SPORTS ENTERTAINMENT GROUP LIMITED

ABN 20 009 221 630

APPENDIX 4E
Preliminary Final Report
for the Year Ended 30 June 2023

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Appendix 4E

Results for announcement to the market

1. Company Details

Name of Entity	Sports Entertainment Group Limited
ABN	20 009 221 630
Year Ended (current period)	30 June 2023
Year Ended (previous period)	30 June 2022

2. Results for announcement to the market

	Change %		30 June 2023 $000s
2.1 Revenues from ordinary activities	Up 8%	to	**117,983**
2.2 EBITDA (underlying) [1, 2] from continuing operations	Down 39%	to	**8,554**
2.3 Pre AASB 16 EBITDA (underlying) [1, 2, 3] from continuing operations	Down 54%	to	**4,767**
2.4 Loss from ordinary activities after tax attributable to members	Down >100%	to	**(9,294)**
2.5 Net loss after tax attributable to members	Down >100%	to	**(9,294)**

[1] Underlying result excludes once-off significant items of $1.096 million including transaction costs for the acquisition of the 4KQ business, and other restructuring costs including redundancy expenditure.
[2] Underlying result excludes $5.521 million of impairment costs relating to the Broadcasting & Media New Zealand cash generating unit. Refer to note 6 within the financial report.
[3] The comparative 2022 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 $1.164 million of significant transaction costs on the acquisitions of Perth Wildcats, as well as other restructuring costs.
[4] Underlying excludes the impact of application of AASB 16 Leases.

3. 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.

4. Net Tangible Asset (NTA)

	30 June 2023	30 June 2022
Net tangible asset backing per ordinary security	(18.43) cents	(12.5) cents
Net asset backing per ordinary security	18.77 cents	22.6 cents

5. Control gained or lost over businesses during the period

Name of business	Date control was gained	Reporting entity's percentage holding		Contribution to net profit / (loss) in $000s	
		30 June 2023 %	30 June 2022 %	**30 June 2023 $000s**	30 June 2022 $000s
Control Gained					
Augusta Margaret River Mail & Busselton Dunsborough Mail	1 May 2023	**100%**	Nil%	**48**	-

Appendix 4E

Results for announcement to the market (continued)

6. Details of associates and joint venture entities

Name of associate	Reporting entity's percentage holding		Contribution to net profit / (loss) in $000s	
	30 June 2023 %	30 June 2022 %	**30 June 2023 $000s**	30 June 2022 $000s
D R B Melbourne Pty Ltd	**9.09%**	9.09%	**44**	(17)
D R B Brisbane Pty Ltd	**12.50%**	Nil	**(7)**	-
D R B Sydney Pty Ltd	**0.19%**	0.19%	**-**	-

7. Audit of Financial statements

The financial statements are currently being audited. There are currently no disputes with the auditor and no qualifications are expected.

Preliminary Directors' Report

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

Name	Particulars
Craig Coleman	Appointed Non-Executive Director and Chairman on 15 November 2017
Colm O'Brien	Appointed Non-Executive Director on 8 September 2015
Andrew Moffat	Appointed Non-Executive Director on 15 November 2017
Craig Hutchison	Appointed Chief Executive Officer & Managing Director on 29 March 2018
Chris Giannopoulos	Appointed Executive Director on 29 March 2018
Ronald Hall	Appointed as an alternative Non-Executive Director on 18 November 2017
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 year ended 30 June 2023, the Group continued to achieve positive revenue growth from continuing operations of $117.983 million up by 8% with statutory underlying EBITDA of $8.554 million down 39% on the comparative period. The increase in revenue has been mainly driven by the complementary service and tv production businesses.
- Group underlying EBITDA excluding significant items has been impacted by the ongoing start up operating cost investment of establishing new assets in Sydney, Brisbane, and New Zealand. The Group's underlying EBITDA for the year pre application of AASB16 was $4.767 million, down by 54% on the comparative period. Significant items of $1.096 million include transaction costs for the acquisition of the 4KQ business, abnormal expenses and other restructuring costs including redundancy expenditure. The underlying result also excludes $5.521 million of impairment costs relating to the Broadcasting & Media New Zealand cash generating unit. Similarly, the comparative 2022 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 $1.164 million of significant transaction costs on the acquisitions of Perth Wildcats, as well as other restructuring costs.
- The underlying EBITDA result also excludes a non-cash $5.521 million impairment of the New Zealand radio licences and other intangibles relating to the Broadcasting & Media New Zealand cash generating unit.
- The Australian operations achieved revenue growth across all segments. Strong revenue growth was experienced across the SEN, SENTrack and SEN Spirit brands in our owned audio and digital platforms. This allowed us to fully offset the negative revenue impact caused by a number of long-term syndication distribution agreements which expired during the year.

