2022
ANNUAL
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REPORT

Year In Review

SCA's audio audiences and revenues grew strongly, while television delivered improved margins following SCA's affiliation switch to Network 10.

	FY2022	COMPARISON TO FY21	
Revenue	$519.7M	$529.2M	(1.8%)
Expenses	($434.1M)	($403.2M)	7.7%
Underlying expenses	($431.8M)	($443.7M)	(2.7%)
EBITDA	$85.6M	$125.9M	(32.0%)
Underlying EBITDA	$87.9M	$85.5M	2.8%
Underlying NPAT	$27.4M	$19.8M	38.4%
Net debt	$78.5M	$52.6M	49.4%
Free cash conversion	67.2%	125.7%	-
Dividends (full year)	9.25 cps	5.0 cps	85.0%

Audiences are returning in droves to commercial radio. SCA's Hit and Triple M metro radio stations recorded their highest ever cumulative audiences of 5.93 million in August 2022. Including SCA's 78 regional radio stations, we have a total radio audience of more than 8.52 million Australians*.

Since its launch just 18 months ago in February 2021, LiSTNR has acquired more than 889,000 signed-in users. Developing LiSTNR as our own digital audio platform allows us to control our own destiny in the rapidly expanding world of digital audio. Our core competency and commitment to localism – in the content we create and distribute on LiSTNR together with the trusted way we engage with our physical and online communities – differentiates us from global technology platforms and services.

LiSTNR provides a growing and diverse library of live and on-demand audio content. With the recent addition of three Kinderling children's stations, LiSTNR houses more than 100 live radio stations; 25 music genre stations; 124 original podcasts; live AFL, NRL and international cricket; local news and information around Australia; and domestic and international licensed content from the BBC, Schwartz Media, the Royal Institution of Australia, SoundCloud and other partners. On-platform listening in the six months to 30 June 2022 multiplied 3.7 times to 2.7 million average monthly streams compared to the same period in 2021. There truly is something for everyone!

The Board has completed a strategic review of the Group's television assets and concluded that value for shareholders will be maximised by continuing to operate the television business. The business is streamlined, efficient and capital light, generating EBITDA of $30 million and an EBITDA margin of 23.7% during the year.

In the year ahead, SCA will balance ongoing initiatives to grow audiences and advertising interest for our live and on-demand content with a focus on operational efficiency and capital management initiatives to improve returns to shareholders. The Board was therefore pleased to declare dividends of 9.25 cents per share in FY22, up 85% on the prior year. In addition, with the long-term strategy for the Group's television assets now settled, the Board has resumed the on-market share buy-back.

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Year In Review

8.5M	**5.8M**	**4.2M**
Total FM, AM and DAB+ audience*	Total Hit FM and DAB+ audience*	Total Triple M FM and DAB+ audience*
3.6M	**1.7M+**	**9.9M+**
Total TV reach^	Average monthly unique radio streamers**	Average monthly streaming total listening hours**
3M+	**889K+**	**8M**
Average monthly unique podcast listeners***	Total signed in digital audio users^^^	Total digital audio network audience^^

Source: *GfK Metro Survey #5 2022, Provincial Survey #2 2022. P10+, Cume Reach (000's), Mon-Sun ROS, SCA FM&DAB+ Brands (inc Soundcloud), Hit Network FM&DAB+ Brands, MMM Network FM&DAB+ Brands. Xtra Insights SCA Regional Markets Surveyed to Date, P10+, Cume Reach (00's), Mon-Sun ROS. **Triton Streaming Metrics. ***Triton Podcast Metrics. ^Regional TAM Data. 4AGGS (Network 10 + Sky News Regional), WA (Network 10) & TAS (Seven Network & Network 10). Average Weekly Reach (1 Min Cume). 0200-2600. Consolidated 7. SUN-SAT. 27/06/21 - 02/07/22 (Excl Summer & Easter Wks). Diary Markets - Last Available Survey. 0600-2400. CEN – 2007. DAR – 2011. SGT – 2015. ^^ LiSTNR Digital Audio Network: 8m Australians per month, including LiSTNR streaming, podcasts, Soundcloud and Sonos. ^^^Firebase Authenticated User Counts.

Chairman's Statement

The recovery in media markets continued in the past year, but not in a straight line. Natural disasters, geo-political events and various ongoing pandemic impacts dampened business and consumer confidence during the year. But, with positive trends in audio consumption and engagement with our LiSTNR platform, we are cautiously optimistic about earnings recovery in the year ahead.

SCA's metro radio audiences reached record levels in the most recent official radio survey 5 published in August 2022. The cumulative audience of SCA's Hit and Triple M stations in the five metro capitals of 5.93 million was its highest ever and 22.8% higher than in the final survey of 2021. Including our network of 78 radio stations in regional Australia, we have a total radio audience of over 8.52 million Australians*. In our top seven annually surveyed locations, SCA most recently ranked #1 in 60% of available dayparts for our target demographics of men aged 25-54 for Triple M Network and women aged 25-54 for the Hit Network*. In addition more than 889,000 signed-in LiSTNR users who are increasingly turning to LiSTNR to meet their daily audio needs.

Advertisers rewarded the compelling reach of SCA's audio platforms during FY22 with 9.6% growth in audio revenue to $392.8 million, sparked by expansion of 35% in digital audio revenue.

Despite the positive trends in consumption of our content, and impressive year-on-year growth in audio revenues, the year's results were below our expectations as broadcast radio markets recover more slowly than expected and remain below pre-COVID 2019 levels. The recovery in local revenues lagged the recovery in national revenues in both metro and regional markets. It is clear that small and medium business clients in regional markets have been particularly affected by floods, labour shortages and supply chain delays. In the face of current economic uncertainty and an increase in the cost of capital globally, the Group recognised impairment charges of $178.6 million (net of tax) relating to impairment in the carrying value of radio licences, goodwill and brands.

Our investment in a fully owned and operated digital audio ecosystem, LiSTNR, positions SCA to take a leading share of the rapidly expanding Australian digital audio market. We will continue to invest in evolving LiSTNR to provide audiences with an easy-to-use, intuitive and personalised experience, while building and enhancing the suite of premium content available on LiSTNR. This will include ongoing curation of our original podcasts, such as *Hamish & Andy* and *The Howie Games*, as well as expansion of our domestic and international partnerships with the BBC, Schwartz Media, the Royal Institution of Australia, SoundCloud, and others.

Importantly, however, it will also include targeted investment in our live and local radio shows and news and information services around Australia. With record radio audiences migrating to listen to our shows on mobile phones, desktop computers, smart speakers, connected cars and other digital devices, the industry and SCA are carefully migrating listeners to new ways of listening and engaging with our brands.

At the same time, we have urged the new Federal Government to legislate to ensure local AM, FM and DAB+ radio is prominently available on car dashboards and other digital devices. This has become an increasingly significant issue as car manufacturing has moved offshore and manufacturers develop cars for global markets.

During the year, the Board completed a strategic review of the Group's television assets, including engagement with several interested parties. Bids from these parties did not align with the Board's valuation, and the Board has concluded that value for shareholders will be maximised by continuing to operate the television business. The business is streamlined, efficient and capital light, generating EBITDA of $30 million and an EBITDA margin of 23.7% during the year. The television business also provides a valuable marketing platform to grow awareness and enjoyment of LiSTNR in regional Australia.

Free-to-air television remains an important and trusted source of information and entertainment in regional Australia, especially in the still large areas with no or limited Internet coverage. We are therefore also asking the Federal Government to legislate to ensure free-to-air television is readily and prominently available on connected televisions and to update anti-siphoning rules to protect the community's access to major Australian and international sporting events on free-to-air television.

After six years on our Board, Melanie Willis retired as a director during the year. On behalf of my fellow directors, I thank Melanie for her significant contribution to SCA, including for five years as Chair of the Board's Audit & Risk Committee. Considering changes in SCA's business over the past year, the Board has decided not to seek a replacement for Melanie. The Board considers its reduced size and its mix of skills and experience are appropriate for SCA's needs. The Board will, however, review the structure and composition of its committees in coming months.

I would also like to acknowledge Nick McKechnie's contribution as SCA's Chief Financial Officer since 2014. Under Nick's stewardship, the Group has significantly improved its balance sheet and cash flow position which has enabled us to invest in our digital transformation strategy. We wish him well in his new role.

In the year ahead, SCA will balance ongoing initiatives to grow audiences and advertising interest for our live and on-demand content with a focus on operational efficiency and capital management initiatives to improve returns to shareholders. The Board acknowledges shareholders have experienced a difficult journey since COVID first began to affect SCA and media markets generally in early 2020. The Board was therefore pleased to declare dividends of 9.25 cents per share in FY22, up 85% on the prior year. In addition, with the long-term strategy for the Group's television assets now settled, the Board has resumed the on-market share buy-back.

On behalf of the Board, I thank SCA's people all around Australia for their dedication and commitment during the year just ended.

I trust you will enjoy reading our annual report.

Rob Murray
Chair

*GfK Metro Survey #5 2022, Provincial Survey #2 2022. P10+, Cume Reach (000's), Mon-Sun ROS, SCA FM&DAB+ Brands (inc Soundcloud), Hit Network FM&DAB+ Brands, MMM Network FM&DAB+ Brands. Xtra Insights SCA Regional Markets Surveyed to Date, P10+, Cume Reach (00's), Mon-Sun ROS.

CEO's Report

In the past year, SCA completed a five-year program to install a digital operating infrastructure across all offices and every studio. This investment enables us to create, ingest and distribute our premium content from any location to audiences at a time and on a device of their choice and positions us to capture the commercial value of the ever-increasing appetite of Australians for our live and on-demand audio content.

Completion of this program was a core driver of our purpose to entertain, inform and inspire Australians, anytime, anywhere. And we've refined the pillars of our corporate strategy for the next two years, which are to entertain, inform and inspire our audiences; to evolve LiSTNR into a unique, world-class audio platform; to optimise and simplify our sales offering to grow revenue; and to re-imagine and restructure SCA's operating model.

Entertaining, informing and inspiring our audiences

This pillar remains the first and most important requirement for our success. A successful media company must consistently deliver large and engaged audiences to attract interest and investment from our advertising clients.

The ending of COVID-19 related lockdowns in the second half of the past year saw workers in Australia's major population centres return to their offices. Home to office commuting, particularly in cars but also by public transport or on foot, is one of the prime drivers of audio consumption. The total weekly metro commercial radio audience of 12 million recorded in survey 5 was the highest ever and a 7.6% jump over the prior year^. SCA's Hit and Triple M stations led this rise as audiences naturally returned to entertainment and music formats.

In the five metro radio markets, SCA has the largest audience in our core target of people aged 25-54 with over 3.2 million listeners*. Seventy percent of advertising briefs target this demographic. The aggregate metro audience (cume) of both the Hit Network and the Triple M Network in survey 5 was the highest ever. With cume of 1.325 million, Melbourne's Fox FM also recorded its highest ever cume and was the most listened to radio station in Australia*.

Our Sydney Hit Network station, 2DayFM, remains the biggest opportunity for growth in our portfolio. In September 2021, we relaunched the station as the 'new' 2DayFM with a refreshed music strategy and a female-skewed format. *Hughesy, Ed and Erin* took their Breakfast show to key communities to build engagement and encourage more listening. While much work remains to be done, the number of weekly listeners to 2DayFM has grown 45% since relaunch of the station. The strategy for 2DayFM in the year ahead is directed at attracting and retaining new listeners while extending the time they spend listening. Sustained growth in the audience of the Breakfast show will flow through to listening in other dayparts, including the national *Carrie and Tommy* Drive show which has grown its weekly national metro audience to more than 1.77 million*.

The Triple M Network has doubled down on its local roots this year. All Triple M stations around the country have locally produced Breakfast shows (unlike the regional 'super shows' on the Hit Network) as well as new State-based *Rush Hour* Drive shows. This differentiates Triple M from our own Hit Network and other competitors which, for the most part, offer national Drive shows. These State-based Rush Hour shows have quickly resonated with audiences as survey results have improved over the year.

Triple M also recorded the largest commercial AFL and NRL metro footy audience, delivering 47% more audience than any other commercial competitor. Triple M's AFL coverage achieved a cumulative audience of 626,000 in Melbourne, Adelaide and Perth, while Triple M's NRL coverage has a cumulative audience of 471,000 in Sydney and Brisbane*. Triple M also returned to cover international cricket last summer.

For the first time this year, our audiences were able to listen to Triple M's AFL, NRL and cricket commentary on LiSTNR. Sporting bodies had previously reserved streaming rights for themselves or other parties and extending these rights to LiSTNR has expanded the reach and influence of these sports. This was especially exciting for our cricket fans in regional markets and led to a spike in the number of signed-up users of LiSTNR during last summer.

We have also continued to expand the volume and diversity of other live and on-demand audio content hosted on LiSTNR. With the recent addition of three Kinderling children's stations, we have over 100 live radio stations; 25 music genre stations; 124 original podcasts; live AFL, NRL and international cricket; local news and information around Australia; and domestic and international licensed content from the BBC, Schwartz Media, the Royal Institution of Australia, SoundCloud, and other partners.

The Australian Podcast Ranker for July 2022 had *Hamish & Andy* as Australia's most popular podcast, with seven other LiSTNR podcasts in the top 20, and five LiSTNR podcasts were the most popular Australian-made in their genre (Comedy: *Hamish & Andy*; News: *7am*, in partnership with Schwartz Media; Sport: *Triple M Footy AFL*; Society and culture: *It's a Lot with Abbie Chatfield*; and Fiction: *The Younger Man*). *The Younger Man*, an adaptation of Zoë Foster Blake's romantic comedy novel of the same name, is the first of LiSTNR's serialised audio dramas.

Evolve LiSTNR into a unique, world-class audio platform

We released LiSTNR in February 2021 as a minimum viable product and have progressively added to its functionality and user experience in the 18 months since. That we have acquired over 889,000 signed-in users during that time with app store user ratings consistently over 4.5/5 is testament to our work to date, but also an indicator of the opportunities ahead.

Signing in to LiSTNR enables users to express their audio interests and preferences. Using built-in artificial intelligence and machine learning, LiSTNR interprets this information and users' actual listening habits to help users find other content likely to be of interest to them. In turn, this will build trust and loyalty to LiSTNR. We also use this information to commission new content for LiSTNR and to organise the content available on LiSTNR so it is intuitive for users.

We make most LiSTNR content available on other audio-on-demand platforms in Australia. This remains essential to maximise the reach of LiSTNR content for our creators and advertisers. However, over time it will be important to grow the on-platform audience for LiSTNR content, deepening the first party data and insights available to help advertisers connect to addressable and targeted audiences at scale.

We are confident that developing LiSTNR as our own digital audio platform puts SCA ahead of local and international audio peers. As consumers increasingly choose to listen to live and on-demand audio on digital devices, SCA will control its own destiny through LiSTNR. Our core competency and commitment to localism – in the content we create and distribute on LiSTNR together with the trusted way we engage with our physical and online communities – differentiates us from global technology platforms and services.

CEO's Report

Optimise and simplify our sales offering to grow revenue

The ways in which our audiences consume our content continue to diversify and our range of products is expanding in tandem. For example, in August, we launched a world first dynamic sport campaign delivering live AFL and NRL Friday night game scores inside audio ads on broadcast and digital audio platforms. Live score updates are delivered during *Triple M Footy* ad breaks, so fans know who's winning even while the ads are on.

Enhanced audio transcription of our content now enables us to report accurately and quickly to clients on credits delivered during live sport and other shows.

During the year, SCA's insights division, SCA iQ, worked with Amplified Intelligence and Professor Karen Nelson-Field to conduct a feasibility study into broadcast audio attention to understand how live radio influences listeners' brand choice. The feasibility study found broadcast audio commands high attention, on par with other broadcast media, while SCA's suite of audio content performed better than some visual attention counterparts. Commercial Radio and Audio (CRA), our peak industry body, and its members have committed to continue this testing to develop audio attention metrics for broadcast audio and podcasting.

We were delighted recently to host more than 400 media buyers and other guests for an immersive experience showcasing a day in the life of a LiSTNR user from waking up listening to Steve Price on *Australia Today*, heading to the gym listening to *It's A Lot with Abbie Chatfield*, catching the train to work enjoying Triple M's *The Marty Sheargold Show*, and cooking dinner with the Hit Network's national Drive show, *Carrie and Tommy*.

It's more important than ever for our sales and creative teams to understand our products and to be able to explain them simply and match them to our clients' objectives.

Taking a client-centric approach, we have therefore created an integrated radio and digital audio sales structure and will this year commission a single sales and traffic system for audio inventory. Our sales training provides detailed knowledge about SCA's products (including our growing suite of digital audio content and audience attribution tools), fundamental skills for effective selling, critical thinking, and tools for motivating, coaching, and performing as part of a team.

SCA is also at the forefront of industry initiatives to educate buyers about digital audio and improve the tools available to buyers. CRA has made good progress with official survey provider, GfK, to evolve the commercial radio industry's audience measurement currency. Radio audience survey data is now collected predominantly by electronic diary and live streaming data will be incorporated in coming months. The Australian Podcast Ranker, of which SCA was a founding member, now provides monthly data on both listeners (reach) and downloads (frequency), helping media buyers to plan and value their investment in digital audio inventory.

Re-imagine and restructure SCA's operating model

Increasingly, content created for broadcast is consumed by our audiences on connected devices, whether live or later as a radio show podcast, or in snippets posted to LiSTNR. Our radio shows build engagement and loyalty with our audiences through audio and video clips posted to social media. Visualisation is becoming increasingly important in the world of digital audio. At the same time, our advertisers want to know more about the audience to fine-tune their messages and improve their return on investment.

To meet these imperatives, SCA is committed to a digital first operating model for audio. We have made strides in this direction, but work remains to optimise our workforce and systems. Actions underway to close gaps in our current business model include designing new workflows, performance measures and measurement and reporting tools; educating and upskilling our people to ensure we have the required capabilities; educating our clients about the benefits of digital audio advertising products; and partnering with leading content creators and technology innovators from around the world.

SCA has made small investments in key technology partners to accelerate and influence their product development while working collaboratively with our sales, content and technology teams. The dynamic sport scores advertising innovation and improved reporting on client credits mentioned above resulted from our collaboration with Frequency and Sonnant, two of our recent investment partners.

Television

We are very comfortable retaining our television assets.

Through sale of capital assets and outsourcing of asset intensive activities to specialist service providers since 2017, SCA has created a streamlined, efficient and capital light service. SCA's television assets delivered EBITDA of $30 million, an improved EBITDA margin of 23.7%, and a market leading revenue-to-audience power ratio of 1.09 in the three aggregated markets of regional Queensland, Southern New South Wales, and regional Victoria. These outcomes followed a seamless transition to affiliation with Network 10 in the three aggregated markets from 1 July 2021.

SCA's provision of national sales representation services for Network 10 programming in Northern New South Wales, Western Australia, Tasmania, Darwin and Mildura/Riverland delivers a simple and scaled sales proposition for national buyers of advertising on Network 10 programming in regional Australia.

Television is also a strong marketing platform for the growth of LiSTNR in regional markets, delivering around $10 million of in-kind marketing support in FY22.

Executive leadership changes

During the year, I was pleased to promote and welcome Rebecca Ackland to our executive leadership team as Chief People and Culture Officer. Bec joined our People and Culture team four years ago and has progressed rapidly from operational human resources responsibilities to designing and implementing initiatives to ensure SCA will have the digital and other skills and capabilities to achieve our strategic ambitions. Bec's leadership and counsel through the complex challenges of the COVID-19 pandemic cemented her credentials. Bec also brings a fresh perspective to the leadership team and is a role model for other aspiring women at (or considering joining) SCA.

After eight years, we will shortly farewell Nick McKechnie as Chief Financial Officer. Nick has made a significant contribution to SCA. I have valued Nick's support and advice in my seven years as CEO, which have included the ongoing challenges presented by the COVID-19 pandemic. On behalf of the senior leadership team and everyone else at SCA, I wish Nick success in his new role.

*GfK Metro Survey #5 2022, Provincial Survey #2 2022. P10+, Cume Reach (000's), Mon-Sun ROS, SCA FM&DAB+ Brands (inc Soundcloud), Hit Network FM&DAB+ Brands, MMM Network FM&DAB+ Brands. Xtra Insights SCA Regional Markets Surveyed to Date, P10+, Cume Reach (00's), Mon-Sun ROS. ^CRA survey 5 release.

CEO's Report

The year ahead

In the first quarter, broadcast radio revenues are forecast to grow between five and seven percent. With growth in local advertising still subdued, there is stronger momentum in metro markets compared to regional markets. First quarter digital audio revenues are forecast to increase by about 30 percent. After the Commonwealth Games in 2022 and the Tokyo Olympics in 2021, television markets are tracking below the first quarter last year.

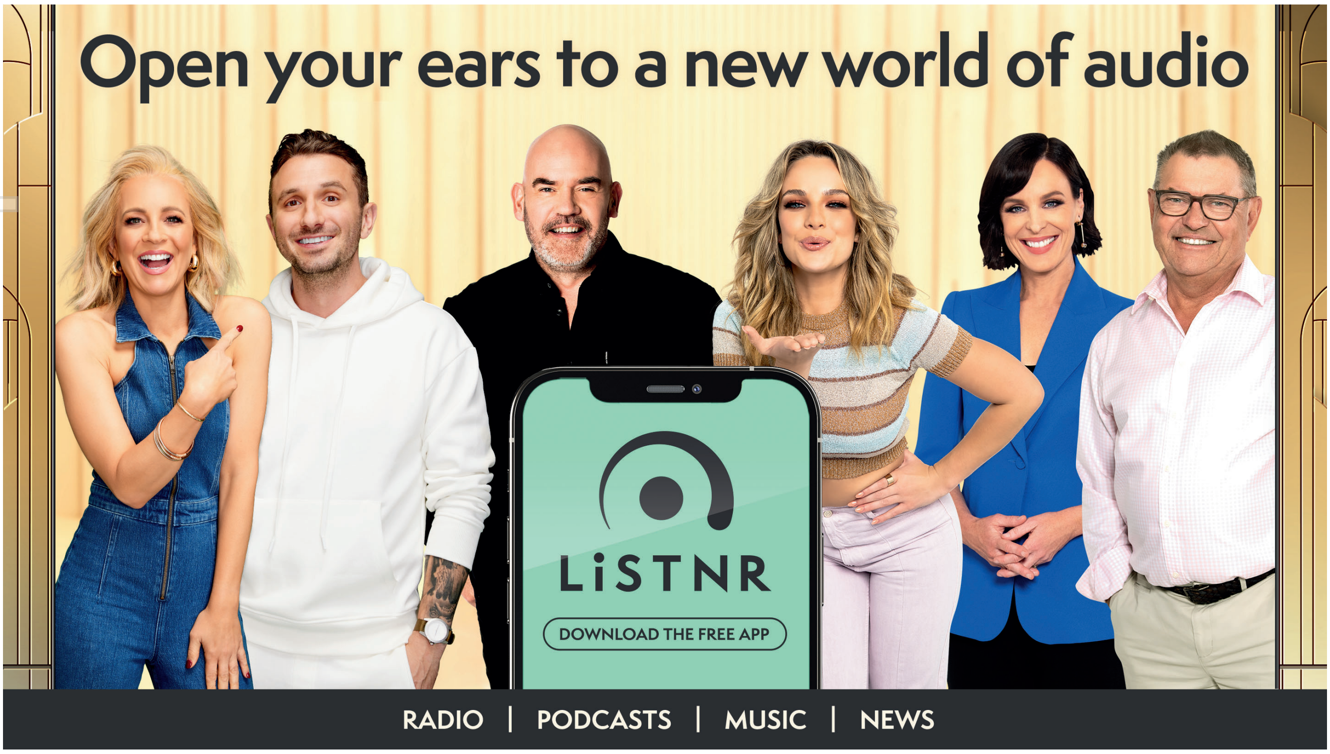
Our FY23 non-revenue-related costs will increase by between two and four percent and total financing costs will be about $17 million. With the Melbourne office relocation completed, capital expenditure in FY23 will concentrate on core systems and innovation and will reduce from $30 million to about $20 million.

We are targeting to reach 1.75 million signed-in users on LiSTNR by the end of FY23, driven by stronger awareness of the LiSTNR brand, an increase in the diversity of premium content from both SCA and our partners, and further improvements in user personalisation and discovery.

In conclusion, we are proud of the culture we have built at SCA that encourages inclusion, diversity, agility and collaboration. Our people are highly skilled, passionate, and curious by nature. May I also thank our shareholders for their support of our business. We are working hard to improve the pace of recovery and adapt to the changing and increasing consumption of our content across existing and new platforms. We are genuinely excited about our future and look forward to updating you on our progress.

Grant Blackley

Grant Blackley
Managing Director and
Chief Executive Officer



Operational Review

Highlights:

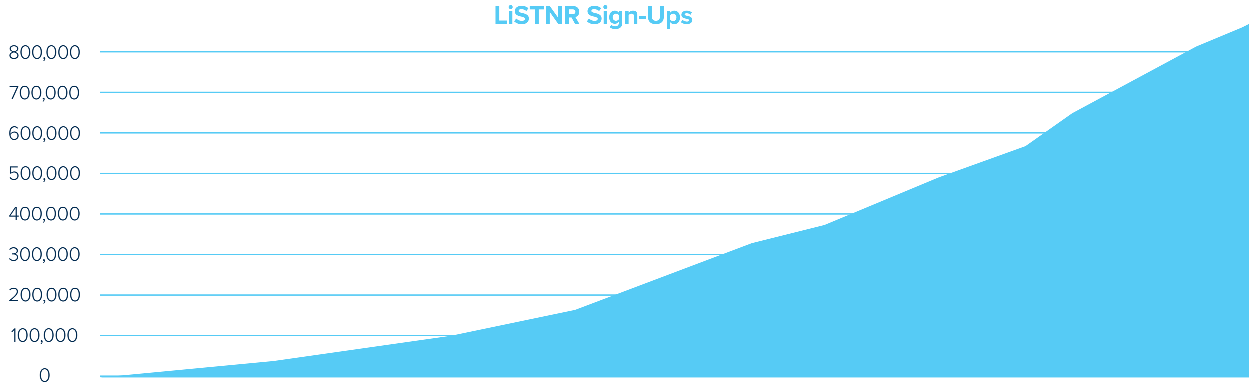
- **SCA has 8.52 million listeners across its national FM, AM and DAB+ networks***
- **LiSTNR now has 1.5 million app installs, 889,000 signed-in users, plus 8 million Australians consuming LiSTNR's digital audio content and growing****
- **LiSTNR won Australian Podcast Company of the Year and Podcast of the Year in the 2022 Podcast Awards for the second consecutive year**
- **There has been a strong recovery in radio listening following the pandemic, with the industry weekly listeners up 8% year on year to 12 million^**
- **In survey 5, SCA recorded record cumulative audiences of 5.93 million for its metro stations, up 199,000 new listeners on survey 4, 2022***
- **The Hit Network recorded its largest metro audience ever in the latest metro radio ratings survey 5 in August 2022 with 4.21 million listeners and 5.8 million listeners in total across its 50 stations around the country***
- **The Fox in Melbourne is Australia's most listened to radio station with 1.325 million weekly listeners the highest cumulative audience in Australian radio history***
- **Triple M reported its largest audience in 17 years, with 2.89 million listeners, in metro survey 5 in August 2022; and 4.28 million listeners across its 49 stations country-wide***
- **Triple M and LiSTNR won the audio streaming rights to AFL, NRL and Cricket Australia, bringing NRL game broadcasts to regional markets for the first time**
- **SCA will retain its television assets for scale in regional markets**
- **SCA's affiliation with Network 10 resulted in a market-leading power ratio of revenue to audience of 1.09**
- **SCA extended its long-standing affiliation with the Seven Network in Tasmania, Darwin, Broken Hill and Spencer Gulf, and remote Central Eastern Australia.**
- **7 Tasmania is the number one television network in the State, delivering 58.8% commercial share of viewing**

*GfK Metro Survey #5 2022, Provincial Survey #2 2022. P10+, Cume Reach (000's), Mon-Sun ROS, SCA FM&DAB+ Brands (inc Soundcloud), Hit Network FM&DAB+ Brands, MMM Network FM&DAB+ Brands. Xtra Insights SCA Regional Markets Surveyed to Date, P10+, Cume Reach (00's), Mon-Sun ROS. **LiSTNR Digital Audio Network: 8m Australians per month, including LiSTNR streaming, podcasts, Soundcloud and Sonos. ^CRA Survey 5 release.

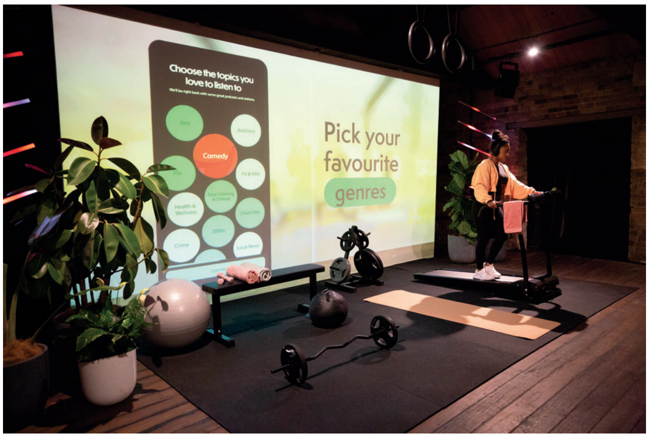
Operational Review

LiSTNR

LiSTNR hit its first birthday milestone in February this year and is now Australia's fastest growing audio entertainment platform, with 889,000 signed-in users and growing.



To celebrate, LiSTNR hosted 'Audio Amplified' a unique immersive experience to show a day in the life of a listener, from waking up in the morning listening to Steve Price on *Australia Today*, heading to the gym listening to Abbie Chatfield's *It's A Lot podcast*, catching the train into work while being entertained by Triple M's *The Marty Sheargold Show* and *Triple M Footy*, to cooking dinner in the evening with the Hit Network's national drive show, *Carrie and Tommy*, just to name a few. It was attended by more than 400 people and was covered extensively in the media.



LiSTNR, an Australian first premium, curated and personalised free app, is central to SCA's digital transformation and houses SCA's 99 Hit and Triple M radio stations, 124 original Australian podcasts and 25 music stations. LiSTNR has five key curated content verticals: Entertainment and Culture, Sport, News and Information, Factual and Drama, and Parenting and Kids Entertainment, along with branded podcasts funded by advertisers.

The suite of podcasts on LiSTNR includes Australia's most popular podcast, *Hamish & Andy*. LiSTNR has the most podcasts in the Top 20 Australian podcasts, including number one sports podcast *Triple M Footy AFL*, number one news podcast in partnership with Schwartz Media *7am*, and number one entertainment/culture podcast *It's a Lot with Abbie Chatfield*. Others in the Top 20 include *The Howie Games, The Briefing, Triple M's Rush Hour with JB & Billy,* and *Just the Gist.*

Operational Review

LiSTNR

LiSTNR's key focus is on premium, curated podcast and streaming content from trusted Aussie household names including Hamish Blake, Andy Lee, Mark Howard, Tom Tilley, Steve Price, Natarsha Belling, Adam Shand, Jess Rowe, Luke Darcy, Turia Pitt and Abbie Chatfield, as well as the country's highest profile and most loved talent including Carrie Bickmore, Tommy Little, Dave 'Hughesy' Hughes, Ed Kavalee, Erin Molan, Marty Sheargold, Fifi Box, Brendan Fevola, Nick Cody, Jess Eva, Anthony 'Lehmo' Lehmann, Bianca Dye, Andrew 'Cosi' Costello, Stav Davidson, Abby Coleman, and more.

This year, LiSTNR has launched more than 30 podcasts, including *The Younger Man*, the first audio rom com podcast series in its new Audio Fiction pillar based on Zöe Foster Blake's book. Other key launches include *The Sport*, LiSTNR and Schwartz Media's first co-created podcast, *Shockwaves: The Bali Bombings*, the first co-produced podcast with Network 10 and LiSTNR; *The Science Briefing* and *Huh? Science Explained* both co-created with the Royal Institution of Australia (RiAus), the first of four branded podcasts with carsales called *Watts Under the Bonnet: The Electric Vehicle Podcast*; while Steph Claire Smith and Laura Henshaw's popular *KICPOD* podcast and *That's Enough Already with Urzila Carlson* moved to LiSTNR, and two of Andy Lee's best-selling children's books *Do Not Open This Book* and *Do Not Open This Book for Eternity* also became available as audio books.

In addition, Sydney's popular radio duo, Mike E and Emma, launched a new, live national weekday Breakfast show station on LiSTNR and DAB+ called RnB FRIDAYS. The channel also features the hottest Hip-Hop and RnB music.

Today, LiSTNR publishes more co-created original podcast titles and episodes than any other Australian commercial digital audio company.

