interest paid / (received)	1,233	(200)
Distributions paid	152,671	135,108
<b>TOTAL ITEMS CLASSIFIED AS INVESTING/FINANCING ACTIVITIES</b>	<b>153,911</b>	<b>138,225</b>
<b>MOVEMENT IN CURRENT ASSETS</b>		
Trade and other receivables	(1,679)	(1,410)
Other current assets	170	(473)
<b>TOTAL MOVEMENT IN CURRENT ASSETS</b>	<b>(1,509)</b>	<b>(1,883)</b>
<b>MOVEMENT IN LIABILITIES</b>		
Trade and other payables*	(504)	(6,976)
Customer betting account deposits and vouchers	4,217	1,522
Liabilities from contracts with customers	(754)	814
Taxation payable	(584)	(6)
Provisions	44	2,515
<b>TOTAL MOVEMENT IN CURRENT LIABILITIES</b>	<b>2,419</b>	<b>(2,131)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>177,937</b>	<b>196,543</b>

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

## Notes to the Financial Statements

The purpose of these financial statements is to report on the financial performance for the year ended 31 July 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 its inception on 1 August 2020. The notes to the financial statements include information which is required to understand the financial statements and information that is material and relevant to the financial performance, financial position and operations of TAB NZ.

### 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 took effect on 1 August 2020. The Act 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.

In order to achieve those objectives, TAB NZ provides customers with 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 around 500 outlets which provide customers with a more personalised experience. TAB NZ also operates the largest outside broadcasting operation in New Zealand (Trackside 1 and 2), and holds a Class 4 gaming licence in selected stores.

##### 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 financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS as appropriate for Tier 1 for-profit entities, which has been opted into by TAB NZ.

##### Basis of measurement

These 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

The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period on 1 August 2021.

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 on the next page.



## Notes to the Financial Statements

### continued

#### 1. Basis of preparation – continued

##### Changes in accounting policies

###### 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 is 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.

	2021 Original	Change in accounting policy	Other prior period adjustment	2021 Restated
Within the Statement of Profit or Loss and Other Comprehensive Income	\$000	\$000	\$000	\$000
<b>OPERATING EXPENSES</b>				
Communication and technology expenses	23,939	220	(2,374)	21,785
Depreciation and amortisation	21,569	–	2,315	23,884
Other operating expenses	17,031	–	899	17,930
<b>TOTAL OPERATING EXPENSES</b>	<b>120,240</b>	<b>220</b>	<b>840</b>	<b>121,300</b>
<b>NET PROFIT AFTER DISTRIBUTIONS</b>	<b>39,501</b>	<b>(220)</b>	<b>(840)</b>	<b>38,441</b>

###### Within the Statement of Financial Position

###### NON-CURRENT ASSETS

Intangible assets	42,271	(220)	17,359	59,410
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###### CURRENT LIABILITIES

Trade and other payables	25,255	–	2,850	28,105
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###### NON-CURRENT LIABILITIES

Other financial liabilities	1,615	–	17,465	19,080
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<b>TOTAL EQUITY</b>	<b>93,211</b>	<b>(220)</b>	<b>(2,956)</b>	<b>90,035</b>
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The table to the left 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), Trade and other payables (current liability) revised to \$27.6 million (+\$2.4 million), other financial liabilities (non-current liability) revised to \$21.0 million (+\$19.4 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, \$2.2 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.

Within the notes to the accounts, comparative balances have been adjusted to reflect the above. Consequently, note 21 comparative figures have also been restated (total decrease of \$23.5 million).

##### Going Concern

These financial statements are prepared on a going concern basis.

##### Critical accounting estimates and assumptions

TAB NZ has determined that there are no critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements. The preparation of the financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Taxes, duties and levies

TAB NZ is exempt from New Zealand income tax pursuant to section CW 47 of the Income Tax Act 2007. The following taxes, duties, levies and similar charges are paid by TAB NZ:

- Betting duty of 1.33 cents in the dollar on Gross Betting Revenue, reduced to nil from 1 July 2021
- Gaming machine duty of 20 cents in the dollar on Gross Gaming Revenue
- Problem Gambling levy of 0.76 cents in the dollar on Gross Betting Revenue from 1 July 2022 (2021: 0.52 cents); and 0.78 cents in the dollar on Gross Gaming Revenue
- GST charged on GST-inclusive Gross Betting Revenue and Gross Gaming Revenue
- Broadcasting levy of 0.00051 cents in the dollar of revenue from broadcasting in New Zealand
- Fringe benefit tax (FBT)
- Accident Compensation Commission (ACC) levies
- Compulsory KiwiSaver employer contributions
- Property taxes including local body rates

##### Group entities

The financial statements incorporate the assets and liabilities of all entities controlled by TAB NZ as at 31 July 2022 and the results of the operations of such entities for the year. TAB NZ and such entities are together referred to in these financial statements as TAB NZ or the Group.

TAB NZ controls an entity when TAB NZ is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Controlled entities are consolidated from the date on which control is transferred to TAB NZ. Subsidiaries are deconsolidated from the date that control ceases. Balances between controlled entities, including inter-entity transactions, are eliminated.

## Notes to the Financial Statements continued

### 1. Basis of preparation – continued

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Non-controlling interests are allocated their share of net profit in the statement of profit or loss and other comprehensive income and are presented within equity in the statement of financial position, separately from the equity attributable to TAB NZ; transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions in the equity holders' capacity as owners.

Interest in subsidiaries	Principal place of business	Reporting date	Interest 2022 %	Interest 2021 %
Betting Accounts and Betting Vouchers Trust	New Zealand	31 July	100	100
Racing Integrity Unit Limited	New Zealand	31 July	Nil	25

#### Consolidation of Betting Accounts and Betting Vouchers Trust

The Betting Accounts and Betting Vouchers Trust (the Trust) was established in 2004 to set aside funds for the purpose of covering amounts owed to customers on TAB NZ betting accounts and un-presented vouchers. TAB NZ is the Trustee of the Trust. 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 account deposits and vouchers liability. TAB NZ controls the Trust which is therefore consolidated with these financial statements. The carrying amounts of the assets and liabilities in the financial statements reflect the restrictions that apply.

#### Consolidation of Racing Integrity Unit Limited

RIU manages integrity services to the racing industry and is responsible for investigating and prosecuting breaches of the Rules of Racing. TAB NZ has consolidated Racing Integrity Unit Limited (RIU). TAB NZ directs the operating and financial strategy of the RIU by providing all the funding income and financial support for RIU whilst also approving RIU's budget. As such, despite only holding a 25% interest, TAB NZ is deemed to control RIU and, consequently, consolidates RIU. The remaining 75% interest in RIU (non-controlling interest) is owned equally by the three racing codes.

The RIU's operations were transferred to the Racing Integrity Board (RIB) during FY21 as provided under the Racing Industry Act 2020. In contrast to the RIU, however, the RIB is not considered to be controlled by TAB NZ as TAB NZ does not have any ownership interest in RIB (or power to make appointments to the RIB Board or key management personnel) and does not have the power to direct RIB's financial and operational strategy. As such, RIB has not been consolidated and will not be consolidated going forward. During the year ended 31 July 2022, RIU was formally wound down and deregistered from the Companies Office.

### How were the results of the Group reported internally?

TAB NZ reports its operating segments on the basis of its distinct business operations in which specific strategies and decisions are made based on the nature, type of products and other factors (e.g. regulatory requirements) appropriate to each. These distinct business operations include the following:

#### Gaming operations

Operations relating to the provision of gaming activities. Costs specifically associated with gaming have been allocated to the gaming operating segment.

