24 February 2022

ASX Markets Announcement Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

APPENDIX 4D AND HALF YEAR FINANCIAL REPORT

Attached is a copy of Nine Entertainment Co. Holdings Limited's Appendix 4D and financial report for the 6 months to 31 December 2021.

Rachel Launders
Company Secretary

Authorised for release: Nine Board sub-committee

Further information:

Nola Hodgson
Head of Investor Relations
+61 2 9965 2306
nhodgson@nine.com.au

Victoria Buchan
Director of Communications
+61 2 9965 2296
vbuchan@nine.com.au

Nine Entertainment Co. Holdings Limited

ABN 60 122 203 892

24 February 2022: Nine Entertainment Co. Holdings Limited (ASX: NEC) today announced the results for the half year ended 31 December 2021 (H1 FY22).

Attached are the following documents relating to the Nine Entertainment Co. Holdings Limited results for this period.

1. Appendix 4D
2. H1 FY22 reviewed Financial Report

Appendix 4D (Rule 4.2A.3)
For the half year ended 31 December 2021

Results for Announcement to the Market

Key Financial Information		1H FY22 $'000	1H FY21 Restated $'000
Continuing operations			
Revenue from ordinary activities, excluding specific items	Up by 15%	**1,333,377**	1,155,120
Net profit from ordinary activities after tax	Up by 18%	**213,165**	180,610
Net profit after tax, excluding specific items	Up by 20%	**225,246**	187,376
Discontinued operations			
Profit/(loss) from ordinary activities after tax		**-**	-
Total income attributable to:			
Net profit from ordinary activities after tax - owners of the parent	Up by 19%	**203,518**	171,409
Net profit from ordinary activities after tax - non-controlling interest	Up by 5%	**9,647**	9,201

Dividends

An interim fully franked dividend of 7 cents has been announced payable on 21 April 2022.

Dividends	Amount per share cents	Franked amount per share cents
Dividend per share (paid 20th October 2021)	**5.5**	5.5
Interim 2022 dividend per share (to be paid 21st April 2022)	**7.0**	7.0

A fully franked dividend of 5.5 cents per share was paid on 20 October 2021. Since 31 December 2021, the Directors have determined that an interim fully franked dividend of 7 cents per share will be payable in April 2022.

Interim 2022 Dividend

Ex-dividend date: 3rd March

Record date: 4th March

Payment date: 21st April

Net Tangible Assets per Share

Reported	1H FY22 cents	1H FY21 cents
Net tangible asset (deficit) / backing per ordinary share[1]	(35.8)	(37.7)
Net asset backing per ordinary share	120.5	119.0

[1] If the deferred tax liability which relates to intangible assets is removed and the right of use asset is added back, then the net tangible asset backing per share is 5.7 cents (1H FY21: 7.1 cents).

Supplementary information

For additional Appendix 4D disclosures, refer to the accompanying Directors' Report and the Financial Report for the half year ended 31 December 2021.

Nine Entertainment Co. Holdings Limited

ABN 60 122 203 892

Financial Report for the half year ended 31 December 2021

The half year financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2021 annual financial report.

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FINANCIAL STATEMENT NOTE INDEX

DIRECTORS' REPORT

The Directors present the financial report for the half year ended 31 December 2021. The financial report includes the results of Nine Entertainment Co. Holdings Limited (the "Company") and the entities that it controlled during the period (the "Group").

Directors

The Directors of the Company at any time during the half year or up to the date of this report were as follows:

Name	Title	Date Appointed
Peter Costello	Independent Non-Executive Chairman	6 February 2013
Nick Falloon	Independent Non-Executive Deputy Chairman	7 December 2018
Mike Sneesby	Chief Executive Officer	1 April 2021
Andrew Lancaster	Non-Executive Director	1 April 2021
Samantha Lewis	Independent Non-Executive Director	20 March 2017
Mickie Rosen	Independent Non-Executive Director	7 December 2018
Catherine West	Independent Non-Executive Director	9 May 2016

Dividends

Nine Entertainment Co. Holdings Limited paid a dividend of 5.5 cents per share, fully franked, amounting to $93,796,629 during the period ended 31 December 2021. Since the end of the period, the Company has proposed an interim dividend in respect of the year ending 30 June 2022 of 7 cents per share, fully franked, amounting to $119,377,528.

Operating and Financial Review

Review of Operations

For the half year ended 31 December 2021, the Group reported a consolidated net profit after income tax of $213,165,000 (2020: $180,610,000). The consolidated net profit after income tax was all derived from continuing operations.

The Group's revenues from continuing operations (excluding specific items) for the half year ended 31 December 2021 increased by $178,257,000 (15%) to $1,333,377,000 (2020: $1,155,120,000).

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) and before specific items (Note 2.1) for continuing operations for the half year ended 31 December 2021 was $406,265,000 (2020: $354,328,000).

The Group's cash flows generated from operating activities for the period ended 31 December 2021 were $264,306,000 (2020: $246,073,000).

COVID-19

Following continued disruption to certain businesses within the Group as a result of the COVID-19 pandemic, the Group has benefitted from Government funding available to the regional publishing industry in the form of a Public Interest News Gathering ("PING") grant (profit or loss benefit of $0.7 million in the period). In addition, spectrum fees which would have been payable by broadcasting were waived by the Australian Government, resulting in a profit or loss benefit of $1.0 million in the period.

The Group results also include an expense of $6.5 million in the period which relates to the repayment of JobKeeper allowance received by Domain in relation to the financial year ended 30 June 2021.

DIRECTORS' REPORT (continued)

Significant Changes in the State of Affairs

On 15 October 2021, Domain Group, a subsidiary of the Company, acquired 100% of the share capital in the IDS Group. The IDS Group consists of Insight Data Solutions Holdings Pty Ltd, IDS Gov Services Pty Ltd and Insight Data Solutions Pty Ltd. The total estimated consideration for this acquisition is $81.6 million, all of which is expected to be settled in cash. Please refer to Note 6.1 for details.

Significant Events after the Balance Sheet Date

In the time between 31 December 2021 and the date of this report there has not arisen any other item, transaction or event of a material and unusual nature, in the opinion of the Directors of the Company, to affect significantly the operations, results or the state of affairs of the Group, currently or in future financial years.

Auditor's Independence Declaration

The Directors have received the Auditor's Independence Declaration, a copy of which is included on page 4.