  Digital audience consumption via the SEN app, www.sen.com.au, podcasts and social media platforms experienced 1.4 million monthly average users and a 27% increase in revenues. The introduction of streaming listeners to traditional radio surveys of AM, FM and DAB+ and the introduction of podcast metrics in 2024 should have a positive impact on revenue, particularly in our Sydney and Brisbane expansion markets.

  The Complementary Services segment experienced strong growth, particularly in the experiential business as clients look to these activities post COVID-19.

  Our Sports Teams segment experienced growth with the performance of the Perth Wildcats enabling investment to support the smaller Bendigo Spirit, Otago Nuggets and Southern Hoiho franchises. We look forward to the addition of the 8th Suncorp Super Netball franchise in January 2024 to our expanding SEN Teams business, currently comprising four basketball teams.

  Underlying EBITDA was negatively impacted due to the significant investment (costs) of establishing the Sydney and Queensland stations and brand awareness and audience taking time to build in addition to the expiry of legacy syndication distribution agreements.

Preliminary Directors' Report (continued)

Review of Operations (continued)

Review of financial results (continued)

During the year, 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.

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

  - 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.

Events completed during the year ended 30 June 2023

Brisbane 4KQ 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.

4KQ contributed revenues of $1.235 million and net profit after tax of $0.030 million for the 12 months to 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.

Preliminary Directors' Report (continued)

Review of Operations (continued)

Events completed during the year ended 30 June 2023 (continued)

Augusta Margaret River Mail and Busselton – Dunsborough Mail Newspapers

On 1 May 2023, the Group completed the acquisition of 100% of the business and assets relating to the Augusta Margaret River Mail and Busselton – Dunsborough Mail newspapers ("Newspapers") from Rural Press Pty Ltd, and Rural Press Regional Media (W.A.) Pty Ltd ("Rural Press").

The acquisition of the newspapers expands SEG's owned publications and further develops SEG's presence within the southwest corridor of Western Australia. The local newspapers will work collaboratively with the existing and future radio stations in nearby regions in providing multi-platform advertising channels for local clients and businesses.

The Newspapers contributed revenues of $0.133 million and net profit after tax of $ 0.048 million for the 2 months to 30 June 2023.

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 year ended 30 June 2023.

Events since the end of the Financial Year

Acquisition of the 8th Suncorp Super Netball Franchise Licence

On 21 July 2023, the Group entered into a heads of agreement for the acquisition of the 8th franchise licence ("Team 8") within the Suncorp Super Netball competition from Netball Australia Limited ("Netball Australia"). The Group has agreed to purchase 100% of the shares of Netball Australia Team Co ("NATC"), the owner of the Team 8 licence, from Netball Australia on 1 January 2024, with the intention of participating in the upcoming 2024 Suncorp Super Netball competition.

Other than the above, no other 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.

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.

On behalf of the Directors,

Craig Coleman

Chairman

Melbourne, 31 August 2023

Consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2023

	Notes	2023	2022
Revenue	**2**	**117,983**	108,982
Sales and marketing expenses		**(53,843)**	(43,947)
Occupancy expenses		**(1,515)**	(1,239)
Administration expenses		**(13,386)**	(12,224)
Technical expenses		**(24,118)**	(24,051)
Production / creative expenses		**(17,065)**	(13,153)
Corporate expenses		**(596)**	(1,456)
(Loss)/Gain on disposal of property, plant, and equipment		**(43)**	63
Gain on disposal of investments accounted for using the equity method		**-**	1,800
Impairment of New Zealand assets expense	**3**	**(5,521)**	-
Depreciation and amortisation		**(9,411)**	(8,881)
Finance costs		**(2,604)**	(1,747)
Share of gain/(loss) on investments accounted for using the equity method		**(3)**	(17)
Expenses		**(128,106)**	(104,852)
(Loss) / Profit for the year before income tax		**(10,122)**	4,130
Income tax benefit / (expense)		**829**	(958)
(Loss) / Profit for the year after income tax		**(9,294)**	3,172
Other Comprehensive Income			
Items that will not subsequently be reclassified to profit or loss			
Equity investments at FVOCI – change in fair value		**-**	1,300
Items that will be subsequently reclassified to profit or loss			
Foreign operations – foreign currency translation differences		**(6)**	(235)
Other comprehensive income net of tax		**(6)**	1,065
Total Comprehensive income for the year		**(9,300)**	4,237
(Loss) / Earnings per share for profit attributable to the owners			
Basic (cents per share)	**4**	**(3.56)**	1.35
Diluted (cents per share)	**4**	**(3.56)**	1.32

