

**SPORTS
ENTERTAINMENT
GROUP.**

SPORTS ENTERTAINMENT GROUP LIMITED

ABN 20 009 221 630

APPENDIX 4D

Interim Financial Report

for the half year ended 31 December 2021

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Appendix 4D

Results for announcement to the market

1. Company Details

Name of Entity	Sports Entertainment Group Limited
ABN	20 009 221 630
Half Year Ended (current period)	31 December 2021
Half Year Ended (previous period)	31 December 2020

2. Results for announcement to the market

	Change %		31 December 2021 \$000s	31 December 2020 \$000s
2.1 Revenues from ordinary activities	Up 44%	to	49,003	34,026
2.2 EBITDA (underlying) ^{1, 2, 3, 4} from ordinary activities	Down 5%	to	5,951	6,253
2.3 Pre AASB 16 EBITDA (underlying) ^{1, 2, 3, 4, 5} from ordinary activities	Down 27%	to	4,253	5,807
2.4 Profit from ordinary activities after tax attributable to members	Up 10%	To	1,956	1,786
2.5 Net profit from ordinary activities after tax attributable to members	Up 10%	to	1,956	1,786

3. Dividends

The Directors have taken the decision to not pay a 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

	31 December 2021	31 December 2020
Net tangible asset backing per ordinary security	(17.6) cents	(10.7) cents
Net asset backing per ordinary security	22.2 cents	20.8 cents

¹ Underlying result excludes once-off significant items of a \$1.800 million gain on disposal of 20% shareholding in the Melbourne United Basketball Club, and \$0.609 million of significant transaction costs on the acquisitions of Perth Wildcats, as well as other restructuring costs. Similarly, the underlying result for the comparative 2020 period 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

² Underlying results also excludes the \$1.800 million of gain on the disposal of 20% ownership holding in Melbourne Basketball Club on 28 September 2021.

³ The comparative 2020 underlying result 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.

⁴ The comparative 2020 result includes \$3.300 million of JobKeeper payments received by the Group during the half-year ended 31 December 2020.

⁵ 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 2021 %	31 December 2020 %	31 December 2021 \$000s	31 December 2020 \$000s
Control Gained				
Perth Wildcats Basketball Club	100%	Nil%	287	-

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 2021 %	31 December 2020 %	31 December 2021 \$000s	31 December 2020 \$000s
D R B Melbourne Pty Ltd	9.09%	9.09%	15	9
D R B Sydney Pty Ltd	0.19%	-	-	-
Melbourne United Basketball Club Pty Ltd ¹	5.00%	25.00%	-	(88)

¹ On 28 September 2021, the Group divested 20% of its shareholding in the Melbourne United Basketball Club resulting in a loss of influence. The share of profit prior to disposal was not material to the Group's result.

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 2021 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 2021. 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
Jodie Simm	Appointed Executive Director on 4 October 2021

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 2021, the Group delivered a pleasing financial result in light of the continued impact the COVID-19 global pandemic had on local sporting seasons, restrictions on event gatherings and ongoing impact on advertisers, and the global economy. Total revenue from continuing operations of \$49.003 million was up by 44% and underlying EBITDA of \$5.951 million was down by 5% on the comparative period. The increase in revenue has been driven by the continued recovery of the advertising market and positive returns from recent investments in organic and acquisitive growth initiatives.

Further highlighting the Group's strong result for the half year ended 31 December 2021, the comparative period result included \$3.300 million in temporary funding received from the Federal Government JobKeeper subsidy scheme. The Group did not meet the eligibility criteria for the final funding round of that scheme.

An adjusted comparative period result excluding the JobKeeper funding would have resulted in a 59% year on year increase to revenues from continuing operations and a 102% increase in underlying EBITDA.

The underlying result excludes once-off significant items of a \$1.800 million gain on disposal of 20% shareholding in the Melbourne United Basketball Club, and \$0.609 million of significant transaction costs on the acquisitions of Perth Wildcats, as well as other restructuring costs. Similarly, the underlying result for the comparative 2020 period excludes once-off significant items of \$0.944million 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 Group's underlying EBITDA for the half year pre application of AASB16 was \$4.253 million, down by 27% on the comparative period (or up by 70% after normalising the impact of JobKeeper funding in the comparative period).
- The Australian operations (excluding the Perth Wildcats) has outperformed expectations for the period resulting from the expansion of the national radio distribution footprint, continued evolution of digital platforms and capitalising on opportunities by our complementary services divisions in the heavily COVID disrupted landscape where they operate.

