

**SPORTS  
ENTERTAINMENT  
GROUP.**

**SPORTS ENTERTAINMENT GROUP  
LIMITED**

**(FORMERLY PACIFIC STAR NETWORK LIMITED)**

**ABN 20 009 221 630**

**APPENDIX 4D**

**Interim Financial Report  
for the half year ended 31 December 2020**

This half year financial report provided to the ASX under Listing Rule 4.2A should be read in conjunction with the Annual Report for the year ended 30 June 2020.

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## Appendix 4D

### Results for announcement to the market

#### 1. Company Details

<b>Name of Entity</b>	Sports Entertainment Group Limited (Formerly Pacific Star Network Limited)
<b>ABN</b>	20 009 221 630
<b>Half Year Ended (current period)</b>	31 December 2020
<b>Half Year Ended (previous period)</b>	31 December 2019

#### 2. Results for announcement to the market

	<b>Change %</b>	<b>31 December 2020 \$000s</b>	<b>31 December 2019 \$000s</b>
<b>2.1 Revenues from ordinary activities</b>	Down 12% to	34,026	38,686
<b>2.2 EBITDA (underlying)<sup>1, 2, 3</sup> from ordinary activities</b>	Up 30% to	6,253	4,825
<b>2.3 Pre AASB 16 EBITDA (underlying)<sup>1, 2, 3, 4</sup> from ordinary activities</b>	Up 45% to	5,807	4,017
<b>2.4 Profit from ordinary activities after tax attributable to members</b>	Up 46% to	1,786	1,220
<b>2.5 Net profit from ordinary activities after tax attributable to members</b>	Up 46% to	1,786	1,220

#### 3. Dividends

The Directors' have taken the decision to not pay a final dividend to assist the Group with continuing to strengthen working capital during the ongoing uncertainty and financial impact caused by the COVID-19 pandemic.

#### 4. Net Tangible Asset (NTA) Backing

	<b>31 December 2020</b>	<b>31 December 2019</b>
Net tangible asset backing per ordinary security	(10.7) cents	(7.7) cents
Net asset backing per ordinary security	20.8 cents	22.5 cents

<sup>1</sup> Underlying result excludes once-off significant items of \$0.944 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 2019 period excludes \$0.194 million associated with the acquisitions of Rapid TV, Precision Talent, and the narrowband licences.

<sup>2</sup> Underlying result also excludes the \$0.689 million of 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.

<sup>3</sup> Includes \$3.300 million of JobKeeper payments received by the Group during the half-year ended 31 December 2020.

<sup>4</sup> Underlying excludes the impact of application of AASB 16 Leases.

## Appendix 4D

### Results for announcement to the market

#### 5. Control gained or lost over businesses during the period

Name of business	Reporting entity's percentage holding		Contribution to net profit / (loss) in \$000s	
	31 December 2020 %	31 December 2019 %	31 December 2020 \$000s	31 December 2019 \$000s
<b>Control Gained</b>				
EON 2CH Pty Ltd	100%	Nil%	-	-
Radio 2CH Pty Ltd	100%	Nil%	(100)	-

#### 6. Details of associates and joint venture entities

Name of associate	Reporting entity's percentage holding		Contribution to net profit / (loss) in \$000s	
	31 December 2020 %	31 December 2019 %	31 December 2020 \$000s	31 December 2019 \$000s
D R B Melbourne Pty Ltd	9%	18%	9	(6)
Melbourne United Basketball Club Pty Ltd	25%	25%	(88)	-

**Note:**

The information contained in this Appendix 4D and the attached Half Year Financial Report, do 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*.

## Directors' Report

The directors of Sports Entertainment Group Limited ("the Company"), submit herewith the half-year financial report of the consolidated entity consisting of the Company and the entities it controlled ("the Group") for the period ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report as follows:

### Directors

The following persons held office as directors of Company during and since the end of the financial period:

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

### Principal Activities

Sports Entertainment Group Limited 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 half year ended 31 December 2020, 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 \$34.026 million down by 12% and underlying EBITDA at \$6.253 million up by 30% on the comparative period.

