



Half Year Financial Report and Appendix 4D

ARN Media Limited and controlled entities
For the period ended 30 June 2023

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Results for announcement to the market for the half-year ended 30 June 2023 (previous corresponding period: half-year ended 30 June 2022)

Key financial information ⁱ	June 2023 \$'m	June 2022 \$'m	Change %
Revenue from ordinary activities	165.9	172.0	(4%)
Other income	40.3	7.0	>100%
Revenue and other income	206.2	178.9	15%
Net profit attributable to members of the parent entity	52.5	26.6	97%

ⁱ Totals may not add due to rounding.

Dividends	Amount per share	Franked amount per share	Record date for determining entitlements to dividends	Date dividend payable
Ordinary dividend ⁱⁱ	5.2 cents	5.2 cents	1 March 2023	23 March 2023
Interim 2023 dividend	3.5 cents	3.5 cents	1 September 2023	21 September 2023

ⁱⁱ Dividend paid from parent entity profits for the period 1 January 2023 to 17 February 2023

Net tangible assets per share	June 2023 \$'m	December 2022 \$'m
Net tangible asset backing per ordinary share*	(0.28)	(0.38)

* Excludes the right-of-use asset recognised under AASB 16 *Leases*.

Additional Appendix 4D disclosure requirements can be found in the notes to the Interim Financial Report and the Directors' Report for the half-year ended 30 June 2023. Information should be read in conjunction with ARN Media Limited's 2022 Annual Report and the attached Interim Financial Report.

This report is based on the Consolidated Interim Financial Report for the half-year ended 30 June 2023 which has been reviewed by PricewaterhouseCoopers with the Independent Auditor's Review Report included in the Interim Financial Report.

Directors' Report

Your Directors present their report on the consolidated entity consisting of ARN Media Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2023.

1. DIRECTORS

The Directors of the company at any time during the half-year ended 30 June 2023 or up to the date of this report are as follows. Directors held office for the entire period unless otherwise stated:

Hamish McLennan (Chairman)
Ciaran Davis (CEO & Managing Director)
Alison Cameron
Paul Connolly
Belinda Rowe
Brent Cubis (since 14 June 2023)
Roger Amos (resigned 17 May 2023)

2. COMPANY CHANGE OF NAME

On 18 May 2023, the company changed its name from HT&E Limited to ARN Media Limited, as approved by shareholders at its Annual General Meeting (AGM) the day prior. The company's ASX Listing Code changed from HT1 to A1N on 22 May 2023.

3. REVIEW OF OPERATIONS

Refer to the Operating and Financial Review included in this report for further information regarding the business impacts, underlying drivers of the results and financial position.

4. DIVIDENDS

The Directors have declared a dividend of 3.5 cents per ordinary share fully franked, to be paid for the half-year ended 30 June 2023. The record date for the dividend is 1 September 2023 and the dividend will be payable on the 21 September 2023.

5. ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC instrument, *ASIC Corporations (Rounding in Financial / Directors' reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

6. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, follows immediately after the Directors' Report.

This report is made in accordance with a resolution of the Directors.



Hamish McLennan

Chairman

24 August 2023
Sydney

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW

PERFORMANCE OVERVIEW

In the current period, the results of ARN are presented as a separate operating segment alongside Cody Outdoor and Investments in the financial report.

On a statutory basis, Group revenues from ordinary activities of \$165.9 million decreased \$6.1 million on the prior period. The decrease predominantly relates to the performance of ARN, with radio advertising revenues impacted by reduced consumer spend and a slowing of the economy, partly offset by growth in digital audio revenues.

Total group costs were up 2% to \$133.5 million from \$130.3 million, driven predominately by higher salary costs.

The disposal of the Group's investment in Soprano Design Pty Limited ('Soprano') for \$66.3 million cash was completed on 31 March 2023, and the Group did not recognise a share of net profit from this investment in the current period. In the prior comparative period, share of net profit of Soprano totaled \$2.5 million and was recorded in the Investment segment result.

Underlying group earnings before significant items, interest, tax, depreciation and amortisation (EBITDA) decreased by \$13.0 million.

The statutory gain attributable to ARN Media shareholders of \$52.5 million represented a \$25.8 million increase from the prior comparative period, owing largely to the gain recognised in the current year from the sale of Soprano.

Directors' Report (continued)

Summary of financial performance

AUD million ¹	June 2023	June 2022	Change (%)
Revenue from ordinary activities	165.9	172.0	(4%)
Other income	0.9	1.6	(45%)
Share of profits of associates	2.3	5.2	(56%)
Costs	(133.5)	(130.3)	2%
EBITDA²	35.5	48.5	(27%)
Depreciation	(9.1)	(9.0)	1%
Amortisation	(1.1)	(1.4)	(22%)
EBIT³	25.3	38.1	(33%)
Net interest expense	(3.0)	(2.3)	28%
Profit before tax³	22.4	35.8	(37%)
Tax expense	(6.6)	(9.4)	(30%)
Profit after tax³	15.8	26.4	(40%)
Less: non-controlling interests	(1.1)	(1.7)	(34%)
NPAT attributable to ARN Media shareholders³	14.6	24.6	(41%)
Significant items, net of tax ⁴	37.8	2.0	>100%
NPAT attributable to ARN Media shareholders⁵	52.5	26.6	97%
EBITDA margin	21.4%	28.2%	
Underlying basic EPS (cents)	4.8	7.9	
Interim dividend per share (cents)	3.5	5.0	

¹ Totals may not add due to rounding.

² EBITDA before significant items, represents the Group's total segment result.

³ Before significant items.

⁴ Commentary on significant items is included in note 1.3 to the consolidated financial statements.

⁵ Statutory NPAT after significant items.

Directors' Report (continued)

UNDERLYING DRIVERS OF PERFORMANCE

Total Group revenues of \$165.9 million were down by 4%, and EBITDA before significant items of \$35.5 million was down 27% on the prior comparative period.

The Group result was impacted by ARN advertising revenues of \$151.2 million, back 4%, owing to reduced consumer spend and a slowing of the economy, partly offset by strong growth in digital audio revenues.

Group operating costs were limited to 2% in the period, despite continued domestic inflationary pressures. Temporary cost measures were initiated in February 2023 in response to a softening of advertising spend in the March quarter. In conjunction with managing vacancies and annual leave, these temporary cost measures also included reductions to marketing, travel, entertainment and other discretionary spend.

Depreciation and amortisation expense of \$10.2 million was broadly in-line with the prior period, down 2%. This resulted in EBIT before significant items of \$25.3 million compared with \$38.1 million in the prior period. Net profit after tax attributable to shareholders before significant items (NPAT) was \$14.6 million.

