SPORTS ENTERTAINMENT GROUP LIMITED

ABN 20 009 221 630

APPENDIX 4D

Interim Financial Report

for the half year ended 31 December 2022

Table of Contents

Appendix 4D – Results for announcement to the market

Company Details

Name of Entity	Sports Entertainment Group Limited	**Half year ended current period**	31 December 2022
ABN	20 009 221 630	**Half year ended prior period**	31 December 2021

Results for announcement to the market

	Change %		31 December 2022 $000s	31 December 2021 $000s
2.1 Revenues from ordinary activities	Up 28%	to	**60,787**	49,003
2.2 EBITDA (underlying) [1, 2] from ordinary activities	Down 22%	to	**4,615**	5,951
2.3 Pre AASB 16 EBITDA (underlying) [1, 2, 3] from ordinary activities	Down 35%	to	**2,773**	4,253
2.4 (Loss) / Profit from ordinary activities after tax	Down 157%	to	**(1,161)**	1,956
2.5 Net (loss) / profit from ordinary activities after tax attributable to members	Down 157%	to	**(1,161)**	1,956

[1] Underlying result excludes once-off significant items of $0.676 million of significant abnormal costs including transaction costs for the acquisition of the 4KQ business, and other restructuring costs including redundancy expenditure.
[2] The comparative 2021 period 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.
[3] Underlying excludes the impact of application of AASB 16 Leases.

Dividends

The directors have taken the decision to not pay a final dividend in order to retain earnings to reduce debt and strengthen working capital following the funding used to fund the Group's significant strategic growth and acquisitions in the last few financial years.

Net Tangible Asset (NTA) Backing

	31 December 2022	31 December 2021
Net tangible asset backing per ordinary security	(17.5) cents	(17.6) cents
Net asset backing per ordinary security	22.1 cents	22.2 cents

Details of associates and joint venture entities

Name of associate	Reporting entity's percentage holding		Contribution to net profit / (loss) in $000s	
	31 December 2022 %	31 December 2021 %	31 December 2022 $000s	31 December 2021 $000s
D R B Brisbane Pty Ltd	**12.50%**	Nil%	**5**	-
D R B Melbourne Pty Ltd	**9.09%**	9.09%	**4**	15
D R B Sydney Pty Ltd	**0.19%**	0.19%	**-**	-

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 2022. 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 2022, the Group delivered strong revenue growth from continuing operations of $60.787 million up by 28% and statutory underlying EBITDA of $4.615 million down 22% on the comparative period. The increase in revenue has been driven by the continued recovery of the advertising market and positive returns from sustained investments in organic and acquisitive growth initiatives while EBITDA has been impacted by the significant investment (costs) of establishing new assets in Sydney, Queensland and New Zealand.

  The Group's underlying EBITDA for the half year pre application of AASB16 was $2.773 million, down by 35% on the comparative period.

  The underlying result excludes once-off significant items of $0.676 million of significant costs including transaction costs for the acquisition of the 4KQ business, and other restructuring costs including redundancy expenditure. Similarly, the comparative 2021 period 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 acquisition of Perth Wildcats, as well as other restructuring costs.

- The Australian operations achieved double-digit revenue growth across all segments. EBITDA has been negatively impacted due to the significant investment (costs) of establishing the Sydney and Queensland stations and brand awareness and audience taking time to build.

  During the half, we launched four new stations – SENQ (693AM), SENTrack Bendigo (87.8FM), SENTrack Southwest Gippsland (91.3FM), SEN Shepparton (app channel) and highlights of our programming were:

  - Gerard Whateley re-signing to SEN meaning his self-titled show ***Whateley*** will continue to set the sporting agenda each day;
  - Secured the broadcast rights to the English Premier League (EPL) in addition to coverage of FIFA World Cup Qatar 2022, 2023 FIFA Women's World Cup and 2023 A-League season;
  - Secured the broadcast rights to the Repco Supercars Championship which complements ***The Driver's Seat***, one of the network's most highly downloaded apps;
  - coverage of the 2023 Australian Open;
  - coverage of the ODI cricket series between Australia and New Zealand; and
  - coverage of the Border-Gavaskar Trophy series live from India

- The launch of the SENZ network in New Zealand is now 18 months old and is gradually gaining positive momentum after early challenges caused by COVID19. The significant investment (cost) to establish the network – talent, content, broadcast rights, sales, programming and support personnel – is mostly complete and the focus continues on building brand awareness and audience across the network.

