ASX RELEASE **29 FEBRUARY 2024**

APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Results for Announcement to the Market (All comparisons to 31 December 2022)

Key Financial Information	$'000	up/down	% movement
Revenue from ordinary activities	251,297	Down	2.9%
Net profit from ordinary activities after tax (including significant items)	3,056	Down	79.1%
Net profit from ordinary activities after tax (excluding significant items)	4,462	Down	69.5%

Dividend Information	Amount per share cents	Franked amount per share cents	Tax rate for franking credit
Final FY2023 dividend per share (paid 4 October 2023)	2.20	2.20	30%
Interim FY2024 dividend per share (to be paid 12 April 2024)	1.00	1.00	30%

The dividend reinvestment plan has been suspended and will not apply in respect of the interim FY2024 dividend.

Interim FY2024 Dividend Dates

Ex-dividend date	14 March 2024
Record date	15 March 2024
Payment date	12 April 2024

	31 Dec 23	31 Dec 22
Net Tangible Assets Per Security	$(0.78)	$(0.69)

Additional Appendix 4D disclosure requirements can be found in the directors' report, financial statements and notes to the financial statements contained in the Southern Cross Austereo Interim Financial Report for the half year ended 31 December 2023. This report is based on the consolidated Interim Financial Report for the half year ended 31 December 2023 which has been reviewed by PricewaterhouseCoopers with the Independent Auditor's Review Report included in the Interim Financial Report.

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SOUTHERN CROSS AUSTEREO

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Southern Cross Austereo comprises Southern Cross Media Group Limited and its subsidiaries. Southern Cross Media Group Limited is a company limited by shares and incorporated and domiciled in Australia. The registered office of Southern Cross Media Group Limited is Level 2, 101 Moray Street, South Melbourne, Victoria 3205 Australia. Tel: +61 3 9252 1019.

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Directors' Report

The Directors of Southern Cross Media Group Limited ("the Company") submit the following report for Southern Cross Austereo, being Southern Cross Media Group Limited and its subsidiaries ("the Group"), for the half year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The following persons were Directors of the Company during the whole of the financial half year, unless otherwise stated, and up to the date of this report:

- Rob Murray (Chairman)
- John Kelly (Managing Director)
- Glen Boreham
- Carole Campbell
- Ido Leffler
- Heith Mackay-Cruise
- Helen Nash

Principal Activities

The principal activities of the Group during the course of the financial half year were the creation of audio content for distribution on broadcast (AM, FM and DAB radio) and digital networks. The Group also broadcasts free-to-air television content in regional markets. All of these media assets are monetised via revenue generated from the development and sale of advertising solutions for clients.

There were no changes in the nature of the Group during the half year.

Review and Results of Operations

The Group reported revenue of $251.3 million for the 6 month period ended 31 December 2023, a decrease of 2.9% from $258.8 million for the same period in the prior year, with Television revenues down 10.6% and Audio revenues relatively flat as a result of digital audio growth of 27.0% largely mitigating a 2.4% decline in broadcast audio. EBITDA for the 6 months was $29.1 million decreasing 32.5% from $43.1 million for the same period in the prior year resulting from the revenue declines and increased non-revenue related costs due to the highly inflationary environment . Underlying EBITDA is $31.1 million, excluding $2.0 million of significant items described below, which represents a 27.9% decrease. Net profit after tax was $3.1 million for the 6 months ended 31 December 2023, decreasing 79.1% from a net profit after tax of $14.6 million for the same period in the prior year arising from the decline in operating performance and higher interest costs. At 1.87 times, the leverage ratio calculated under the terms of the Group's Syndicated Facility Agreement, remains within tolerances due to disciplined cost control, and is well within the maximum covenant ratio of 3.5 times.

