Half Year Financial Report and Appendix 4D

ARN Media Limited and controlled entities

For the period ended 30 June 2024

Contents

Results for announcement to the market for the half-year ended 30 June 2024
(previous corresponding period: half-year ended 30 June 2023)

Key financial information [i]	June 2024 $'m	June 2023 $'m	Change %
Revenue from ordinary activities	168.1	165.9	1%
Other income	1.7	40.3	(96%)
Revenue and other income	169.7	206.2	(18%)
Net profit attributable to members of the parent entity	5.4	52.5	(90%)

[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
Final dividend	3.6 cents	3.6 cents	1 March 2024	22 March 2024
Interim 2024 dividend	1.2 cents	1.2 cents	3 September 2024	23 September 2024

Net tangible assets per share	June 2024 $'m	December 2023 $'m
Net tangible asset backing per ordinary share*	(0.72)	(0.26)

* 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 2024. Information should be read in conjunction with ARN Media Limited's 2023 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 2024 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 2024.

1. DIRECTORS

The Directors of the company at any time during the half-year ended 30 June 2024 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
Brent Cubis
Belinda Rowe

2. 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.

3. DIVIDENDS

The Directors have declared a dividend of 1.2 cents per ordinary share fully franked, to be paid for the half-year ended 30 June 2024. The record date for the dividend is 3 September 2024 and the dividend will be payable on 23 September 2024.

4. 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.

5. 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

22 August 2024
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, ARN Media Limited (ARN Media or Group) revenues from ordinary activities of $168.1 million are in line with the prior period. ARN Media advertising revenues have remained resilient, supported by audience growth in digital streaming and podcasting and the continued realisation of national regional revenue synergies.

Total group costs before significant items were up 1.8% on prior year to $135.9 million owing primarily to increased investment in marketing to support the launch of The Kyle and Jackie O Show in Melbourne.

Group earnings before significant items, interest, tax, depreciation and amortisation (EBITDA) was flat on prior period at $35.5 million.

The statutory net profit after tax attributable to ARN Media shareholders of $5.4 million in the period included our share of $4.3 million of transaction costs associated with the proposed acquisition of Southern Cross Austereo (SCA). The result represented a $47.1 million decrease from the prior comparative period, which included a significant gain on disposal of our investment in Soprano Design Pty Limited.

Directors' Report (continued)

Summary of financial performance

	Underlying Segment Result		Significant Items		Statutory Result	
AUD million[1]	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023
Revenue from ordinary activities	168.1	165.9	–	–	168.1	165.9
Other income	1.2	0.9	–	39.1[4]	1.2	40.0
Share of profits of associates	2.2	2.3	–	–	2.2	2.3
Costs	(135.9)	(133.5)	(6.2)[2]	(1.9)[5]	(142.1)	(135.4)
EBITDA	35.5	35.5	(6.2)	37.3	29.4	72.8
Depreciation	(12.3)	(9.1)	(1.0)[3]	–	(13.3)	(9.1)
Amortisation	(0.9)	(1.1)	–	–	(0.9)	(1.1)
EBIT	22.3	25.3	(7.2)	37.3	15.1	62.6
Net interest expense	(6.0)	(3.0)	–	–	(6.0)	(3.0)
Profit before tax	16.3	22.4	(7.2)	37.3	9.1	59.6
Tax expense	(4.8)	(6.6)	2.2	0.6	(2.6)	(6.0)
Profit after tax	11.5	15.8	(5.0)	37.8	6.5	53.6
Less: non-controlling interests	(1.2)	(1.1)	–	–	(1.2)	(1.1)
NPAT attributable to ARN Media shareholders	10.4	14.6	(5.0)	37.8	5.4	52.5
EBIT margin	13.3%	15.3%				
Underlying basic EPS (cents)	3.4	4.8				
Interim dividend per share (cents)	1.2	3.5				

[1] Totals may not add due to rounding.

[2] Relates to one off expenditure for new systems implemented $0.9 million, our share of transaction costs associated with the proposed acquisition of SCA $4.3 million, redundancies associated with simplifying and standardising the radio operations of $0.6 million and $0.3 million relates to exit from Macquarie Park premises.

[3] Relates to the remaining depreciation on Macquarie Park right-of-use and property, plant and equipment assets.

[4] Consists of gain on sale of investment in Soprano less costs of sale $39.1 million.

[5] Relates to one off expenditure for new systems implemented $0.7 million, integration costs of ARN Regional $1.1 million.

Directors' Report (continued)

UNDERLYING DRIVERS OF PERFORMANCE

Total Group revenues of $168.1 million were up by 1.3%, and EBITDA before significant items of $35.5 million was in line with the prior period.

The underlying Group result incorporated ARN advertising revenues of $152.8 million, which were up 1.1% on the prior period owing to continued growth of national regional revenues and digital audio revenues offset by lower metro radio revenues.

Total group costs before significant items of $135.9 million were up 1.8% on the prior period due primarily to increased investment in marketing to support the launch of The Kyle and Jackie O Show in Melbourne.

Depreciation and amortisation expense before significant items of $13.2 million increased by 30% in the period following the commencement of a significant new advertising contract for Cody Outdoor in May 2024. This resulted in EBIT before significant items of $22.3 million compared with $25.3 million in the prior period. Net profit after tax (NPAT) attributable to shareholders before significant items was $10.4 million.

Details on the nature of significant items totalling a loss of $5.0 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 $296.4 million at 30 June 2024, a decrease of $19.9 million from December 2023, driven by a decrease in the valuation of ARN Media's investment in Southern Cross Austereo (SCA) and initial working capital requirements associated with new advertising contracts secured by Cody Outdoor in the period. Right-of-use assets have increased by $123.3 million with a corresponding increase in lease liabilities, primarily from Cody Outdoor securing Hong Kong Tramways Tram Body Advertising contract.