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

Consolidated statement of financial position as at 30 June 2023

	Notes	2023	2022
Current Assets			
Cash and cash equivalents		**5,919**	12,627
Trade and other receivables		**17,093**	20,669
Prepayments		**5,495**	3,886
Inventory		**267**	251
Income tax receivable		**861**	-
Total Current Assets		**29,635**	37,433
Non-Current Assets			
Property, plant and equipment		**14,954**	16,841
Right-of-use assets	**5**	**18,652**	22,637
Deferred tax assets		**3,550**	3,120
Investments accounted for using the equity method		**132**	78
Intangibles	**6**	**78,494**	68,800
Other non-current assets		**375**	-
Total Non-Current Assets		**116,157**	111,476
Total Assets		**145,792**	148,909
Current Liabilities			
Trade and other payables		**20,995**	21,306
Borrowings	**7**	**28,669**	328
Lease liabilities	**5**	**3,278**	2,970
Deferred revenue		**3,895**	2,324
Income tax payable		**-**	485
Provisions		**3,169**	2,929
Total Current Liabilities		**60,006**	30,342
Non-Current Liabilities			
Borrowings	**7**	**133**	23,867
Lease liabilities	**5**	**19,205**	21,250
Deferred tax liability		**15,383**	12,441
Deferred revenue		**1,090**	1,232
Provisions		**958**	896
Total Non-Current Liabilities		**36,769**	59,686
Total Liabilities		**96,775**	90,028
Net Assets		**49,017**	58,881
Equity			
Issued capital	**8**	**67,948**	67,986
Reserves		**(177)**	355
Accumulated losses		**(18,754)**	(9,460)
Total Equity		**49,017**	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 30 June 2023

	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		**-**	**-**	**-**	**-**	**(9,294)**	**(9,294)**
Exchange difference on translation of foreign operations		**-**	**-**	**(6)**	**-**	**-**	**(6)**
Total comprehensive income		**-**	**-**	**(6)**	**-**	**(9,294)**	**(9,300)**
Transactions with owners in their capacity as owners							
Issue of share capital	**8**	**-**	**-**	**-**	**-**	**-**	**-**
Share issue costs	**8**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
Share Based Payments		**-**	**(526)**	**-**	**-**	**-**	**(526)**
Total Transactions with owners in their capacity as owners		**(38)**	**(526)**	**-**	**-**	**-**	**(564)**
Total Equity at 30 June 2023		**67,948**	**75**	**(252)**	**-**	**(18,754)**	**49,017**
Total Equity at 1 July 2021		61,473	1,156	(11)	-	(13,932)	48,686
Comprehensive income							
Profit after income tax		-	-	-	-	3,172	3,172
Equity investments at FVOCI - net change in fair value (net of tax)		-	-	-	1,300	-	1,300
Transfer of Fair Value Reserve to Retained Earnings		-	-	-	(1,300)	1,300	-
Exchange difference on translation of foreign operations		-	-	(235)	-	-	(235)
Total comprehensive income		-	-	(235)	-	4,472	4,237
Transactions with owners in their capacity as owners							
Issue of share capital	**8**	6,536	(1,536)	-	-	-	5,000
Share issue costs	**8**	(23)	-	-	-	-	(23)
Share Based Payments		-	981	-	-	-	981
Total Transactions with owners in their capacity as owners		6,513	(555)	-	-	-	5,958
Total Equity at 30 June 2022		67,986	601	(246)	-	(9,460)	58,881

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

Consolidated statement of cash flows for the financial year ended 30 June 2023

	Notes	2023	2022
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**145,081**	114,824
Payments to suppliers and employees (inclusive of GST)		**(133,308)**	(102,186)
Interest and other costs of finance paid		**(1,768)**	(867)
Interest on lease liabilities	**5**	**(733)**	(826)
Income taxes paid		**(1,154)**	(999)
Net operating cash flows provided by operating activities		**8,118**	9,946
Cash flows from investing activities			
Proceeds from sale of shares in Melbourne United		**-**	4,100
Proceeds from sale of property, plant and equipment		**1,431**	152
Payment for property, plant and equipment		**(3,860)**	(5,669)
Payment for intangible assets – radio licences	**6**	**(643)**	(2,695)
Payment for intangible assets – computer software	**6**	**(152)**	(96)
Payment for the acquisition of 4KQ	**10**	**(12,000)**	(65)
Payment for the acquisition of Perth Wildcats		**-**	(7,146)
Net cash used in investing activities		**(15,224)**	(11,419)
Cash flows from financing activities			
Proceeds from issue of shares	**8**	**-**	5,000
Payment of share issue costs	**8**	**(38)**	(23)
Proceeds from borrowings	**7**	**5,000**	8,000
Repayment of borrowings	**7**	**(1,500)**	(311)
Repayment of lease liabilities	**6**	**(3,063)**	(3,714)
Net cash provided by financing activities		**399**	8,952
Net (decrease) / increase in cash and equivalents		**(6,707)**	7,479
Cash and cash equivalents at the beginning of the year		**12,627**	5,324
Effects of exchange rate changes on cash and cash equivalents		**(1)**	(176)
Cash and cash equivalents at the end of the year		**5,919**	12,627

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

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

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

The preliminary report is to be read in conjunction with the 2022 Annual Financial Report, the December 2022 half year report and any public announcements made by Sports Entertainment Group Limited and its controlled entities during the year in accordance with the continuous disclosure obligation arising under ASX Listing Rules.