EBITDA is a measure that, in the opinion of the Directors, is a useful supplement to net profit in understanding the cash flow generated from operations and available for payment of income taxes, debt service and capital expenditure. EBITDA is useful to investors because analysts and other members of the investment community largely view EBITDA as a widely recognised measure of operating performance. EBITDA disclosed within the Directors' Report is equivalent to "Profit before income tax expense for the half year from continuing operations excluding: depreciation and amortisation expense; impairment of intangibles and investments; interest expense and other borrowing costs and interest revenue" included within the Consolidated Statement of Comprehensive Income. Underlying EBITDA excludes the impact of significant items.

Significant Items

There are $2.0 million of significant items included in net profit before tax in the half year ended 31 December 2023 (equating to $1.4 million post tax). These comprise: $0.5 million relating to the response to the ARN Media Limited and Anchorage Capital Partners Pty Limited non-binding indicative offer for the Group; and $1.5 million of restructuring costs relating to a significant cost-out programme.

Dividends

The final dividend for the year ended 30 June 2023 was 2.2 cents per fully paid share, fully franked and was paid on 4 October 2023 by the Company. Since the end of the financial half year ended 31 December 2023 the Directors have declared an interim ordinary dividend of 1.0 cents per fully paid share, fully franked (31 December 2022 interim dividend: 4.6 cents). The interim dividend will be paid on 12 April 2024 by the Company.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the half year under review.

Events Occurring After Balance Date

Events occurring after balance date are outlined in Note 11 “Events Occurring after Balance Date” to the Financial Statements.

Directors’ Holdings of Shares

The aggregate number of Company fully paid shares held directly, indirectly or beneficially by directors of the Company at the date of this report is 650,603 (30 June 2023: 606,073).

Auditor’s Independence Declaration

A copy of the auditor’s independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Signed in accordance with resolutions of the directors of Southern Cross Media Group Limited.

Rob Murray	**John Kelly**
Chairman	Managing Director
Southern Cross Media Group Limited	Southern Cross Media Group Limited
Sydney, Australia	Sydney, Australia
29 February 2024	29 February 2024

Auditor's Independence Declaration

As lead auditor for the review of Southern Cross Media Group Limited for the half-year ended 31 December 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 Southern Cross Media Group Limited and the entities it controlled during the period.

Trevor Johnston
Partner
PricewaterhouseCoopers

Melbourne
29 February 2024

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Consolidated Statement of Comprehensive Income

	Note	Consolidated 1 Jul 23 -31 Dec 23 $'000	1 Jul 22 -31 Dec 22 $'000
Revenue from continuing operations	3	251,297	258,759
Revenue-related expenses		(61,971)	(63,471)
Employee expenses		(105,171)	(100,553)
Program and production		(12,543)	(11,847)
Promotions and marketing		(7,373)	(9,714)
Technical expenses		(23,513)	(20,972)
Administration costs		(13,151)	(10,854)
Other income		1,260	1,320
Share of net profit of investments accounted for using the equity method		234	436
Depreciation and amortisation expense		(15,142)	(14,416)
Interest expense and other borrowing costs		(9,586)	(8,195)
Interest revenue		90	409
Profit before income tax expense for the half year from continuing operations		**4,431**	**20,902**
Income tax expense from continuing operations	5	(1,375)	(6,254)
Profit from continuing operations after income tax for the half year		**3,056**	**14,648**
Other comprehensive income for the half year that may be reclassified to profit or loss:			
Changes to fair value of cash flow hedges, net of tax		(354)	(520)
Total comprehensive profit for the half year attributable to shareholders		**2,702**	**14,128**
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share		1.3	5.8
Diluted earnings per share		1.3	5.7

