SPORTS ENTERTAINMENT GROUP LIMITED

(FORMERLY PACIFIC STAR NETWORK LIMITED)

ABN 20 009 221 630

APPENDIX 4E

Preliminary Final Report

for the Year Ended 30 June 2021

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Appendix 4E

Results for announcement to the market

1. Company Details

Name of Entity	Sports Entertainment Group Limited
ABN	20 009 221 630
Year Ended (current period) Year Ended (previous period)	30 June 2021 30 June 2020

2. Results for announcement to the market

	Change %		30 June 2021 $000s	30 June 2020 $000s
2.1 Revenues from ordinary activities	Up 10%	to	73,720	66,785
2.2 EBITDA (underlying) [1, 2, 3] from continuing operations	Up 82%	to	11,122	6,102
2.3 Pre AASB 16 EBITDA (underlying) [1, 2, 3,4] from continuing operations	Up 110%	to	9,433	4,490
2.4 Profit/(Loss) from ordinary activities after tax attributable to members	N/A	to	2,043	(4,360)
2.5 Net profit/(loss) after tax attributable to members	N/A	to	2,043	(4,360)

3. Dividends

The Directors have taken the decision to not pay an interim or final dividend in order to retain earnings to fund continued growth, reduce debt and strengthen working capital during the ongoing financial impact caused by the COVID-19 pandemic.

4. Net Tangible Asset (NTA) Backing

	30 June 2021	30 June 2020
Net tangible asset backing per ordinary security	(13.2) cents	(9.3) cents
Net asset backing per ordinary security	21.1 cents	19.4 cents

[1] Underlying result excludes once-off significant positive items of $0.677 million associated with discounts from suppliers and commercial partners for contracted technical costs unable to be serviced; the loss on the disposal of property plant and equipment not used for ordinary business operations; and significant transaction costs on the acquisitions of 2CH and the narrowband radio licences. Similarly, the underlying result for the comparative 2020 period excludes $5.249 million associated with the impairment of the goodwill within the Broadcasting & Media CGU, terminated of the broadcast rights and supplier relationship intangibles, the transactional costs in relation to the acquisitions of Rapid TV, Precision Talent, Lifestyle1, Spirit 621AM, and the narrowband radio licences.

[2] Underlying result also excludes the $0.689 million of non-cash loss on disposal of the 1377AM radio licence along with related transmitter broadcasting equipment; and the associated with loss on the disposal of 9% investment in D R B Melbourne Pty Ltd.

[3] Includes $3.300 million of JobKeeper payments received by the Group during the year ended 30 June 2021 (2020: $1.620 million).

[4] Underlying excludes the impact of application of AASB 16 Leases.

Appendix 4E

Results for announcement to the market

5. Control gained or lost over businesses during the period

Name of business	Date control was gained	Reporting entity's percentage holding		Contribution to net profit / (loss) in $000s	
		30 June 2021 %	30 June 2020 %	**30 June 2021 $000s**	30 June 2020 $000s
Control Gained					
EON 2CH Pty Ltd	1 July 2020	**100%**	Nil%	**-**	-
Radio 2CH Pty Ltd	1 July 2020	**100%**	Nil%	**(325)**	-

6. Details of associates and joint venture entities

Name of associate	Reporting entity's percentage holding		Contribution to net profit / (loss) in $000s	
	30 June 2021 %	30 June 2020 %	**30 June 2021 $000s**	30 June 2020 $000s
D R B Melbourne Pty Ltd	**9%**	18%	**23**	17
Melbourne United Basketball Club Pty Ltd	**25%**	25%	**241**	(4)

Note:

The information contained in this Appendix 4E and the attached Full Year Preliminary Financial Report does not include all of the notes of the type normally included in the annual financial statements.

Accordingly, these reports are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Preliminary Directors' Report

The names and particulars of the Directors of the Company at any time during or since the end of the financial year are:

Name	Particulars
Craig Coleman	Appointed Non-Executive Director and Chairman on 15 November 2017
Colm O'Brien	Appointed Non-Executive Director on 8 September 2015
Andrew Moffat	Appointed Non-Executive Director on 15 November 2017
Craig Hutchison	Appointed Chief Executive Officer & Managing Director on 29 March 2018
Chris Giannopoulos	Appointed Executive Director on 29 March 2018
Ronald Hall	Appointed as an alternative Non-Executive Director on 18 November 2017 (alternative for Andrew Moffat)
Craig Coleman	Appointed Non-Executive Director on 8 September 2015

Principal Activities

Sports Entertainment Group Limited (SEG) is a sports media content and entertainment business, which through its other complementary business units, has capabilities to deliver brand stories to national, metropolitan and regional audiences with unique and exclusive content via multiple platforms including radio, print, television, online, in-stadium and events.

Review of Operations

Review of financial results

- For the year ended 30 June 2021, the Group delivered a pleasing financial result in light of the difficult circumstances surrounding the severe impact the COVID-19 global pandemic had on sporting seasons, restrictions on event gatherings ongoing impact on advertisers, and the global economy. Total revenue from continuing operations of $73.720 million up by 10% and underlying EBITDA at $11.122 million up by 82% on the comparative period.

  The positive result included $3.301 million of temporary funding received from the Federal Government JobKeeper subsidy scheme which enabled the retention of a significant portion of workforce and kept them connected and engaged during the severe lockdowns and isolation experienced at various times during the period. The Group was ineligible to receive JobKeeper payments for the final quarter of the JobKeeper scheme and thus did not receive any further payments subsequent to 31 December 2020.

  The underlying result excludes once-off significant net positive items of $0.677 million associated with discounts from suppliers and commercial partners for contracted technical costs unable to be serviced; the loss on the disposal of property plant and equipment not used for ordinary business operations; and significant transaction costs on the acquisitions of 2CH and the narrowband radio licences.

  The underlying result also excludes the $0.689 million related to the non-cash loss on disposal of the 1377AM radio licence along with related transmitter broadcasting equipment; and the associated loss on the disposal of a 9% investment in D R B Melbourne Pty Ltd.