Directors Report (continued)

Review of Operations (continued)

During the year, SENZ signed a multi-year content partnership agreement with New Zealand Throughbred Racing (NZTR) who has been a valued supporter which will see SENZ deliver unprecedented unique and exclusive weekly racing content in collaboration with NZTR. The content will also feature throughout Australian racing platforms where New Zealand racing continues to experience significant growth.

SENZ continues to create unique and exclusive content to connect brands with fans with additions during the period like:

- coverage of the New Zealand vs Pakistan and New Zealand v Australia ODI and test cricket fixtures over the summer;
- continued weekly coverage of English Premier League (EPL) matches;
- coverage of all A-Leagues matches involving the Wellington Phoenix; and
- coverage of the 2023 Super Rugby Pacific season on each local SENZ station and the SENZ app where fans of the Highlanders, Crusaders, Hurricanes, Chiefs and Blues can listen to their club specific programs and a weekly wrap up show

We'd like to also congratulate our Otago Nuggets basketball team who were crowned the 2022 New Zealand National Basketball League Champions in August 2022. We would also like to welcome the Southern Hoiho who are one of the inaugural teams in the newly formed Tauihi Basketball Aotearoa.

Events completed during the half-year ended 31 December 2022

On 1 July 2022, the Group completed the acquisition of 100% of the business and assets relating to the 4KQ commercial radio broadcasting licence ("4KQ") from ARN Communications Pty Ltd (ARN), a subsidiary of HT&E Limited (ASX:HT1). The sale of 4KQ was required by the Australian Communications and Media Authority (ACMA) following HT&E's acquisition of the licence from Grant Broadcasters in January 2022.

The acquisition of 4KQ expands SEG's owned radio platform and audience reach into Brisbane, and now completes the key components of our national footprint strategy with 36 stations now in operation in all capital cities and states. 4KQ strengthens SEG's eastern seaboard reach with commercial licences in the key AFL and NRL markets of Melbourne, Sydney and Brisbane.

The addition of SENQ – Queensland's Home of Sport enhances SEG's existing owned platforms in Queensland making it the flagship station to complement the existing SEN Gold Coast 1620AM, SENTrack Brisbane 1053AM, SENTrack Atherton 99.1FM, SENTrack Ingham 96.9FM, SENTrack Kingaroy 96.3FM, and SENTrack Darling Downs 91.5FM.

The acquisition is a continuation of SEG's strategy for growth, investing in assets that are underpinned by infrastructure or licence value. The owned station network provides opportunities for SEG to generate attractive returns on capital by leveraging existing investments in national sales teams, broadcast rights, unique content portfolio and high-profile talent.

4KQ is expected to deliver an incrementally positive contribution to earnings in its first 12 months.

On 1 July 2022, immediately after the 4KQ business, the Group sold the $0.096 million of Studio Equipment, as well as the $1.385 million freehold land at its fair value less cost to sell. The sale of both the freehold land and the studio equipment delivered no gain or loss on disposal in the State of Profit of Loss and Other Comprehensive Income.

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 2022.

(Loss) / Profit per Share

The basic loss per share was 0.44 cents (2021: profit 0.85 cents) and the diluted loss per share was 0.44 cents (2021: profit 0.83 cents). Diluted Underlying EBITDA per share was 1.45 cents (2021: 3.02 cents).

The weighted average number of ordinary shares on issue during the financial period used in the calculation of basic profit per share was 261,112,028 shares (2021: 231,101,056 shares).

Events since the end of the Financial Half Year

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

Directors Report (continued)

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 other than what is disclosed, 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 reduce debt and strengthen working capital following the funding used to fund the Group's significant strategic growth and acquisitions in the last few financial years.

Auditor's Independence Declaration

The auditor's independence declaration for the half year ended 31 December 2022 as required under Section 307(c) of the Corporations Act 2001 has been received and is located on page 5.

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, 28 February 2023

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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 2022, 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, 28 February 2023

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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 2022, 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 2022 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.