Throughout the year, LiSTNR has collected a number of accolades, including being awarded Podcast Company of the Year at the 2022 Podcast Awards by Radio Today for the second consecutive year. LiSTNR also won Podcast of the Year for *Come Out Wherever You Are*, Podcast Thought Leader of the Year and Podcast Executive Producer of the Year.

SCA's Innovation Program, The Lab, received more than 400 entries into its company-wide Lab Contest in 2021 to develop innovative ideas for LiSTNR. Two of the three winners' ideas came to fruition this year – The *Stories of Us* podcast that tells inspiring true stories about locals from around Australia, and *Sound States*, a series of 'sensory non-music audio' that influences mood states of listeners, a concept that has found cult popularity among young audiences.

Operational Review
LiSTNR

As well as its content line-up, LiSTNR has developed successful business partnerships across content, audience intelligence and machine learning with the NRL, AFL, Cricket Australia, Network 10, Kinderling, BBC, Schwartz Media, Apple Music, Salesforce, Frequency, NumberEight, SourseAI and Sonnant – with more premium partnerships to come.

***Consumers are migrating at pace to digitally enabled IP listening* across multiple devices and platforms. In time this will become the dominant mode of audio consumption.**

- ***Strategic imperative to own and operate* our digital audio eco-system (not licence)**
- ***Localism is our key differentiator* to global tech platforms**
- ***On-demand content growing the audio market* on top of an already resilient radio platform**
- ***Digital Audio First Strategy* – re-thinking the way we program and commission content**

This year LiSTNR delivered a new record high of 3.4 million podcast listeners. Excluding Spotify, LiSTNR has the highest share of voice in the media at 31%. Active streams during FY22 were 62.33 million, while total listening hours were 60.3 million for the same period.

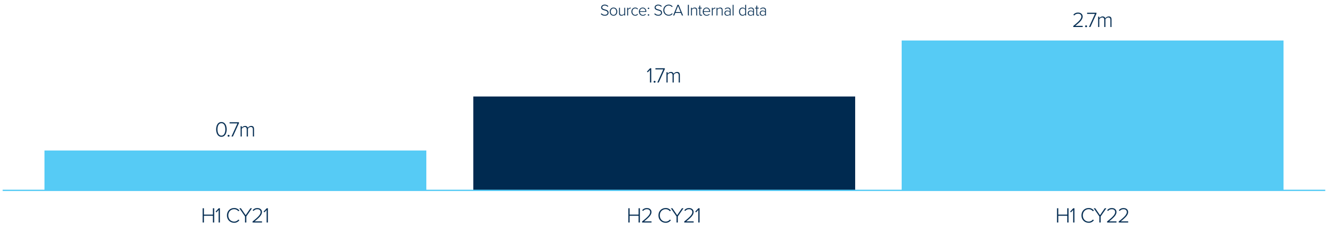
Sources: Triton Australian Podcast Ranker March 2022, Streem data, Triton.

Average monthly streams on LiSTNR have increased by over 3.7x since launch, as listening on the platform grows rapidly across podcasting, live streaming of radio shows and music streams.

Average Monthly Streams on LiSTNR by HY 3.7x Growth in Listening

On-platform listening is scaling rapidly - growth in signed-in users, increasing depth of content and more inventory for monetisation.

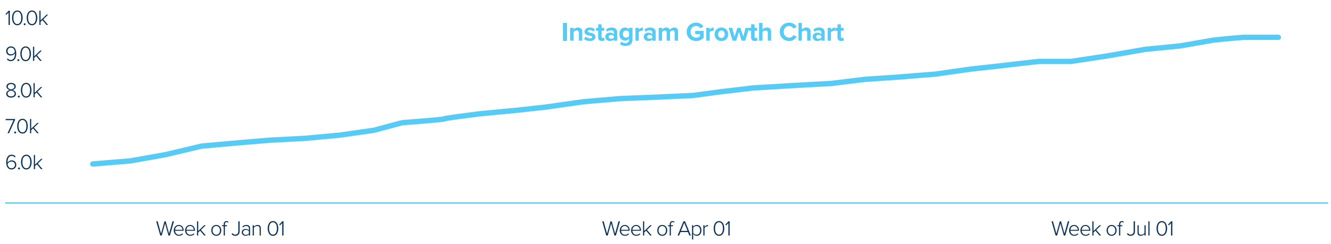
Source: SCA Internal data



LiSTNR is also gaining ground among consumers. User satisfaction of the LiSTNR app grew from 49% overall satisfaction to 59% and is the second-highest first to mind recalled audio brand. There has been 61% growth, from 6.4% to 10.3%, in unprompted awareness among consumers, and 26.9% growth, from 22.1% to 28.5%, in prompted awareness.

Source: SCA iQ \LiSTNR Brand Tracking, July 2022. External sample (Fonto & Ovation Insights), National P18-64 n=1,210. In field 14th to 31st July 2022.

LiSTNR's Instagram has achieved more than 55% audience growth in 2022, to almost 10,000 followers. Two stand-outs were *Hamish & Andy's Remembering Project* with 2.2 million organic video views, and Abbie Chatfield's *It's A Lot* podcast with more than 12 million organic video views.



Audio listening is also booming. The latest Edison Infinite Dial report in June 2022 found that 80% of Australians had listened to live radio or radio catch-up podcasts in the past week and that average time spent listening to podcasts had surged to seven hours and six minutes of podcasts per week (up from five hours in 2021).

LiSTNR is accelerating SCA's transition from a one to many unknown consumers model to a one to one known signed-in consumers model, which is appealing to digital audio advertisers. Supported by the growth in consumption of LiSTNR's live and on-demand audio content and an expanding digital audio market, SCA's digital audio revenue jumped by 35% in FY22.

Operational Review

Radio

SCA owns 99 stations across FM, AM and DAB+ radio and provides national sales representation for 23 other regional radio stations.

SCA is the #1 commercial radio network for the key buying demographic of people 25 to 54 years of age. The Hit and Triple M networks continued to entertain, inform and inspire more than 8.52 million Australians each week*.

The Hit and Triple M networks are home to some of the best radio talent in the country including Carrie Bickmore, Fifi Box, Tommy Little, Abbie Chatfield, Brendan Fevola, Nick Cody, Ed Kavalee, Dave Hughes and Erin Molan on Hit, and Marty Sheargold, Mark Geyer, Gus Worland, Jess Eva, Margaux Parker, Dave Gleeson, Wendell Sailor, Ryan Girdler, Leisel Jones, Peter Sterling, James Brayshaw, Billy Brownless, Gorden Tallis, Greg Martin, Jude Bolton, Mark Ricciuto, Chris Dittmar, Peter 'Spida' Everitt and Andrew Jarman on Triple M.

There has been a strong recovery in radio listening following the pandemic.

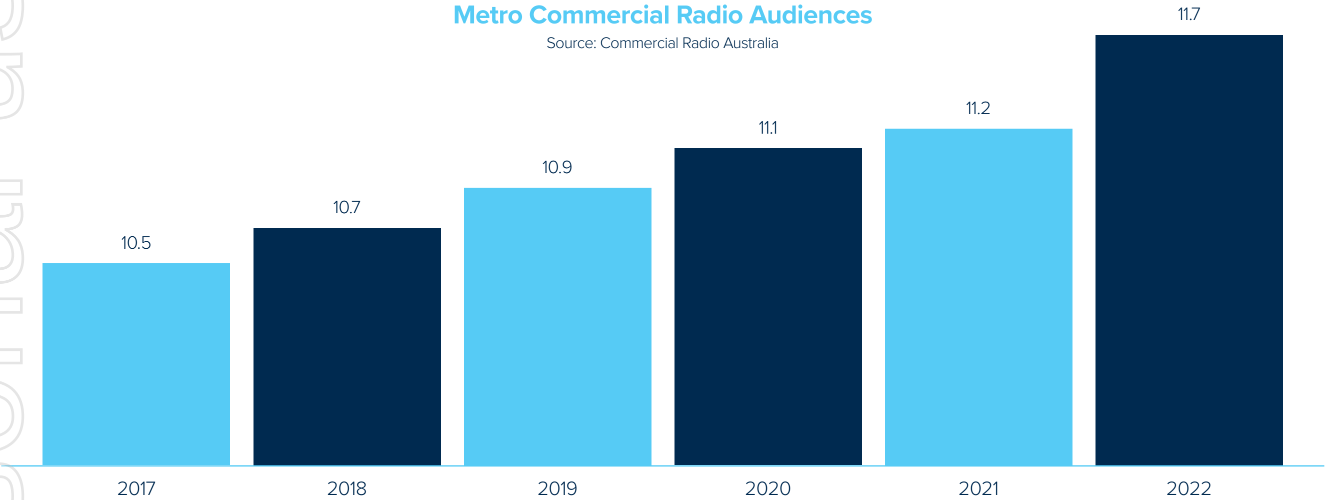
Commercial Radio and Audio reports that weekly listeners have risen 8% year on year to 12 million people in metro capital cities in the survey 5 radio ratings. There has been a 900,000 year on year increase in weekly listeners for the industry, a 27% increase in listeners streaming radio content, and a 35-minute weekly increase in in-car listening as city workers return to commuting between home and office.

Smart speaker listening also continues its explosive growth. On the Hit Network, smart speaker listening has grown by 169% in two years and on Triple M, smart speaker growth is 230% in the same period (July 2020 to July 2022).

In the survey 5 radio ratings, the Hit and Triple M networks continue to show a remarkable audience return to radio, with a record national cumulative audience of 5.93 million for our metro stations – a rise of 26.4% since the last survey of 2021. SCA's cumulative audience has grown at a faster rate that its peers over the past five radio ratings surveys and has added 1.2 million listeners over the past five years*.

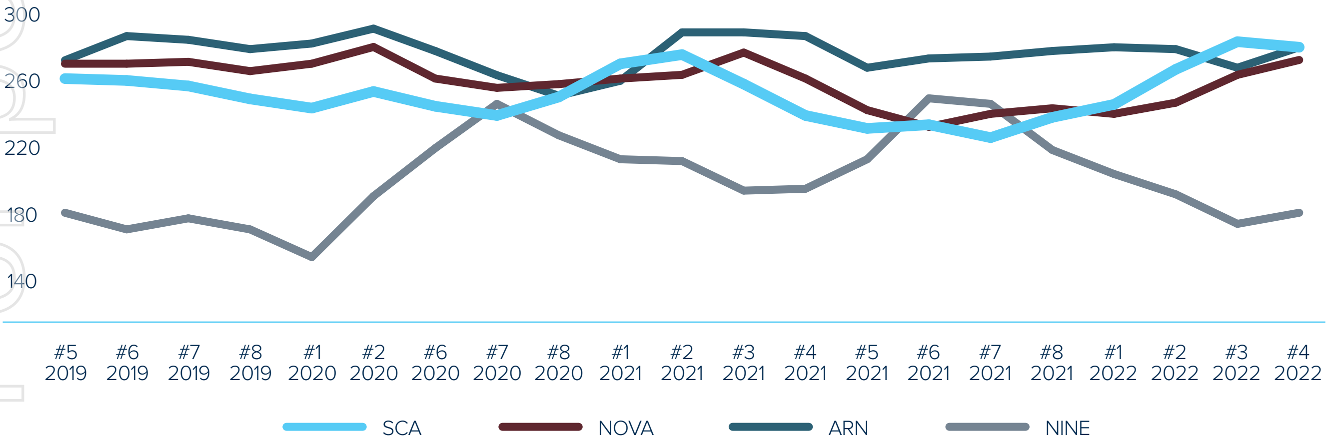
Metro Commercial Radio Audiences

Source: Commercial Radio Australia



Average Metro Radio Audience – All People 10+ Cume

Source: GFK – 5 Cap Cities, share of audience People 10+ (incl DAB). Commercial Radio Australia



This year, SCA launched eight new DAB+ radio stations from the Hit and Triple M networks on the Gold Coast, bringing local listeners the best of digital radio music and entertainment offerings for the first time. The Gold Coast is the 10th city in Australia to have DAB+. In addition to its two FM stations, 90.9 Sea FM and 92.5 Triple M, SCA launched six digital-only radio stations: Triple M Classic Rock, Triple M 80s and Triple M 90s, plus Easy 80s Hits, Oldskool 90 Hits, and RnB FRIDAYS Radio.

Metro radio advertising revenue grew 9.4% in the financial year and regional ad revenue grew by 6.4% as the advertising market recovers from the pandemic but is still impacted by labour shortages and supply chain issues.

SCA has completed its five-year 60 office digitisation program across Australia, creating a digital infrastructure fit for the future.

Operational Review

Hit Network

Listeners have flocked back to the Hit Network, which recorded its largest metro audience ever in the latest radio ratings survey 5 in August 2022 with 4.21 million listeners*. Across its national network of 50 stations, Hit has 5.8 million listeners in total*.

In particular, The Fox in Melbourne continued its record-breaking streak as Australia's most listened to radio station with 1.325 million weekly listeners*. This is the highest cume ever in Australian radio history.

Survey 5 also saw 2DayFM celebrate its fifth consecutive cume increase and the Breakfast show with *Hughsey, Ed and Erin* again grew its audience, achieving the highest audience growth in Sydney, and a 38% increase in audience this year*.

In addition, Brisbane's B105, home of the *Stav, Abby and Matt* Breakfast show, recorded its highest cume ever, rising by 10% to 642,000*. Perth's Mix 94.5, home of the *Pete, Matt and Kymba* Breakfast show, matched this record with its highest cume ever, up 5% to 595,000*. SAFM has the number one Breakfast show, with *Bec, Cosi and Lehmo*, among women aged 25 to 54; and is also the number one station for this demographic*.

The Hit Network is the number one network for the key buying demographic of people aged 25 to 54 and has the number one share of women aged 25 to 54*.

Hit's regional stations also had a stellar year, with many recording the biggest radio audience in their respective markets. On the Gold Coast, 90.9 Sea FM is the number one station overall and in Breakfast among women aged 25 to 54. Hit 100.9 in Hobart is the number one most listened to station in the city*.

A number of other Hit stations were crowned number one with Hit 106.9 in Newcastle, Hit 93.1 Wagga Wagga, Hit 100.3 and 94.7 in Mackay and the Whitsundays, the number one stations overall and in Breakfast among women aged 25 to 54*. Hit 104.7 Canberra was the number one station overall among people aged 18 to 39, Hit 105.5 Coffs Harbour and Hit Port Hedland and Broome were both the number one stations overall in people aged 10+*.

Hit 106.5 Karratha was number one in Breakfast, Drive and in people aged 25 to 54*.

The Hit Network made Australian radio history in November 2021 as the network crowned its very first millionaire. Hit's biggest ever promotion, the $1,000,000 Alphabucks competition, ran on air nationally from July to November 2021. To win, players were asked to answer 10 questions using one letter from the alphabet with 30 seconds to answer. More than 75,000 registered to play.

A lucky listener from Sydney won the prize after playing live with 48 other finalists on Million Dollar Day with Drive hosts *Carrie and Tommy*. The prize enabled Stacey from Casula to give up 16 years of renting to finally buy her own family home.

Hit 'hit' the ground running in 2022 with a new national Nights show, *Hot Nights with Abbie Chatfield*, that has been a ratings success story. Abbie's podcast, *It's A Lot*, also features on LiSTNR and featured in the top 10 podcasts for the first time in the July Australian Podcast Ranker.

Hobart's favourite sons and ACRA-award winning duo, Jimmy and Nath from the 100.9 Hit Breakfast show, launched a new national weekend breakfast show, *Jimmy and Nath*, plus a new national late night show, of the same name. As a result, a brand-new Breakfast show launched on Hit 100.9 in Hobart with *Dan and Christie* taking the reins from Jimmy and Nath.

On the Gold Coast, Danny Lakey joined the Breakfast show to become *Bianca, Ben and Lakey* on 90.9 Sea FM in July, marking his return to the Gold Coast after 10 years.

Hit's popular national Drive show, *Carrie and Tommy*, flew some lucky listeners to London to see Ed Sheeran live at Wembley Stadium, Hit's first overseas competition since the pandemic.

The Fox Breakfast Show team of *Fifi, Fev and Nick* also hit the road, travelling throughout Melbourne's suburbs to connect with listeners, to the Gold Coast for 'Fifi's Big Night Out' and to Victoria's Mount Buller to broadcast from the ski resort as part of its long-term partnership.

The Hit Network welcomed the return of live events this year with the launch of RNB Fridays 'Fridayz Live' in partnership with the Mushroom Group. The national live concert series features across Sydney, Melbourne, Brisbane, Adelaide, and Perth in November 2022. Hosted by Abbie Chatfield, the Hit Network's *Hot Nights* host, and Fatman Scoop, the concerts are headlined by Macklemore with other great artists.

Operational Review

Triple M

Triple M reported its largest audience in 17 years, with 2.89 million listeners, in the latest radio ratings survey 5 in August 2022*. Triple M is also the number one radio network for men aged 25 to 54. Across its 49 stations nationally, Triple M has 4.28 million listeners*.

The Marty Sheargold Show is the number one Breakfast show in Melbourne for men aged 40 to 54, while *The Rush Hour* in Sydney, Melbourne, Brisbane and Adelaide is number one for men aged 25 to 54*.

All Triple M stations around the country have locally produced Breakfast shows and the year kicked off with a new Drive show strategy, bringing new, State-based *Rush Hour* Drive shows across the country.

The Rush Hour team in Sydney is hosted by Wendell Sailor, Jude Bolton and Gus Worland, while in Melbourne *The Rush Hour with JB and Billy*, now in its 11th year on air, moved from its early evening timeslot to take over Drive, as did Adelaide's *The Rush Hour with Bernie, Blewey and Jars*. In Perth West Coast Eagle and 2006 Norm Smith Medallist, Andrew Embley hosts *The Rush Hour with Andrew Embley*.

In Brisbane and the Gold Coast, nine-time Olympic medal winner Leisel Jones joined *The Rush Hour* team of Triple M NRL commentator, Ben 'Dobbo' Dobbin, and host of *The Scorecard* on LiSTNR, Liam Flanagan. Across Queensland, Elliott Lovejoy and Annabelle 'AB' Brett host *The Rush Hour with AB and Elliott*.

Triple M and LiSTNR also negotiated streaming rights with the AFL, NRL and Cricket Australia, to bring all the sports action to listeners. *Triple M Cricket* was the smash hit during the Ashes series, One Day Internationals and T20 matches, and the network's expert commentary team pioneered a new soundtrack to summer across Australia, introducing cricket on the LiSTNR app for the first time ever to great success.

The Australian Rugby League Commission also agreed to extend its long-standing partnership with Triple M and LiSTNR for Audio Broadcast Rights until 2027, including exclusive commercial broadcasts of four NRL Home and Away Matches each week, the State of Origin, Representative Matches and NRL Finals Series, and the NRL Women's Premiership, Nines and All Stars. The NRL was broadcast to regional markets on Triple M for the first time.

Triple M has the largest AFL and NRL metro audience, delivering 47% more audience than its closest commercial competitor. In the latest radio ratings survey 5 in August, 626,000 people tuned into Triple M's AFL broadcast in Melbourne, Adelaide and Perth, and 471,000 listened to Triple M's NRL broadcast, with comprehensive coverage of all games and the best expert commentary team in the country*.

Triple M's annual 'No Talk Day' returned for the fourth consecutive year in July to raise awareness around men's mental health and suicide and encourage courageous conversations on Triple M's 45 stations across the country with support from mental health charity partner Beyond Blue. From 6:00am to 6:00pm on July 4, Triple M removed all regular programming replacing it with music and candid conversations from Triple M on-air talent and some of the biggest names in rock, sport and comedy about their challenges with mental health and the resources they have used to recognise the signs and work on overcoming feeling helpless.

For the first time this year, Triple M hosted a long-form mental health discussion, 'Triple M's Courageous Talk', moderated by Triple M No Talk Day co-founder Shaun Gough with special guests Wayne Schwass, former North Melbourne AFL footballer, commentator and mental health activist; Dr Grant Blashki, Lead Clinical Advisor for Beyond Blue; Matt O'Gorman, drummer for Aussie rock band *British India* and host of *Triple M Aussie*; and Christian McBride, Tour/Production Manager and CrewCare board member.

This year, SCA created a world first dynamic sport advertising campaign on Triple M that delivered live AFL and NRL Friday night game scores inside audio ads on broadcast and digital audio platforms, in partnership with McDonald's.

Several Triple M Breakfast shows added some serious talent this year, starting in Sydney as rugby league legend Mark 'MG' Geyer joined the line-up to form *Breakfast with MG, Jess, and Pagey*. 92.5 Triple M Gold Coast saw Ali Plath join the Breakfast show alongside Peter 'Spida' Everitt and Sean 'Flan' Flanagan. In Adelaide, Laura 'Loz' O'Callaghan joined 104.7 Triple M Breakfast alongside popular duo Roo and Ditts to become *Roo, Ditts and Loz*.

In Perth, 92.9 Triple M breakfast welcomed Michelle Anderson, from *The Rush Hour* Perth team to the Breakfast show with *Xav, Michelle and Baz*. And Hobart's 107.3 Triple welcomed Esther 'Woody' Nichols and Andy 'Tubes' Taylor a new Breakfast show for the city.

Aussie Rock superstar Dave Gleeson returned to Nights on Triple M as host of *Triple M Nights with Dave Gleeson* in Sydney, Melbourne, Brisbane, Adelaide, Perth, Newcastle, Gold Coast and Hobart.

In Sydney, 104.9 Triple M's *Dead Set Legends* Saturday morning show added Candice Warner joining Triple M legend Dan Ginnane and horse racing royalty Richard Freedman to talk all things sport. In Adelaide, Tom Rockliff, Callum Ferguson, and Mark 'Thomo' Thomas formed Triple M *Dead Set Legends with Tom Rockliff, Callum Ferguson and Thomo* on Saturday mornings.

In regional markets, Brisbane and Adelaide, the 'Good Times, Greatest Hits' music proposition was implemented for a broader audience appeal.

1152 Triple M Riverina celebrated a big milestone this year – 90 years on air serving the Wagga Wagga and Riverina region. Over the past 90 years, 1152 Triple M has been a part of so many significant moments of the region, keeping the community informed during floods and bushfires and celebrating events such as the establishment of the RAAF base in 1940. 1152 Triple M was part of the proclamation of Wagga Wagga becoming a city in April 1946, selling the first Chiko Roll at the Wagga Wagga Show in 1951 and waving to Her Majesty Queen Elizabeth II and His Royal Highness the Duke of Edinburgh in February 1954 during their visit Down Under.

On the New South Wales Central Coast, 107.7 Triple M celebrated its Golden anniversary as the coast's oldest radio station with 50 years of broadcasting. The station has been home to some of Australia's most well-known radio personalities including Doug Mulray, John Kerr, comedian Akmal Saleh, Mike Duncan, Rick Julien, Dwayne Jeffries, Bob Peters, Cam Humphreys, Sarah King, Paddy Gerrard, Rob Palmer and many more.

*Source: GFK Radio Ratings. Survey #5 2022 – Metro (FM & DAB+). Gold Coast, Newcastle, Canberra Survey 2 2022 (FM/AM). Mon-Sun 5:30-12mn Cume. Xtra Insights Mt Gambier, Griffith, Coffs Harbour, Rocky-Gladstone, Orange, Dubbo, Bunbury, Warragul, Albury. Xtra Insights Survey #1 2019. Mt Isa Xtra Insights Survey #1 2020 Geraldton Survey, Port Macquarie, Kingaroy, Roma, Albany, Maryborough, Hobart, Wheatbelt, Bundaberg, Esperance, Emerald, Gosford, Toowoomba, Townsville, Shepparton, Kalgoorlie, Cairns, Mildura, Bendigo #1 2021. Karratha, Mt Gambier, Coffs Harbour, Griffith, Hobart, Port Hedland Broome Survey, Mackay, Wagga Wagga #1 12022 (FM/AM) Mon-Sun ROS Cume.

Operational Review

SCA iQ

SCA iQ is SCA's internal centralised hub for media research and insights capability which houses data from more than 300,000 SCA listeners from around Australia, who provide first-party data and behavioural insights.

SCA iQ's Mood Monitor, now in its ninth year, is a major study to survey metro and regional Australians particularly around mood, concerns and finances. In SCA iQ's latest instalment of Mood Monitor in May 2022, Australians are returning to their pre-pandemic levels of positivity and concerns but with some slight nuances. Our concern for the environment, healthcare and the Australian economy all exceeded results seen pre and during the pandemic. Whilst the increasing cost of living has our 'concerned' levels rising, it is notable that 48% of Aussies are using audio to help support their mental health and mood at the moment.

This year, SCA iQ launched a Boomtown version of Mood Monitor for regional Australians.

SCA is paving the way to measure broadcast audio attention with a world-first feasibility study to test broadcast audio attention globally in partnership with Professor Karen Nelson-Field's Amplified Intelligence. SCA is the first audio company internationally to pioneer measurement of broadcast audio attention to understand how live radio influences brand choice to exposed listeners.

Among the initial findings, the study revealed that broadcast audio commands high attention, on par with other broadcast media, while SCA's suite of audio content performed better than some visual attention counterparts in the digital media space. Commercial Radio and Audio (CRA) and its members have committed to continue this testing to develop audio attention metrics for broadcast audio and podcasting.

A new report this year from SCA iQ, called *Audio Reach Amplifier*, explored ad-supported audio's ability to increase a campaign's scale and better impact the total marketing funnel, and analysed the value of audio in companion reports for Total Audio and Digital Audio.

The report found that 16.8 million Australians are listening to ad-supported broadcast and digital audio every week – with 49% listening via the Internet, 40% listening on mobile devices, and 24% via smart speakers.

Ad-supported audio reaches 84% of the critical 25 to 54-year-old demographic, who are the largest group of listeners. The report found that digital audio formats extend radio's reach in this demographic by 24% more than using commercial radio alone.

Audio Reach Amplifier is the first in a series of reports, to be released by SCA iQ, demonstrating the value of audio at every stage of the marketing funnel.

SCA iQ also undertook Australia's largest audio 'Establishment Study' in Australia for many years. The national study had a 14,000-strong sample size and was designed to provide robust benchmarks for audio reach and consumption across all audio platforms. This data is used in many of SCA's new audio products and dashboards. Its primary purpose is to provide deep, granular data to enhance current audio currency measurement.

An audio incremental reach tool developed by SCA iQ allows advertising clients to understand why planning more than one audio channel is advantageous. In addition, SCA iQ also developed a LiSTNR insights and planning dashboard for advertising clients and our sales teams. The dynamic, informative dashboard features LiSTNR app user and content profiles and is designed to influence increased usage of the LiSTNR network. Currently in trial, it will launch in FY23.

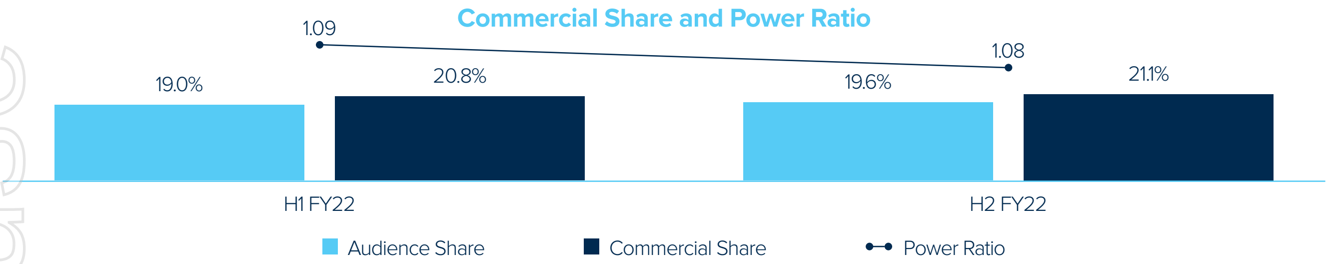
Television

SCA changed its principal regional television affiliation in the three aggregated markets of Queensland, southern New South Wales, and Victoria to Network 10 in July 2021. SCA had already been broadcasting Network 10 programming in Broken Hill and Spencer Gulf.

Network 10 has a popular range of programming including *The Masked Singer*, *MasterChef, Survivor, I'm a Celebrity Get Me Out of Here, The Bachelor, Have You Been Paying Attention?, The Project, The Living Room*, plus sports Australian A League football, MotoGP, Bellator MMA, F1 and the Melbourne Cup Carnival.

During the year, SCA also took over national sales representation of Network 10 programming in northern New South Wales (including Gold Coast), Tasmania, Western Australia and Mildura. This allows SCA to offer a simple and scaled 'Total 10' sales proposition to national buyers of advertising on Network 10 programming.

Despite Network 10 programming generally rating lower than SCA's former Nine Network affiliation, SCA's superior sales performance delivered a market-leading power ratio of revenue to audience of 1.09 in the three aggregated markets. As a result, SCA maintained its earnings from television with EBITDA of $30 million and an increased EBITDA margin of 23.7%.



SCA was also pleased during the year to extend until 30 June 2024 its longstanding affiliation with the Seven Network in Tasmania, Darwin, Broken Hill and Spencer Gulf, and Remote Central Eastern Australia.

7 Tasmania is the number one television network in Tasmania, delivering 58.8% commercial share of viewing in zone 1. The network reaches more than 380,000 unique viewers, or 71.4% of people in Tasmania, on average each month*.

It was the only commercial network to deliver audience share growth, up +3.1 points year on year, and delivered the highest year on year share growth of all commercial primary channels, up +2.1 points. In addition, 7TWO is the number one commercial multi-channel, followed by 7mate and both delivered year on year share growth of 0.8% and 0.2% respectively. 7mate was the only commercial multi-channel to grow its audience year on year, up 10.2%*.

SCA Tasmania produces *7 Nightly News*, a one-hour, live news bulletin every day from its Launceston office. *7 Nightly News* is the number one program in Tasmania with a 73.9% commercial share of viewing, which is up 3.5 points year on year. The News program has 10.5 times more viewers than its closest commercial competitor*.

SCA's 7 Tasmania service also delivered 19 of the top 20 regular programs in Tasmania including *7 Nightly News, Home and Away, The Voice, Farmer Wants a Wife* and *RFDS**.

Premium sporting events were big winners for SCA's 7 Tasmania service. The AFL Grand Final was the highest rating broadcast in 2021, delivering more than 80% commercial share of viewing, and the highest AFL Grand Final audience since 2017, growing 20% year on year*.

The Tokyo Olympics last year had 50% more viewers than the Rio de Janeiro Olympic Games and reached more than 385,000 unique viewers, or 72.2% of Tasmanians. Over the summer ratings period, *7 Cricket* dominated, reaching 395,000 unique viewers, or 74% of people in Tasmania*.

SCA is committed to providing local news services for regional television viewers. In Southern New South Wales, there are nine news updates each weekday in the Canberra, Wollongong, Wagga Wagga and Orange markets, and in Victoria nine weekday news updates are broadcast to Bendigo, Ballarat, Gippsland and Albury. In Queensland, SCA provides nine news updates each weekday in the markets of Cairns, Townsville, the Sunshine Coast, Rockhampton and Bundaberg.

SCA also produces nine news updates each weekday in the Hobart and Launceston markets for its joint venture, TDT, which carries Network 10 programming. In Darwin, SCA broadcasts six news updates and city specific content to meet the requirements of our broadcast licences, while in regional South Australia, SCA airs a 30-minute news bulletin on weekdays, with video journalists based in Port Lincoln, Port Pirie, Port Augusta, Whyalla and Broken Hill.

SCA's total local news output on weekdays is four hours and 34 minutes.

Overall, SCA's television assets cover the following parts of regional Australia:

- Network 10 programming in regional Queensland, Southern New South Wales, Victoria, Broken Hill and Spencer Gulf, along with additional national sales representation in Northern New South Wales, Tasmania, Darwin, Western Australia and Mildura
- Channel Seven programming in Tasmania, Broken Hill and Spencer Gulf, Darwin and Remote Central and Eastern Australia
- Nine programming in Broken Hill and Spencer Gulf.

SCA also has a multi-year free-to-air program supply agreement with Sky News Australia. Sky News content is broadcast across SCA's largest regional markets on a dedicated 24-hour news channel. Sky News Regional broadcasts on Channel 56 in 17 of SCA's regional markets across Victoria, Southern New South Wales, and Queensland. SCA also performs sales representation for Sky News Regional on behalf of WIN in Northern New South Wales, Griffith, and Mount Gambier/Riverland.

Following a strategic review, SCA has decided to retain its television assets. The outsourcing of back of house capital-intensive functions has simplified television operations.

Television also provides SCA with scale in a growing regional market as well as a marketing platform for SCA to further mature LiSTNR in regional Australia.