#### Betting operations

Operations relating to providing totalisator and fixed odds betting for racing and sports. Betting operations include broadcasting, racing services provided to the racing codes, retail and Head Office functions of TAB NZ. This segment includes all other TAB NZ functions and costs other than those specifically associated with gaming.

The Betting Account and Betting Vouchers Trust operations, which are fully eliminated on consolidation, are included within the betting operations.

In addition to the two operating segments, the RIU operations, including the impact of consolidation adjustments, are presented separately under 'RIU'. The RIU funding disclosed in Distributions is intended to cover its operating and capital expenditure. Consequently, the net profit after distributions represents the net of funding and operating and capital expenditure.

TAB NZ's Chief Transition Officer (until March 2022) and its Chief Executive Officer (from March 2022) have been identified as TAB NZ's chief decision maker for the purpose of applying segment reporting. The segment results disclosed are based on those segments reported to the chief decision maker and used by TAB NZ to analyse its business. The RIU operations are considered an operating segment as financial information is reported to the chief decision maker.

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. The effect of transactions with RIU which are eliminated on consolidation have been separately disclosed to better reflect each segment's performance.

### 2. Operating segments

The following is an analysis of the Group's profit, assets and liabilities by reportable segments.

	Betting \$000	Gaming \$000	RIU \$000	Eliminations \$000	Total \$000
<b>31 JULY 2022</b>					
<b>NET PROFIT BEFORE DISTRIBUTIONS</b>	140,400	14,352	27	–	154,779
Less distributions	(140,206)	(12,465)	–	–	(152,671)
Less provision for undistributed Gaming net profit	–	(1,887)	–	–	(1,887)
<b>NET PROFIT AFTER DISTRIBUTIONS</b>	<b>194</b>	<b>–</b>	<b>27</b>	<b>–</b>	<b>221</b>
<b>OTHER KEY SEGMENT INFORMATION</b>					
Total turnover	2,537,621	390,485	–	–	2,928,106
Depreciation and amortisation	(22,010)	(902)	–	–	(22,912)
Additions to non-current assets	8,510	1,134	–	–	9,644
Total assets	215,106	5,328	–	–	220,434
Total liabilities	(126,260)	(4,746)	–	–	(131,006)
	Betting \$000	Gaming \$000	RIU \$000	Eliminations \$000	Total \$000
<b>31 JULY 2021</b>					
<b>NET PROFIT / (LOSS) BEFORE DISTRIBUTIONS*</b>	162,901	21,137	(146)	(6,691)	177,201
Less distributions	(124,314)	(17,485)	–	6,691	(135,108)
Less provision for undistributed Gaming net profit	–	(3,652)	–	–	(3,652)
<b>NET PROFIT / (LOSS) AFTER DISTRIBUTIONS</b>	<b>38,587</b>	<b>–</b>	<b>(146)</b>	<b>–</b>	<b>38,441</b>
<b>OTHER KEY SEGMENT INFORMATION</b>					
Total turnover	2,562,611	513,557	–	–	3,076,168
Depreciation and amortisation	(20,289)	(1,193)	(87)	–	(21,569)
Additions to non-current assets	8,169	945	142	–	9,256
Total assets	220,981	9,519	127	(52)	230,575
Total liabilities	(130,332)	(6,957)	(127)	52	(137,364)



## Notes to the Financial Statements

continued

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

#### 3. Revenue and Other income

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:

		2022 \$000	2021 \$000
<b>Revenue from contracts with customers</b>			
Net betting revenue	3a	312,585	315,947
Net gaming revenue	3a	22,293	29,278
NZ racing shown overseas revenue		14,597	16,598
Other revenue	3b	2,499	7,938
		<b>351,974</b>	<b>369,761</b>
Income from other sources	3b	1,555	2,766
<b>TOTAL REVENUE AND OTHER INCOME</b>		<b>353,529</b>	<b>372,527</b>

#### 3a. Revenue from contracts with customers

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 (see policy section below), 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.

**Income earned on racing shown overseas** represents fees received from international betting agencies on the export of New Zealand racing events. This income is recognised based on the turnover taken by the international betting agencies on exported racing events and is recognised at the time that the racing event takes place.

**Other revenue** arising from contracts with customers represents fees charged for services rendered by TAB NZ to its counterparties and recognised at the time the corresponding service is rendered; a breakdown of these is shown in the note 3b, Other revenue and income.

#### Turnover and dividends

**Betting turnover** comprises turnover from totalisator and fixed odds betting:

- Totalisator turnover is recognised once the outcome of the betting event is confirmed.
- Fixed odds turnover is recognised on those bets that are placed with a fixed return, once the outcome of the betting event is known and the result confirmed. For multi fixed odds bets, turnover is only recognised when the last leg is resulted.

**Gaming turnover** is recognised when the proceeds are received into the gaming machines. TAB NZ holds a licence issued by the Department of Internal Affairs under the Gambling (Class 4 Net Proceeds) Regulations 2004 to operate gaming machines.

Betting and gaming turnover is measured at the fair value of the consideration received, net of any refunds and rebates, and inclusive of GST.

**Dividends** payable on betting and gaming operations are recognised once the event has resulted, at the fair value of the consideration to be paid. Any unclaimed dividends on totalisator and fixed odds turnover are recognised as unpaid dividends within other financial liabilities. Dividends paid on gaming turnover represents payouts to customers from the gaming machines, including jackpot payouts.

	2022 \$000	2021 \$000
Betting turnover – racing	1,757,240	1,789,402
Betting turnover – sports	780,381	773,209
<b>Total betting turnover</b>	<b>2,537,621</b>	<b>2,562,611</b>
Gaming turnover	390,485	513,557
<b>TOTAL BETTING AND GAMING TURNOVER</b>	<b>2,928,106</b>	<b>3,076,168</b>

#### 3b. Other revenue and income

TAB NZ's other revenue and income comprises the following:

##### Other revenue arising from contracts with customers (see note 3a):

- **Merchant fee revenue** is income derived from credit card transaction fees charged to customers which is recognised as revenue following a completed customer deposit transaction.
- **Racing services income** represents income earned by TAB NZ from providing on-course race day services to racing clubs. Racing services income is recognised at the time that the racing event takes place. As part of support measures enacted in FY20 for the industry's return to racing, these have not been charged, resulting in a nil balance in the current year.
- **Revenue from Broadcasting** within New Zealand is advertising income earned on TAB NZ's Trackside TV channels and Radio Trackside and is subject to levies under the Broadcasting Act 1989; this is recognised when the advertising service is rendered.

##### Income from other sources

This represents other income items other than those arising from contract with customers in exchange for goods or services covered under NZ IFRS 15, Revenue; this includes interest income, gain on asset disposals and rental income which are each reported under relevant accounting standards to which they relate.

	2022 \$000	2021 \$000
Merchant fee revenue	1,478	7,066
Revenue from broadcasting within New Zealand	351	388
Other revenue	670	484
<b>TOTAL OTHER REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>2,499</b>	<b>7,938</b>
Total revenue/income from other sources	1,555	2,766
<b>TOTAL OTHER REVENUE</b>	<b>4,054</b>	<b>10,704</b>

From November 2021, TAB NZ ceased charging customers merchant fees which resulted in the lower value compared to prior years.

## Notes to the Financial Statements

### continued

#### 4. Government grants

TAB NZ's accounting treatment of these grants depends on their respective terms and conditions consistent with NZ IAS 20, Government Grants. TAB NZ considered the nature and attached conditions for each grant; specifically, each grant was assessed whether TAB NZ is a principal or agent in respect of the use/transfer of the funds. Where TAB NZ is the principal, grants are recognised as revenue on a systematic basis depending on the entitlement of TAB NZ to use such funds which is essentially when associated conditions have been satisfied. Where TAB NZ is an agent, the grant is offset against the expense or distribution in the profit or loss.

