HT&E

Annual Report 2021

Creating Connections that Count

HT&E owns Australia's leading audio company, ARN, providing the most complete audio experience for our listeners and the most comprehensive audio solutions for our partners. The Group also maintains a number of other investments, including a 25% interest in the secure messaging business, Soprano and outdoor assets in Hong Kong.

HT&E

arn

Australia's leaders in audio

Content
Committed to live & local

Commercialisation & Partnerships
Innovations that accelerate the business

Distribution
Everywhere our listeners are

soprano

Intelligent and secure business mobile messaging software solutions for enterprises and governments worldwide

EMOTIVE

An agency creating ideas that change the way people feel about brands

cody OUT OF HOME

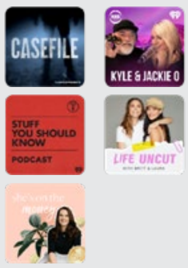
Pioneer of the highest quality innovation and premium connected on-the-go advertising solutions

Broadcast Networks

KIIS
PURE GOLD
THE EDGE

On-air talent

Podcasting



dynamicaudio

MTV SOUNDS on iHeartRADIO

TikTok TRENDING on iHeartRADIO

Digital streaming, Broadcast radio and DAB+

iHeart RADIO

iHeart PODCAST NETWORK AUSTRALIA

Robin, Terry & Kip – KIIS 97.3 Brisbane

We are everywhere our listeners are, providing the greatest breadth and depth of audio content in Australia.

91m
Streaming listening hours
(+12% YoY)[4]

5.4m
Radio audience nationally
(weekly)[1]

1.8m
Digital websites reach
(monthly)[2]

+64%
Podcast downloads[5]

2.17m
iHeartRadio registered users
(lifetime)[3]

1. GfK Radio Ratings, S8 2021, SMBAP, ARN AM/FM/DAB, Mon–Sun 5:30–12mn (cume), p10+.
2. Google Analytics: Website Page Impressions, All Devices, Australia, station websites include KIIS Network, PG Network (excluding 4KQ), Edge (not de-duped): Nov 2021).
3. Adobe Analytics, iHeartRadio Australia Registration Data, Lifetime Users, Unique Visitors, Dec 21.
4. AdsWizz Audiometrix, Total Radio Streaming, Total Listening Hours 2021 v 2020.
5. Triton, ARN Network Total, Jan–Dec 2021 vs Jan–Dec 2020.

ARN is home to Australia's:

#1
Metro Radio Network*

#1
Podcast Network^

Most established digital audio platform

iHeart RADIO

* Source: GfK, S8-2021, SMBAP, 05:30–23:59, P10+, AM/FM/DAB+, Based on Share.
^ Source: The Australian Podcast Ranker, Triton Digital, December 2021.

In this report

Delivering our strategy

In 2021, HT&E delivered on its strategic focus by strengthening core Australian radio operations and investing in its digital audio growth strategy.

We deliver Australia's most complete audio offering and the business is exceptionally well positioned to take advantage of future audio opportunities and improving advertising sentiment.

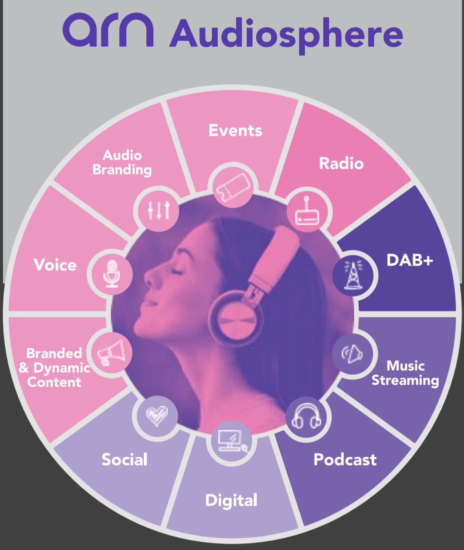
Our goal is to build the best broadcast radio and digital audio business in Australia, offering our audiences and advertisers a gateway to develop deeper connections in the booming world of audio.

To accelerate our strategic intent, we believe media companies of the future will need to continually evolve their audience and advertiser engagement.