CASH AND CAPITAL MANAGEMENT

The balance sheet of the Group remains sound with net debt of $86.8 million and leverage on a pre-AASB 16 basis of 1.58 times EBITDA, before significant items.

Subject to trading conditions, the Group expects to maintain debt levels of around one and a half times EBITDA (before significant items). The Group considers this an appropriate level of gearing that provides flexibility for ARN Media to continue to pursue its strategy and capitalise on future growth opportunities as they arise.

The Board remains committed to maintaining strong dividends for shareholders.

The Group maintains debt facilities with undrawn limits of $70.6 million, most of which expire in 2027. Cashflows from operating activities after lease payments of $15.3 million were down on the comparative period due to transaction costs associated with the previously disclosed potential acquisition of SCA in a consortium with Anchorage Capital Partners (ACP) and working capital requirements associated with new advertising contracts secured by Cody Outdoor in the period.

The Company declared a half year dividend of 1.2 cents per share.

Directors' Report (continued)

Cash flow generation

AUD million[1]	June 2024	June 2023	Change %
Net cash flow from operations[2]	23.2	30.7	(25%)
Principal lease payments	(7.9)	(5.6)	41%
Capex net of proceeds on sales and lease incentives received	(4.2)	(3.4)	23%
Free cash flow	**11.1**	**21.7**	**(49%)**
Net financing costs	(6.1)	(2.9)	>100%
Tax payments	(4.9)	(15.3)	(68%)
Cash flow from operating activities, lease payments and capex	**0.1**	**3.5**	**(98%)**
Investing cash flows	1.1	25.5	(96%)
Borrowings	5.0	(10.0)	(>100%)
Dividends paid to shareholders	(11.3)	(16.1)	(30%)
Other financing cash flows	(1.7)	(4.2)	(61%)
Cash at the beginning of the year	18.9	23.9	(21%)
Effect of foreign exchange on the period	0.1	0.1	69%
Cash at end of the period	**12.2**	**22.6**	**(46%)**
Bank loans	(99.0)	(75.0)	32%
Net debt	**(86.8)**	**(52.4)**	**66%**
Operating cash conversion (EBITDA)[3]	65.2%	86.5%	(25%)
Free cash conversion (EBIT)[3]	49.6%	85.5%	(42%)

[1] Totals may not add due to rounding.
[2] Before dividends, interest and tax.
[3] Excluding significant items.

AUSTRALIAN RADIO NETWORK (ARN)

ARN is one of Australia's leading audio entertainment companies, connecting with over 8 million Australians every week through broadcast and on-demand content reaching every State and Territory.

With ownership of 58 radio stations across 33 markets, plus 46 DAB+ stations, ARN maintains a long-term licence to operate digital entertainment platform, iHeartRadio, which has benefitted from the consistent growth in podcast listening and digital radio listening, amassing 2.7 million registrations.

Our ambition remains clear, 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 and technologies for commercialisation
- Building an integrated audio business, and
- Embracing digital transformation and AI innovation.

Total ARN revenues of $152.8 million were up 1.1% on the prior period, and underlying EBITDA before significant items of $33.9 million, was down 3.3%.

Directors' Report (continued)

A STABLE INDUSTRY WHICH CONTINUES TO REACH MORE AUDIENCES

The Australian audio industry is a dynamic, strong, and evolving landscape. The latest *Infinite Dial Research* conducted by Edison Research, and commissioned by the industry found:

- Radio reaches 81% of the population,
- Five times more Australians listen to radio than ad-supported Spotify,
- Online streaming amongst 25– 54 year olds has doubled in three years,
- Australian podcast listenership is one of the highest globally, growing 20% in two years,
- Radio is the top in-car content choice,
- Streaming radio listening in cars has risen by 75% in two years, and
- Smart speaker ownership has doubled in four years, now matching the United States.

Taking a closer look at the performance across the audio landscape:

METRO RADIO[1]	REGIONAL RADIO[2]	RADIO STREAMING[3]	PODCAST[4]	MUSIC STREAMING[5] (Ad Supported)
12.2 million people listening each week in 2024	7.6 million listening each week in 2024	31% of P25-54 are listening to online radio weekly	48% of P12+ are listening to a podcast every month	5 million people listening each week in 2024
84% OF POP 10+	78% OF POP 10+	More than doubling since 2021.	+5% YoY +23% since 2020	23% OF POP 10+
72% listen to Breakfast Radio. This is 9 million people each week – 2.5x greater than breakfast TV.	Regional advertising revenue has nearly doubled over the past 5 years and is expected to double again as regional populations continue to grow.	The Radio format remains incredibly relevant as people migrate their means of accessing. For advertisers it's complementary.	Australians are the world's most avid Podcast listeners.	5 times more Australians are listening to Radio than ad supported Spotify.

Source:
1. Insight: (GfK S 1-4 2024 vs S1-4 2023 SMBAP Mon-Sun 530am - 12mn)
   % of Population: Infinite Dial 2024
   Key Daypart: (GfK S 1-4 024 SMBAP Mon-Sun 530am - 12mn vs Mon-Fri 530am -9am & VOZ data avg 14/4/24-16/6/24
2. Insight: Boomtown Regional Population Estimate (9.8M), Infinite Dial 2024 % of Regional People Listening to Radio
   % of Population: Infinite Dial 2024
3. Infinite Dial 2024
4. Infinite Dial 2024
5. Insight: Nielsen CMV national database S4 2024 vs S4 2023 Free Music Streaming
   Infinite Dial 2024

Directors' Report (continued)

ARN METROPOLITAN PERFORMANCE[1]

Across the period, ARN Metropolitan advertising revenues were back 1.4%, demonstrating a resilient channel despite ongoing challenging market conditions.