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

Consolidated Statement of Financial Position

	Note	Consolidated 31 Dec 23 $'000	Consolidated 30 Jun 23 $'000
Current assets			
Cash and cash equivalents		21,394	12,963
Receivables		98,947	98,650
Current tax asset		1,740	1,295
Total current assets		**122,081**	**112,908**
Non-current assets			
Receivables		10,254	10,919
Derivative financial instruments		230	736
Right-of-use assets		107,346	109,723
Investments		5,322	6,326
Property, plant and equipment		69,744	76,813
Intangible assets	7	718,111	712,120
Total non-current assets		**911,007**	**916,637**
Total assets		**1,033,088**	**1,029,545**
Current liabilities			
Payables		42,201	43,739
Deferred Income		4,084	5,532
Provisions		19,218	20,333
Leases liability		7,752	7,105
Total current liabilities		**73,255**	**76,709**
Non-current liabilities			
Deferred Income		85,216	86,269
Provisions		4,086	4,107
Borrowings	9	127,393	117,243
Lease liability		121,579	122,936
Deferred tax liability		188,702	187,132
Total non-current liabilities		**526,976**	**517,687**
Total liabilities		**600,231**	**594,396**
Net assets		**432,857**	**435,149**
Equity			
Contributed equity	10	1,516,105	1,516,105
Reserves		5,920	5,990
Accumulated losses		(1,089,168)	(1,086,946)
Total equity		**432,857**	**435,149**

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

Consolidated Statement of Changes in Equity

2023

	Contributed equity	Share-based payment reserve	Hedge reserve	(Accumulated losses) /retained profits	Total equity
	$'000	$'000	$'000	$'000	$'000
Total equity at 1 July 2023	1,516,105	5,475	515	(1,086,946)	435,149
Profit for the half year	-	-	-	3,056	3,056
Other comprehensive income	-	-	(354)	-	(354)
Total comprehensive income	-	-	(354)	3,056	2,702
Transactions with equity holders in their capacity as equity holders:					
Employee share entitlements	-	284	-	-	284
Dividends paid	-	-	-	(5,278)	(5,278)
	-	284	-	(5,278)	(4,994)
Total equity at 31 December 2023	**1,516,105**	**5,759**	**161**	**(1,089,168)**	**432,857**

2022

	Contributed equity	Share-based payment reserve	Hedge reserve	(Accumulated losses) /retained profits	Total equity
	$'000	$'000	$'000	$'000	$'000
Total equity at 1 July 2022	1,537,404	5,196	553	(1,082,746)	460,407
Profit for the half year	-	-	-	14,648	14,648
Other comprehensive income	-	-	(520)	-	(520)
Total comprehensive income	-	-	(520)	14,648	14,128
Transactions with equity holders in their capacity as equity holders:					
Buy-back of ordinary shares	(18,924)	-	-	-	(18,924)
Employee share entitlements	-	564	-	-	564
Dividends paid	-	-	-	(12,266)	(12,266)
	(18,924)	564	-	(12,266)	(30,626)
Total equity at 31 December 2022	**1,518,480**	**5,760**	**33**	**(1,080,364)**	**443,909**

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

Consolidated Statement of Cash Flows

	Note	Consolidated	
		1 Jul 23 - 31 Dec 23 $'000	**1 Jul 22 - 31 Dec 22 $'000**
Cash flows from operating activities			
Receipts from customers		273,858	285,621
Payments to suppliers and employees		(253,891)	(255,857)
Interest received from external parties		90	409
Tax paid net of refunds received		(98)	(10,252)
Net cash inflows from operating activities		**19,959**	**19,921**
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(1,953)	(1,652)
Payments for purchase of intangibles		(9,189)	(6,239)
Proceeds from sale of property, plant and equipment		4,074	3,279
Payment for purchase of unlisted equity securities		(138)	(138)
Proceeds from sale of unlisted equity securities		800	-
Dividends received from equity accounted investments		500	580
Net cash flows used in investing activities		**(5,906)**	**(4,170)**
Cash flows from financing activities			
Dividends paid to security holders	6	(5,278)	(12,266)
Net proceeds of borrowings from external parties		10,000	15,000
Buy-back of ordinary shares		-	(18,924)
Interest paid to external parties		(6,786)	(5,148)
Principal elements of lease payments		(3,558)	(3,406)
Net cash flows used in financing activities		**(5,622)**	**(24,744)**
Net increase / (decrease) in cash and cash equivalents		8,431	(8,993)
Cash assets at the beginning of the half year		12,963	49,462
Cash assets at the end of the half year		**21,394**	**40,469**