Directors' Report

Review of Operations (continued)

Review of financial results (continued)

- The launch of the SENZ network in New Zealand was our first foray into an international market and has been challenging with the impact of COVID within the country and restrictions on international borders and travel. Since the launch in July 2021, members of the Group's executive and key operations personnel have only been on the ground for a minimal amount of time. Integration and collaboration has been restricted to online meetings which has meant operational effectiveness and synergies has been less than expected in the first six months.

Events completed during the half-year ended 31 December 2021

- 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 \$0.854 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 Perth Wildcats.

The Perth Wildcats are the most successful in the history of the 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 our "Whole of Sport" strategy, the Perth 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 18 months.

- On 28 September 2021, the Group divested 20% of its shareholding in the Melbourne United Basketball Club for a cash consideration of \$2.600 million. The disposal has resulted in the Group recording a gain on disposal of \$1.800 million.

The Group continues to hold a 5% ownership stake in Melbourne United with a fair value of \$0.650 million. The Group will account for any subsequent changes to the fair value of the investment through other comprehensive income (a component of equity).

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 2021.

Profit/(Loss) per Share

The basic profit per share was 0.85 cents (2020: 0.78 cents) and the diluted profit per share was 0.83 cents (2020: 0.76 cents). Diluted Underlying EBITDA per share was 3.02 cents (2020: 2.46 cents).

The weighted average number of ordinary shares on issue during the financial year used in the calculation of basic profit per share was 231,101,056 shares (2020: 229,824,430 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 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.

Directors' Report

Auditor's Independence Declaration

The auditor's independence declaration for the half year ended 31 December 2021 as required under Section 307(c) of the Corporations Act 2001 has been received and is located on page 8.

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, 25 February 2022

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 2021, 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, 25 February 2022

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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 2021, 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 significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the 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 2021 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 2021 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

A handwritten signature in blue ink, appearing to read 'David Garvey', is written over a small, stylized BDO logo.

David Garvey
Director

Melbourne, 25 February 2022

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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 25 are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021, and of its performance for the 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, 25 February 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Half Year Ended 31 December 2021

	Notes	31 December 2021 \$'000s	31 December 2020 \$'000s
Revenue	2	49,003	34,026
Sales and marketing expenses		(20,702)	(10,460)
Occupancy expenses		(887)	(485)
Administration expenses		(5,726)	(4,498)
Technical expenses		(10,860)	(7,139)
Production / creative expenses		(4,707)	(3,182)
Corporate expenses		(794)	(902)
Gain/(Loss) on disposal of property, plant, and equipment		10	(158)
Loss on disposal of radio licence		-	(542)
Gain/(Loss) on disposal of investments accounted for using the equity method		1,800	(72)
Depreciation and amortisation		(4,179)	(3,073)
Finance costs		(811)	(666)
Gain/(Loss) on investments accounted for using the equity method		15	(79)
Expenses		(46,841)	(31,256)
Profit for the half-year before income tax		2,162	2,770
Income tax expense		(206)	(984)
Profit for the half-year after income tax		1,956	1,786
Other Comprehensive Income			
<i>Items that will not subsequently be reclassified to profit or loss</i>			
Equity investments at FVOCI – net change in fair value		315	-
<i>Items that will be subsequently reclassified to profit or loss</i>			
Foreign operations – foreign currency translation differences		(120)	-
Other comprehensive income net of tax		195	-
Total Comprehensive income for the half-year		2,151	1,786
Earnings per share for profit attributable to the owners			
Basic (cents per share)	3	0.85	0.78
Diluted (cents per share)	3	0.83	0.76

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 31 December 2021

	Notes	31 December 2021 \$'000s	30 June 2021 \$'000s
Current Assets			
Cash and cash equivalents		4,398	5,324
Trade and other receivables		16,715	14,951
Prepayments		2,609	3,034
Income Tax receivable		642	189
Inventories		429	-
Total Current Assets		24,793	23,498
Non-Current Assets			
Property, plant and equipment		16,857	15,278
Right-of-use assets		22,492	19,549
Deferred tax assets		2,171	2,065
Investments accounted for using the equity method		110	1,057
Intangibles	4	69,448	59,564
Other non-current investments		650	-
Other non-current assets		-	500
Total Non-Current Assets		111,728	98,013
Total Assets		136,521	121,511
Current Liabilities			
Trade and other payables		16,783	18,687
Borrowings	5	319	15,929
Lease liabilities		2,718	1,735
Deferred revenue		3,170	1,481
Provisions		2,358	1,817
Total Current Liabilities		25,348	39,649
Non-Current Liabilities			
Trade and other payables		-	1,495
Borrowings	5	24,022	624
Lease liabilities		21,087	18,890
Deferred tax liability		12,505	9,747
Deferred revenue		1,371	1,644
Provisions		927	776
Total Non-Current Liabilities		59,912	33,176
Total Liabilities		85,260	72,825
Net Assets		51,261	48,686
Equity			
Issued capital	6	61,473	61,473
Reserves		1,764	1,145
Accumulated losses		(11,976)	(13,932)
Total Equity		51,261	48,686