Following the finalisation of long-term on-air talent contract extensions in late 2023, a key focus for the business in the first half, has been preparing for the launch of The Kyle and Jackie O Show broadcast into Melbourne from April 2024. The show launched with Australia's largest pharmacy retailer Chemist Warehouse as the show sponsor and has since delivered successful integrated campaigns for the Chapel Street precinct, demonstrating both a commercial appetite for the show as well as the ability to deliver impactful campaigns across multiple markets.

Like all new shows, it will take time to build a loyal audience and while it is early days, we are very confident in the strategy and ability of our team to make this move a success. Brand tracking results demonstrate a steady increase in conversion from awareness through to trial which we expect will translate to cumulative audience in the coming months.

Sydney

Our network ranks #1 in Sydney, achieving a 21.7% share and an average weekly cumulative audience of 2.2 million across Surveys 1-4 in 2024.

KIIS1065 remains the most revered station in Sydney, maintaining its position as the #1 FM station for the highly sought-after audience of People 25-54 for the 40th consecutive time. KIIS 1065 is home to Sydney's favourite breakfast show, *The Kyle and Jackie O Show*, which recently celebrated its 44th consecutive survey as the #1FM show.

WSFM, featuring the beloved *Jonesy & Amanda*, provides ARN with an FM Breakfast show duopoly and ensures extended reach across key demographics.

Overall, 46% of the Sydney population tunes in to ARN stations on a weekly basis, and we dominate DAB+ listening with 502,000 listeners, more than any other network.

Melbourne

Our two stations in Melbourne combined have secured the #1 network position, capturing a 19.7% share and an average weekly cumulative audience of 2.2 million for Surveys 1-4 in 2024.

GOLD 104.3 leads as Melbourne's #1 FM station, consistently dominating the market. In the latest survey, GOLD 104.3 was ranked #1 FM overall for the seventh consecutive time since Survey 6 of 2023. It also holds the top FM spot in Melbourne for Breakfast with *The Christian O'Connell Breakfast Show* as well as for Evenings, and Weekends.

Since the launch of *The Kyle & Jackie O Show* in April, we're seeing positive signs with cumulative audience increasing over the survey period.

Melbournians show a preference for ARN stations with 43% of the population tuning in each week, and our DAB+ stations experiencing 28% growth, reaching a cumulative audience of 421,000.

Brisbane, Adelaide and Perth

In the most recent survey (S4-24), KIIS97.3 share in Brisbane was 9.8% with *Robin & Kip for Breakfast*, while the *Will & Woody* drive show sits at 8.9% share. KIIS97.3 reached a cumulative audience of 161,000, the stations best result in over a year.

Mix 102.3 is the most listened to station in Adelaide with 371,000 people tuning in each week across Surveys 1-4 in 2024. The cumulative audience reach for surveys in 2023-24 is +5% higher than the same period 2022-23, with breakfast show *Max & Ali in the Morning* increasing by 4% over this period. Complementing Mix 102.3 is Cruise1323, Adelaide's #1 Commercial AM Station overall and in key Breakfast, Drive, & Weekend dayparts.

96FM remains Perth's #2 station overall with 13.6% share and 509,000 listeners each week. The breakfast show, *Clairsy & Lisa,* increased cumulative audience by 4%.

[1] **Source: GfK S 1-4 2024 vs S1-4 2023 SMBAP Mon-Sun 530am – 12mn, share, unless stated otherwise**

Directors' Report (continued)

ARN REGIONAL PERFORMANCE

ARN Regional, encompassing 46 stations across 26 markets, have hit their commercial and content strides.

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 business. In addition, through 26 regional newsrooms, we distribute news updates half hourly from 6am to 9am and hourly thereafter.

Following on from a solid 2023, regional advertising revenues totalled $52.8 million in the period, up 1.2% on the prior period.

The 2-year integration of ARN Regional was finalised on-time at the end of 2023 and we continue to deliver revenue synergies against the original investment case. Regional revenues from National agencies and clients were up $2.9 million or 21% for the half and we are targeting a similar level of synergy growth for the remainder of the year.

Local regional revenues, comprising close to 70% of total regional revenues were back $0.5 million or 1% on the prior period, a sound result in a highly competitive advertising market.

To date in 2024, ARN stations have featured in five regional surveys, achieving market leading results across the board. Hobart's 7HO (#1)[2], Ballarat's Power FM (#1)[3], Ipswich's River 94.9 (#1)[4] and Darwin's Hot100 (#1)[5] and Mix 104.9 (#2)[6] dominated, ensuring their 'must buy' status in their respective markets. Meanwhile, Hot Tomato, the Gold Coast's undisputed #1 station[7] celebrated its 21st birthday and in second survey of the year achieved a clean sweep across all day parts.

ARN DIGITAL AUDIO

As audiences' consumption habits change, we continue to evolve our strategy to meet those needs. In the first half of this year, we scaled back original digital content production and focused on delivering organic audience growth in digital formats, to maximise the commercial opportunity that our extensive content library offers.

For the March 2024 quarter, online audio advertising revenue increased by 26.2%. This raises the value of the digital audio market in Australia to $65.5 million with podcast revenue sitting at $22.9 million or 35% of total online audio spending, and streaming revenue at $42.6 million or 65% of total online audio.

ARN digital audio advertising revenues reached $11.0 million, up 26% on the prior period, and the EBITDA loss (before significant items) in the period narrowed significantly to $1.9 million, from a loss of $3.6 million in the second half of 2023. Prioritising owned content and improved monetisation of third-party content arrangements drove a material reset of revenue related costs which we expect to now maintain. We are also accelerating our efforts to fully monetise radio digital streaming audiences and unlock premiums enabled by addressable audiences. Balancing necessary investment for future growth with profitability is a key priority, and we remain on-track to deliver a cashflow break even run-rate in our digital audio operations in the final quarter of 2024.