The positive result included \$3.300 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 has determined that it was ineligible to receive JobKeeper payments for the final quarter of the JobKeeper scheme and thus will not receive any further payments subsequent to 31 December 2020.

The underlying result excludes once-off significant items of \$0.944 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 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.

- The Group's underlying EBITDA for the half year pre application of AASB16 was \$5.807 million, up by 45% on the comparative period.

#### Acquisitions completed during the half-year ended 31 December 2020

- 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 national radio platform and audience reach into Sydney.

## Directors' Report

### Review of Operations continued

#### Acquisitions completed during the half year ended 31 December 2020 continued

- 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 racing harness and greyhound 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 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 reflects the Group's brand and strategic direction.

#### Significant Changes in the State of Affairs

Other than the matters referred to above, in the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the half year ended 31 December 2020.

#### Profit/(Loss) per Share

The basic profit per share was 0.78 cents (2019: 0.60 cents) and the diluted profit per share was 0.76 cents (2019: 0.58 cents). Diluted Underlying EBITDA per share was 2.46 cents (2019: 2.28 cents).

The weighted average number of ordinary shares on issue during the financial year used in the calculation of basic profit per share was 229,824,430 shares (2019: 203,945,818 shares).

#### Events since the end of the Financial Half Year

No matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the state of affairs of the consolidated entity in subsequent financial years.

#### Likely Developments and Expected Results of Operations

Certain information regarding likely developments in the operations of the Group in future financial years is set out above or elsewhere in the Financial Report. The disclosure of other information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group or any entity that is part of the Group. Accordingly, the directors have chosen not to disclose this information in this report.

#### Dividends

The Directors' have taken the decision to not pay a final dividend to assist the Group with continuing to strengthen working capital during the ongoing uncertainty and financial impact caused by the COVID-19 pandemic.

#### Auditor's Independence Declaration

The auditor's independence declaration for the half year ended 31 December 2020 as required under Section 307(c) of the Corporations Act 2001 has been received and is located on page 8.

## Directors' Report

### Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### Rounding of Amounts

In accordance with ASIC Legislative Instrument 2016/191, amounts shown in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors,



**Craig Coleman**

Chairman

Melbourne, 26 February 2021

**DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF SPORTS ENTERTAINMENT GROUP LIMITED**

As lead auditor for the review of Sports Entertainment Group Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sports Entertainment Group Limited and the entities it controlled during the period.



**David Garvey**  
**Director**

**BDO Audit Pty Ltd**

Melbourne, 26 February 2021

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sports Entertainment Group Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Sports Entertainment Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) 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*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 the 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the 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.

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**Auditor's responsibility for the review of the 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 2020 and its financial 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.

**BDO Audit Pty Ltd**



**David Garvey**  
**Director**

Melbourne, 26 February 2021

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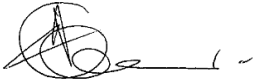
## Directors' Declaration

In the opinion of the Directors of Sports Entertainment Group Limited

- a) the financial statements and notes set out on pages 12 to 24 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 2020, and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001

On behalf of the Directors,



**Craig Coleman**

Chairman

Melbourne, 26 February 2021

**Consolidated Statement of Profit or Loss and Other Comprehensive  
Income for the Financial Half Year Ended 31 December 2020**