Source: Regional TAM Data, TAS, Total People, Consolidated 7, 1 July 2021- 30 June 2022, 1800-2230 unless specified, Sun-Sat, Commercial share, AUD, Commercial Channels (using content affiliates NOT broadcaster), Regular programs (0200-2600, grouped, min 3 eps, sports ungrouped, excl. encores, repeats and specials), Top telecasts (0200-2600, ungrouped), Avg monthly reach = 1 min cume (0200-2600), Tokyo Olympics reach (entire telecast incl rpts 21/7-9/8, excl. Paralympics), Cricket based on typology, Summer: weeks 49-6.

Boomtown

This year the Boomtown collective has capitalised on the transformation that has occurred in regional Australia seeing population growth in regional areas outpacing metro for the first time in four decades.

Representing the 9.1 million people living in regional Australia, including major business and population centres like the Gold Coast, Newcastle, Geelong, Toowoomba, Hobart, Darwin and Canberra; Boomtown has experienced unprecedented population growth in the past year due to the 'work from anywhere' phenomenon driven by the COVID-19 pandemic.

As a result, metro migration has occurred on a scale never seen before, with young urban professional families and digital nomads accounting for a significant proportion of those relocating to Boomtown. This has created a 'spiral of success' for Boomtown, with record job vacancies on offer, 75% of which are for highly skilled and professional roles, and a property boom in regional Australia the likes of which hasn't been seen for 15 years.

In addition, Boomtown residents are happier, with 79% of people who moved to regional Australia 'extremely satisfied' with their move.

The Boomtown collective comprises eight major media stakeholders: SCA, WIN, Seven West Media, ARN, ACM, Imparja, News Corp and oOh!. The collective continues to successfully demonstrate the value of advertising to regional Australians among national advertisers and their media agencies.

After four years in market, Boomtown has helped move regional media to a position of strength, with trade tracking studies showing that awareness, consideration, usage and effectiveness are at close-to-saturation levels amongst its media audience.

There has been a 15-point uplift in the Boomtown Net Promoter Score (NPS), demonstrating a strong propensity to recommend Boomtown and regional media amongst its target audience.

Boomtown will continue to deliver its mission statement: 'Connecting ambitious brands with the power of regional media'.

Key initiatives

The winner of Boomtown's 'Win a million dollars in regional media' competition, a multi-platform regional campaign that has delivered exceptional results for leading Australian pasta brand San Remo, demonstrated the power of regional media to boost brand awareness and sales.

In one of the most comprehensive cross-media case studies released by Boomtown, San Remo turned a $1 million regional media advertising investment into impressive results. The campaign recorded 47% category growth across the campaign regions, a 9.4% sales increase in spaghetti, 0.9% increase in dollar value and 0.6% increase in volume share in the highly competitive specialty foods category.

There have been continued improvements to the Boomtown Hub, aimed at simplifying the process of planning regional media through interactive media coverage maps and search tools, to update and refine its effectiveness. Since its launch in 2021 the Hub has attracted more than 4,000 users.

Throughout the year, Boomtown delivered another series of its successful educational Masterclasses, facilitated by marketer and academic Gaye Steel. These classes continue to receive excellent feedback with an average rating score of 9.1 by participants. An online self-paced Masterclass is also in currently in development, empowering anyone to learn about Boomtown at any time.

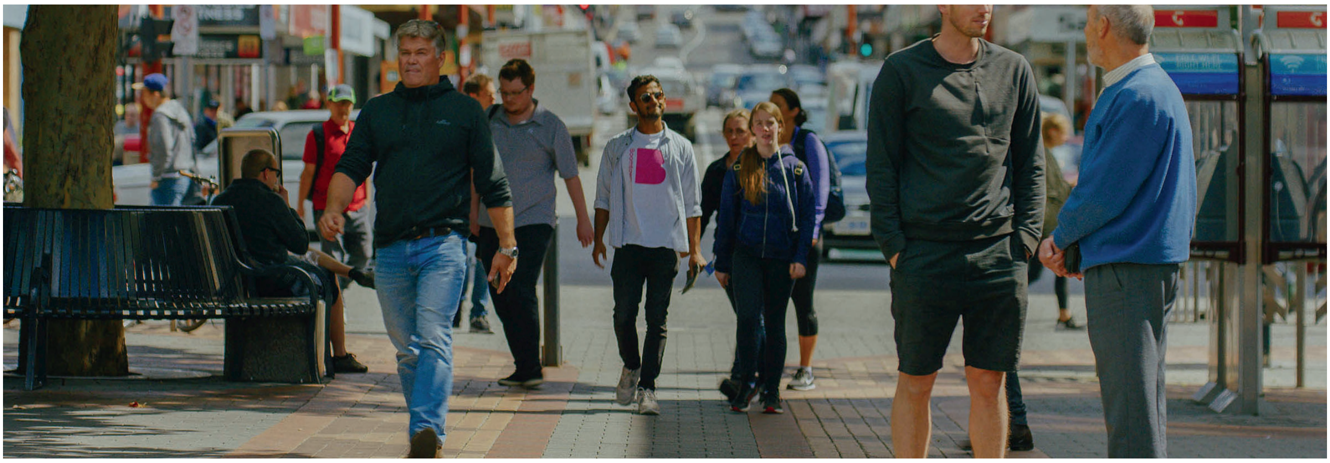
Boomtown continued its partnerships in trade, including AdNews LIVE, the Independent Media Agencies of Australia, presenting at the IMAA Operation Bounceback event in April, and the Media Federation of Australia's NGEN program, industry leaders in training new starters in the industry.

Also in development is the 'Boomtown Agency Advocate Program', ensuring we have Boomtown champions in all major media agencies across Australia.

The 'Boomtown City Spotlight' campaign also launched and is designed to showcase Australia's 14 major regional cities, bust some myths about regional areas, and promote regional Australia and its residents as contemporary, vibrant and profitable markets.

This year, Boomtown will continue to improve its suite of tools, including the Boomtown Hub, education, case studies and insights. The monthly newsletter will also continue, which reports an average open rate of 41.6%, an extremely high engagement with its audience.

More information is available on the Boomtown website: https://boomtown.media/.



Our People

Values

SCA prides itself on creating a culture where people feel valued and can perform at their very best. *We don't just focus on what we do; we care about how we do it*. SCA's five values guide day-to-day decisions and shape individual and collective behaviour.

- **We COLLABORATE: We work as a team. Together, we deliver our best.**
- **Take INITIATIVE: Each of us is responsible for exceeding expectations. We go the extra mile.**
- **Maximise CREATIVITY: We lead with fresh thinking. We create winning ideas.**
- **Have COURAGE: We always show strength and spirit. We stand up for our beliefs and each other.**
- **Act with INTEGRITY: We do what's right and act with transparency and honesty. We deliver on our promises.**

Our values are at the heart of all that we do and are indicative of our company culture, for which we were awarded a Cultural Sustainability Award from Human Synergistics following our most recent culture audit in 2021.

Diversity and Inclusion

SCA believes that business performance is enhanced by a diverse workforce where employees are treated with respect and fairness and have equal access to opportunities. SCA aims to provide a living, creative organisation that understands the diversity of its audiences and advertisers.

At present, women occupy 40% of senior management positions and 53% of middle management positions at SCA. We have been focused on programs introduced in recent years to encourage flexible work practices to help our people – both men and women – to successfully manage their career and family life through a practical work-life balance, as well as providing learning opportunities for 'future executive' women to ensure we are succession planning for equitable hiring decisions.

SCA has rolled out an enhanced workplace flexibility framework to ensure the Company continues to prioritise employee wellbeing while delivering exceptional outcomes for our audiences, advertisers and shareholders.

Developing and looking after our people

SCA continues to invest in leadership with a focus on the skills that SCA requires of its leaders now and in the future. SCA takes a values-based approach to leadership. We train and develop our leaders to exhibit values-based behaviours that align to our Code of Conduct and leadership behaviours framework and recruit talent that show capability in these areas.

SCA has high expectations of its leaders. We review leadership styles through a 360-degree feedback tool called the Leadership Styles Inventory (LSI) with our partner Human Synergistics. SCA puts at least 40 leaders through the LSI process annually and, once this process is completed a supporting coaching program is put in place to support development in highlighted areas. SCA's People and Culture Team is an accredited practitioner of the LSI tool. The LSI tool indicates SCA's Senior Management Team has a highly constructive culture.

At SCA, Learning and Development is a key focus for all our people, to equip them with the skills they require to deliver our strategic goals. Accordingly, we offer a robust suite of learning including:

- Women in Content Program
- Executive Ready Women in Leadership Program
- Leaders of the Future Program
- SCA Leads Leadership Development Program
- 'Leading Teams' for National Executive Functional Groups
- LSI and Coaching for Leadership Development
- Mentoring Program
- Specialised high performance sales training
- Managing Mental Health training
- Managing Underperformance training.

SCA manages workplace health and safety risks in an active way. Local managers monitor and manage risks at their workplaces, ensuring that risks are identified, assessed and managed proactively and not only in response to an incident. Key risks managed on a day-to-day basis include security arrangements for high profile performers and on-air announcers and conducting 'stunts' for on-air radio content. Measures have been implemented in all our locations to educate our people about workplace risks associated with COVID-19 and to manage those risks.

An important outcome of SCA's outsourcing of television playout and broadcast transmission services has been to reduce the range of workplace risks for which SCA is directly responsible. Risks relating to engineers travelling and working in remote areas and at heights on high voltage equipment and managing asbestos in old buildings in regional areas are now managed directly by specialist service providers.

Proactive steps are taken to promote the mental health and wellbeing of SCA's people, including a wellbeing portal on SCA's intranet, training on managing mental health in the workplace, and an employee assistance program and counselling service.

Governance and sustainability

SCA's Corporate Governance Statement demonstrates the extent to which SCA has complied with the ASX Corporate Governance Council's Principles and Recommendations and corporate governance best practice. SCA also publishes a Sustainability Report reporting on how we manage our impacts on people, the environment and the economy. Our Corporate Governance Statement, Sustainability Report and related corporate governance policies are available on SCA's website (http://www.southerncrossaustereo.com.au/investors).

SCA Embrace and Community

SCA Embrace is SCA's charity initiative launched in September 2016. Under our national framework of supporting selected charities for a two-year period, SCA engages with these charities to ensure there is growth in awareness (and financially) during this period.

Through our diverse employee group, SCA provides the charities with support through radio, digital and television advertising; digital, social and research support; event and meeting spaces; brainstorming sessions; concert and sporting tickets; on-air interviews; and staff volunteering.

SCA's current national charity partners are Foodbank Australia and Make-A-Wish Australia. In the initial six months of these partnerships, we have provided more than $18 million of in-kind radio, digital and television advertising, along with digital, social, creative and research support.

Due to the nature of this charity program SCA was able to support Foodbank in the 2022 Queensland and New South Wales floods without delay by providing emergency support on-air messaging, social posts for awareness and donation requests; as well employees volunteering in the warehouse environment.

We continue to be very proud of SCA Embrace, a program that has provided more than $160 million of in-kind advertising over the past six years.

In July 2021 SCA extended its charity program to support local charities in regional markets. More than 20 local offices partnered with an organisation in the community and provided similar opportunities as our national partners have access to. During the first year of the local model SCA provided close to $1 million of in-kind radio advertising as well as local team support.

Testimonials

Make-A-Wish AUSTRALIA

Make-A-Wish Australia CEO, Sally Bateman:

"We are incredibly grateful for the amazing in-kind support we have received from SCA since the commencement of our partnership. The exposure across metro and regional Australia has helped broaden our reach. It has driven our biggest uplift in applications into the wish program since the pandemic began, which we're so pleased about.

"The guidance and insights shared by the radio and television teams have also helped us connect with a new audience of givers, with our most recent fundraising efforts up over 20% in what we know continues to be such a challenging time for everyone. We're genuinely amazed by what together we've achieved in such a short time. In the year ahead, we look forward to ensuring everyone at SCA has the opportunity to become a fully-fledged member of our 'Wishforce', so that we can make the impossible, possible for more wish kids."

FOOD BANK FIGHTING HUNGER IN AUSTRALIA

Foodbank Australia CEO, Brianna Casey:

"In only a few short months, SCA has become a treasured member of the Foodbank family, wrapping their arms around us every time we swing into action responding to floods, the cost of living crisis, the ongoing challenges of COVID and more.

"The SCA team knows how time-sensitive disaster response efforts are, and when the devastating March 2022 floods hit communities across both New South Wales and Queensland, they had CSAs and News Alerts ready within a matter of hours. SCA's active promotion of Foodbank campaigns and appeals has helped generate much-needed funds to help us secure essential food and grocery items for natural disaster response and recovery, as well as everyday food relief.

"Between skyrocketing electricity bills, increased food and grocery prices, the housing crisis, floods, supply chain disruption and the global pandemic, it's no wonder we are seeing increased demand for food relief, and a whole new cohort of people in need of assistance. We're working hard to ensure every person who needs food relief receives it, and we couldn't be more delighted to have SCA right there with us as we help change the lives of so many."

SCA YourWellbeing

After a successful 2.5-year relationship with Beyond Blue under SCA Embrace, SCA has continued this very strong partnership under our mental health and wellbeing pillar, SCA YourWellbeing.

Similar to previous benefits, Beyond Blue continues to receive in-kind advertising as well as support from all aspects of the business. Beyond Blue continues to support SCA with its expertise and knowledge to ensure we are providing a safe and well workplace and has assisted with our mental health and wellbeing strategy.

Since January 2022 SCA has provided Beyond Blue with more than $6 million of in-kind advertising and in July 2022 achieved its fourth national Triple M 'No Talk Day' on-air event to raise awareness around men's mental health and suicide.

SCA Embrace and Community

Connecting and supporting communities

SCA's local news and information services on radio and television keep communities up to date on the issues that matter most to them, as well as providing local skilled jobs, supporting local businesses, providing local advertising opportunities, and supporting local events, charities and community initiatives.

SCA produces nightly news bulletins for its Channel Seven television service in Tasmania and local television news updates in regional Victoria, southern New South Wales, regional Queensland, and other regional television markets.

SCA prides itself on its 'fiercely local' engagement with communities and this support has ramped up now COVID lockdowns have eased and in the wake of the devastating Queensland and New South Wales floods.

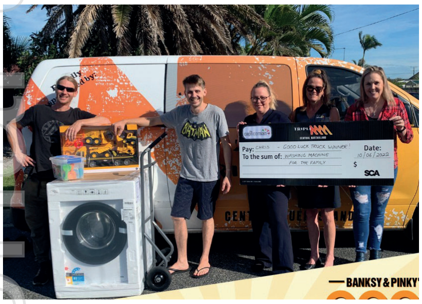
In addition to the SCA Embrace national charity program, SCA is an active contributor to communities. Here are just a few examples of SCA engaging with local communities, resulting in meaningful connections and contributions, from the past year:

Triple M Bundaberg's Christmas Crusade

Triple M Bundaberg's annual Christmas Crusade was its most successful campaign to date.

In partnership with local charity Angels Community Group, the Triple M team rallies the community to ensure big smiles and relief as no child will miss out on having a very special Christmas. The campaign saw thousands of toys donated, filling the entire office, helping more than 700 families who qualified.

Sue Tasker from Angel Community Group said: "I cannot express the impact this Crusade has on children who otherwise may have missed celebrating Christmas. The ability for JB and Jules to get the word out and rally the community was amazing."



Triple M Central Queensland's 'Good Luck Truck'

The Good Luck Truck is a successful hallmark of the Triple M brand, however 2022 saw it run for the first time in Central Queensland, and with great success. Local financial organisation The Capricornian Bank joined up in funding the program to bring much needed relief to the region.

After just three days of promotion, we received 53 genuine entries of people out there looking for support or a bit of a leg up and ended up with hundreds of entries. This was a clear indication that things were getting tough out there with the housing and rental markets, cost of lettuce and everything else putting the pinch on listeners. The challenge became how to have the most meaningful impact for the most people, so over a four-week campaign Triple M did everything from paying bills and buying groceries to buying washing machines and sending someone for a spa day.

Hit Central Queensland's Sleepout:

Sarge, Hit Central Queensland's Workday announcer, took to the streets, literally, for Rockhampton's first ever sleepout event. Designed to help break the cycle of homelessness and generate funding and support for the many people suffering in the community, Sarge partnered with Harvey Norman, Live Free Support Services, and other members of the community to facilitate a massive fundraising event culminating in the sleepout. The fundraiser was a big night with everything from helicopter tours to a $14,000 bedding package going under the hammer for the cause.

Triple M Townsville 'Pricey's Good Luck Truck'

Each year Triple M calls on listeners to nominate someone that needs a bit of a helping hand, with Pricey's Good Luck Truck. In early 2021, Mel Landon was diagnosed with stage 4 breast cancer. Her husband Richard quit his job to help care for Mel and their two young kids. Given Mel's young age and her sheer determination, they decided to treat her with a very aggressive form of chemo, which in turn damaged her heart leaving it with 20% capacity.

The family lives on Magnetic Island and their car had been playing up but given their significant financial strain, they were not in a position to maintain it. Not only was Triple M able to coordinate getting the car to the mainland, five local businesses pitched in and repaired it.

A $250 groceries voucher was also donated, and Triple M pitched in with a gift basket and toys for the kids for Christmas. We managed to turn this around within 36 hours.

Sadly, Mel lost her battle in August. We are honoured to have had the opportunity to help their family during this difficult time and thank the local community for their support.

Hit 103.1 Townsville's 'Hit the Hill'

Hit Townsville has again 'hit the hill' to raise awareness for mental health and suicide prevention. The whole Hit team was involved, broadcasting live at the top of Townsville's iconic Castle Hill to culminate a whole week of activity. Close to $10,000 was raised for a local charity through this new, virtual style event in 2021.

SCA Embrace and Community

Hit Central Coast Maz and Lakey at Wagga Mardi Gras

In what was the biggest LGBTQI+ celebration in regional Australia, Hit NSW's Breakfast show *Maz and Lakey* hit the town to help host the Wagga Mardi Gras 2022. Thousands of locals lined the streets as the parade, including featuring the Hit 93.1 team, made its way to a big celebration at local parklands. *Maz and Lakey* engaged with the community through stage presence and one to one mingling.

Triple M Central Coast Coast Shelter Sleep Out

Teaming up with local charity partner Coast Shelter, local Afternoons announcer Justin Coombes-Pearce spent a night under the stars at Central Coast Stadium, alongside several other Coastie personalities and business owners. Proceeds raised for the event went directly to the homeless community of the Coast, as well as victims of domestic violence utilising Coast Shelter facilities to escape their home environment.

Hit and Triple M 'Wagga Wagga Takes 2'

The SCA Wagga Wagga team once again were heavily involved in Wagga's biggest annual fundraising event 'Wagga Wagga Takes 2'. Hit and Triple M have been involved in this event since it started in 2007. Hit and Triple M's support isn't just limited to promotion of the event, but every year the stations have representation in the show.

The event pairs up a local celebrity with a local entertainer, and together they sing for their chosen local charity. This year, SCA Wagga Sales Manager Trent Cohalan got up on stage to perform Car Wash to raise money for charity. SCA Regional Content Director, Duncan Potts is the MC of the show, with support from Triple M Breakfast host Leigh Ryan and Hit Workday announcer Dane McGuirk.

In 2022, 10 acts were part of the show, and collectively raised $200,000 for 10 local Wagga charities. Since the show began back in 2007, Wagga Wagga Takes 2 has returned nearly $4 million to local Wagga charities.

Hit Albury 'City2City'

City2City is a run/walk between our two major border towns, raising money for local hospitals in Albury Wodonga Health. Every year, since it began in 2015, Hit Albury gets involved in some way, with our announcers hosting the start line, finish line and even multiple staff members running themselves. This year, Hit's Tyson Witham helped launch the event as MC at the starting line, where $70,000 was raised for Albury Wodonga's Community Care Services.

Triple M Albury 'Carevan'

Triple M Albury's fundraising for Carevan got turned on its head this year with two incredible displays of generosity. Starting off with a week of auctions, Rob from Zypex Australia heard about our efforts to raise money for a new van and bid an incredible $5,000 for a copy of Border Monopoly. However, when discussing with the charity exactly what they did and how much a new van would assist in their efforts he decided to buy them one so Carevan could continue helping out so many across the region.

Hit and Triple M Albury 'Border Dance for Cancer'

The Stars of the Border Dance for Cancer is a yearly event on the Border that raises money for the Cancer Council of NSW with funds also going to the Albury Wodonga Cancer Centre. Over its eight years, someone from Hit or Triple M has participated in the event as a 'dancer'. In May 2022, Triple M's Guy Mylecharane had a dance performance and Hit's Tyson Witham hosted the event, where along with some Border locals they raised $300,000 to help fight cancer.

Triple M Bendigo Guide Dogs Victoria

Cogho and Kylie recruited Triple M listeners to assist in naming a new puppy at Guide Dogs Victoria. After 30+ suggestions from our audience they settled on Banjo. Guide Dogs Victoria brings Banjo into the show often to update us on his progress as he gets ready to serve his first family with Guide Dogs Victoria.

Triple M Shepparton

During COVID lockdowns Shepparton copped it a little harder that most Victorian towns and the region relied heavily on front line workers. Leisha Brodyk, the then Triple M Shepparton Breakfast announcer, dipped into her own pocket to provide these workers with pizza on a Saturday afternoon.

The Board and Leadership Team

Robert Murray
Chairman and Independent Director

Appointed: 1 September 2014
Most recently elected by shareholders: 30 October 2020
Board Committees: Nomination Committee (Chair)
Rob Murray became Chairman of the Company on 19 August 2020.

Rob had a successful career in sales, marketing and general management having served most recently as the CEO of Lion (formerly Lion Nathan), one of Australasia's leading food and beverage companies, including during its acquisition by Kirin Holdings in 2009. Before joining Lion Nathan in 2004, Rob worked for Procter & Gamble for 12 years, and then for eight years with Nestlé, first as MD of the UK Food business, and then as CEO of Nestlé Oceania.

Rob brings valuable strategic and commercial insight to the Board, along with his in-depth understanding of consumer behaviour and global experience in mergers and acquisitions and other corporate transactions. He is a director of the Bestest Foundation, and Advisory Chair of the Hawkes Brewing Company. He was previously a director of Metcash, Dick Smith Holdings, Super Retail Group and Linfox Logistics.

Glen Boreham AM
Independent Director

Appointed: 1 September 2014
Most recently elected by shareholders: 13 October 2021
Board Committees: Digital Transformation Committee (Chair), People & Culture Committee, Nomination Committee

Glen's executive career culminated in the role of CEO and Managing Director of IBM Australia and New Zealand in a period of rapid change and innovation from 2006 to 2010. He was the inaugural Chair of Screen Australia from 2008 to 2014, and chaired the Australian Government's Convergence Review of the media industry. The Board benefits from Glen's extensive knowledge, insights and networks in the technology and data industries. Having lived in Asia, Europe and Australia, Glen brings a global perspective.

Glen is also a director of Cochlear and Link Group and was formerly Chair of the Advisory Board at IXUP where he remains a Strategic Adviser. He was previously Chair of the Industry Advisory Board at the University of Technology Sydney, Chair of Advance, representing the one million Australians living overseas, as well as Deputy Chair of the Australian Information Industry Association and a Director of the Australian Chamber Orchestra. In 2010, he became a founding member of Australia's Male Champions of Change group. Glen is a Member of the Order of Australia for services to business and the arts.

Carole Campbell
Independent Director

Appointed: 1 September 2020
Most recently elected by shareholders: 30 October 2020
Board Committees: Audit & Risk Committee (Chair)

Carole Campbell has over 30 years' financial executive experience in a diverse range of industries including professional services, financial services, media, mining and industrial services. Carole started her career with KPMG and has held executive roles with Macquarie Group, Westpac Institutional Bank, Seven West Media, Bis Industries and Merivale.

Carole transitioned to a non-executive career in 2018 and is a non-executive director of GUD Holdings Limited where she chairs the audit committee at both companies. She was previously a non-executive director of IVE Group Ltd and Humm Group. Carole is also Deputy Chair of Council of the Australian Film Television and Radio School.

Carole is a Fellow of Chartered Accountants Australia and New Zealand and brings extensive experience in accounting, treasury, finance and risk management to her role on the Board and as Chair of the Audit & Risk Committee.

The Board and Leadership Team

Ido Leffler
Independent Director

Appointed: 30 October 2020
Most recently elected by shareholders: 30 October 2020
Board Committees: Digital Transformation Committee, People & Culture Committee

Ido Leffler has long and successful experience in developing digital brands and extensive networks in the start-up communities of Silicon Valley and Australasia. Ido is the co-founder and Chief Executive Officer at Yoobi, a school supplies company that engages kids through bright colours, cool designs and, most importantly, cause. He is also a co-founder of Yes To Inc. – a leading global natural beauty brand; and of Beach House Group – a global consumer product house.

Ido is a non-executive director of Vestergaard and The Lux Group. He was a non-executive director of Spark New Zealand Limited for six years until November 2020. Ido also sits on other corporate and advisory boards, including as an emeritus member of the United Nations Foundation Global Entrepreneur Council.

Heith Mackay-Cruise
Independent Director

Appointed: 30 October 2020
Most recently elected by shareholders: 30 October 2020
Board Committees: Audit & Risk Committee, Digital Transformation Committee

Heith Mackay-Cruise's executive career included senior roles in Marketing for Pepsi-Cola in Australia and Australian Consolidated Press and as CEO and Managing Director of PBL Media in New Zealand, Study Group and Sterling Early Education.

Since 2014, Heith has focused on non-executive roles including four years on the board of the ASX-listed Bailador Technology Investments Limited, and privately owned groups including Literacy Planet, hipages Group, LifeHealthcare, and his ongoing roles as Chair of Straker Translations Ltd and UP Education Limited and on the boards of Orro Group Holdings Pty Ltd and the Australian Institute of Company Directors.

Heith brings to the Board his executive leadership experience, as well as global platforms exposure and marketing and digital knowledge.

Helen Nash
Independent Director

Appointed: 23 April 2015
Most recently elected by shareholders: 30 October 2020
Board Committees: Audit & Risk Committee, People & Culture Committee (Chair), Nomination Committee

Helen Nash has more than 20 years' executive experience in consumer packaged goods, media and quick service restaurants. As Chief Operating Officer at McDonald's Australia, she oversaw restaurant operations, marketing, menu, insights and research, and information technology. This mix of strategic and operational experience allows Helen to bring broad commercial skills and acumen, as well as a consumer focus, to the Board. Helen also brings robust financial skills to her role having initially trained in the UK as a Certified Management Accountant.

Since transitioning to her non-executive career in 2013, Helen has served as a director of companies in a range of industries. She is Chair of Inghams Group Limited, a director of Metcash Ltd, and was formerly a director of Pacific Brands Ltd and Blackmores Ltd. Our Board benefits from Helen's governance experience and skills, including her membership of audit and remuneration committees at these other companies.

The Board and Leadership Team

Grant Blackley
Managing Director and CEO

Appointed: 29 June 2015
Most recently elected by shareholders: 29 October 2015

Grant Blackley has enjoyed a distinguished career with more than 30 years' experience in the media and entertainment sectors. Grant joined the Board in June 2015 as Chief Executive Officer and Managing Director and is responsible for leading the strategic and operational performance of the company. Grant is the Chairman of Commercial Radio Australia and a director of the Australian Association of National Advertisers. He has in the past served as a director of Free TV Australia. He has served in numerous senior leadership roles including at Network 10, as CEO from 2005 to 2010. Before becoming CEO at Network 10, Grant held key roles in network sales, digital media and multi-channel program development as well as being responsible for Group strategy, acquisitions and executive leadership and development.

Rebecca Ackland
Chief People and Culture Officer

Appointed: May 2022

Rebecca Ackland is an experienced people and culture leader and has had a successful career at SCA including key roles within talent acquisition, people operations and as People and Culture Manager. Rebecca passionately champions SCA's award-winning culture, ensuring we place our people and our values at the core of what we do every day.

As Chief People and Culture Officer, Rebecca is responsible for development and execution of SCA's people and culture strategy and leads a team of experienced executives across specialties of talent, human resources operations, capability and learning, as well as people service

Dave Cameron
Chief Content Officer

Appointed: January 2020

Dave Cameron has been with SCA for over 25 years and brings to the role of Chief Content Officer a wealth of experience and expertise in content strategy, programming and premium talent management. Dave has spent several years in Content and Music Director roles and prior to his appointment to Chief Content Officer held the position of General Manager of the Melbourne office.

As Chief Content Officer, Dave is responsible for overseeing and delivering strategic leadership and creative excellence for SCA's key content initiatives across all of its stations including FM, DAB+ and extended digital and associated on-demand content.

The Board and Leadership Team

Nikki Clarkson
Chief Marketing Officer

Appointed: January 2020

Nikki Clarkson is an experienced marketing and communications executive with over 20 years of proven, award winning experience across multiple industries. Prior to joining the Leadership Team, Nikki held the position of Head of Marketing and Communication at SCA for 10 years and has also held senior executive positions in creative advertising agencies including Clemenger Harvie Edge.

As Chief Marketing Officer, Nikki is responsible for all marketing and communication strategy and execution for SCA's radio and TV brands, all on-demand brands, trade and corporate marketing and Group corporate communications and publicity.

Brian Gallagher
Chief Sales Officer

Appointed: July 2015

Brian Gallagher is a media executive with strong commercial and broadcast experience across the metro and regional media markets gathered over 30 years. Brian has worked in radio, free-to-air TV, pay TV, content marketing and program production. Brian has worked with the Nine Network and Network 10, and was CEO of Ignite Media Brands prior to joining SCA as Chief Sales Officer.

Brian is responsible for the development and implementation of an overall sales strategy for the Group, including driving the entire sales operation across SCA's full suite of media channels and brands.

Stephen Haddad
Chief Technology Officer

Appointed: June 2018

Stephen Haddad is an experienced CIO/CTO and business transformation executive who has demonstrated his ability to drive strategic business growth over 20 years in Australian media, finance and consulting organisations. Prior to this role, Stephen held CIO roles at Bauer Media and Fuji Film and senior roles within banking and telecommunications.

Stephen is responsible for all technology domains across SCA, including Business Systems, Corporate Networks and Infrastructure, Digital Design and Development, Audio Engineering Technology and Operations and Television Broadcast Engineering and Operations. Stephen also has management responsibility for the Project Management Office and Procurement functions.

The Board and Leadership Team

John Kelly
Chief Operating Officer

Appointed: February 2016

John Kelly is an experienced executive who has previously held senior executive roles in large Australian sporting and media organisations. John was COO at Football Federation Australia from 2013 to 2015 where his role encompassed strategy and media rights. Prior to that role, John spent over 16 years in various Executive and Director roles at Network 10, including over eight years as Group CFO. John is a Chartered Accountant and commenced his career at KPMG where he progressed to the role of Manager.

As Chief Operating Officer, John is responsible for leading the Operations function of the business to ensure alignment and delivery of the corporate strategy. This includes overseeing SCA's general management teams, strategy, research and insights and digital audio as well as facilitating SCA's external key sporting rights agreements and key digital audio partnerships.

Nick McKechnie
Chief Financial Officer

Appointed: September 2014

Nick McKechnie is a Chartered Accountant with over 20 years' experience. Nick was the CFO of ConnectEast from 2009 to 2014 and Group Financial Controller from 2007 to 2009. Prior to this role Nick held a variety of senior finance roles at Virgin Media in the UK and commenced his career with Arthur Andersen.

As CFO of SCA, Nick is responsible for the financial stewardship of the company, including the allocation of capital and resources and the management of returns to shareholders. Financial objectives include optimising the cost of capital through use of an appropriate balance of equity and debt capital and through seeking to invest capital in projects that result in returns above the company's existing Return on Invested Capital. Nick is responsible for managing relationships and communication with providers of equity and debt capital and for ensuring a strong and effective governance framework exists.

Nick has tendered his resignation. The search for a replacement is underway and Nick will remain with the business until a replacement has been appointed.

Financial Report

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The financial statements were authorised for issue by the Directors on 22 August 2022.
The Directors have the power to amend and re-issue the financial statements.

Directors' Report

For the year ended 30 June 2022

Corporate Governance Statement

The statement outlining Southern Cross Media Group Limited's corporate governance framework and practices in the form of a report against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4th Edition, will be available on the Southern Cross Austereo website, www.southerncrossaustereo.com.au, under the investor relations tab in accordance with listing rule 4.10.3 when the 2022 Annual Report is lodged.

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 year ended 30 June 2022. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

Directors

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

- Rob Murray (Chairman)
- Grant Blackley (Managing Director)
- Glen Boreham
- Carole Campbell
- Ido Leffler
- Heith Mackay-Cruise
- Helen Nash
- Melanie Willis

Principal Activities

The principal activities of the Group during the course of the financial 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. 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 full year.