Rounding

The amounts contained in the financial statements have been rounded off to the nearest thousand dollars (where rounding is applicable) under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Nine Entertainment Co. Holdings Limited is an entity to which the Instrument applies.

Signed on behalf of the Directors in accordance with a resolution of the Directors.

Peter Costello	**Mike Sneesby**
Chairman	*Chief Executive Officer and Director*

Sydney, 24 February 2022

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Nine Entertainment Co. Holdings Limited

As lead auditor for the review of the half-year financial report of Nine Entertainment Co. Holdings Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review*;*

b) no contraventions of any applicable code of professional conduct in relation to the review; and

c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Nine Entertainment Co. Holdings Limited and the entities it controlled during the financial period.

Ernst & Young

Christopher George
Partner
24 February 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2021

	Note	31 Dec 2021 $'000	31 Dec 2020 Restated [1] $'000
Continuing operations			
Revenues	2.1	1,334,306	1,156,498
Expenses	2.3	(1,020,623)	(887,191)
Finance costs	2.3	(13,309)	(15,062)
Share of profits of associate entities		975	970
Net profit from continuing operations before income tax expense		301,349	255,215
Income tax expense	5.1	(88,184)	(74,605)
Net profit from continuing operations after income tax expense		213,165	180,610
Discontinued operations			
Profit/(Loss) after tax from discontinued operations		-	-
Net profit for the period		213,165	180,610
Net profit for the period attributable to:			
Owners of the parent		203,518	171,409
Non-controlling interest		9,647	9,201
Net profit for the period		213,165	180,610
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		830	(632)
Items that will not be reclassified subsequently to profit or loss:			
Fair value movement in investment in listed equities		1,392	536
Actuarial gain /(loss) on defined benefit plan (net of tax)		2,762	(2,052)
Other comprehensive income/(loss) for the period		4,984	(2,148)
Total comprehensive income attributable to equity holders		218,149	178,462
Total comprehensive income attributable to:			
Owners of the parent		208,502	169,261
Non-controlling interest		9,647	9,201
Total comprehensive income for the period		218,149	178,462
Earnings per share for continuing operations			
Basic and diluted earnings attributable to ordinary equity holders of the parent	2.5	$0.12	$0.10

[1] Refer to Note 1.2a for details of restatement to 31 December 2020 comparative financial information.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2021

	Note	31 Dec 2021 $'000	30 June 2021 $'000
Current assets			
Cash and cash equivalents		193,449	171,927
Trade and other receivables		366,951	380,997
Program rights & inventories		257,305	256,617
Prepayments		76,467	32,744
Other assets		1,452	3,934
Assets held for sale - continuing operations		2,037	3,622
Total current assets		897,661	849,841
Non-current assets			
Receivables		10,865	12,473
Program rights & inventories		143,578	140,939
Investments accounted for using the equity method		32,017	31,181
Other financial assets		8,082	6,690
Property, plant and equipment		536,475	573,936
Intangible assets	3.1	2,342,992	2,266,441
Prepayments		-	4,150
Defined benefit plan		29,196	25,533
Total non-current assets		3,103,205	3,061,343
Total assets		4,000,866	3,911,184
Current liabilities			
Trade and other payables	3.2	469,079	475,026
Financial Liabilities	4.1	36,669	123,492
Current income tax liabilities		51,472	56,052
Provisions	3.3	190,384	180,028
Derivative financial instruments		-	2,772
Total current liabilities		747,603	837,370
Non-current liabilities			
Payables	3.2	121,045	100,035
Financial Liabilities	4.1	783,148	726,938
Deferred tax liabilities	5.2	274,363	257,002
Provisions	3.3	20,018	30,238
Total non-current liabilities		1,198,575	1,114,213
Total liabilities		1,946,178	1,951,583
Net assets		2,054,688	1,959,601
Equity			
Contributed equity	4.2	2,123,866	2,122,146
Reserves		(47,791)	(42,670)
Retained earnings		(154,923)	(264,925)
Total equity attributable to equity holders of the parent		1,921,152	1,814,551
Non-controlling interest		133,536	145,050
Total equity		2,054,688	1,959,601

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half year ended 31 December 2021

	Contributed equity	Rights Plan Shares	Foreign currency translation reserve	Fair Value reserve of financial assets at FVOCI	Share-based payments reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2021	2,134,803	(12,657)	(1,901)	(5,806)	21,571	(56,534)	(264,925)	1,814,551	145,050	1,959,601
Profit for the period	-	-	-	-	-	-	203,518	203,518	9,647	213,165
Other comprehensive income/(loss) for the period	-	-	830	4,154	-	-	-	4,984	-	4,984
Total comprehensive income/(loss) for the period	**-**	**-**	**830**	**4,154**	**-**	**-**	**203,518**	**208,502**	**9,647**	**218,149**
Vesting of Rights Plan shares (Note 4.4)	-	1,720	-	-	(2,001)	-	281	-	-	-
Transactions with non-controlling interests	-	-	-	-		-	-	-	(7,326)	(7,326)
Vesting of Share Based Payments	-	-	-	-	(6,388)	(10,878)	-	(17,266)	-	(17,266)
Share-based payment expense, net of tax	-	-	-	-	9,162	-		9,162	-	9,162
Dividends to shareholders	-	-	-	-	-	-	(93,797)	(93,797)	(13,835)	(107,632)
At 31 December 2021	**2,134,803**	**(10,937)**	**(1,071)**	**(1,652)**	**22,344**	**(67,412)**	**(154,923)**	**1,921,152**	**133,536**	**2,054,688**
At 1 July 2020 (as previously reported)	2,134,803	(11,657)	(1,376)	(10,710)	4,959	(54,404)	(311,611)	1,750,004	135,864	1,885,868
Net effect of change in accounting policy (Note 1.2)							(3,353)	(3,353)	(921)	(4,274)
At 1 July 2020 (restated)	2,134,803	(11,657)	(1,376)	(10,710)	4,959	(54,404)	(314,964)	1,746,651	134,943	1,881,594
Profit for the period (restated)	-	-	-	-	-	-	171,409	171,409	9,201	180,610
Other comprehensive income/(loss) for the period	-	-	(632)	(1,516)	-	-	-	(2,148)	-	(2,148)
Total comprehensive income/(loss) for the period	**-**	**-**	**(632)**	**(1,516)**	**-**	**-**	**171,409**	**169,261**	**9,201**	**178,462**
Vesting of Rights Plan shares (Note 4.4)	-	1,354	-	-	(1,408)	-	54	-	-	-
Recognition of non-controlling interest in subsidiary	-	-	-	-	-	-	-	-	140	140
Transactions with non-controlling interests	-	-	-	-		-	-	-	570	570
Share-based payment expense	-	-	-	-	7,521	-	-	7,521	-	7,521
Dividends to shareholders	-	-	-	-	-	-	(34,108)	(34,108)	(5,029)	(39,137)
At 31 December 2020 (restated)	**2,134,803**	**(10,303)**	**(2,008)**	**(12,226)**	**11,072**	**(54,404)**	**(177,609)**	**1,889,325**	**139,825**	**2,029,150**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half year ended 31 December 2021