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

The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the Company's Annual Financial Report for the year ended 30 June 2022. All amounts are presented in Australian dollars, unless otherwise stated.

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 these preliminary financial statements. Further disclosure on the adoption of a going concern basis will be included in the upcoming Annual Report for 30 June 2023.

The Group finances its working capital requirements through its operating cash flows, cash assets and available debt facilities. The Group is currently in discussion with the Group's banker relating to the renewal of the Group's existing debt facility and is exploring other initiatives to address its capital structure.

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 30 June 2023 and the results of all subsidiaries for the 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.

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.

Notes to the consolidated financial statements (continued)

1. Summary of Significant Accounting Policies (continued)

Principles of Consolidation (continued)

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 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 financial reporting period, the Group has assessed the recoverable amount of all existing CGUs. The recoverable amount of the Broadcasting and Media for Australia and New Zealand, the Publications, and the Perth Wildcats CGUs have been determined based on the value in use method. 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. The recoverable amount of Regional Radio Licences has been determined based on fair value less cost of disposal ("FVLCD"). Based on the results of the impairment testing performed, the Broadcasting & Media New Zealand CGU recorded an impairment expense of $5.521 million. This was recognised in the statement of profit or loss and other comprehensive income in the line item 'Impairment expense' for the year ended 30 June 2023, No other CGU impairment analysis resulted in an impairment expense being recognised.

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.

The Group has $4.927 million of income tax losses within the NZ entity relating to the financial years ended 30 June 2021, 30 June 2022, and 30 June 2023. Previously the Group had recognised a deferred tax asset for the tax losses carried forward with the expectation that the NZ entity would utilise these losses against taxable profits in future years. However, for the financial year ended 30 June 2023, the Group has determined that future budgeted results over the next 3 financial periods will not enable the entity to sufficiently utilise these carry forward tax losses.

As such the Group will no longer recognise a deferred tax asset for these carry forward tax losses and an expense of $0.811 million has been recognised in the statement of profit or loss and other comprehensive income in income tax expense for the year ended 30 June 2023. The Group will review the recognition criteria on these carry forward tax losses at the next reporting period.

Business combinations

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

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

Lease term

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

Incremental borrowing rate

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

Notes to the consolidated financial statements (continued)

2. Revenue from continuing operations

	Consolidated	
	2023	2022
Revenue from contracts with customers	**$'000s**	$'000s
Media revenue	**84,920**	86,907
Complementary Services revenue	**19,570**	9,927
Sponsorship revenue	**5,864**	4,836
Membership and Ticketing revenue	**5,849**	5,194
Merchandise revenue	**824**	1,225
	117,027	108,089
Other revenue		
Other revenue	**956**	893
	956	893
Total Revenue	**117,983**	108,982

3. Impairment of New Zealand assets expense

	Consolidated	
	2023	2022
	$'000s	$'000s
Intangible assets	**2,196**	-
Property, plant, and equipment	**1,577**	-
Right of use assets	**1,748**	-
	5,521	-

4. (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:

	Consolidated	
	2023	2022
Weighted average number of ordinary shares on issued for calculation of:	**No. '000s**	No. '000s
Basic ordinary shares	**261,112**	234,625
Diluted ordinary shares	**270,764**	240,865
	$'000s	$'000s
(Loss) / Profit for the year	**(9,294)**	3,172
Basic (loss) / earnings (cents per share)	**(3.56)**	1.35
Diluted (loss) / earnings (cents per share)	**(3.56)**	1.32

Notes to the consolidated financial statements (continued)

5. Right of use assets and lease liabilities

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

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

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

a) Right-of-use assets

		Consolidated	
		2023	2022
	Notes	**$'000s**	$'000s
Cost		**30,231**	28,907
Accumulated depreciation		**(9,831)**	(6,270)
Accumulated Impairment charges – Broadcasting & Media NZ CGU		**(1,748)**	-
Carrying Value		**18,652**	22,637