  The Group's underlying EBITDA for the financial year pre application of AASB16 was $9.432 million, up by 110% on the comparative period.

- The Group is continuing to monitor the ongoing impact of the COVID-19 pandemic on its businesses and identifying opportunities for operational long-term cost efficiencies.

Acquisitions completed during the financial year ended 30 June 2021

- On 1 July 2020, the Group acquired 100% of the shares in EON 2CH Pty Ltd (EON), for a cash consideration of $5.000 million upon completion on 1 July 2020, and a scrip consideration of $2.780 million in fully paid ordinary shares in the Company.

  EON is the owner of all the shares in the licensee of the 1170AM radio broadcasting licences in Sydney, NSW. In October 2020, the Company launched the new SEN 1170AM in Sydney, with aim to become the new Home of Sport for Sydney – aiming to be the destination for Sydney sports fans with live sports broadcasts supported by unique local programming and high-profile talent. The existing Classic Hits 2CH content and radio shows continue to be broadcast on DAB+ and via live streaming on the SEN app and web.

Preliminary Directors' Report

Review of Operations cont'd

Acquisitions completed during the financial year ended 30 June 2021

- On 1 July 2020, the Group acquired three narrowband area radio licences for a cash consideration of $1.600 million upon completion on 1 July 2020, deferred consideration of $4.893 million in cash payable over eight quarterly instalments, with the final instalment payable on 1 July 2022.

  The narrowband radio licences acquired are 1539AM Sydney, 1593AM Melbourne and 90.7FM Darwin, and will form part of SENTrack, Australia's first independent harness and greyhound racing radio racing service launched in March 2020.

  The acquisition expands the Group's radio-led content distribution strategies, expands the Group's nationally owned radio platforms and mass audience reach, and provides opportunities to leverage SEG's national sales team, extensive broadcast rights and content portfolio.

- On 16 July 2020, the Group completed the disposal of the 1377AM Melbourne radio broadcasting licence for a cash consideration of $4.478 million. As part of the disposal of the 1377AM Melbourne radio broadcasting licence, the 9.09% share in D R B Melbourne Pty Ltd held by Malbend Pty Ltd was also disposed of to the acquirer of the radio licence.

- In July 2020, the Group successfully completed a fully underwritten pro-rata non-renounceable entitlement offer ("Entitlement Offer") to eligible shareholders. The Entitlement Offer successfully issued 6,782,331 ordinary shares at $0.225 per share, raising $1.526 million in funds (before equity raising costs).

- In November 2020, the Company changed its name from Pacific Star Network Limited to Sports Entertainment Group Limited. In October 2020, Crocmedia Pty Ltd, a subsidiary of the Company, also changed its legal name to Sports Entertainment Network Pty Ltd. The change in names for both entities more closely reflect the Group's brand and strategic direction.

- On 4 June 2021, the Group acquired 29 AM/FM radio licences across New Zealand including supporting infrastructure for a total consideration of $3.075 million (NZD). The purchase is made up of cash consideration of $0.500 million (NZD) upon signing of the purchase agreement, deferred consideration of $0.825 million in cash payable over four instalments with the final instalment payable in December 2022, and $1.750 million of advertising and programming services to be provided to the Vendor over the next 10 years.

  The radio licences acquired will become the newly formed SENZ brand and will aim to become New Zealand's new Home of Sport – aiming to be the destination for New Zealand sports fans with live sports supported by marquee local program and hosts.

  The acquisition expands the Group's radio-led content distribution strategies, expands the Group's owned radio platforms and mass audience reach internationally, and provides opportunities to leverage SEG's existing Australian sales team, along with newly formed local New Zealand sales teams, on-air talent and content programming.

JobKeeper Payment

As part of its response to COVID-19, in March 2020 the Australian Government announced various stimulus measures resulting from the economic fallout from the Coronavirus lockdowns and restrictions. One such stimulus measure was the payment of subsidies to qualifying employers under the JobKeeper Payment scheme ("JobKeeper"). The initial JobKeeper payments were a wage subsidy whereby employers who qualify for the stimulus received $1,500 per fortnight for each eligible employee who was employed by the Group during the period April 2020 to September 2020.

The Group was eligible to receive both the initial JobKeeper payments from April 2020 to September 2020, as well as the second extension of JobKeeper from October 2020 to December 2020. The Group was however ineligible for the final extension of JobKeeper which ran from January 2021 to March 2021. The total temporary funding received from the Federal Government JobKeeper subsidy scheme totalled $3.300 million for the year ended 30 June 2021, with $1.620 million also recognised in the prior year to 30 June 2020.

Preliminary Directors' Report

Dividends

The Directors have taken the decision to not pay an interim or final dividend in order to retain earnings to fund continued growth, reduce debt and strengthen working capital during the ongoing financial impact caused by the COVID-19 pandemic.

Significant Changes in State of Affairs

Other than the matters referred to in the Review of Operations, in the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2021.

Events since the end of the Financial Year

Notwithstanding the continued economic impact of COVID-19, the Group have pleasingly been able to proceed with our strategic plan and have completed the following:

Acquisition of Perth Wildcats

On 8 August 2021, the Group completed the acquisition of 100% of the Perth Wildcats basketball team for a purchase consideration of $8.500 million less working capital adjustments of $1.346 million for a net cash consideration of $7.646 million which was paid upon completion. The Group has acquired all assets and liabilities of the existing operations of the Wildcats.

The Wildcats are the most successful NBL team with 10 championships and one of the world's most successful sporting franchises, having recently secured their 35th consecutive NBL finals appearance.

Aligning with its "Whole of Sport" strategy, the Wildcats will enhance the Group's ability to enrich the lives of sports fans and connect brands to those fans, while providing significant strategic value to the Group's operations, particularly in Western Australia where it will support other investments which have been made in the last 12 months.