	Note	31 Dec 2021 $'000	31 Dec 2020 Restated [1] $'000
Cash flows from operating activities			
Receipts from customers		1,495,252	1,215,610
Payments to suppliers and employees		(1,137,794)	(947,101)
Dividends received – associates		140	25
Government grants		(6,322)	13,680
Interest received		503	851
Interest and other costs of finance paid		(13,039)	(13,818)
Income tax paid		(74,434)	(23,174)
Net cash flows generated from operating activities		264,306	246,073
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,974)	(28,608)
Purchase of intangible assets		(26,101)	(21,307)
Proceeds on disposal of property, plant and equipment		8	-
Acquisition of subsidiaries, net of cash acquired	6.1	(54,098)	-
Net receipt of contingent consideration		1,198	-
Net proceeds from disposal of assets held for sale		1,858	-
Funding to associates		-	(938)
Net cash flows used in investing activities		(86,109)	(50,853)
Cash flows from financing activities			
Net proceeds from borrowings		272,000	12,460
Repayments of borrowings		(270,000)	(222,722)
Payment of debt refinancing fees		(1,524)	-
Payment of the principal portion of leases		(18,748)	(19,501)
Payment for acquisition of subsidiary shares		(30,770)	-
Dividends paid to non-controlling interest		(13,836)	(4,319)
Dividends paid to shareholders of the Group	4.3	(93,797)	(34,108)
Net cash flows used in financing activities		(156,675)	(268,190)
Net increase/(decrease) in cash and cash equivalents		21,522	(72,970)
Cash and cash equivalents at the beginning of the financial period		171,927	187,394
Cash and cash equivalents at the end of the period		193,449	114,424

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2021

1. ABOUT THIS REPORT

The financial report includes the consolidated entity consisting of Nine Entertainment Co. Holdings Limited (the Company) and its controlled entities (collectively, the Group) for the half year ended 31 December 2021.

Nine Entertainment Co. Holdings Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The consolidated financial report of the Group for the half year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 24 February 2022. The Directors have the power to amend and reissue the financial report.

1.1 Significant events during the period

On 15 October 2021, Domain Group, a subsidiary of the Company, acquired 100% of the share capital in the IDS Group. The IDS Group consists of Insight Data Solutions Holdings Pty Ltd, IDS Gov Services Pty Ltd and Insight Data Solutions Pty Ltd. The total estimated consideration for this acquisition is $81.6 million, all of which is expected to be settled in cash. Please refer to Note 6.1 for details.

1.2 Basis of preparation

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

The half year report does not include notes of the type normally included in an annual financial report and therefore should be read in conjunction with the 2021 annual report of Nine Entertainment Co. Holdings Limited and its controlled entities and any public announcements made by Nine Entertainment Co. Holdings Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted in the preparation of the half year financial report are consistent with those applied and disclosed in the 2021 annual report.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the instrument applies.

The consolidated financial statements provide comparative information in respect of the previous period, which is reclassified where necessary in order to provide consistency with the current period.

Key Judgements and Estimates

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in an outcome that requires a material adjustment to the carrying amount of assets and liabilities in future periods. The Group's material judgements and estimates were disclosed in Note 1 within the Group's 2021 Consolidated Financial Statements, as well as an additional area of significant estimation and judgement for the half year ended 31 December 2021 disclosed in Note 6.1 Business combinations and acquisition of non-controlling interests.

Restatements to comparative financial information for the half year ended 31 December 2020

The comparative financial information for the half year ended 31 December 2020 has been restated as a result of an accounting policy change. Details of this restatement, including the related impact on the comparative financial information, is set out below:

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2021

1. ABOUT THIS REPORT (continued)

1.2. Basis of preparation (continued)

1.2(a) Accounting Policy Change - Configuration or Customisation Costs in a Cloud Computing Arrangement

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. Following this clarification, the Group has changed its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements. The nature and effect of the adjustment as a result of changing this policy is described below.

The Group's accounting policy has historically been to capitalise costs related to the configuration of SaaS arrangements as intangible assets in the Statement of Financial Position, where they meet the relevant definition. The adoption of the above agenda decision resulted in a derecognition of these intangible assets and the recognition of an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, impacting both the current and prior periods presented.

This change in policy has resulted in an increased expense in the current financial year related to the implementation of financial systems across the Group that would have previously been capitalised. Refer to Note 2.4 for details.

The change in policy has been retrospectively applied and comparative financial information has been restated. The impact of this adjustment on comparative financial information is detailed below.

1.2(b) Summary of Comparative Period Restatements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

31 December 2020 $'000	As Previously Reported	SaaS Adjustment	As Restated
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	(805,650)	(3,534)	(809,184)
Depreciation and amortisation	(76,340)	1,752	(74,588)
Net profit/(loss) from continuing operations before income tax expense	**256,997**	**(1,782)**	**255,215**
Income tax expense	(75,140)	535	(74,605)
Net profit from continuing operations after income tax expense	**181,857**	**(1,247)**	**180,610**
Net profit/(loss) for the period attributable to:			
Owners of the parent	170,509	(1,248)	169,261
Non-controlling interest	9,201	-	9,201
Earnings per share			
Basic and Diluted earnings attributable to ordinary equity holders of the parent	$0.10	$0.00	$0.10

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2021

1. ABOUT THIS REPORT (continued)

1.2. Basis of preparation (continued)

1.2(a) Accounting Policy Change - Configuration or Customisation Costs in a Cloud Computing Arrangement (continued)

Consolidated Statement of Cash Flows

31 December 2020 $'000	As Previously Reported	SaaS Adjustment	As Restated
Payments to suppliers and employees	(943,567)	(3,534)	(947,101)
Net cash flows generated from operating activities	249,607	(3,534)	246,073
Purchase of intangible assets	(24,841)	3,534	(21,307)
Net cash flows (used in)/from investing activities	(54,387)	3,534	(50,853)