Three pillars for growth:

1. **Live and local content delivered by Australia's best talent, and supported by brands that people know and trust.**
2. **Distributed across our comprehensive network of broadcast radio stations and on iHeartRadio, Australia's most established digital audio platform.**
3. **Commercialised through a suite of innovative, data and technology led products and partnerships.**

Our strategic focus areas	Our critical priorities
Scale of audiences	Radio listenership continues to grow and we are the leading metropolitan radio network in Australia. The acquisition from Grant Broadcasters of a regional radio network (ARN Regional), creates a truly national broadcast network of scale made up of 58 stations across 33 markets. The acquisition of certain radio operations and assets from Grant Broadcasters, the leading regional radio operator in Australia, creates a truly national broadcast network of scale made up of 58 stations across 33 markets. The acquisition also saw us transfer the rights to commercially represent an additional 76 regional stations, giving ARN a presence in every state and territory across the nation.
Multi-platform content delivery	ARN's iHeartRadio is Australia's most comprehensive digital audio distribution platform offering live radio, music streaming and podcasts. Consumer appetite for podcasts in particular continues to accelerate, with Australians downloading more than half a billion podcasts in 2021 – an increase of 28%. ARN remains the country's #1 podcast publisher in 2021 – a leadership position we have now held for 21 consecutive months.
Increasing digital data and targeting capabilities	Growth in our first party data and investment in innovative digital trading products such as 'ARN's Dynamic Audio' has led to increased digital revenues in 2021. Our technology trading stack is delivering exponential growth in programmatic trading that will accelerate further in 2022.
Ease of transaction	In 2021, ARN grew commercial share across our metropolitan markets thanks to consistent ratings built around our 'Connections That Count' market proposition. Our innovative solutions have also seen our sales teams pick up numerous awards during the year. We also launched the proprietary "ARN Audio Connections Planner" – a unique planning tool providing clients meaningful insights to maximise the effectiveness and measurability of their audio campaigns.



Our ambition

To be Australia's destination of choice for audio content and commercial innovation

ARN Key Performance Indicators (KPIs)

ARN FM stations[1]

#1

In SYD, MELB, BRIS, ADL for FM Stations[1]

ARN EBITDA

53.8 2021

46.0* 2020

$53.8m

ARN revenue

195.6 2021

171.5* 2020

$195.6m

Registered users (lifetime)

2.17m

Up 16% YoY[2]

2017	2018	2019	2020	2021
1,000	1,271	1,582	1,877	2,168

ARN digital revenue

9.4 2021

6.3* 2020

$9.4m

Podcast downloads Dec 2020 to Dec 2021[3]

+64%

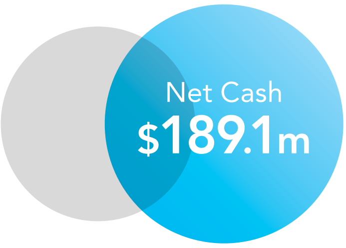
* Excluding disposed businesses.

1. Source: GfK Radio Ratings, S8 2021, SMBAP, M–S 5:30am–12mn, #'1 based on Share.
2. Source: Adobe Analytics, iHeartRadio Australia Registration Data, Lifetime Users, Unique Visitors, 2021 vs 2020.
3. Triton, ARN Network Total, Jan-Dec 2021 vs Jan-Dec 2020

Chairman's letter 2021

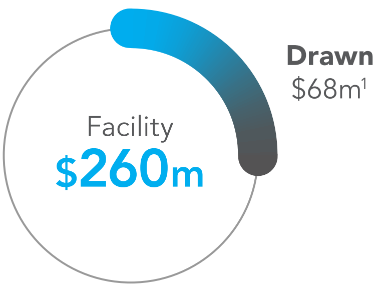
I am pleased to report that 2021 has been a year of significant milestones for HT&E with the company delivering on a number of key strategic priorities placing the business in a very strong position to drive continued growth in 2022 and beyond.

Net cash



2020 $112.1m
2021 $189.1m

Undrawn debt capacity



1. Excludes bank guarantees. Refer to note 6.1.
2. GfK Radio Ratings, S8 2021, SMBAP, ARN AM/FM/DAB, Mon–Sun 5:30–12mn (cume), p10+.
3. Source: The Australian Podcast Ranker, Triton Digital, December 2021.