Details on the significant items totalling \$37.8 million (net of tax) in the current period are included in note 1.3 to the interim financial statements.

FINANCIAL POSITION

The Group had net assets of \$384.6 million at 30 June 2023, an increase of \$25.2 million from December 2022, driven by a number of changes including:

- the acquisition of shares in Southern Cross Media Group Limited (SCA) in the period totalling 14.8% of the issued capital, valued at \$30.7 million,
- the disposal of the Group's investment in Soprano recorded at \$23.8 million for \$66.3 million cash, and
- reductions in lease liabilities of \$2.3 million owing to the passage of time, and other working capital movements.

CASH AND CAPITAL MANAGEMENT

The balance sheet of the Group remains strong with net debt of \$52.4 million and leverage on a pre-AASB 16 basis of 0.8 times EBITDA, before significant items.

Cash proceeds from the sale of Soprano totalling \$66.3 million, received in March 2023 were used to pay down debt, and acquire the 14.8% interest in SCA for \$38.3 million. The Board sees this equity position in SCA as representing attractive value for ARN Media's shareholders.

Subject to trading conditions, the Group expects to maintain debt levels of under one times EBITDA (before significant items), which is considered an appropriate level of gearing, providing flexibility for ARN Media to continue to pursue its 'All Audio' strategy and capitalise on future growth opportunities as they arise.

The Board remains committed to maintaining strong dividends for shareholders thanks to the high cash generating nature of the business with free cash conversion of 85.5%. In addition, ARN Media's accretive share buy-back was maintained during the period delivering improved returns for shareholders.

The Group maintains debt facilities with undrawn limits of \$117.8 million, most of which expire in 2026. Cashflows from operating activities after lease payments of \$6.9 million were an improvement on the prior comparative period which was adversely impacted by significant payments to the ATO associated with the settlement of historical tax matters.

The Company declared a half year dividend of 3.5 cents per share.

Directors' Report (continued)

Cash flow generation

AUD million ¹	June 2023	June 2022	Change \$
Net cash flow from operations	30.7	44.2	(31%)
Principal lease payments	(5.6)	(7.6)	(27%)
Capex net of proceeds on sales	(3.4)	(3.4)	1%
Free cash flow	21.7	33.2	(35%)
Net financing costs	(2.9)	(2.2)	30%
Tax payments	(15.3)	(22.9)	(33%)
ATO settlement (including interest and penalties)	-	(22.3)	(100%)
Cash flow from operating activities, lease payments and capex	3.5	(14.3)	(>100%)
Investing cash flows	25.5	(236.8)	(>100%)
Borrowings	(10.0)	30.0	(>100%)
Dividends paid to shareholders	(16.1)	(12.1)	32%
Other financing cash flows	(4.2)	(4.4)	(3%)
Cash at the beginning of the year	23.9	257.1	(91%)
Effect of foreign exchange on the period	0.1	0.1	(12%)
Cash at end of the period	22.6	19.6	15%
Bank loans	(75.0)	(98.0)	(23%)
Net debt	(52.4)	(78.4)	(33%)
Operating cash conversion (EBITDA)	86.5%	91.2%	(5%)
Free cash conversion (EBIT)	85.5%	87.1%	(2%)

¹ Totals may not add due to rounding.

AUSTRALIAN RADIO NETWORK (ARN)

ARN continues to be one of Australia's leading broadcast and on-demand audio companies. ARN owns 58 radio stations across 33 markets, plus 46 DAB+ stations nationwide. ARN maintains a long term licence to operate digital entertainment platform, iHeartRadio, which has now accrued 2.5 million registrations, driven by the growth in digital radio listening and phenomenal growth in podcast listening.

Our vision continues to be to provide the most complete audience experience for listeners, and the most comprehensive audio solutions for advertisers, through:

- Generating strong returns from core broadcast radio assets
- Distributing content as widely as possible
- Investing in new digital audio formats
- Building an integrated audio business, and
- Embracing digital transformation and AI innovation.

Total ARN revenues of \$151.2 million were down 4% on the prior period, and EBITDA of \$35.1 million, was down 24%.

AUSTRALIAN AUDIO LISTENING CONTINUES TO GROW

Metro commercial radio audiences continue to grow, with an additional 298,000 people listening in 2023 compared to 2022¹. This means that 82% of the metro population aged 10 years and older listened to radio in the past 7 days. And they are listening for longer, with the latest industry survey showing people listened for close to 13 and a half hours per week, an increase of almost one hour compared to 2022².

Key daypart listening is also growing. Breakfast radio programs attracted 8.6 million listeners, a growth of 4.9% year on year. Afternoon audiences achieved a record high of 8.0 million people, while listening at work also set a new high of 2.6 million, increasing by almost half a million listeners³.

¹ GfK, S1-4 2023 cf. S1-8 2022, SMBAP, 0530-2359, AM/FM/DAB+, Cumulative Reach, p10+

² GfK, S4 2023 cf. S4 2022, SMBAP, 0000-2359, AM/FM/DAB+, Time Spent Listening, p10+

³ GfK, S4 2023 cf. S4 2022, SMBAP, 0530-2359, Cumulative Reach, p10+

Directors' Report (continued)

Streaming metro radio data was released for the first time with the launch of the new GfK Radio 360 hybrid survey system earlier this year. The number of listeners live streaming commercial radio each week grew to 3.29 million, an increase of over 100% since 2021⁴.

In regional markets, radio content is listened to by 79% of the population and continues to play a key role in local communities with 74% of people believing 'radio contributes to a sense of community by broadcasting local news and community announcements'⁵. Advertisers are increasingly paying attention to audio in regional Australia, with agency audio spend growing from 9% to 15% share of total regional media spend and growing 82% in volume over the past 10 years⁶.

There was continued growth in Australian podcast consumption with 43% of all people (12+ years) listening to podcasts monthly, up from 40% in 2022 and significantly up from 25% in 2020. Podcast listeners are deeply engaged, listening to an average of five episodes per week.

ARN METROPOLITAN PERFORMANCE

ARN Metropolitan advertising revenues in the period were back 7%, impacted by a slowing of the economy and reduced advertising spend across certain categories, including insurance, automotive dealers and banking. Government spend was also significantly down year on year following the Federal Election in 2022.

In a highly competitive market, ARN's strong audience ratings performance continued with the business having held the #1 network position for metro AM/FM stations in Australia for four of the last five surveys⁷. ARN had the highest audience share, on average, for the first half of 2023, achieving a 19% share with more than 6.3 million metro listeners (including DAB+)⁸.