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

Notes to the Financial Statements

1. Summary of Material Accounting Policies

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act* 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the Company for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of Preparation

i) *Compliance with IFRS*

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). Consequently, this financial report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

ii) *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss. All amounts are presented in Australian dollars, unless otherwise noted.

iii) *Comparative figures*

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current period.

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and Financial Report. Amounts have been rounded off in accordance with the Instrument to the nearest thousand dollars, unless otherwise indicated.

Critical Accounting Estimates and Judgement

The preparation of the interim financial report in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the Group to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group believes the estimates used in the preparation of the interim financial report are reasonable. Actual results in the future may differ from those reported.

The critical estimates and judgements adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Notes to the financial statements

Notes relating to individual line items in the financial statements now include accounting policy information where it is considered relevant to an understanding of these items, as well as information about critical accounting estimates and judgements. No new accounting standards were introduced in the current period.

Notes to the Financial Statements (continued)

2. Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group has determined reporting segments are based on the information reported to the Group CEO and the Company Board of Directors. The Group has determined that it has two main reporting segments being:

- Audio, comprising metro and regional radio, digital and other related businesses; and
- Television, comprising the regional television business

	Audio		Television		Corporate		Consolidated	
	1 Jul 23-31 Dec 23 $'000	1 Jul 22-31 Dec 22 $'000	1 Jul 23-31 Dec 23 $'000	1 Jul 22-31 Dec 22 $'000	1 Jul 23-31 Dec 23 $'000	1 Jul 22-31 Dec 22 $'000	1 Jul 23-31 Dec 23 $'000	1 Jul 22-31 Dec 22 $'000
Segment revenue	**199,063**	**200,421**	**52,234**	**58,438**	**-**	**-**	**251,297**	**258,759**
National revenue[1]	**101,043**	108,618	**29,589**	34,691	-	-	**130,632**	143,309
Local revenue[2]	**71,481**	68,517	**17,719**	19,661	-	-	**89,200**	88,178
Other revenue	**26,539**	23,286	**4,926**	3,986	-	-	**31,465**	27,272
Total revenue	**199,063**	**200,421**	**52,234**	**58,338**	**-**	**-**	**251,297**	**258,759**
EBITDA before significant items[3,4]	**34,189**	**40,746**	**9,810**	**14,117**	**(12,921)**	**(11,759)**	**31,078**	43,104
Reported EBITDA[3]	**32,899**	**40,746**	**9,745**	**14,117**	**(13,575)**	**(11,759)**	**29,069**	43,104
EBITDA % of Revenue	**16.5%**	**20.3%**	**18.7%**	**24.2%**	**N/A**	**N/A**	**11.6%**	**16.7%**
Depreciation and amortisation	**-**	-	**-**	-	**-**	-	**(15,142)**	(14,416)
Reported EBIT / Segment result	**-**	-	**-**	-	**-**	-	**13,927**	**28,688**
Financing costs	**-**	-	**-**	-	**-**	-	**(9,496)**	(7,786)
Income tax expense	**-**	-	**-**	-	**-**	-	**(1,375)**	(6,254)
Profit for the half year attributable to shareholders	**-**	-	**-**	-	**-**	-	**3,056**	**14,648**

1 National revenue is sold by SCA's national sales team who are able to sell all SCA products across all markets.

2 Local revenue is sold directly by SCA's local sales team who are only able to sell local products specific to the particular market.

3 EBITDA is the key profit measure reported to the Group CEO and the Company Board of Directors. EBITDA is equivalent to "Profit before income tax expense for the half year from continuing operations excluding: depreciation and amortisation expense; impairment of intangibles and investments; interest expense and other borrowing costs and interest revenue" included within the Consolidated Statement of Comprehensive Income.