As a result of the acquisition, and with the Group having a 25% ownership of a fellow NBL basketball club, the Group has proposed to dilute or divest its current 25% shareholding in Melbourne United and CEO and Managing Director, Craig Hutchison has resigned from his position as Co-Chairman of the team.

Debt Facility Extension

The Group's debt facility with the Commonwealth Bank of Australia which was due to expire on 31 August 2021 has been successfully renewed for another 3 years. The total of the new facility will be $28.700 million (previously $28.600 million) and will have a maturity date of 31 August 2024.

As a result of the previous facility's 31 August 2021 maturity date, the debt facility has been classified as a current liability in accordance with the relevant accounting standards despite the successful extension for another 3 years being completed subsequent to the reporting period. The facility will revert to a non-current classification in the balance sheet from the next reporting period.

On behalf of the Directors,

Craig Coleman

Chairman

Melbourne, 30 August 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 30 June 2021

	Notes	30 June 2021 $'000s	30 June 2020 $'000s
Revenue	**2**	**73,720**	66,785
Sales and marketing expenses		**(26,868)**	(22,179)
Occupancy expenses		**(697)**	(698)
Administration expenses		**(5,817)**	(7,484)
Technical expenses		**(18,513)**	(19,094)
Production / creative expenses		**(7,759)**	(8,902)
Significant / restructuring costs		**(654)**	(327)
Corporate expenses		**(1,714)**	(2,332)
Impairment of intangible assets	**4**	**-**	(3,366)
Loss on cancellation of intangible assets	**4**	**-**	(1,556)
Loss on disposal of property, plant, and equipment		**(148)**	-
Loss on disposal of radio licence		**(542)**	-
Loss on disposal of investments accounted for using the equity method		**(72)**	-
Depreciation and amortisation		**(6,842)**	(5,285)
Finance costs		**(1,186)**	(868)
Gain on investments accounted for using the equity method		**177**	13
Expenses		**(70,635)**	(72,078)
Profit / (Loss) for the year before income tax		**3,085**	(5,293)
Income tax expense		**(1,042)**	933
Profit / (Loss) for the year after income tax		**2,043**	(4,360)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(11)**	-
Other comprehensive income for the year (net of tax)		**(11)**	**-**
Total comprehensive income for the year		**2,032**	(4,360)
Earnings per share for profit attributable to the owners			
Basic (cents per share)	**3**	**0.89**	(2.13)
Diluted (cents per share)	**3**	**0.86**	(2.13)

The 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 30 June 2021

	Notes	30 June 2021 $'000s	* Restated 30 June 2020 $'000s
Current Assets			
Cash and cash equivalents		**5,324**	7,652
Trade and other receivables		**14,951**	6,962
Prepayments		**3,034**	2,738
Income tax receivable		**189**	-
Assets classified as held for sale		**-**	5,020
Total Current Assets		**23,498**	22,372
Non-Current Assets			
Property, plant and equipment		**15,278**	9,838
Right-of-use assets	5	**19,549**	13,266
Deferred tax assets		**2,065**	1,204
Investments accounted for using the equity method		**1,057**	951
Intangibles	4	**59,564**	43,724
Other non-current assets		**500**	-
Total Non-Current Assets		**98,013**	68,983
Total Assets		**121,511**	91,355
Current Liabilities			
Trade and other payables		**18,687**	10,567
Borrowings		**15,929**	5,913
Lease liabilities	5	**1,735**	936
Income tax payable		**-**	546
Deferred revenue		**1,481**	416
Provisions		**1,817**	1,197
Total Current Liabilities		**39,649**	19,575
Non-Current Liabilities			
Trade and other payables		**1,495**	-
Borrowings		**624**	8,906
Lease liabilities	5	**18,890**	12,613
Deferred tax liability		**9,747**	6,958
Deferred revenue		**1,644**	578
Provisions		**776**	499
Total Non-Current Liabilities		**33,176**	29,554
Total Liabilities		**72,825**	49,129
Net Assets		**48,686**	42,226
Equity			
Issued capital	6	**61,473**	57,209
Reserves		**1,145**	992
Accumulated losses		**(13,932)**	(15,975)
Total Equity		**48,686**	42,226

* *Comparative period was restated for finalisation of provisional accounting of Business combination. Refer to note 8*

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the Financial Year Ended 30 June 2021

	Notes	Issued Capital $'000s	Share Based Payment Reserve $'000s	Foreign Currency Translation Reserve $'000s	Accumulated Losses $'000s	Total $'000s
Total Equity at 1 July 2020		**57,209**	**992**	**-**	**(15,975)**	**42,226**
Profit after income tax		**-**	**-**	**-**	**2,043**	**2,043**
Other comprehensive income		**-**	**-**	**(11)**	**-**	**(11)**
Total comprehensive income		**-**	**-**	**(11)**	**2,043**	**2,032**
Transactions with owners in their capacity as owners						
Issue of share capital	**6**	**4,499**	**(70)**	**-**	**-**	**4,429**
Share issue costs	**6**	**(235)**	**-**	**-**	**-**	**(235)**
Share Based Payments		**-**	**234**	**-**	**-**	**234**
Total Equity at 30 June 2021		**61,473**	**1,156**	**(11)**	**(13,932)**	**48,686**
Total Equity at 1 July 2019		54,716	941	-	(11,615)	44,042
Loss after income tax		-	-	-	(4,360)	(4,360)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	(4,360)	(4,360)
Transactions with owners in their capacity as owners						
Issue of share capital	**6**	2,506	(31)	-	-	2,475
Share issue costs	**6**	(13)	-	-	-	(13)
Share Based Payments		-	82	-	-	82
Total Equity at 30 June 2020		57,209	992	-	(15,975)	42,226

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
for the Financial Year Ended 30 June 2021