Sydney

KIIS 1065 continues to be the most revered station in Sydney, claiming the #1⁹ overall station twice in 2023, and continues its streak as the #1 FM Station for six surveys in a row. It has Sydney's favourite breakfast show, the Kyle and Jackie O Show, who celebrated their 36th consecutive survey as #1 FM, and #1 overall for three out of the last four surveys. In addition, KIIS 1065's Will & Woody Show has held #1 in drive for five of the last six surveys.

WSFM provides ARN an FM Breakfast show duopoly in Sydney, as ARN dominates Sydney with KIIS 1065's #1 Kyle & Jackie O and WSFM's #2 Jonesy & Amanda.

Melbourne

GOLD 104.3 is Melbourne's #1 FM Station for 28 consecutive surveys, proving to be a powerhouse in this market. In the latest survey, GOLD 104.3 was ranked #1 FM across Breakfast, Morning, Afternoon & Weekends. The Christian O'Connell Show has been the #1 FM Breakfast show for 25 consecutive surveys.

KIIS 101.1 continues to grow audience, with a total of 1.238 million listeners each week, making it the third highest reaching station in the Melbourne market in the latest survey. KIIS 101.1 gained more of the coveted 25-54 year-old listening base than any other station, now with the second highest cumulative audience for that demographic. This helped KIIS 101.1 gain share in each day part from morning to evening, including weekends.

Brisbane, Adelaide and Perth

In the most recent survey (S4-23), KIIS 97.3 share in Brisbane was 9.7% with Robin, Terry & Kip breakfast up to 10.4% while the Will & Woody Drive show sits at 10.2% share. The KIIS 97.3 breakfast show has grown its cumulative reach by +8.5% since last year (CY22 vs H1 23).

Mix 102.3 is the clear #2 station overall in the Adelaide market for both share and cumulative reach. The audience reach for surveys in 2023 is +4% higher than 2022, with The Ali Clarke Breakfast Show increasing by 14% over this

⁴ Edison Infinite Dial, 2023 cf. 2021, p12+

⁵ Deloitte 'Connecting Communities: The Economic and Social Contribution of Commercial Radio and Audio in Australia', August 2023

⁶ SMI, 2013-2023

⁷ GfK, S8 2022 - S4 2023, SMBAP, 0530-2359, AM/FM, Share, p10+

⁸ GfK, S1-4 2023, SMBAP, 0530-2359, AM/FM/DAB+, Share and Cumulative Reach, p10+

⁹ GfK, S4 2023, SMBAP, 0530-2359, AM/FM, Share p10+ unless stated otherwise.

Directors' Report (continued)

period. Complementing Mix 102.3 is Cruise1323, Adelaide's #1 Commercial AM Station for Mornings, Afternoons, & Weekends.

96FM remains Perth's #2 station overall with 12.9% share and 518,000 listeners each week. This year, 96FM achieved all-time record cumulative audience for the station, its highest ever in 43 years. The station is ranked #3 for breakfast with Clairsy & Lisa while Will & Woody attracted new listeners to achieve #2 ranking for drive.

ARN REGIONAL PERFORMANCE

Acquired in January 2022 from Grant Broadcasters, ARN Regional, comprising of 46 stations across 26 markets continues to perform well, with the remaining final components of the systems integration remain on-track for completion in 2023.

Our commitment to delivering live and local content that connects deeply with the communities we serve, is unwavering. We broadcast 147 localised shows across our regional network, more than any other Australian audio broadcaster. In addition, through 26 regional newsrooms, we broadcast news updates half hourly from 6am to 9am and hourly thereafter.

On strong 2022 comparatives, advertising revenues totalled \$52.2 million in the period, back 4%, impacted by significantly reduced government advertising spend. Excluding government spend, revenues would have finished slightly up.

ARN stations have featured in five of the regional surveys to date in 2023, achieving a number of strong results. Hot Tomato maintained its #1 position on the Gold Coast and 7HO in Hobart secured #1 on an enviable 22.2 share, while Gold Central in Bendigo gained total listeners¹⁰.

In the acquisition business case for ARN Regional, we identified the potential for material revenue synergies for ARN of up to \$20 million per annum within three years of completing the acquisition. We delivered on our ambitious first year target, writing \$7 million of new revenues in 2022. The target for 2023 is to deliver a further \$5 million of new revenues into the business, and for the first 6 months, we have delivered close to \$2 million. Despite the current macro-economic conditions, we remain within range of the 2023 target and confident in our strategy to meet the acquisition business case.

ARN DIGITAL AUDIO

We continue to prioritise investment in digital audio to capitalise on continued strong growth in listening to live streaming of radio and podcasting.

For the March 2023 quarter, digital audio advertising spends in Australia grew 13% on the comparative quarter and was the fastest growing category of all general display advertising. This values the digital audio market in Australia at over \$50.0 million for the March quarter, with podcasting and streaming contributing \$19.8 million and \$32.1 million respectively¹¹.

ARN digital audio advertising revenues reached \$8.8 million, up 37% on the prior period. The launch of a simplified suite of digital products and prioritisation of digital sales capability and capacity saw revenue growth accelerate in the June quarter. Balancing necessary investment for future growth with profitability is a key priority. The EBITDA loss in the period of \$5.2 million is an improvement on 2022, and we remain on-track to steering the digital audio business to a cashflow break even run-rate by the end of 2024.

Our strategy is to deliver platform agnostic content across as many platforms as possible so that our audiences can consume whenever, wherever they want. This allows us to reach diverse audiences, maximise revenue potential and ensure long term relevance.

A key component to our digital ecosystem, is our partnership with iHeartMedia, including our long-term licence agreement over the iHeartRadio platform app. Usage of the iHeartRadio platform continues to grow, to now have over 2.5 million registrations (up 12% YOY).

¹⁰ Xtra Insights, Gold Coast/Tweed 2023, Hobart 2023, Bendigo 2023, Mon-Sun 12am-12mn, Station Listened to Most (Share), Cumulative Audience (Reach), p10+

¹¹ Australian Online Advertising Expenditure Report, IAB Australia, March 2023

Directors' Report (continued)

ARN's iHeartPodcast Network is a clear market leader, with more podcast hits over 1 million monthly downloads than anyone else in the Australian Podcast Ranker¹² and reaching over 72% of Australian Podcast Listeners. It is the leading publisher for the 38th consecutive time.

ARN's podcast network increased by +23% listeners and +24% downloads for the first half of 2023 (vs avg CY-22). In the most recent ranker (June 2023), ARN had 6.6 million podcast listeners and 28 million monthly downloads, with 5 of the top 10 podcasts, and #1 rankings across the Catchup, Crime, Relationship, Knowledge, Finance and Health and Wellness genres.