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2021

2. GROUP PERFORMANCE

2.1 Segment Information

	Segment revenue[1]		EBITDA before specific items		Depreciation and amortisation		EBIT before specific items	
	31 Dec 2021	31 Dec 2020 Restated	31 Dec 2021	31 Dec 2020 Restated	31 Dec 2021	31 Dec 2020 Restated	31 Dec 2021	31 Dec 2020 Restated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Broadcasting	681,702	616,396	243,034	207,371	(28,648)	(28,670)	214,385	178,701
Digital and Publishing	299,639	259,950	94,450	68,136	(21,800)	(19,146)	72,649	48,990
Domain Group	175,320	136,922	60,988	53,386	(17,684)	(19,996)	43,304	33,390
Stan	183,513	149,143	21,940	36,505	(7,864)	(6,776)	14,076	29,729
Segment total	**1,340,175**	**1,162,411**	**420,412**	**365,398**	**(75,997)**	**(74,588)**	**344,414**	**290,810**
Corporate	2,374	1,101	(15,122)	(12,039)	-	-	(15,122)	(12,039)
Associates	-	-	975	969	-	-	975	969
Total Group	**1,342,549**	**1,163,512**	**406,265**	**354,328**	**(75,997)**	**(74,588)**	**330,268**	**279,740**

[1] includes intersegment revenue of $9,695,000 (2020: $9,240,000).

The reportable segments for continuing operations for the period ended 31 December 2021 are:
- Broadcasting - includes free to air television activities, 9Now and metropolitan radio networks in Australia.
- Digital and Publishing - includes Nine Digital (Nine.com.au and other digital activities) and Metropolitan Media (metropolitan news, sport, lifestyle and business media across various platforms).
- Domain Group - real estate media and services businesses.
- Stan - subscription video on demand service.

Reconciliation of total group revenue from continuing operations on the Consolidated Statement of Profit or Loss and Other Comprehensive Income	31 Dec 2021	31 Dec 2020 Restated
	$'000	$'000
Total Group revenue (per above)	1,342,549	1,163,512
Inter-segment eliminations	(9,695)	(9,240)
Total Group revenue	1,332,854	1,154,272
Interest income	523	848
Net gain on contingent consideration payable and sale of financial assets	929	1,378
Revenue per the Consolidated Statement of Profit or Loss and Other Comprehensive Income	1,334,306	1,156,498

Reconciliation of EBIT before specific items to profit after tax from continuing operations	Notes	31 Dec 2021	31 Dec 2020 Restated
		$'000	$'000
EBIT before specific items		330,268	279,740
Interest income		523	848
Finance costs	2.3	(13,309)	(15,062)
Income tax expense	5.1	(92,236)	(78,150)
Profit before specific items		225,246	187,376
Specific items	2.4	(16,133)	(10,311)
Income tax benefit/(expense) on specific items	5.1	4,052	3,545
Net profit/(loss) from operations after income tax expense		213,165	180,610

Geographic information

A majority of the Group's external revenues arise out of sales to customers within Australia.

Major customers

The Group did not have any customers which accounted for more than 10% of operating revenue for the period (2020: none).

2. GROUP PERFORMANCE (continued)

2.2 Revenue and other income from continuing operations

In the following table, revenue is disaggregated by major products/service lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 2.1).

	Broadcasting $'000	Digital and Publishing $'000	Domain Group $'000	Stan $'000	Corporate $'000	Total $'000
Period ended 31 December 2021						
Advertising revenue	624,450	135,329	162,146	-	-	921,924
Subscription revenue	-	106,345	1,009	183,513	-	290,867
Affiliate revenue	37,946	-	-	-	-	37,946
Circulation revenue	-	34,743	-	-	-	34,743
Program Sales	8,396	-	-	-	-	8,396
Other revenue	10,911	23,222	12,165	-	2,374	48,673
Total segment revenue (Note 2.1)[1]	681,702	299,639	175,320	183,513	2,374	1,342,549

[1] Includes intersegment revenue of $9,695,000

	Broadcasting $'000	Digital and Publishing $'000	Domain Group $'000	Stan $'000	Corporate $'000	Total $'000
Period ended 31 December 2020 (Restated)						
Advertising revenue	566,156	127,233	127,017	-	-	820,406
Subscription revenue	-	75,381	217	149,143	-	224,741
Affiliate revenue	29,675	-	-	-	-	29,675
Circulation revenue	-	37,556	-	-	-	37,556
Program Sales	9,368	-	-	-	-	9,368
Other revenue	11,197	19,780	9,688	-	1,101	41,766
Total segment revenue (Note 2.1)[2]	616,396	259,950	136,922	149,143	1,101	1,163,512

[2] Includes intersegment revenue of $9,240,000

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2021

2. GROUP PERFORMANCE (continued)

2.3 Expenses from continuing operations

	31 Dec 2021 $'000	31 Dec 2020 Restated $'000
Expenses		
Broadcasting	467,317	444,142
Digital and Publishing	227,989	211,386
Domain Group	141,443	105,784
Stan	169,437	119,413
Other[1]	14,437	6,466
Total expenses from continuing operations	1,020,623	887,191
Included in the expenses above are the following:		
Depreciation and amortisation (excluding program rights)	75,997	74,588
Salary and employee benefit expenses	367,005	341,754
Program rights	211,035	190,045
Total depreciation, salary and program rights	654,037	606,387
Finance Costs		
Interest on debt facilities	5,868	6,999
Interest on lease liabilities	7,168	7,695
Amortisation of debt facility establishment costs	273	369
Total finance costs	13,309	15,062

[1] Includes corporate costs and specific items not allocated to segments, offset by intersegment revenue of $9,695,000 (2020: $9,240,000).