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 2021

	Notes	Issued Capital \$'000s	Share Based Payment Reserve \$'000s	Foreign Currency Translation Reserve \$'000s	Fair Value Reserve	Accumulated Losses \$'000s	Total \$'000s
Total Equity at 1 July 2021		61,473	1,156	(11)	-	(13,932)	48,686
Profit after income tax		-	-	-	-	1,956	1,956
Equity investments at FVOCI - net change in fair value (net of tax)		-	-	-	315	-	315
Exchange difference on translation of foreign operations		-	-	(120)	-	-	(120)
Total comprehensive income		-	-	(120)	315	1,956	2,151
Transactions with owners in their capacity as owners							
Share Based Payments		-	424	-	-	-	424
Total Equity at 31 December 2021		61,473	1,580	(131)	315	(11,976)	51,261
Total Equity at 1 July 2020		57,209	992	-	-	(15,975)	42,226
Profit after income tax		-	-	-	-	1,786	1,786
Total comprehensive income		-	-	-	-	1,786	1,786
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		-	(127)	-	-	-	(127)
Total Equity at 31 December 2020		61,473	795	-	-	(14,189)	48,079

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

Consolidated Statement of Cash Flows
for the Financial Half Year Ended 31 December 2021

	Notes	31 December 2021 \$'000s	31 December 2020 \$'000s
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		50,746	31,785
Payments to suppliers and employees (inclusive of GST)		(47,315)	(26,690)
JobKeeper program funding received		-	3,260
Interest received		-	1
Interest and other costs of finance paid		(449)	(421)
Interest on lease liabilities		(363)	(245)
Income taxes paid		(470)	(1,254)
Net operating cash flows provided by operating activities		2,149	6,436
Cash flows from investing activities			
Proceeds from sale of intangible assets – radio licences		-	4,478
Proceeds from sale of shares in Melbourne United		2,600	-
Proceeds from sale of property, plant and equipment		54	164
Payment for property, plant and equipment		(3,688)	(2,319)
Payment for intangible assets – radio licences		(1,307)	(2,163)
Payment for intangible assets – computer software		(1)	(84)
Payment for the acquisition of 2CH		-	(4,772)
Payment for the acquisition of Perth Wildcats	8	(7,146)	-
Net cash used in investing activities		(9,488)	(4,696)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,526
Payment of share issue costs	6	-	(235)
Proceeds from borrowings		8,000	-
Repayment of borrowings		(153)	(146)
Repayment of lease liabilities		(1,335)	(200)
Net cash provided by financing activities		6,512	945
Net increase in cash and equivalents		(827)	2,685
Cash and cash equivalents at the beginning of the half year		5,324	7,652
Effects of exchange rate changes on cash and cash equivalents		(99)	-
Cash and cash equivalents at the end of the half year		4,398	10,337

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 2021

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 2021 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.

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.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2021

1. Summary of Significant Accounting Policies

New Accounting Policies adopted during the reporting period

The consolidated entity has adopted the following accounting policies during the half year ended 31 December 2021:

Sponsorship revenue

Sponsorship revenue is recognised in accordance with the principles of AASB 15 and recognised over the life of the sponsorship agreement as the consolidated entity fulfils its obligations and where control of the sponsorship services have been transferred to the client.

Membership and Ticketing revenue

Membership revenue comprises of Perth Wildcats membership income and is recognised in accordance with the principles of AASB 15, whereby membership income is recognised throughout the duration of the NBL season. Match ticket sales are recognised at the conclusion of each Wildcats home game.

Merchandise revenue

Merchandise income contains revenue from the sale of Perth Wildcats branded merchandise and apparel. This revenue is recognised in accordance with the principles of AASB 15 with recognition occurring when control of the merchandise is transferred to the customer.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on an average cost basis.