Whilst the COVID-19 pandemic has dramatically impacted our way of life and disrupted business models, HT&E is navigating the period well. It has maintained its strategic focus by strengthening core Australian radio operations and investing in its digital audio growth strategy, it resolved a long running taxation dispute and removed a significant potential balance sheet liability. This together with strong capital management throughout the pandemic has meant HT&E was in a position to complete the accretive acquisition from Grant Broadcasters of a regional radio network (ARN Regional) thereby accelerating future growth to maximise shareholder value.

This progress, which is a tribute to the efforts of our people, customers, management and Board, means the business is now exceptionally well positioned to take advantage of future audio opportunities and improving advertising sentiment.

ARN – success continues

Advertising in the radio market returned to growth in 2021 and the medium's relevance remains strong. Over the last twelve months, ARN's ratings and commercial success has continued, and the Company remains the best performing audio business in Australia. The business again experienced growth in total listening for the year, with ARN commercial radio now reaching 5.4 million people weekly[2], and continues to hold the title of #1 podcast network[3] with 4.8 million monthly listeners.

Thanks to consistent ratings performance and a strong commercial offering that delivers integrated and engaging content from some of the world's best talent across radio and podcasting, advertising revenues in our markets recovered well and we experienced stronger revenue and earnings performance compared to 2020, despite lengthy lockdowns in Sydney and Melbourne.

ARN Regional creates a national network

The Board has always focused on identifying the right opportunities to drive shareholder value and in November, we were delighted to announce the acquisition of 46 regional radio stations (ARN Regional) from Grant Broadcasters – the leading regional radio broadcaster in Australia – for $307.5 million. Strategically, this transaction fits very well with the growth ambitions we have for HT&E, allowing us to expand our audience base and fast-track the delivery of our digital audio content and advertising opportunities across the country.

The combined businesses will create a truly national broadcast network of scale made up of 58 stations, across 33 markets, delivering innovative, digitally enabled commercial solutions. It provides the potential for significant digital audio expansion to new audiences by accelerating the rollout of ARN's established iHeartRadio platform into regional areas.

It will also enable us to provide nationally integrated commercial partnerships for clients, giving them the ability to access more than a third of Australian consumers in one transaction.

As part of the transaction, Grant Broadcasters became a substantial shareholder in HT&E and we welcomed its former CEO, Alison Cameron, to the HT&E Board. Alison brings a wealth of regional and radio expertise and will provide critical continuity of knowledge as we bring these two businesses together.

This accretive transaction is already seeing positive early signs as integration commences and thanks to the strength of our balance sheet we maintain the ability and flexibility to support continued investments in organic and inorganic growth initiatives.

ATO matter resolved

In October, the Board announced it had settled a long running taxation dispute with the Australian Taxation Office for the sum of $70.7 million. This dispute related to the financial years ended 31 December 2009 to 31 December 2016, and involved $102.5 million of tax adjustments, $49 million of penalties and interest of $43 million, together totalling $194.5 million.

The settlement of $70.7 million was considered a fair and reasonable outcome for the company. The dispute had already been protracted with assessments first issued in 2018 and as part of assessing the best outcome, the Board took into consideration the length of any ongoing dispute, potentially costly litigation and the overall level of ongoing uncertainty.

Whilst HT&E remains satisfied that its treatment of the branch matter was consistent with relevant taxation legislation, the Board viewed the settlement arrangement reached as being in the best interests of shareholders removing potential liability on our balance sheet for a substantial amount of tax, interest and penalties, and allowing HT&E to look forward with certainty.

Strong balance sheet

HT&E continues to be in a strong financial position with one of the strongest balance sheets in the Australian media sector. The Group is well capitalised with $189.1 million net cash and access to undrawn debt facilities. In preparation for the completion of the ARN Regional acquisition in early January 2022, the debt facility was accessed in December 2021 drawing down $68.0 million.

With the ATO tax matter now behind us and the acquisition of ARN Regional from Grant Broadcasters completed, we expect to maintain debt levels going forward equivalent to around one to one and a half times EBITDA, an appropriate level of gearing that we believe will provide sufficient flexibility for HT&E to pursue future growth opportunities as they arise.

As part of establishing an appropriate capital structure post the acquisition from Grant Broadcasters, we exited our interest in oOh!media, realising a before tax gain of $31.1 million on our initial investment.

The Board reinstated dividends in June 2021 with an interim dividend 3.5 cents and we have now also declared an additional final dividend of 3.9 cents, together amounting to full year total dividends of 7.4 cents. The accretive share buyback also continued through the year, with over 3.0m shares (1.1%) bought at an average price of $1.66.

