

Turnaround at a cost

Company name/ASX Code	Tabcorp Holdings Limited/TAH
Meeting Time/Date	10.00am on Monday, 20 October 2025
Location	Clarendon Auditorium Melbourne Convention and Exhibition Centre
Registry	MUFG
Type of Meeting	Hybrid
Monitor	Steve van Emmerik assisted by Chris Lobb
Pre AGM Meeting?	Yes, with Chair Brett Chenoweth, Chair Rem Committee David Gallop, Co Sec Chris Murphy, HR Nicole Kirk

1. How we intend to vote

2a	Re-election of Mr Brett Chenoweth as a Director	For
2b	Re-election of Mrs Raelene Murphy as a Director	For
3	Adoption of Remuneration Report	Against
4	Grant of Options to Managing Director and CEO	Against

2. Summary of Issues and Voting Intentions for AGM

The main issue for the AGM is the failure to rectify the many deficiencies of the remuneration scheme.

The impacts of previous negotiations regarding State Wagering and Betting licences have led to a somewhat improved financial performance.

This has led to an improved share price since the financial results announcement.

3. Matters Considered

Key events

The appointment of Gillon McLachlan as CEO and his refresh of the Executive Leadership Team.

The change of strategy under the new CEO emphasising an omnichannel strategy and initial actions under this strategy.

The company seeking tax reforms in the NSW market similar to those that occurred in Victoria.

Settling previous CEO Adam Rytenskild's dispute with the company via a confidential cash payment.

Key Financials

NPAT returned to a small profit following the last years massive write-offs.

	2025	2024	2023	2022
Statutory NPAT (\$m)	36.6	(1,359.7)	66.5	(118.4)
Underlying NPAT (\$m)	49.5	28.0	84.3	(18.1)
Statutory EPS (cents)	1.6	(59.6)	2.9	(5.3)
Underlying EBIT (\$m)	189	97.4	150.5	95.2
Dividend per Share (cents)	2.0	1.3	2.3	N/A
Share Price at End of FY (\$)	0.72	0.70	1.11	1.065
Total Shareholder Return (%)	6%	-36%	6%	
Realised CEO Remuneration (\$)	\$1.33m ^{2,3}	\$3.3m ^{2,3}	\$1.9m ²	
Statutory CEO Remuneration (\$)	\$3.35m	\$1.1m ^{2,3}	\$2.8m ²	N/A

Statutory NPAT and EPS are the audited figure from the financial accounts. Underlying NPAT is (usually) an unaudited figure used in management presentations or commentary. Total Shareholder Return is calculated as the share price change over the year plus the dividend declared during the year, divided by the share price at end of previous year. This may differ from the figure quoted by the company.

²The figures appear lower than the remuneration details given in the Appendix because no LTI awards are in play given the newly struck scheme and the use of options in the LTI.

³ Part year only

Key Board or senior management changes

On 5th August 2024, Mr Gillon McLachlan, former head of the Australian Football League, commenced as the new CEO. He subsequently appointed new Business Group Managers including Michael Fitzsimons as Chief Wagering Officer in July 2025.

Two directors retired including former chairman Bruce Akhurst and long-time director Justin Milne.

Review of Board on Governance, Transparency, Fairness to Retail Shareholders

Positives

- The Board has an independent Non-Executive Chair and majority of independent directors.
- The Board has gender diversity (3 males, 3 females).
- Tabcorp policy is for Directors to hold at least one year's worth of member base fees in company shares, within 3 years.
- The company meaningfully discloses ESG issues and risks facing the business and the processes to manage them.
- The company has a track record (prior to the demerger) of raising capital fairly by using a pro-rata renounceable entitlement/rights offer (PAITREO).

Areas for Improvement

- The company skills 'matrix' of the directors is more like a skills 'table' and could be improved. At least Tabcorp does publish the matrix in the Annual Report.

- The ASA is not in favour of companies making political donations. This subject has been discussed with Tabcorp previously and they believe that involvement in political party forums is important in protecting shareholder interests. In FY25 a total of \$131,500 in political donations were made (FY24: \$193,000). These are typically balanced between the parties. At least Tabcorp discloses the quantum of donations in the annual report.

4. Rationale for Voting Intentions

Resolution 2a: Re-election of Mr Brett Chenoweth as a Director (for)

Mr Chenoweth was appointed to the board in August 2022. He has a wide range of executive experience including as CEO and MD of APN News and Media. He was previously the Chair of Adairs. Whilst he is a director of EVT Ltd and does have several unlisted company directorships, he assures us these do not take up so much time as to negatively impact on his Tabcorp role.

ASA considers him to be independent. He has adequate skin-in-the game shareholding.

A downside is his membership of the Remuneration Committee which continues with a remuneration scheme which does not align with ASA guidelines and shareholder experience. (See Resolutions 3 and 4)

On balance the ASA proposes to support his election.