Reconciliation of net book values

	Premises	Transmitter sites	Total
	$'000s	**$'000s**	**$'000s**
Balance at 1 July 2022	**15,795**	**6,842**	**22,637**
Additions, modifications and other reassessments of leases	**112**	**1,117**	**1,229**
Impairment charges – Broadcasting & Media NZ CGU	**-**	**(1,748)**	**(1,748)**
Depreciation	**(2,101)**	**(1,447)**	**(3,548)**
Foreign exchange translation	**33**	**50**	**83**
Balance at 30 June 2023	**13,839**	**4,814**	**18,653**

	Premises	Transmitter sites	Total
	$'000s	**$'000s**	**$'000s**
Balance at 1 July 2021	13,763	5,786	19,549
Additions, modifications and other reassessments of leases	2,177	4,777	6,954
Disposals	(179)	-	(179)
Reclassifications between Premises and Transmitter Sites	2,194	(2,194)	-
Depreciation	(2,105)	(1,400)	(3,505)
Foreign exchange translation	(55)	(127)	(182)
Balance at 30 June 2022	15,795	6,842	22,637

Notes to the consolidated financial statements (continued)

5. Right of use assets and lease liabilities (continued)

b) Lease liabilities

	Notes	Consolidated 2023 $'000s	Consolidated 2022 $'000s
Current		**3,278**	2,970
Non-current		**19,205**	21,250
Total		**22,483**	24,220

Reconciliation of movement in lease liabilities

	Premises $'000s	Transmitter sites $'000s	Total $'000s
Balance at 1 July 2022	**17,295**	**6,925**	**24,220**
New and modified leases	**112**	**1,117**	**1,229**
Disposals	**-**	**-**	**-**
Cash payments	**(2,208)**	**(1,581)**	**(3,789)**
Interest expense	**514**	**219**	**733**
Foreign exchange translation	**33**	**57**	**90**
Balance at 30 June 2023	**15,746**	**6,737**	**22,483**

	Premises $'000s	Transmitter sites $'000s	Total $'000s
Balance at 1 July 2021	14,591	6,034	20,625
New and modified leases	2,436	4,414	6,850
Disposals	(184)	-	(184)
Reclassifications between Premises and Transmitter Sites	2,020	(2,020)	-
Cash payments	(2,093)	(1,621)	(3,714)
Interest expense	582	244	826
Foreign exchange translation	(57)	(126)	(183)
Balance at 30 June 2022	17,295	6,925	24,220

Notes to the consolidated financial statements (continued)

6. Intangible Assets

	Consolidated 2023 $'000s	Consolidated 2022 $'000s
Broadcasting & Media Australia		
Goodwill – indefinite useful life	**11,891**	8,771
Radio licences - indefinite useful life	**36,355**	25,742
Patents and trademarks – indefinite useful life	**166**	157
Broadcast rights – finite useful life	**8,242**	8,242
Broadcast rights – amortisation	**(4,327)**	(3,503)
	3,915	4,739
Supplier relationships – finite useful life	**6,467**	6,467
Supplier relationships – amortisation	**(3,395)**	(2,749)
	3,072	3,718
Customer relationships – finite useful life	**146**	146
Customer relationships – amortisation	**(95)**	(66)
	51	80
Website and computer software – finite useful life	**2,825**	2,461
Website and computer software – amortisation	**(1,790)**	(1,279)
	1,035	1,182
Total Broadcasting & Media Australia	**56,485**	44,389
Broadcasting & Media New Zealand		
Radio licences - indefinite useful life	**-**	2,191
Patents and trademarks – indefinite useful life	**-**	2
Total Broadcasting & Media New Zealand	**-**	2,193
Regional Radio Licences		
Radio licences - indefinite useful life	**468**	503
Total Regional Radio Licences	**468**	503
Publications		
Goodwill – indefinite useful life	**2,488**	2,468
Brand and distribution rights – indefinite useful life	**7,958**	7,958
Total Publications	**10,446**	10,426
Sports Teams		
Goodwill – indefinite useful life	**2,476**	2,476
Sports team licences and trademarks – indefinite useful life	**8,124**	8,078
Total Sports Teams	**10,600**	10,554
Complimentary Services		
Talent contracts – finite useful life	**1,429**	1,429
Talent contracts – amortisation	**(933)**	(694)
Total Complimentary Services	**496**	735
Total Intangible Assets	**78,474**	68,800

Notes to the consolidated financial statements (continued)