Other investments – Equity securities at Fair Value through Other Comprehensive Income (“FVOCI”)

In accordance with AASB 9 Financial Instruments, the consolidated entity has made an irrevocable election, to present subsequent changes in the fair value of its investment in Melbourne United in other comprehensive income (component of equity). The Group's intention is to hold the investment long-term as such is not a held for trading asset and thus meets the requirements of AASB 9 in electing for this measurement method for any subsequent fair value re-measurements to the investment in Melbourne United.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2021

2. Revenue

	31 December 2021 \$'000s	31 December 2020 \$'000s
Revenue from contracts with customers		
Media revenue	39,865	28,492
Complementary Services revenue	4,220	2,125
Sponsorship revenue	2,191	-
Membership and Ticketing revenue	2,314	-
Merchandise revenue	272	-
	48,862	30,617
Other revenue		
Interest revenue	-	1
Other revenue	141	107
Government grants (JobKeeper payments)	-	3,301
	141	3,409
Total Revenue	49,003	34,026

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:

	31 December 2021 No. '000s	31 December 2020 No. '000s
Weighted average number of ordinary shares on issued for calculation of:		
Basic ordinary shares	231,101	229,824
Diluted ordinary shares	236,447	236,123
	\$'000s	\$'000s
Profit for the half year	1,956	1,786
Basic earnings (cents per share)	0.85	0.78
Diluted earnings (cents per share)	0.83	0.76

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2021

4. Intangible Assets

	31 December 2021 \$'000s	30 June 2021 \$'000s
Broadcasting & Media Australia		
Goodwill – indefinite useful life	8,771	8,771
Radio licences - indefinite useful life	24,170	23,355
Patents and trademarks – indefinite useful life	151	150
Broadcast rights – finite useful life	8,242	8,242
Broadcast rights – amortisation	(3,091)	(2,679)
	5,151	5,563
Supplier relationships – finite useful life	6,467	6,467
Supplier relationships – amortisation	(2,425)	(2,102)
	4,042	4,365
Customer relationships – finite useful life	146	146
Customer relationships – amortisation	(51)	(37)
	95	109
Website and computer software – finite useful life	2,148	1,923
Website and computer software – amortisation	(1,043)	(834)
	1,105	1,089
Total Broadcasting & Media Australia	43,485	43,402
Broadcasting & Media New Zealand		
Radio licences - indefinite useful life	2,191	2,191
Patents and trademarks – indefinite useful life	2	2
Total Broadcasting & Media New Zealand	2,193	2,193
Regional Radio Licences		
Radio licences - indefinite useful life	1,936	2,570
Total Regional Radio Licences	1,936	2,570
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
Complimentary Services		
Talent contracts – finite useful life	1,429	1,429
Talent contracts – amortisation	(575)	(456)
Total Complimentary Services	854	973
Sports Teams		
Goodwill – indefinite useful life	2,476	-
Sports team licences and trademarks – indefinite useful life	8,078	-
Total Sports Teams	10,554	-
Total Intangible Assets	69,448	59,564

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2021
4. Intangible Assets (continued)
a) Reconciliation of net book value

	Goodwill	Brand and distribution rights	Radio licences	Broadcast rights	Supplier relationships	Talent Contracts	Sports Team Licences and Trademarks	Patents and Trademarks	Customer relationships	Websites and Computer software	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Net Book Value											
Balance at 1 July 2021	11,239	7,958	28,116	5,563	4,365	973	-	152	109	1,089	59,564
Acquired on business combination ¹	2,476	-	-	-	-	-	8,078	-	-	-	10,554
Additions	-	-	181	-	-	-	-	1	-	225	407
Amortisation	-	-	-	(412)	(323)	(119)	-	-	(14)	(209)	(1,077)
Balance at 31 December 2021	13,715	7,958	28,297	5,151	4,042	854	8,078	153	95	1,105	69,448

	Goodwill	Brand and distribution rights	Radio licences	Broadcast rights	Supplier relationships	Talent Contracts	Sports Team Licences and Trademarks	Patents and Trademarks	Customer relationships	Websites and Computer software	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Net Book Value											
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	2,162	-	6,354	-	-	-	-	-	-	-	8,516
Additions	-	-	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

¹ On 8 August 2021, the Group completed the acquisition of the Perth Wildcats Basketball Club business for a purchase price of \$8.500 million. The Group have acquired identified intangible assets being a National Basketball League ("NBL") licence allowing the club to compete in the NBL competition, and the use of the Perth Wildcats trademark. Refer to Note 8 for the fair value of the identified intangible assets acquired.

² 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.

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 2021.