2. GROUP PERFORMANCE (continued)

2.4 Specific items

The net profit after tax includes the following specific items, which by size and nature or incidence are relevant in explaining the financial performance of the Group:

	31 Dec 2021 $'000	31 Dec 2020 Restated $'000
Net (loss)/gain on contingent consideration payable and sale of financial assets	(1,141)	1,378
Impairment of other assets	(2,225)	(5,295)
Restructuring costs	(11,207)	(6,394)
Acquisition related costs	(1,560)	-
Net specific items (loss)/profit before tax from continuing operations	(16,133)	(10,311)
Income tax benefit on specific items from continuing operations	4,052	3,545
Net specific items (loss)/profit after tax from continuing operations	(12,081)	(6,766)

Net (loss)/gain on contingent consideration payable and sale of financial assets

A net loss of $1.0 million has been recognised related to the buy-out of the Drive (formerly 'CarAdvice') minority shareholders put option liability, as well as a $0.1 million loss for the final settlement of the contingent consideration for the acquisition of Bidtracker Holdings Pty Ltd. In the half year ended 31 December 2020, there was a $1.4 million gain for Domain related to the increase in deferred consideration receivable for Commerce Australia Pty Ltd and the release of contingent consideration for Bidtracker Holdings Pty Ltd Tranche 3.

Impairment of other assets

The impairment of other assets includes:

- $2.4 million of Domain Group asset write-offs related to the early exit of leased office space; offset by
- $0.2 million reversal of previous debtor write offs.

In the half year ended 31 December 2020, an impairment of $6.3 million was recognised for program inventory as a result of a change in FTA license requirements, offset by a $1.0 million reversal of previous debtor write offs.

Restructuring costs

Restructuring costs include:

- $11.9 million related to the implementation of new financial systems, including $5.3 million relating to Domain Group. This expense, in large part, would have been capitalised before the 30 June 2021 accounting policy change related to configuration or customisation costs in a cloud computing arrangement (refer to Note 1.2a); offset by

- $0.7 million gain on debt modification resulting from of an amendment to the Domain Group syndicated loan facility agreement.

In the half year ended 31 December 2020, $6.4 million of redundancy, restructuring and termination costs were incurred, $5.1 million of which related to the implementation of new financial systems, including $2.3 million in Domain Group.

Acquisition related costs

On 15 October 2021, the Domain Group acquired 100% of the shares of Insight Data Solutions Holdings Pty Ltd. The Group has incurred legal and advisory fees and other costs related to this acquisition amounting to $1.6 million during the period. Refer to Note 6.1 for further details.

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2021

2. GROUP PERFORMANCE (continued)

2.5 Earnings per share

	31 Dec 2021	31 Dec 2020 Restated
Basic and diluted earnings per share before specific items[1]	$0.12	$0.10
Basic and diluted earnings per share after specific items	$0.12	$0.10
Profit attributable to the ordinary equity holders of the parent used in calculating the basic and diluted earnings per share ($'000) from continuing and discontinued operations	203,518	171,409
Weighted average number of ordinary shares used as denominator for basic earnings per share ('000)	1,704,442	1,704,166
Effect of dilution:		
Rights Plan shares under the performance rights plan (Note 4.4) ('000)	5,427	6,864
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	1,709,869	1,711,030

[1] Diluted earnings per share assumes that the executive long term incentive plan (Refer Note 4.4) is satisfied by issuing new shares. The Company's practice to date has been to purchase the shares on the open market and if this practice continues there will be no difference between basic and diluted earnings per share.

Notes to the Consolidated Financial Statements

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3. OPERATING ASSETS AND LIABILITIES

3.1 Intangible assets

	Goodwill	Licences	Mastheads and Brand Names	Customer relationships	Software[1]	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Half year ended 31 December 2021						
At 1 July 2021, net of accumulated amortisation and impairment	888,949	598,471	562,739	134,371	81,911	2,266,441
Acquisition of subsidiaries (Note 6.1)	83,643	-	-	-	3,379	87,022
Purchases	-	-	-	-	26,491	26,491
Amortisation expense	-	-	(231)	(11,074)	(25,657)	(36,962)
At 31 December 2021, net of accumulated amortisation and impairment	972,592	598,471	562,508	123,297	86,124	2,342,992
Year ended 30 June 2021						
At 1 July 2020, net of accumulated amortisation and impairment	933,738	615,182	563,118	156,625	84,233	2,352,896
Purchases	-	-	-	-	51,130	51,130
Impairment	(44,789)	(16,711)	-	-	(76)	(61,576)
Amortisation expense	-	-	(379)	(22,254)	(53,376)	(76,009)
At 30 June 2021, net of accumulated amortisation and impairment	888,949	598,471	562,739	134,371	81,911	2,266,441

[1] Capitalised development costs of software being, in part, an internally generated intangible asset.

At 31 December 2021, net of accumulated amortisation and impairment						
Cost (gross carrying amount)	2,723,299	1,596,651	563,906	191,760	286,376	5,361,992
Accumulated amortisation and impairment	(1,750,707)	(998,180)	(1,398)	(68,463)	(200,252)	(3,019,000)
Net carrying amount	972,592	598,471	562,508	123,297	86,124	2,342,992
At 30 June 2021, net of accumulated amortisation and impairment						
Cost (gross carrying amount)	2,639,656	1,596,651	563,906	191,760	256,506	5,248,479
Accumulated amortisation and impairment	(1,750,707)	(998,180)	(1,167)	(57,389)	(174,595)	(2,982,038)
Net carrying amount	888,949	598,471	562,739	134,371	81,911	2,266,441

3. OPERATING ASSETS AND LIABILITIES (continued)

3.1(a) Allocation of non-amortising intangibles and goodwill

The Group has allocated goodwill, licences, mastheads and brand names to the following cash generating units ("CGUs"):

	Goodwill $'000	Licences $'000	Mastheads and Brand Names $'000
At 31 December 2021			
TV Broadcast	-	457,884	-
NBN	3,300	11,000	-
Stan	315,302	-	71,452
Domain	527,962	-	406,643
Metropolitan Media	105,052	-	84,413
Nine Radio	-	129,587	-
Other[1]	20,976	-	-
Total licences and goodwill as at 31 December 2021	972,592	598,471	562,508
At 30 June 2021			
TV Broadcast	-	457,884	-
NBN	3,300	11,000	-
Stan	315,302	-	71,452
Domain	444,319	-	406,874
Metropolitan Media	105,052	-	84,413
Nine Radio	-	129,587	-
Other[1]	20,976	-	-
Total licences and goodwill as at 30 June 2021	888,949	598,471	562,739

[1] Other goodwill is made up of Nine.com.au $6.7 million (June 2021: $6.7 million) and Pedestrian TV $14.3 million (June 2021: $14.3 million).

3.1(b) Determination of recoverable amount

The Group determined TV Broadcast, NBN, Domain, Nine Radio, Metropolitan Media, Stan and each of the components of Other (Nine.com.au and Pedestrian TV) to be CGUs subject to an annual impairment test.