Our strategy is to create and distribute 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 pillar to our digital ecosystem, is our partnership with iHeartMedia, including our long-term licence agreement over the iHeartRadio platform app and broader ecosystem. Usage of the iHeartRadio platform continues to grow, to now have over 2.7 million registrations (up 10% YOY)[8].

ARN's iHeartPodcast Network is a clear market leader, with original podcast shows delivering over 1 million monthly downloads, more than anyone else in the Australian Podcast Ranker[9] and reaching over 72% of Australian podcast listeners. It celebrated a record milestone in June as the #1 publisher for the 50th consecutive time.

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[2] Xtra Insights, Hobart, P 10+, Cume, Mon-Sun 5.30am-12mn, Station Listened to Most Often and Cumulative Reach), Survey 1 2024
[3] Xtra Insights, Ballarat, P 10+, Cume, Mon-Sun 5.30am-12mn, Station Listened to Most Often and Cumulative Reach), Survey 1 2024
[4] Xtra Insights, Ipswich, P 10+, Cume, Mon-Sun 5.30am-12mn, Station Listened to Most Often and Cumulative Reach), Survey 1 2024
[5] Xtra Insights, Darwin, P 10+, Cume, Mon-Sun 5.30am-12mn, Station Listened to Most Often and Cumulative Reach), Survey 1 2024
[6] Xtra Insights, Darwin, P 10+, Cume, Mon-Sun 5.30am-12mn, Station Listened to Most Often and Cumulative Reach), Survey 1 2024
[7] GfK S2 2024 p10+, Gold Coast, Mon-Sun 530am – 12mn, share
[8] iHeartRadio Australia, Registration Data, Lifetime Users, as at June 2024
[9] Australian Podcast Ranker, Triton, June 2024

Directors' Report (continued)

In the June 2024 Podcast Ranker, ARN represented content had 6.6 million podcast listeners and 20+ million monthly downloads, with 5 of the top 15 podcasts, and #1 rankings across the Catchup, True Crime, Relationship, Knowledge, Finance and Health & Wellness genres. This performance was led by Australian podcasts: Casefile (ranked #2), The Imperfects (ranked #8), Kyle and Jackie O (ranked #9), Life Uncut (ranked #10) and Stuff you Should Know (ranked #13)[10].

CREATING A SUSTAINABLE BUSINESS MODEL

A number of key programs for improvement in ARN's performance have been underway in the first half of this year. All of these are orientated toward increased and sustainable operating efficiencies ensuring we remain on track to limit total people and operating cost growth to between 2-4% and deliver $6.5 million permanent cost out in 2024 as part of a two-year $10 million annualised cost out program.

We have made measured investment in studios and core infrastructure across both Regional and Metro sites; completed the move of Head Office to North Sydney and progressed the move of our Darwin operation, which is on-track for completion in August. In the same month, our two-year program of work to digitise and automate the sales process via Salesforce will be implemented, enabling significantly greater customer management, reporting and forecasting capability for our entire commercial function.

In late 2023 we commenced a project to radically simplify the way we operate. By removing complexity in the creation and delivery of content, we expect to improve both speed to market and effective campaign delivery for clients. During this period, we have standardised operations across the KIIS network, upgrading technical infrastructure to enable networking across Sydney, Melbourne, Adelaide and Brisbane as well as streamlining our programming to maintain the optimal blend of live and local content production while realising benefits of more standardised music delivery.

We have further realised operational efficiencies through the creation of national centres of excellence in visual, video and audio production that act as service hubs for the entire business. In doing so, we have created development opportunities for our team members while ensuring all resources are utilised to full operating capacity.

In the remainder of this year and into 2025, we will continue to evaluate the operating model for further efficiencies, including exploring how the business can benefit from using AI.

SHAPING THE FUTURE SOUND OF AUDIO

For the Australian media industry, the first 6 months of this year have been characterised by continued challenging. conditions. Despite this, ARN Media has delivered a competitive operational performance, laser focused on realising the benefits of decisions made to strengthen our core, while building foundations for a digitally consumed future.

The investments we've historically made in long term talent contracts, the long-standing partnership for our market leading digital audio platform iHeartRadio and nationalising core enabling operations, means we have been able to deliver our core product more efficiently. Our balance sheet is strong and the Group's financing facilities have stable tenure with sufficient undrawn limits.

In October 2023, ARN Media in a consortium with Anchorage Capital Partners (ACP) made a non-binding indicative proposal to acquire SCA. Following thorough due diligence efforts, ACP withdrew their participation in the consortium as a result of significant decline in trading performance of Regional TV, and the proposal was withdrawn.

Despite the proposal not proceeding, ARN Media believe that amid increasing pressures from global technology and media platforms and a government regulatory environment that has not kept pace, the industry needs market restructure and consolidation. We remain resolute in our view that the combination of SCA's Triple M brand, regional and digital assets with ARN Media, would create Australia's most valuable audio led entertainment business, and that our 'All Audio' strategy and highly efficient and stable operation positions us well to pursue this proposition.

In the interim we remain committed to delivering stable earnings and dividends for shareholders through a focused effort to build Australia's largest and most valuable audience of the highly commercialisable People 25-54 in an increasingly addressable and accessible way.

[10] Australian Podcast Ranker, Triton, June 2024

Directors' Report (continued)

CODY OUTDOOR (HONG KONG)

Advertising revenues were up 1.1% to $9.7 million and the business recorded an EBIT loss of $1.3 million impacted by the commencement of the HK Tramways Tram Body Contract in May 2024.

During the period Cody Outdoor (Cody) successfully tendered for and secured two pivotal advertising contracts which will see the business return to being a key player in the Hong Kong market.

In February 2024, the HK Tramways Tram Body Contract was secured on a 5-year term with multi-year extension options. The contract commenced in May 2024 and covers the iconic tram cars circulating key districts of Hong Kong Island, providing advertisers access to affluent Hong Kong CBD consumers at scale.