	Notes	30 June 2021 $'000s	30 June 2020 $'000s
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**63,671**	74,065
Payments to suppliers and employees (inclusive of GST)		**(58,091)**	(60,756)
JobKeeper program funding received		**3,852**	1,620
Interest received		**3**	2
Interest and other costs of finance paid		**(777)**	(478)
Interest on lease liabilities		**(409)**	(390)
Income taxes paid		**(1,668)**	(1,230)
Net operating cash flows provided by operating activities		**6,581**	12,833
Cash flows from investing activities			
Proceeds from sale of intangible assets – radio licences		**4,478**	-
Proceeds from sale of property, plant and equipment		**174**	-
Payment for property, plant and equipment		**(5,290)**	(2,748)
Payment for intangible assets – radio licences		**(4,450)**	(5,941)
Payment for intangible assets – computer software		**(97)**	(861)
Payment for the acquisition of 2CH	**8**	**(4,772)**	-
Payment of deposit for the acquisition of Perth Wildcats		**(500)**	-
Payment for the acquisition of AFL Record		**-**	(1,752)
Payment for the acquisition of Rapid TV		**-**	(2,223)
Payment for the acquisition of Precision Talent		**-**	(500)
Payment for the acquisition of Lifestyle1		**-**	(73)
Payment for the acquisition of Spirit Bunbury 621AM	**8**	**-**	(3,220)
Net cash used in investing activities		**(10,457)**	(17,318)
Cash flows from financing activities			
Proceeds from issue of shares	**6**	**1,526**	1,975
Payment of share issue costs	**6**	**(235)**	(13)
Proceeds from borrowings		**2,000**	6,618
Repayment of borrowings		**(295)**	(329)
Repayment of lease liabilities		**(1,448)**	(1,048)
Net cash provided by financing activities		**1,548**	7,203
Net (decrease) / increase in cash and equivalents		**(2,328)**	2,718
Cash and cash equivalents at the beginning of the year		**7,652**	4,934
Cash and cash equivalents at the end of the year		**5,324**	7,652

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

1. Summary of Significant Accounting Policies

This preliminary financial report has been authorised for issue by the directors and is presented in Australia Dollars.

Statement of compliance

The preliminary report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E, and in accordance with the recognition and measurement requirements but not the disclosure requirements of Accounting Standards and Australian Accounting Interpretations and the Corporations Act 2001. Accounting Standards includes Australian equivalents to International Financial Reporting Standards (A-IFRS).

The preliminary final report does not include notes of the type normally included in an annual report.

Basis of Preparation

The preliminary report is to be read in conjunction with the 2020 Annual Financial Report, the December 2020 half year report and any public announcements made by Sports Entertainment Group Limited and its controlled entities during the year in accordance with the continuous disclosure obligation arising under ASX Listing Rules.

The preliminary final report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the Company's Annual Financial Report for the year ended 30 June 2020.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives. Technically obsolete or non-strategic assets that are abandoned or sold will be written off or written down.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

1. Summary of Significant Accounting Policies cont'd

Critical Accounting Judgements and Key Sources of Estimation Uncertainty cont'd

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 4. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Regional radio licences which are not yet activated and therefore are not currently generating their own cash flows have been assess on Fair Value Less Cost of Disposal ("FVLCD").

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

In the application of accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

1. Summary of Significant Accounting Policies cont'd

Critical Accounting Judgements and Key Sources of Estimation Uncertainty cont'd

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Sports Entertainment Group Limited (the parent entity) and all entities that the parent entity controlled from time to time during the year and at reporting date.

The financial statements of controlled entities are prepared for the same reporting year as the parent entity, using consistent accounting policies.

All intercompany balances and transactions have been eliminated in full.

Foreign Currency Translation

Functional and presentation currency

Items included in the financial statement of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is Sports Entertainment Group Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in foreign operation.

Group companies

The results and financial position of foreign operations (none of which has currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities presented are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

2. Revenue from Continuing Activities

	30 June 2021 $'000s	30 June 2020 $'000s
Revenue from contracts with customers		
Media revenue	**64,464**	53,959
Complementary services revenue	**5,567**	11,062
	70,031	65,021
Other revenue		
Interest revenue	**3**	2
Other revenue	**385**	142
Government grants (JobKeeper payments)	**3,301**	1,620
	3,689	1,764
Revenue from continuing operations	**73,720**	66,785

3. Earnings per Share

Basic and diluted earnings / (loss) per Share

The profit / (loss) and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Weighted average number of ordinary shares on issued for calculation of:	30 June 2021 No. '000s	30 June 2020 No. '000s
Basic ordinary shares	**230,458**	204,504
Diluted ordinary shares	**236,415**	204,504
	$'000s	**$'000s**
Profit / (Loss) for the year	**2,043**	(4,360)
Basic earnings / (loss) (cents per share)	**0.89**	(2.13)
Diluted earnings / (loss) (cents per share)	**0.86**	(2.13)

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

4. Intangible Assets

	30 June 2021 $'000s	* Restated 30 June 2020 $'000s
Broadcasting & Media Australia		
Goodwill – indefinite useful life	**8,771**	6,609
Radio licences - indefinite useful life	**23,355**	8,538
Patents and trademarks – indefinite useful life	**150**	138
Broadcast rights – finite useful life	**8,242**	8,242
Broadcast rights – amortisation	**(2,679)**	(1,854)
	5,563	6,388
Supplier relationships – finite useful life	**6,467**	6,467
Supplier relationships – amortisation	**(2,102)**	(1,455)
	4,365	5,012
Customer relationships – finite useful life	**146**	146
Customer relationships – amortisation	**(37)**	-
	109	146
Website and computer software – finite useful life	**1,923**	1,519
Website and computer software – amortisation	**(834)**	(435)
	1,089	1,084
Total Broadcasting & Media Australia	**43,402**	27,915
Broadcasting & Media New Zealand		
Radio licences - indefinite useful life	**2,191**	-
Patents and trademarks – indefinite useful life	**2**	-
Total Broadcasting & Media New Zealand	**2,193**	-
Regional Radio Licences		
Radio licences - indefinite useful life	**2,570**	4,172
Total Regional Radio Licences	**2,570**	4,172
AFL Record		
Goodwill – indefinite useful life	**2,468**	2,468
Brand and distribution rights – indefinite useful life	**7,958**	7,958
Total AFL Record	**10,426**	10,426
Complementary Services		
Talent contracts – finite useful life	**1,429**	1,429
Talent contracts – amortisation	**(456)**	(218)
	973	1,211
Total Complementary Services	**973**	1,211
Total Intangible Assets	**59,564**	43,724