At 31 December 2021 a review was performed for indicators of impairment in order to determine whether a formal impairment assessment was required.

The Directors have determined that there are no impairment indicators as at 31 December 2021. In reviewing for such indicators, the Group assessed internal and external factors which could impact any of the key assumptions used in determining CGU recoverable value in 30 June 2021 impairment modelling. This assessment included growth rates, discount rates and a comparison of actual performance during the period to forecasted cash flow projections utilised. The cash flow projections which are used in determining any impairment require the Group to make significant judgements and estimates. Key assumptions in preparing the cash flow projections for each CGU are set out in the 2021 annual financial report.

3. OPERATING ASSETS AND LIABILITIES (continued)

3.2 Trade and other payables

	31 Dec 2021 $'000	30 June 2021 $'000
Current - unsecured		
Trade and other payables	238,342	246,519
Program contract payables	141,741	158,733
Deferred income	69,546	65,605
Acquisition contingent consideration (Note 6.1)	19,450	4,169
Total current trade and other payables	469,079	475,026
Non-current - unsecured		
Program contract payables	105,701	92,489
Deferred income	3,753	4,013
Acquisition contingent consideration (Note 6.1)	11,591	1,500
Other creditor	-	2,033
Total non-current trade and other payables	121,045	100,035

3.3 Provisions

	Employee entitlements $'000	Onerous contracts $'000	Other[1] $'000	Total $'000
At 1 July 2021	133,897	16,909	59,460	210,266
Amounts provided / (utilised) during the period	(4,016)	(2,376)	6,528	136
At 31 December 2021	**129,881**	**14,533**	**65,988**	**210,402**
Represented by:				
Current	117,079	10,028	63,277	190,384
Non-current	12,802	4,505	2,711	20,018
At 31 December 2021	**129,881**	**14,533**	**65,988**	**210,402**

[1] Included in other provisions are defamation provisions $33.0 million (June 2021: $28.0 million), content and royalties provisions $23.9 million (June 2021: $20.6 million), disposal related provisions $4.3 million (June 2021: $5.0 million) and provision for property $5.0 million (June 2021: $5.9 million).

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2021

3. OPERATING ASSETS AND LIABILITIES (continued)

3.4 Commitments

	<1 year $'000	1-5 years $'000	>5years $'000	Total $'000
Year ended 31 Dec 2021				
Capital expenditure	4,295	-	-	4,295
Lease commitments - Group as lessee	14,797	57,717	50,355	122,870
Lease commitments - Group as lessor[1]	(10,670)	(8,429)	-	(19,100)
Television and Subscription Video on Demand program and sporting broadcast rights	310,467	647,074	117,700	1,075,241
Total Commitments	**318,889**	**696,362**	**168,055**	**1,183,306**

	<1 year $'000	1-5 years $'000	>5years $'000	Total $'000
Year ended 30 June 2021				
Capital expenditure	6,796	747	-	7,543
Lease commitments - Group as lessee	13,271	34,974	40,918	89,163
Lease commitments - Group as lessor[1]	(10,651)	(13,773)	-	(24,424)
Television and Subscription Video on Demand program and sporting broadcast rights	316,994	383,932	-	700,926
Total Commitments	**326,410**	**405,880**	**40,918**	**773,208**

[1] The Group has commercial subleases on office premises and amounts disclosed above represent the future minimum rentals receivable under non-cancellable operating leases at 31 December 2021.

Lease commitments include lease of land and buildings where the lease term has not yet commenced and outgoings where the application of AASB 16 is not applicable. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

Notes to the Consolidated Financial Statements
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4. CAPITAL STRUCTURE AND MANAGEMENT

4.1 Financial Liabilities

	31 Dec 2021 $'000	30 June 2021 $'000
Current		
Lease liabilities	36,669	43,897
Bank facilities unsecured	-	79,595
Total current financial liabilities	36,669	123,492
Non-current		
Lease liabilities	360,117	384,683
Bank facilities unsecured	423,031	342,255
Total non-current financial liabilities	783,148	726,938

100% Owned Facilities

The Group is party to syndicated bank facilities with limits totalling $625 million which comprise two revolving cash advance facilities ($272.5 million in each facility), maturing in February 2023 and February 2024, and a one year $80 million working capital facility expiring in February 2023, following an extension executed in January 2022. At 31 December 2021, $205 million (30 June 2021: $250 million) of the syndicated facilities was drawn.

A $33.3 million bank guarantee facility is also available to the Group's 100% owned subsidiaries on a rolling annual basis. As of 31 December 2021, $27.4 million was drawn (30 June 2021: $26.6 million).

The corporate facilities available to the Group for its 100% owned subsidiaries are provided by a syndicate of banks and financial institutions. There are no material changes to the terms or permitted uses of the facilities. The interest rate for drawings under these facilities is the applicable bank bill rate plus a credit margin.

These facilities are supported by guarantees from most of the Company's wholly-owned subsidiaries but are otherwise provided on an unsecured basis. These facilities impose various affirmative and negative covenants on the Company and the Group, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

As part of the corporate facilities, the Group is subject to certain customary financial covenants measured on a six monthly basis. The Group has been in compliance with its financial covenant requirements during the period ended 31 December 2021.

Domain

The Group has exposure to a $350 million syndicated bank facility which is available to a controlled entity, Domain Holdings Australia Limited (Domain). In December 2021, Domain refinanced this facility (previously: $225.0 million), which now consists of tranches maturing in December 2025 ($210 million) and December 2026 ($140 million). This refinance was treated as a non-substantial modification under *AASB 9 Financial Instruments,* with a gain of $0.7m recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and disclosed as a significant item (Note 2.4).

The interest rate for drawings under this facility is the applicable bank bill rate plus a credit margin. At 31 December 2021, $220 million (30 June 2021: $173 million) was drawn on this facility.

A $5.0 million bank guarantee facility is also available to Domain on a rolling annual basis. As of 31 December 2021, $2.97 million was drawn (30 June 2021: $0.98m).

As part of the corporate facilities, Domain is subject to certain customary financial covenants measured on a six monthly basis. Domain has been in compliance with its financial covenant requirements during the period ended 31 December 2021.