There have been no grants received, recognised or retained for and as of the period ended 31 July 2022. In the comparative year, however, the TAB reported \$0.8 million of grants in Profit or Loss (offset within operating expenses) and transferred \$7.4 million of Grants received from the Government to other entities (ultimate beneficiaries of those grants).

#### 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 as well as the costs required to carry out its operations.

#### 5. Turnover related expenses

These relate to costs that are directly attributable to the betting and gaming turnover, as well as other revenue items realised during the period shown in the following table:

	2022	2021
	\$000	\$000
Advertising and promotions	7,376	3,788
Commingling fee <sup>1</sup>	1,548	1,582
National sporting organisations <sup>2</sup>	12,618	13,025
Overseas racing rights <sup>3</sup>	33,678	31,821
Race form publications	260	133
Retail fees <sup>4</sup>	11,714	12,886
Other turnover related expenses	12,606	10,791
<b>TOTAL TURNOVER RELATED EXPENSES</b>	<b>79,800</b>	<b>74,026</b>

1 **Commingling fees** are fees paid to overseas betting agencies on commingled pools. The fees are based on a percentage of the commingled turnover.

2 **National sporting organisation grants** are paid to New Zealand sporting bodies based on a combination of a percentage of turnover and betting margin earned on betting on the specific sport.

3 **Overseas racing rights** are fees paid to overseas broadcasters and betting agencies for taking bets on imported racing. These fees are based on a percentage of turnover earned from each individual import race.

4 **Retail fees** represent commissions paid to non-TAB NZ owned outlets for providing services. A portion of the fees are fixed and the remaining is based on a percentage of the turnover earned by the outlet.

#### 6. Operating expenses

The reduction in operating expenses reflects no RIU expenses in the current year. The prior year included \$6.2 million RIU expenses.

##### 6a. Staff expenses

Compensation of key management personnel for the year to 31 July 2022 is as below.

	2022	2021
	\$000	\$000
Salaries and other short-term employee benefits	2,493	1,903
<b>Total Chief Executive and leadership team remuneration</b>	<b>2,493</b>	<b>1,903</b>
Board members' fees	282	374
<b>TOTAL COMPENSATION OF KEY MANAGEMENT PERSONNEL</b>	<b>2,775</b>	<b>2,277</b>

As at 31 July 2022, the TAB NZ leadership team included six members (2021: five members).

##### 6b. Other operating expenses

	2022	2021
	\$000	\$000
Auditors remuneration		
– Audit and review services	334	295
– Anti-Money Laundering and Counter Financing of Terrorism compliance assurance services	5	94
– Taxation compliance services	–	11
– Non-audit Non-assurance services (C4 agreed upon procedures)	9	6
Board members	282	374
Consultancy	1,763	565
Interest <sup>1</sup>	2,097	2,873
Legal	284	373
Merchant	7,159	6,812
Printing and stationery <sup>2</sup>	89	143
RIU swabbing costs	–	1,294
Travel and accommodation <sup>2</sup>	967	1,308
Other operating expenses	2,033	3,782
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>15,022</b>	<b>17,930</b>

1 A portion of the total interest expense for the year included interest expense on lease contracts of \$1.8 million (2021: \$1.4 million).

2 Printing and stationery and Travel and accommodation include costs of short-term and low value lease agreements during the period which were recognised as expenses over the lease term.



## Notes to the Financial Statements continued

### 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.

#### 7. Distributions and Other payments

##### 7a. Distributions from betting and gaming

31 JULY 2022	BETTING \$000	GAMING \$000	Undistributed Gaming net profit from 31 July 2021 \$000	TOTAL \$000
<b>Distributions to the racing community</b>				
Code funding	140,206	–	–	140,206
Racing Integrity Board	–	10,670	3,652	14,322
Other application of funds from Gaming operations				
Stakes enhancement	–	4	2,412	2,416
Other racing authorised	–	213	–	213
<b>TOTAL DISTRIBUTIONS TO THE RACING COMMUNITY</b>	<b>140,206</b>	<b>10,887</b>	<b>6,064</b>	<b>157,157</b>
<b>Distributions (grants) to sporting community organisations</b>				
Sports authorised purposes (paid and payable)	–	1,578	–	1,578
<b>TOTAL DISTRIBUTIONS (GRANTS) TO SPORTING COMMUNITY ORGANISATIONS</b>	<b>–</b>	<b>1,578</b>	<b>–</b>	<b>1,578</b>
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)
<b>TOTAL DISTRIBUTIONS</b>	<b>140,206</b>	<b>12,465</b>	<b>–</b>	<b>152,671</b>

31 JULY 2021	BETTING \$000	GAMING \$000	Undistributed RITA Gaming net profit from 31 July 2020 \$000	TOTAL \$000
<b>Distributions to the racing community</b>				
Code funding	121,928	–	–	121,928
Racing integrity entities	2,386	7,143	2,491	12,020
Other application of funds from Gaming operations				
Infrastructure development	–	2,595	1,115	3,710
Race form publications	–	160	–	160
Stakes enhancement	–	3,400	–	3,400
Other racing authorised	–	1,409	4	1,413
<b>TOTAL DISTRIBUTIONS TO THE RACING COMMUNITY</b>	<b>124,314</b>	<b>14,707</b>	<b>3,610</b>	<b>142,631</b>
<b>Distributions (grants) to sporting community organisations</b>				
Sports authorised purposes (paid and payable)	–	2,778	574	3,352
<b>TOTAL DISTRIBUTIONS (GRANTS) TO SPORTING COMMUNITY ORGANISATIONS</b>	<b>–</b>	<b>2,778</b>	<b>574</b>	<b>3,352</b>
Reversal of prior year provision for undistributed net profit	–	–	(3,069)	(3,069)
Reversal of prior year accumulated gaming net profit	–	–	(1,115)	(1,115)
<b>TOTAL DISTRIBUTIONS FROM RITA PARENT</b>	<b>124,314</b>	<b>17,485</b>	<b>–</b>	<b>141,799</b>
Distributions to RIU – eliminated on consolidation	–	(6,691)	–	(6,691)
<b>TOTAL DISTRIBUTIONS FROM GROUP</b>	<b>124,314</b>	<b>10,794</b>	<b>–</b>	<b>135,108</b>

##### 7b. Betting duty savings transferred and transferable

In addition to the above distributions, Duty Savings were transferred and transferable during the year as follows.

	2022 \$000	2021 \$000
Racing Community	12,855	7,116
Sporting Community*	4,384	–
<b>TOTAL BETTING DUTY SAVINGS TRANSFERRED AND TRANSFERABLE</b>	<b>17,239</b>	<b>7,116</b>

\* This line is in addition to the payments made to the National Sporting Organisations during the year. Refer to note 5 for further information.

##### 7c. Business Information Use Charges transferred and transferable

In addition to the above distributions, Betting Information Use Charges of \$22.8 million (2021: \$18.5 million) were transferred and transferable to the racing community during the year.

As the legislation and relevant regulations provide for the betting duty savings and betting information use charges 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.

## Notes to the Financial Statements

continued

### Operating assets and liabilities

This section provides information about the assets used to generate the results of TAB NZ and the liabilities incurred as a result.

#### 8. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and call deposits with an original maturity of three months or less.

The carrying values of cash and cash equivalents approximate their fair values. The maximum credit exposure is limited to the carrying value of cash and call deposits.