In July 2024, Cody secured and commenced operating the bus body advertising contract with The Kowloon Motor Bus Company (1933) Limited (KMB) in Hong Kong. KMB operates the largest public bus franchise in Hong Kong covering over 400 bus routes predominately on Kowloon and New Territories. Cody Outdoor will be responsible for selling advertising on KMB's fleet which comprises of close to 4,000 buses over the contract term running to 30 June 2030.

On a combined annualised basis, we expect to write in excess of A$65 million of revenue across the two contracts.

Securing these two contracts represents a significant milestone for Cody and are key pillars to re-building market share and improving business valuation.

Auditor's Independence Declaration

As lead auditor for the review of ARN Media Limited for the half-year ended 30 June 2024, 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.

EPenny

Eliza Penny
Partner
PricewaterhouseCoopers

Sydney
22 August 2024

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 22 August 2024.

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 6.2.

SIGNIFICANT EVENTS IN THE CURRENT REPORTING PERIOD

Proposed acquisition of Southern Cross Media Limited (SCA)

On 18 October 2023 ARN and Anchorage Capital Partners Pty Limited (ACP) (together Consortium) announced their non-binding indicative proposal to acquire 100% of the fully diluted share capital of SCA through a scheme of arrangement. On 13 May 2024 ACP announced their withdrawal from the Consortium and the Consortium proposal. On the same date, ARN announced a revised proposal which was subsequently rejected by SCA on 20 May 2024.

Cody secured two contracts

In February 2024, the HK Tramways Tram Body Contract was secured on a 5-year term with multi-year extension options. The contract commenced in May 2024 and covers the iconic tram cars circulating key districts of Hong Kong Island, providing advertisers access to affluent Hong Kong CBD consumers at scale.

ARN Media announced on 8 July 2024 that Cody had been successful in securing the Hong Kong buses contract with KMB. KMB operates the largest public bus franchise in Hong Kong covering over 400 bus routes predominately on Kowloon and New Territories. Cody Outdoor will be responsible for selling advertising on KMB's fleet which comprises of close to 4,000 buses. The contract has a term running to 30 June 2030.

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.

About Interim Financial Statements (continued)

KEY JUDGEMENTS AND ESTIMATES (CONTINUED)

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.

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.

Consolidated Statement of Comprehensive Income

For the period ended 30 June 2024

	Note	June 2024 $'000	June 2023 $'000
Revenue from ordinary activities	1.1	**168,053**	165,857
Other revenue and income	1.1	**1,657**	40,332
Total revenue and other income		**169,710**	206,189
Expenses before impairment, finance costs, depreciation and amortisation	1.2	**(142,073)**	(135,401)
Finance costs	1.2	**(6,472)**	(3,265)
Depreciation and amortisation	1.2	**(14,236)**	(10,159)
Share of profits of associates and joint ventures accounted for using the equity method		**2,198**	2,281
Profit before income tax	1.3	**9,127**	59,645
Income tax expense		**(2,612)**	(6,029)
Profit for the period		**6,515**	53,616
Other comprehensive income			
Items that may be reclassified to profit or loss			
Net exchange difference on translation of foreign operations		**(29)**	15
Disposal of share of associate's other comprehensive income		**–**	(43)
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments recorded at fair value through other comprehensive income		**(13,669)**	(8,146)
Other comprehensive income, net of tax		**(13,698)**	(8,174)
Total comprehensive income		**(7,183)**	45,442
Profit for the period is attributable to:			
Owners of the parent entity		**5,362**	52,475
Non-controlling interests		**1,153**	1,141
Profit for the period		**6,515**	53,616
Total comprehensive income is attributable to:			
Owners of the parent entity		**(8,336)**	44,301
Non-controlling interests		**1,153**	1,141
		(7,183)	45,442
		Cents	Cents
Earnings per share			
Basic/diluted earnings per share	1.4	**1.8**	17.0

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

Consolidated Balance Sheet

As at 30 June 2024

	Note	June 2024 $'000	Dec 2023 $'000
Current assets			
Cash and cash equivalents		**12,249**	18,862
Receivables		**71,681**	72,503
Current tax asset	4.0	**7,462**	8,007
Other current assets		**7,332**	3,029
Total current assets		**98,724**	102,401
Non-current assets			
Shares in other corporations	3.2	**22,325**	36,004
Investments accounted for using the equity method		**35,462**	35,392
Property, plant and equipment		**67,590**	63,451
Intangible assets	2.1	**331,791**	332,468
Right-of-use assets	2.2	**186,159**	62,868
Other non-current assets		**5,036**	3,744
Total non-current assets		**648,363**	533,927
Total assets		**747,087**	636,328
Current liabilities			
Payables		**30,869**	32,466
Contract liabilities		**9,332**	3,279
Lease liabilities	2.2	**29,354**	6,551
Provisions		**12,178**	13,130
Total current liabilities		**81,733**	55,426
Non-current liabilities			
Bank loans	3.1	**98,563**	93,582
Lease liabilities	2.2	**165,139**	63,054
Provisions		**10,572**	10,532
Deferred tax liabilities		**94,659**	97,367
Total non-current liabilities		**368,933**	264,535
Total liabilities		**450,666**	319,961
Net assets		**296,421**	316,367
Equity			
Contributed equity	3.3	**1,544,039**	1,544,039
Reserves		**(63,503)**	(49,647)
Accumulated losses		**(1,220,437)**	(1,214,529)
Total parent entity interest		**260,099**	279,863
Non-controlling interests		**36,322**	36,504
Total equity		**296,421**	316,367