4 Refer to Note 4 'Significant Items'

Notes to the Financial Statements (continued)

3. Revenue

The profit before income tax from continuing operations included the following specific items of revenue:

	Consolidated	
	1 Jul 23 - 31 Dec 23 $'000	**1 Jul 22 - 31 Dec 22 $'000**
Revenue from continuing operations		
Sales revenue	251,127	258,580
Rental revenue	170	179
Total revenue from continuing operations	**251,297**	**258,759**

4. Significant Items

The net profit after tax includes the following significant items relevant in explaining the financial performance of the Group. Significant items are those items of such a nature or size that separate disclosure will assist users to understand the financial statements.

	1 Jul 23 - 31 Dec 23 $'000	**1 Jul 22 - 31 Dec 22 $'000**
Restructuring charges (after tax)	**(1,032)**	-
Response to the ARN and ACM proposals (after tax)	**(374)**	-
Total significant items included in net profit after tax	**(1,406)**	**-**

5. Income Tax Expense

	Consolidated	
	1 Jul 23 - 31 Dec 23 $'000	**1 Jul 22 - 31 Dec 22 $'000**
Income tax expense		
Current tax		
Current tax on profits for the year	2,398	4,524
Adjustments for current tax of prior periods	(2,057)	(62)
Total current tax expense	**341**	**4,462**
Deferred income tax		
(Decrease) / Increase in net deferred tax liabilities	(969)	1,837
Adjustment for deferred tax of prior periods	2,003	(45)
Total deferred tax expense	**1,034**	**1,792**
Income tax expense	**1,375**	**6,254**

Notes to the Financial Statements (continued)

6. Dividends Paid

	Consolidated	
	1 Jul 23 - 31 Dec 23	**1 Jul 22 - 31 Dec 22**
	$'000	**$'000**
The dividends were paid/payable as follows:		
Final dividend paid for the year ended 30 June 2023/2022 – fully franked at the tax rate of 30% and paid in cash	5,278	12,266
	5,278	**12,266**
	Cents per share	Cents per share
Final dividend paid for the year ended 30 June 2023/2022	2.2	4.75

Since the end of the financial half year ended 31 December 2023 the Directors have declared an interim ordinary dividend of 1.0 cents per fully paid share, fully franked. The interim dividend will be paid on 12 April 2024 by the Company. The dividend reinvestment plan has been suspended and this interim dividend will be paid fully in cash.

Notes to the Financial Statements (continued)

7. Non-Current Assets – Intangible Assets

Consolidated	Goodwill	Broadcasting Licences	Brands and Trademarks	Other	Total
31 December 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost	362,088	1,502,031	90,450	34,860	1,989,429
Accumulated impairment expense	(362,088)	(854,478)	(41,662)	-	(1,258,228)
Accumulated amortisation expense	-	-	-	(13,090)	(13,090)
Net carrying amount	**-**	**647,553**	**48,788**	**21,770**	**718,111**
Movement					
Net carrying amount at 30 June 2023	-	647,553	48,747	15,820	712,120
Additions	-	-	41	9,148	9,189
Amortisation expense	-	-	-	(3,198)	(3,198)
Net carrying amount at end of period	**-**	**647,553**	**48,788**	**21,770**	**718,111**

Consolidated	Goodwill	Broadcasting Licences	Brands and Trademarks	Other	Total
31 December 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost	362,088	1,502,031	90,331	18,990	1,973,440
Accumulated impairment expense	(362,088)	(854,478)	(41,662)	-	(1,258,228)
Accumulated amortisation expense	-	-	-	(7,244)	(7,244)
Net carrying amount	**-**	**647,553**	**48,669**	**11,746**	**707,968**
Movement					
Net carrying amount at 30 June 2022	-	647,553	48,576	7,667	703,796
Additions	-	-	93	6,146	6,239
Amortisation expense	-	-	-	(2,067)	(2,067)
Net carrying amount at end of period	**-**	**647,553**	**48,669**	**11,746**	**707,968**

Impairment of goodwill and intangible assets with indefinite useful lives

The value of licences, trademarks, brands and goodwill is allocated to the Group's cash generating units ("CGUs") identified as Audio, being the regional and metro free-to-air commercial radio broadcasting and related operations and Television, being the regional television broadcasting operations. The indefinite lived intangible assets relating to the Television CGU were fully impaired in the year ended 30 June 2019.