Important to capitalising on this growth is investment in the production of original content that attracts listeners to our network. Several new podcasts were successfully launched in the period, including Concealed, The Pool Room with Tony Armstrong, Hooked, Hitched & Hung Up and Astrology Coach. The iHeartPodcast Network performance was led by three homegrown podcasts: The Imperfects (ranked #5 on the Australian Podcast Ranker), Kyle and Jackie O (ranked #6) and Life Uncut (ranked #8). Together they were downloaded over 5 million times in June 2023 alone.

In March we launched 'Your News Now', one of the world's most technically advanced news podcasts, delivering a 3-minute burst of news, sport, and weather, delivered via a geo-location aware feed that adapts the content to anywhere in Australia. We are increasingly using the latest technology, including artificial intelligence to create a curated, relevant and localised listening experience for our listeners wherever they are.

CODY OUTDOOR (HONG KONG)

Operating a network of advertising contracts, including the Eastern, Western, Tai Lam and Tate Cairns tunnels, Cody Outdoor revenues and EBITDA finished back 5% and 14% respectively. On a like basis, adjusted for the loss of HK Tramways contract in May 2022, revenues were up 30% on the prior period.

Cody Outdoor was unsuccessful in retaining the Western Harbour Tunnel advertising contract, the existing contract expires in August 2023. The contract contributed approximately 50% of total advertising revenues of the business.

Whilst we undertake a strategic review, we remain focused on minimising operating cashflow requirements of the business.

LOOKING AHEAD

Despite ongoing challenges in local advertising markets stemming from macro-economic conditions, we remain confident in our 'All Audio' strategy to build an integrated audio business by leveraging the strength of our metro and regional broadcast radio assets and growing digital audio listenership and revenue streams.

Key to our DNA is our continued investment in creating a culture where our people can thrive and deliver their best work, under the 'Culture in Action' framework. Now over two years into this important journey, we are not resting on our recent successes, but are very pleased with the progress made to date. As a business, we recognise the importance of inclusion and national reconciliation and have commenced the important process of preparing a Reconciliation Action Plan, which will be completed over the next 12 – 18 months, under our structured ESG program, named 'Intune @ARN'.

All that we have achieved and our aspirations for the future would not be possible without the continued support of our dedicated, passionate, and talented team of people. Thankyou also to our shareholders for their continued support.

¹² Australian Podcast Ranker, Triton, June 2023



Auditor's Independence Declaration

As lead auditor for the review of ARN Media Limited for the half-year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ARN Media Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'EPenny', with a long horizontal flourish extending to the right.

Eliza Penny
Partner
PricewaterhouseCoopers

Sydney
24 August 2023

About Interim Financial Statements

The interim financial statements are for the consolidated entity consisting of ARN Media Limited (“Company”) and its controlled entities (collectively the “Group”). The Company is a for profit company limited by ordinary shares, incorporated and domiciled in Australia. The ordinary shares are publicly traded on the Australian Securities Exchange (“ASX”).

The interim financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. The interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the most recent annual report and any public announcements made by the Company (formerly HT&E Limited), during the interim reporting period and up to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Company is of a kind referred to in ASIC instrument, *ASIC Corporations (Rounding in Financial /Directors’ reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

The Company presents reclassified comparative information, where required, for consistency with the current period’s presentation.

The interim financial statements were approved for issue on 24 August 2023.

The financial statements have been reviewed, not audited.

All accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of the new or amended accounting standards set out in note 6.3.

SIGNIFICANT EVENTS IN THE CURRENT REPORTING PERIOD

Sale of Soprano Design Pty Limited

On 31 March 2023, the Group completed the sale of its 25% interest in Soprano Design Limited (Soprano) to Potentia Capital (Potentia), a leading Australian technology focused private equity firm. The Group received \$66.3 million in cash as consideration for the sale of its entire interest. Refer to note 6.1 for more information.

Purchase of investment in Southern Cross Media Limited (SXL)

The Group announced on 20 June 2023 that it had purchased a 14.8% interest in SXL for \$38.9 million (including transaction costs). Refer to notes 3.2 and 5.2 for more information.

KEY JUDGEMENTS AND ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next six-month period and subsequent years are discussed below:

(I) Impairment

Goodwill and other non-amortising intangible assets

The Group tests annually, or when impairment indicators are identified, whether goodwill and other non-amortising intangible assets have suffered any impairment, in accordance with the Group accounting policy. The recoverable amounts of cash generating units have been determined based on the higher of fair value less costs to sell, or value in use calculations. These calculations require the use of assumptions.

Tangible and intangible assets

The Group assesses at the end of each period whether there is any indication that tangible and intangible assets may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

About Interim Financial Statements (continued)

KEY JUDGEMENTS AND ESTIMATES (CONTINUED)

Right-of-use assets

Whenever changes in circumstances indicate that the right-of-use asset carrying amount may exceed its recoverable amount, the Group applies judgement when testing whether right-of-use assets have suffered any impairment. An impairment charge is recognised for the amount by which the right-of-use asset's carrying amount exceeds its recoverable amount. Right-of-use assets that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

Investments in associates or joint ventures

The net investment in an associate or joint venture is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment charge is recognised for the amount by which the carrying value of the investment exceeds its recoverable amount. Investments that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

(II) Income Taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Consolidated Statement of Comprehensive Income

For the period ended 30 June 2023

	Note	June 2023 \$'000	June 2022 \$'000
Revenue from ordinary activities	1.1	165,857	171,984
Other revenue and income	1.1	40,332	6,952
Total revenue and other income		206,189	178,936
Expenses before impairment, finance costs, depreciation and amortisation	1.2	(135,401)	(136,855)
Impairment of intangible assets		-	(2,417)
Finance costs	1.2	(3,265)	(2,342)
Depreciation and amortisation	1.2	(10,159)	(10,368)
Share of profits of associates and joint ventures accounted for using the equity method		2,281	5,179
Profit before income tax	1.3	59,645	32,133
Income tax expense	4.0	(6,029)	(3,757)
Profit for the period		53,616	28,376
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Net exchange difference on translation of foreign operations		15	(21)
Disposal of share of associate's other comprehensive income		(43)	-
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments recorded at fair value through other comprehensive income		(8,146)	-
Other comprehensive income, net of tax		(8,174)	(21)
Total comprehensive income		45,442	28,355
Profit for the period is attributable to:			
Owners of the parent entity		52,475	26,640
Non-controlling interests		1,141	1,736
Profit for the period		53,616	28,376
Total comprehensive income is attributable to:			
Owners of the parent entity		44,301	26,619
Non-controlling interests		1,141	1,736
		45,442	28,355
		Cents	Cents
Earnings per share			
Basic/diluted earnings per share	1.4	17.0	8.6