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 2024

	Note	June 2024 $'000	June 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**181,323**	179,569
Payments to suppliers and employees (inclusive of GST)		**(158,511)**	(148,855)
Dividends received		**355**	–
Interest received		**454**	292
Interest paid		**(6,555)**	(3,189)
Income taxes paid		**(4,882)**	(15,267)
Net cash inflow from operating activities		**12,184**	12,550
Cash flows from investing activities			
Payments for property, plant and equipment		**(8,838)**	(4,172)
Payments for software		**(345)**	–
Proceeds from sale of property, plant and equipment		**40**	731
Proceeds from sale of investment in associate (net of costs to sell)		**–**	62,877
Payments for investments in associates and financial assets		**(1,000)**	(39,858)
Dividend received from associates		**5,429**	4,921
Net loans to associates		**(3,300)**	(2,433)
Net cash (outflow)/inflow from investing activities		**(8,014)**	22,066
Cash flows from financing activities			
Net (repayments) / proceeds from borrowings	3.1	**5,000**	(10,000)
Payments for borrowing costs		**(100)**	–
Principal elements of lease payments		**(7,871)**	(5,602)
Lease incentives received		**4,902**	–
Payments for treasury shares		**(220)**	(199)
Dividends paid to shareholders	3.4	**(11,270)**	(16,072)
Payments for share buyback	3.3	**–**	(2,986)
Net payments to non-controlling interests		**(1,335)**	(1,050)
Net cash (outflow) from financing activities		**(10,894)**	(35,909)
Change in cash and cash equivalents		**(6,724)**	(1,293)
Cash and cash equivalents at beginning of the period		**18,862**	23,852
Effect of exchange rate changes		**111**	66
Cash and cash equivalents at end of the period		**12,249**	22,625

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 2024

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
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
Balance at 1 January 2024		1,544,039	(49,647)	(1,214,529)	279,863	36,504	316,367
Profit for the period		–	–	5,362	5,362	1,153	6,515
Other comprehensive income		–	(13,698)	–	(13,698)	–	(13,698)
Share-based payments		–	62	–	62	–	62
Dividends paid to shareholders	3.4	–	–	(11,270)	(11,270)	–	(11,270)
Acquisition of treasury shares		–	(220)	–	(220)	–	(220)
Transactions with non-controlling interests		–	–	–	–	(1,335)	(1,335)
Balance at 30 June 2024		1,544,039	(63,503)	(1,220,437)	260,099	36,322	296,421

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 2024 $'000	June 2023 $'000
Revenue and other income		
Revenue	**168,053**	165,857
Total Revenue	**168,053**	165,857
Gain on sale of equity accounted investments (net costs to sell)	–	39,132
Other	**1,203**	908
Other income	**1,203**	40,040
Interest income	**454**	292
Total other revenue and income	**1,657**	40,332
Total revenue and other income	**169,710**	206,189

Revenue recognised in the period ended 30 June 2024 that was included in the contract liabilities balance as at 1 January 2024 is $2.1million (2023: $4.1 million).

Notes to the Consolidated Financial Statements (continued)

1.2 EXPENSES

	June 2024 $'000	June 2023 $'000
Employee benefits expense	**85,563**	84,354
Production and distribution expense	**11,561**	11,527
Selling and marketing expense	**22,303**	19,182
Rental and occupancy expense	**5,745**	6,272
Professional fees	**6,669**	2,736
Repairs and maintenance costs	**2,909**	3,722
Travel and entertainment costs	**1,736**	1,812
Other expenses	**5,587**	5,796
Total expenses before impairment, finance costs, depreciation and amortisation	**142,073**	135,401
Interest on lease liabilities	**2,937**	896
Interest and finance charges	**3,455**	2,222
Borrowing costs amortisation	**80**	147
Total finance costs	**6,472**	3,265
Depreciation on right-of-use assets	**9,664**	6,008
Depreciation on other assets	**3,663**	3,093
Amortisation	**909**	1,058
Total depreciation and amortisation	**14,236**	10,159

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. The Group has determined there were three operating segments being ARN, HK Outdoor and Investments.

Reportable segment	Principal activities
ARN	Metropolitan and Regional radio networks, on-demand radio, streaming and podcasting (Australia), equity accounted investments including Nova Entertainment (Perth) Pty Ltd.
HK Outdoor	Billboard, transit and other outdoor advertising (Hong Kong).
Investments	Includes controlling interests in Emotive Pty Limited (creative agency) and investment in Southern Cross Austereo Media Group Limited (SCA). Prior to its sale this segment included equity accounted investment in Soprano Design Pty Limited (Soprano) a software vendor for secure messaging services. On 31 March 2023, the Group completed the sale of its 25% interest in Soprano.

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 2024 is as follows:

June 2024 $'000	ARN	HK Outdoor	Investments	Corporate	Group elimination	Total
Revenue						
Metro	88,952	–	–	–	–	**88,952**
Regional	52,849	–	–	–	–	**52,849**
Digital	11,038	–	–	–	–	**11,038**
Other	–	9,667	5,579	–	(32)	**15,214**
Revenue from contracts with customers	152,839	9,667	5,579	–	(32)	**168,053**
Share of profits of associates	2,198	–	–	–	–	**2,198**
Segment result	33,939	5,092	891	(4,384)	–	**35,538**
Reconciliation of segment result to profit before income tax						
Segment result						
Depreciation and amortisation [A]						**(14,236)**
Net finance costs						**(6,018)**
Acquisition costs [B]						**(4,303)**
Implementation of software as a service (SAAS) costs [C]						**(887)**
Restructuring costs [D]						**(619)**
Property costs [E]						**(348)**
Profit before income tax						**9,127**

Explanation of statutory adjustments

(A) Consists of depreciation of $13.3 million and amortisation of $0.9 million (refer to note 1.2).
(B) Our share of SCA acquisition transaction costs associated with the proposed acquisition of SCA.
(C) Relates to one off expenditure for new systems implemented.
(D) Redundancies associated with simplifying and standardising the radio operations.
(E) Expenses related to exit from Macquarie Park premises.