	Notes	31 December 2020 \$'000s	31 December 2019 \$'000s
<b>Revenue</b>	<b>2</b>	<b>34,026</b>	38,686
Sales and marketing expenses		(10,460)	(12,476)
Occupancy expenses		(485)	(424)
Administration expenses		(4,174)	(3,860)
Technical expenses		(7,139)	(10,371)
Production / creative expenses		(3,182)	(5,163)
Significant / restructuring costs		(377)	(194)
Corporate expenses		(849)	(1,550)
Loss on disposal of property, plant, and equipment		(158)	(10)
Loss on disposal of radio licence	5	(542)	-
Loss on disposal of investments accounted for using the equity method	5	(72)	-
Depreciation and amortisation		(3,073)	(2,351)
Finance costs		(666)	(459)
Loss on investments accounted for using the equity method		(79)	(6)
<b>Expenses</b>		<b>(31,256)</b>	(36,864)
<b>Profit for the half-year before income tax</b>		<b>2,770</b>	1,822
Income tax expense		(984)	(602)
<b>Profit for the half-year after income tax</b>		<b>1,786</b>	1,220
Other comprehensive income net of tax		-	-
<b>Total Comprehensive income for the half-year</b>		<b>1,786</b>	1,220
<b>Earnings per share for profit attributable to the owners</b>			
Basic (cents per share)	3	0.78	0.60
Diluted (cents per share)	3	0.76	0.58

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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## Consolidated Statement of Financial Position

### as at 31 December 2020

	Notes	31 December 2020 \$'000s	* Restated 30 June 2020 \$'000s
<b>Current Assets</b>			
Cash and cash equivalents		10,337	7,652
Trade and other receivables		7,139	6,962
Prepayments		3,289	2,738
Assets classified as held for sale	5	-	5,020
<b>Total Current Assets</b>		<b>20,765</b>	<b>22,372</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		12,056	9,838
Right-of-use assets		17,142	13,266
Deferred tax assets		2,379	1,204
Investments accounted for using the equity method		801	951
Intangibles	4	55,678	43,724
<b>Total Non-Current Assets</b>		<b>88,056</b>	<b>68,983</b>
<b>Total Assets</b>		<b>108,821</b>	<b>91,355</b>
<b>Current Liabilities</b>			
Trade and other payables		14,988	10,567
Borrowings	6	13,921	5,913
Lease liabilities		1,516	936
Income tax payable		1,232	546
Deferred revenue		400	416
Provisions		1,434	1,197
<b>Total Current Liabilities</b>		<b>33,491</b>	<b>19,575</b>
<b>Non-Current Liabilities</b>			
Trade and other payables		1,768	-
Borrowings	6	762	8,906
Lease liabilities		16,593	12,613
Deferred tax liability		7,089	6,958
Deferred revenue		400	578
Provisions		639	499
<b>Total Non-Current Liabilities</b>		<b>27,251</b>	<b>29,554</b>
<b>Total Liabilities</b>		<b>60,742</b>	<b>49,129</b>
<b>Net Assets</b>		<b>48,079</b>	<b>42,226</b>
<b>Equity</b>			
Issued capital	7	61,473	57,209
Share-based payment reserve		795	992
Accumulated losses		(14,189)	(15,975)
<b>Total Equity</b>		<b>48,079</b>	<b>42,226</b>

\* Comparative period was restated to reflect the finalisation of provisional accounting for the Spirit Bunbury Business combination. Refer Note 9.

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

## Consolidated Statement of Changes in Equity for the Financial Half Year Ended 31 December 2020

	Notes	Issued Capital \$'000s	Share Based Payment Reserve \$'000s	Accumulated Losses \$'000s	Total \$'000s
<b>Total Equity at 1 July 2020</b>		57,209	992	(15,975)	42,226
Profit after income tax		-	-	1,786	1,786
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		-	-	1,786	1,786
<b>Transactions with owners in their capacity as owners</b>					
Issue of share capital	7	4,499	(70)	-	4,429
Share issue costs	7	(235)	-	-	(235)
Share Based Payments		-	(127)	-	(127)
<b>Total Equity at 31 December 2020</b>		<b>61,473</b>	<b>795</b>	<b>(14,189)</b>	<b>48,079</b>
<b>Total Equity at 1 July 2019</b>		54,716	941	(11,615)	44,042
Profit after income tax		-	-	1,220	1,220
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		-	-	1,220	1,220
<b>Transactions with owners in their capacity as owners</b>					
Issue of share capital	7	531	(31)	-	500
Share issue costs	7	(4)	-	-	(4)
Share Based Payments		-	296	-	296
<b>Total Equity at 31 December 2019</b>		<b>55,243</b>	<b>1,206</b>	<b>(10,395)</b>	<b>46,054</b>