6. Intangible Assets

a) Reconciliation of net book value

Net Book Value	Goodwill $'000s	Brand and distribution rights $'000s	Radio licences $'000s	Broadcast rights $'000s	Supplier relation-ships $'000s	Talent Contracts $'000s	Sports Team Licences and Trade-marks $'000s	Patents and Trade-marks $'000s	Customer relation-ships $'000s	Websites and Computer software $'000s	Total $'000s
Balance at 1 July 2022	**13,715**	**7,958**	**28,436**	**4,739**	**3,718**	**735**	**8,078**	**159**	**80**	**1,182**	**68,800**
Acquired on business combination[1, 2]	**3,139**	**-**	**10,578**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,717**
Additions	**-**	**-**	**-**	**-**	**-**	**-**	**46**	**9**	**-**	**367**	**422**
Amortisation	**-**	**-**	**-**	**(824)**	**(646)**	**(239)**	**-**	**-**	**(29)**	**(511)**	**(2,249)**
Impairment charges – Broadcasting & Media NZ	**-**	**-**	**(2,191)**	**-**	**-**	**-**	**-**	**(2)**	**-**	**(3)**	**(2,196)**
Balance at 30 June 2023	**16,854**	**7,958**	**36,823**	**3,915**	**3,072**	**496**	**8,124**	**166**	**51**	**1,035**	**78,494**

[1] On 1 July 2022, the Group completed the acquisition of the 4KQ Brisbane 693AM business for a purchase price of $12.000 million. The Group have acquired identified intangible assets being a commercial broadcasting radio licence. Refer to Note 10 for the fair value of the identified intangible assets acquired.

[2] On 1 May 2023, the Group completed the acquisition of the Augusta Margaret River Mail and the Busselton – Dunsborough Mail Newspapers businesses for a purchase price of $0.015 million. The Group have identified goodwill of $0.020 million. Refer to Note 10 for the breakdown of the purchase consideration and goodwill calculation.

Net Book Value	Goodwill $'000s	Brand and distribution rights $'000s	Radio licences $'000s	Broadcast rights $'000s	Supplier relation-ships $'000s	Talent Contracts $'000s	Sports Team Licences and Trade-marks $'000s	Patents and Trade-marks $'000s	Customer relation-ships $'000s	Websites and Computer software $'000s	Total $'000s
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	-	-	13	10,567
Additions	-	-	320	-	-	-	-	7	-	525	852
Amortisation	-	-	-	(824)	(647)	(238)	-	-	(29)	(445)	(2,183)
Balance at 30 June 2022	13,715	7,958	28,436	4,739	3,718	735	8,078	159	80	1,182	68,800

[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.

Notes to the consolidated financial statements (continued)

6. Intangible Assets (continued)

b) Recognition and Measurement

Intangible assets with an indefinite useful life

Radio licences

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

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

Goodwill

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

Patents and trademarks

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

Sports team licences and trademarks

Sports team licences and trademarks are carried at cost. These licences and trademarks provide the Group with the right to compete in the relevant sports competitions, as well as provide the Group with access to usage of the branding of the sports team for the sale of merchandise, ticketing, memberships, and hospitality packages to events held by the Sports team. The sports team licences and trademarks have been determined to have in indefinite useful life and management's intention is to continue to utilise these intangible assets into the foreseeable future.

Brand and distribution rights

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

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

Intangible assets with a finite useful life

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

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

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

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

Notes to the consolidated financial statements (continued)

6. Intangible Assets (continued)

c) Intangible Asset Impairment

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

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

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

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

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

Both indefinite life intangibles and finite life intangibles are tested annually for impairment at CGU level. Indefinite life intangibles have been allocated to five CGUs for impairment testing as follows:

2023	Radio Licences $'000s	Goodwill $'000s	Patents and Trademarks $'000s	Brand and distribution rights $'000s	Sports Team Licences and Trademarks $'000s	Total $'000s
Broadcasting & Media Australia	**36,355**	**11,890**	**166**	**-**	**-**	**48,411**
Broadcasting & Media New Zealand	**2,191**	**-**	**2**	**-**	**-**	**2,193**
Regional Radio Licences	**468**	**-**	**-**	**-**	**-**	**468**
Publications	**-**	**2,488**	**-**	**7,958**	**-**	**10,446**
Perth Wildcats	**-**	**2,476**	**-**	**-**	**8,124**	**10,600**
	39,014	**16,854**	**168**	**7,958**	**8,124**	**72,118**

2022	Radio Licences $'000s	Goodwill $'000s	Patents and Trademarks $'000s	Brand and distribution rights $'000s	Sports Team Licences and Trademarks $'000s	Total $'000s
Broadcasting & Media Australia	25,742	8,771	157	-	-	34,670
Broadcasting & Media New Zealand	2,191	-	2	-	-	2,193
Regional Radio Licences	503	-	-	-	-	503
Publications	-	2,468	-	7,958	-	10,426
Perth Wildcats	-	2,476	-	-	8,078	10,554
	28,436	13,715	159	7,958	8,078	58,346

Intangibles allocated to the complimentary services CGU are finite life intangibles and have been assessed for indicators of impairment. No impairment indicators exist at reporting date.