Resolution 2b: Re-election of Mrs Raelene Murphy as a Director (for)

Ms Murphy was appointed to the board in August 2022. She has a wide range of executive experience in finance and business turnaround. She has three current other directorships including Bega Cheese, Amotiv and Integral Diagnostics. Her director workload is within ASA guidelines.

ASA considers her to be independent. She has adequate skin-in-the game shareholding.

A downside is her membership of the Remuneration Committee which continues with a remuneration scheme which does not align with ASA guidelines and shareholder experience. (See Resolutions 3 and 4)

On balance the ASA proposes to support her election.

Resolution 3: Adoption of Remuneration Report (against)

The LTI scheme does not meet ASA guidelines on several measures including the use of options (see Resolution 4). There are several other concerns ASA has previously expressed with the Remuneration framework (See Appendix).

For these reasons, the ASA will be voting undirected proxies against the remuneration report.

Resolution 4: Grant of Options to CEO/Managing Director (against)

The Long Term Incentive (LTI) scheme for the CEO involves the use of options.

The ASA does not favour the use of options because their pricing is opaque and can result in outlandish payouts well in excess of the ordinary shareholder's experience. We note that there are 30 million FY25-issued options available to the CEO with a strike price of 47 cents exercisable in 2027. So, in 2027, if EBIT is up by about 10% and the share price trades at current levels (\$1.07 on 10/10/2025), this would result in a bonus cash payment

to Mr McLachlan of \$18m. By way of comparison, Tabcorp's statutory net profit this year was around \$36m. This illustrates the leveraged nature of options and the disconnect between executive and shareholder experience.

We also note that these options do not need to be exercised by the payment of the strike price by executives and do not result in shares being issued. Rather they are simply a basis for calculations to enable cash payments to be made to executives. This approach also fails to promote the accumulation of skin-in-the-game shares by executives which conventional schemes achieve.

The ASA will be voting undirected proxies against this resolution.

Monitor Shareholding

The individual (or their associates) involved in the preparation of this voting intention has no shareholding in this company.

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Appendix 1

Remuneration framework detail

CEO rem. Framework (FY25)	Target (\$m)	% of Total	Max. Opportunity (\$m)	% of Total
Fixed Remuneration	1.500	33%	1.500	22%
STI – Cash	0.750	17%	1.125	17%
STI – Equity	0.750	17%	1.125	17%
LTI	1.500	33%	3.000	44%
Total	4.500	100%	6.750	100%

Positives

- CEO's actual take-home remuneration, as well as the target and maximum opportunity of each component is clearly disclosed.
- At least 50% of CEO's pay is genuinely at risk [67% at target].
- STIs are not more than fixed remuneration (at target).
- The majority of STIs are based on disclosed performance criteria.
- 50% of STIs is paid in equity with a 2-year holding lock.
- No retesting of performance hurdles is allowed.
- Termination payments do not exceed 12 months fixed pay.
- Vesting in a takeover or "change of control" event is at the discretion of the Board.

Areas for Improvement

- The total quantum of the CEO remuneration package is not reasonably within typical benchmarks.
- The quantum of the Chairman's fee is not reasonably within typical remuneration benchmarks.
- The LTI award is based on only one measure, Return on Invested Capital (ROIC), rather than at least two measures favoured by ASA. The company argues that the option exercise price is a second measure.
- ASA's preferred measure for LTI award is Total Shareholder Return (TSR), which was used by the 'old' Tabcorp as one of two measures but has been dropped by the new Tabcorp.
- Actual LTI hurdles and criteria (average measured over 3 years) for FY26 awards are shown in the following table:

Performance Criteria	Contribution % of total LTI award	Threshold performance	Vesting at threshold performance	Performance for 100% vesting
ROIC	100% (i.e. single LTI measure)	11.5% ¹	35% ¹	12.8%

¹ Target performance is 11.8% which results in 50% vesting

- The LTI award is in the form of options which ASA does not favour. (See main text on Resolution 4 for why)

- The options, by necessity, are priced at fair value via the Black-Scholes model. This is not easy for most shareholders to understand.
- LTI hurdles are measured over three years not ASA's preferred four years or more.

The company changed its remuneration peer group in FY23 to a group of companies with revenues between \$1B and \$4B in the ASX50-200. These companies are not disclosed in the Annual Report. ASA obtained the list of "peer" companies last year. Based on that list, Tabcorp ranks 32nd out of 42 in this group by market capitalisation (as at 10/10/25) [last year Tabcorp ranked last]. On this basis alone it does not appear to be an appropriate peer group.

In FY25 Tabcorp introduced a "secondary" peer group of 31 companies in the ASX100-300 with a market cap of between 50% to 200% of Tabcorp's with an annual revenue between \$1B and \$4B. These companies are disclosed in the Annual Report.

The remuneration report does not state how these two peer groups are used to inform the remuneration scheme. Options schemes like Tabcorp's are not prevalent in these "peer" companies.