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

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**Consolidated Statement of Cash Flows**  
**for the Financial Half Year Ended 31 December 2020**

	Notes	31 December 2020 \$'000s	31 December 2019 \$'000s
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		31,785	45,558
Payments to suppliers and employees (inclusive of GST)		(26,690)	(36,428)
JobKeeper program funding received		3,260	-
Interest received		1	1
Interest and other costs of finance paid		(421)	(357)
Interest on lease liabilities		(245)	(194)
Income taxes paid		(1,254)	(1,201)
<b>Net operating cash flows provided by operating activities</b>		<b>6,436</b>	<b>7,379</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of intangible assets – radio licences		4,478	-
Proceeds from sale of property, plant and equipment		164	-
Payment for property, plant and equipment		(2,319)	(1,765)
Payment for intangible assets – radio licences		(2,163)	(5,964)
Payment for intangible assets – computer software		(84)	(147)
Payment for the acquisition of 2CH	9	(4,772)	-
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		-	(46)
<b>Net cash used in investing activities</b>		<b>(4,696)</b>	<b>(12,397)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	7	1,526	-
Payment of share issue costs	7	(235)	(4)
Proceeds from borrowings		-	5,000
Repayment of borrowings		(146)	(131)
Repayment of lease liabilities		(200)	(243)
<b>Net cash provided by financing activities</b>		<b>945</b>	<b>4,622</b>
<b>Net increase in cash and equivalents</b>		<b>2,685</b>	<b>(396)</b>
<b>Cash and cash equivalents at the beginning of the half year</b>		<b>7,652</b>	<b>4,934</b>
<b>Cash and cash equivalents at the end of the half year</b>		<b>10,337</b>	<b>4,538</b>

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

## Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2020

### 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. In addition, significant and other accounting policies that summarise the measurement basis used and that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

The financial statements are for the consolidated entity consisting of Sports Entertainment Group Limited ("the Company") and its subsidiaries ("the Group").

#### Basis of Preparation

This general purpose half-year financial report has been prepared by a for-profit entity in accordance with AASB 134 "Interim Financial Reporting" and the *Corporations Act 2001*.

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The financial statements are for the consolidated entity, comprising Sports Entertainment Group Limited ("the Company") and its subsidiaries.

The consolidated financial statements have been prepared under the historical cost convention, except for where applicable, the evaluation of certain non-current assets and financial instruments.

Cost is based on the valuation of consideration given. The accounting policies utilised in preparing the half-year financial report are consistent with those adopted for previous periods, but the half-year report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2020 and any public announcements made during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001* and ASX listing rules.

#### Statement of Compliance with IFRS

Australian Accounting Standards include International Financial Reporting Standards (IFRS) as adopted in Australia. The financial statements and notes of Sports Entertainment Group Limited comply with International Financial Reporting Standards (IFRS).

#### 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 half year and at reporting date.

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

All intercompany balances and transactions have been eliminated in full.

#### Going Concern

As highlighted in Note 6 of these financial statements, the Group finances its day to day working capital requirements through a debt facility which is due to mature in August 2021.

The Group plans to extend the maturity of the facility and to date no matters have been drawn to our attention to suggest that such negotiations will not be successful. An additional \$13.500m facility was extended by the bank in June 2020 due to the impact of COVID-19, despite the borrowings being due for maturity just over 12 months from this renegotiation date.

The Group's budgets and cash flow projections take account of expected trading performance and the Directors expect that the business should be able to operate within the level of any agreed facility. If negotiations were not successful with the Group's existing bank, the Group would consider other financiers.

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

On the basis of this information, the Directors have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing this financial report.



## Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2020

### Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 relating to "rounding off" of amounts in the financial report.

Amounts in the financial report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, unless otherwise indicated.