Cash denominated in foreign currencies is translated into New Zealand dollars at the spot rate at the reporting date. All differences arising on settlement or translation of monetary items are taken to profit or loss.

	2022	2021
	\$000	\$000
Cash in bank and on hand	40,583	61,963
Betting Accounts and Vouchers Trust	4,003	1,000
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>44,586</b>	<b>62,963</b>

The Betting Accounts and Betting Vouchers Trust account balance is not available for operational use by TAB NZ up to the value of the betting deposits and vouchers liability (see note 15).

#### 9. Trade and other receivables

Trade and other receivables are initially recognised at the fair value of the amounts to be received. They are subsequently measured at amortised cost, using the effective interest method, less any provision for impairment loss due to doubtful debts under the expected credit loss (ECL) model; refer to note 19.

Included within trade and other receivables are the amounts owed to TAB NZ from non-TAB NZ owned retail outlets. The retail outlets are required to settle on a weekly basis. TAB NZ's practice is to require either bank guarantees or cash bonds from non-TAB NZ owned retail outlets of a value generally greater than a week's settlement; these cash bonds are included in trade and other payables.

Trade and other receivables are non-interest bearing and are generally on terms of 30 days or less; the carrying value of trade and other receivables approximates the fair value.

	2022	2021
	\$000	\$000
Trade and other receivables	11,451	9,461
Provision for doubtful debts	(4)	(18)
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>11,447</b>	<b>9,443</b>

### 10. Trade and other payables

Trade and other payables are recognised when TAB NZ becomes obliged to make future payments resulting from the purchase of goods and services and are accounted for as a liability at amortised cost (refer to note 19). All trade and other payables are non-interest bearing other than the racing code distributions payable. The carrying value of trade and other payables approximates their fair value.

Employee entitlement liabilities for annual leave and other contractual payments expected to be settled within 12 months of the reporting date are recognised in other payables, in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

	2022	2021
	\$000	Restated* \$000
Accruals*	5,915	7,876
Government grants received in advance	32	317
Amounts payable to Board members	-	9
Employee entitlements	3,718	3,575
Racing distributions and other payables	14,801	6,881
Trade payables	13,788	9,447
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>38,254</b>	<b>28,105</b>

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

### 11. Customer betting account deposits and vouchers

The customer betting account deposits and vouchers balance represents the amount held in customers' betting accounts and outstanding betting vouchers. A betting voucher is a voucher (including gift vouchers) purchased by customers that can be used to place a bet or can be exchanged for cash. A liability is recognised when a customer deposits cash into their betting accounts or when a betting voucher is purchased. The resulting liability is accounted for as a financial liability at amortised cost (refer to note 19).

The customer betting account deposits and vouchers liability is non-interest bearing. The liability is derecognised when either a deposit or voucher is redeemed or used to place a bet, or, in accordance with the Betting Rules, the betting account or voucher is deemed inactive.

During the year TAB NZ deemed \$0.3 million (2021: \$0.4 million) of betting vouchers and \$0.3 million (2021: \$0.7 million) of betting accounts to be inactive and have been released from the liability consistent with accounting for breakages under NZ IFRS 15.

The balance of the customer betting accounts deposit and vouchers liabilities as at 31 July 2022 was \$27.9 million (2021: \$23.7 million). Short-term deposits and cash totalling \$34.0 million (2021: \$30.0 million) is held in trust to cover this liability in the Betting Accounts and Vouchers Trust.



## Notes to the Financial Statements

### continued

#### 12. Liabilities from contracts with customers

**Jackpot retentions** are established in accordance with the Racing Rules pursuant to section 76 of the Racing Industry Act 2020. These comprise amounts set aside from the dividend pools of certain specified bet types.

The funds accumulated are used solely for supplementing certain future dividend pools for the originating racing code.

**Unclaimed dividends** represent the liability to winning customers on betting activities that have yet to be claimed. Unclaimed dividends are recognised at the time the related revenue is recognised, which is when the outcome of the betting event is known. This liability includes unclaimed dividends that are less than six months old. Unclaimed dividends equal to or greater than six months are derecognised and recorded as a reduction in dividends in profit or loss. Breakages, as defined by NZ IFRS 15, meaning an estimation of dividends that remain unclaimed past the six-month expiry date, are also recognised at the time of revenue recognition.

**Unresulted turnover** represents open totalisator and fixed odds betting positions. Open betting positions are those where customers have placed bets and where at balance date the event to which the bet relates has not occurred. These open betting positions are considered to be derivative financial instruments for financial reporting purposes. Unresulted turnover is initially measured at fair value on the date the bet is placed. Fair value is the amount placed on the bet. Subsequently, derivative financial instruments are re-valued to their fair value at each reporting date. TAB NZ has determined that the value of the balance upon initial recognition approximates fair value at 31 July 2022.

	2022	2021
	\$000	\$000
Jackpot retentions	864	1,390
Unclaimed dividends	1,155	1,318
Unresulted turnover	1,327	1,392
<b>TOTAL LIABILITIES FROM CONTRACTS WITH CUSTOMERS</b>	<b>3,346</b>	<b>4,100</b>

During the year, TAB NZ recognised \$0.1 million (2021: \$0.3 million) of aged dividends unlikely to be settled.

#### 13. Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis so as to allocate the cost of each asset over its expected useful life (reviewed annually) to its estimated residual value. Depreciation is recognised within 'Depreciation and amortisation' in the statement of profit or loss.

##### Estimated useful life

Leasehold improvements (shorter of lease period or estimated useful life)	6-7 years
Computer hardware	2-7 years
Motor vehicles	4-7 years
Operations and trackside equipment	5-15 years
Gaming machines	5 years
Other (consists of laboratory equipment, furniture and office equipment)	5-10 years
Right of Use assets are depreciated over their respective lease terms.	Various

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent, if any, of the impairment loss recognised in profit or loss. No impairment indicator was identified.