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2021

4. CAPITAL STRUCTURE AND MANAGEMENT (continued)

4.2 Share capital

	31 Dec 2021 $'000	30 June 2021 $'000
Issued share capital		
Ordinary shares authorised and fully paid	2,123,866	2,122,146
Movements in issued share capital – ordinary shares		
Carrying amount at the beginning of the financial period	2,122,146	2,123,146
Purchase of rights plan shares	-	(2,293)
Vesting of Rights Plan shares (Note 4.4)	1,720	1,293
Carrying amount at the end of the financial period	2,123,866	2,122,146

	31 Dec 2021 No. of shares	30 June 2021 No. of shares
Balance at beginning and end of the financial period	1,705,393,253	1,705,393,253

At 31 December 2021, a trust controlled by the Company held 647,780 (30 June 2021: 1,605,869) ordinary fully paid shares in the Company. During the period, no shares (June 2021: 800,000) were acquired by the Trust. Shares are held for the purpose of allowing the Group to satisfy performance rights obligations to certain senior management of the Group.

Terms and Conditions of Contributed Equity

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up or sale of the Company in proportion to the number of shares held.

4.3 Dividends paid and proposed

	31 Dec 2021 $'000	31 Dec 2020 $'000
Dividends paid in the period		
Dividend of 5.5 cents per share fully franked (2020: 2 cents)	93,797	34,108
Dividends not recognised at 31 December 2021		
Since 31 December 2021, the Directors have announced a fully franked interim dividend for the year ending 30 June 2022 of 7 cents per fully paid ordinary share (2021: 5 cents)	119,378	85,270

Notes to the Consolidated Financial Statements
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4. CAPITAL STRUCTURE AND MANAGEMENT (continued)

4.4 Share based payments

Under the executive long-term incentive plan for Nine Entertainment Co. Holdings Limited ("parent entity"), performance rights ("Rights") have been granted to executives and other senior management who have an impact on the Group's performance. On satisfaction of vesting conditions, each Right will convert to a share in the parent entity on a one-for-one basis or entitle the Participant to receive cash to the value of a share. Details of the plan are included in the Remuneration Report of the 2021 Annual Report. In addition, there are long-term incentive plans in Domain Group.

The total expense (pre tax) recognised for share based payments during the financial period for the Group was $7,644,167 (2020: $5,525,000), of which $6,645,985 (2020: $3,413,000) relates to Domain Group.

Movement during the period
The following table sets out the number of Rights outstanding as at 31 December:

	31 Dec 2021 Number	30 June 2021 Number
Outstanding at 1 July	6,614,132	7,699,571
Granted during the period	2,212,184	3,290,321
Forfeited during the period[1]	(449,925)	(1,929,311)
Vested during the period	(490,475)	(1,133,069)
Lapsed during the period	(1,471,460)	(1,313,380)
Outstanding at period end	6,414,456	6,614,132

[1] These Rights were forfeited by executives that left during the period.

During the period ended 31 December 2021, the Group awarded 517,083 shares (2020: nil) to senior management as part payment of their short-term incentives for the year ended 30 June 2021. An expense of $1,517,477 was recognised in respect of these incentives in the prior period (2021: $nil).

4. CAPITAL STRUCTURE AND MANAGEMENT (continued)

4.5 Financial instruments

Carrying Value and Fair Values of Financial Instruments

The carrying value of a financial instrument will approximate its fair value where the balances are predominantly short-term in nature, can be traded in highly liquid markets and incur little or no transaction costs. The carrying amounts of financial instruments in the Statement of Financial Position approximate their fair value.

The Group uses various methods in estimating the fair value of a financial instrument. The different methods have been defined as follows:

Level 1: The fair value is calculated using quoted prices in active markets.

Level 2: The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, through valuation techniques including forward pricing and swap models and using present value calculations. The models incorporate various inputs including credit quality of counterparties and foreign exchange spot rates, forward rates and listed share prices. Fair values of the Group's interest-bearing borrowings and loans are determined by using a DCF method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair values hierarchy has been determined as follows for financial assets and financial liabilities of the Group at 31 December 2021.

Level 1: Investment in listed equities
Level 2: Forward foreign exchange contracts, interest rate swaps and financial liabilities
Level 3: Acquisition contingent consideration and CGU recoverable amount for Domain.

There were no transfers between the Level 1, Level 2 and Level 3 fair value measurements during the year.

Notes to the Consolidated Financial Statements
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5. Taxation

5.1 Income tax expense

	31 Dec 2021 $'000	31 Dec 2020 Restated $'000
Current tax expense	69,853	87,607
Deferred tax (benefit)/expense relating to the origination and reversal of temporary differences	18,331	(13,002)
Income tax expense	88,184	74,605
Reconciliation of tax expense to prima facie tax payable		
Profit/ (loss) from continuing operations	301,349	255,215
Prima facie income tax/(benefit)expense at the Australian rate of 30%	90,405	76,565
Tax effect of:		
Share of associates' net (profit)/loss	(293)	(291)
Difference between tax and accounting profit from disposal of properties	-	20
Adjustments in respect of current income tax of previous years	(1,251)	(1,016)
Research and development tax offset	(1,500)	-
Other items – net	823	(673)
Income tax expense[1]	88,184	74,605

[1] The income tax expense comprises an expense of $92,236,000 (2020: $78,150,000) on profit before specific items and a tax credit of $4,052,000 (2020: $3,545,000) on specific items.

5.2 Deferred tax assets and liabilities

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss and other comprehensive income	
	31 Dec 2021 $'000	30 June 2021 $'000	31 Dec 2021 $'000	31 Dec 2020 Restated $'000
Employee benefits provision	32,400	33,311	(911)	(2,493)
Other provisions and accruals	33,163	45,188	(12,025)	4,106
Property, plant and equipment	17,701	11,916	5,784	8,939
Intangible assets	(385,283)	(389,604)	4,321	6,774
Tax losses	32,294	44,179	(11,886)	(13,199)
Business related costs deductible over five years	13,725	16,119	(2,394)	1,571
Accelerated depreciation - program stock	(47,673)	(48,108)	435	(4,604)
Leases AASB16	23,440	23,931	(491)	11,209
Other	5,870	6,066	(196)	(2,624)
Net deferred income tax liabilities	(274,363)	(257,002)	(17,362)[1]	9,679[1]

[1] 2021: Consists of $18,331,000 of deferred tax expense to the Consolidated Statement of Profit or Loss, offset by $969,000 of deferred tax benefit through equity reserves. (2020: Consists of $12,467,000 of deferred tax benefit to the Consolidated Statement of Profit or Loss, offset by $2,788,000 of deferred tax expense through equity reserves.)