Review and Results of Operations

Operational Review

Group Results

The Group reported revenues of $519.7 million, a decrease of 1.7% on the prior year revenues of $528.6 million. Earnings before Interest, Taxes, Depreciation and Amortisation ('EBITDA') of $85.6 million, a decrease of 32.0% on prior year EBITDA of $125.9 million. Excluding government grants year on year, EBITDA was comparable at $83.9 million for FY22 and $85.5 million for FY21. Government grants include JobKeeper and Public Interest News Gathering as described in Note 6 'Government Grants' to the Financial Statements. Net loss after tax was $153.7 million for the year ended 30 June 2022, down from a profit after tax of $48.1 million for the same period in the prior year.

Current year results include impairment charges against the audio intangible assets of $250.9 million ($178.6 million net of tax) and impairment of investments of $0.8 million. Excluding these impairment charges, net profit after tax was $25.7 million.

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 depreciation, amortisation, interest, fair value movements on financial derivatives and income tax expense for the full year' included within the Consolidated Statement of Comprehensive Income.

Significant Items

At 30 June 2022, the Group recognised impairment charges against intangible assets of $250.9 million, which related to an impairment in the carrying value of radio licences, goodwill and brands in the Audio Cash Generating Unit ('CGU'). There was also a related derecognition of a deferred tax liability in respect of certain brands and licences for $72.3 million. The impairment reflects an increase in the discount rate; slower than expected recovery from the economic impacts of the COVID pandemic; independent estimates of radio broadcast growth rates showing declines over the forecast period; and a more pessimistic weighting towards the Lower Case due to increased potential for worsening economic conditions.

There were also $0.8 million of impairment charges against investments and $4.0 million of other significant items relating to restructuring costs and expenses associated with terminated finance systems refresh.

Government Grants

As part of its response to COVID-19, in March 2020 the Australian Government announced various stimulus measures resulting from the economic fallout due to the coronavirus lockdown.

JobKeeper

The Group determined it was eligible to receive the initial JobKeeper Payment Scheme ('JobKeeper') for the period April to September 2020 and the first period of the extension from October to December 2020. During the prior year SCA recognised $31.9 million in JobKeeper funding and nil for the year ended 30 June 2022.

PING

The Group applied and was found eligible for funding under the Commonwealth Government's Public Interest News Gathering (PING) program. During the prior year SCA received $10.3 million for the period September 2020 to August 2021 of which $1.7 million was recognised as income during this financial year and $8.6 million in the prior year.

Segment Profit and Loss

Revenue	2022 $'m	2021 $'m	Variance
Audio	**392.8**	358.4	9.6%
Television	**126.2**	169.6	(25.6%)
Corporate	**0.7**	0.6	16.7%
Total Revenue	**519.7**	**528.6**	**(1.7%)**
EBITDA			
Audio	**85.8**	115.0	(25.4%)
Television	**30.0**	38.1	(21.3%)
Corporate	**(30.2)**	(27.2)	(11.0%)
Total EBITDA	**85.6**	**125.9**	**(32.0%)**
Group NPAT	**(153.7)**	**48.1**	**(419.5%)**

Directors' Report

For the year ended 30 June 2022

Audio

The Audio business consists of two complementary radio brands operating across Australian capital cities and regional Australia along with the digital assets associated with these two brands. These brands target different audience demographics with the Triple M network skewed towards males in the 25 to 54 age bracket and the Hit Network targeted towards females in the 25 to 54 age bracket.

Digital audio revenues continue to grow with an increase of 35.2% year on year. SCA anticipates digital audio growth will continue into FY23. The Group's digital platform, LiSTNR, grew significantly in FY22, with strong adoption by users attracted to the compelling product and increasing choice of content on the product. Total listenership of SCA and partner digital audio content measured across all digital platforms has now exceeded 5 million listeners on a monthly basis, and the number of listeners who have registered with LiSTNR has now exceeded 800,000 users.

The Group's metro radio revenue increased by 9.4%, driven primarily from the Sydney and Melbourne markets with growth of 13.3% and 9.7% respectively. The recovery in metro advertising markets continued, particularly in the second half of FY22 once COVID-19 lockdowns in the key markets of Sydney and Melbourne were ended. The recovery in audio markets was driven by increased listening which saw commercial radio audiences achieve record highs in the surveys reported in 2022 to date.

Regional radio achieved total growth of 6.4%. The Boomtown initiative continues to influence National advertisers on the benefits of regional reach with 8.9% growth across the Group's regional markets.

Whilst total audio revenues increased by 9.6%, EBITDA fell 25.4% on prior year. This fall is a product of reduced government stimulus and increased investment in growing SCA's digital audio business.

Television

The Television business consists of a number of regional television licences. Each regional television licence receives programming from a metropolitan television network affiliate. During the financial year the Group received the majority of its programming from the Ten Network, whilst Tasmania, Darwin and Central licence areas received Seven Network programming. Total television revenues decreased by 25.6%, largely due to the change in affiliation partners from the Nine Network to Network Ten which occurred on 1 July 2021. EBITDA fell 21.3% on prior year predominantly due to lower government stimulus. Excluding government stimulus, EBITDA decreased by 2.2%.

Corporate

The Corporate function comprises the group-wide centralised functions that cannot be clearly attributable to the audio or television CGUs. Corporate expenses increased by $3.2 million, mainly due to increased consulting fees and the termination of a cloud-based software implementation.

Financial position

Cash flow generation was consistent throughout the year with a return to the payment of dividends and increased investing activities back to pre-pandemic levels. The reduction of debt in the prior year resulted in lower interest payments of $9.5 million. The Group's key leverage ratio increased to 0.95 times, up from 0.43 times in June 2021. This remains well within the maximum covenant of 3.5x. Lower debt levels saw the Interest cover increase to 23.45 times, up from 15.62 in June 2021. The minimum interest cover covenant is 3.0 times.

The Group's debt facilities were refinanced in January 2022 with a four-year extension in the $250 million facilities through to January 2026, providing security of financing into the medium term.

Strategic update

The Group's mission is **'To entertain, inform and inspire Australians. Anytime. Anywhere.'** With a renewed focus on being Australia's leading Audio company, and a particular focus on the growing Digital Audio sector, the Group will leverage its localism and audio ecosystem to maximise total shareholder returns for investors.

In FY21 the Group developed a new and refreshed Corporate Strategy. This strategy provides an overall strategic pathway for the Company over the next five years which stipulates specific objectives and targets whilst enabling the Group to remain agile. In FY22 the Group refined its four specific objectives to:

1. Entertain, inform and inspire our audiences
2. Evolve LiSTNR into a Unique World Class Audio Platform
3. Optimise and simplify our sales offering to grow revenue
4. Re-imagine and restructure SCA's operating model

2023 Outlook

The Group's focus will be on Audio, specifically on growing Digital Audio. Digital Audio earnings will attract a premium valuation multiple thereby positioning the Group as an emerging growth option for shareholders. The Group also maintains a highly competitive position in traditional radio (licences), which will provide the base from which to drive Digital Audio. Continued evolution of the Group's Digital First operating model will be key, with a multifaceted innovative workforce who are platform agnostic (Radio and Digital) and underpinned by an efficient and secure technology infrastructure.

SCA has completed a strategic review of SCA's television assets and concluded that value will be maximised by continuing to hold the television assets. SCA received multiple bids for the asset but concluded that greater value would be realised for shareholders by retaining the asset and the earnings that it derives. The review was supported by SCA's financial adviser, Grant Samuel.

Through sale of transmission towers and outsourcing of asset intensive activities to specialist service providers since 2017, SCA has created a streamlined and efficient service that minimises the cost of delivery of broadcast and television to SCA's licence areas. SCA operates a best-in-class television sales team that consistently delivers market leading revenue-to-audience power ratios in regional markets.

During FY22 the Group extended its program supply agreement with Seven West Media covering the Tasmania, Darwin, Central and Spencer Gulf markets to 30 June 2024. The Group also broadcasts Nine and Network 10 programming in Spencer Gulf. The Group's current television affiliation agreement with Network 10 runs to 30 June 2023. While the regional television industry is in structural decline, SCA will continue to seek efficiencies to maximise cash flow from the asset into the future. The contribution from television will continue to support returns to SCA's shareholders.

On 24 March 2022, the Group announced its intention to conduct an on-market share buy-back of up to $40 million. For the period to 30 June 2022, the Group purchased $5.5 million in shares. This was funded from existing cash reserves. The on-market share buy-back will continue into FY23 and will be funded by existing cash reserves and debt facilities.

Material Risks

Business and operational risks that could affect the achievement of the Group's financial prospects include the following risks:

Risk	Mitigation Strategies
Economic shape of recovery reduces shareholder returns into the long term	In March 2020, COVID-19 severely impacted economic activity, with declines in certain sectors and with significant impacts on the Australian economy, increasing unemployment and economic contraction due to the pandemic. Although the advertising market has not fully recovered to pre-pandemic levels, building on the strong recovery in FY2021, this year has seen further growth in audio and television, despite the impact of significant lockdowns due to COVID variants. Subsequent to the end of the lockdowns, radio audiences have grown significantly as listening patterns have been re-established. Some advertising categories remain affected by the outcomes of the pandemic and will take longer to recover, especially as economic conditions may deteriorate, with inflation and interest rates rising. However, as described below, SCA is transitioning into a digital audio first business, a high growth market, and investing in systems and capability to create a higher level of operating effectiveness into the future, to mitigate this risk.
New products emerge that are more compelling than Linear Radio	SCA has core expertise in the development of market leading content and constantly reviews the evolving distribution landscape to understand how it can continue to serve market leading content through new and innovative products. Consumption of digital audio continues to grow strongly, with 71% of Australians 12+ listening to online audio each week, up from 66% in 2021, with average time spent listening increasing from 12 hours 11 minutes per week up to 13 hours 31 minutes[1]. This is expanding the range of audio content and diversifying the ways in which audio can be consumed. On 18 February 2021 SCA launched LiSTNR, a curated and personalised free app offering radio, podcasts, music and news, creating a new audio destination for all Australians. LiSTNR is an important part of SCA's digital transformation, building on the success of PodcastOne Australia, which was launched in 2017. LiSTNR features all of SCA's existing digital content plus a huge range of new and compelling premium content, all located in one free and easy to use app. Since launch, over 800,000 users have signed up to LiSTNR, resulting in significant audio consumption through the product and generating first-party data from our signed-in audience that gives SCA enhanced ability to offer our clients targeted, engaged audiences at scale. This targeted advertising is enabled by an Instream advertising product, which also delivers it across the digital inventory of SCA's partners such as SoundCloud. SCA believes that with continued investment it will be able to offer its listeners compelling content across the medium of their choice – being broadcast radio or digital audio. Further resources will be deployed towards the ongoing development of LiSTNR to ensure that SCA's digital audio offering is a market leader in terms of content depth and quality, product capability and digital sales expertise.
Global technology platforms alter the distribution landscape that leads to a loss of revenue	With new alternative digital platforms and technologies emerging, there is a risk that the Group loses market share to alternative digital platforms and technologies or fails to fully exploit the opportunity digital media represents for the business to lock in and grow new audience loyalty, or that it suffers financial loss due to a transfer of advertising spend to digital media. As described above, SCA has launched LiSTNR and continues to develop the product so that it directly attracts listeners and establishes itself as a destination for audio listening, providing a significant signed-in user base that enables SCA to compete effectively in providing digital advertising solutions. The Group's team of digital experts are integrated into the Group's day to day operations in order to leverage existing content and sales capabilities. The Group invests in engaging digital audiences through the simulcast of its FM radio stations online and the creation of additional stations on DAB that extends its brands across broadcast and online platforms. This is coupled with a large range of digital only content that ensures the LiSTNR product has a deep content offering for users. SCA utilises its own media assets as well as paid media to drive awareness and adoption of LiSTNR to build a strong market position.
Global technology companies enter the Audio space as content aggregators and service providers to consumers	SCA has launched LiSTNR and continues to develop the product so that it directly attracts listeners and establishes itself as a destination for audio listening. SCA aims to grow market share quickly with LiSTNR, so that it builds a strong and loyal audience that can compete with both domestic and international competitors. LiSTNR's podcasting and streaming monthly audience each grew by more than 200% in the year to March 2022[2]. SCA has a core expertise in content creation and is focused on providing localised content as a key differentiator to international operators to ensure it receives strong engagement and listening from its customer base.

1 The Infinite Dial Australia 2022 study.

2 Triton Podcasting and Streaming Metrics (February 2021 – March 2022).

Directors' Report

For the year ended 30 June 2022

Distributions and Dividends

Type	Cents per share	Total Amount $'m	Date of Payment
Final 2021 Ordinary	5.0 cents	$13.2 million	1 October 2021
Interim 2022 Ordinary	4.5 cents	$11.9 million	7 April 2022

Since the end of the financial year the Directors have declared the payment of a final 2022 ordinary dividend of $12.35 million (4.75 cents per fully paid share) out of 'Retained Profits – 2019 reserve'. This dividend will be paid on 4 October 2022.

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 year under review.

Events Occurring After Balance Date

Events occurring after balance date are outlined in note 26 'Events Occurring after Balance Date' to the Financial Statements.

Likely Developments and Expected Results of Operations

Further information on likely developments relating to the operations of the Group in future years and the expected results of those operations have not been included in this report because the Directors of the Company believe it would be likely to result in unreasonable prejudice to the commercial interests of the Group.

Indemnification and Insurance of Officers and Auditors

During the year the Company paid a premium of $3,030,094 to insure its officers. So long as the officers of the Company act in accordance with the Constitution and the law, the officers remain indemnified out of the assets of the Company and the Group against any losses incurred while acting on behalf of the Company and the Group. The auditors of the Group are in no way indemnified out of the assets of the Group.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia) for audit and non-audit services provided during the year are set out in note 23.

The Board has considered the position and, in accordance with advice received from the Audit & Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

– all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
– none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Environmental Regulation

The operations of the Group are not subject to any significant environmental regulations under Australian Commonwealth, State or Territory law. The Directors are not aware of any breaches of any environmental regulations.

Information on Directors

Chairman **Robert Murray**	*Appointed:* 1 September 2014 *Most recently elected by shareholders:* 30 October 2020 *Board Committees:* Nomination Committee (Chair) Rob Murray became Chair of the Company on 19 August 2020. Rob had a successful career in sales, marketing and general management having served most recently as the CEO of Lion (formerly Lion Nathan), one of Australasia's leading food and beverage companies, including during its acquisition by Kirin Holdings in 2009. Before joining Lion Nathan in 2004, Rob worked for Procter & Gamble for 12 years, and then for eight years with Nestlé, first as MD of the UK Food business, and then as CEO of Nestlé Oceania. Rob brings valuable strategic and commercial insight to the Board, along with his in-depth understanding of consumer behaviour and global experience in mergers and acquisitions and other corporate transactions. Rob is a director of Metcash and of the Bestest Foundation, and Advisory Chair of the Hawkes Brewing Company. He was previously a director of Dick Smith Holdings, Super Retail Group and Linfox Logistics.
Director **Glen Boreham**	*Appointed:* 1 September 2014 *Most recently elected by shareholders:* 13 October 2021 *Board Committees:* Digital Transformation Committee, People & Culture Committee, Nomination Committee Glen's executive career culminated in the role of CEO and Managing Director of IBM Australia and New Zealand in a period of rapid change and innovation from 2006 to 2010. He was the inaugural Chair of Screen Australia from 2008 to 2014 and chaired the Australian Government's Convergence Review of the media industry. The Board benefits from Glen's extensive knowledge, insights and networks in the technology and data industries. Having lived in Asia, Europe and Australia, Glen brings a global perspective. Glen is also a director of Cochlear and Link Group and was formerly Chair of the Advisory Board at IXUP where he remains a Strategic Adviser. He was previously Chair of the Industry Advisory Board at the University of Technology Sydney, Chair of Advance, representing the one million Australians living overseas, as well as Deputy Chair of the Australian Information Industry Association and a Director of the Australian Chamber Orchestra. In 2010, he became a founding member of Australia's Male Champions of Change group. Glen is a Member of the Order of Australia for services to business and the arts.
Director **Carole Campbell**	*Appointed:* 1 September 2020 *Most recently elected by shareholders:* 30 October 2020 *Board Committees:* Audit & Risk Committee (Chair) Carole Campbell has over 30 years' financial executive experience in a diverse range of industries including professional services, financial services, media, mining and industrial services. Carole started her career with KPMG and has held executive roles with Macquarie Group, Westpac Institutional Bank, Seven West Media, Bis Industries and Merivale. Carole transitioned to a non-executive career in 2018 and is a non-executive director of GUD Holdings Limited where she chairs the audit committee. She was previously a non-executive director of IVE Group Ltd and Humm Group Ltd. Carole is also Deputy Chair of Council of the Australian Film Television and Radio School. Carole is a Fellow of Chartered Accountants Australia and New Zealand and brings extensive experience in accounting, treasury, finance and risk management to her role on the Board and as Chair of the Audit & Risk Committee.
Director **Ido Leffler**	*Appointed:* 30 October 2020 *Most recently elected by shareholders:* 30 October 2020 *Board Committees:* Digital Transformation Committee, People & Culture Committee Ido Leffler has long and successful experience in developing digital brands and extensive networks in the start-up communities of Silicon Valley and Australasia. Ido is the co-founder and Chief Executive Officer at Yoobi, a school supplies company that engages kids through bright colours, cool designs and, most importantly, cause. He is also a co-founder of Yes To Inc. – a leading global natural beauty brand; and of Beach House Group – a global consumer product house. Ido is a non-executive director of Vestergaard and The Lux Group. He was a non-executive director of Spark New Zealand Limited for six years until November 2020. Ido also sits on other corporate and advisory boards, including as an emeritus member of the United Nations Foundation Global Entrepreneur Council.

Directors' Report

For the year ended 30 June 2022

Director **Heith Mackay-Cruise**	*Appointed:* 30 October 2020 *Most recently elected by shareholders:* 30 October 2020 *Board Committees:* Audit & Risk Committee, Digital Transformation Committee Heith Mackay-Cruise's executive career included senior roles in Marketing for Pepsi-Cola in Australia and Australian Consolidated Press and as CEO and Managing Director of PBL Media in New Zealand, Study Group and Sterling Early Education. Since 2014, Heith has focused on non-executive roles including four years on the board of the ASX-listed Bailador Technology Investments Limited, and privately owned groups including Literacy Planet, hipages Group, LifeHealthcare, and his ongoing role as Chair of UP Education Limited. Heith brings to the Board his executive leadership experience, as well as global platforms exposure, and marketing and digital knowledge.
Director **Helen Nash**	*Appointed:* 23 April 2015 *Most recently elected by shareholders:* 30 October 2020 *Board Committees:* Audit & Risk Committee, People & Culture Committee (Chair), Nomination Committee Helen Nash has more than 20 years' experience in consumer packaged goods, media and quick service restaurants. As Chief Operating Officer at McDonald's Australia, she oversaw restaurant operations, marketing, menu, insights and research and information technology. This mix of strategic and operational experience allows Helen to bring broad commercial skills and acumen, as well as a consumer focus, to the Board. Helen also brings robust financial skills to her role having initially trained in the UK as a Certified Management Accountant. Since transitioning to her non-executive career in 2013, Helen has served as a director of companies in a range of industries. She is a director of Metcash Ltd and Inghams Group Limited, and was formerly a director of Pacific Brands Ltd and Blackmores Ltd. Our Board benefits from Helen's governance experience and skills, including her membership of audit and remuneration committees at these other companies.
Director **Melanie Willis**	*Appointed:* 26 May 2016 *Most recently elected by shareholders:* 13 October 2020 *Board Committees:* Audit & Risk Committee, People & Culture Committee Melanie has extensive experience in corporate finance, strategy and innovation and investments both in executive and non-executive roles. She has worked in sectors including accounting and finance, infrastructure, property investment management and retail services (including tourism and start-up ventures). She held executive roles as CEO of NRMA Investments (and head of strategy and innovation), CEO of a financial services start-up and director of Deutsche Bank, having previously been in corporate finance at Bankers Trust and Westpac. Melanie chaired the Audit & Risk Committee until 30 September 2021 and continues as a member of that Committee which benefits from her extensive skills and experience in financial reporting and risk management matters. In addition to her broad finance, strategic and commercial skills, Melanie brings valuable governance experience from her roles as a director of Challenger, PEXA Group, Paypal Australia and QBE Insurance (AusPac), and from her former positions as a director of Mantra, Pepper Group, Ardent Leisure and Chief Executive Women. Melanie previously chaired the audit and risk committee at Mantra and was a member of the audit committee at Pepper Group. She currently chairs the risk committee and is a member of the audit committee at Challenger, chairs the audit and risk committee and is a member of the remuneration, nomination and people committee at PEXA Group, and chairs the audit committee and people and culture committee at Paypal Australia.
Director **Grant Blackley**	*Appointed:* 29 June 2015 *Most recently elected by shareholders:* 29 October 2015 Grant Blackley has enjoyed a distinguished career with more than 30 years' experience in the media and entertainment sectors. Grant joined the Board in June 2015 as Chief Executive Officer and Managing Director and is responsible for leading the strategic and operational performance of the Company. Grant is the Chairman of Commercial Radio Australia and a director of the Australian Association of National Advertisers. He has in the past served as a director of Free TV Australia. He has served in numerous senior leadership roles including at Network 10, as CEO from 2005 to 2010. Before becoming CEO at Network 10, Grant held key roles in network sales, digital media and multi-channel program development as well as being responsible for group strategy, acquisitions and executive leadership and development.

Information on Company Secretary

General Counsel and Company Secretary **Tony Hudson**	*Appointed:* 7 September 2015 Tony Hudson has over 25 years' experience in senior legal and governance roles. Tony was General Counsel and Company Secretary at ConnectEast from 2005 until 2015. Before that, Tony was a partner of Blake Dawson Waldron (now Ashurst Australia), working in the firm's Melbourne office and from 1993 until 2000 in its Jakarta associated office. Tony manages the Group's national legal and corporate affairs teams, including responsibility for regulatory affairs and board governance.

Meetings of Directors

The number of meetings of the Board of Directors and its committees held during the year and the number of meetings attended by each director are summarised in the table below.

The Nomination Committee did not meet during the year. As a result, the members of the Nomination Committee (Rob Murray, Glen Boreham, and Helen Nash did not receive any fees in respect of their membership of the Nomination Committee during the year.

	Meetings of Committees							
	Board		Audit & Risk		People & Culture		Digital Transformation	
Director	**Attended**	**Held[1]**	**Attended**	**Held[1]**	**Attended**	**Held[1]**	**Attended**	**Held[1]**
Rob Murray	13	14	4	*	5	*	5	*
Grant Blackley	14	14	4	*	5	*	5	*
Glen Boreham	13	14	1	*	6	6	5	5
Carole Campbell	14	14	4	4	3	*	2	*
Ido Leffler	14	14	–	*	5	6	5	5
Heith Mackay-Cruise	14	14	4	4	5	*	5	5
Helen Nash	14	14	4	4	6	6	–	*
Melanie Willis	14	14	4	4	6	6	–	*

1 Held refers to the number of meetings held during the time the director held office or was a member of the relevant committee during the year.
* Not a member of the relevant committee during the year.

Directors' Report

For the year ended 30 June 2022

Remuneration Report

Letter from People & Culture Committee

Overview

On behalf of the Board, I am pleased to present SCA's remuneration report for the year ended 30 June 2022 (**FY22**). The People & Culture Committee (**PCC**) assists the Board in its oversight of management activities in developing and implementing strategies to improve SCA's financial performance, culture and diversity, consistent with our values. An important part of the committee's role is to ensure SCA's remuneration policies align executive reward with creation of value for shareholders, having regard to applicable governance, legal and regulatory requirements and industry standards.

Executive remuneration includes fixed and variable components. As foreshadowed in last year's remuneration report, the Board replaced the previous short-term incentive (**STI**) and long-term incentive (**LTI**) plans with a combined Executive Incentive Plan (**EIP**) for FY22 and future years. The Board made these changes after consulting with SCA's major shareholders and considering independent advice from KPMG on market practices and investor expectations. The new EIP provides a simpler and more direct way to link executive performance and reward to generation of sustainable positive returns for shareholders.

Classification of executive KMP

For some years, the Board has classified the senior leadership team, comprising the CEO and the CEO's direct executive reports, as key management personnel (**KMP**) for financial reporting purposes. This was because the senior leadership team jointly planned, directed and controlled the activities of the Group, despite their operational roles only covering discrete areas of the Group's operations.

Following changes in the responsibilities of the CEO's direct executive reports during FY22, the Board has classified only four executives as KMP: the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO) and the Chief Sales Officer (CSO). From 1 July 2021, the Board has assessed that these four executives have overarching responsibility for formation of corporate strategy, budgets and other decisions regarding allocation of resources. The Board's assessment was informed by, among other factors, the CEO's and CFO's participation in all meetings of the Board and its committees, the COO's central role in developing corporate strategy and facilitating the Board's consideration and approval of corporate strategy, and the CSO's responsibility for revenue strategy across SCA's audio and television operations around Australia. From July 2021 the responsibilities and influence of other members of the leadership team are limited to their respective functional departments.

Senior Leadership Team

The PCC oversees the composition, performance and remuneration not just of SCA's executive KMP but of all members of the Senior Leadership Team. During the year, the PCC was delighted to support the elevation of Rebecca Ackland to this team as Chief People and Culture Officer. With Rebecca's elevation, SCA achieved its previous 2024 target for 25% women in executive leadership. Rebecca also brings a younger perspective to the leadership team and is a role model for other aspiring women at or considering joining SCA.

Executive Incentive Plan

Under the new EIP, the performance of the executive KMP is assessed annually against a mix of financial and non-financial performance measures. The EIP uses a balanced scorecard to assess the performance of executive KMP. Sixty percent of the annual award is based on performance against annual financial performance hurdles. Non-financial measures – accounting for 40% of the annual award – include execution of strategic projects designed to drive future financial performance, and cultural and behavioural influences. This balanced scorecard recognises the long-term benefits to the organisation of SCA's leaders committing to develop and maintain a strong culture and operational discipline. In all cases, executives' maximum EIP opportunity is capped at target.

The Board also maintains a corporate balanced scorecard to assess overall performance against agreed targets for radio audience survey performance, advertising market commercial share, growth in digital audio reach and monthly active users of LiSTNR, as well as financial performance measures. Several of the measures from the corporate scorecard are reflected in the scorecards of individual executives and the Board also uses the scorecard to inform its exercise of discretion when considering the performance and incentive opportunities of individual executives.

The annual EIP award to each executive KMP is settled partly in cash and the remainder in equity performance rights. The cash component is 40% for the CEO and 50% for other executive KMP. These performance rights are eligible for vesting and conversion to ordinary shares at the end of year 3, subject to ongoing employment. Vesting of one-half of the performance rights will potentially be scaled back according to SCA achieving satisfactory growth in earnings per share over the three years of the EIP. A further restriction on disposal of vested shares will apply until the end of year 5, two years after allocation of any vested shares.

While the former LTI plan has been suspended, entitlements granted to executives in FY21 remain on foot. Shareholders will recall this bespoke LTI plan is focused on increasing SCA's market capitalisation and resuming a reliable flow of dividends over the three-year performance period to 30 June 2023. Vested awards under the FY21 LTI plan will be settled in equity. Details of this bespoke LTI plan, under which total shareholder return is the sole performance measure, are outlined in section 2.3.2 of the remuneration report.

Target shareholdings for executive KMP and non-executive directors

Incentive awards under the EIP or the former LTI plan that are settled in equity are subject to restrictions on disposal until the applicable executive KMP has accumulated the target shareholding required by the Senior Executive Share Ownership Policy. The Board adjusted this policy during the year. The policy had previously required the CEO to accumulate a shareholding with a value equivalent to 100% of the CEO's fixed remuneration and other executive KMP to accumulate a shareholding with a value equivalent to 50% of their fixed remuneration. The revised policy requires executive KMP to invest an amount not less than 50% of the executive's base salary in acquiring SCA shares. The CEO must invest an amount not less than 100% of the CEO's base salary in acquiring SCA shares. The market price at the time of allocation to an executive of shares under one of SCA's executive incentive plans is included in the executive's invested amount. The proceeds of any sales of shares will be deducted from an executive's invested amount. There is no due date by which an executive must acquire the target shareholding.

The Board considers the revised policy operates more fairly to executive KMP who have invested substantially in acquiring SCA shares and who have, along with other shareholders, experienced a significant loss in the value of their shareholdings since the COVID-19 pandemic began to affect SCA in March 2020. Details of executive KMP shareholdings are set out in section 8.1 of the remuneration report.

The Board adopted corresponding changes to the non-executive directors Shareholding Policy during the year. Details of non-executive directors' shareholdings are set out in section 8.1 of the remuneration report.

Executive remuneration in FY22

The Board approved increases of between 2.6% and 4.5% in the base remuneration of the CEO and other executive KMP for FY22. The remuneration of these executive KMP had not been adjusted since FY19. The Board considered these adjustments were reasonable to ensure SCA's executive remuneration remained competitive in a tightening labour market.

Under the FY22 EIP, the performance of each executive KMP was assessed against a mix of financial and non-financial performance measures. The profitability and financial performance measures under the EIP for FY22 were Group EBITDA, earnings per share, digital revenue growth, and non-revenue-related costs compared to budget. The first three revenue-related targets were not achieved. The PCC and Board accepted this underperformance against budget was in large part due to COVID-related lockdowns across New South Wales and Victoria in 1H FY22 as well as broader macroeconomic and geopolitical factors that were not foreseeable at the time the budget was set and which were beyond the control of the executive team. In contrast, the non-revenue-related costs target was fully achieved, reflecting the proactivity of the executive team in controlling costs during the year. Despite this, on the recommendation of the CEO, the Board exercised its discretion downward to award only 25% of the available reward for achievement of this target. This resulted in a small award (3% out of a possible 60%) for all executive KMP under the profitability and financial performance component of the EIP.

The Board considered that good progress was made during the year on strategic initiatives designed to embed a digital audio operating model and grow the user base and commercial potential of LiSTNR. These outcomes were driven by targeted investments in original and partner content, technology, marketing, as well as recruitment, training and development of our people. Cultural and behavioural goals were also substantially achieved during the year, although the Board made some adjustments to recognise that steps were not taken quickly enough in a small number of cases to address poor behaviour and its impacts on others.

As a result of these assessments, executive KMP received between 38% and 41% of their respective EIP opportunities. Half of their awards (and 60% of the CEO's award) will be settled by grant of performance rights that will be eligible for vesting after 30 June 2024, strongly aligning executives' interests with those of other shareholders.

Details of the EIP outcome for each executive KMP are provided in the remuneration report.

As noted above, no LTI entitlements were eligible for vesting in FY22.

Executive remuneration planning for FY23

In accordance with the Board's three-year schedule, the Board engaged KPMG to benchmark SCA's remuneration of the senior leadership team during April 2022. At the time of the benchmarking, SCA's market capitalisation ranked 282 in the ASX 300. A comparator group comprising 38 companies from the ASX 150-300 Consumer Staples, Consumer Discretionary and Communication Services sector and certain other media peers was selected for the benchmarking. KPMG found that the fixed remuneration of SCA's executive KMP in FY22 ranked between the 69th and 78th percentile of the comparator group and their total remuneration ranked between the 55th and 74th percentile.

Board remuneration

There were no changes to the remuneration of non-executive directors in FY22. The same remuneration framework for non-executive directors will continue in FY23.

In accordance with the Board's three-year schedule, the Board engaged KPMG to benchmark SCA's remuneration of non-executive directors during April 2022. Using the comparator group described above, KPMG found that the remuneration of SCA's non-executive directors in FY22 is in the top quartile of the comparator group. Melanie Willis will retire as a director on 31 August 2022. Considering changes in SCA's business over the past year, the Board has decided not to seek a replacement for Melanie. The Board considers its reduced size and its mix of skills and experience will be appropriate for SCA's needs. However, as a result of Melanie's retirement, the Board will review its Committees to ensure they are structured optimally for SCA's business requirements.

Further details of current Board remuneration arrangements are provided in the remuneration report.

The PCC continues to strive to ensure SCA's remuneration framework will drive behaviours to generate sustainable value for shareholders. Introduction in FY22 of the new EIP has that explicit objective. I look forward to your feedback and to welcoming you to our 2022 Annual General Meeting.

Yours faithfully,

Helen Nash

Helen Nash
Chair of the People & Culture Committee

Directors' Report

For the year ended 30 June 2022

1. Overview of FY22 remuneration

This section provides an overview of the remuneration received by executive KMP and non-executive directors in FY22.

1.1 Executive KMP

The principles for remuneration of executive KMP are set out in section 2. Details of remuneration paid during the year are provided in sections 3 (Remuneration of executive KMP and directors), 4 (Analysis of incentives) and 5 (Share-based incentives).

This table provides an overview of statutory remuneration received by executive KMP in FY21 and FY22.