	Leasehold improvements	Computer hardware	Motor vehicles	Operations and trackside equipment	Gaming machines	Property leases	Other	Work in progress	Total property, plant and equipment
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>AS AT 1 AUGUST 2020</b>									
<b>At cost</b>	37,684	48,054	10,555	53,946	10,336	41,613	8,212	300	210,700
<b>Accumulated depreciation</b>	(28,659)	(46,269)	(4,371)	(40,696)	(8,651)	(5,271)	(5,917)	–	(139,834)
<b>CARRYING AMOUNT</b>	<b>9,025</b>	<b>1,785</b>	<b>6,184</b>	<b>13,250</b>	<b>1,685</b>	<b>36,342</b>	<b>2,295</b>	<b>300</b>	<b>70,866</b>
Additions	1,204	687	86	84	945	1,785	52	477	5,320
Disposals	(21)	(46)	(934)	(148)	(2)	–	(1,701)	–	(2,852)
Transferred from work in progress	126	73	–	17	–	–	–	(216)	–
Depreciation for the year	(2,890)	(1,030)	(994)	(2,841)	(807)	(5,395)	(407)	–	(14,364)
Lease adjustments	–	–	–	–	–	3,187	–	–	3,187
<b>CARRYING AMOUNT AT 31 JULY 2021</b>	<b>7,444</b>	<b>1,469</b>	<b>4,342</b>	<b>10,362</b>	<b>1,821</b>	<b>35,919</b>	<b>239</b>	<b>561</b>	<b>62,157</b>
<b>AS AT 1 AUGUST 2021</b>									
<b>At cost</b>	38,578	48,384	8,229	51,399	10,835	45,257	2,972	561	206,215
<b>Accumulated depreciation</b>	(31,134)	(46,915)	(3,887)	(41,037)	(9,014)	(9,338)	(2,733)	–	(144,058)
<b>CARRYING AMOUNT</b>	<b>7,444</b>	<b>1,469</b>	<b>4,342</b>	<b>10,362</b>	<b>1,821</b>	<b>35,919</b>	<b>239</b>	<b>561</b>	<b>62,157</b>
Additions	1,691	486	318	383	1,134	1,486	17	1,200	6,715
Disposals	(33)	–	(36)	–	–	(1,273)	(1)	–	(1,343)
Net transfers between asset classes	–	–	–	–	–	(1,787)	173	–	(1,614)
Transferred from work in progress	94	472	–	24	24	–	–	(614)	–
Depreciation for the year	(2,811)	(831)	(954)	(2,746)	(659)	(5,029)	(160)	–	(13,190)
Lease adjustments	–	–	–	–	–	(1,516)	–	–	(1,516)
<b>CARRYING AMOUNT AT 31 JULY 2022</b>	<b>6,385</b>	<b>1,596</b>	<b>3,670</b>	<b>8,023</b>	<b>2,320</b>	<b>27,800</b>	<b>268</b>	<b>1,147</b>	<b>51,209</b>
<b>At cost</b>	38,644	46,285	8,292	29,923	11,888	43,393	3,038	1,147	182,610
<b>Accumulated depreciation</b>	(32,259)	(44,689)	(4,622)	(21,900)	(9,568)	(15,593)	(2,770)	–	(131,401)
<b>CARRYING AMOUNT</b>	<b>6,385</b>	<b>1,596</b>	<b>3,670</b>	<b>8,023</b>	<b>2,320</b>	<b>27,800</b>	<b>268</b>	<b>1,147</b>	<b>51,209</b>

At 31 July 2022 the contractual commitment for acquisition of property, plant and equipment for the Group was nil (2021: \$0.3 million). The NEP (formerly NZ Live) lease of \$0.8 million as at 31 July 2022 (2021: \$1.2 million) is included in Operations and trackside equipment. There are no restrictions on property, plant and equipment assets or any assets pledged as securities for liabilities.

## Notes to the Financial Statements

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#### 14. Intangible assets

Broadcasting licences, software and other intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

TAB NZ develops specialised software for its own use in the business. The cost of internally generated software comprises all directly attributable costs necessary to create and prepare the asset to be capable of operating in the manner intended by management, including direct labour costs and an appropriate portion of relevant overheads incurred to actually design, develop, test and implement the asset. Other costs incurred pre-development and post-implementation are recognised as an expense when incurred.

Amortisation is charged on a straight-line basis over the estimated useful lives of the asset and is recognised within 'Depreciation and amortisation' in the statement of profit or loss. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the fair value less cost of disposal and value in use. Impairment assessment is done on the lowest level in which assets are separately identifiable in terms of their respective cash flow (cash generating unit). Impairment is reviewed at least at the end of each reporting period.

##### Estimated useful life

Software	3-10 years
Broadcasting licenses	14-20 years
Lease intangibles (term of lease)	5-10 years

The carrying amounts of intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent, if any, of the impairment loss recognised in the statement of profit or loss. No impairment indicator was identified.

	Software Restated* \$000	Broadcasting licences \$000	Other intangible assets \$000	Work in progress \$000	Total intangible assets \$000
<b>AS AT 1 AUGUST 2020</b>					
At cost*	119,952	2,925	1,326	3,188	127,391
Accumulated amortisation*	(60,131)	(1,985)	(1,306)	–	(63,422)
<b>CARRYING AMOUNT</b>	<b>59,821</b>	<b>940</b>	<b>20</b>	<b>3,188</b>	<b>63,969</b>
Additions	3,124	–	–	2,597	5,721
Disposals*	(253)	(595)	–	–	(848)
Transferred from work in progress	3,097	–	–	(3,097)	–
Amortisation for the year*	(9,341)	(85)	(6)	–	(9,432)
<b>CARRYING AMOUNT AT 31 JULY 2021</b>	<b>56,448</b>	<b>260</b>	<b>14</b>	<b>2,688</b>	<b>59,410</b>
At cost	125,192	1,761	644	2,688	130,285
Accumulated amortisation	(68,744)	(1,501)	(630)	–	(70,875)
<b>CARRYING AMOUNT</b>	<b>56,448</b>	<b>260</b>	<b>14</b>	<b>2,688</b>	<b>59,410</b>
Additions	3,484	–	–	931	4,415
Disposals	(26)	–	–	–	(26)
Transferred from work in progress	2,610	–	–	(2,610)	–
Amortisation for the year	(9,651)	(65)	(6)	–	(9,722)
<b>CARRYING AMOUNT AT 31 JULY 2022</b>	<b>52,865</b>	<b>195</b>	<b>8</b>	<b>1,009</b>	<b>54,077</b>
At cost	117,842	1,761	644	1,009	121,256
Accumulated amortisation	(64,977)	(1,566)	(636)	–	(67,179)
<b>CARRYING AMOUNT</b>	<b>52,865</b>	<b>195</b>	<b>8</b>	<b>1,009</b>	<b>54,077</b>

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

At 31 July 2022 there were no contractual commitment for acquisition of software and other intangibles (2021: nil). There are no restrictions on intangible assets or any assets pledged as securities for liabilities. During the year \$0.4 million of interest costs were capitalised as part of software (2021: \$0.4 million).



## Notes to the Financial Statements

### continued

#### 15. Other financial assets

	2022 \$000	2021 \$000
Term deposits including Betting Accounts and Betting Vouchers Trust	50,000	44,999
Lease receivable	3,966	3,007
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>53,966</b>	<b>48,006</b>
Disclosed as:		
Current	50,575	45,617
Non-current	3,391	2,389
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>53,966</b>	<b>48,006</b>

Term deposits of \$50 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 account deposits and vouchers liability; additionally, a further \$4 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 \$28 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.
- \$20 million relates to TAB NZ general cash funds invested in term deposits as part of TAB NZ's normal investment strategy.

#### 16. Borrowings and other financial liabilities

TAB NZ has an unsecured revolving credit facility of \$20.0 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 the balance date, TAB NZ has nil bank borrowings (2021: \$25.0 million) and \$20.0 million of undrawn banking facilities available to it.

Other financial liabilities includes cash bonds received from various site operators such as pubs and clubs that host our betting facilities (e.g. combination of screens and self-service terminals which enables betting and racing displays onsite).

#### 17. Provisions

Provisions are recognised when the following three conditions are met:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources with economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount of a provision represents the best estimate of the expenditure required to settle the obligation at the end of the reporting period. The discount rates used are government stock rates consistent with the term of the obligation.

	Make good \$000	Employee benefit \$000	Undistributed Gaming net profit \$000	Totalisator Duty savings \$000	Total provisions \$000
<b>BALANCE AT 31 JULY 2021</b>	<b>764</b>	<b>335</b>	<b>6,064</b>	<b>3,566</b>	<b>10,729</b>
Additional provisions	–	50	1,887	–	1,937
Provisions released	(27)	–	–	–	(27)
Provisions used	–	–	(6,064)	(1,845)	(7,909)
<b>BALANCE AT 31 JULY 2022</b>	<b>737</b>	<b>385</b>	<b>1,887</b>	<b>1,721</b>	<b>4,730</b>

#### Financial risks

This section discusses TAB NZ's exposure to various financial risks, explains how these affect the financial position and performance of TAB NZ and what TAB NZ does to manage these risks. This section also provides information on any items that are not recognised in the financial statements but could potentially have an impact on TAB NZ's financial position and performance.