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 2022 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

BDO

David Garvey
Director

Melbourne, 28 February 2023

Directors' Declaration

In the opinion of the Directors of Sports Entertainment Group Limited

a) the financial statements and notes set out on pages 9 to 22 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 2022, 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, 28 February 2023

Consolidated statement of profit or loss and other comprehensive income for the financial half year ended 31 December 2022

	Notes	31 December 2022	31 December 2021
Revenue	**2**	**60,787**	49,003
Sales and marketing expenses		**(27,408)**	(20,702)
Occupancy expenses		**(822)**	(887)
Administration expenses		**(6,442)**	(5,726)
Technical expenses		**(14,469)**	(10,860)
Production / creative expenses		**(7,131)**	(4,707)
Corporate expenses		**(532)**	(794)
(Loss) / Gain on disposal of property, plant, and equipment		**(53)**	10
Gain on disposal of investments accounted for using the equity method		**-**	1,800
Depreciation and amortisation		**(4,685)**	(4,179)
Finance costs		**(1,207)**	(811)
Share of gain on investments accounted for using the equity method		**9**	15
Expenses		**(62,740)**	(46,841)
(Loss) / Profit for the half year before income tax		**(1,953)**	2,162
Income tax benefit / (expense)		**792**	(206)
(Loss) / Profit for the half year after income tax		**(1,161)**	1,956
Other Comprehensive Income			
Items that will not subsequently be reclassified to profit or loss			
Equity investments at FVOCI – change in fair value		**-**	315
Items that will be subsequently reclassified to profit or loss			
Foreign operations – foreign currency translation differences		**72**	(120)
Other comprehensive income net of tax		**72**	195
Total Comprehensive income for the half year		**(1,089)**	2,151
(Loss) / Earnings per share for profit attributable to the owners			
Basic (cents per share)	**3**	**(0.44)**	0.85
Diluted (cents per share)	**3**	**(0.44)**	0.83

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 2022

	Notes	31 December 2022	30 June 2022
Current Assets			
Cash and cash equivalents		**3,839**	12,627
Trade and other receivables		**15,969**	20,669
Prepayments		**4,987**	3,886
Inventory		**332**	251
Income tax receivable		**759**	-
Total Current Assets		**25,886**	37,433
Non-Current Assets			
Property, plant and equipment		**17,302**	16,841
Right-of-use assets		**21,807**	22,637
Deferred tax assets		**3,489**	3,120
Investments accounted for using the equity method		**144**	78
Intangibles	**4**	**81,673**	68,800
Total Non-Current Assets		**124,415**	111,476
Total Assets		**150,301**	148,909
Current Liabilities			
Trade and other payables		**21,568**	21,306
Borrowings	**5**	**336**	328
Lease liabilities		**3,167**	2,970
Deferred revenue		**1,529**	2,324
Income tax payable		**-**	485
Provisions		**3,413**	2,929
Total Current Liabilities		**30,013**	30,342
Non-Current Liabilities			
Borrowings	**5**	**25,206**	23,867
Lease liabilities		**20,514**	21,250
Deferred tax liability		**15,065**	12,441
Deferred revenue		**1,193**	1,232
Provisions		**643**	896
Total Non-Current Liabilities		**62,621**	59,686
Total Liabilities		**92,634**	90,028
Net Assets		**57,667**	58,881
Equity			
Issued capital	**6**	**67,965**	67,986
Reserves		**323**	355
Accumulated losses		**(10,621)**	(9,460)
Total Equity		**57,667**	58,881

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

Consolidated statement of changes in equity for the financial year ended 31 December 2022

	Notes	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Accumulated Losses	Total
Total Equity at 1 July 2022		**67,986**	**601**	**(246)**	**-**	**(9,460)**	**58,881**
Comprehensive income							
Loss after income tax		**-**	**-**	**-**	**-**	**(1,161)**	**(1,161)**
Exchange difference on translation of foreign operations		**-**	**-**	**72**	**-**	**-**	**72**
Total comprehensive income		**-**	**-**	**72**	**-**	**(1,161)**	**(1,089)**
Transactions with owners in their capacity as owners							
Issue of share capital		**-**	**-**	**-**	**-**	**-**	**-**
Share issue costs	**6**	**(21)**	**-**	**-**	**-**	**-**	**(21)**
Share Based Payments		**-**	**(104)**	**-**	**-**	**-**	**(104)**
Total Transactions with owners in their capacity as owners		**(21)**	**(104)**	**-**	**-**	**-**	**(125)**
Total Equity at 31 December 2022		**67,965**	**497**	**(174)**	**-**	**(10,621)**	**57,667**
Total Equity at 1 July 2021		61,473	1,156	(11)	-	(13,932)	48,686
Comprehensive income							
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 Transactions with owners in their capacity as owners		-	424	-	-	-	424
Total Equity at 31 December 2021		61,473	1,580	(131)	315	(11,976)	51,261