Indefinite life intangibles are tested annually for impairment at CGU level and the recoverable amount of the Broadcasting and Media for Australia and New Zealand, the Publications, and the Perth Wildcats CGUs have been determined based on the value in use method, using a discounted cash flow methodology which requires the use of assumptions. The recoverable amount of Regional Radio Licences has been determined based on fair value less cost of disposal ("FVLCD").

Notes to the consolidated financial statements (continued)

6. Intangible Assets (continued)

c) Intangible Asset Impairment (continued)

The calculations use cash flow projections based on the annual budget and adjusted cash flow forecasts for up to five years. Cash flows beyond the forecast period are extrapolated using the estimated growth rates stated below.

The key assumptions under each scenario are as follows:

Broadcasting & Media New Zealand CGU

The Broadcasting & Media New Zealand CGU had its second full year of operation in the 30 June 2023 financial year and continued to remain in a loss-making position. As the CGU continues to be in its early growth phase, the Group continued to apply increased growth rates however also included higher sensitivity to reflect the risk of cash flows.

Key assumption	
Approach	Based on the Group's budget for the Media & Content New Zealand CGU on management's forecasts and using assumptions on market growth, market share, and adjusting for past performances and market trends.
Long term growth rate	10.0%
Terminal growth rate	2.5%
Discount rate (post-tax)	11.007%
Headroom / (Deficit)	$(5.521) million

The Group determined that as a result of the Value in Use methodology, a probability weighted deficit of value in use when compared to the Carrying Value of the Broadcasting & Media New Zealand CGU. Accordingly, an impairment expense of $5.521 million was recognised in the statement of profit or loss and other comprehensive income in the line item 'Impairment of New Zealand assets expense' for the year ended 30 June 2023.

Broadcasting & Media Australia CGU

Key assumption	
Approach	Based on the Group's budget for the Media & Content Australia CGU on management's forecasts and using assumptions on market growth, market share, and adjusting for past performances and market trends.
Long term growth rate	5.0%
Terminal growth rate	2.5%
Discount rate (post-tax)	11.007%

The Group concluded the recoverable amount resulting from the value in use methodology is appropriate in supporting the carrying value of the Broadcasting & Media Australia CGU and no impairment was recognised for the year ended 30 June 2023.

Notes to the consolidated financial statements (continued)

6. Intangible Assets (continued)

c) Intangible Asset Impairment (continued)

Publications CGU

Key assumption	
Approach	Based on the Group's budget for the Publications CGU on management's forecasts and using assumptions on market growth, market share, and adjusting for past performances and market trends.
Long term growth rate	5.0%
Terminal growth rate	2.5%
Discount rate (post-tax)	11.007%

The Group concluded the recoverable amount resulting from the value in use methodology is appropriate in supporting the carrying value of the Publications CGU and no impairment was recognised for the year ended 30 June 2023.

Perth Wildcats CGU

Key assumption	
Approach	Based on the Group's budget for the Sports Teams CGU on management's forecasts and using assumptions on market growth, market share, and adjusting for past performances and market trends.
Long term growth rate	5.0%
Terminal growth rate	2.5%
Discount rate (post-tax)	11.007%

The Group concluded the recoverable amount resulting from the value in use methodology is appropriate in supporting the carrying value of the Sports Teams CGU and no impairment was recognised for the year ended 30 June 2023.

Regional Radio Licences

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

The Group determined and concluded the recoverable amount resulting from the FVLCD methodology is appropriate in supporting the carrying value of the Regional Radio Licence CGU and no impairment was recognised for the year ended 30 June 2023.

In future periods, it is the intention to use these regional radio licences to generate revenue and accordingly they will be transferred to the Broadcasting & Media Australia CGU when operational.

Notes to the consolidated financial statements (continued)

7. Borrowings

	Consolidated	
	2023	2022
	$'000s	$'000s
Bank loan – current	**27,371**	3,328
Other loan – current	**1,298**	-
Total current	**28,669**	3,328
Bank loan – non-current	**19**	23,867
Other loan – non-current	**114**	-
Total non-current	**133**	23,867
	28,802	21,195

Debt Maturity

The Company has a $28.700 million facility with the Commonwealth Bank of Australia ("CBA") is due to expire on 31 August 2024. At 30 June 2023, the Group has utilised $27.556 million of the facility, with $1.144 million still available for future use.

Debt Covenants

The Group continued to remained fully compliant with banking covenants for the first three quarters of the year ended 30 June 2023, with the Group obtaining covenant relief for the final quarter's Gross Leverage Ratio covenant. The covenant relief confirmed that the bank did not exercise its right to request immediate settlement of the liability.

Despite this covenant relief and given the Group does not have an unconditional right to defer settlement of the liability for at least 12 months from 30 June 2023, the bank loan has been classified as a current liability despite the expiry date being 31 August 2024.