** Comparative period was restated for finalisation of provisional accounting of Business combination. Refer to note 8.*

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

4. Intangible Assets cont'd

a) Reconciliation of net book value

Net Book Value	Goodwill $'000s	Brand and distribution rights $'000s	Radio licences $'000s	Broadcast rights $'000s	Supplier relationships $'000s	Talent Contracts $'000s	Patents and Trademarks $'000s	Customer relationships $'000s	Websites and Computer software $'000s	Total $'000s
Balance at 1 July 2020	**9,077**	**7,958**	**12,710**	**6,388**	**5,012**	**1,211**	**138**	**146**	**1,084**	**43,724**
Acquired on business combination	2,162	-	6,354	-	-	-	-	-	-	8,516
Additions[1]	-	-	9,052	-	-	-	14	-	404	9,470
Amortisation	-	-	-	(825)	(647)	(238)	-	(37)	(399)	(2,146)
Balance at 30 June 2021	**11,239**	**7,958**	**28,116**	**5,563**	**4,365**	**973**	**152**	**109**	**1,089**	**59,564**

Net Book Value	Goodwill $'000s	Brand and distribution rights $'000s	Radio licences $'000s	Broadcast rights $'000s	Supplier relationships $'000s	Talent Contracts $'000s	Patents and Trademarks $'000s	Customer relationships $'000s	Websites and Computer software $'000s	Total $'000s
Balance at 1 July 2019	8,358	7,958	8,169	8,120	6,507	-	132	-	482	39,726
Acquired on business combination	5,759	-	-	-	-	1,429	-	-	-	7,188
Additions	-	-	7,316	-	-	-	6	-	861	8,183
Cancellation	-	-	-	(805)	(751)	-	-	-	-	(1,556)
Amortisation	-	-	-	(927)	(744)	(218)	-	-	(259)	(2,148)
Impairment	(3,366)	-	-	-	-	-	-	-	-	(3,366)
Reclassifications – held for sale [2]	-	-	(5,020)	-	-	-	-	-	-	(5,020)
Restatement on the finalisation of business combination [3]	(1,674)	-	2,245	-	-	-	-	146	-	717
Balance at 30 June 2020	9,077	7,958	12,710	6,388	5,012	1,211	138	146	1,084	43,724

[1] Additions includes the acquisition of the 3 narrowband radio licences (1539AM Sydney, 1593AM Melbourne and 90.7FM Darwin) on 1 July 2020 for $6.180 million, and the acquisition of the 29 AM/FM radio licences in New Zealand on 4 June 2021 for $2.191 million.

[2] At 30 June 2020, the 1377AM Melbourne radio broadcasting licence held by the Group was reclassified as held for sale.

[3] Comparative period was restated to reflect the finalisation of provisional accounting for the Spirit Bunbury Business combination. Refer Note 8.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

4. Intangible Assets cont'd

b) Recognition and Measurement

Intangible assets with an indefinite useful life

Radio licences

Radio licences are stated at cost. In Australia, analogue licences are renewed for a minimal cost every five years under the provisions of the *Broadcasting Services Act 1992*. In New Zealand, the Group holds two types of licences under the *Radiocommunications Act 1989* and its regulations: spectrum licences for broadcasting, which are renewed every 10 years for a minimal cost, and radio licences for fixed radio links, which are renewed annually at minimal cost.

Licences are a tradeable commodity and have an underlying value, which is ultimately determined by agreement between vendor and purchaser. Directors understand that the revocation of a radio licence has never occurred in Australia and have no reason to believe the licences have a finite life. These licences are not amortised since in the opinion of the Directors the licences have an indefinite useful life.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses.

Patents and trademarks

Patents and trademarks are not amortised as they are determined to relate to the indefinite useful life of the radio licences.

Brand and distribution rights

Brand and distribution rights is carried at cost. The rights provide the Group access to the usage of the AFL brand for the publication of AFL Record, and access to all stadia where AFL fixtures are held for the sale of the publications. Brand and distribution rights acquired through the purchase of the AFL Publications business have been assessed as having indefinite useful lives. This assessment reflects the purchase agreement which stipulates that the rights to branding and distribution will be ongoing whilst the publication continues to be in circulation. Management's intention is to continue to utilise these rights into the foreseeable future.

Intangible assets with an indefinite useful life are tested for impairment annually and at each reporting date to assess whether there is an indication that the carrying value may be impaired.

Intangible assets with a finite useful life

Intangible assets with a finite life such as websites, computer software, supplier relationships, customer relationships, talent contracts, and broadcast rights are amortised on a systematic basis over their expected useful life.

The following estimated useful life is used in determining the amortisation cost for tangible assets with a finite life:

- Websites – 5 years
- Computer software – 5 years
- Supplier relationships – 10 years
- Talent contracts – 6 years
- Broadcast rights – 10 years

The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss and Other Comprehensive Income in the line item 'Depreciation and amortisation'.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

4. Intangible Assets cont'd

c) Intangible Asset Impairment

Goodwill and intangible assets with an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other intangible assets are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or groups of assets (cash generating units).

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis and an assessment of the recoverable amount of the intangible is made each reporting period to ensure this is not less than its carrying amount.