The Group tests at least annually whether goodwill and intangible assets with indefinite useful lives have suffered any impairment and when there is an indication of impairment. The tests incorporate assumptions regarding future events which may or may not occur, resulting in the need for future revisions of estimates.

Notes to the Financial Statements (continued)

8. Impairment

a) Impairment tests for licences, tradenames, brands and goodwill

The value of licences, tradenames, brands and goodwill is allocated to the Group's cash generating units ('CGUs'), identified as being Audio and Television. The tough conditions in the Broadcast Radio advertising market, with the Metro Radio market in particular declining by 3.6% in the half year ended 31 December 2023, together with the continuing deficiency between the Group's market capitalisation and its net assets, is considered an indication that the Audio intangible assets may be impaired under AASB 136 'Impairment of Assets'. As the indefinite lived intangible assets relating to the Television CGU were fully impaired in the year ended 30 June 2019, and no indicator of impairment has been identified for the remaining assets based on the Television CGU's performance in the period to 31 December 2023 relative to its remaining carrying value, no impairment test was performed on the Television CGU at 31 December 2023.

Currently the Directors are in the process of assessing the ARN and ACP offer. This process is still ongoing as at the date of this report and, consequently, the financial statements have been prepared on the basis of the Group's business continuing to operate in its current ownership structure.

The financial report for the half year ended 31 December 2023, including the impairment assessment, have been considered and approved by the directors based on their assessment of all the relevant information available to the Company up to the date of this report. Future events in relation to the proposed transaction offer may occur, which may materially impact the future carrying values of the Group's intangible assets.

The recoverable amount of the Audio CGU at 31 December 2023 and 30 June 2023 was determined based on the fair value less costs of disposal ('FVLCD') discounted cash flow model utilising probability weighted scenarios, and approximates the carrying value.

Allocation of goodwill and other intangible assets

Consolidated	Audio CGU	Television CGU	Total
31 December 2023	**$'000**	**$'000**	**$'000**
Goodwill allocated to CGU	**-**	**-**	**-**
Indefinite lived intangible assets allocated to CGU	**696,341**	**-**	**696,341**
Finite lived intangible assets allocated to CGU	**21,770**	**-**	**21,770**
Total goodwill, finite and indefinite lived intangible assets	**718,111**	**-**	**718,111**

Consolidated	Audio CGU	Television CGU	Total
30 June 2023	**$'000**	**$'000**	**$'000**
Goodwill allocated to CGU	-	-	-
Indefinite lived intangible assets allocated to CGU	696,300	-	696,300
Finite lived intangible assets allocated to CGU	15,820	-	15,820
Total goodwill, finite and indefinite lived intangible assets	712,120	-	712,120

Notes to the Financial Statements (continued)

8. Impairment (continued)

b) Key assumptions used

31 December 2023

The FVLCD calculations used cash flow projections based on the latest FY24 forecast extended over the subsequent four-year period ('Forecast Period') and applied a terminal value calculation using estimated growth rates approved by the Board for the business relevant to the Audio CGU. In determining appropriate growth rates to apply to the Forecast Period and to the terminal calculation, the Group considered forecast reports from independent media experts and publicly available broker reports as well as internal company data and assumptions. In respect of the Audio CGU the long-term growth rates did not exceed the average of the independent forecast reports. The discount rate used is based on a range provided by an independent expert and reflects specific risks relating to the Audio CGU in Australia.