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2023

	Note	June 2023 \$'000	Dec 2022 \$'000
Current assets			
Cash and cash equivalents		22,625	23,852
Receivables		67,877	65,654
Current tax asset	4.0	4,584	-
Other current assets		3,707	4,069
Asset held for sale		-	23,788
Total current assets		98,793	117,363
Non-current assets			
Shares in other corporations	3.2	31,389	677
Investments accounted for using the equity method		35,120	33,327
Property, plant and equipment		49,745	49,138
Intangible assets	2.1	436,247	437,309
Right-of-use assets	2.2	32,200	35,807
Other non-current assets		781	851
Total non-current assets		585,482	557,109
Total assets		684,275	674,472
Current liabilities			
Payables		30,567	31,059
Contract liabilities		6,537	5,285
Lease liabilities	2.2	7,805	8,823
Current tax liabilities	4.0	-	4,083
Provisions		16,715	14,527
Total current liabilities		61,624	63,777
Non-current liabilities			
Bank loans	3.1	74,541	84,394
Lease liabilities	2.2	27,244	29,555
Provisions		7,688	8,269
Deferred tax liabilities		128,591	129,072
Total non-current liabilities		238,064	251,290
Total liabilities		299,688	315,067
Net assets		384,587	359,405
Equity			
Contributed equity	3.3	1,544,704	1,547,690
Reserves		(54,412)	(46,025)
Accumulated losses		(1,141,570)	(1,178,034)
Total parent entity interest		348,722	323,631
Non-controlling interests		35,865	35,774
Total equity		384,587	359,405

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the period ended 30 June 2023

	Note	June 2023 \$'000	June 2022 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		179,569	189,284
Payments to suppliers and employees (inclusive of GST)		(148,855)	(145,070)
Interest received		292	21
Interest paid		(3,189)	(2,255)
Income taxes paid		(15,267)	(22,891)
Settlement of tax in dispute		-	(22,305)
Net cash inflow/(outflow) from operating activities		12,550	(3,216)
Cash flows from investing activities			
Payments for property, plant and equipment		(4,172)	(3,164)
Payments for software		-	(289)
Proceeds from sale of property, plant and equipment		731	41
Proceeds from sale of investment in associate (net of costs to sell)		62,877	-
Payments for investments in associates and financial assets		(39,858)	-
Acquisition of controlled entities		-	(239,106)
Dividend received from associates		4,921	5,019
Net loans to associates		(2,433)	(2,676)
Net cash inflow/(outflow) from investing activities		22,066	(240,175)
Cash flows from financing activities			
Net (repayments) / proceeds from borrowings	3.1	(10,000)	30,000
Payments for borrowing costs		-	(115)
Principal elements of lease payments		(5,602)	(7,625)
Payments for treasury shares		(199)	(1,471)
Dividends paid to shareholders	3.4	(16,072)	(12,133)
Payments for share buyback	3.3	(2,986)	-
Net payments to non-controlling interests		(1,050)	(2,786)
Net cash inflow/(outflow) from financing activities		(35,909)	5,870
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		23,852	257,068
Effect of exchange rate changes		66	77
Cash and cash equivalents at end of the period		22,625	19,624

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

Consolidated Statement of Changes in Equity

For the period ended 30 June 2023

	Note	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2022		1,475,706	(45,078)	(974,183)	456,445	36,651	493,096
Profit for the period		-	-	26,640	26,640	1,736	28,376
Other comprehensive income		-	(21)	-	(21)	-	(21)
Share-based payments		-	(571)	-	(571)	-	(571)
Contributions to equity	3.3	74,323	-	-	74,323	-	74,323
Dividends paid to shareholders	3.4	-	-	(12,133)	(12,133)	-	(12,133)
Transfers within equity		-	(190)	190	-	-	-
Treasury shares vested to employees		-	1,435	-	1,435	-	1,435
Acquisition of treasury shares		-	(1,471)	-	(1,471)	-	(1,471)
Acquisition of non-controlling interest		-	-	-	-	(37)	(37)
Transactions with non-controlling interests		-	-	-	-	(2,685)	(2,685)
Balance at 30 June 2022		1,550,029	(45,896)	(959,486)	544,647	35,665	580,312
Balance at 1 January 2023		1,547,690	(46,025)	(1,178,034)	323,631	35,774	359,405
Profit for the period		-	-	52,475	52,475	1,141	53,616
Other comprehensive income		-	(8,174)	-	(8,174)	-	(8,174)
Share-based payments		-	(87)	-	(87)	-	(87)
Share buyback	3.3	(2,986)	-	-	(2,986)	-	(2,986)
Dividends paid to shareholders	3.4	-	-	(16,072)	(16,072)	-	(16,072)
Transfers within equity		-	(61)	61	-	-	-
Treasury shares vested to employees		-	134	-	134	-	134
Acquisition of treasury shares		-	(199)	-	(199)	-	(199)
Transactions with non-controlling interests		-	-	-	-	(1,050)	(1,050)
Balance at 30 June 2023		1,544,704	(54,412)	(1,141,570)	348,722	35,865	384,587

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

Notes to the Consolidated Financial Statements

1 GROUP PERFORMANCE

1.1 REVENUES

	June 2023 \$'000	June 2022 \$'000
Revenue and other income		
Revenue	165,857	171,984
Total Revenue	165,857	171,984
Gain on financial assets held at fair value through profit and loss	-	5,292
Gain on sale of equity accounted investments (net costs to sell)	39,132	-
Other	908	1,639
Other income	40,040	6,931
Interest income	292	21
Total other revenue and income	40,332	6,952
Total revenue and other income	206,189	178,936

Revenue recognised in the period ended 30 June 2023 that was included in the contract liabilities balance as at 1 January 2023 is \$4.1 million (2022: \$4.0 million).