Intangibles are tested annually for impairment at CGU level. Intangibles have been allocated to four CGUs for impairment testing as follows:

	Radio Licences	Goodwill	Patents and Trademarks	Brand and distribution rights	Total
2021	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**
Broadcasting & Media Australia	**23,355**	**8,771**	**150**	**-**	**32,276**
Broadcasting & Media New Zealand	**2,191**	**-**	**2**	**-**	**2,193**
Regional Radio Licences	**2,570**	**-**	**-**	**-**	**2,570**
Publications	**-**	**2,468**	**-**	**7,958**	**10,426**
	28,116	**11,239**	**152**	**7,958**	**47,465**

	Radio Licences	Goodwill	Patents and Trademarks	Brand and distribution rights	Total
2020	$'000s	$'000s	$'000s	$'000s	$'000s
Broadcast & Media Australia	8,538	6,609	138	-	15,285
Regional Radio Licences	4,172	-	-	-	4,172
Publications	-	2,468	-	7,958	10,426
	12,710	9,077	138	7,958	29,883

Intangibles are tested annually for impairment at CGU level and the recoverable amount of the Broadcasting and Media for Australia and New Zealand, and the Publications CGUs have been determined based on the value in use method. The recoverable amount of Regional Radio Licences have been determined based on fair value less cost of disposal ("FVLCD").

The recoverable amount of the Broadcasting & Media CGUs for Australia and New Zealand have been determined based on value in use calculations, using a discounted cash flow methodology which requires the use of assumptions. The calculations use cash flow projections based on the annual budget and adjusted cash flow forecasts for up to five years. Cash flows beyond the forecast period are extrapolated using the estimated growth rates stated below.

The Group considered the following three scenarios, each carrying a probability weighting to determine a recoverable amount:

- Base case – The Group's budgeted Underlying EBITDA for the year ending 30 June 2022
- Lower case – A % reduction applied against the Base case revenue budgeted
- Worst case - A further % reduction applied against the Base case revenue budgeted

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

4. Intangible Assets cont'd

c) Intangible Asset Impairment cont'd

The key assumptions under each scenario are as follows:

Broadcasting & Media Australia CGU

Key assumption	Worst Case	Lower Case	Base Case
Approach	Base case less a reduction in revenue of 30% in Year 1, improving over Years 2, 3, and 4 before a 10% reduction to revenue in Year 5.	Base case less a reduction in revenue of 20% in Year 1, improving over Years 2, 3, and 4 before a 5% reduction to revenue in Year 5.	Based on the Group's budget for the Media & Content Australia CGU on management's forecasts and using assumptions around the impact of COVID-19, market growth, market share, and adjusting for past performances and market trends.
Long term growth rate	5.00%	5.00%	5.00%
Terminal growth rate	2.50%	2.50%	2.50%
Discount rate (post-tax)	10.46%	10.46%	10.46%
Probability weighting	5%	15%	80%
Headroom / (Deficit)	$(62.031) million	$(14.835) million	$29.575 million
Probability weighted headroom			$18.333 million

The Group concluded the recoverable amount resulting from the value in use methodology is appropriate in supporting the carrying value of the Broadcasting & Media Australia CGU and no impairment was recognised for the year ended 30 June 2021.

Broadcasting & Media New Zealand CGU

Key assumption	Worst Case	Lower Case	Base Case
Approach	Base case less a reduction in revenue of 30% in Year 1, improving over Years 2, 3, and 4 before a 10% reduction to revenue in Year 5.	Base case less a reduction in revenue of 20% in Year 1, improving over Years 2, 3, and 4 before a 5% reduction to revenue in Year 5.	Based on the Group's budget for the Media & Content New Zealand CGU on management's forecasts and using assumptions around market growth, market share, and adjusting for expected performances in a new market for the Group.
Long term growth rate	10.00%	10.00%	10.00%
Terminal growth rate	2.50%	2.50%	2.50%
Discount rate (post-tax)	10.46%	10.46%	10.46%
Probability weighting	10%	30%	60%
Headroom	$10.130 million	$15.205 million	$20.247 million
Probability weighted headroom			$17.722 million

The Group concluded the recoverable amount resulting from the value in use methodology is appropriate in supporting the carrying value of the Broadcasting & Media New Zealand CGU and no impairment was recognised for the year ended 30 June 2021.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

4. Intangible Assets cont'd

c) Intangible Asset Impairment cont'd

Publications CGU

Key assumption	Worst Case	Lower Case	Base Case
Approach	Base case less a reduction in revenue of 30% in Year 1, improving over Years 2, 3, and 4 before a 10% reduction to revenue in Year 5.	Base case less a reduction in revenue of 20% in Year 1, improving over Years 2, 3, and 4 before a 5% reduction to revenue in Year 5.	Based on the Group's budget for the Publications CGU on management's forecasts and using assumptions around the impact of COVID-19, market growth, market share, and adjusting for past performances and market trends.
Long term growth rate	2.00%	2.00%	2.00%
Terminal growth rate	1.50%	1.50%	1.50%
Discount rate (post-tax)	10.46%	10.46%	10.46%
Probability weighting	5%	15%	80%
Headroom / (Deficit)	$(5.014) million	$(1.377) million	$3.819 million
Probability weighted headroom			$2.598 million

The Group concluded the recoverable amount resulting from the value in use methodology is appropriate in supporting the carrying value of the Publications CGU and no impairment was recognised for the year ended 30 June 2021.

Regional Radio Licences

The recoverable amount for the Regional Radio Licences CGU has been determined based on the Fair Value Less Cost of Disposal method. As the licences are not currently generating their own cash flows, management have determined that Fair Value Less Cost of Disposal ("FVCLD") as the appropriate method of valuation until the licences are activated and generating cash flows.

The Group determined and concluded the recoverable amount resulting from the FVLCD methodology is appropriate in supporting the carrying value of the Regional Radio Licence CGU and no impairment was recognised for the year ended 30 June 2021.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

5. Right-of-use assets and lease liabilities

The Group leases various property across Australia. The non-cancellable period for these leases is generally between 1 – 10 years.

Extension options are included in a number of the Group's lease agreements, which are used to maximise operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group does not have any options to purchase leased assets. Increases clauses are in line with market practices and include inflation-linked, fixed rates, resets to market rents and hybrids of these.