		Total remuneration		Short-term incentive opportunity[1]		Long-term incentive eligible for vesting[2,3]	
Name	**Year**	**Amount $**	**Performance-related proportion %**	**Awarded %**	**Forfeited %**	**Vested %**	**Forfeited %**
Grant Blackley	**2022**	**1,692,408**	**26.5%**	**39.0**	**61.0**	**–**	**–**
Chief Executive Officer and Managing Director	2021	1,692,269	29.1%	50.0	50.0	–	–
Nick McKechnie	**2022**	**768,705**	**20.6%**	**38.0**	**62.0**	**–**	**–**
Chief Financial Officer	2021	794,301	27.3%	59.0	41.0	–	–
John Kelly	**2022**	**787,462**	**22.0%**	**41.0**	**59.0**	**–**	**–**
Chief Operating Officer	2021	800,090	27.6%	59.0	41.0	–	–
Brian Gallagher	**2022**	**766,238**	**21.7%**	**40.0**	**60.0**	**–**	**–**
Chief Sales Officer	2021	771,929	27.1%	57.0	43.0	–	–
Stephen Haddad	**2022**	**–**	**–**	**–**	**–**	**–**	**–**
Chief Technology Officer	2021	529,294	23.6%	60.0	40.0	–	–
Dave Cameron	**2022**	**–**	**–**	**–**	**–**	**–**	**–**
Chief Content Officer	2021	555,572	19.2%	55.0	45.0	–	–
Nikki Clarkson	**2022**	**–**	**–**	**–**	**–**	**–**	**–**
Chief Marketing Officer	2021	414,089	23.0%	55.0	45.0	–	–
Total executive KMP	**2022**	**4,014,813**	**23.6%**	**39.0**	**61.0**	**–**	**–**
	2021	5,557,544	26.4%	55.0	45.0	–	–

1 The short-term incentive opportunity awarded or vested during FY22 is the cash component of awards made under the Executive Incentive Plan.
2 No LTI entitlements were eligible for vesting in FY22. Entitlements granted under the FY20 LTI plan that would have been eligible for vesting in FY22 were cancelled during 2020 because of the impact on SCA's business of the COVID-19 pandemic.
3 A portion of the awards made under the Executive Incentive Plan in FY22 will be satisfied by the grant of performance rights that will be eligible for vesting after expiry of the three-year performance period on 30 June 2024.
4 The roles of the Chief Technology Officer (Stephen Haddad), Chief Content Officer (Dave Cameron) and Chief Marketing Officer (Nikki Clarkson) were assessed as KMP in FY21. For reasons explained in the letter of the Chair of the Boards's People & Culture Committee, the Board has assessed these roles were not KMP roles during FY22.

1.2 Non-executive directors

The aggregate remuneration of the Company's non-executive directors during FY22 was $1,280,600, compared to $1,235,072 in FY21. Aggregate remuneration was lower in FY21 because non-executive directors took a voluntary 10% fee reduction between 1 May 2020 and 30 September 2020 due to the impact of COVID-19. The principles for remuneration of non-executive directors are set out in section 2. Details of the remuneration of non-executive directors during the year are provided in section 3.

2. Remuneration principles

2.1 Overview of executive remuneration

The Company aims to ensure remuneration is competitive and appropriate for the results delivered. Executive reward is aligned with the achievement of strategic objectives and the creation of value for shareholders and is informed by market practice for executive reward.

Executive remuneration packages include a mix of fixed and variable remuneration. In FY21, variable remuneration included short- and long-term incentives. In FY22, the former short-term incentive (**STI**) and long-term incentive (**LTI**) plans were replaced by a combined Executive Incentive Plan (**EIP**). Entitlements granted to executive KMP (and other participants) under the FY21 LTI plan remain on foot and will be eligible for vesting after the end of the three-year performance period on 30 June 2023. More senior roles in the organisation have a greater weighting towards variable remuneration.

The table below shows the target remuneration mix for executive KMP in FY21 and FY22. The STI portion is shown at target levels and the LTI portion is based on the value granted or to be granted in the relevant year.

	Target remuneration mix					
	Fixed remuneration		EIP/STI		EIP/LTI	
Executive KMP[3]	**FY22**	**FY21**	**EIP[1] FY22**	**STI FY21**	**EIP[2] FY22**	**LTI FY21**
Grant Blackley	40%	40%	30%	30%	30%	30%
John Kelly	50%	50%	25%	30%	25%	20%
Nick McKechnie	50%	50%	25%	30%	25%	20%
Brian Gallagher	50%	50%	25%	30%	25%	20%
Stephen Haddad	–	50%	–	30%	–	20%
Dave Cameron	–	50%	–	30%	–	20%
Nikki Clarkson	–	50%	–	30%	–	20%

1 The EIP is a combined incentive plan under which awards are paid partly in cash and partly in equity performance rights that are eligible for vesting at the end of year 3. The percentages in this column are the cash component of the EIP awards in FY22.

2 The EIP is a combined incentive plan under which awards are paid partly in cash and partly in equity performance rights that are eligible for vesting at the end of year 3. The percentages in this column are the equity performance rights component of the EIP awards in FY22.

3 The roles of the Chief Technology Officer (Stephen Haddad), Chief Content Officer (Dave Cameron) and Chief Marketing Officer (Nikki Clarkson) were assessed as KMP in FY21. For the reasons explained in the letter of the Chair of the Board's People & Culture Committee, the Board has assessed these roles were not KMP roles during FY22.

2.2 Fixed remuneration for executive KMP

Fixed remuneration for executives is structured as a total employment package. Executives receive a combination of base pay, superannuation and prescribed non-financial benefits at the executive's discretion. SCA contributes superannuation on behalf of executives in accordance with the superannuation guarantee legislation.

Fixed remuneration is reviewed annually to ensure the executive's pay is competitive and appropriate for the results delivered. There are no guaranteed fixed remuneration increases included in any executive KMP contracts. The Board approved increases of between 2.6% and 4.5% in the base remuneration of the CEO and other executive KMP for FY22. The remuneration of these executive KMP had not been adjusted since FY19. The Board considered these adjustments were reasonable to ensure SCA's executive remuneration remained competitive in a tightening labour market.

2.3 Variable remuneration for executive KMP

2.3.1 Executive incentive plan

The table below outlines details of the Company's executive incentive plan (**EIP**). The EIP operated for the first time in FY22.

What is the incentive?	The EIP is an annual at-risk bonus designed to reward executives for meeting or exceeding financial and non-financial objectives.
How is each executive's entitlement determined?	Each executive is allocated a dollar value target (which may be a fixed percentage of the executive's total remuneration) representing the executive's maximum EIP opportunity for the one-year performance period.
How is the incentive delivered?	The EIP operates over five years as follows: – a one-year performance period commencing on 1 July in the first year of the EIP, after which individual and corporate performance is assessed and an EIP award may be made partly in cash and partly in grant of performance rights; – a two-year service period commencing on 1 July in the second year of the EIP, after which performance rights will be eligible for vesting and conversion to fully paid ordinary shares; and – a two-year retention period commencing on 1 July in the fourth year of the EIP, during which any shares allocated at the end of the service period are subject to a disposal restriction. To the extent the EIP performance conditions for an executive are satisfied during the performance period, SCA will make an EIP award to the executive. SCA will satisfy the dollar value of the EIP award by: – paying the executive the cash component of the EIP award; and – granting the executive performance rights with a face value equal to the equity component of the EIP award in two equal tranches. The number of performance rights granted to the executive is calculated by dividing the dollar value of the equity component of the EIP award by the face value of a performance right at the end of the applicable performance period. The face value of a performance right is: – the volume weighted average price of SCA's shares for the five trading days commencing seven days after SCA's results for the performance period are announced to the ASX; less – the amount of any final dividend per share declared as payable in respect of the performance period. These performance rights will be eligible for vesting at the end of year 3, two years after their grant to the executive. This two-year period is referred to as the service period.
What are the performance measures and hurdles?	The Board sets the annual goals for the CEO near the beginning of each financial year. The goals are allocated to three categories having regard to SCA's business strategy: financial performance (60%), strategic execution (30%) and culture and behaviour (10%). The CEO determines the annual goals for other Leadership Executives in the same three categories and having regard to their areas of responsibility. **Financial performance (60%)** The financial performance metrics that apply under the EIP in FY22 are summarised below. – **Group EBITDA compared to budget:** This is a core measure of operational profitability. This metric is relevant for all Leadership Executives. – **Earnings per share (EPS) compared to budget:** This uses net profit after tax (**NPAT**) as the core profitability driver while also taking account of any capital management initiatives that increase or reduce the number of shares on issue. This metric is relevant for all Leadership Executives. – **Revenue compared to budget:** Targets may be set for total revenue or for specific categories of revenue, such as digital audio revenue. This metric is relevant for several Leadership Executives including the Chief Sales Officer. – **Non-revenue-related costs compared to budget:** These controllable costs exclude costs such as agency commissions and television affiliation fees that are variable with revenue. This metric is relevant for all Leadership Executives. Achievements against financial metrics are based on SCA's audited annual financial report. The Board has discretion to adjust targets and outcomes to ensure executive reward is appropriately linked to corporate performance. For this purpose, the Board may consider matters including SCA's overall corporate performance and progress against strategic objectives; significant non-cash items (for example impairment losses); acquisitions, divestments and one-off events; and abnormal or non-recurring items. **Strategic execution (30%)** Goals for strategic execution are tailored to the individual responsibilities of each executive. These goals focus on implementation of strategic initiatives, major projects, and material operational improvements designed to deliver growth, improved and sustainable business performance, and shareholder value. **Culture and behaviour (10%)** Goals for culture and behaviour are tailored to the individual responsibilities of each executive. These goals focus on maintaining a positive corporate culture, effective leadership and development, retaining talent, and building effective external relationships to improve and sustain long-term business performance and shareholder value.

Is there a gateway?	The following gateways and vesting schedules apply for EIP awards based on financial metrics:

EBITDA – percentage of budget	Vesting percentage
Below 95%	Nil
95%	50%
Above 95% to 102.5%	Straight-line vesting between 50% and 100%
Above 102.5%	100%

EPS – percentage of budget	Vesting percentage
Below 90%	Nil
90%	50%
Above 90% to 105%	Straight-line vesting between 50% and 100%
Above 105%	100%

Revenue – percentage of budget	Vesting percentage
Below 97%	Nil
97%	50%
Above 97% to 100%	Straight-line vesting between 50% and 100%
Above 100%	100%

Digital revenue – percentage of budget	Vesting percentage
Below 85%	Nil
85%	50%
Above 85% to 107.5%	Straight-line vesting between 50% and 100%
Above 107.5%	100%

Non-revenue-related costs – percentage of budget	Vesting percentage
Above budget	Nil
On budget or below	100%

There is no gateway for non-financial measures.

Individual performance must be at a 'meets expectations' level before any EIP award will be made.

What is the maximum amount payable?

The maximum award under the FY22 EIP is 100% of an executive's EIP target opportunity if all vesting conditions are fully satisfied over the one-year performance period.

How is performance assessed?

The Board will calculate the financial measures under the EIP at the end of the performance period. SCA may engage an independent consultant to review or carry out these calculations. The Board has discretion to adjust targets and outcomes to ensure executive reward is appropriately linked to corporate performance.

CEO: At the end of each financial year, with the assistance of the Board's People & Culture Committee, the Board assesses the performance of the CEO against the applicable non-financial measures and determines the extent to which the CEO has achieved applicable targets. In doing so, the Board may consider the CEO's achievements in the context of SCA's overall performance.

Other Leadership Executives: At the end of the financial year the CEO assesses the performance of the other Leadership Executives against the applicable non-financial measures and determines the extent to which each Leadership Executive has achieved applicable targets. In doing so, the CEO may consider each Leadership Executive's achievements in the context of SCA's overall performance. The CEO provides these assessments to the People & Culture Committee for review.

Vesting of performance rights after service period

If the executive remains employed by SCA at the end of the service period:
- Tranche 1 of the executive's EIP award will vest at that time; and.
- Tranche 2 of the executive's EIP award will be eligible for vesting according to the following scale.

3-year EPS CAGR	% of Tranche 2 that vests
1.5% or below	Nil
Above 1.5% to 8.0%	Straight-line vesting between 0% and 100%
Above 8.0%	100%

SCA will allocate one fully paid ordinary share for each of the executive's performance rights that vests at the end of the service period. An executive will receive an additional allocation of fully paid ordinary shares with a value equal to the dividends paid on vested rights over the service period. The Board has discretion to settle vested awards in cash.

Any performance rights that do not vest at the end of the service period will lapse.

The Board has discretion to fulfil SCA's obligation to allocate shares on vesting by issuing new shares or acquiring shares on-market. The Board has decided that any shares to be allocated on vesting of performance rights under the FY22 EIP grant will be acquired on-market.

Shares allocated under the EIP to Leadership Executives will be subject to disposal restrictions for two years (until the end of year 5) or cessation of the Leadership Executive's employment, whichever is earlier. These shares will be subject to further disposal restrictions under the Senior Executive Share Ownership Policy unless the Leadership Executive has accumulated the target shareholding required under that policy.

Cessation of employment

If an executive ceases employment with the Company during the five-year term of the FY22 EIP grant, the treatment of executive's rights under the EIP will be determined by time and the circumstances of the cessation of employment as explained below.

During performance period
Bad Leavers (who resign or are terminated for cause) during the year 1 performance period will not be eligible for an award under the FY22 EIP.

For an executive who ceases employment for other reasons during the performance period, the Board has discretion to make an award to the executive under the EIP on a pro-rata basis considering time and the performance to date against the applicable performance measures, to hold the EIP award to be tested against the applicable performance measures at the end of the original performance period, or to treat the EIP award in any other manner it considers appropriate.

During service period
Bad Leavers (who resign or are terminated for cause) during the two-year service period will forfeit any unvested performance rights, unless otherwise determined by the Board.

For executives who cease employment during the service period for other reasons, the Board has discretion to vest any unvested performance rights on a pro-rata basis considering time and the performance to date against the EPS performance hurdle, to hold all or a part of any unvested performance rights to be tested against the EPS performance hurdle at the end of the original service period, or to treat the award in any other manner it deems appropriate.

After service period
If an executive ceases employment with SCA after the service period, SCA will release the executive's shares from any remaining restrictions on disposal.

Change of control

If a change of control event in relation to SCA occurs before assessment of performance under an EIP award or before vesting of performance rights granted under an EIP award, the Board has discretion as to how to treat the unassessed award or unvested performance rights, including to forfeit or make an award in whole or in part and to determine performance rights will vest or lapse in whole or in part, or that performance rights will continue subject to the same or different conditions. In exercising its discretion, the Board may consider the proportion of the performance period and the service period that has passed at the time of the change of control, the performance to date of SCA and the executive against applicable performance conditions, and any other matters the Board considers to be relevant.

Clawback

The Board may reconsider the level of satisfaction of a performance hurdle and take steps to reduce the benefit of an EIP award to the extent its vesting was affected by fraud, dishonesty, breach of obligation or other action likely to result in long-term detriment to SCA.

Other features	**Treatment of dividends:** There are no dividends payable to executives on unvested performance rights. Once performance rights have vested to fully paid ordinary shares, the executive will be entitled to dividends on these shares. In addition, upon vesting of an executive's performance rights, the executive will receive an additional allocation of fully paid ordinary shares with a value equal to the dividends paid on vested rights over the service period. **Sourcing of shares:** The Board has discretion to purchase shares on-market or to issue new shares in respect of vested performance rights. The Board typically chooses to purchase shares on-market for this purpose and will do so for any performance rights that vest under the FY22 EIP. **Retention of shares:** Participants must retain any shares allocated to them upon vesting of performance rights for two years or cessation of employment, whichever is earlier. SCA's Senior Executive Share Ownership Policy also applies to shares allocated to Leadership Executives on vesting of performance rights under the EIP.

2.3.2 Long-term incentive plan

The table below outlines details of the Company's LTI plan in FY21. The LTI plan has been suspended for subsequent financial years. Entitlements granted under the FY21 LTI plan will be eligible for vesting after expiry of the three-year performance period on 30 June 2023.

What is the incentive?	The LTI plan provides executive KMP and about 20 other executives with grants of performance rights over ordinary shares, for nil consideration. Performance rights granted under the LTI plan are subject to a three-year performance period.
How is each executive's entitlement determined?	Each executive is allocated a dollar value (which may be a fixed percentage of the executive's total remuneration) representing the executive's maximum LTI opportunity for the year. This dollar value is converted into a number of performance rights in the LTI plan, based on the face value of performance rights at the applicable grant date. The face value of performance rights is calculated as: – the weighted average price of the Company's shares for the five trading days commencing seven days after the Company's results for the prior financial year are announced to ASX; less – the amount of any final dividend per share declared as payable in respect of the prior financial year. The face value of each performance right for the FY21 grant was determined to be $0.1623. Following implementation on 2 November 2020 of a one for 10 consolidation of the Company's share capital, the face value of each performance right for the FY21 grant has been adjusted to $1.6230. Because of the severe impacts of the COVID-19 pandemic on the Australian economy and the financial performance and market capitalisation of SCA, the dollar value of each executive's entitlement under the LTI plan in FY21 was discounted by 76%, subject to each participant receiving a minimum grant of 6,161 performance rights (which, after implementation on 2 November 2020 of the one for 10 consolidation of the Company's share capital, is the number of performance rights that has a total face value of $10,000).
How is the incentive delivered?	To the extent the applicable vesting conditions are satisfied at the end of the applicable performance period, LTI awards are delivered by allocation to participants of one fully paid ordinary share for each performance right that vests. The Board has discretion to settle vested awards in cash. Shares allocated under the LTI plan to executive KMP may be subject to restrictions on disposal under the Senior Executive Share Ownership Policy until the executive has accumulated the minimum shareholding required under that policy.

Directors' Report

For the year ended 30 June 2022

What are the performance measures and hurdles?

In FY21, each grant under the LTI plan had a single performance hurdle over a three-year performance period: Absolute Total Shareholder Return (**TSR**).

The absolute TSR performance hurdle considers share price appreciation plus reinvested dividends, expressed as a percentage of investment and adjusted for changes in the Company's capital structure. The share price at the beginning and end of the performance period is the volume-weighted average price of the Company's shares on the ASX for the 10 trading days before and after the relevant date (and on the relevant date if the relevant date is a trading day). The starting share price, based on the volume-weighted average price on 30 June 2020, was $0.1819 per share. Following implementation on 2 November 2020 of the one for 10 consolidation of the Company's share capital, the starting share price has been adjusted to $1.819 per share.

Dividends paid during the performance period will be assumed to have been re-invested on the ex-dividend date. Tax and any franking credits (or equivalent) will be ignored.

The LTI plan for FY21 is designed to incentivise executives to increase the Company's market capitalisation following the substantial decline that occurred since a trading update released in October 2019 and onset of the COVID-19 pandemic in early 2020. In broad terms, an absolute TSR of 100% over the three-year performance period would restore the Company's market capitalisation to the average level experienced during the 2019 calendar year.

The LTI plan for FY21 considers the severe impact of COVID-19 on the Company's operations and market capitalisation and the ongoing uncertain economic environment. The Board wishes to provide a targeted incentive to executives focused on increasing the market capitalisation of the Company over the three-year performance period. The number of performance rights to be granted to executives was 24% of their standard entitlement (**Base Amount**). (This is subject to each participant receiving a minimum grant of 6,161 performance rights with a total face value of $10,000). Dependent on the TSR of the Company's securities over the three-year performance period, the maximum number of performance rights that could vest will be 2.5 times the Base Amount or 60% of the executive's standard entitlement under the LTI plan.

TSR performance rights granted in FY21 are eligible to vest according to the following schedule:

TSR performance to 30 June 2023	% of standard entitlement that vests
0% or below	Nil
Above 0% to 150%	Straight-line vesting between Base Amount (24% of standard entitlement) and 2.5 x Base Amount (60% of standard entitlement)
Above 150%	2.5 x Base Amount (60% of standard entitlement)

The above schedule illustrates that each executive's vesting opportunity commences at 24% of an executive's standard entitlement. The number of performance rights that vests will be subject to a multiplier according to the TSR performance of the Company over the three-year performance period. For TSR performance of 100%, a multiplier of 2x applies so that the number of performance rights that vests will be double the Base Amount granted to the executive. The maximum multiplier is 2.5x for TSR performance of 150% over the three-year performance period. In that case, the number of performance rights that vests will be 60% of an executive's standard entitlement.

Is there a gateway?

The Absolute TSR performance hurdle will be achieved only if the Company's TSR performance over the performance period is above zero.

What is the maximum amount payable?

The maximum award under the FY21 LTI plan is 150% of an executive's grant if all vesting conditions are fully satisfied over the performance period. Because the grant under the FY21 LTI plan to each executive in FY21 will be at a discount of 76% to the executive's standard entitlement, the maximum number of performance rights to be awarded under the FY21 LTI plan is 60% of the executive's standard entitlement.

How is performance assessed?

The Board will calculate the Company's TSR performance at the end of the performance period for each LTI grant. The Company will engage an independent party to report on the Company's TSR at the vesting date.

There is no subsequent testing of performance hurdles under the LTI plan.

Cessation of employment

Bad Leavers (who resign or are terminated for cause) will forfeit any unvested performance rights, unless otherwise determined by the Board.

For executives who cease employment for other reasons, the Board has discretion to vest any unvested performance rights on a pro-rata basis considering time and the current level of performance against the performance hurdle, or to hold the LTI award to be tested against performance hurdles at the end of the original vesting period.

Change of control

If a change of control occurs before vesting of an LTI award, the Board has discretion as to how to treat the unvested award, including to determine that the award will vest or lapse in whole or in part, or that it will continue subject to the same or different conditions.

Clawback

The Board may reconsider the level of satisfaction of a performance hurdle and take steps to reduce the benefit of an LTI award to the extent its vesting was affected by fraud, dishonesty, breach of obligation or other action likely to result in long-term detriment to the Company.

Other features	**Treatment of dividends:** There are no dividends payable to participants on unvested performance rights. Once performance rights have vested to fully paid ordinary shares, the participant will be entitled to dividends on these shares. **Sourcing of shares:** The Board has discretion to purchase shares on-market or to issue new shares in respect of vested performance rights. The Board typically purchases shares on-market for this purpose and will do so for any performance rights that vest under the FY21 LTI plan. **Retention of shares:** The rules of the LTI plan do not require participants to retain any shares allocated to them upon vesting of performance rights. However, the Company's Senior Executive Share Ownership Policy requires executive KMP to retain 25% of the shares allocated to them upon vesting of performance rights until they achieve the required minimum shareholding under that policy or cease to be employed by the Company.

2.4 Consequences of performance on shareholder value

In considering the Group's performance and the benefits for shareholder value, the Board has regard to the following indicators in the current financial year and the preceding four financial years.

	30 June 2022 $'000	30 June 2021 $'000	30 June 2020 $'000	30 June 2019 $'000	30 June 2018 $'000
Revenue	519,682	528,649	540,152	660,088	656,784
EBITDA	85,580	125,936	108,232	147,382	158,439
EBITDA %	*16.5%*	*23.8%*	*20.0%*	*22.3%*	*24.1%*
Net (loss)/profit before tax	(214,068)	71,282	38,294	(129,475)	2,519
Net (loss)/profit after tax (**NPAT**)	(153,722)	48,096	25,100	(91,395)	82
NPAT %	*(29.6%)*	*9.1%*	*4.6%*	*(13.8%)*	*0.0%*
Net profit after tax excluding significant items	28,554	48,096	34,193	73,879	73,932
NPAT % excluding significant items	*5.5%*	*9.1%*	*6.3%*	*11.2%*	*11.3%*
EPS (cents)[1]	10.77	18.2	17.69	65.11	65.16
TSR	(48.1%)	19.4%	(79.7%)	1.4%	12.4%
Opening share price[2,4]	$2.09	$1.75	$8.60	$8.48	$7.54
Closing share price[2,4]	$0.99	$2.09[3]	$1.75	$8.60	$8.48
Dividend/Distribution[5]	9.50c	0.00c	4.00c	7.75c	7.75c

1 EPS is shown after adjustments to exclude the impact of significant or non-recurring items (both income and costs) as approved by the Board for the purposes of the Company's LTI plan and EIP.

2 On 4 May 2020, the Company completed a $169.6 million equity raising. The equity raising consisted of a pro-rata accelerated non-renounceable rights issue and placement, resulting in the issue of 1,873,092,080 shares.

3 On 30 October 2020, the Company's shareholders approved a one for 10 consolidation of the Company's share capital. The consolidation was implemented on 2 November 2020. As a result, the number of shares on issue reduced from 2,642,105,685 to 264,214,027.

4 Opening and closing share prices and dividends per share have been adjusted for the rights issue component of the equity raising referred to in note 2 and the consolidation of share capital referred to in note 3 (Source: Capital IQ).

5 Dividends paid during FY18, FY19, and FY20 represent amounts paid per share prior to the equity raising and prior to the share consolidation.

2.5 Executive service contracts

The Company has entered service contracts setting out the terms of employment of each executive KMP. All service contracts are for an indefinite term, subject to termination by either party on up to six months' notice. Each executive service contract provides for the payment of base salary and participation in the Company's incentive plans, along with other prescribed non-monetary benefits.

2.6 Services from remuneration consultants

KPMG was engaged during the year to advise on benchmarking of the remuneration of SCA's non-executive directors and SCA's executive KMP and other leadership executives. KPMG did not make any remuneration recommendations (as defined in the Corporations Act). KPMG was paid $23,750 for these services.

Deloitte was engaged during the year to advise on valuation of outstanding entitlements granted under SCA's EIP and LTI plan. Deloitte did not make any remuneration recommendations (as defined in the Corporations Act). Deloitte was paid $1,500 for these services.

2.7 Remuneration of non-executive directors

The Company enters into a letter of appointment with each non-executive director. The letter sets out the Board's expectations for non-executive directors and the remuneration payable to non-executive directors.

The maximum annual aggregate fee pool for non-executive directors is $1,500,000. This was confirmed in amendments to the Constitution approved by shareholders at the 2020 AGM.

The Chair receives a fixed aggregate fee. Other non-executive directors receive a base fee for acting as a director and additional fees for participation as chair or as a member of the Board's committees. Non-executive directors do not receive performance-based fees and are not entitled to retirement benefits as part of their fees.

The table below sets out the scale of fees for non-executive directors that applied in FY21 and FY22 and those that will apply in FY23. The amounts shown for FY21 and FY22 do not take account of the temporary 10% reduction in fees between April 2020 and September 2020 in response to the impact of COVID-19.

	FY21[3]	FY22[3]	FY23
	$	$	$
Base fees – Annual			
Chair[1]	273,000	273,000	273,000
Deputy Chair[1]	176,000	N/a	N/a
Other non-executive directors	136,500	136,500	136,500
Committee fees – Annual			
Audit & Risk Committee – Chair	23,000	23,000	23,000
Audit & Risk Committee – member	15,500	15,500	15,500
People & Culture Committee – Chair[1]	23,000	23,000	23,000
People & Culture Committee – member	15,500	15,500	15,500
Digital Transformation Committee – Chair	23,000	23,000	23,000
Digital Transformation Committee – member	15,500	15,500	15,500
Nomination Committee – Chair[1]	16,500	16,500	16,500
Nomination Committee – member[2]	11,000	11,000	11,000

1. The Chair (and formerly the Deputy Chair) do not receive additional fees for committee work. Accordingly, the fees set out above for Chair of the Nomination Committee have not been paid in any of the above years and will not be paid in FY23. The Board has not appointed a Deputy Chair since FY21.
2. Members of the Nomination Committee waived their fees in FY21 and FY22 because the Nomination Committee did not meet during that year. The same waiver will apply if the Nomination Committee does not meet in FY23.
3. Because of the impact on the Company's business of the COVID-19 health crisis and the lockdown measures implemented by Federal, State and Territory governments in response to the crisis, the fees paid to non-executive directors for the period from 1 April 2020 to 30 September 2020 were reduced by 10%. The above fees relate to the Board approved amounts prior to the 10% reduction.

3. Remuneration of executive KMP and directors during the year

3.1 Total remuneration received by executive KMP in FY22 (non-statutory disclosures)

The remuneration in the table below is aligned to the current performance period and provides an indication of alignment between the remuneration received in the current year and its alignment with long-term performance. The amounts in this table will not reconcile with those provided in the statutory disclosures in section 3.2. For example, the executive KMP table in section 3.2 discloses the value of performance rights granted under the LTI plan and the EIP which might or might not vest in future years, while the table below discloses the value of LTI grants from previous years which vested in the current year.

KMP executive[2]	Year	Cash salary and fees $	EIP cash bonus[1] $	Non-monetary benefits $	Super-annuation benefits $	LTI vested in the year $	Total $
Grant Blackley	**2022**	**1,203,709**	**272,974**	**2,789**	**23,568**	**–**	**1,503,040**
Chief Executive Officer and Managing Director	2021	1,148,563	426,000	4,509	21,694	–	1,600,766
Nick McKechnie	**2022**	**561,207**	**111,077**	**1,020**	**23,568**	**–**	**696,872**
Chief Financial Officer	2021	531,016	199,332	1,486	21,694	–	753,528
John Kelly	**2022**	**576,512**	**122,916**	**3,698**	**23,568**	**–**	**726,694**
Chief Operating Officer	2021	542,730	202,860	4,509	21,694	–	771,793
Brian Gallagher	**2022**	**561,632**	**117,648**	**3,718**	**23,568**	**–**	**706,566**
Chief Sales Officer	2021	527,202	191,278	4,509	21,694	–	744,683
Stephen Haddad	**2022**	**–**	**–**	**–**	**–**	**–**	**–**
Chief Technology Officer	2021	371,226	112,130	4,509	21,694	–	509,559
Dave Cameron	**2022**	**–**	**–**	**–**	**–**	**–**	**–**
Chief Content Officer	2021	423,453	91,632	2,780	21,694	–	539,559
Nikki Clarkson	**2022**	**–**	**–**	**–**	**–**	**–**	**–**
Chief Marketing Officer	2021	277,702	84,186	2,992	21,694	–	386,574
Total executive KMP	**2022**	**2,903,060**	**624,615**	**11,225**	**94,272**	**–**	**3,633,172**
	2021	3,821,892	1,307,418	25,294	151,858	–	5,306,462

1 The EIP cash bonus is for performance during the year using the criteria set out in section 2.3.1. The amount was finally determined by the Board on 19 August 2022 after considering recommendations of the People & Culture Committee.
2 The roles of the Chief Technology Officer (Stephen Haddad), Chief Content Officer (Dave Cameron), and Chief Marketing Officer (Nikki Clarkson) were assessed as KMP in FY21. For the reasons explained in the letter of the Chair of the Board's People & Culture Committee, the Board has assessed these roles were not KMP roles during FY22.

3.2 Total remuneration received by Executive KMP in FY22 (statutory disclosure)

The table below sets out the nature and amount of each major element of the remuneration of each executive KMP in FY22 and FY21.

		Short-term employee benefits				Post-e'ment	Long Service Leave[1]	Termination benefits	Share-based payments	Total	Performance-related proportion
Executive KMP[4]	**Year**	**Salary and fees $**	**EIP cash bonus[2] $**	**Non-monetary $**	**Total $**	**Super contribution $**	**$**	**$**	**Performance rights[3] $**	**$**	**%**
Grant Blackley *CEO and Managing Director*	**2022**	**1,203,709**	**272,974**	**2,789**	**1,479,472**	**23,568**	**14,690**	**–**	**174,678**	**1,692,408**	**26.5%**
	2021	1,148,563	426,000	4,509	1,579,072	21,694	24,309	–	67,194	1,692,269	29.1%
Nick McKechnie *Chief Financial Officer*	**2022**	**561,207**	**111,077**	**1,020**	**673,304**	**23,568**	**24,852**	**–**	**46,981**	**768,705**	**20.6%**
	2021	531,016	199,332	1,486	731,834	21,694	22,949	–	17,824	794,301	27.3%
John Kelly *Chief Operating Officer*	**2022**	**576,512**	**122,916**	**3,698**	**703,126**	**23,568**	**10,206**	**–**	**50,562**	**787,462**	**22.0%**
	2021	542,730	202,860	4,509	750,099	21,694	10,000	–	18,297	800,090	27.6%
Brian Gallagher	**2022**	**561,632**	**117,648**	**3,718**	**682,998**	**23,568**	**11,123**	**–**	**48,549**	**766,238**	**21.7%**
Chief Sales Officer	2021	527,202	191,278	4,509	722,989	21,694	9,580	–	17,666	771,929	27.1%
Stephen Haddad *Chief Technology Officer*	**2022**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2021	371,226	112,130	4,509	487,865	21,694	7,116	–	12,619	529,294	23.6%
Dave Cameron	**2022**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Chief Content Officer	2021	423,453	91,632	2,780	517,865	21,694	1,186	–	14,827	555,572	19.2%
Nikki Clarkson *Chief Marketing Officer*	**2022**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2021	277,702	84,186	2,992	364,880	21,694	16,474	–	11,041	414,089	23.0%
Total executive KMP	**2022**	**2,903,060**	**624,615**	**11,225**	**3,538,900**	**94,272**	**60,872**	**–**	**320,770**	**4,014,813**	**23.6%**
	2021	3,821,892	1,307,418	25,294	5,154,604	151,858	91,614	–	159,468	5,557,544	26.4%

1 Long service leave relates to amounts accrued during the year.

2 The EIP cash bonus is for performance during the year using the criteria set out in section 2.3.1. The amount was finally determined by the Board on 19 August 2022 after considering recommendations of the People & Culture Committee.