#### 18. Categories of financial instruments

		2022 \$000	2021 Restated* \$000
<b>Financial assets at amortised costs</b>			
Cash and cash equivalents	8	44,586	62,963
Trade and other receivables	9	11,447	9,443
Other financial assets	15	53,966	48,006
		<b>109,999</b>	<b>120,412</b>
<b>Financial liabilities at amortised costs</b>			
Trade and other payables*	10	38,254	28,105
Customer betting account deposits and vouchers	11	27,876	23,659
Liabilities from contracts with customers	12	3,346	4,100
Borrowings	16	–	25,000
Leases	22	34,300	41,581
Other financial liabilities*	16	17,016	19,080
		<b>120,792</b>	<b>141,525</b>
<b>Derivatives designated as hedging instruments</b>			
Derivative assets/(liabilities), foreign exchange contracts		643	266
		<b>643</b>	<b>266</b>

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

#### 19. Accounting policies for financial instruments

##### Financial assets

##### Classification and measurement

TAB NZ classifies its financial assets into the following categories based on its business model for managing the financial assets and the contractual terms of the cash flows:

##### Those measured at amortised cost

This includes debt instrument assets that are held for collection of contractual cash flows representing solely payment of principal and interest. At initial recognition, these are measured at fair value plus transaction costs that are directly attributable to the acquisition of the asset.

Subsequently, these are carried at amortised costs using the effective interest method. Any gains or losses arising on derecognition as well as any interest income realised from these financial assets are reported in profit or loss. TAB NZ classifies its non-derivative financial assets under this category.

##### Those measured at fair value through other comprehensive income (FVOCI)

This includes debt instrument assets that are held for collection of contractual cash flows representing solely payment of principal and interest and for selling the asset.

##### Those measured at fair value through profit or loss (FVPL)

Financial assets that do not meet the criteria for amortised cost or FVOCI are classified and measured as FVPL. TAB NZ only changes classification when and only when the business model for managing those assets changes.

## Notes to the Financial Statements

### continued

#### 19. Accounting policies for financial instruments – continued

##### Impairment of financial assets

TAB NZ assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, TAB NZ applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. For debt investments carried at amortised cost, TAB NZ has applied the general ECL model which either uses a 12-month ECL or lifetime losses depending on whether there has been a significant increase in credit risk. All of TAB NZ's debt investments have low credit risk at both the beginning and end of the periods reported in these financial statements.

##### Financial liabilities

###### Classification and measurement

TAB NZ classifies all of its non-derivative financial liabilities as 'financial liability measured at amortised cost' category. At initial recognition, these are measured at fair value less transaction costs that are directly attributable to the issue of the instrument. Subsequently, these are carried at amortised cost using the effective interest method.

Any gains or losses arising on derecognition as well as any interest expense incurred from these financial liabilities are reported in profit or loss (unless capitalised as part of the cost of borrowing to fund a qualifying asset).

###### Derivative financial instruments

TAB NZ's derivative financial instruments include foreign exchange contracts used to hedge foreign currency exposures; these are designated under hedge accounting and are measured at their fair value; movements in the carrying amount of these hedging instruments are reported under OCI as part of equity to the extent the hedge is effective and are recycled to profit or loss upon maturity. Hedging gains and losses arising from payables associated with the acquisition of property, plant and equipment and intangible assets are included in the cost of that asset.

###### Capital risk management

TAB NZ manages its capital considering stakeholders' interests, in particular distributions to the racing codes, the value of TAB NZ assets and funding/retentions required for approved initiatives. TAB NZ's capital mainly comprises the general reserve, consisting of accumulated balances of prior years' retained surplus net of any losses, plus the current year net profit or loss and debt balances. TAB NZ's capital management policies are designed to ensure that agreed distributions to the racing codes are maintained while also allowing for approved initiatives to be funded.

#### Financial risk management

In the normal course of business, TAB NZ is exposed to a variety of financial risks. This section explains TAB NZ's exposure to financial risks, how these risks could affect the Group's financial performance and how they are managed.

##### Key risk management objectives

To ensure that TAB NZ achieves its financial objectives as stipulated by both TAB NZ and the Board and to protect/enhance stakeholder wealth and provide assurance to other stakeholders such as staff, bankers, and business partners that TAB NZ's financial risks are identified and prudently managed, risk management is broadly operated under the formal Treasury Policy as set out below. TAB NZ's risk management objective is to maintain a low probability of business disruption while ensuring compliance with statutory financial obligations and best practice management strategy.

TAB NZ's financial risk exposure includes liquidity risk, foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. TAB NZ's risk management strategy for each risk type is discussed in detail in this section.

##### Key risk management strategy

In general, TAB NZ manages its financial risks through the Treasury function which co-ordinates the investment of cash, surplus to current operational requirements, as well as monitoring and managing all financial risks relating to the operations of TAB NZ. Risk management objectives are set forth under the Treasury Policy approved by the Board of TAB NZ which broadly provides for the efficient and prudent management of financial risks related to the operating of TAB NZ's operations, assets and other revenue-generating activities.

This policy provides written principles on various financial risks that TAB NZ is exposed to including liquidity risk, foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. TAB NZ does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Additionally, TAB NZ uses recognised bookmaking tools and strategies to appropriately manage its Betting risk and exposure. These include customer profiling, pricing management and using a spread of options to take a portfolio approach. In addition to this, the bookmakers are also able to lay off exposures with other betting agencies.

Risk	Exposure arising from	Monitoring	Management
Liquidity risk	Liabilities and financial guarantees	Cash flow forecasting	Maintaining adequate cash reserves of liquid short-term deposits and sufficient access to committed facilities.
Credit risk	Cash and cash equivalents, trade and other receivables, industry loans, financial guarantees, and derivative contracts	Credit ratings of banks	Ongoing review of balances and contractual arrangements involving bank guarantees or cash bonds. Ongoing review of business plans.
Foreign exchange rate risk	Foreign currency denominated transactions, foreign currency denominated monetary held assets and liabilities	Forecasting of foreign currency transactions	Use of foreign exchange hedges.
Interest rate risk	Cash and cash equivalents, short-term deposits, borrowings and industry loans	Sensitivity analysis	Ongoing review by management.



## Notes to the Financial Statements

### continued

#### 19. Accounting policies for financial instruments – continued

##### Liquidity risk

Liquidity risk relates to TAB NZ's ability to meet its financial obligations when they fall due.

As TAB NZ's revenues are principally transactions involving immediate cash receipts, short-term liquidity is covered by trading receipts and highly liquid bank deposits. TAB NZ manages longer dated liquidity risk by maintaining adequate cash reserves of liquid short-term deposits to satisfy anticipated capital expenditure and distribution requirements. In addition, TAB NZ manages this risk by ensuring sufficient access to committed facilities, continuous cash flow and working capital monitoring and maintaining prudent levels of short-term debt levels and maturities.

The following table outlines TAB NZ's remaining contractual maturities for its financial liabilities at their respective notional undiscounted cash flows (i.e. including both principal and interest where applicable) based on the earliest date on which TAB NZ can be required to pay.