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6. Other

6.1 Business combinations and acquisition of non-controlling interests

Acquisition of Insight Data Solutions Group

On 15 October 2021, Property Data Solutions (2) Pty Ltd, a wholly-owned subsidiary of the Domain Group, acquired 100% of the share capital in Insight Data Solutions Holdings Pty Ltd and its subsidiaries (IDS Group). The acquisition marks another step forward in executing on Domain's marketplace strategy to expand its addressable market beyond Agents and Consumers to Financial Institutions, and Government. The acquisition of the IDS Group establishes Domain as a market leading provider of land and property valuation, insights and analytics services into the Government sector, and significantly expands the size of the Property Data Solutions pillar of Domain's marketplace

A summary of the acquisition is as follows:

Entity or business acquired:	Insight Data Solutions Group
Principal activity:	Land and property valuation and insights and analytics services in the Government sector
Date of acquisition:	15 October 2021
Ownership interest as at 31 December 2021:	100%

The provisionally determined fair values of the identifiable assets and liabilities acquired are detailed below, with their measurement to be finalised within one year from the date of acquisition.

PROVISIONAL FAIR VALUE ON ACQUISITION INSIGHT DATA SOLUTIONS GROUP	$'000
Current assets	
Cash	622
Trade and other receivables	37
Total current assets	659
Non-current assets	
Intangible assets [1]	3,379
Property, plant and equipment	21
Deferred tax assets	358
Total non-current assets	3,758
Total assets	4,417
Current liabilities	
Payables	5,953
Provisions	496
Total current liabilities	6,449
Total liabilities	6,449
Total identifiable net liabilities at fair value	(2,032)
Goodwill arising on acquisition	83,643
Total identifiable net liabilities and goodwill attributable to the Group	81,611

6. Other

6.1 Business combinations and acquisition of non-controlling interests (continued)

PROVISIONAL FAIR VALUE ON ACQUISITION INSIGHT DATA SOLUTIONS GROUP	$'000
Purchase consideration	
Cash paid	54,720
Contingent consideration	26,891
Total purchase consideration	81,611
Net cash outflow on acquisition	
Cash paid	(54,720)
Cash acquired	622
Net cash outflow	(54,098)

Goodwill of $83.6 million was recognised at the time of acquisition. The goodwill comprises expected synergies arising from the acquisition. Goodwill is allocated entirely to the Domain segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

Purchase Consideration

The consideration of the acquisition is to be paid in an upfront cash consideration and multiple tranches that are contingent on the future financial and commercial performance of the IDS Group, relating to securing and delivering services under new government contracts, over the performance period ending in June 2027.

The first tranche cash payment of $54.7 million was settled on 15 October 2021. Other tranches are due to be settled during the performance period between completion and June 2027.

The on target and maximum consideration for the transaction including the undiscounted contingent consideration is $134.7 and $153.7 million. The expectation at acquisition is that it will be cash settled, however, the purchase agreement allows for a portion to be settled in equity at the Board of Directors' discretion

As at the acquisition date, the discounted fair value of the contingent consideration was estimated to be $26.9 million. The fair value of the contingent consideration determined at the date of acquisition reflects the probabilities of securing certain new government contracts and achieving budgeted financial targets. As at 31 December 2021, no remeasurement charge has been recognised through profit or loss since there were no significant changes in the assumptions used from the date of acquisition.

The contingent consideration is recognised as a financial liability on the balance sheet and is measured at fair value through the profit and loss. The contingent consideration is accounted for in accordance with *AASB 9 Financial Instruments* and disclosed as a financial liability (contingent consideration) as the amount to be paid is variable, based upon the post-acquisition financial and commercial performance of the IDS Group.

AASB 3 Business Combinations allows a measurement period after a business combination to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all of the various components of the business combination as of the acquisition date. The period cannot exceed one year from the acquisition date.

Costs incurred and expensed in relation to the acquisition amounted to $1.6 million as disclosed in Note 2.4.

6. Other

6.1 Business combinations and acquisition of non-controlling interests (continued)

Significant judgements, estimates and assumptions

Contingent consideration from business combinations is valued at fair value on the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is remeasured to fair value at each reporting date with revaluations recognised within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The determination of the fair value is based on discounted cashflows. The key assumptions include the probability and timing of meeting commercial and financial performance targets and the discount factor. Management has obtained external expert advice for these key assumptions and continues to seek further advice (where applicable) on these throughout the measurement period.

No remeasurement was required at the reporting date. Future developments with the business performance of the IDS Group will require revisions to this estimate. The maximum potential contingent consideration to be paid is $99.0 million based on the IDS Group securing and delivering specified government contracts over the earn out period ending in June 2027.

The contingent consideration is classified as an 'other payable' and is disclosed as part of 'Trade and other payables' on the Consolidated Balance Sheet.

6.2 Events after the balance sheet date

In the time between 31 December 2021 and the date of this report there has not arisen any item, transaction or event of a material and unusual nature, in the opinion of the Directors of the Company, to affect significantly the operations, results or the state of affairs of the Group, currently or in future financial years.

6.3 Contingent liabilities and related matters

The consolidated entity has made certain guarantees regarding contractual leases, performance and other commitments of $30,345,559 (2021: $27,837,000). All contingent liabilities are unsecured. The probability of having to meet these commitments is remote and there are uncertainties relating to the amount and the timing of any outflows.

Certain entities in the Group are party to various legal actions and exposures that have arisen in the ordinary course of business. Appropriate provisions have been recorded; however, the outcomes cannot be predicted with certainty.

The parent entity is a party to the Deed of Cross Guarantee entered into with various Group companies. The operation of the Deed of Cross Guarantee has the effect of joining the parent entity as a guarantor to the Group's commitments and contingencies.

Directors' Declaration

In accordance with the resolution of the Directors of Nine Entertainment Co. Holdings Limited, in the opinion of the Directors:

1 the consolidated financial statements and notes that are set out on pages 5 to 28 are in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial period ended on that date; and

ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*

2 There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

P Costello

Peter Costello
Chairman

Mike Sneesby
Chief Executive Officer and Director

Sydney, 24 February 2022

Building a better
working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's review report to the members of Nine Entertainment Co. Holdings Limited

Conclusion

We have reviewed the accompanying half year financial report of Nine Entertainment Co. Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' responsibilities for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Christopher George
Partner
Sydney
24 February 2022