Notes to the Consolidated Financial Statements (continued)

1.2 EXPENSES

	June 2023 \$'000	June 2022 \$'000
Employee benefits expense	84,354	80,420
Production and distribution expense	11,527	9,116
Selling and marketing expense	19,182	24,016
Rental and occupancy expense	6,272	5,776
Professional fees	2,736	2,842
Repairs and maintenance costs	3,722	2,526
Travel and entertainment costs	1,812	1,477
Acquisition costs	–	5,472
Other expenses	5,796	5,210
Total expenses before impairment, finance costs, depreciation and amortisation	135,401	136,855
Interest on lease liabilities	896	715
Interest and finance charges	2,222	1,351
Borrowing costs amortisation	147	276
Total finance costs	3,265	2,342
Depreciation on right-of-use assets	6,008	5,838
Depreciation on other assets	3,093	3,169
Amortisation	1,058	1,361
Total depreciation and amortisation	10,159	10,368

Notes to the Consolidated Financial Statements (continued)

1.3 SEGMENT INFORMATION

(I) DESCRIPTION OF SEGMENTS

The Group has identified its operating segments based on the internal reports reviewed by the Chief Operating Decision Maker ("CODM") in assessing performance and determining the allocation of resources. At 31 Dec 2022, the Group determined there were three operating segments being ARN, HK Outdoor and Investments. The revised segment reporting will now include segments as follows:

Reportable segment	Principal activities
ARN	Metropolitan and Regional radio networks, on-demand radio, streaming and podcasting (Australia)
HK Outdoor	Billboard, transit and other outdoor advertising (Hong Kong)
Investments	Includes controlling interests in Emotive Pty Limited (creative agency) and equity accounted investment in Soprano Design Pty Limited (software vendor for secure messaging services). On 31 March 2023, the Group completed the sale of its 25% interest in Soprano Design Limited (refer to note 6.1 for more information).

The CODM assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations which excludes the effects of significant items such as gains or losses on disposals of businesses and restructuring related costs.

(II) RESULTS BY OPERATING SEGMENT

The segment information provided to the CODM for the period ended 30 June 2023 is as follows:

June 2023 \$'000	ARN	HK Outdoor	Investments	Corporate	Group elimination	Total
Revenue						
Metro	90,249	-	-	-	-	90,249
Regional	52,206	-	-	-	-	52,206
Digital	8,759	-	-	-	-	8,759
Other	-	9,564	5,096	-	(17)	14,643
Revenue from contracts with customers	151,214	9,564	5,096	-	(17)	165,857
Share of profits of associates	2,281	-	-	-	-	2,281
Segment result	35,092	4,299	604	(4,485)	-	35,510
Reconciliation of segment result to profit before income tax						
Segment result						
Depreciation and amortisation ^A						(10,159)
Net finance costs						(2,973)
SaaS implementation costs						(1,143)
Integration costs ^B						(722)
Gain on sale of asset held for sale ^C						39,132
Profit before income tax						59,645

Explanation of statutory adjustments

- (A) Consists of depreciation of \$9.1 million and amortisation of \$1.1 million (refer to note 1.2).
 (B) Costs relating to the integration of ARN Regional and ARN Metro.
 (C) Gain on sale of Soprano less costs of sale. Refer to note 6.1.

Notes to the Consolidated Financial Statements (continued)

1.3 SEGMENT INFORMATION (CONTINUED)

(II) RESULTS BY OPERATING SEGMENT (CONTINUED)

June 2022 \$'000	ARN	HK Outdoor	Investments	Corporate	Group elimination	Total
Revenue						
Metro	97,192	–	–	–	–	97,192
Regional	54,229	–	–	–	–	54,229
Digital	6,403	–	–	–	–	6,403
Other	–	9,446	4,896	–	(182)	14,160
Revenue from contracts with customers	157,824	9,446	4,896	–	(182)	171,984
Share of profits of associates	2,641	–	2,538	–	–	5,179
Segment result	45,905	4,691	3,247	(5,372)	–	48,471
Reconciliation of segment result to profit before income tax						
Segment result						
Depreciation and amortisation ^A						(10,368)
Net finance costs						(2,321)
ARN Regional acquisition costs ^B						(5,472)
SaaS implementation costs						(447)
Integration costs ^C						(605)
Impairment on 4KQ ^D						(2,417)
Gain on financial asset held at fair value through profit and loss ^E						5,292
Profit before income tax						32,133

Explanation of statutory adjustments

(A) Consists of depreciation of \$9.0 million and amortisation of \$1.4 million (refer to note 1.2).

(B) Transaction costs associated with the acquisition of ARN Regional.

(C) Costs relating to the integration of ARN Regional and ARN Metro.

(D) Impairment recognised on the recognition of assets held for sale relating to the asset sale of 4KQ.

(E) Gain recognised on fair value uplift of the Group's investment in Luxury Escapes.

1.4 EARNINGS PER SHARE

	June 2023 \$'000	June 2022 \$'000
(a) Reconciliation of earnings used in calculating earnings per share (EPS)		
Profit attributable to owners of the parent entity	52,475	26,640
Profit attributable to owners of the parent entity used in calculating basic/diluted EPS	52,475	26,640
(b) Weighted average number of shares		
Weighted average number of shares used as the denominator in calculating basic EPS ^A	307,870,332	310,068,291
<i>Adjusted for calculation of diluted EPS</i>		
Unvested/unexercised rights	68,498	569,347
Weighted average number of shares used as the denominator in calculating diluted EPS	307,938,830	310,637,638

(A) Weighted average number of treasury shares included in calculating basic EPS was 73,431 (2022: 428,684).

Notes to the Consolidated Financial Statements (continued)

2 OPERATING ASSETS AND LIABILITIES

2.1 INTANGIBLE ASSETS

	June 2023 \$'000	Dec 2022 \$'000
Goodwill	490	490
Software – net of accumulated amortisation	895	1,156
Radio Licenses – net of accumulated amortisation and impairment	397,485	397,602
Brands	25,751	25,751
Customer relationships – net of accumulated amortisation	11,626	12,310
Total intangible assets	436,247	437,309

IMPAIRMENT TEST OF CASH GENERATING UNITS INCLUDING INDEFINITE LIFE INTANGIBLE ASSETS

Impairment indicators have been assessed as at 30 June 2023. There were indicators identified for indefinite life intangible assets, specifically for the ARN CGU. Further analysis confirmed no impairment was to be recorded as at 30 June 2023. Below is the allocation of goodwill and other non-amortising intangible assets to CGUs as at period-end:

Name of CGU	June 2023 Goodwill \$'000	June 2023 Other non- amortising intangible assets \$'000	Dec 2022 Goodwill \$'000	Dec 2022 Other non- amortising intangible assets \$'000
ARN	–	420,224	–	420,224
Emotive	490	–	490	–
Total goodwill and other non-amortising intangible assets	490	420,224	490	420,224

At 30 June 2023 the Group determined there to be one CGU for the Australian Radio Network (ARN). The ARN CGU incorporates metropolitan and regional radio networks, on-demand radio, streaming and podcasting in Australia which includes indefinite life intangible assets.