### New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, with no material impacts to be noted.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## 2. Revenue

### Revenue from contracts with customers

Media revenue

Complementary Services revenue

### Other revenue

Interest revenue

Other revenue

Government grants (JobKeeper payments)

### Total Revenue

	31 December 2020 \$'000s	31 December 2019 \$'000s
	28,492	31,537
	2,125	7,083
	<b>30,617</b>	<b>38,620</b>
	1	1
	107	65
	3,301	-
	<b>3,409</b>	<b>66</b>
	<b>34,026</b>	<b>38,686</b>

## 3. Earnings per Share

### Basic and Diluted Earnings per Share

The profit 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:

Basic ordinary shares

Diluted ordinary shares

	31 December 2020 No. '000s	31 December 2019 No. '000s
	229,824	203,946
	236,123	211,933

Profit for the half year

Basic earnings (cents per share)

Diluted earnings (cents per share)

	\$'000s	\$'000s
	1,786	1,220
	0.78	0.60
	0.76	0.58

## Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2020

### 4. Intangible Assets

	31 December 2020 \$'000s	* Restated 30 June 2020 \$'000s
<b>Broadcasting &amp; Media</b>		
Goodwill – indefinite useful life	13,219	6,609
Radio licences - indefinite useful life	16,320	8,538
Patents and trademarks – indefinite useful life	143	138
Broadcast rights – finite useful life	8,242	8,242
Broadcast rights – amortisation	(2,267)	(1,854)
	<b>5,975</b>	<b>6,388</b>
Supplier relationships – finite useful life	6,467	6,467
Supplier relationships – amortisation	(1,779)	(1,455)
	<b>4,688</b>	<b>5,012</b>
Customer relationships – finite useful life	146	146
Customer relationships – amortisation	(22)	-
	<b>124</b>	<b>146</b>
Website and computer software – finite useful life	1,759	1,519
Website and computer software – amortisation	(638)	(435)
	<b>1,121</b>	<b>1,084</b>
<b>Total Broadcasting &amp; Media</b>	<b>41,590</b>	<b>27,915</b>
<b>Regional Radio Licences</b>		
Radio licences - indefinite useful life	2,570	4,172
<b>Total Regional Radio Licences</b>	<b>2,570</b>	<b>4,172</b>
<b>AFL Record</b>		
Goodwill – indefinite useful life	2,468	2,468
Brand and distribution rights – indefinite useful life	7,958	7,958
<b>Total AFL Record</b>	<b>10,426</b>	<b>10,426</b>
<b>Complimentary Services</b>		
Talent contracts – finite useful life	1,429	1,429
Talent contracts – amortisation	(337)	(218)
	<b>1,092</b>	<b>1,211</b>
<b>Total Complimentary Services</b>	<b>1,092</b>	<b>1,211</b>
<b>Total Intangible Assets</b>	<b>55,678</b>	<b>43,724</b>

**Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2020**
**4. Intangible Assets cont'd**
**a) Reconciliation of net book value**

	Goodwill	Brand and distribution rights	Radio licences	Broadcast rights	Supplier relationships	Talent Contracts	Patents and Trademarks	Customer relationships	Websites and Computer software	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Net Book Value</b>										
<b>Balance at 1 July 2020</b>	<b>9,077</b>	<b>7,958</b>	<b>12,710</b>	<b>6,388</b>	<b>5,012</b>	<b>1,211</b>	<b>138</b>	<b>146</b>	<b>1,084</b>	<b>43,724</b>
Acquired on business combination	6,610	-	-	-	-	-	-	-	-	6,610
Additions <sup>1</sup>	-	-	6,180	-	-	-	5	-	240	6,425
Amortisation	-	-	-	(413)	(324)	(119)	-	(22)	(203)	(1,081)
<b>Balance at 31 December 2020</b>	<b>15,687</b>	<b>7,958</b>	<b>18,890</b>	<b>5,975</b>	<b>4,688</b>	<b>1,092</b>	<b>143</b>	<b>124</b>	<b>1,121</b>	<b>55,678</b>