The Group considered three scenarios: the Base case; Lower case; and Upper case and applied a probability weighting to each scenario as outlined below to determine a recoverable amount. The key assumptions under each scenario are as follows:

	Lower case	**Base case**	**Upper case**
Growth in Broadcast Radio advertising revenues – 5-year CAGR	0.7%	3.0%	4.5%
Long term growth rate	0.0%	1.3%	2.4%
Discount rate (post-tax)	10.25%	10.25%	10.25%
Growth in digital audio revenues – 5-year CAGR	15%	29%	31%
Metro market share – Year 5	26%	28%	29%
Cost out savings	Audio share of savings - $17m in FY24; additional $7m from FY25, plus additional 1% from FY26 to FY27	Audio share of savings - $17m in FY24; and an additional $7m from FY25	Audio share of savings - $17m in FY24; and an additional $7m from FY25
Probability weighting	40% - lower case considered more likely than upper case due to potential for worsening economic conditions	50% - base case considered most likely outcome	10% - upper case considered less likely than lower case due to potential for worsening economic conditions

The market capitalisation of the Group at 31 December 2023 was $239 million, which represented a $194 million deficiency against the net assets of $433 million. The Group considered reasons for this difference and concluded the recoverable amount resulting from the FVLCD methodology is appropriate in supporting the carrying value of the Audio CGU.

Notes to the Financial Statements (continued)

8. Impairment (continued)

30 June 2023

The FVLCD calculations used cash flow projections based on the 2024 Board approved financial budgets extended over the subsequent four-year period ('Forecast Period') and applied a terminal value calculation using estimated growth rates approved by the Board for the business relevant to the Audio CGU. In determining appropriate growth rates to apply to the Forecast Period and to the terminal calculation, the Group considered forecast reports from independent media experts and publicly available broker reports as well as internal company data and assumptions. In respect of the Audio CGU the long-term growth rates did not exceed the average of the independent forecast reports. The discount rate used is based on a range provided by an independent expert and reflects specific risks relating to the Audio CGU in Australia.

The Group considered three scenarios: the Base case; Lower case; and Upper case and applied a probability weighting to each scenario as outlined below to determine a recoverable amount. The key assumptions under each scenario are as follows:

	Lower case	**Base case**	**Upper case**
Extent and duration of audio market recovery	To 82% of CPI adjusted FY19 revenue base in FY25 declining to 76% by FY28	To 83% of CPI adjusted FY19 revenue base in FY25 declining to 82% in FY26 and flat thereafter	To 84% of CPI adjusted FY19 revenue base by FY25 and increasing to 88% by FY28
Long term growth rate	0.0%	1.5%	2.5%
Discount rate (post-tax)	10.0%	10.0%	10.0%
Growth in digital audio revenues – 5-year CAGR	17%	27%	31%
Metro market share – Year 5	26%	29%	30%
Probability weighting	40% - lower case considered more likely than upper case due to potential for worsening economic conditions	50% - base case considered most likely outcome	10% - upper case considered less likely than lower case due to potential for worsening economic conditions

Notes to the Financial Statements (continued)

8. Impairment (continued)

c) Impact of a reasonably possible change in key assumptions

Audio CGU

Sensitivity
Any variation in the key assumptions used to determine the FVLCD would result in a change in the recoverable amount of the Audio CGU. The assumptions in the lower-case scenario for 31 December 2023 described above represent a reasonably possible change in assumptions, which together would lead to a pre-tax impairment of $339 million. The following reasonably possible changes in a key assumption would result in the following approximate impact on recoverable amount (as derived on a probability weighted basis) and carrying value for the Audio CGU:

Sensitivity	Reasonable Change in variable **%**	Impact of change on Audio CGU carrying value **$ million**
Increase in post-tax discount rate from 10.25% to 12.25%	2.0%	(85.3)
Reduction in long term growth rate by 2% in each scenario (becoming negative in each case apart from the upper case)	(2.0)%	(63.9)
Reduction in digital growth in the base case from FY25 to FY28 to 5% p.a.	Decline in 5-year CAGR by 14%	(77.3)
Inability to deliver the final $10 million of annualised savings from FY25	$(10) million	(67.0)

Notes to the Financial Statements (continued)

9. Derivative Financial Instruments

	Consolidated	
	31 Dec 23	**30 Jun 23**
	$'000	**$'000**
Interest rate swap contracts – non-current asset	230	736
Total derivative financial instruments	**230**	**736**

Hedge accounting

The Group designated interest rate swaps held as cash flow hedges and has applied hedge accounting.

The Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The fair values of derivative financial instruments used for hedging purposes are presented within the balance sheet. Movements in the hedging reserve are shown within the Consolidated Statement of Changes in Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

In the 2020 financial year the Group entered into $100 million of interest rate swap contracts under which it is obliged to receive interest at variable rates and pay interest at fixed rates starting in January 2021 at an average fixed rate of 1.04%. These interest rate swap contracts expired in January 2023. In the 2023 financial year the Group entered into $35 million of interest rate swap contracts under which it is obliged to receive interest at variable rates and pay interest at fixed rates starting in April 2023 at an average fixed rate of 3.6%. These interest rate swap contracts will expire in April 2026.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Comprehensive Income.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within "interest expense and other borrowing costs". When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Notes to the Financial Statements (continued)

10. Borrowings

	Consolidated	
	31 Dec 23	**30 Jun 23**
	$'000	**$'000**
Non-current secured borrowings		
Total committed non-current bank facilities	160,000	160,000
Undrawn facilities	(32,000)	(42,000)
Drawn bank facilities	128,000	118,000
Borrowing costs	(607)	(757)
Total secured non-current interest bearing liabilities	**127,393**	**117,243**
Total current and non-current borrowings	**127,393**	**117,243**

For all non-current borrowings, the carrying amount approximates fair value in the balance sheet. On 14 June 2023 the Group negotiated a short-term $25 million overdraft facility with the ANZ Banking Group, renewable on an annual basis.

11. Contributed Equity

	Consolidated	
	31 Dec 23	**30 Jun 23**
	$'000	**$'000**
Ordinary Shares	1,516,105	1,516,105
Contributed equity	**1,516,105**	**1,516,105**

	1 Jul 23 - 31 Dec 23	**1 Jul 22 - 31 Dec 22**	**1 Jul 23 - 31 Dec 23 Number of securities**	**1 Jul 22 - 31 Dec 22 Number of securities**
	$'000	**$'000**	**'000**	**'000**
On issue at the beginning of the half year	1,516,105	1,537,404	239,899	260,848
Buy-back of ordinary shares	-	(18,924)	-	(18,643)
On issue at the end of the financial year	**1,516,105**	**1,518,480**	**239,899**	**242,205**

12. Events Occurring after Balance Date

Other than matters outlined elsewhere in this report, no matters or circumstances have arisen since the end of the half year that have significantly affected or may significantly affect the operations of the Group, the results of these operations in future financial years or the state of affairs of the Group in periods subsequent to the half year ended 31 December 2023.

Directors' Declaration

The directors of the Company declare that:

(a) the financial statements and notes set out on pages 4 to 19 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 financial position of the Group as at 31 December 2023 and the financial performance of the Group, as represented by the results of its operations, changes in equity, and cash flows, for the interim financial period ended on that date; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Southern Cross Media Group Limited.

Rob Murray	John Kelly
Chairman	Managing Director
Sydney, Australia	Sydney, Australia
29 February 2024	29 February 2024

Independent auditor's review report to the members of Southern Cross Media Group Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Southern Cross Media Group Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 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, selected 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 Southern Cross Media Group 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 31 December 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

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the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Trevor Johnston
Partner

Melbourne
29 February 2024