Notes to the Consolidated Financial Statements (continued)

2.1 INTANGIBLE ASSETS (CONTINUED)

The key assumptions used to calculate the recoverable amount as at 30 June 2023 are as follows:

(i) Cash flows

Year 1 cash flows	Based on Board approved annual budget derived with reference to a range of internal and relevant external industry data and analysis. Revenue forecasts are discounted by a factor of approximately 6% reflecting recent historical accuracy of budget achievement.
Years 2, 3, 4 and 5 cash flows	Revenue forecasts are prepared based on management's current assessment for each CGU, with consideration given to internal information and relevant external industry data and analysis. In general: <ul style="list-style-type: none"> • Market growth in the ARN CGU is forecast across the cash flow period. The revenue forecast assumes the Australian radio market will return to historical pre-COVID-19 pandemic levels within the forecast period, and the ARN CGU will gain some additional market share or reclaim lost market share through continued investment in content, marketing and operations. Revenue forecasts for radio, streaming and podcasting take into account a range of internal and relevant external industry data and analysis; • The ARN CGU is forecast to benefit from revenue synergies over the forecast period through optimising a national network of metropolitan and regional radio stations; and • Revenue forecasts are adjusted for the discount to year 1 cash flows, reflecting recent historical accuracy of budget achievement. • Expenses are forecast in detail, based on their nature. Variable costs are forecast to move in line with revenue movements. Personnel costs are forecast to move in line with headcount and adjusted for expected inflation. Other costs are forecast based on management expectations, considering existing contractual arrangements. • The above assumptions result in EBITDA CAGR of 2.8% for ARN CGU across the cash flow period.
Terminal value cash flows	Cash flows are extrapolated at growth rates not exceeding the long-term average growth rate for the industry in which the CGU operates.

(ii) Discount rate and long-term growth rate

The discount rates (per annum) used reflect specific risks relating to the relevant segments in which they operate.

Name of CGU	June 2023	June 2023	June 2023	Dec 2022	Dec 2022	Dec 2022
	Post-tax discount rate	Pre-tax discount rate	Long-term growth rate	Post-tax discount rate	Pre-tax discount rate	Long-term growth rate
ARN	10.25%	14.0%	1.5%	10.25%	14.0%	1.5%

Notes to the Consolidated Financial Statements (continued)

2.1 INTANGIBLE ASSETS (CONTINUED)

(iii) Estimation uncertainty and key assumptions

Value in use calculations are prepared based on the Board approved annual budget, reforecast for current conditions and extended over the forecast period using growth rates derived with reference to a range of internal and relevant external industry data analysis, including but not limited to publicly available broker reports and media industry experts. The discount rate used is based on an internally prepared weighted average cost of capital (WACC) calculation and reflects risks associated with underlying assets. Terminal value cashflows have been extrapolated at growth rates not exceeding the long-term average growth rate for the industry in which the CGU operates.

At 30 June 2023 the market capitalisation of the Group was \$322.3 million based on the closing share price at 30 June 2023, representing a \$26.4 million deficiency to the net assets of \$348.7 million (excluding minority interests). The Group considered the likely reasons for the deficiency and concluded the value in use calculations are appropriate in supporting the carrying values of the ARN CGU at 30 June 2023.

Any variation in the key assumptions used to determine the value in use would result in a change in the recoverable amount of the ARN CGU. The directors and management have considered and assessed reasonably possible changes and the following were considered along with their impact on the recoverable amount of the ARN CGU:

- 0.5% change in the post-tax discount rate
- 0.5% reduction in the long-term growth rate
- Impact of 10.0% EBITDA shortfall per annum on EBITDA CAGR

	From	To	Change to recoverable amount \$'000
Discount rate increase	10.25%	10.75%	(27,980)
Discount rate decrease	10.25%	9.75%	31,364
Long-term growth rate change	1.5%	1.0%	(20,020)
EBITDA CAGR (EBITDA shortfall 10% per annum)	2.8%	0.7%	(63,052)

2.2 LEASES

As a lessee, the Group leases several assets including property, advertising spaces, motor vehicles and other equipment. The weighted average lease term is 8.7 years (2022: 9.2 years).

	June 2023 \$'000	Dec 2022 \$'000
Property	26,436	29,318
Advertising concession agreements	4,987	5,621
Motor vehicle and other	777	868
Total right-of-use assets	32,200	35,807
Current	7,805	8,823
Non-current	27,244	29,555
Total lease liabilities	35,049	38,378

Additions to right-of-use assets amounted to \$2.1 million for the period ending 30 June 2023 (30 June 2022: \$15.6 million).

Notes to the Consolidated Financial Statements (continued)

3 CAPITAL MANAGEMENT

3.1 BANK LOANS

	June 2023 \$'000	Dec 2022 \$'000
Non-current bank loans		
Bank loans – unsecured	75,000	85,000
Total non-current bank loansⁱ	75,000	85,000
Deduct:		
Borrowing costs	2,423	2,470
Accumulated amortisation	(1,964)	(1,864)
Net borrowing costs	459	606
Total non-current interest-bearing liabilities	74,541	84,394
Net debt		
Non-current bank loans	74,541	84,394
Net borrowing costs	459	606
Cash and cash equivalents	(22,625)	(23,852)
Net debt/ (cash)	52,375	61,148

(i) The majority of the Group's debt facilities do not expire until after December 2025.

The Group's debt facilities have a maximum leverage covenant of 3.25 times and a minimum interest cover covenant of 3.0 times. As at 30 June 2023 the leverage ratio was 0.82 times and the interest cover ratio was 16.55 times.

(A) STANDBY ARRANGEMENTS AND CREDIT FACILITIES

Entities in the Group have access to:	June 2023 \$'000	Dec 2022 \$'000
Loan facilitiesⁱ		
Unsecured bank loan facilities	199,573	229,397
Amount of facility utilisedⁱⁱ	(81,731)	(87,853)
Amount of available facility	117,842	141,544
Overdraft facilities		
Unsecured bank overdraft facilities	1,550	1,550
Amount of credit utilised	–	–
Amount of available credit	1,550	1,550

(i) Pertaining to the revolving cash advance facility.

(ii) Relating to bank loan and guarantees drawn.

Notes to the Consolidated Financial Statements (continued)

3.2 FAIR VALUE MEASUREMENTS

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2023 and 31 December 2022:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
June 2023				
<i>Recurring fair value measurements</i>				
Financial assets				
Financial assets at fair value through profit and loss				
Shares in other corporations	-	-	673	673
Financial assets at fair value through other comprehensive income				
Shares in other corporations	30,716	-	-	30,716
Total financial assets	30,716	-	673	31,389
Dec 2022				
<i>Recurring fair value measurements</i>				
Financial assets				
Financial assets at fair value through profit and loss				
Shares in other corporations	-	-	677	677
Total financial assets	-	-	677	677

Notes to the Consolidated Financial Statements (continued)

3.2 FAIR VALUE MEASUREMENTS (CONTINUED)

The Group also has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes. The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of bank loans approximates the carrying amount.