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 2021**

5. Borrowings

Bank loan – current
Bank loan – non-current

31 December 2021 \$'000s	30 June 2021 \$'000s
319	15,929
24,022	624
24,341	16,553

Debt Maturity and Extension

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

Debt Covenants

The Group continues to remain fully compliant with banking covenants for the first two quarters of the half year ended 31 December 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 2021

6. Issued Capital

Contributed Equity

	31 December 2021 No.	30 June 2021 No.
Number of shares on issue	231,101,056	231,101,056

	\$'000s	\$'000s
Total amount paid on these shares	61,473	61,473

	31 December 2021		30 June 2021	
	No. '000s	\$'000s	No. '000s	\$'000s

Fully Paid Ordinary Share Capital

Balance at beginning of period	231,101	61,473	213,605	57,209
Issue of shares – EEIP	-	-	714	193
Issue of shares – Business Combination	-	-	10,000	2,780
Issue of shares – Non-renounceable rights offer	-	-	6,782	1,526
Share issue costs	-	-	-	(235)
Total issued shares during the half year	-	-	17,496	4,264
Balance at the end of the period	231,101	61,473	231,101	61,473

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.

7. Segment Information

The company operates in the Media industry in Australia and New Zealand. There are five operating segments – Media Australia, Media New Zealand, Complementary Services, Sports Teams, and Head Office.

AASB 8 requires operating segments to be disclosed in a manner that reflects the management information reviewed by the Chief Operating Decision Makers (“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.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2021

7. Segment Information (continued)

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board, being the CODM 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.

	Media Australia	Media New Zealand	Comple- mentary	Sports Teams \$'000s	Head Office	Total
31 December 2021	\$'000s	\$'000s	\$'000s		\$'000s	\$'000s
Segment Revenue	37,920	1,761	4,228	4,997	97	49,003
Underlying EBITDA pre AASB 16	8,315	(763)	601	410	(4,310)	4,253
Rent expense adjustment from AASB 16	414	493	-	-	791	1,698
Depreciation & Amortisation	(1,858)	(452)	(166)	-	(1,703)	(4,179)
Earnings before interest, tax & significant items	6,871	(722)	435	410	(5,222)	1,772
Net finance cost	-	-	-	-	(811)	(811)
Gain on disposal of intangibles & property plant and equipment	10	-	-	-	-	10
Gain on disposal of investments	-	-	-	-	1,800	1,800
M&A related and restructuring costs	-	(12)	(35)	--	(562)	(609)
Segment profit / (loss) before tax	6,881	(734)	400	410	(4,795)	2,162

	Media Australia	Media New Zealand	Comple- mentary	Sports Teams \$'000s	Head Office	Total
31 December 2020	\$'000s	\$'000s	\$'000s		\$'000s	\$'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 intangibles & property plant and equipment	(618)	-	-	-	(82)	(700)
Loss on disposal of investment in joint venture	(72)	-	-	-	-	(72)
Significant costs and M&A related costs	1,300	-	28	-	(301)	1,027
Segment profit / (loss) before tax	7,663	-	134	-	(5,027)	2,770

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2021

8. Business Combinations

Perth Wildcats Basketball Club

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 \$0.854 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.

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.

Details of the purchase consideration, and provisional 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	
Prepaid expenses	8
Inventories	191
Trade and other receivables	50
Property, plant and equipment	81
Intangible asset – Sports team licence and trademark	8,078
Deferred tax assets – on employee liabilities	99
Trade and other payables	(255)
Provision for employee benefits	(331)
Deferred revenue	(327)
Deferred tax liabilities	(2,424)
Net Identifiable Assets Acquired	5,170
Settlement of purchase consideration	
Cash paid	8,500
Purchase price adjustments	(854)
Purchase consideration	7,646

The Group will finalise its fair value assessment for the acquisition of Perth Wildcats in the financial statements of the Group for the year ending 30 June 2022.

	\$'000s
Purchase consideration	7,646
Less: provisional value of net identifiable assets acquired	(5,170)
Goodwill arising on acquisition	2,476

An amount of \$0.451 million was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the administration and corporation expense lines and related to once-off legal, due diligence, corporate advisory and stamp duty costs incurred in completing the acquisition.

The acquired business contributed revenues of \$4.997 million and net profit after tax of \$ 0.287 million for the 5 months to 31 December 2021. Had the business combination occurred as of the beginning of the reporting period, the business would have contributed approximately \$5.006 million in revenues and net profit after tax of \$0.141 million.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2021

9. 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.

10. 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.

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