3 The value disclosed is the portion of the fair value of the rights recognised as an expense in each reporting period.

4 The roles of the Chief Technology Officer (Stephen Haddad), Chief Content Officer (Dave Cameron), and Chief Marketing Officer (Nikki Clarkson) were assessed as KMP in FY21. For the reasons explained in the letter of the Chair of the Board's People & Culture Committee, the Board has assessed these roles were not KMP roles during FY22.

3.3 Non-executive directors

The table below sets out the nature and amount of each major element of the remuneration of each non-executive director in FY22 and FY21. A non-executive director's salary and fees are based on the scale set out in section 2.7 and membership of the Board's committees as set out in the Directors' Report.

		Short-term employee benefits			Post-employment	
Non-executive Director	**Year**	**Salary and fees $**	**Non-monetary $**	**Total $**	**Super contribution $**	**Total**
Rob Murray[1]	**2022**	**273,000**	**–**	**273,000**	**–**	**273,000**
Chair	2021	248,648	–	248,648	4,170	252,818
Glen Boreham[5]	**2022**	**175,000**	**–**	**175,000**	**–**	**175,000**
Non-executive director	2021	170,940	–	170,940	3,743	174,683
Peter Bush[2]	**2022**	**–**	**–**	**–**	**–**	**–**
Non-executive director	2021	53,573	–	53,573	5,089	58,662
Carole Campbell[3]	**2022**	**143,295**	**–**	**143,295**	**14,330**	**157,625**
Non-executive director	2021	115,677	–	115,677	10,989	126,666
Ido Leffler[3]	**2022**	**150,273**	**–**	**150,273**	**15,027**	**165,300**
Non-executive director	2021	101,979	–	101,979	9,688	111,667
Heith Mackay-Cruise[3]	**2022**	**150,273**	**–**	**150,273**	**15,027**	**165,300**
Non-executive director	2021	101,979	–	101,979	9,688	111,667
Helen Nash	**2022**	**167,045**	**–**	**167,045**	**7,955**	**175,000**
Non-executive director	2021	166,511	–	166,511	7,506	174,017
Leon Pasternak[4]	**2022**	**–**	**–**	**–**	**–**	**–**
Non-executive director	2021	49,559	–	49,559	4,708	54,267
Melanie Willis	**2022**	**153,977**	**–**	**153,977**	**15,398**	**169,375**
Non-executive director	2021	170,625	–	170,625	–	170,625
Total	**2022**	**1,212,863**	**–**	**1,212,863**	**67,737**	**1,280,600**
	2021	1,179,491	–	1,179,491	55,581	1,235,072

1 Rob Murray was elected by the Board as Chair on 19 August 2020.
2 Peter Bush stood down as Chair on 19 August and retired as a director on 30 October 2020.
3 Carole Campbell was appointed as a director on 1 September 2020 and appointed Chair of the Audit & Risk Committee from 1 October 2021. Ido Leffler and Heith Mackay-Cruise were elected as directors on 30 October 2020.
4 Leon Pasternak retired as Deputy Chair and as a director on 30 October 2020. The Board has not appointed a Deputy Chair in his place.
5 Glen Boreham was appointed as Chair of the newly formed Digital Transformation Committee on 1 November 2020.

4. Analysis of incentives included in remuneration

4.1 EIP performance outcomes

4.1.1 EIP financial and profitability measures

The table below summarises SCA's performance against the financial and profitability measures included in the KPIs for executive KMP under the EIP in FY22.

Group EBITDA

Budget $'000	Actual $'000	% Budget	Vesting %	Executive KMP
$116,172	$85,580	74%	–	CEO, CFO, COO, CSO

EPS (excluding significant items)

Budget Cps	Actual Cps	% Budget	Vesting %	Executive KMP
17.4	10.77	62%	–	CEO, CFO, COO, CSO

Revenue

Budget $'000	Actual $'000	% Budget	Vesting %	Executive KMP
$564,980	$519,682	92%	–	CEO, CFO, COO, CSO

Digital revenue

Budget $'000	Actual $'000	% Budget	Vesting %	Executive KMP
$27,866	$20,746	74%	–	CEO, CFO, COO, CSO

Non-revenue related costs

Budget $'000	Actual $'000	% Budget	Vesting %	Executive KMP
$317,627	$307,582	100%	25%[1]	CEO, CFO, COO, CSO

1 Although the non-revenue related costs target within the profitability and financial performance component of the FY22 EIP was fully achieved, on the recommendation of the CEO, the Board exercised its discretion downward to award only 25% of the available reward for achievement of this target. This recognised the cost control exercised and led by executive KMP in difficult economic conditions, while also acknowledging SCA's overall financial performance was below target. This resulted in a small award (3% out of a possible 12%) for achievement of this target.

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4.1.2 EIP outcomes for executive KMP

The table below summarises the key performance indicators (KPIs) applicable for each executive KMP under SCA's EIP for FY22.

Assessment of the goals set for executive KMP in FY22 resulted in executive KMP being eligible to receive between 38% and 41% of their respective EIP target opportunities. While financial performance and profitability targets were not achieved, the Board considered these awards to recognise appropriately the achievements of the executive team in difficult macroeconomic conditions. The executive team did a creditable job in controlling costs and made good progress on strategic initiatives designed to embed a digital audio operating model and grow the user base and commercial potential of LiSTNR. Half of each executive's award (and 60% of the CEO's award) will be settled by grant of performance rights that will be eligible for vesting after 30 June 2024, strongly aligning executives' interests with those of other shareholders.

The table below shows the outcome for each executive KMP in each EIP component.

Executive KMP	Goals	Outcomes	
Grant Blackley, CEO and Managing Director			
Profitability and financial performance (60%)	Group EBITDA, EPS, digital revenue, non-revenue-related Group operating expenses compared to budget	Refer to tables in section 4.1.1.	3%
Strategy execution (30%)	Implement Horizon 1 of corporate strategy	Partially achieved	
	Implement digital audio first operating model and culture	Achieved	
	Implement strategy to create leading commercial radio shows in core markets and target demographics	Partially achieved	26%
Cultural and behavioural influences (10%)	Identify skills and capabilities required to deliver SCA's strategic objectives. Improve diversity through your succession plans	Achieved	
	Improve employee perceptions of job security and job significance	Achieved	10%
		Total	**39%**
Nick McKechnie, Chief Financial Officer			
Profitability and financial performance (60%)	Group EBITDA, EPS, digital revenue, non-revenue-related Group operating expenses compared to budget	Refer to tables in section 4.1.1.	3%
Strategy execution (30%)	Implement digital audio first operating model and culture	Partially achieved	
	Refinance SCA's debt facilities to create a flexible structure	Achieved	
	Provide functional leadership and risk management for implementation of a refreshed ERP finance system	Partially achieved	25%
Cultural and behavioural influences (10%)	Identify skills and capabilities required to deliver SCA's strategic objectives. Improve diversity through your succession plans	Achieved	
	Improve communication and collaboration in finance team to remove business barriers and improve stakeholder relationships	Achieved	10%
		Total	**38%**
John Kelly, Chief Operating Officer			
Profitability and financial performance (60%)	Group EBITDA, EPS, digital revenue, non-revenue-related Group operating expenses compared to budget	Refer to tables in section 4.1.1.	3%
Strategy execution (30%)	Implement digital audio first operating model	Achieved	
	Develop new premium podcasts for targeted audience and inventory growth	Partially achieved	
	Establish LiSTNR Sport as a content pillar	Achieved	28%
Cultural and behavioural influences (10%)	Identify skills and capabilities required to deliver SCA's strategic objectives. Improve diversity through your succession plans	Achieved	
	Lead the general management team to ensure it is collaborative and courageous in implementing the digital audio strategy	Achieved	10%
		Total	**41%**

Executive KMP	Goals	Outcomes	
Brian Gallagher, Chief Sales Officer			
Profitability and financial performance (60%)	Group EBITDA, EPS, digital revenue, non-revenue-related Group operating expenses compared to budget	Refer to tables in section 4.1.1.	3%
Strategy execution (30%)	Deliver superior sales performance in metro radio through effective yield management and premium ideation	Partially achieved	
	Deliver strong sales outcomes for the new affiliation with Network 10	Achieved	
	Drive regional radio revenue performance through developing local sales teams and leading the Boomtown national sales initiative	Achieved	28%
Cultural and behavioural influences (10%)	Identify skills and capabilities required to deliver SCA's strategic objectives. Improve diversity through your succession plans	Achieved	
	Promote remuneration structures for sales teams that drive collaboration, reduce internal competitiveness, and maximise revenue opportunities	Partially achieved	9%
		Total	**40%**

4.2 EIP awards

The table below sets out details of the incentive awards granted as remuneration to executive KMP for the year. Although the non-revenue-related costs target within the profitability and financial performance component of the FY22 EIP was fully achieved, on the recommendation of the CEO, the Board exercised its discretion downward to award only 25% of the available reward for achievement of this target. This resulted in a small award (3% out of a possible 60%) for all executive KMP under the profitability and financial performance component of the EIP.

	Executive incentive plan					
		% achieved in year				
KMP	Cash award included in remuneration[1] $	Performance rights to be granted[2] $	Profitability and financial performance[4]	Strategy execution	Cultural and behavioural influences	% forfeited in year[3]
Grant Blackley	272,974	409,461	3%	26%	10%	61%
Nick McKechnie	111,077	111,077	3%	25%	10%	62%
John Kelly	122,916	122,916	3%	28%	10%	59%
Brian Gallagher	117,648	117,648	3%	28%	9%	60%

1 Amounts included in remuneration for the year represent the cash component of EIP awards related to the year based on achievement of corporate and personal goals for each executive. These amounts were approved by the Board on 19 August 2022.
2 Performance rights will be granted during September 2022 based on the face value of performance rights to be determined as set out in section 2.3.1.
3 The amounts forfeited are due to corporate and personal goals not being achieved in the year.
4 Although the non-revenue related costs target within the profitability and financial performance component of the FY22 EIP was fully achieved, on the recommendation of the CEO, the Board exercised its discretion downward to award only 25% of the available reward for achievement of this target. This recognised the cost control exercised and led by executive KMP in difficult economic conditions, while also acknowledging SCA's overall financial performance was below target. This resulted in a small award (3% out of a possible 12%) for achievement of this target.

5. Share-based incentive payments

All references to rights in this section are to performance rights over fully paid ordinary shares in SCA issued under SCA's EIP or LTI plan. Rights are convertible into fully paid ordinary shares in SCA on a one-for-one basis upon vesting in accordance with SCA's EIP or LTI plan. There are no options on issue under SCA's EIP or LTI plan.

5.1 Rights granted as remuneration during the year

There were no rights over shares granted as remuneration to executive KMP during the year under SCA's LTI plan or under SCA's new EIP. As noted in section 4.2, performance rights will be granted under the EIP during September 2022 based on the face value of performance rights to be determined as set out in section 2.3.1.

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The tables below set out details of the rights over shares granted as remuneration to each executive KMP under SCA’s LTI plan during FY21 and which remain on foot on 30 June 2022.

KMP	Number of rights granted (Base Amount)[1]	Maximum number of rights to vest[2]
Grant Blackley	125,989	314,973
Nick McKechnie	33,420	83,550
John Kelly	34,307	85,767
Brian Gallagher	33,124	82,810
Total	**226,840**	**567,100**

Details for performance rights granted in FY21 under the LTI plan	
Grant Date	25 September 2020
Metric (100%)	Absolute TSR
Face value at grant date[1]	$1.6230
Starting share price on 30 June 2020[1]	$1.8190
Vesting date	30 June 2023

1 The number of rights granted, the face value of those rights and the starting share price for the purposes of calculating TSR are stated after adjustment for the one for 10 consolidation of the Company’s share capital implemented on 2 November 2020.

2 As explained in section 2.3.2, the number of performance rights that vests under the FY21 LTI plan will be subject to a multiplier according to the TSR performance of the Company over the three-year performance period. For TSR performance of 100%, a multiplier of 2x applies so that the number of performance rights that vests will be double the Base Amount granted to the executive. The maximum multiplier is 2.5x for TSR performance of 150% over the three-year performance period.

All performance rights expire on the earlier of their vesting date or termination of the executive’s employment. When an executive ceases employment as a good leaver, the executive’s rights will typically be forfeited on a pro-rata basis according to the executive’s period of service. The rights vest at the end of the performance period specified at the time of their grant. This is 30 June 2023 for performance rights granted under the FY21 LTI plan. In addition to a continuing employment condition, vesting is conditional on SCA achieving specified performance hurdles. Details of the performance hurdles are included in the discussion of the LTI plan in section 2.3.2.

5.2 Details of equity incentives affecting current and future remuneration

The table below sets out the vesting profiles of rights held by each executive KMP on 30 June 2022 and details of rights that vested during the year. At the end of the year, there were no rights that had vested and had not been exercised by conversion to fully paid ordinary shares.

			At grant date			During FY22					At year end	
Executive KMP	Grant date	Vesting date	Perf rights granted[1]	Perf rights value[2] $	Perf rights vested and exercised	Perf rights vested and exercised %	Perf rights forfeited	Perf rights forfeited[3] %	Perf rights cancelled[3]	Perf rights cancelled[3] %	Perf rights not vested	Perf rights not vested value[2] $
Grant Blackley	FY21	01/7/23	125,989	201,582	–	–	–	–	–	–	125,989	201,582
	Total		**125,989**	**201,582**	**–**	**–**	**–**	**–**	**–**	**–**	**125,989**	**201,582**
Nick McKechnie	FY21	01/7/23	33,420	53,471	–	–	–	–	–	–	33,420	53,471
	Total		**33,420**	**53,471**	**–**	**–**	**–**	**–**	**–**	**–**	**33,420**	**53,471**
John Kelly	FY21	01/7/23	34,307	54,891	–	–	–	–	–	–	34,307	54,891
	Total		**34,307**	**54,891**	–	–	–	–	–	–	**34,307**	**54,891**
Brian Gallagher	FY21	01/7/23	33,124	52,998	–	–	–	–	–	–	33,124	52,998
	Total		**33,124**	**52,998**	**–**	**–**	**–**	**–**	**–**	**–**	**33,124**	**52,998**
	Total		**226,840**	**362,942**	–	–	–	–	–	–	**226,840**	**362,942**

1 The number of performance rights granted (**Base Amount**) is stated after adjustment for the one for 10 consolidation of the Company’s share capital implemented on 2 November 2020. As explained in section 2.3.2, the number of performance rights that vests will be subject to a multiplier according to the TSR performance of the Company over the three-year performance period. For TSR performance of 100%, a multiplier of 2x applies so that the number of performance rights that vests will be double the Base Amount granted to the executive. The maximum multiplier is 2.5x for TSR performance of 150% over the three-year performance period.

2 The value of rights granted is the fair value of rights calculated at the grant date, adjusted in the case of performance rights granted under the FY21 LTI plan, for the one for 10 consolidation of the Company’s share capital implemented on 2 November 2020. The total value of rights granted in the table is allocated to remuneration over the vesting period.

3 The number and percentage of rights forfeited during the year is the reduction from the maximum number of rights available to vest due to the performance criteria not being satisfied or to rights being cancelled by the Board.

5.3 Vesting of rights during the year

Performance rights granted under the FY19 LTI plan were due to be tested in August 2021, following approval of SCA's financial report for the year ended 30 June 2021. Performance rights granted under the FY20 LTI plans were due to be tested in August 2022. There were two equally-weighted performance conditions for rights granted under each of these plans: the Company's ROIC performance over the performance period and the Company's EPS performance over the performance period.

Because of the impact on the Company's business of the COVID-19 health crisis and the lockdown measures implemented by Federal, State and Territory governments in response to the crisis, the Board cancelled all outstanding performance rights under the FY19 and FT20 LTI plans.

As a result, no rights granted under the LTI plan in FY19 or FY20 will vest.

5.4 Grants and vesting of rights since 30 June 2022

Awards made under SCA's EIP for FY22 will be satisfied partly in cash and partly by grant of performance rights. The number of performance rights to be granted will be based on the face value of the rights, which will be determined under the formula set out in section 2.3.1.

These rights will be eligible for vesting at the end of the three-year performance period on 30 June 2024, subject to satisfaction of the conditions described in section 2.3.1.

No rights, whether granted under the former LTI plan or the EIP, have vested since 30 June 2022.

6. Payments to executives before taking office

There were no payments made during the year to any person as part of the consideration for the person taking office.

7. Transactions with KMP

7.1 Loans to KMP

There were no loans made to KMP or their related parties during the year.

7.2 Other transactions and balances with KMP

There were no other transactions with KMP or their related parties during the year.

8. KMP shareholdings

8.1 Balances and movements in KMP shareholdings

The table below sets out the movements in shares held directly or indirectly by KMP during the year.

	Share balance at start of year	Received during the year			Other changes during the year	Share balance at end of year
		STI Plan	Vesting of EIP rights	Vesting of LTI rights		
Non-executive Directors						
Rob Murray	65,167	–	–	–	–	65,167
Glen Boreham	48,462	–	–	–	–	48,462
Carole Campbell	57,250	–	–	–	21,000	78,250
Ido Leffler	65,800	–	–	–	–	65,800
Heith Mackay-Cruise	56,380	–	–	–	18,190	74,570
Helen Nash	28,875	–	–	–	–	28,875
Melanie Willis	40,796	–	–	–	–	40,796
	362,730		**–**	**–**	**39,190**	**401,920**
Executives						
Grant Blackley	168,545	50,974	–	–	–	219,519
Nick McKechnie	63,679	19,081	–	–	–	82,760
John Kelly	26,630	19,419	–	–	–	46,049
Brian Gallagher	57,597	18,310	–	–	–	75,907
	316,451	**107,784**	**–**	**–**	**–**	**424,235**

8.2 Board's target share ownership policies

The Board's non-executive director Share Ownership Policy requires non-executive directors to invest an amount not less than the base fee of a non-executive director in acquiring SCA shares. A non-executive director is required to do so within three years after appointment as a director. The proceeds of any sales of shares will be deducted from a non-executive director's invested amount. The current base fee for non-executive directors is $136,500. The table below shows the status under this policy of non-executive directors' shareholdings.

	Share balance at end of year	FY22 Base fee $	Invested amount $	Achieved target?	Due date to achieve target
Non-executive Director					
Rob Murray	65,167	136,500	245,286	Yes	–
Glen Boreham	48,462	136,500	199,884	Yes	–
Carole Campbell	78,250	136,500	137,011	Yes	–
Ido Leffler	65,800	136,500	114,608	No	Oct 2023
Heith Mackay-Cruise	74,570	136,500	139,910	Yes	–
Helen Nash	28,875	136,500	144,033	Yes	–
Melanie Willis	40,796	136,500	207,909	Yes	–
	401,920		**1,188,641**		

The Board's Senior Executive Share Ownership Policy requires executive KMP (and the CEO's other direct executive reports) to invest an amount not less than 50% of the executive's base salary in acquiring SCA shares. The CEO must invest an amount not less than 100% of the CEO's base salary in acquiring SCA shares. The market price at the time of allocation to an executive of shares under one of SCA's executive incentive plans is included in the executive's invested amount. The proceeds of any sales of shares will be deducted from an executive's invested amount. There is no due date by which an executive must acquire the target shareholding. The table below shows the status under this policy of the shareholding of each executive KMP.

	Balance at end of year	FY22 Base salary $	Invested amount $	Achieved target?
Executive KMP				
Grant Blackley	219,519	1,227,277	1,044,293	No
Nick McKechnie	82,760	584,775	307,583	Yes
John Kelly	46,049	600,080	167,888	No
Brian Gallagher	75,907	585,200	302,534	Yes
	424,235	**2,997,332**	**1,822,298**	

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under s307C of the Corporations Act 2001, is set out on page 53.

This report is signed in accordance with resolutions of the directors of Southern Cross Media Group Limited.

Rob Murray
Chair
Southern Cross Media Group Limited
Sydney, Australia
22 August 2022

Grant Blackley
Managing Director
Southern Cross Media Group Limited
Sydney, Australia
22 August 2022

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Southern Cross Media Group Limited for the year ended 30 June 2022, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Trevor Johnston
Partner
PricewaterhouseCoopers

Melbourne
22 August 2022

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Revenue from continuing operations	3	**519,682**	528,649
Revenue related expenses		**(127,297)**	(158,396)
Employee expenses	6	**(197,797)**	(147,559)
Program and production		**(24,130)**	(20,582)
Technical expenses		**(41,801)**	(40,845)
Promotions and marketing		**(20,064)**	(16,367)
Administration costs		**(23,790)**	(20,180)
Other income	5	**16**	510
Share of net profit of investments accounted for using the equity method	19	**761**	706
Profit before depreciation, amortisation, interest, impairment, fair value movements on financial derivatives and income tax expenses for the year from continuing operations		**85,580**	125,936
Depreciation and amortisation expense		**(31,851)**	(32,770)
Impairment of intangibles and investments	4	**(251,718)**	–
Interest expense and other borrowing costs	17	**(16,219)**	(23,201)
Interest revenue		**140**	1,317
(Loss)/Profit before income tax expense for the year from continuing operations		**(214,068)**	71,282
Income tax credit/(expense) from continuing operations	7	**60,346**	(23,186)
(Loss)/Profit from continuing operations after income tax expense for the year		**(153,722)**	**48,096**
Other comprehensive income that may be reclassified to profit or loss:			
Changes to fair value of cash flow hedges, net of tax		**1,658**	3,781
Total comprehensive (loss)/profit for the year attributable to shareholders		**(152,064)**	**51,877**
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	15	**(58.30)**	18.2
Diluted earnings per share (cents)	15	**(58.30)**	18.2

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

Consolidated Statement of Financial Position

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	11	**49,462**	75,420
Receivables	12	**100,947**	98,687
Derivative financial instruments	18	**787**	–
Current tax asset		**2,622**	–
Total current assets		**153,818**	**174,107**
Non-current assets			
Receivables	12	**11,932**	12,974
Right-of-use assets	25	**110,759**	98,689
Investments	19	**6,465**	5,969
Property, plant and equipment	8	**84,554**	87,199
Intangible assets	9	**703,796**	947,903
Total non-current assets		**917,506**	**1,152,734**
Total assets		**1,071,324**	**1,326,841**
Current liabilities			
Payables	12	**48,930**	56,884
Deferred Income	12	**6,742**	7,306
Provisions	12	**20,620**	17,125
Lease liability	25	**6,497**	9,868
Current tax liability	7	**–**	5,843
Derivative financial instruments	18	**–**	319
Total current liabilities		**82,789**	**97,345**
Non-current liabilities			
Deferred income	12	**88,260**	90,142
Provisions	12	**4,854**	5,546
Borrowings	17	**126,943**	127,225
Lease liability	25	**120,322**	103,101
Deferred tax liability	7	**187,749**	259,701
Derivative financial instruments	18	**–**	1,262
Total non-current liabilities		**528,128**	**586,977**
Total liabilities		**610,917**	**684,322**
Net assets		**460,407**	**642,519**
Equity			
Contributed equity	16	**1,537,404**	1,542,884
Reserves		**5,749**	3,559
Other equity transaction	16	**–**	(77,406)
Accumulated losses		**(1,082,746)**	(826,518)
Equity attributable to equity holders		**460,407**	**642,519**
Total equity		**460,407**	**642,519**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

2022	Contributed equity $'000	Share-based payment reserve $'000	Hedge reserve $'000	Other equity transactions $'000	(Accumulated losses)/ retained profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Total equity at 1 July 2021	**1,542,884**	**4,664**	**(1,105)**	**(77,406)**	**(826,518)**	**642,519**	**–**	**642,519**
Loss for the year	–	–	–	–	(153,722)	(153,722)	–	(153,722)
Other comprehensive income	–	–	1,658	–	–	1,658	–	1,658
Total comprehensive income	**–**	**–**	**1,658**	**–**	**(153,722)**	**(152,064)**	**–**	**(152,064)**
Transactions with equity holders in their capacity as equity holders:								
Buy-back of ordinary shares	(5,480)	–	–	–	–	(5,480)	–	(5,480)
Transfer of reserves[1]	–	–	–	77,406	(77,406)	–	–	–
Employee share entitlements	–	532	–	–	–	532	–	532
Dividends Paid	–	–	–	–	(25,100)	(25,100)	–	(25,100)
	(5,480)	532	–	77,406	(102,506)	(30,048)	–	(30,048)
Total equity at 30 June 2022	**1,537,404**	**5,196**	**553**	**–**	**(1,082,746)**	**460,407**	**–**	**460,407**

1 The Group transferred the reverse acquisition reserve of $77.406 million in connection with the IPO of the Group, into Accumulated losses effective 30 June 2022.

2021	Contributed equity $'000	Share-based payment reserve $'000	Hedge reserve $'000	Other equity transactions $'000	(Accumulated losses)/ retained profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Total equity at 1 July 2020	1,540,569	4,436	(4,886)	(77,406)	(874,614)	588,099	298	588,397
Profit for the year	–	–	–	–	48,096	48,096	–	48,096
Other comprehensive income	–	–	3,781	–	–	3,781	–	3,781
Total comprehensive income	–	–	3,781	–	48,096	51,877	–	51,877
Transactions with equity holders in their capacity as equity holders:								
Contributions of equity, net of transaction costs	2,315	–	–	–	–	2,315	–	2,315
Employee share entitlements	–	228	–	–	–	228	–	228
Acquisition of remaining interest	–	–	–	–	–	–	(298)	(298)
	2,315	228	–	–	–	2,543	(298)	2,245
Total equity at 30 June 2021	**1,542,884**	**4,664**	**(1,105)**	**(77,406)**	**(826,518)**	**642,519**	**–**	**642,519**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		**563,782**	548,547
Payments to suppliers and employees		**(488,932)**	(465,172)
Government grants received		**–**	47,418
Interest received from external parties		**140**	1,317
Tax paid		**(20,780)**	(15,950)
Net cash inflows from operating activities	11	**54,210**	**116,160**
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		**(24,574)**	(13,821)
Payments for purchase of intangibles		**(5,321)**	(123)
Proceeds from sale of property, plant and equipment		**80**	2,481
Payments for acquisitions of unlisted equity securities		**(1,173)**	(500)
Dividends received from equity accounted investments		**640**	560
Net cash flows used in investing activities		**(30,348)**	**(11,403)**
Cash flows from financing activities			
Dividends paid to security holders		**(25,100)**	–
Repayment of borrowings from external parties		**–**	(275,000)
Refinancing costs paid to external parties		**(1,235)**	–
Buy-back of ordinary shares		**(5,480)**	–
Interest paid to external parties		**(10,018)**	(19,564)
Principal elements of lease payments		**(7,987)**	(6,204)
Net cash flows used in financing activities		**(49,820)**	**(300,768)**
Net decrease in cash and cash equivalents		**(25,958)**	(196,011)
Cash assets at the beginning of the year		**75,420**	271,431
Cash assets at the end of the year		**49,462**	**75,420**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Key Numbers	Capital Management	Group Structure	Other
1. Summary of Significant Accounting Policies	13. Capital Management Objectives	19. Non-Current Assets – Investments	22. Share-Based Payments
2. Segment Information	14. Dividends Paid and Proposed	20. Subsidiaries	23. Remuneration of Auditors
3. Revenue	15. Earnings per Share	21. Parent Entity Financial Information	24. Related Party Disclosures
4. Significant Items	16. Contributed Equity and Reserves		25. Leases and Other Commitments
5. Other Income	17. Borrowings		26. Events Occurring after Balance Date
6. Government Grants	18. Financial Risk Management		27. Other Accounting Policies
7. Income Tax Expense			
8. Non-Current Assets – Property, Plant and Equipment			
9. Non-Current Assets – Intangible Assets			
10. Impairment			
11. Cash flow Information			
12. Receivables, Payables, Deferred Income and Provisions			

Key Numbers

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. In addition, significant and other accounting policies that summarise the measurement basis used and that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Southern Cross Media Group Limited ('the Company') and its subsidiaries ('the Group').

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001 (where applicable). The Group is a for-profit entity for the purpose of preparing the financial statements.

These financial statements have been prepared on a going concern basis. The Group has performed an assessment of its ability to continue as a going concern. The assessment has considered the balance sheet position, including $49.5 million of cash and cash equivalents at 30 June 2022; forecast performance; and the expectations that the Group will comply with its debt facility covenants. Based on the assessment, the Group concluded that these financial statements should be prepared on a going concern basis.

Information in respect of the parent entity in this financial report relates to Southern Cross Media Group Limited.

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, comparative figures have been adjusted to conform to changes in presentation in the current year.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2022 and the results of all subsidiaries for the year then ended. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The effects of all transactions between entities in the Group are eliminated in full.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group except as follows:

– At the time of Initial Public Offering ('IPO') Southern Cross Media Australia Holdings Pty Limited ('SCMAHL') was deemed to be the accounting acquirer of both Southern Cross Media Group Limited ('SCMGL') and Southern Cross Media Trust ('SCMT'), which was neither the legal parent nor legal acquirer; and
– This reflects the requirements of AASB 3 that in situations where an existing entity (SCMAHL) arranges to be acquired by a smaller entity (SCMGL) for the purposes of a stock exchange listing, the existing entity SCMAHL should be deemed to be the acquirer, subject to consideration of other factors such as management of the entities involved in the transaction and relative fair values of the entities involved in the transaction. This is commonly referred to as a reverse acquisition.

At the time of IPO, in November 2005, the reverse acquisition guidance of AASB 3 was applied to the Group and the cost of the Business Combination was deemed to be paid by SCMAHL to acquire SCMGL and SCMT. The cost was determined by reference to the fair value of the net assets of SCMGL and SCMT immediately prior to the Business Combination. The investment made by the legal parent SCMGL in SCMAHL to legally acquire the existing radio assets is eliminated on consolidation. In applying the guidance of AASB 3, this elimination resulted in a debit of $77.4 million to other equity transactions. The Group transferred this reserve to Accumulated losses effective 30 June 2022. This does not affect the Group's distributable profits or ability to pay dividends.

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 judgements

The preparation of the financial report in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management 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. Management believes the estimates used in the preparation of the financial report are reasonable. Actual results in the future may differ from those reported. Judgements and estimates which are material to the financial report are found in the following notes:

Note 9 Non-Current Assets – Intangible Assets
Note 10 Impairment
Note 12 Receivables, Payables, Deferred Income and Provisions
Note 25 Leases and Other Commitments

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

Coronavirus (COVID-19) and other environmental factors

The Group's results were significantly impacted by continuous COVID-19 lockdowns throughout the current year and prior year. In addition to the pandemic, external factors including natural disasters, the war in Ukraine and the possibility of recession have all contributed to the pace of recovery.

As a consequence, management has:
- Continued to evaluate areas of judgement or estimation uncertainty;
- Updated its economic outlook, principally for the purposes of input into its expected credit losses through the application of forward-looking information, but also for the input into the impairment analysis of financial and non-financial assets classes and disclosures such as fair value disclosures of financial assets and liabilities; and
- Reviewed public forecasts and experience from previous downturns for input into the impairment assessment of the Audio CGU.

Further judgements and estimates were required due to these external factors and are detailed further in the notes to the financial statements, in particular:

Note 10 Impairment
Note 12 Receivables, Payables, Deferred Income and Provisions
Note 13 Capital Management Objectives
Note 18 Financial Risk Management
Note 19 Non-Current Assets – Investments

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. Details of the impact of new accounting policies and all other accounting policy information are disclosed at the end of the financial report in note 27.

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 operating 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 operating segments being:
- Audio, comprising metro and regional radio, digital and other related businesses; and
- Television, comprising the regional television business.