During the period, the Group purchased shares in Southern Cross Media Limited (SXL) for \$38.9 million (including transaction costs), which are held at fair value through other comprehensive income. As SXL is listed on the Australian Stock Exchange (ASX), the fair value is determined by reference to the quoted price. The investment in SXL was revalued as at 30 June 2023, and a \$8.1 million fair value loss, was recognised in the other comprehensive income. Refer to note 5.2 for more information.

The level 3 inputs used by the Group are derived and evaluated as follows:

- The fair value of lease liabilities is estimated by discounting the minimum lease payments at the Group's incremental borrowing rate. For the period ended 30 June 2023, the borrowing rates were determined to be between 3.4% and 5.5% per annum, depending on the type of lease.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no other material level 3 fair value movements during the year.

3.3 CONTRIBUTED EQUITY

	June 2023 \$'000	Dec 2022 \$'000
Issued and paid up share capital	1,544,704	1,547,690

(A) MOVEMENTS IN CONTRIBUTED EQUITY DURING THE FINANCIAL YEAR

	June 2023 Number of shares	Dec 2022 Number of shares	June 2023 \$'000	Dec 2022 \$'000
Balance at beginning of the year	309,080,602	275,154,900	1,547,690	1,475,706
Issue of ordinary shares	-	35,934,891	-	74,323
Share buy-back ⁱ	(2,780,953)	(2,009,189)	(2,986)	(2,339)
Balance at end of the period	306,299,649	309,080,602	1,544,704	1,547,690

(i) During 2023, the Company purchased and cancelled on-market 2.8 million shares (2022: 2.0 million). The shares were acquired at an average price of \$1.07 per share (2022: \$1.16).

Notes to the Consolidated Financial Statements (continued)

3.4 DIVIDENDS

	June 2023 \$'000	June 2022 \$'000
An ordinary dividend of 5.2 cents per share, fully franked paid from parent entity profits for the period 1 January 2023 to 17 February 2023 (2022 final dividend: 3.9 cents per share)	16,072	12,133
Paid in cash	16,072	12,133
Total dividends	16,072	12,133
Dividends not recognised at the end of half-year		
Since the end of the half-year, the Directors have declared a fully franked interim dividend of 3.5 cents per share (2022: 5.0 cents per share). The aggregate amount of the proposed dividend expected to be paid on 21 September 2023, but not recognised as a liability at the end of the half-year, is:	10,720	15,554

Notes to the Consolidated Financial Statements (continued)

4 TAXATION

GAIN ON SALE

Previously unrecognised capital losses of approximately \$55 million have been utilised to fully offset the capital gain arising from the sale of Soprano in the period. There had been no deferred tax asset previously recorded for this capital loss as the sale remained subject to FIRB approval at December 2022.

CAPITAL LOSSES

As previously noted, the New Zealand branch matter settlement agreement reached on 29 October 2021 recognised that 62.5% of the capital losses arising from the disposal of the New Zealand mastheads in 2016 may be carried forward. The capital losses related to the matter totalled \$345.9 million pre-tax, with 62.5% equating to \$216.2 million pre-tax.

The capital losses are subject to the usual carry forward rules regarding change of ownership and the same business test. Assuming these rules are met, these capital losses should be available to offset future capital gains. No deferred tax asset is recorded in respect of these capital losses until it is probable a capital gain event will occur. It is currently not probable there will be capital gains against which the losses will be utilised.

Notes to the Consolidated Financial Statements (continued)

5 GROUP STRUCTURE

5.1 INTERESTS IN OTHER ENTITIES

Set out below are the Group's principal subsidiaries with material non-controlling interests. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, and the proportion of ownership interests held equals to the voting rights held by the Group.

Name of entity	Place of business	Country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
			June 2023	Dec 2022	June 2023	Dec 2022	
Brisbane FM Radio Pty Ltd	Australia	Australia	50%	50%	50%	50%	Commercial radio

5.2 SHARES IN OTHER CORPORATIONS

	June 2023 \$'000	Dec 2022 \$'000
Shares in other corporations	31,389	677

The Group purchased a 14.8% share in Southern Cross Media Group Limited (SXL) and designated the investment as fair value through other comprehensive income. The Group intends to support Southern Cross Media Group Limited as a constructive long-term shareholder, as a result the shares are not classified as held for sale. The investment in SXL was revalued as at 30 June 2023, and a \$8.1 million fair value loss, was recognised in the other comprehensive income. Refer to note 3.2 for more information on determining the fair value.

Notes to the Consolidated Financial Statements (continued)

6 OTHER

6.1 DISPOSAL OF SOPRANO DESIGN LIMITED

On 31 December 2022, the Group signed a binding share sale agreement to sell its 25% interest in Soprano Design Limited (Soprano) to Potentia Capital (Potentia), a leading Australian technology focused private equity firm.

At 31 December 2022 the Group had determined that its interest in Soprano should be held as an asset held for sale at its carrying value of \$23.8 million. The sale was completed on 31 March 2023 for \$66.3 million. The gain on sale recognised, net of costs to sell was \$39.1 million.

6.2 CONTINGENT LIABILITIES

The parent entity and all wholly-owned controlled entities have provided guarantees in respect of banking facilities. As at 30 June 2023, the facilities had been drawn to the extent of \$81.7 million (2022: \$87.9 million), of which \$6.7 million of the balance pertains to bank guarantees (2022: \$2.9 million).

The Group did not have any other contingent liabilities as at 30 June 2023 (2022: \$nil).

CLAIMS

Claims for damages are made against the Group from time to time in the ordinary course of business. The Directors are not aware of any claim that is expected to result in material costs or damages.

6.3 OTHER SIGNIFICANT ACCOUNTING POLICIES

A) NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED BY THE GROUP

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at 31 December 2022. The changes in the accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2023.

B) STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

There are no standards and interpretations that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements (continued)

6.4 RELATED PARTIES

The Group paid \$452,000 (30 June 2022: \$382,000) in property rental to entities associated with Alison Cameron (Director) on commercial arm's length terms.

6.5 SUBSEQUENT EVENTS

Since the end of the period, the Directors have declared the payment of a fully franked interim dividend of 3.5 cents, to be paid on 21 September 2023 (refer to note 3.4).

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2023 that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 32 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial half year ended on that date; 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.

This declaration is made in accordance with a resolution of the Directors.



Hamish McLennan
Chairman

Sydney
24 August 2023



Independent auditor's review report to the members of ARN Media Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of ARN Media Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and explanatory notes 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 ARN Media Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date
2. 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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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.

Responsibilities of the directors for the half-year 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 responsibilities for the review of the half-year 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 30 June 2023 and of its performance

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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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.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'EPenny', written in a cursive style.

Eliza Penny
Partner

Sydney
24 August 2023