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 2022

	Notes	31 December 2022	31 December 2021
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**75,039**	50,746
Payments to suppliers and employees (inclusive of GST)		**(66,955)**	(47,315)
Interest and other costs of finance paid		**(753)**	(449)
Interest on lease liabilities		**(372)**	(363)
Income taxes paid		**(1,326)**	(470)
Net operating cash flows provided by operating activities		**5,633**	2,149
Cash flows from investing activities			
Proceeds from sale of shares in Melbourne United		**-**	2,600
Proceeds from sale of property, plant and equipment		**1,431**	54
Payment for property, plant and equipment		**(2,852)**	(3,688)
Payment for intangible assets – radio licences		**(643)**	(1,307)
Payment for intangible assets – computer software		**(35)**	(1)
Payment for the acquisition of 4KQ	**8**	**(12,000)**	-
Payment for the acquisition of Perth Wildcats		**-**	(7,146)
Net cash used in investing activities		**(14,099)**	(9,488)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	-
Payment of share issue costs		**(21)**	-
Proceeds from borrowings		**3,000**	8,000
Repayment of borrowings		**(1,500)**	(153)
Repayment of lease liabilities		**(1,780)**	(1,335)
Net cash (used) / provided by financing activities		**(301)**	6,512
Net (decrease) in cash and equivalents		**(8,767)**	(827)
Cash and cash equivalents at the beginning of the half year		**12,627**	5,324
Effects of exchange rate changes on cash and cash equivalents		**(21)**	(99)
Cash and cash equivalents at the end of the half year		**3,839**	4,398

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

Notes to the consolidated financial statements

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 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 2022 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).

Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis in preparing the financial statements.

At 31 December 2022, the Group have net current liabilities of $4.127 million (30 June 2022: net current assets $7.091 million). This reduction is due to Group using net cash in investing activities in the financial period of $14.099 million and net cash in financing activities of $0.301 million. The Group finances its working capital requirements through its operating cash flows, cash assets and available debt facilities.

In assessing that the Group has adequate resources to support its going concern, key judgements adopted by directors are: the cyclical nature of its business with the second half of the financial year typically being a stronger trading period; the Group's net profit and cash flow budgets for a period of 12 months from the date of signing the financial report indicating the Group trading positively including the performance of recent radio station acquisitions; and the ongoing support of the Group's banker as required.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sports Entertainment Group Limited ('company') as at 31 December 2022 and the results of all subsidiaries for the half year then ended. The company and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances, and unrealised gains on transactions between entities in the consolidated entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Notes to the consolidated financial statements (continued)

1. Summary of Significant Accounting Policies (continued)

Basis of Preparation (continued)

Principles of Consolidation (continued)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities, and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the 30-day weighted average share price at grant. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates. The expected credit loss assessment for the interim financial period also included an additional adjustment for the current economic environment and increase risk profile in the Group’s trade and other receivable balances.

Estimation of useful lives of assets

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

Goodwill and other indefinite life intangible assets

The Group tests annually at 30 June of a financial year, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. In this interim period, the Group has assessed the recoverable amount of the Australian Broadcasting & Media CGU and the New Zealand Broadcasting & Media CGU. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Based on the results of impairment testing performed, no impairment to these cash generating units was required.

Notes to the consolidated financial statements (continued)

1. Summary of Significant Accounting Policies (continued)

Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Income tax

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

Business combinations

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

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

Lease term

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

Notes to the consolidated financial statements (continued)

2. Revenue

	31 December 2022	31 December 2021
Revenue from contracts with customers		
Media revenue	**43,461**	39,865
Complementary Services revenue	**11,269**	4,220
Sponsorship revenue	**2,279**	2,191
Membership and Ticketing revenue	**2,401**	2,314
Merchandise revenue	**1,083**	272
	60,493	48,862
Other revenue		
Other revenue	**294**	141
	294	141
Total Revenue	**60,787**	49,003