Notes to the Consolidated Financial Statements (continued)

1.3 SEGMENT INFORMATION (CONTINUED)

(II) RESULTS BY OPERATING SEGMENT (CONTINUED)

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)**
Implementation of software as a service (SAAS) costs [B]						**(1,143)**
Integration costs [C]						**(722)**
Gain on sale of asset held for sale [D]						**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) Relates to one off expenditure for new systems implemented.
(C) Costs relating to the integration of ARN Regional and ARN Metro.
(D) Gain on sale of Soprano less costs of sale.

1.4 EARNINGS PER SHARE

	June 2024 $'000	June 2023 $'000
(a) Reconciliation of earnings used in calculating earnings per share (EPS)		
Profit attributable to owners of the parent entity	5,362	52,475
Profit attributable to owners of the parent entity used in calculating basic/diluted EPS	5,362	52,475

	June 2024 Number	June 2023 Number
(b) Weighted average number of shares		
Weighted average number of shares used as the denominator in calculating basic EPS [A]	305,335,962	307,870,332
Adjusted for calculation of diluted EPS		
Unvested/unexercised rights	(411,283)	68,498
Weighted average number of shares used as the denominator in calculating diluted EPS	304,924,679	307,938,830

Notes to the Consolidated Financial Statements (continued)

2 OPERATING ASSETS AND LIABILITIES

2.1 INTANGIBLE ASSETS

	June 2024 $'000	Dec 2023 $'000
Goodwill	**490**	490
Software – net of accumulated amortisation	**1,570**	1,610
Radio Licenses – net of accumulated amortisation and impairment	**302,382**	302,499
Customer relationships – net of accumulated amortisation	**7,791**	8,311
Brands	**19,558**	19,558
Total intangible assets	**331,791**	332,468

IMPAIRMENT TEST OF CASH GENERATING UNITS INCLUDING INDEFINITE LIFE INTANGIBLE ASSETS

Impairment indicators have been assessed as at 30 June 2024. 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 2024. Below is the allocation of goodwill and other non-amortising intangible assets to CGUs as at period-end:

Name of CGU	June 2024 Goodwill $'000	June 2024 Other non-amortising intangible assets $'000	Dec 2023 Goodwill $'000	Dec 2023 Other non-amortising intangible assets $'000
ARN	**–**	**319,161**	–	319,161
Emotive	**490**	**–**	490	–
Total goodwill and other non-amortising intangible assets	**490**	**319,161**	**490**	**319,161**

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 2024 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.
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: • market growth in the ARN CGU is forecast across the cash flow period. The revenue forecast assumes 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 continue to benefit from revenue synergies over the forecast period through optimising a national network of metropolitan and regional radio stations; and • 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 7.4% 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 2024 Post-tax discount rate	June 2024 Pre-tax discount rate	June 2024 Long-term growth rate	Dec 2023 Post-tax discount rate	Dec 2023 Pre-tax discount rate	Dec 2023 Long-term growth rate
ARN	**12.25%**	**17.1%**	**0.5%**	10.00%	13.6%	1.5%

Notes to the Consolidated Financial Statements (continued)

2.1 INTANGIBLE ASSETS (CONTINUED)

(iii) Estimation uncertainty and key assumptions

Fair value less costs to dispose 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 2024 the market capitalisation of the Group was $195.7 million based on the closing share price at 30 June 2024, representing a $64.4 million deficiency to the net assets of $260.1 million (excluding minority interests). The Group considered the likely reasons for the deficiency and concluded the fair value less costs to dispose calculations are appropriate in supporting the carrying values of the ARN CGU at 30 June 2024.

Any variation in the key assumptions used to determine the fair value less cost to dispose 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:

- 1.0% change in the post-tax discount rate
- 0.5% change in the long-term growth rate
- Impact of 5.0% EBITDA change per annum on EBITDA CAGR

In $'000s	Discount Rate change		Long-term growth rate change		5% EBITDA change per annum on EBITDA CAGR 7.4%	
Name of CGU	+1.0%	-1.0%	+0.5%	-0.5%	8.4%	6.3%
ARN	(30,756)	36,590	11,055	(10,156)	21,182	(21,182)

The Group has concluded that a reasonable possible change in the key assumptions will not cause the carrying amounts of the ARN CGU to exceed the recoverable amounts.

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 8.1 years (2023: 8.7 years).

	June 2024 $'000	Dec 2023 $'000
Property	**53,241**	58,544
Advertising concession agreements	**131,582**	3,303
Motor vehicle and other	**1,336**	1,021
Total right-of-use assets	**186,159**	62,868
Current	**29,354**	6,551
Non-current	**165,139**	63,054
Total lease liabilities	**194,493**	69,605

Additions to right-of-use assets amounted to $136.2 million for the period ending 30 June 2024 (30 June 2023: $2.1 million). Additions for the period ending 30 June 2024 to the right-of-use asset included Hong Kong Tramways concession agreements.

Notes to the Consolidated Financial Statements (continued)

3 CAPITAL MANAGEMENT

3.1 BANK LOANS

	June 2024 $'000	Dec 2023 $'000
Non-current bank loans		
Bank loans – unsecured	**99,000**	94,000
Total non-current bank loans [i]	**99,000**	94,000
Deduct:		
Borrowing costs	**2,514**	2,414
Accumulated amortisation	**(2,077)**	(1,996)
Net borrowing costs	**437**	418
Total non-current interest-bearing liabilities	**98,563**	93,582
Net debt		
Non-current bank loans	**98,563**	93,582
Net borrowing costs	**437**	418
Cash and cash equivalents	**(12,249)**	(18,862)
Net debt	**86,751**	75,138

(i) The majority of the Group's debt facilities do not expire until January 2027.

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 2024 the leverage ratio was 1.58 times and the interest cover ratio was 10.28 times.