	Goodwill	Brand and distribution rights	Radio licences	Broadcast rights	Supplier relationships	Talent Contracts	Patents and Trademarks	Customer relationships	Websites and Computer software	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Net Book Value</b>										
<b>Balance at 1 July 2019</b>	<b>8,358</b>	<b>7,958</b>	<b>8,169</b>	<b>8,120</b>	<b>6,507</b>	<b>-</b>	<b>132</b>	<b>-</b>	<b>482</b>	<b>39,726</b>
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 <sup>2</sup>	-	-	(5,020)	-	-	-	-	-	-	(5,020)
Restatement on the finalisation of business combination <sup>3</sup>	(1,674)	-	2,245	-	-	-	-	146	-	717
<b>Balance at 30 June 2020</b>	<b>9,077</b>	<b>7,958</b>	<b>12,710</b>	<b>6,388</b>	<b>5,012</b>	<b>1,211</b>	<b>138</b>	<b>146</b>	<b>1,084</b>	<b>43,724</b>

<sup>1</sup> 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.

<sup>2</sup> At 30 June 2020, the 1377AM Melbourne radio broadcasting licence held by the Group was reclassified as held for sale.

<sup>3</sup> Comparative period was restated to reflect the finalisation of provisional accounting for the Spirit Bunbury Business combination. Refer Note 9.

The Group has performed an assessment of impairment indicators at the end of the reporting period, following the full impairment testing that was conducted at 30 June 2020.

There were no indicators of impairment identified that required a full impairment test to be conducted at the end of the reporting period.

**Notes to the Consolidated Financial Statements  
for the Financial Half Year Ended 31 December 2020**

**5. Assets classified as held for sale**

	31 December 2020 \$'000s	30 June 2020 \$'000s
Radio licences – indefinite useful life	-	5,020
	-	5,020

**1377AM Melbourne Radio Broadcasting Licence**

On 16 July 2020, the Group completed the sale of the 1377AM commercial radio broadcasting licence for a cash consideration of \$4.478 million plus an offset of liabilities which were transferred to the purchaser. This resulted in a \$0.542 million loss on disposal of the radio licence. Associated transmitter site equipment was also disposed of for a loss of \$0.075 million, along with the investment held in D R B Melbourne Pty Ltd which resulted in loss of \$0.072 million. The losses noted have been recognised in the Statement of Profit or Loss and Other Comprehensive Income

The disposal of the radio licence along with the accompanied transmitter site equipment, and the investment held in D R B Melbourne Pty Ltd, did not result in the discontinuation of operations, as the Group radio station programming previously broadcast on the 1377AM radio licence immediately commenced on the newly acquired radio broadcasting licence Melbourne 1593AM.

**6. Borrowings**

	31 December 2020 \$'000s	30 June 2020 \$'000s
Bank loan – current	13,921	5,913
Bank loan – non-current	762	8,906
	14,683	14,819

**Debt Maturity**

The Company has a \$28.600 million facility with the Commonwealth Bank of Australia (“CBA”) which expires on 31 August 2021. Borrowings are disclosed as a current liability to comply with AASB 101 *Presentation of Financial Statements* as there is no conditional right to defer settlement for more than 12 months after reporting date given the CBA facility is due to expire on 31 August 2021.

**Debt Covenants**

As a result of the economic impact of COVID-19, the Company has been provided a banking covenant waiver as part of the debt funding facility extension in June 2020, which permits the Company to breach the existing covenant requirements until 31 March 2021.

**Debt Security**

CBA have first ranking security over all assets of the Company and its subsidiaries.

**Debt Facility - Financial Undertakings**

The agreement under which the CBA facilities have been made available contains financial undertakings typical for facilities of this nature.

The undertakings include financial undertakings that are to be tested at financial year end and financial half-year end based on the preceding 12-month period.

The financial undertakings relate to both leverage and interest coverage and include:

- Annual financial statements to be provided by 30 November of each calendar year;
- Group management accounts to be provided within 45 days of end of the quarter;
- Compliance certificate to be provided within 45 days of each calendar quarter;
- Budgets for next financial year to be provided by 31 July each year; and
- ASX notices are to be advised within seven days of release to the market.