	Audio		Television		Corporate		Consolidated	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Segment revenue	**392,811**	358,465	**126,216**	169,627	**655**	557	**519,682**	528,649
National revenue[1]	**213,377**	194,959	**77,572**	103,023	**–**	–	**290,949**	297,982
Local revenue[2]	**137,849**	130,466	**41,382**	53,937	**–**	–	**179,231**	184,403
Other	**41,585**	33,040	**7,262**	12,667	**655**	557	**49,502**	46,264
Total revenue	**392,811**	**358,465**	**126,216**	**169,627**	**655**	**557**	**519,682**	**528,649**
Reported EBITDA	**85,824**	**115,021**	**30,010**	**38,092**	**(30,254)**	**(27,177)**	**85,580**	**125,936**
EBITDA % of Revenue	**21.8%**	32.1%	**23.8%**	22.5%	**N/A**	N/A	**16.5%**	23.8%
Impairment of intangibles and investments	**(251,718)**	–	**–**	–	**–**	**–**	**(251,718)**	–
Depreciation and amortisation	**–**	–	**–**	–	**–**	**–**	**(31,851)**	(32,770)
Statutory EBIT/ Segment Result	**–**	**–**	**–**	**–**	**–**	**–**	**(197,989)**	**93,166**
Financing costs	**–**	–	**–**	–	**–**	–	**(16,079)**	(21,884)
Income tax credit (expense)	**–**	–	**–**	–	**–**	–	**60,346**	(23,186)
Profit/(Loss) for the year attributable to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(153,722)**	**48,096**

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. Revenue

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

	Consolidated	
	2022 $'000	**2021 $'000**
Revenue from continuing operations		
Sales revenue	**519,398**	528,298
Rental revenue	**284**	351
Total revenue from continuing operations	**519,682**	**528,649**

Recognition and Measurement

Revenues are recognised at fair value of the consideration received or receivable net of the amount of GST payable to the relevant taxation authority.

Sales revenue

Under AASB 15 *Revenue from Contracts with Customers* revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control requires judgement. The Group recognises revenue at the point the underlying performance obligation has been completed and control of the services or goods passes to the customer.

Revenue represents revenue earned primarily from the sale of radio, digital and television advertising airtime and related activities, including sponsorship and promotions.

Based on the Group being considered the principal entity in the sale of radio, digital and advertising, revenue is recognised gross of rebates and agency commissions. For significant payment terms refer to note 12.

Advertising revenue is recognised at a point in time when the underlying performance obligation has been satisfied, being primarily when the advertisement is aired.

Sponsorship revenue is included within advertising revenue and the length of the sponsorship can vary in length of time. Revenue is recognised over the period to which the sponsorship relates.

Production services used to create advertising suitable for broadcast is treated as a separate performance obligation. Production revenue is recognised at a point in time when the Group has completed the production service, which is likely to be before the relevant advertising is broadcast.

Included within advertising revenue is the Australian Traffic Network (ATN) contract where revenue is recognised over time. The ATN contract has been deemed to contain a significant financing component. Revenue from this contract has been recalculated over the 30-year contract period and has been grossed up to account for interest expense (for further detail refer to note 12).

Digital revenue is recognised at the point the underlying performance obligations of the contract have been delivered to the customer. Historically SCA has acted as the principal for Radio and Television Advertising, however with the introduction and growth in the digital market this is not always the case. New digital revenue streams have resulted in SCA having to determine whether it is the principal or agent under AASB 15. SCA is the principal in a transaction when it has primary responsibility for fulfilling the promise, the inventory risk and discretion in establishing price. Revenue will be recognised as Gross when SCA is principal, with a corresponding expense for any fees which could include agency commission in the traditional sense. SCA is the agent in a transaction when it receives a commission/revenue share, has no inventory risk and little or no discretion in establishing price. Revenue will be recognised as net when SCA is an agent, with no corresponding expense for any fees.

The Group derives other regular sources of operating revenue including commercial production for advertisers, facility sharing revenue and third-party agency commissions.

4. Significant Items

The net profit after tax includes the following items whose disclosure is 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.

	2022 $'000	**2021 $'000**
Impairment of intangibles and investments (refer notes 9, 10 and 19)	**(179,430)**	–
Other (after tax)	**(2,846)**	–
Total significant items included in net profit after tax	**(182,276)**	**–**

5. Other Income

	Consolidated 2022 $'000	Consolidated 2021 $'000
Net gain from disposal of assets	**16**	510
Total other income	**16**	**510**

	2022 $'000	2021 $'000
Net assets disposed	**(65)**	(1,971)
Gross cash consideration	**81**	2,481
Net gain from disposal of assets before tax	**16**	**510**

6. Government Grants

As part of its response to COVID-19, in March 2020 the Australian Government announced various stimulus measures as a result of the economic fallout from the coronavirus lockdown.

JobKeeper

The Group determined it was eligible to receive the initial JobKeeper Payment Scheme ('JobKeeper') for the period April to September 2020.

The initial JobKeeper payments were a wage subsidy whereby employers who qualify for the stimulus received $1,500 per fortnight for each eligible employee who was employed by the company during the period April 2020 to September 2020. Further to the initial JobKeeper wage subsidy, the scheme was extended for two further quarters, albeit at lower rates. The Group has determined that it was eligible to receive the first period of the extension from 28 September 2020 to 3 January 2021.

The JobKeeper extension was a two-tier wage subsidy. In the first extension quarter, employers who qualify for the stimulus received $1,200 per fortnight for each eligible employee, who worked for 80 hours or more in the reference period; and $750 per fortnight for eligible employees who worked less than 80 hours in the reference period.

The Group determined it was not eligible for the second extension period from January 2021 to March 2021.

During the prior year SCA received $37.1 million in JobKeeper funding, of which $31.9 million was recognised as income.

PING

The Group applied and was found eligible for funding under the Commonwealth Government's Public Interest News Gathering (PING) program. During the prior year SCA received $10.3 million for the period September 2020 to August 2021 of which $1.7 million was recognised as income during this financial year and $8.6 million in the prior year.

The PING program is a government incentive to support commercial television, radio and newspaper businesses in regional Australia during COVID-19.

JobKeeper and PING payments are government grants and are accounted for under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance.*

Government grants are recognised over the period of the grant at their fair value when there is reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. The impact on the Consolidated Statement of Comprehensive Income is shown below.

	Consolidated 2022 $'000	Consolidated 2021 $'000
JobKeeper	**–**	31,878
PING Program	**1,711**	8,577
Employee Costs	**(199,508)**	(188,014)
Total employee costs after Government Assistance	**(197,797)**	**(147,559)**

7. Income Tax Expense

The income tax expense for the financial year differs from the amount calculated on the net result from continuing operations. The differences are reconciled as follows:

	Consolidated	
	2022 $'000	**2021 $'000**
Income tax expense		
Current tax		
Current tax on profits for the year	**10,806**	26,311
Adjustments for current tax of prior periods	**1,510**	594
Total current tax expense	**12,316**	**26,905**
Deferred income tax		
Decrease in net deferred tax liabilities	**(71,065)**	(3,904)
Adjustments for deferred tax of prior periods	**(1,597)**	185
Total deferred tax expense	**(72,662)**	**(3,719)**
Income tax (credit)/expense	**(60,346)**	**23,186**
Reconciliation of income tax expense to prima facie tax payable		
(Loss)/profit before income tax expense	**(214,068)**	71,282
Tax at the Australian tax rate of 30%	**(64,220)**	21,385
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Impairment of intangibles and investments	**3,227**	–
Share of net profits of associates	**(228)**	(212)
Non-deductible entertainment expenses	**797**	621
Other non-deductible expenses	**165**	613
Adjustments recognised in the current year in relation to prior years	**(87)**	779
Income tax (credit)/expense	**(60,346)**	**23,186**

	Consolidated	
Deferred Taxes	**2022 $'000**	**2021 $'000**
The balance comprises temporary differences attributable to:		
Licences and brands	**(206,641)**	(279,009)
Employee benefits	**6,882**	5,887
Provisions	**865**	1,027
Interest rate swaps	**(236)**	474
Right-of-use assets	**(33,327)**	(29,610)
Lease liabilities	**38,145**	33,896
Deferred revenue	**3,459**	2,986
Other	**3,104**	4,648
Net balance disclosed as deferred tax liability	**(187,749)**	**(259,701)**

For the year ended 30 June 2022, the Company had $0.7 million deferred income tax expense (2021: $1.6 million of deferred income tax expense) recognised directly in equity in relation to cash flow hedges, with a corresponding reduction in deferred tax assets being recognised. There are $60.644 million available of unused tax losses on the capital account for which no deferred tax asset has been recognised (2021: $60.030 million). There are no other unused tax losses for which no deferred tax asset has been recognised.

7. Income Tax Expense (continued)

Recognition and Measurement

Income Tax

Income tax amounts recognised in the Group's financial statements relate to tax paying entities within the Group and have been recognised in accordance with Group policy.

The income tax expense for the year is the tax payable on the current year's taxable income based on the applicable tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and adjusted by changes to unused tax losses.

Deferred Taxes

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

In determining the extent of temporary differences of assets, the carrying amount of assets is assumed to be recovered through use.

Tax Consolidated Group

The Company is the head entity of the tax consolidated group. For further information, refer note 21.

8. Non-Current Assets – Property, Plant and Equipment

Consolidated 2022	Land and Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Assets under construction $'000	Total $'000
Cost	**25,433**	**54,331**	**256,267**	**14,864**	**350,895**
Accumulated depreciation expense	**(9,273)**	**(36,165)**	**(220,903)**	**–**	**(266,341)**
Net carrying amount	**16,160**	**18,166**	**35,364**	**14,864**	**84,554**
Movement					
Net carrying amount at beginning of year	**16,790**	**18,053**	**46,881**	**5,475**	**87,199**
Additions	**101**	**2,877**	**2,998**	**14,584**	**20,560**
Disposals	**(67)**	**(20)**	**(60)**	**–**	**(147)**
Depreciation expense	**(664)**	**(4,470)**	**(13,893)**	**–**	**(19,027)**
Transfers[1]	**–**	**1,726**	**(562)**	**(5,195)**	**(4,031)**
Net carrying amount at end of year	**16,160**	**18,166**	**35,364**	**14,864**	**84,554**

1 The transfer of $4,031 million of net intangibles relate to the LiSTNR app, which was transferred from Property, plant and equipment following a review of the accounting treatment.

Consolidated 2021	Land and Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Assets under construction $'000	Total $'000
Cost	25,410	50,605	255,800	5,475	337,290
Accumulated depreciation expense	(8,620)	(32,552)	(208,919)	–	(250,091)
Net carrying amount	**16,790**	**18,053**	**46,881**	**5,475**	**87,199**
Movement					
Net carrying amount at beginning of year	19,520	23,142	49,053	5,138	96,853
Additions	147	159	8,338	5,177	13,821
Disposals	(2,288)	(10)	(887)	–	(3,185)
Depreciation expense	(589)	(5,238)	(14,463)	–	(20,290)
Transfers	–	–	4,840	(4,840)	–
Net carrying amount at end of year	**16,790**	**18,053**	**46,881**	**5,475**	**87,199**

8. Non-Current Assets – Property, Plant and Equipment (continued)

Recognition and Measurement

Property, Plant and Equipment at Cost

Property, plant and equipment is recorded at cost less accumulated depreciation and cumulative impairment charges. Cost includes those costs directly attributable to bringing the assets into the location and working condition necessary for the asset to be capable of operating in the manner intended by management. The estimated cost of dismantling and removing infrastructure items and restoring the site on which the assets are located is only included in the cost of the asset to the extent that the Group has an obligation to restore the site and the cost of restoration is not recoverable from third parties. Additions, renewals and improvements are capitalised, while maintenance and repairs are expensed.

The carrying values of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis to amortise the cost of the asset over its estimated useful life.

Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life of property, plant and equipment is as follows:

Buildings	25 – 50 years	Communication equipment	3 – 5 years
Leasehold improvements	3 – 16 years	Other plant and equipment	2 – 20 years
Network equipment	2 – 10 years	Leased plant and equipment	2 – 20 years

9. Non-Current Assets – Intangible Assets

Consolidated 2022	Goodwill $'000	Broadcasting Licences $'000	Brands and Tradenames $'000	Other $'000	Total $'000
Cost	**362,088**	**1,502,031**	**90,238**	**12,844**	**1,967,201**
Accumulated impairment expense	**(362,088)**	**(854,478)**	**(41,662)**	**–**	**(1,258,228)**
Accumulated amortisation expense	**–**	**–**	**–**	**(5,177)**	**(5,177)**
Net carrying amount	**–**	**647,553**	**48,576**	**7,667**	**703,796**
Movement					
Net carrying amount at beginning of year	**9,959**	**871,700**	**65,308**	**936**	**947,903**
Additions	**–**	**–**	**82**	**5,073**	**5,155**
Transfers[1]	**–**	**–**	**–**	**4,031**	**4,031**
Impairment expense (note 10)	**(9,959)**	**(224,147)**	**(16,814)**	**–**	**(250,920)**
Amortisation expense	**–**	**–**	**–**	**(2,373)**	**(2,373)**
Net carrying amount at end of year	**–**	**647,553**	**48,576**	**7,667**	**703,796**

1 The transfer of $4.031 million of net intangibles relate to the LiSTNR app, which was transferred from Property, plant and equipment following a review of the accounting treatment.

Consolidated 2021	Goodwill $'000	Broadcasting Licences $'000	Brands and Tradenames $'000	Other $'000	Total $'000
Cost	362,088	1,502,031	90,156	3,577	1,957,852
Accumulated impairment expense	(352,129)	(630,331)	(24,848)	–	(1,007,308)
Accumulated amortisation expense	–	–	–	(2,641)	(2,641)
Net carrying amount	**9,959**	**871,700**	**65,308**	**936**	**947,903**
Movement					
Net carrying amount at beginning of year	9,959	871,700	65,185	1,203	948,047
Additions	–	–	123	–	123
Amortisation expense	–	–	–	(267)	(267)
Net carrying amount at end of year	**9,959**	**871,700**	**65,308**	**936**	**947,903**

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For the year ended 30 June 2022

9. Non-Current Assets – Intangible Assets (continued)

Goodwill and intangible assets with indefinite useful lives

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. There are also judgements involved in determination of cash-generating units ('CGUs').

Key Judgement

Useful Life

A summary of the useful lives of intangible assets is as follows:

Commercial Television/Radio Broadcasting Licences	Indefinite
Brands and Tradenames	Indefinite

Licences

Television and radio licences are initially recognised at cost. Analogue licences are renewable for a minimal cost every five years under provisions within the Broadcasting Services Act. Digital licences attach to the analogue licences and renew automatically. The Directors understand that the revocation of a commercial television or radio licence has never occurred in Australia and have no reason to believe the licences have a finite life. During the year, the free-to-air commercial television and radio broadcasting licences have been assessed to have indefinite useful lives.

Brands

Brands are initially recognised at cost. The brands have been assessed to have indefinite useful lives. The Group's brands operate in established markets with limited restrictions and are expected to continue to complement the Group's media initiatives. On this basis, the Directors have determined that brands have indefinite lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows.

Other intangible assets

IT development and software

Costs associated with maintaining software programs are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

– it is technically feasible to complete the software so that it will be available for use
– management intends to complete the software and use or sell it
– there is an ability to use or sell the software
– it can be demonstrated how the software will generate probable future economic benefits
– adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
– the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee and contractor costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The Group amortises other intangible assets with a limited useful life using the straight-line method over the following periods:

IT development and software	3 – 5 years
Customer contracts	5 years

10. 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. 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 for FY2022 relative to its remaining carrying value, no impairment test was performed on the Television CGU at 30 June 2022.

The recoverable amount of the Audio CGU at 30 June 2022 and 30 June 2021 was determined based on the fair value less costs of disposal ('FVLCD') discounted cash flow model utilising probability weighted scenarios.

Allocation of goodwill and other intangible assets

Consolidated 2022	**Audio CGU $'000**	**Television CGU $'000**	**Total $'000**
Goodwill allocated to CGU	–	–	–
Indefinite lived intangible assets allocated to CGU	**696,129**	**–**	**696,129**
Finite lived intangible assets allocated to CGU	**7,667**	**–**	**7,667**
Total goodwill, finite and indefinite lived intangible assets	**703,796**	**–**	**703,796**

Consolidated 2021	**Audio CGU $'000**	**Television CGU $'000**	**Total $'000**
Goodwill allocated to CGU	9,959	–	9,959
Indefinite lived intangible assets allocated to CGU	937,008	–	937,008
Finite lived intangible assets allocated to CGU	936	–	936
Total goodwill, finite and indefinite lived intangible assets	**947,903**	**–**	**947,903**

Audio CGU

Impairment

At 30 June 2022, an impairment loss of $250.9 million was recorded against the Goodwill, Broadcasting Licences and Brands and Tradenames in the Audio CGU, reflecting a recoverable amount of $511.9 million. The carrying values of the other assets in the Audio CGU were considered equal to their fair value. After the impairment loss, the estimated recoverable amount of the Audio CGU, based on FVLCD, equals its carrying amount. The impairment reflects an increase in the discount rate; slower than expected recovery from the economic impacts of the COVID pandemic; independent estimates of radio broadcast growth rates showing declines over the forecast period; and a more pessimistic weighting towards the Lower Case due to increased potential for worsening economic conditions.

b) Key assumptions used

30 June 2022

The FVLCD calculations used cash flow projections based on the 2023 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 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 FY24 declining to 76% by FY27	To 83% of CPI adjusted FY19 revenue base in FY24 declining to 80% by FY27	To 90% of CPI adjusted FY19 revenue base by FY24 and flat thereafter
Long-term growth rate	0.5%	1.5%	2.5%
Discount rate (post-tax)	9.75%	9.75%	9.75%
Growth in digital audio revenues – 5-year CAGR	17%	29%	41%
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

10. Impairment (continued)

The market capitalisation of the Group at 30 June 2022 was $258 million, which represented a $202 million deficiency against the net assets of $460 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.

30 June 2021

The FVLCD calculations used cash flow projections based on the 2022 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 market growth rates did not exceed 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 weighing 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 80% of CPI adjusted FY19 revenue base by FY25	To 85% of CPI adjusted FY19 revenue base by FY24	To 90% of CPI adjusted FY19 revenue base by FY23
Long-term growth rate	(0.5)%	1.0%	2.0%
Discount rate (post-tax)	8.5%	8.5%	8.5%
Growth in digital audio revenues – 5-year CAGR	23%	41%	58%
Metro market share – Year 5	27%	29%	30%
Probability weighting	10% – lower case considered equally as likely as upper case	80% – base case considered most likely outcome	10% – upper case considered equally as likely as lower case

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 30 June 2022 described above represent a reasonably possible change in assumptions, which together would lead to a further pre-tax impairment of $357 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 9.75% to 10.5%	0.75%	(42)
Reduction in long-term growth rate by 1.0% in each scenario	(1.0)%	(42)

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11. Cash flow information

a) Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities

	Consolidated	
	2022 $'000	**2021 $'000**
(Loss)/profit after income tax	**(153,722)**	48,096
Impairment of intangibles and investments	**251,718**	–
Depreciation and amortisation	**31,851**	32,770
Net gain from disposal of assets	**(16)**	(510)
Share of associate profit	**(761)**	(706)
Interest expense and other borrowing costs included in financing activities	**16,219**	23,201
Share-based payments	**532**	228
Change in operating assets and liabilities:		
(Increase) in receivables	**(1,687)**	(14,876)
(Decrease) in deferred taxes (net of tax movement in hedge reserve)	**(72,662)**	(3,718)
Increase/(decrease) in payables (excluding interest expense classified as financing activities)	**(3,824)**	25,380
(Decrease) in deferred income	**(7,777)**	(8,732)
Increase/(decrease) in provision for income tax	**(8,465)**	10,956
Increase in provisions	**2,804**	4,071
Net cash inflows from operating activities	**54,210**	**116,160**

b) Net debt reconciliation

	Consolidated	
	2022 $'000	**2021 $'000**
Cash and liquid investments	**49,462**	75,420
Borrowings – repayable within one year	**–**	–
Borrowings – repayable after one year	**(126,943)**	(127,225)
Lease liabilities	**(126,819)**	(112,969)
Net debt	**(204,300)**	**(164,774)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

11. Cash flow information (continued)

b) Net debt reconciliation (continued)

		Consolidated		
	Cash $'000	Bank Loans $'000	Lease Liabilities $'000	Total $'000
Balance as at 1 July 2020	**271,431**	**(401,703)**	**(132,951)**	**(263,223)**
Repayment of borrowings	(275,000)	275,000	–	–
Other cash flows	78,989	–	–	78,989
Payment for leases	–	–	13,353	13,353
Changes from financing activities	**75,420**	**(126,703)**	**(119,598)**	**(170,881)**
Other Changes				
Finance costs	–	–	(6,874)	(6,874)
Amortisation of borrowing costs	–	(522)	–	(522)
Addition of leases	–	–	(2,130)	(2,130)
Options not exercised	–	–	16,034	16,034
Other remeasurements	–	–	(401)	(401)
Subtotal of other changes	**–**	**(522)**	**6,629**	**6,107**
Balance as at 30 June 2021	**75,420**	**(127,225)**	**(112,969)**	**(164,774)**
Payment for leases	**–**	**–**	**14,256**	**14,256**
Other cash flows	**(25,958)**	**–**	**–**	**(25,958)**
Changes from financing activities	**49,462**	**(127,225)**	**(98,713)**	**(176,476)**
Other Changes				
Finance costs	**–**	**1,235**	**(6,271)**	**(5,036)**
Amortisation of borrowing costs	**–**	**(953)**	**–**	**(953)**
Addition of leases	**–**	**–**	**(21,646)**	**(21,646)**
Other remeasurements	**–**	**–**	**(189)**	**(189)**
Subtotal of other changes	**–**	**282**	**(28,106)**	**(27,824)**
Balance as at 30 June 2022	**49,462**	**(126,943)**	**(126,819)**	**(204,300)**

c) Cash and cash equivalents

	Consolidated	
	2022 $'000	2021 $'000
Current		
Cash at bank and at hand	**49,462**	75,420
	49,462	**75,420**

Recognition and measurement

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

12. Receivables, Payables, Deferred Income and Provisions

a) Receivables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current		
Trade receivables	**88,458**	85,744
Prepayments	**10,974**	9,813
Other	**1,515**	3,130
	100,947	**98,687**

	Consolidated 2022 $'000	Consolidated 2021 $'000
Non-current		
Refundable deposits	**334**	292
Prepayments	**11,468**	12,495
Other	**130**	187
	11,932	**12,974**

The carrying amounts of the non-current receivables approximate their fair value.

Ageing analysis of trade receivables

The tables below summarise the ageing analysis of trade receivables as at 30 June.

Consolidated As at 30 June 2022	**Current – not past due $'000**	**Past due – up to 60 days $'000**	**Past due – 60 to 90 days $'000**	**Past due – >90 days $'000**	**Total $'000**
Expected loss rate	**1.1%**	**2.2%**	**21.0%**	**35.0%**	
Trade receivables	**83,626**	**4,691**	**991**	**588**	**89,896**
Expected credit losses ('ECL')	**(921)**	**(103)**	**(208)**	**(206)**	**(1,438)**
Trade receivables net of ECL	**82,705**	**4,588**	**783**	**382**	**88,458**

Consolidated As at 30 June 2021	**Current – not past due $'000**	**Past due – up to 60 days $'000**	**Past due – 60 to 90 days $'000**	**Past due – >90 days $'000**	**Total $'000**
Expected loss rate	0.9%	3.0%	30.0%	50.0%	
Trade receivables	79,898	5,704	950	758	87,310
Expected credit losses ('ECL')	(731)	(171)	(285)	(379)	(1,566)
Trade receivables net of ECL	**79,167**	**5,533**	**665**	**379**	**85,744**

The Group has recognised bad debts during the year ended 30 June 2022 of $140,536 (2021: $153,095). The Group applies a simplified model of recognising lifetime expected credit losses immediately upon recognition. The expected loss rates are historically based on the payment profile of sales over a period of three years before the end of the current period. Historical loss rates have been adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The amount of the loss allowance is recognised in profit or loss. Where a debt is known to be uncollectible, it is considered a bad debt and written off.

Collections have held up throughout FY22, with very few delinquent debts, therefore SCA has decreased the weightings of expected losses on debts over 30 days. However, due to recent economic uncertainly SCA has increased the current – not past due weighting from 0.9% to 1.1.%. Overall, SCA has reduced the ECL provision to $1.438 million (2021: $1.566 million).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

12. Receivables, Payables, Deferred Income and Provisions (continued)

Recognition and Measurement

Trade Receivables

Trade receivables are recognised at fair value, being the original invoice amount and subsequently measured at amortised cost less ECL provision. Generally, credit terms are for 30 days from date of invoice or 45 days for an accredited agency.

b) Prepayments

On 2 September 2019, the Group paid $15 million to Broadcast Australia for the outsourcing of the Group's transmission services which is being recognised as an expense over a 15-year period.

	2022 $'000	2021 $'000
Current		
Broadcast Australia transmitter services	**1,027**	1,027
Other	**9,947**	8,786
	10,974	**9,813**
Non-current		
Broadcast Australia transmitter services	**11,468**	12,495
	11,468	**12,495**

c) Payables

	Consolidated	
	2022 $'000	2021 $'000
Current		
Trade creditors	**9,938**	10,780
GST payable	**2,658**	2,107
Accruals and other payables	**36,334**	43,997
	48,930	**56,884**

Recognition and Measurement

Trade Creditors, Accruals and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

d) Deferred income

	Consolidated	
	2022 $'000	2021 $'000
Current	**6,742**	7,306
Deferred income	**6,742**	**7,306**

	Consolidated	
	2022 $'000	2021 $'000
Non-current		
Deferred income	**88,260**	90,142
	88,260	**90,142**

12. Receivables, Payables, Deferred Income and Provisions (continued)

Recognition and Measurement

Deferred Income

In 2016, the Group entered into a long-term contract with Australian Traffic Network (ATN) for it to provide traffic reports for broadcast on Southern Cross Austereo (SCA) radio stations. SCA received payment of $100 million from ATN in return for its stations broadcasting advertising tags provided by ATN attached to news and traffic reports. The contract has a term of 20 years, with an option for ATN to extend it by a further 10 years. The $100 million payment has been recorded on the balance sheet under 'Deferred Income' and will be released to the Income Statement over a 30-year period, unless the contract ends after 20 years at which point the remaining balance will be recognised as revenue in year 20. This treatment will match the receipt of future broadcasting services, airtime and traffic management services that the Group is required to provide over the life of the contract.

ATN revenue recognised that was included in the deferred income balance at the beginning of the period was $7.1 million. The ATN revenue recognised of $7.1 million (2021: $7.1 million) has been offset by the recognition of $5.4 million (2021: $5.4 million) in interest expense as the unwind of discounting.

In addition to the payment received from ATN, deferred income represents government grants received and income invoiced in advance. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are deferred and recognised in profit or loss on a straight-line basis over the expected useful lives of the related assets.

e) Provisions

	Consolidated	
	2022 $'000	**2021 $'000**
Current		
Employee benefits	**19,930**	17,125
Lease provisions	**690**	–
	20,620	**17,125**

	Consolidated	
	2022 $'000	**2021 $'000**
Non-current		
Employee benefits	**3,010**	2,715
Lease provisions	**1,844**	2,831
	4,854	**5,546**

Movements in current and non-current provisions, other than provisions for employee benefits, are set out below:

	Consolidated	
	2022 $'000	**2021 $'000**
Balance at the beginning of the financial year	**2,831**	2,047
Additional provisions made in the period, including increases to existing provisions	**–**	805
Unused amounts reversed during the period	**(297)**	(21)
Balance at the end of the financial year	**2,534**	**2,831**

Recognition and Measurement

Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

12. Receivables, Payables, Deferred Income and Provisions (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market estimates of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Wages and salaries, leave and other entitlements

Liabilities for unpaid salaries, salary related costs and provisions for annual leave are recorded in the Consolidated Statement of Financial Position at the salary rates which are expected to be paid when the liability is settled. Provisions for long service leave and other long-term benefits are recognised at the present value of expected future payments to be made. In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using high quality corporate bond rates with terms that match as closely as possible to the expected future cash flows.

Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the obligation under the contract. The provision is measured at the lower of the cost of fulfilling the contract and any compensation or penalties arising from the failure to fulfil it.

Lease Provisions

The provision comprises of the makegood provisions included in lease agreements for which the Group has a legal or constructive obligation. The present value of the estimated costs of dismantling and removing the asset and restoring the site is recognised as a provision. At each reporting date, the liability is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows.

Capital Management

13. Capital Management Objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide appropriate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, maintain a fully underwritten dividend reinvestment plan, return capital to shareholders, issue new shares, buy back existing shares or sell assets to reduce debt. The Group has taken measures to reduce net debt and leverage is now below 1.0 times. The following outlines the capital management policies that are currently in place for the Group:

Dividend Policy

Dividend Payout Ratio

The Group has a policy to distribute between 65-85% of underlying financial year Net Profit After Tax.

Dividend Reinvestment Plan ('DRP')

The Group operates a DRP whereby shareholders can elect to receive their dividends by way of receiving shares in the Company instead of cash. The Company can elect to either issue new shares, or to buy shares on-market. The DRP has been suspended since the 2016 interim dividend.

Further details on the Group's dividends are outlined in note 14.

Share buy-back

On 24 March 2022 the Group announced its intention to conduct an on-market share buy-back of up to $40 million over the 12-month period from 8 April 2022 to 7 April 2023. As of 30 June 2022, the Group had bought back 3,366,234 shares for $5.5 million.

Debt Facilities

Syndicated Debt Facility

During the year, the Group successfully renegotiated its Syndicated Facility Agreement ('SFA'), which was used to repay the existing drawn debt of $128 million on 10 January 2022. At 30 June 2022 the Group had a $250 million (2021: $250 million) revolving four year (2021: three year) facility expiring on 9 January 2026. This facility is used as core debt for the Group and may be paid down and redrawn in accordance with the SFA.

Covenants

For the duration of the SFA the Banking Group, being Southern Cross Austereo Pty Ltd and its subsidiaries, has a maximum leverage ratio covenant of 3.5 times and a minimum interest cover ratio of 3.0 times. In response to the adverse business impacts of COVID-19, an amendment was agreed with the syndicate to increase the maximum leverage ratio covenant to 4.5 times for the periods from 30 June 2020 through to 30 June 2021, however the covenant subsequently reverted to 3.5 times. As at 30 June 2022, the leverage ratio was 0.95 times, and the interest cover ratio was 23.45 times.

Further details on the Group's debt facilities are outlined in note 17.

Property, Plant and Equipment and Intangibles

The capital expenditure for 2022 was $20.6 million (2021: $13.8 million).

Further details on the Group's fixed assets are outlined in note 8.

14. Dividends Paid and Proposed

	Consolidated 2022 $'000	Consolidated 2021 $'000
The dividends were paid as follows:		
Interim dividend paid for the half year ended 31 December 2021/2020 – fully franked at the tax rate of 30%	**11,890**	–
Final dividend paid for the year ended 30 June 2021/2020 – fully franked at the tax rate of 30%	**13,210**	–
	25,100	**–**
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
Paid in cash	**25,100**	–
	25,100	**–**

	Cents per share	Cents per share
Interim dividend paid for the half year ended 31 December 2021/2020	**4.50**	–
Final dividend paid for the year ended 30 June 2021/2020	**5.00**	–
	9.50	**–**

The Group has $180.1 million of franking credits at 30 June 2022 (2021: $170.5 million).

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the end of the reporting period.

Since the end of the financial year the Directors have declared the payment of a final 2022 ordinary dividend of $12.35 million (4.75 cents per fully paid share) out of 'Retained Profits – 2019 reserve'. This dividend will be paid on 4 October 2022.

15. Earnings per Share

	Consolidated 2022 $'000	Consolidated 2021 $'000
Continuing Operations		
Profit attributable to shareholders from continuing operations ($'000)	**(153,722)**	48,096
Profit attributable to shareholders from continuing operations excluding significant items ($'000)	**28,554**	48,096
Weighted average number of shares used as the denominator in calculating basic earnings per share (shares, '000)	**263,681**	264,214
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (shares, '000)	**265,200**	264,922
Basic earnings per share (cents per share)	**(58.3)**	18.20
Diluted earnings per share (cents per share)	**(58.3)**	18.15
Excluding significant items (refer note 4)		
Basic earnings per share excluding significant items (cents per share)	**10.82**	18.20
Diluted earnings per share excluding significant items (cents per share)	**10.77**	18.15
Dividends paid/proposed for the year as a % of NPAT	**85.0%**	**27.5%**

During the prior year the Group announced completion of the one for 10 share consolidation which was approved by shareholders at the AGM on 30 October 2020.

On 24 March 2022 the Group announced its intention to conduct an on-market share buy-back of up to $40 million over the 12-month period from 8 April 2022 to 7 April 2023. As of 30 June 2022, the Group had bought back 3,366,234 shares for $5.5 million.

Recognition and Measurement

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential shares.

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For the year ended 30 June 2022

16. Contributed Equity and Reserves

	Consolidated 2022 $'000	Consolidated 2021 $'000
Ordinary shares	**1,537,404**	1,542,884
Contributed equity	**1,537,404**	**1,542,884**

	Consolidated 2022 $'000	Consolidated 2021 $'000	Consolidated 2022 Number of securities '000	Consolidated 2021 Number of securities '000
On issue at the beginning of the financial year	**1,542,884**	1,540,569	**264,214**	2,642,106
Share Issue – Institutional	**–**	–	**–**	–
Share Issue – Retail	**–**	–	**–**	–
Buy-back of ordinary shares	**(5,480)**	–	**(3,366)**	–
One for 10 share consolidation	**–**	–	**–**	(2,377,892)
Contributions of equity, net of transaction costs	**–**	2,315	**–**	–
On issue at the end of the financial year	**1,537,404**	**1,542,884**	**260,848**	**264,214**

During the prior year the Group announced completion of the one for 10 share consolidation which was approved by shareholders at the AGM on 30 October 2020.