The carrying value of the right-of-use assets and lease liabilities is presented below:

a) Right-of-use assets

	30 June 2021 $'000s	30 June 2020 $'000s
Cost	**22,636**	14,863
Accumulated depreciation	**(3,077)**	(1,597)
Carrying Value	**19,549**	13,266

Reconciliation of net book values

	Premises $'000s	**Transmitter sites $'000s**	**Total $'000s**
Balance at 1 July 2020	**11,325**	**1,941**	**13,266**
Additions, modifications and other reassessments of leases	3,813	2,650	6,463
Acquired through business combinations	-	1,822	1,822
Depreciation	(1,375)	(627)	(2,002)
Balance at 30 June 2021	**13,763**	**5,786**	**19,549**

	Premises $'000s	Transmitter sites $'000s	Total $'000s
Balance at 1 July 2019	-	-	-
Adoption of AASB 16	12,076	783	12,859
Additions, modifications and other reassessments of leases	608	1,396	2,004
Depreciation	(1,359)	(238)	(1,597)
Balance at 30 June 2020	11,325	1,941	13,266

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

5. Right-of-use assets and lease liabilities cont'd

b) Lease liabilities

	30 June 2021 $'000s	30 June 2020 $'000s
Current	**1,735**	936
Non-current	**18,890**	12,613
Total	**20,625**	13,549

Reconciliation of movement in lease liabilities

	Premises $'000s	Transmitter sites $'000s	Total $'000s
Balance at 1 July 2020	**11,588**	**1,961**	**13,549**
New and modified leases	2,430	1,747	4,177
Acquired through business combinations	-	1,863	1,863
Cash payments	816	632	1,448
Interest expense	(243)	(169)	(412)
Balance at 30 June 2021	**14,591**	**6,034**	**20,625**

	Premises $'000s	Transmitter sites $'000s	Total $'000s
Balance at 1 July 2019	-	-	-
Adoption of AASB 16	11,810	782	12,592
New and modified leases	608	1,397	2,005
Cash payments	(1,165)	(273)	(1,438)
Interest expense	335	55	390
Balance at 30 June 2020	11,588	1,961	13,549

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

6. Equity Securities Issued

Issue of Ordinary Shares during the year

	2021 No.	2020 No.
Number of shares on issue	**231,101,056**	213,604,963

	$'000s	$'000s
Total amount paid on these shares	**61,473**	57,209

	2021		2020	
	No. '000s	$'000s	No. '000s	$'000s
Fully Paid Ordinary Share Capital				
Balance at beginning of financial year	**213,605**	**57,209**	202,941	54,716
Issue of shares – EEIP	**714**	**193**	100	31
Issue of shares – Business Combination	**10,000**	**2,780**	1,786	500
Issue of shares – Placement	**-**	**-**	8,778	1,975
Issue of shares – Non-renounceable rights offer	**6,782**	**1,526**	-	-
Share issue costs	**-**	**(235)**	-	(13)
Total issued shares during the year	**17,496**	**4,264**	10,664	2,493
Balance at the end of the year	**231,101**	**61,473**	213,605	57,209

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

7. Segment Information

The company operates in the Media industry in Australia and New Zealand.

There are four operating segments – Media Australia, Media New Zealand, Complementary Services, and Head Office.

AASB 8 requires operating segments to be disclosed in a manner that reflects the management information reviewed by the CODM. The financial performance of each segment is reviewed by CODM at the level of earnings before interest, tax, depreciation and amortisation (EBITDA), pre AASB 16 Leases adjustments.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Accordingly, reporting segments have been determined based on business and cash generating units at the reporting date, as this forms the basis of reporting to the Board (CODM).

Unallocated items

Income tax expense is not allocated to operating segments as it is not considered part of the core operations of any segment.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board, being the chief operating decision-makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Company.

Intersegment transactions

Internally determined management fees are set for intersegment activities and all such transactions are eliminated on consolidation of the financial statements.

30 June 2021	Media Australia $'000s	Media New Zealand $'000s	Complem-entary $'000s	Head Office $'000s	Total $'000s
Segment Revenue	**66,948**	**-**	**5,718**	**1,054**	**73,720**
Underlying EBITDA pre AASB 16	**13,877**	**(72)**	**341**	**(4,713)**	**9,433**
Rent expense adjustment from AASB 16	**415**	**-**	**-**	**1,274**	**1,689**
Depreciation & Amortisation	**(3,331)**	**-**	**(371)**	**(3,140)**	**(6,842)**
Earnings before interest, tax & significant items	**10,961**	**(72)**	**(30)**	**(6,579)**	**4,280**
Net finance cost	**-**	**-**	**-**	**(1,183)**	**(1,183)**
Loss on disposal of intangibles & property plant and equipment	**(617)**	**-**	**-**	**(73)**	**(690)**
Loss on disposal of investment in joint venture	**(72)**	**-**	**-**	**-**	**(72)**
Significant / restructuring costs	**1,092**	**(28)**	**28**	**(342)**	**750**
Segment profit / (loss) before tax	**11,364**	**(100)**	**(2)**	**(1,598)**	**3,085**

30 June 2020	Media Australia $'000s	Media New Zealand $'000s	Complem-entary $'000s	Head Office $'000s	Total $'000s
Segment Revenue	53,959	-	11,062	1,764	66,785
Underlying EBITDA pre AASB 16	7,121	-	302	(2,928)	4,495
Rent expense adjustment from AASB 16	307	-	-	1,305	1,612
Depreciation & Amortisation	(552)	-	(219)	(4,514)	(5,285)
Earnings before interest, tax & significant items	6,876	-	83	(6,137)	822
Net finance cost	-	-	-	(866)	(866)
Impairment of Broadcasting & Media Goodwill	(3,366)	-	-	-	(3,366)
Loss on cancellation of intangible assets	(1,556)	-	-	-	(1,556)
Significant / restructuring costs	(18)	-	-	(309)	(327)
Segment profit / (loss) before tax	1,936	-	83	(7,312)	(5,293)

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

8. Business Combinations

EON 2CH Pty Ltd

On 1 July 2020, the Group acquired 100% of the shares in EON 2CH Pty Ltd (EON), for a cash consideration of $5.000 million upon completion on 1 July 2020, and a scrip consideration of $2.780 million in fully paid ordinary shares in the Company.