Soprano, an independent software business in which HT&E holds a 25% stake, continues to perform well and delivered record revenue, gross margin and earnings growth.

The decision by the Soprano shareholders to terminate negotiations for the sale of the business to Link Mobility Group Holdings AS ("Link Mobility") in September 2021 was taken in the best interests of our shareholders. While we continue to work with Macquarie Capital exploring liquidity options for HT&E's stake, the Soprano business remains focused on business evolution. We expect growth via increasing product usage by existing customers, upselling of products and services, acquiring new customers and MNO partners, innovating on the Soprano product and re-examining immediate inorganic growth opportunities for mergers and acquisitions.

The year ahead

Looking ahead into 2022, HT&E's business remains well placed to establish itself as the leading broadcast radio and digital audio broadcaster in Australia.

The successful integration of ARN Regional is a priority. We have the benefit of a proven senior management team, world recognised broadcasters, and a national network that will expand HT&E's audience base and fast-track digital audio content and advertising opportunities.

I would like to thank our people for their dedication, particularly given the challenging conditions faced during 2021. I also wish to thank to my fellow Board members for their contribution and dedication. Our Board is a great team, having a good mix of skills and experience and it continues to be a pleasure to work together on ensuring the best for the company.

Finally, thanks to you, our shareholders, for your continued support. This Board and management team remain aligned and determined to achieve the best possible returns on your investment over the long term. We look forward to your continued support.

Hamish McLennan
Chairman

1. GfK Radio Ratings, S8 2021, SMBAP, ARN AM/FM/DAB, Mon–Sun 5:30–12mn (cume), p10+.

CEO's letter 2021

HT&E delivered a strong performance in 2021 despite the uncertain environment and the impact of extended lockdowns.

Full year results were ahead of expectations and we made excellent progress in executing our strategy to build Australia's best broadcast radio and digital audio company company.

2021 statutory revenue from continuing operations significantly improved on last year, up 15% to $225.0 million, with the business substantially rebounding from the impacts of COVID-19.

Costs from continuing operations before interest, tax, depreciation and amortisation, and exceptional items were up 13% to $175.0 million impacted by cost of sales on improved revenues, investment in digital audio capability and one-off cost control measures impacting the prior period comparative.

EBITDA from continuing operations before exceptional items was up 21% to $59.8 million, and operating cash flows before one-off government subsidies and income taxes of $34.2 million grew 51% on the prior period. The investments in our strategic priorities are delivering as we continue to build a media business offering scale of audience, multi-platform content, increasing data targeting capabilities and ease of transaction for our partners. We are creating increasingly diversified audio content, growing our total audio audience base, and launching new and innovative commercial products for our advertising partners.

ARN – Defining Audio

ARN's purpose is to *create moments that move you*; for our audiences, clients and our people. We deliver Australia's most complete audio offering, everywhere our audiences want to be, with the content they want to consume. We pride ourselves on being market-leaders and defining the industry and we are confident we have the brands, technology investments and talent to deliver on this for our listeners, advertisers and shareholders.

ARN continued to deliver strong audience survey results across our metropolitan network throughout 2021 and has maintained the #1 network position^ for over two years. There was audience growth across all key markets, including 97.3FM Brisbane and KIIS101.1 Melbourne which were areas of focus for the business during the year.

The Sydney duopoly of KIIS and WSFM continues to deliver with WSFM finishing #1FM, closely followed by KIIS at #2FM in the final survey of 2021^^. Our two powerhouse breakfast shows, The Kyle & Jackie O Show, and Jonesy & Amanda finished the year clear leaders in the Sydney market.

In Melbourne, Gold 104.3FM, spearheaded by the successful Christian O'Connell Breakfast Show maintained #1FM station throughout the year, now holding that position for sixteen consecutive surveys^^.

Leading podcast publisher

Consumer appetite for listening to podcasts continues to accelerate, with Australians downloading more than half a billion podcasts in 2021, an increase of 28% on the previous year[1].

ARN remains the country's #1 podcast publisher in 2021 after launching the iHeartRadio Podcast Network Australia at the start of 2020, a leadership position we have now held for 21 consecutive months. Of the top five podcast titles in 2021, ARN represented four, with in-excess of 4.8 million combined monthly listeners and close to 20 million downloads per month.