3. (Loss) / Earnings per share

Basic and Diluted (Loss) / Earnings per Share

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

	31 December 2022	31 December 2021
Weighted average number of ordinary shares on issued for calculation of:	**No. '000s**	No. '000s
Basic ordinary shares	**261,112**	231,101
Diluted ordinary shares	**261,112**	236,447
	$'000s	$'000s
(Loss) / Profit for the half year	**(1,161)**	1,956
Basic (loss) / earnings (cents per share)	**(0.44)**	0.85
Diluted (loss) / earnings (cents per share)	**(0.44)**	0.83

Notes to the consolidated financial statements (continued)

4. Intangible Assets

	31 December 2022 $'000s	30 June 2022 $'000s
Broadcasting & Media Australia		
Goodwill – indefinite useful life	**11,890**	8,771
Radio licences - indefinite useful life	**36,319**	25,742
Patents and trademarks – indefinite useful life	**165**	157
Broadcast rights – finite useful life	**8,242**	8,242
Broadcast rights – amortisation	**(3,915)**	(3,503)
	4,327	4,739
Supplier relationships – finite useful life	**6,467**	6,467
Supplier relationships – amortisation	**(3,072)**	(2,749)
	3,395	3,718
Customer relationships – finite useful life	**146**	146
Customer relationships – amortisation	**(80)**	(66)
	66	80
Website and computer software – finite useful life	**2,706**	2,461
Website and computer software – amortisation	**(1,538)**	(1,279)
	1,168	1,182
Total Broadcasting & Media Australia	**57,330**	44,389
Broadcasting & Media New Zealand		
Radio licences - indefinite useful life	**2,191**	2,191
Patents and trademarks – indefinite useful life	**2**	2
Website and computer software – finite useful life	**4**	-
Website and computer software – amortisation	**-**	-
	4	-
Total Broadcasting & Media New Zealand	**2,197**	2,193
Regional Radio Licences		
Radio licences - indefinite useful life	**503**	503
Total Regional Radio Licences	**503**	503
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
Sports Teams		
Goodwill – indefinite useful life	**2,476**	2,476
Sports team licences and trademarks – indefinite useful life	**8,125**	8,078
Total Sports Teams	**10,601**	10,554
Complimentary Services		
Talent contracts – finite useful life	**1,429**	1,429
Talent contracts – amortisation	**(813)**	(694)
Total Complimentary Services	**616**	735
Total Intangible Assets	**81,673**	68,800

Notes to the consolidated financial statements (continued)

5. Borrowings

	31 December 2022 $'000s	30 June 2022 $'000s
Bank loan – current	**336**	328
Bank loan – non-current	**25,206**	23,867
	25,542	24,195

Debt Maturity and Extension

The Company has a $28.700 million facility with the Commonwealth Bank of Australia ("CBA") which is disclosed as a non-current liability to comply with AASB 101 Presentation of Financial Statements as the facility is due to expire on 31 August 2024.

At 31 December 2022, the Group has utilised $25.662 million of the facility, with $3.038 million still available for future use.

Debt Covenants

The Group continues to remain fully compliant with banking covenants for the first two quarters of the half year ended 31 December 2022.

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 Commonwealth Bank of Australia 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;
- Debt covenant 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.

Notes to the consolidated financial statements (continued)

6. Issued Capital

Contributed Equity

	31 December 2022 No.		30 June 2022 No.	
Number of shares on issue	**261,112,028**		261,112,028	
	$'000s		**$'000s**	
Total amount paid on these shares	**67,965**		67,986	
	2022		2021	
	No. '000s	**$'000s**	No. '000s	$'000s
Fully Paid Ordinary Share Capital				
Balance at beginning of the period	**261,112**	**67,986**	231,101	61,473
Issue of shares – EEIP	**-**	**-**	5,011	1,536
Issue of shares – Placement	**-**	**-**	25,000	5,000
Share issue costs	**-**	**(21)**	-	(23)
Total issued shares during the period	**-**	**(21)**	30,011	6,513
Balance at the end of the period	**261,112**	**67,965**	261,112	67,986

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 four operating segments – Media Australia, Media New Zealand, Complementary Services, and Sports Teams.

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.

The Company also incurs head office costs that are reviewed by the CODM separate from the four operating segments.

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 reporting to the CODM at reporting date, as this forms the basis of reporting to the Board (CODM).