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## Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2020

### 7. Issued Capital

#### Contributed Equity

	31 December 2020		30 June 2020	
	No.		No.	
Number of shares on issue	231,101,056		213,604,963	
	\$'000s		\$'000s	
Total amount paid on these shares	61,473		57,209	
	31 December 2020		30 June 2020	
	No. '000s	\$'000s	No. '000s	\$'000s
<b>Fully Paid Ordinary Share Capital</b>				
Balance at beginning of period	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 half year	17,496	4,264	10,664	2,493
Balance at the end of the period	231,101	61,473	213,605	57,209

#### Recognition and Measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Terms and Conditions of Issued Capital Ordinary Shares

Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts of paid up shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy at a meeting of shareholders.

The fully paid ordinary shares have no par value.

## Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2020

### 8. Segment Information

The company operates in the Media industry in Australia.

There are three operating segments – media, 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 they are 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.

#### 31 December 2020

	Media \$'000s	Comple- mentary \$'000s	Head Office \$'000s	Total \$'000s
Segment Revenue	30,976	2,276	774	34,026
Underlying EBITDA pre AASB 16	7,416	264	(1,873)	5,807
Rent expense adjustment from AASB 16	125	-	321	446
Depreciation & Amortisation	(488)	(158)	(2,427)	(3,073)
Earnings before interest, tax & significant items	7,053	106	(3,979)	3,180
Net finance cost	-	-	(665)	(665)
Loss on disposal of radio licences & property plant and equipment	(618)	-	(82)	(700)
Loss on disposal of investment in joint venture	(72)	-	-	(72)
Significant / restructuring costs	1,300	28	(301)	1,027
Segment profit / (loss) before tax	7,663	134	(5,027)	2,770

#### 31 December 2019

	Media \$'000s	Comple- mentary \$'000s	Head Office \$'000s	Total \$'000s
Segment Revenue	31,537	7,083	66	38,686
Underlying EBITDA	7,738	1,845	(5,566)	4,017
Rent expense adjustment from AASB 16	136	-	672	808
Depreciation & Amortisation	(218)	-	(2,133)	(2,351)
Earnings before interest, tax & significant items	7,656	1,845	(7,027)	2,474
Net finance cost	-	-	(458)	(458)
Restructuring costs	(74)	-	(120)	(194)
Segment profit / (loss) before tax	7,582	1,845	(7,605)	1,822

## Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2020

### 9. 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 provisional fair values of the net assets acquired and goodwill at the date of acquisition are as follows:

	<b>Fair Value \$'000s</b>
<b>Fair Values of assets and liabilities assumed at the date of acquisition</b>	
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
Trade and other payables	(436)
Provision for employee benefits	(110)
Lease Liabilities	(1,863)
<b>Net Identifiable Assets Acquired</b>	<b>1,164</b>
<b>Settlement of purchase consideration</b>	
	<b>\$'000s</b>
Cash paid	5,000
Scrip consideration	2,780
Purchase price adjustments	(6)
<b>Purchase consideration</b>	<b>7,774</b>

The Group have acquired an identified intangible asset being a broadcasting radio licence for which a fair value has not yet been determined. The value of the radio licence is currently included in the provisional goodwill noted below and will be separated when the provisional accounting is finalised.

The Group will finalise its fair value assessment for the acquisition of EON 2CH Pty Ltd in the financial statements of the Group for the year ending 30 June 2021.

	<b>\$'000s</b>
Purchase consideration	7,774
Less: provisional value of net identifiable assets acquired	(1,164)
<b>Goodwill arising on acquisition</b>	<b>6,610</b>

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 Half Year Ended 31 December 2020**

**9. Business Combinations**

**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
<b>Goodwill arising on acquisition</b>	<b>2,955</b>	<b>(1,674)</b>	<b>1,281</b>

**10. Contingent Liabilities**

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

**11. Events subsequent to reporting date**

There have been no matters or circumstances occurring subsequent to the end of the half-year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.