EON is the owner of all the shares in the licensee of the 2CH 1170AM radio broadcasting licences in Sydney, NSW. 2CH operates a music broadcast format with 3.8% audience share in metropolitan Sydney, NSW, Australia's largest radio advertising market. The acquisition expands the Group's owned radio platform and audience reach into Sydney.

Details of the purchase consideration, and fair values of the net assets acquired and goodwill at the date of acquisition are as follows:

	Fair Value $'000s
Fair Values of assets and liabilities assumed at the date of acquisition	
Cash and cash equivalents	228
Trade and other receivables	331
Prepaid expenses	19
Property, plant and equipment	1,140
Deferred tax assets – on employee liabilities	33
Right-of-use assets	1,822
Intangibles – broadcasting radio licence	6,354
Trade and other payables	(436)
Provision for employee benefits	(110)
Lease Liabilities	(1,863)
Deferred tax liabilities – on broadcasting radio licence	(1,906)
Net Identifiable Assets Acquired	**5,612**

Settlement of purchase consideration	**$'000s**
Cash paid	5,000
Scrip consideration	2,780
Purchase price adjustments	(6)
Purchase consideration	**7,774**

	$'000s
Purchase consideration	7,774
Less: fair value of net identifiable assets acquired	(5,612)
Goodwill arising on acquisition	**2,162**

An amount of $0.027 million was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the significant/restructuring costs line item relating to once-off legal, due diligence, corporate advisory and independent report costs incurred in completing the acquisition.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

8. Business Combinations cont'd

Spirit Bunbury

On 1 May 2020, the Group acquired 100% of the business assets in the Spirit 621AM Bunbury business for a total cash consideration of $3.220 million net of purchase price adjustments, paid upon completion.

At 30 June 2020, this business combination had been accounted for on a provisional basis in accordance with AASB 3 Business Combinations. Therefore, the fair value of assets acquired, liabilities and contingent liabilities assumed were initially estimated by the Group, taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting are retrospective, where applicable, to the period the combination occurred and therefore may have an impact on previously reported assets and liabilities, depreciation and amortisation.

The Group finalised the accounting for this business combination in the half-year ended 31 December 2020, and in doing so recognised Customer Relationships and a Broadcasting Radio Licence as intangible assets. As noted above the finalised accounting is retrospective. The adjustment therefore impacts the 30 June 2020 financial year reported comparatives.

Set out below is the impact the finalisation of the provisional accounting had on the 30 June 2020 financial statements.

Goodwill arising on the acquisition has been adjusted as follows:

	Provisional $'000s	Movement $'000s	Final $'000s
Purchase consideration	3,220	-	3,220
Less: Fair value of net identifiable assets acquired	(265)	-	(265)
Less: Fair value of intangible acquired – radio licence	-	(2,245)	(2,245)
Less: Fair value of intangible acquired – customer relationships	-	(146)	(146)
Add: Deferred tax liability – on intangibles	-	717	717
Goodwill arising on acquisition	**2,955**	**(1,674)**	**1,281**

9. Dividends Paid and Proposed

The Directors have taken the decision to not pay an interim or final dividend in order to retain earnings to fund continued growth, reduce debt and strengthen working capital during the ongoing financial impact caused by the COVID-19 pandemic.

10. Contingent Assets and Liabilities

The Company and its subsidiaries are not engaged in any litigation proceedings, which could have a material impact on the result for future reporting periods.

11. Changes in the composition of the Group

Other than the acquisition and disposal of the following businesses, which are noted elsewhere in this report, there were no changes in the composition of the Group:

- Acquisition of 100% of the issued capital in EON 2CH Pty Ltd and Radio 2CH Pty Ltd on 1 July 2020.
- Crocmedia Pty Ltd, a subsidiary of the Company changed its name to Sports Entertainment Network Pty Ltd in October 2020.
- Pacific Star Network Limited changed its name to Sports Entertainment Group Limited in November 2020.
- Morrison Media Services Pty Ltd changed its name to Sports Entertainment Network International Pty Ltd in January 2021.
- Sports Entertainment Network NZ Limited was incorporated in New Zealand in February 2021.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2021

12. Related Party Disclosures

Arrangements with related parties continue in operation and have not changed since the last reporting date.

13. Audit

This report is based on financial statements that are in the process of being audited.

14. Events subsequent to the reporting date

Acquisition of Perth Wildcats

On 8 August 2021, the Group completed the acquisition of 100% of the Perth Wildcats basketball team for a purchase consideration of $8.500 million less working capital adjustments of $1.346 million for a net cash consideration of $7.646 million which was paid upon completion. The Group has acquired all assets and liabilities of the existing operations of the Wildcats.

The Wildcats are the most successful NBL team with 10 championships and one of the world's most successful sporting franchises, having recently secured their 35th consecutive NBL finals appearance.

Aligning with its "Whole of Sport" strategy, the Wildcats will enhance the Group's ability to enrich the lives of sports fans and connect brands to those fans, while providing significant strategic value to the Group's operations, particularly in Western Australia where it will support other investments which have been made in the last 12 months.

As a result of the acquisition, and with the Group having a 25% ownership of a fellow NBL basketball club, the Group has proposed to dilute or divest its current 25% shareholding in Melbourne United and CEO and Managing Director, Craig Hutchison has resigned from his position as Co-Chairman of the team.

Debt Facility Extension

The Group's debt facility with the Commonwealth Bank of Australia which was due to expire on 31 August 2021 has been successfully renewed for another 3 years. The total of the new facility will be $28.700 million (previously $28.600 million) and will have a maturity date of 31 August 2024.

As a result of the previous facility's 31 August 2021 maturity date, the debt facility has been classified as a current liability in accordance with the relevant accounting standards despite the successful extension for another 3 years being completed subsequent to the reporting period. The facility will revert to a non-current classification in the balance sheet from the next reporting period.