Unallocated items

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

Accounting policies adopted

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

Notes to the consolidated financial statements (continued)

7. Segment Information

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 2022	**Media Australia $'000s**	**Media New Zealand $'000s**	**Comple-mentary $'000s**	**Sports Teams $'000s**	**Head Office $'000s**	**Total $'000s**
Segment Revenue	**41,152**	**2,454**	**10,028**	**6,949**	**204**	**60,787**
Underlying EBITDA pre AASB 16	**7,730**	**(893)**	**1,354**	**271**	**(5,689)**	**2,773**
Rent expense adjustment from AASB 16	**535**	**437**	**-**	**31**	**839**	**1,842**
Depreciation & Amortisation	**(2,161)**	**(527)**	**(159)**	**(48)**	**(1,790)**	**(4,685)**
Earnings before interest, tax & significant items	**6,104**	**(983)**	**1,195**	**254**	**(6,640)**	**(70)**
Net finance cost	**(111)**	**(39)**	**-**	**(6)**	**(1,051)**	**(1,207)**
Gain on disposal of intangibles & property plant and equipment	**(53)**	**-**	**-**	**-**	**-**	**(53)**
M&A related and restructuring costs	**(67)**	**-**	**-**	**(89)**	**(467)**	**(623)**
Segment profit / (loss) before tax	**5,873**	**(1,022)**	**1,195**	**159**	**(8,158)**	**(1,953)**

31 December 2021	Media Australia $'000s	Media New Zealand $'000s	Comple-mentary $'000s	Sports Teams $'000s	Head Office $'000s	Total $'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

Notes to the consolidated financial statements (continued)

8. Business Combinations

4KQ Brisbane 693AM

On 1 July 2022, the Group completed the acquisition of 100% of the business and assets relating to the 4KQ commercial radio broadcasting licence (“4KQ”) from ARN Communications Pty Ltd (ARN), a subsidiary of HT&E Limited (ASX:HT1). The sale of 4KQ was required by the Australian Communications and Media Authority (ACMA) following HT&E’s acquisition of the licence from Grant Broadcasters in January 2022.

The acquisition of 4KQ expands SEG’s owned radio platform and audience reach into Brisbane, and now completes the key components of our national footprint strategy with 36 stations now in operation in all capital cities and states. 4KQ strengthens SEG’s eastern seaboard reach with commercial licences in the key AFL and NRL markets of Melbourne, Sydney and Brisbane.

The addition of SENQ – Queensland’s Home of Sport enhances SEG’s existing owned platforms in Queensland making it the flagship station to complement the existing SEN Gold Coast 1620AM, SENTrack Brisbane 1053AM, SENTrack Atherton 99.1FM, SENTrack Ingham 96.9FM, SENTrack Kingaroy 96.3FM, and SENTrack Darling Downs 91.5FM.

The acquisition is a continuation of SEG’s strategy for growth, investing in assets that are underpinned by infrastructure or licence value. The owned station network provides opportunities for SEG to generate attractive returns on capital by leveraging existing investments in national sales teams, broadcast rights, unique content portfolio and high-profile talent.

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

	$‘000s
Settlement of purchase consideration	
Cash paid	12,000
Purchase price adjustments	156
Purchase consideration	**12,156**
Less: Fair Values of assets and liabilities assumed at the date of acquisition	
Prepaid expenses	(1)
Property, plant and equipment – Transmitter Equipment	(154)
Property, plant and equipment – Studio Equipment	(96)
Property, plant and equipment – Freehold Land	(1,385)
Investment in Digital Radio Broadcasting Brisbane Pty Ltd	(57)
Intangible asset – radio licences	(10,578)
Deferred tax assets – on employee liabilities	(3)
Trade and other payables	55
Provision for employee benefits	9
Deferred tax liabilities	3,173
Net Identifiable Assets Acquired	**(9,037)**
Goodwill arising on acquisition	**3,119**

The Group will finalise its fair value assessment for the acquisition of 4KQ in the financial statements of the Group for the year ending 30 June 2023.

On 1 July 2022, immediately after the 4KQ business, the Group sold the $0.096 million of Studio Equipment, as well as the $1.385 million freehold land at its fair value less cost to sell. The sale of both the freehold land and the studio equipment delivered no gain or loss on disposal in the State of Profit of Loss and Other Comprehensive Income.

An amount of $0.064 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 $0.251 million and net loss after tax of $ 0.207 million for the 6 months to 31 December 2022.

Notes to the consolidated financial statements (continued)

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.