		Carrying amount	Total contractual cash flows	On demand	Less than 3 months	3 months to 1 year	1-5 years	+ 5 years
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>FINANCIAL LIABILITIES 2022</b>								
Trade and other payables	10	38,254	38,254	–	38,254	–	–	–
Customer betting account deposits and vouchers	11	27,876	27,876	27,876	–	–	–	–
Liabilities from contracts with customers	12	3,346	3,346	–	3,346	–	–	–
Borrowings	16	–	160	–	30	90	40	–
Leases	22	34,300	34,156	–	1,532	4,293	17,125	11,206
Other financial liabilities	16	17,016	22,503	–	768	2,303	14,464	4,968
		<b>120,792</b>	<b>126,295</b>	<b>27,876</b>	<b>43,930</b>	<b>6,686</b>	<b>31,629</b>	<b>16,174</b>
<b>Unrecognised financial liabilities</b>								
TAB NZ guarantee exposure	23	–	6,425	6,425	–	–	–	–
<b>TOTAL CASHFLOWS FROM ALL FINANCIAL LIABILITIES</b>		<b>120,792</b>	<b>132,720</b>	<b>34,301</b>	<b>43,930</b>	<b>6,686</b>	<b>31,629</b>	<b>16,174</b>

As at 31 July 2022, it is not expected that the financial guarantees will be called.

		Carrying amount	Total contractual cash flows	On demand	Less than 3 months	3 months to 1 year	1–5 years	+ 5 years
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>FINANCIAL LIABILITIES 2021</b>								
Trade and other payables*	10	28,105	25,255	–	25,255	–	–	–
Customer betting account deposits and vouchers	11	23,659	23,659	23,659	–	–	–	–
Liabilities from contracts with customers	12	4,100	4,100	–	4,100	–	–	–
Borrowings	16	25,000	26,130	–	53	156	25,921	–
Leases	22	41,581	47,392	–	1,806	5,329	22,425	17,832
Other financial liabilities*	16	19,080	25,153	–	712	2,137	14,109	8,195
		<b>141,525</b>	<b>151,689</b>	<b>23,659</b>	<b>31,926</b>	<b>7,622</b>	<b>62,455</b>	<b>26,027</b>
<b>Unrecognised financial liabilities</b>								
TAB NZ guarantee exposure	23	–	7,400	7,400	–	–	–	–
<b>TOTAL CASHFLOWS FROM ALL FINANCIAL LIABILITIES</b>		<b>141,525</b>	<b>159,089</b>	<b>31,059</b>	<b>31,926</b>	<b>7,622</b>	<b>62,455</b>	<b>26,027</b>

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

##### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. TAB NZ is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

TAB NZ manages its credit exposure, ensuring all borrowings, investments, cash management, interest rate risk management, and any foreign transactions are undertaken with counterparties having a Standard and Poor's (S&P) credit rating for marketable debt instruments at or above the limits defined under the Treasury Policy; by limiting the level of exposure with a particular counterparty and rigorously monitoring compliance with these limits.

Additionally, in terms of its operational counterparty balances on certain receivables, TAB NZ's practice is to require either bank guarantees or cash bonds from non-TAB NZ owned retail outlets of a value generally greater than a week's settlement.

	2022	2021
	\$000	\$000
<b>Total financial assets (refer to note 18)</b>	<b>109,999</b>	<b>120,412</b>
<b>Unrecognised credit exposures:</b>		
Industry loan guarantees	4,610	4,610
Other third party guarantees	1,815	2,790
<b>Unrecognised credit exposures</b>	<b>6,425</b>	<b>7,400</b>
<b>TOTAL CREDIT EXPOSURES</b>	<b>116,424</b>	<b>127,812</b>

##### Concentrations of credit risk

TAB NZ is exposed to the following industry and geographical concentrations of credit risk for trade and other receivables.

	2022		2021	
	%	\$000	%	\$000
<b>Trade and other receivables</b>				
<b>(Industry and geographical concentrations)</b>				
Australian betting agencies	28.5%	3,260	29.2%	2,766
New Zealand retail TAB outlets	28.1%	3,216	34.4%	3,250
Bank and other banking institutions	11.7%	1,334	17.6%	1,666
Other New Zealand trade and other receivables	31.7%	3,637	18.8%	1,779
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>100.0%</b>	<b>11,447</b>	<b>100.0%</b>	<b>9,461</b>

##### Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. TAB NZ is exposed to exchange rate fluctuations from certain foreign currency denominated transactions it undertakes.

TAB NZ manages these exposures within approved policy parameters which include the use of forward foreign exchange contracts which are designated as a hedge.

When a derivative is entered into for the purpose of being a hedge, TAB NZ negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. As at 31 July 2022, TAB NZ has total notional value of FEC hedges of \$31.9 million with fair value of \$40.8 million (2021: \$11.8 million notional value and \$15.1 million fair value) which are held to hedge the majority of our AUD, GBP, USD and EUR exposures.

## Notes to the Financial Statements

### continued

#### 19. Accounting policies for financial instruments – continued

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. TAB NZ's exposure to the risk of changes in market interest rates relates primarily to its investments in the form of cash, term deposits and loans as well as its bank borrowings with floating interest rates.

To address the risk of adverse interest rate movements, balanced by meeting liquidity objectives, TAB NZ invests funds to a maturity profile and mix that complies to prudent and risk spreading limits as defined within the Treasury Policy that effectively ensures a continuous and forced diversification of maturities across the portfolio of investments and thus spreads and reduces the concentration of interest rate repricing risk at times of re-investments.

##### Interest rate sensitivity

As at 31 July 2022, if the interest rates had increased/decreased by 150 basis points, with all other variables held constant, the net surplus before distributions would have been \$1.4 million (2021: \$0.4 million) higher (more likely outcome) / lower (currently remote likelihood) as a result of higher/lower net interest receipts and payments.

#### 20. Related parties

A person or entity is related to TAB NZ when that person or entity has control, significant influence, is a member of the key management personnel of TAB NZ or is an entity controlled by a person identified as a related party. The following are related party relationships of TAB NZ. In prior years TAB NZ has disclosed its various relationships with the racing codes. Subsequent to the establishment of Racing New Zealand, TAB NZ's relationship is limited to providing funding under the Act and acting as agent in respect of Betting Duty Savings and Betting Information Use Charges. Refer to note 7 for details of payments to Racing New Zealand.

The following are related party relationships of TAB NZ:

- Refer to note 2 for further information regarding RIU in the prior year. All related party transactions between RIU and TAB NZ are eliminated on consolidation into TAB NZ Group.
- Paul Bittar, a Board Member of TAB NZ, is also a Principal Advisor at AP2 Advisory. TAB NZ has received advisory services from AP2 Advisory amounting to \$0.1 million. No other transactions occurred during the period and no amount was outstanding at year end.
- Jason Fleming, a Board Member of TAB NZ, is also a Director of New Zealand Thoroughbred Racing. TAB NZ provides funding to Racing New Zealand which is a consortium of the three racing codes including New Zealand Thoroughbred Racing.
- Refer to note 6a for details of the compensation of key management personnel.

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

#### Other information

##### 21. Non-cancellable operating commitments

TAB NZ has a number of non-cancellable operating commitments that relate to services other than the lease of land and buildings.

A contract is considered non-cancellable for any period where either no cancellation provision exists in the contract or where the requirements or costs of cancellation are so significant that cancellation of the contract is remote.

Non-cancellable contracts held by TAB NZ predominantly comprise technical services associated with the broadcasting of racing, telecommunication services and fixed odds betting platform. The change in operating commitments relates to longer term contracts with external parties in relation to the strategic initiatives.

	2022	2021 Restated*
	\$000	\$000
Within one year	22,522	20,500
Later than one year but no later than five years	15,815	27,019
Later than five years	2,620	2,899
<b>TOTAL OTHER NON-CANCELLABLE OPERATING COMMITMENTS</b>	<b>40,957</b>	<b>50,418</b>

Foreign-currency denominated commitments (related to TAB NZ's fixed odds betting platform and operations) included above have been translated using the indicative forward rates as of balance date corresponding to the period of the associated cash flows in those projects unless these have been hedged; in which case, the contract rates were used instead.