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)

8. Issued Capital

Contributed Equity

	30 June 2023 No.	30 June 2022 No.
Number of shares on issue	**261,112,028**	261,112,028
	$'000s	**$'000s**
Total amount paid on these shares	**67,948**	67,986

	2023		2022	
	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	**-**	**(38)**	-	(23)
Total issued shares during the period	**-**	**(38)**	30,011	6,513
Balance at the end of the period	**261,112**	**67,948**	261,112	67,986

9. 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)

9. Segment Information (continued)

Intersegment transactions

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

2023	Media Australia $'000s	Media New Zealand $'000s	Comple-mentary $'000s	Sports Teams $'000s	Head Office $'000s	Total $'000s
Segment Revenue	**79,940**	**4,969**	**18,234**	**14,394**	**446**	**117,983**
Underlying EBITDA pre AASB 16	**12,338**	**(2,213)**	**1,500**	**(863)**	**(5,995)**	**4,767**
Rent expense adjustment from AASB 16	**1,056**	**880**	**-**	**63**	**1,787**	**3,786**
Depreciation & Amortisation	**(2,034)**	**(1,068)**	**(1,134)**	**(89)**	**(5,086)**	**(9,411)**
Earnings before interest, tax & significant items	**11,360**	**(2,401)**	**366**	**(889)**	**(9,294)**	**(858)**
Net finance cost	**(224)**	**(74)**	**-**	**(12)**	**(2,294)**	**(2,604)**
(Loss) / Gain on disposal of intangibles & property plant and equipment	**(57)**	**14**	**-**	**-**	**-**	**(43)**
Impairment charges	**-**	**(5,521)**	**-**	**-**	**-**	**(5,521)**
M&A related and restructuring costs	**(5)**	**-**	**-**	**(390)**	**(701)**	**(1,096)**
Segment profit / (loss) before tax	**11,074**	**(7,982)**	**366**	**(1,291)**	**(12,289)**	**(10,122)**

2022	Media Australia $'000s	Media New Zealand $'000s	Comple-mentary $'000s	Sports Teams $'000s	Head Office $'000s	Total $'000s
Segment Revenue	82,159	4,244	9,941	12,455	183	108,982
Underlying EBITDA pre AASB 16	15,118	(2,109)	1,076	910	(4,651)	10,344
Rent expense adjustment from AASB 16	957	1,012	-	63	1,683	3,715
Depreciation & Amortisation	(1,772)	(1,018)	(1,084)	(77)	(4,930)	(8,881)
Earnings before interest, tax & significant items	14,303	(2,115)	(8)	896	(7,898)	5,178
Net finance cost	(216)	(97)	-	(13)	(1,421)	(1,747)
Gain on disposal of intangibles & property plant and equipment	63	-	-	-	-	63
Gain on disposal of investments	-	-	-	-	1,800	1,800
M&A related and restructuring costs	(251)	-	(35)	(86)	(792)	(1,164)
Segment profit / (loss) before tax	13,899	(2,212)	(43)	797	(8,311)	4,130

Notes to the consolidated financial statements (continued)

10. 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, 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**

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 $0.136 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 $1.235 million and net profit after tax of $0.030 million for the 12 months to 30 June 2023.

Notes to the consolidated financial statements (continued)

10. Business Combinations (continued)

Augusta Margaret River Mail and Busselton – Dunsborough Mail newspapers

On 1 May 2023, the Group completed the acquisition of 100% of the business and assets relating to the Augusta Margaret River Mail and Busselton – Dunsborough Mail newspapers ("Newspapers") from Rural Press Pty Ltd, and Rural Press Regional Media (W.A.) Pty Ltd ("Rural Press").

The acquisition of the newspapers expands SEG's owned publications and further develops SEG's presence within the southwest corridor of Western Australia. The local newspapers will work collaboratively with the existing and future radio stations in nearby regions in providing multi-platform advertising channels for local clients and businesses.

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

	$'000s
Settlement of purchase consideration	
Deferred consideration	15
Purchase price adjustments	-
Purchase consideration	**15**
Less: Fair Values of assets and liabilities assumed at the date of acquisition	
Property, plant and equipment – Computer Equipment	(13)
Property, plant and equipment – Motor Vehicles	(15)
Deferred tax assets – on employee liabilities	(8)
Provision for employee benefits	27
Deferred revenue	14
Net Identifiable Assets Acquired	**5**
Goodwill arising on acquisition	**20**

There were immaterial transactional and once-off legal, due diligence, corporate advisory and stamp duty costs incurred in completing the acquisition. These costs were recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the administration and corporation expense lines.

The acquired business contributed revenues of $0.133 million and net profit after tax of $ 0.048 million for the 2 months to 30 June 2023.