(A) STANDBY ARRANGEMENTS AND CREDIT FACILITIES

Entities in the Group have access to:	June 2024 $'000	Dec 2023 $'000
Loan facilities [i]		
Unsecured bank loan facilities	**190,192**	199,400
Amount of facility utilised [ii]	**(119,615)**	(99,432)
Amount of available facility	**70,577**	99,968
Overdraft facilities		
Unsecured bank overdraft facilities	**1,500**	1,500
Amount of credit utilised	**–**	–
Amount of available credit	**1,500**	1,500

(i) Pertaining to the revolving cash advance facility and multi-option 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 2024 and 31 December 2023:

June 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit and loss				
Shares in other corporations	–	–	664	**664**
Financial assets at fair value through other comprehensive income				
Shares in other corporations	21,661	–	–	**21,661**
Total financial assets	21,661	–	664	**22,325**

Dec 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
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	35,331	–	–	**35,331**
Total financial assets	35,331	–	673	**36,004**

Notes to the Consolidated Financial Statements (continued)

3.2 FAIR VALUE MEASUREMENTS (CONTINUED)

The Group holds shares in Southern Cross Media Limited (SCA) for $21.7 million. The shares are held at fair value through other comprehensive income. As SCA is listed on the Australian Stock Exchange (ASX), the fair value of the shares is determined by reference to the quoted price. The investment in SCA was revalued as at 30 June 2024, and a $13.7 million fair value loss, was recognised in other comprehensive income.

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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

The fair value of lease liabilities disclosed in note 2.2 is estimated by discounting the minimum lease payments at the Group's incremental borrowing rate. For the period ended 30 June 2024, the borrowing rates were determined to be between 3.3% and 8.0% per annum, depending on the type of lease.

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

3.3 CONTRIBUTED EQUITY

	June 2024 $'000	Dec 2023 $'000
Issued and paid up share capital	**1,544,039**	1,544,039

(A) MOVEMENTS IN CONTRIBUTED EQUITY DURING THE FINANCIAL YEAR

	June 2024 Number of shares	Dec 2023 Number of shares	June 2024 $'000	Dec 2023 $'000
Balance at beginning of the year	**313,050,373**	309,080,602	**1,544,039**	1,547,690
Issue of ordinary shares (i)	**–**	7,562,190	**–**	–
Share buy-back (ii)	**–**	(3,592,419)	**–**	(3,651)
Balance at end of the period	**313,050,373**	313,050,373	**1,544,039**	1,544,039

(i) In 2023, shares were issued in relation to talent awards in the year.
(ii) During 2023, the Company purchased and cancelled on-market 3.6 million shares. The shares were acquired at an average price of $1.02 per share.

Notes to the Consolidated Financial Statements (continued)

3.4 DIVIDENDS

	June 2024 $'000	June 2023 $'000
An ordinary dividend of 3.6 cents per share, fully franked paid (2023 final dividend: 5.2 cents per share)	**11,270**	16,072
Paid in cash	**11,270**	16,072
Total dividends	**11,270**	16,072
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 1.2 cents per share (2023: 3.5 cents per share). The aggregate amount of the proposed dividend expected to be paid on 23 September 2024, but not recognised as a liability at the end of the half-year, is:	**3,757**	10,720

Notes to the Consolidated Financial Statements (continued)

4 TAXATION

CAPITAL LOSSES

ARN is carrying forward $182 million for Australian tax capital losses. These are subject to the usual loss carry forward rules regarding change of ownership and same business test.

Assuming various rules are met, these capital losses should be available to shelter future capital gains. No deferred tax asset is recorded for these capital losses as they may only be utilised in the event of a capital gains arising and it is not currently probable there will be capital gain event 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 2024	Dec 2023	June 2024	Dec 2023	
Brisbane FM Radio Pty Ltd	Australia	Australia	50%	50%	50%	50%	Commercial radio

5.2 SHARES IN OTHER CORPORATIONS

	June 2024 $'000	Dec 2023 $'000
Shares in other corporations	**22,325**	36,004

The Group holds 14.8% share in Southern Cross Media Group Limited (SCA) and designated the investment as fair value through other comprehensive income and not classified as held for sale. The investment in SCA was revalued as at 30 June 2024, and a $13.7 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 CONTINGENT LIABILITIES

The parent entity and all wholly-owned controlled entities have provided guarantees in respect of banking facilities. As at 30 June 2024, the facilities had been drawn to the extent of $119.6 million (2023: $81.7 million), of which $20.6 million of the balance pertains to bank guarantees (2023: $6.7 million).

The Group did not have any other contingent liabilities as at 30 June 2024 (2023: $nil).

COMMITMENTS

As at 30 June 2024, the Group had committed $0.6 million to contracted capital expenditure (2023: $nil). Additionally, as at 30 June 2024, the Group has committed to leasing part of the ground floor liability premises in North Sydney starting in November 2024 and continuing for 9 years. This has not been measured in the Group's lease liabilities.

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.

6.2 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 2023. There are no new and amended standards and interpretations issued during the year that are expected to have a material impact on the Group in the current and prior period.

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.

6.3 RELATED PARTIES

The Group paid $368,000 (30 June 2023: $452,000) in property rental to entities associated with Alison Cameron (Director) on commercial arm's length terms.

6.4 SUBSEQUENT EVENTS

Since the end of the period, the Directors have declared the payment of a fully franked interim dividend of 1.2 cents per share, to be paid on 23 September 2024 (refer to note 3.4).

ARN Media announced on 8 July 2024 that Cody had been successful in securing the Hong Kong buses contract with KMB. KMB operates the largest public bus franchise in Hong Kong covering over 400 bus routes predominately on Kowloon and New Territories. Cody Outdoor will be responsible for selling advertising on KMB's fleet which comprises of close to 4,000 buses. The contract has a term running to 30 June 2030.

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2024 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 33 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 2024 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
22 August 2024

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 2024, 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 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 2024 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 2024 and of its performance for the half-year

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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

Eliza Penny
Partner

Sydney
22 August 2024