On 24 March 2022, the Group announced its intention to conduct an on-market share buy-back of up to $40 million. For the period to 30 June, the Group purchased $5.5 million in shares. This was funded from existing cash reserves. The on-market share buy-back will continue into FY23 and will be funded by existing cash reserves and debt facilities.

Ordinary shares in Southern Cross Media Group Limited

Ordinary shares entitle the holder to participate in distributions and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands, each shareholder present in person and each other person present as a proxy has one vote and upon a poll, each share is entitled to one vote.

Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

Employee share entitlements

The Group operates an LTI plan for its senior executives. Information relating to the employee share entitlements, including details of shares issued under the scheme, is set out in the Remuneration Report.

Nature and purpose of reserves

a) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of future potential shares to be issued to employees for no consideration in respect of performance rights offered under the Long-term Incentive Plan. During the year no performance rights vested (2021: nil). In the current year $532,887 has been recognised as an expense (2021: $228,186 expense) in the Consolidated Statement of Comprehensive Income as the fair value of potential shares to be issued.

b) Hedge reserve

The hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in Other comprehensive income. Amounts are reclassified to the Statement of Comprehensive Income when the associated hedged transaction affects profit or loss.

c) Reverse Acquisition Reserve

As described in note 1, the Group transferred the reverse acquisition reserve of $77.406 million in connection with the IPO of the Group, into Accumulated losses effective 30 June 2022.

17. Borrowings

a) Total interest-bearing liabilities

	Consolidated	
	2022 $'000	**2021 $'000**
Non-current secured borrowings		
Bank facilities	**128,000**	128,000
Borrowing costs	**(1,057)**	(775)
Total secured non-current interest bearing liabilities	**126,943**	**127,225**
Total current and non-current borrowings	**126,943**	**127,225**

For all non-current borrowings, the carrying amount approximates fair value in the Consolidated Statement of Financial Position. Of the $1.057 million of borrowing costs, $0.300 million (2021: $0.508 million) will unwind during the year ending 30 June 2023.

There are no current liabilities as at 30 June 2022.

b) Interest expense

	Consolidated	
	2022 $'000	**2021 $'000**
Interest expense and other borrowing costs		
External banks	**3,664**	9,199
Termination of swaps	**–**	1,177
AASB 15 – Revenue from customers with contracts interest expense	**5,331**	5,429
AASB 16 – Lease interest expense	**6,271**	6,874
Amortisation of borrowing costs	**953**	522
Total interest expense and other borrowing costs	**16,219**	**23,201**

c) Bank facilities and assets pledged as security

The $250 million debt facilities (2021: $250 million) of the Banking Group are secured by a fixed and floating charge over the assets and undertakings of the Banking Group and its wholly-owned subsidiaries and also by a mortgage over shares in Southern Cross Austereo Pty Ltd. The facility matures on 9 January 2026 and has an average variable interest rate of 3.31% (2021: 1.28%). The facility is denominated in Australian dollars.

There are certain financial and non-financial covenants which are required to be met by subsidiaries in the Group. One of these covenants is an undertaking that the subsidiary is in compliance with the requirements of the facility before any amount may be distributed to the benefit of the ultimate parent entity, Southern Cross Media Group Limited. Covenant testing dates fall at 30 June and 31 December each year until the facility maturity date. At 30 June 2022, the Group complied with all the covenants.

The carrying amounts of assets pledged as security by Southern Cross Austereo Pty Ltd for current and non-current borrowings are:

	Consolidated	
	2022 $'000	**2021 $'000**
Current assets		
Floating charge		
Cash and cash equivalents	**49,352**	75,311
Receivables	**99,175**	95,577
Total current assets pledged as security	**148,527**	170,888
Non-current assets		
Floating charge		
Receivables	**11,932**	12,974
Investments accounted for using the equity method	**5,107**	4,271
Property, plant and equipment	**84,554**	87,199
Intangible assets	**708,984**	947,903
Total non-current assets pledged as security	**810,577**	1,052,347
Total assets pledged as security	**959,104**	**1,223,235**

17. Borrowings (continued)

c) Bank facilities and assets pledged as security (continued)

Recognition and Measurement

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Transaction costs that have been paid or accrued for prior to the drawdown of debt are classified as prepayments. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs

Borrowing costs are expensed over the life of the facility to which they relate.

18. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (the Group's main exposure to market risk is interest rate risk), liquidity risk and cash flow interest rate risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures.

The Risk Management Policy is carried out by management under policies approved by the Board. Senior management of the Group identify, quantify and qualify financial risks as part of developing and implementing the risk management process. The Risk Management Policy is a written document approved by the Board that outlines the financial risk management process to be adopted by management. Specific financial risks that have been identified by the Group are interest rate risk and liquidity risk.

a) Interest rate risk

Nature of interest rate risk

Interest rate risk is the Group's exposure to the risk that interest rates move in a way that adversely affects the ability of the Group to pay its interest rate commitments. The Group's interest rate risk arises from long-term borrowings which are taken out at variable interest rates and therefore expose the Group to a cash flow risk.

Interest rate risk management

Whilst there is no formal policy in place mandating hedging levels, it is considered by the Board regularly and SCA has historically hedged the interest rate risk by taking out floating to fixed rate swaps on the majority of its drawn debt. Such interest rate swaps have the economic effect of converting borrowings from variable rates to fixed rates. Generally, the Group raises long-term borrowings at variable rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (quarterly), the difference between fixed contract rates and variable rate interest amounts calculated by reference to the agreed notional principal amounts.

Exposure and sensitivity to interest rate risk

External borrowings of the Group currently bear an average variable interest rate of 3.31% (2021: 1.29%). In 2017 the Group entered into $200 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 2018 at an average fixed rate of 2.43%. These interest rate swap contracts expired in January 2021. In 2018 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 2018 at an average fixed rate of 2.25%. On 8 April 2021, the Group terminated $72 million of these swaps at a cost of $1.178 million. The remaining $28 million interest rate swap contracts expired in January 2022. In 2020 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 will expire in January 2023.

Details on how the Group accounts for the interest rate swap contracts as cash flow hedges is disclosed in note 27.

Derivative financial instruments

	Consolidated	
	2022 $'000	2021 $'000
Interest rate swap contracts – current asset	**787**	–
Interest rate swap contracts – current liability	**–**	(319)
Interest rate swap contracts – non-current liability	**–**	(1,262)
Total derivative financial instruments	**787**	**(1,581)**

Swaps currently in place cover 78% (2021 – 100%) of the variable loan principal outstanding. The fixed interest rates of the swaps is 1.0% (2021 – range between 1.0% and 2.3%) and the variable rates on the loans are 1.30% (2021 – 1.20%) above the three months bank bill rate, which at the end of the reporting period was 2.0% (2021 – 0.1%).

The swap contracts require settlement of net interest receivable or payable every three months. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

18. Financial Risk Management (continued)

a) Interest rate risk (continued)

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Carrying amount asset/(liability)	**787**	(1,581)
Notional	**100,000**	128,000
Maturity date		
2022	**–**	28,000
2023	**100,000**	100,000
Hedge ratio	**1:1**	1:1
Change in fair value of outstanding hedging instruments since 1 July	**1,168**	(311)
Change in value of hedged item used to determine hedge effectiveness	**(1,168)**	311
Weighted average hedged rate for the year	**1.20%**	2.09%

Hedging reserve

The Group's hedging reserve disclosed in the Statement of Changes in Equity relates to the following hedging instruments:

	Hedge Reserve for Interest rate swaps $'000
Opening balance 1 July 2020	**(4,886)**
Add: Change in fair value of hedging instrument recognised in OCI for the year	(311)
Less: reclassified from OCI to profit or loss	5,713
Less: Deferred tax	(1,621)
Closing balance 30 June 2021	**(1,105)**
Add: Change in fair value of hedging instrument recognised in OCI for the year	**1,168**
Less: reclassified from OCI to profit or loss	**1,200**
Less: Deferred tax	**(710)**
Closing balance 30 June 2022	**553**

Interest rate swap contracts

The contracts require settlement of net interest receivable or payable and are timed to coincide with the approximate dates on which interest is payable on the underlying debt.

These interest rate swaps are cash flow hedges as they satisfy the requirements for hedge accounting. Any change in fair value of the interest rate swaps is taken to the hedge reserve in equity.

In assessing interest rate risk, management has assumed a +/- 25 basis points movement (2021: +/- 25 basis points) in the relevant interest rates at 30 June 2022 for financial assets and liabilities denominated in Australian Dollars ('AUD'). The following table illustrates the impact on profit or loss with no impact directly on equity for the Group.

Consolidated AUD exposures	Carrying Value $'000	Impact on post–tax profits Increase/(decrease) +/– 25 basis points $'000		Impact on reserves Increase/(decrease) +/– 25 basis points $'000	
2022		**+25**	**–25**	**+25**	**–25**
Cash at bank	**49,462**	**87**	**(87)**	**–**	**–**
Interest rate swaps	**787**	**92**	**(92)**	**125**	**(125)**
Borrowings	**(128,000)**	**(224)**	**224**	**–**	**–**
2021		**+25**	**–25**	**+25**	**–25**
Cash at bank	75,420	132	(132)	–	–
Interest rate swaps	(1,581)	201	(201)	414	(416)
Borrowings	(128,000)	(224)	224	–	–

18. Financial Risk Management (continued)

b) Liquidity risk

Nature of liquidity risk

Liquidity risk is the risk of an entity encountering difficulty in meeting obligations associated with financial liabilities.

Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group and Company have a liquidity management policy which manages liquidity risk by monitoring the stability of funding, surplus cash or near cash assets, anticipated cash in and outflows and exposure to connected parties.

Exposure and sensitivity

Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Consolidated As at 30 June 2022	Bank facilities $'000	Working capital facility $'000	Total facilities $'000
Line of credit value	**250,000**	**7,000**	**257,000**
Used at balance date	**(128,000)**	**(6,109)**	**(134,109)**
Unused at balance date	**122,000**	**891**	**122,891**

Consolidated As at 30 June 2021	Bank facilities $'000	Working capital facility $'000	Total facilities $'000
Line of credit value	250,000	7,000	257,000
Used at balance date	(128,000)	(6,088)	(134,088)
Unused at balance date	**122,000**	**912**	**122,912**

The $250 million debt facility for the Group matures on 9 January 2026. The Group's bank facilities are denominated in Australian dollars as at 30 June 2022 and 30 June 2021.

Undiscounted future cash flows

The tables below summarise the maturity profile of the financial liabilities as at 30 June based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately.

Consolidated As at 30 June 2022	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total contractual cash flows $'000	Carrying amount liabilities $'000
Borrowings – Principal	**–**	**–**	**–**	**128,000**	**–**	**128,000**	**128,000**
Interest cash flows[1]	**3,312**	**4,519**	**4,507**	**2,371**	**–**	**14,709**	**N/A**
Payables[3]	**45,473**	**–**	**–**	**–**	**–**	**45,473**	**48,930**
Lease liabilities	**12,143**	**11,933**	**11,042**	**23,136**	**125,004**	**183,258**	**126,819**
Total	**60,928**	**16,452**	**15,549**	**153,507**	**125,004**	**371,440**	**303,749**

Consolidated As at 30 June 2021	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total contractual cash flow $'000	Carrying amount liabilities $'000
Borrowings – Principal	–	128,000	–	–	–	128,000	128,000
Interest cash flows[1]	3,689	1,686	–	–	–	5,375	N/A
Derivative financial instruments[2]	456	1,478	–	–	–	1,934	1,581
Payables[3]	53,897	–	–	–	–	53,897	56,884
Lease liabilities	13,873	11,297	10,718	20,717	110,981	167,586	112,969
Total	**71,915**	**142,461**	**10,718**	**20,717**	**110,981**	**356,792**	**299,434**

1 Calculated using a weighted average variable interest rate. Interest cash flows includes interest on principal borrowings, swap interest and the commitment fee on the Syndicated Facility Agreement.

2 The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The fair value of interest rate swaps are calculated as the present value of the estimated future cash flows and are included in level 2 under derivative financial instruments. The total fair value of derivatives used for hedging is an asset of $0.787 million (2021: $1.581 million liability).

3 The payables balance excludes interest payable as the cash flows are included in 'Interest cash flows' above and excludes GST payable as this is not a financial liability.

Group Structure

19. Non-Current Assets – Investments

a) Investments accounted for using the Equity Method

	Consolidated 2022 $'000	Consolidated 2021 $'000
Carrying amount at the beginning of the financial year	**5,091**	4,945
Share of profit after income tax	**761**	706
Dividends	**(640)**	(560)
Total Investments accounted for using the Equity Method	**5,212**	**5,091**

b) Financial assets at fair value through profit or loss

	Consolidated 2022 $'000	Consolidated 2021 $'000
Carrying amount at the beginning of the financial year	**878**	378
Acquisition of unlisted equity securities	**1,173**	500
Impairment of unlisted equity securities	**(798)**	–
Total Financial assets at fair value through profit or loss	**1,253**	**878**
Total Investments	**6,465**	**5,969**

20. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of incorporation	Class of shares/units	Effective ownership interest 2022	Effective ownership interest 2021
SCM No 1 Pty Limited (SCM1)	Australia	Ordinary	100%	100%
Southern Cross Media Australia Holdings Pty Limited (SCMAHL)	Australia	Ordinary	100%	100%
Southern Cross Media Group Investments Pty Ltd (SCMGI)	Australia	Ordinary	100%	100%
Southern Cross Austereo Pty Limited (SCAPL) and controlled entities	Australia	Ordinary	100%	100%

The proportion of ownership interest is equal to the proportion of voting power held unless otherwise indicated.

Recognition and Measurement

Subsidiaries

Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Where control of an entity is obtained during a financial year, its results are included in the Consolidated Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income and Statement of Financial Position respectively.

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21. Parent Entity Financial Information

a) Summary financial information

The following aggregate amounts are disclosed in respect of the parent entity, Southern Cross Media Group Limited:

	Southern Cross Media Group Limited	
Statement of Financial Position	**2022 $'000**	**2021 $'000**
Current assets	**1,882**	3,218
Non-current assets	**460,258**	806,137
Total assets	**462,140**	809,355
Current liabilities	**1,733**	7,520
Total liabilities	**1,733**	7,520
Net assets	**460,407**	801,835
Issued capital	**1,439,815**	1,445,295
Reserves	**5,198**	4,665
Accumulated losses – 2014 reserve	**(96,805)**	(96,805)
Accumulated losses – 2015 H2 reserve	**(323,833)**	(323,833)
Retained profits – 2016 reserve	**–**	4,996
Retained profits – 2017 reserve	**–**	2,534
Retained profits – 2018 reserve	**–**	1,943
Retained profits – 2019 reserve	**59,690**	63,428
Retained profits – 2020 reserve	**55,054**	55,054
Accumulated losses – 2021 reserve	**(355,442)**	(355,442)
Accumulated losses – 2022 reserve	**(323,270)**	–
Total equity	**460,407**	801,835
Loss for the year	**(311,379)**	(355,442)
Total comprehensive income	**(311,379)**	**(355,442)**

In FY2022, the parent entity recorded an impairment of $355.8 million (FY2021: $345.0 million) due to a reduction in the recoverable amount of the investment in a subsidiary determined using fair value less costs of disposal.

b) Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees in respect of bank overdrafts and loans of subsidiaries as at 30 June 2022 (2021: nil). The parent entity has not given any unsecured guarantees at 30 June 2022 (2021: nil).

c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2022 (30 June 2021: nil).

d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2022, the parent entity had no contractual commitments (30 June 2021: nil).

Recognition and Measurement

Parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out on the following page.

i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements of the Company, less any impairment charges.

ii) Tax consolidation legislation

The Company and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 23 November 2005.

The Company is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on a stand-alone basis. The tax sharing arrangement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The possibility of such a default is considered remote at the date of this report.

Members of the tax consolidated group have entered into a tax funding agreement. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. The tax funding agreement provides for each member of the tax consolidated group to pay a tax equivalent amount to or from the parent in accordance with their notional current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgement of the consolidated return and payment of the tax liability.

Other Notes to the Financial Statements

22. Share-Based Payments

The Company operates a long-term incentive plan for Executive KMP and certain senior executives. The share-based payment expense for the year ended 30 June 2022 was $532,887 (2021: $228,186).

The following table reconciles the performance rights outstanding at the beginning and end of the year:

Number of performance rights	2022	2021
Balance at beginning of the year	**427,861**	–
Granted during the year	**–**	4,278,492
One for 10 share consolidation	**–**	(3,850,631)
Exercised during the year	**–**	–
Forfeited during the year	**(24,809)**	–
Balance at end of year	**403,052**	**427,861**

Recognition and Measurement

Share-based compensation benefits are provided to employees via certain Employee Agreements. Information relating to these Agreements is set out in the Remuneration Report. The fair value of entitlements provided is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised as an expense over the period during which the employees become unconditionally entitled to the shares. To the extent the FY2022 Executive Incentive Plan ('EIP') performance conditions are satisfied during FY2022, the Company will award performance rights in FY2023, however the one-year performance period started on 1 July 2022 and the fair value of the related share-based compensation will be recognised as an expense over the three-year period from that date to the end of the service period on 30 June 2025 when the performance rights will be eligible for vesting and conversion to fully paid ordinary shares. The fair value and number of the performance rights relating to the FY2022 EIP will be remeasured on the grant date of the performance rights.

The fair value of the share-based compensation provided during FY2022 was determined using a Black-Scholes-Merton model for the Absolute Total Shareholder Return performance rights, with the following inputs:

Valuation date	30 June 2022
Valuation date share price	$0.99
Fair value at grant date	$0.99
Exercise price	Nil
Dividend yield	0.00%
Risk free interest rate	3.365%
Expected volatility	51.001%

The fair value at grant date of the securities granted is adjusted to reflect any market vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of shares that are expected to be issued. At each balance sheet date, the entity revises its estimate of the number of shares that are expected to be issued. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity. Where the terms of the share-based payment entitlement are modified in the favour of the employee, the changes are reflected when determining the impact on profit or loss.

23. Remuneration of Auditors

	Consolidated 2022 $	Consolidated 2021 $
a) Audit and other assurance services		
PricewaterhouseCoopers Australian firm:		
Statutory audit and review of financial reports	**758,462**	734,155
Other assurance services	**–**	10,000
Regulatory returns	**18,200**	27,455
Total remuneration for audit and other assurance services	**776,662**	771,610
b) Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax services	**–**	–
Total remuneration for taxation services	**–**	–
c) Other services		
PricewaterhouseCoopers Australian firm:		
Debt advisory	**150,000**	15,000
Other	**–**	58,100
Total remuneration for other services	**150,000**	73,100
Total	**926,662**	**844,710**

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board has considered the position and, in accordance with the advice received from the Audit & Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

24. Related Party Disclosures

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a) KMP

During the year, no KMP of the Company or the Group has received or become entitled to receive any benefit because of a contract made by the Group with a KMP or with a firm of which a KMP is a member, or with an entity in which the KMP has a substantial interest except on terms set out in the governing documents of the Group or as disclosed in this financial report.

The aggregate compensation of KMP of the Group is set out below:

	Consolidated 2022 $	Consolidated 2021 $
Short-term employee benefits	**4,751,763**	6,348,915
Post-employment benefits	**162,009**	207,441
Other long-term benefits	**67,550**	91,614
Share-based payments	**320,770**	159,468
	5,302,092	**6,807,438**

Note: Changes to KMP during the year can be found in the Remuneration Report.

The number of ordinary shares in the Company held during the financial year by KMP of the Company and Group, including their personally related parties, are set out in the Remuneration Report in the Directors' Report. There were no loans made to or other transactions with KMP during the year (2021: nil).

b) Subsidiaries and Associates

Ownership interests in subsidiaries are set out in note 20. Details of interests in associates and distributions received from associates are disclosed in note 19.

25. Leases and Other Commitments

	Consolidated 2022 $'000	2021 $'000
Capital commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	**2,400**	467
	2,400	**467**

Leases

From 1 July 2019, the Group recognised right-of-use assets for these leases, except for short-term and low value leases.

The Group leases various premises, IT equipment and vehicles. Premises typically have initial rental periods of five to 10 years, with options, exercisable by the Group, for periods extending the total lease period up to 30 years. Other leases are typically for less than four years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Extension options are included in a number of property leases across the Group, which provide flexibility in terms of managing the assets used in the Group's operations. The extension options are exercisable by the Group, which applies judgement to determine whether these options are reasonably certain or not. Extension and termination options have been included in all property leases across the Group except those that are surplus to the Group's operational requirements.

The Group sub-leases buildings under an operating lease and rent revenue is recorded as income in the profit or loss on a straight-line basis.

As with all property leases in its portfolio, the Group assumes that extension options in leases will be exercised and therefore included in the calculations for the lease liability and ROU asset. On 5 May 2021 the Group signed a lease for its Melbourne operations. A further 11 property leases were renegotiated during the year resulting in a total net lease liability and ROU remeasurements of $0.2 million and gain on lease disposal of $0.1 million.

a) Amounts Recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive income shows the following amounts relating to leases:

	2022 $'000	2021 $'000
Depreciation charge of right-of-use assets		
Premises	**7,978**	9,924
IT equipment	**1,509**	1,471
Vehicles	**363**	217
	9,850	**11,612**
Interest expense on lease liabilities	**6,271**	**6,874**

b) Amounts Recognised in the Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position includes the following amounts relating to leases:

Lease liabilities as at 30 June 2022:

Lease Liabilities	2022 $'000	2021 $'000
Current	**6,497**	9,868
Non-Current	**120,322**	103,101
Total lease liabilities	**126,819**	**112,969**

The associated right-of-use assets as at 30 June 2022 by asset class:

	2022 $'000	2021 $'000
Premises	**107,034**	94,673
IT Equipment	**3,275**	3,428
Vehicles	**450**	588
Total right-of-use assets	**110,759**	**98,689**

25. Leases and Other Commitments (continued)

At 30 June 2022, the total cash outflow for leases was $14.3 million (2021: $13.4 million) and additions to the right-of-use asset was $21.6 million (2021: $2.1 million), excluding acquisition leases.

Rental contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

26. Events Occurring after Balance Date

SCA has completed a strategic review of SCA's television assets and concluded that value will be maximised by continuing to hold the television assets. SCA received multiple bids for the asset but concluded that greater value would be realised for shareholders by retaining the asset and the earnings that it derives. The review was supported by SCA's financial adviser, Grant Samuel.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Group in subsequent accounting periods.

27. Other Accounting Policies

Defined contribution scheme

The Group operates a defined contribution scheme. The defined contribution scheme comprises fixed contributions made by the Group with the Group's legal or constructive obligation being limited to these contributions. Contributions to the defined contribution scheme are recognised as an expense as they become payable. Prepaid contributions are recognised in the Statement of Financial Position as an asset to the extent that a cash refund or a reduction in the future payments is available. The defined contribution plan expense for the year was $15.6 million (2021: $13.5 million) and is included in employee expenses.

Derivative financial instruments

The Group enters into interest rate swap agreements to manage its financial risks. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Group may have derivative financial instruments which are economic hedges, but do not satisfy the requirements of hedge accounting. Gains or losses from changes in fair value of these economic hedges are taken through profit or loss.

If the derivative financial instrument meets the hedge accounting requirements, the Group designates the derivatives as either (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedge). The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessments, 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 fair values or cash flows of hedged items.

The fair values of over-the-counter derivatives are determined using valuation techniques adopted by the Directors with assumptions that are based on market conditions existing at each balance sheet date. The fair values of interest rate swaps are calculated as the present values of the estimated future cash flows.

Hedge accounting

The Group designated interest rates swaps as cash flow hedges and has applied hedge accounting from this date.

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 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.

Derivatives

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group hedges up to 100% of its loans, and the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective.

The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan; and
- differences in critical terms between the interest rate swaps and loans.

There was no ineffectiveness during 2022 or 2021 in relation to the interest rate swaps.

27. Other Accounting Policies (continued)

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 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.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group has adopted AASB 7 *Financial Instruments*: *Disclosures* which 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 (as prices) or indirectly (derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not traded in an active market (for example, unlisted convertible notes) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

New accounting standards and interpretations

The year-end financial statements have been prepared on a basis of accounting policies consistent with those applied in the 30 June 2021 financial statements. The Group adopted certain accounting standards, amendments, and interpretations during the financial year, which did not result in changes in accounting policies nor an adjustment to the amounts recognised in the financial statements. They also do not significantly affect the disclosures in the Notes to the financial statements.

Directors' Declaration

The Directors of the Company declare that:

1. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. in the Directors' opinion, the financial statements and notes as set out on pages 54 to 87 are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and the consolidated entity; and
3. the Directors have been given the declarations required by section 295A of the Corporations Act 2001.
4. Note 1(i) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act.

On behalf of the Directors

Rob Murray
Chairman
Sydney, Australia
22 August 2022

Grant Blackley
Managing Director
Sydney, Australia
22 August 2022

Independent auditor's report

To the members of Southern Cross Media Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Southern Cross Media Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Independent Auditor's Report

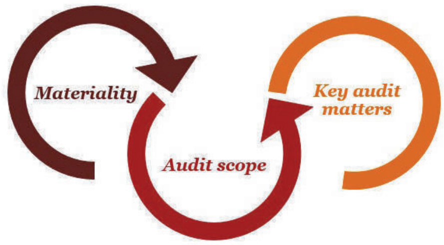
to the members of Southern Cross Media Group Limited

pwc

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of $1.8 million, which represents approximately 5% of the Group's profit before tax adjusted to exclude the impairment of intangible assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax adjusted because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We adjusted to exclude the impairment of intangible assets as it is an unusual and infrequently occurring item impacting profit or loss.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment for licences, tradenames, brands and goodwill *(refer to note 10)* The Group continues to have significant indefinite lived intangible assets in the Audio cash generating unit (CGU), totalling $696.1 million as at 30 June 2022. These are subject to an annual impairment assessment by the Group. During the year, the Group recognised an impairment charge of $250.9 million in relation to goodwill and indefinite lived intangible assets. This was a key audit matter due to the size of the indefinite lived intangible assets and on the basis that the impairment assessment involves judgemental estimates of future profits and cash flows. As described in note 10, there is an inherent level of uncertainty around the key assumptions that are used in the impairment assessment, which includes making assumptions about internal and external factors such as industry growth rates, future market share and the forecast financial performance of the Group.	In performing our audit work we considered, amongst other things: ● whether the Group's identification of CGUs remains appropriate ● the market capitalisation of the Group in comparison to the carrying value of its net assets ● the appropriateness of adopting a fair value less costs of disposal methodology for estimating the Audio CGU's recoverable amount. To evaluate the fair value less costs of disposal discounted cash flow model ("the model") prepared for the Group's Audio CGU impairment assessment, with assistance from PwC valuation experts in aspects of our work, we performed the following procedures, amongst others: ● performed mathematical accuracy checks ● assessed the appropriateness of the discount rate incorporated in the model in consideration of the forecasted cash flows ● assessed the appropriateness of the key assumptions within the model compared to observable market information where available, and considered management's ability to carry out courses of action ● evaluated the Group's historical ability to forecast future cash flows by comparing forecast cash flows with reported actual performance ● considered whether the model's allocation of corporate costs between CGUs was appropriate and reflective of actual costs incurred

Key audit matter	How our audit addressed the key audit matter
	• assessed the sensitivity of changes in key assumptions incorporated in the model • compared the Group's valuations to external data sources including broker reports. We evaluated the adequacy of the disclosures in note 10 in light of the requirements of Australian Accounting Standards.
Indefinite lived classification of intangible assets *(refer to note 9)* As at 30 June 2022, the Group has Audio intangible assets totalling $696.1 million, including Radio Broadcasting Licences, Brands and Tradenames classified as indefinite lived intangible assets. This was a key audit matter because determination of whether or not intangible assets are indefinite lived involves judgement. The determination has an impact on the financial report as it affects whether amortisation is recorded in the consolidated statement of comprehensive income.	In assessing the indefinite useful life of intangible assets, we performed the following procedures, amongst others: • considered regulatory developments in the year which could change the licence renewal process or use of the brands • assessed whether there had been any revocation of radio licences by Australian Communications and Media Authority (ACMA) in the year • considered the forecasted growth of the associated cash flows of the assets • evaluated the directors' strategic plans for the intended use of the assets • benchmarked the conclusion made by the directors against a selection of similar assets held by other industry participants in the radio broadcasting market. We considered the adequacy of the significant accounting policy disclosed in note 9 with regard to Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 34 to 52 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Southern Cross Media Group Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Trevor Johnston
Partner

Melbourne
22 August 2022

Additional Information

The information below is provided pursuant to ASX Listing Rule 4.10 and was current on 18 August 2022. The Company has only one class of shares, which are fully paid ordinary shares. All holders listed below hold fully paid ordinary shares and each holder has the same voting rights. There are no unlisted securities. The Company is conducting an on-market buy-back which commenced on 7 April 2022.

Twenty largest holders

The names of the 20 largest holders of the Company's quoted equity securities are listed below.

Name	Fully paid ordinary shares	% Issued capital
Citicorp Nominees Pty Limited	63,432,931	24.32
HSBC Custody Nominees (Australia) Limited	61,190,475	23.46
J P Morgan Nominees Australia Limited	46,260,950	17.73
National Nominees Limited	14,894,813	5.71
BNP Paribas Noms Pty Ltd (DRP)	4,692,089	1.80
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	2,899,387	1.11
HSBC Custody Nominees (Australia) Limited (NT Cwlth Super Corp A/c)	2,702,012	1.04
John William Harbot	1,600,000	0.61
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd (DRP A/c)	1,315,103	0.50
Bradley Barry Krause	1,188,408	0.46
BNP Paribas Noms (NZ) Ltd (DRP)	1,143,202	0.44
Wearne Webber Capital Pty Limited	1,000,000	0.38
Birbal Investments Pty Ltd	750,000	0.29
Talmal Pty Ltd (Talmal A/c)	550,000	0.21
Netyard Pty Ltd	540,000	0.21
Sling Super Pty Ltd (Sling Super Fund A/c)	465,000	0.18
Sandhurst Trustees Ltd (SISF A/C)	409,000	0.16
Netwealth Investments Limited (Wrap Services A/c)	367,919	0.14
Rahmon Coupe and Julia Coupe (Coupe Family A/c)	351,125	0.13
Official Intelligence Pty Ltd	328,354	0.13
	206,080.768	**79.00**

Distribution of shareholdings

Analysis of numbers of equity security holders by size of holding:

Range	Number of shareholders	Fully paid ordinary shares	% Issued capital
1 – 1,000	5,512	2,432,339	0.93
1,001 – 5,000	3,625	8,996,678	3.45
5,001 – 10,000	1,029	7,731,816	2.96
10,001 – 100,000	1,039	27,283,952	10.46
100,001 and over	73	214,403,008	82.19
	11,278	**260,847,793**	**100.00**
Holding less than a marketable parcel	3,100	710,020	0.27

Additional Information

Substantial holders

Substantial holders in the Company (with holdings as notified to the Company most recently before 18 August 2022) are set out below:

Name	Fully paid ordinary shares	% Issued capital
Allan Gray Australia Pty Ltd and its related bodies corporate*		19.36
Ubique Asset Management Pty Limited	35,829,504	13.56
Investors Mutual Ltd and its related bodies corporate	14,203,190	5.38
Retail Employees Superannuation Pty Limited	23,706,976	8.97
Dimension Fund Advisors LP and related entities*		5.00
		52.29

* The most recent notices given by these holders pre-dated one or both of the Company's equity raising (comprising a placement and entitlements offer) in April 2020 and the one for 10 consolidation of share capital in November 2020. Percentage interests held by these holders shown in the above table are based on the most recent notices given by these holders. It is not meaningful to state the number of shares held by these holders on the date of their most recent notices because of the changes in the Company's capital structure since the date of those notices.

Voluntary escrow

Securities subject to voluntary escrow are set out below:

Type	Date escrow period ends	Fully paid ordinary shares
Voluntary escrow	N/a	–
		–

On-market purchases for employee incentive plans

During the year ended 30 June 2022, the Company purchased the following shares on-market for allocation to employees under the Company's executive incentive plans:

Type	Fully paid ordinary shares	Average price
Short-term incentive plan	135,356	2.0849
Long-term incentive plan	–	–
Executive incentive plan	–	–
	135,356	**2.0849**

Corporate Directory

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ABN 91 116 024 536

Company Secretary
Mr Tony Hudson

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Web: https://www.southerncrossaustereo.com.au

Share registry
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Investor Centre:
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