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



## Notes to the Financial Statements

### continued

#### 22. Leases

TAB NZ leases buildings and equipment, as a lessee, for its retail operations, as well as certain buildings for office functions. The leases have varying terms and renewal options. Upon renewal, the terms of the leases are negotiated. Cash flows relating to lease arrangements are classified as Financing Activities within the Statement of Cash Flows. Expenditure related to short-term leases and leases of low-value assets have been recognised within **Communication and technology expenses** in the statement of financial performance.

The table below shows the closing balances relating to the Right of Use Asset recognised within **Property, plant and equipment** and the Lease Receivable recognised within **Other Financial Assets** in the statement of financial position. Corresponding lease liability is recognised within Other Financial Liabilities in the statement of financial position.

	2022	2021
	\$000	\$000
<b>RIGHT OF USE ASSETS</b>		
Properties	27,800	35,919
Equipment	1,169	1,169
<b>TOTAL RIGHT OF USE ASSETS</b>	<b>28,969</b>	<b>37,088</b>
	2022	2021
	\$000	\$000
<b>LEASE RECEIVABLES</b>		
Current	575	618
Non-Current	3,391	2,389
<b>TOTAL LEASE RECEIVABLE</b>	<b>3,966</b>	<b>3,007</b>
	2022	2021
	\$000	\$000
<b>LEASE LIABILITIES</b>		
Current	6,309	7,043
Non-Current	27,991	34,538
<b>TOTAL LEASE LIABILITIES</b>	<b>34,300</b>	<b>41,581</b>

#### 23. Contingent Liabilities

A liability is recognised when it becomes probable that TAB NZ will be required to make a payment under a guarantee. If it becomes probable, TAB NZ will recognise an expense and corresponding liability based on estimates of future cash flows under the contract. TAB NZ assesses at the end of each reporting period whether its recognised liability is adequate in comparison to the estimates of future cash flows under the contract. If that assessment shows that the carrying amount of the liability is inadequate, the entire deficiency shall be recognised in profit or loss.

##### Industry loan guarantee

On 5 February 2009, TAB NZ provided a guarantee to the BNZ in relation to Racing at Awapuni, Otaki and Trentham Combined Enterprises Incorporated (RACE Inc) to the value of \$4.6 million plus up to 2 years interest and the costs of collection (2021: \$4.6 million).

##### Other third party guarantees

On 1 April 2014, TAB NZ provided a guarantee to Windsor Park Leasing Limited over the payments of the NEP (ex NZ Live) leased premises, relating to TAB NZ broadcasting activities. As at 31 July 2022, the amount payable under this guarantee has reduced to \$0.8 million (2021: \$1.2 million).

In 2015, TAB NZ assigned a leased property to a third party, whereby TAB NZ continued to be liable for any outstanding rent in the event of default. As at 31 July 2022, the total amount payable under these agreements was \$1.1 million (2021: \$1.6 million). In the event of default by the third party, the Landlord and TAB NZ must undertake their best endeavours to secure a new tenant to mitigate losses.

#### 24. Subsequent events

There were no subsequent events requiring disclosure.

# Supplementary Information

## Comparison against Budget 2022

### Statement of Financial Performance

	UNAUDITED		
	ACTUAL NZ \$M	BUDGET NZ \$M	VARIANCE NZ \$M
Betting and gaming turnover	2,928	3,081	(153)
<b>REVENUE</b>			
Net betting revenue	313	316	(3)
Net gaming revenue	22	30	(8)
Other revenue	19	18	1
<b>TOTAL REVENUE</b>	<b>354</b>	<b>364</b>	<b>(10)</b>
Turnover related expenses	80	80	–
Operating expenses	119	121	(2)
<b>NET PROFIT BEFORE DISTRIBUTIONS</b>	<b>155</b>	<b>163</b>	<b>(8)</b>
<b>Made up of:</b>			
Betting reported net profit	141	141	–
Gaming reported net profit	14	22	(8)

### Distributions

	UNAUDITED		
	ACTUAL NZ \$M	BUDGET NZ \$M	VARIANCE NZ \$M
<b>DISTRIBUTIONS AND OTHER PAYMENTS FROM BETTING OPERATIONS</b>			
Betting net profit	140	140	–
Betting duty relief	15	15	–
Offshore corporate bookmaker	23	20	3
<b>TOTAL DISTRIBUTIONS AND OTHER PAYMENTS FROM BETTING OPERATIONS</b>	<b>178</b>	<b>175</b>	<b>3</b>
<b>DISTRIBUTIONS FROM GAMING OPERATIONS</b>			
Distributions applied to the racing industry	11	18	(7)
Distributions to sporting external bodies	2	4	(2)
<b>TOTAL DISTRIBUTIONS FROM GAMING OPERATIONS</b>	<b>13</b>	<b>22</b>	<b>(9)</b>
<b>TOTAL DISTRIBUTIONS AND OTHER PAYMENTS</b>	<b>191</b>	<b>197</b>	<b>(6)</b>

### Statement of Financial Position

	UNAUDITED		
	ACTUAL NZ \$M	BUDGET NZ \$M	VARIANCE NZ \$M
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	45	78	(33)
Trade and other receivables	11	8	3
Other financial assets	51	31	20
Other assets	4	5	(1)
<b>TOTAL CURRENT ASSETS</b>	<b>111</b>	<b>122</b>	<b>(11)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	51	61	(10)
Intangible assets	54	40	14
Other financial assets	3	2	1
<b>TOTAL NON-CURRENT ASSETS</b>	<b>108</b>	<b>103</b>	<b>5</b>
<b>TOTAL ASSETS</b>	<b>219</b>	<b>225</b>	<b>(6)</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	38	30	8
Customer betting account deposits and vouchers	28	23	5
Derivative liabilities	1	–	1
Liabilities from contracts with customers	3	5	(2)
Provisions	4	7	(3)
Taxation payable	5	9	(4)
Borrowings	–	12	(12)
Lease liabilities	6	7	(1)
<b>TOTAL CURRENT LIABILITIES</b>	<b>85</b>	<b>93</b>	<b>(8)</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	–	13	(13)
Lease liabilities	28	29	(1)
Other financial liabilities	17	2	15
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>45</b>	<b>44</b>	<b>1</b>
<b>TOTAL LIABILITIES</b>	<b>130</b>	<b>137</b>	<b>(7)</b>
<b>NET ASSETS / TOTAL EQUITY</b>	<b>89</b>	<b>88</b>	<b>1</b>



## Directory

### Leadership Team

#### Mike Tod

Chief Executive Officer  
from 21 March 2022

#### Dean McKenzie

Chief Transition Officer  
until 18 March 2022

#### Sam Moncur

Chief Financial Officer

#### Simon Thomas

Chief Betting Officer

#### Cameron Rodger

Chief Commercial Officer

#### Fred Laury

Chief Digital Officer

#### Megan Campbell

Chief People Officer

#### Jodi Williams

Chief Marketing and  
Customer Officer

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### Board Members to 31 July 2022

#### Mark Stewart

MNZM  
Chairman

#### Anna Stove

Deputy Chairman

#### William (Bill) Birnie

CNZM

#### Paul Bittar

Jason Fleming

Wendie Harvey

#### Raewyn Lovett

ONZM

### Solicitors

Minter Ellison Rudd Watts  
Wellington

### Auditors

PwC  
Wellington

### Bank

ANZ Limited  
Wellington



TAB