Our strategy of representing a range of local and international podcast publishers has allowed us to build internal capability, better understand consumer podcast listening trends and scale quickly to meet growing advertiser demand, while managing investment risk and returns.

With increasing advertiser demand delivering consistent monthly podcast billings to customers approaching close to $1 million, in 2022 we will launch several ARN original shows, anchored back to our highly successful audio brands. As part of this strategy, we will continue to trial innovative means, such as our Podcast to Broadcast strategy, of delivering quality content across our multiple platforms including our exclusive distribution platform – iHeartRadio.

Connections That Count

Our go-to-market proposition, built around 'Connections That Count', is well regarded and resulted in numerous awards for our sales teams across the year.

We offer clients creative solutions, powered by an expert team, leveraging innovative technologies and world first commercial partnerships with the likes of TikTok, MTV and New York Times. In October, we launched Woolworths enhanced in-store radio experience in over 1000 of their stores. This innovative solution uses dynamic audio technology to tailor programming to suit different customer demographics, time of day and geographical locations.

In 2021, we also launched the "ARN Audio Planner", an internally developed, research backed, planning tool providing marketers and agencies meaningful insights that maximise the effectiveness and measurability of their audio campaigns. The ARN Audio Planner also leverages cutting edge research undertaken by our in-house neuroscientific research team. Research and data continue to play an ever-increasing role in the development of advertising solutions that create measurable actions with consumers.

ARN Regional: Creating a national network

The acquisition of ARN Regional from Grant Broadcasters is a highly synergistic transaction with a strong cultural fit with ARN. The acquisition is strategically compelling, creating a high-quality footprint across the whole of Australia. It provides access to increasingly important and growing regional audiences, enhances ARN's ability to deliver content across multiple platforms and capitalises on the shift towards digital audio consumption.

Strong national agency opportunities are expected to be created that will provide incremental revenue. It supports ease of transacting for media agencies and clients through the expansion of reach and touchpoints with potential to generate material revenue synergies which we are already starting to see the benefit of.

Emotive

Emotive, an independent creative company in which HT&E holds a 51% stake, significantly expanded its client base, increasing revenues and earnings. The business has an enviable client base with iconic national and international clients including Optus, Google, St Hugo, Mount Franklin, Modibodi, Providoor, wotif, GH.MUMM and the NRL.

EBITDA continues to grow year-on-year and now exceeds $1.2 million. Increased client confidence and the strong reputation the business continues to build, will see that growth trajectory continue.

Cody Outdoor (Hong Kong)

Cody Outdoor delivered a significantly improved performance in 2021, after more than 18 months of subdued activity, caused by social unrest and the impact of COVID.

Cody was unsuccessful in its bid to retain the HK Tramways contract, an asset it has operated over the past five years. While the contract represented ~30% Cody revenues, the impact on the earnings contribution was minimal.

^ Source: GfK Radio Ratings, S5-19 – S8-21, SMBAP, AM/FM, 0530–2359 Su–Sa, P10+.

^^ Source: GfK Radio Ratings, S8 2021, SMBAP, M–S 5:30am–12mn, #1 based on Share.

1. Australian Podcast Ranker, Triton Digital – 2021 Year in Review.

2022 focus – well positioned

HT&E has good momentum as we move into 2022 and the transformative acquisition of ARN Regional from Grant Broadcasters represents a great opportunity for our listeners, clients, our people and shareholders. We will be integrating the leading metropolitan and regional radio businesses to create a truly national radio broadcast network of significant scale.

The growth of digital audio will accelerate, in particular podcasting, and we will continue to invest in capability and content to retain our local leadership position. With increasing advertiser demand delivering consistent growth in digital revenues, in 2022 we will launch several ARN original shows, anchored back to our highly successful audio brands.

ARN will relaunch and accelerate The Edge as a national youth brand distributed on iHeartradio, broadcast radio and DAB+, anchored in hip hop and RnB, driven by content, and reflective of an under-served genre of youth culture in commercial radio.

This multi-year investment in the creation of a new national youth brand marks an important milestone for ARN as we continue to build the best broadcast and digital audio business in Australia, for all audience segments.

Amazing people

2021 was another challenging year for the company as we navigated lockdown restrictions, and the changing circumstances of our advertisers, whilst maintaining the broadcast of our content and dealing with the need to keep our people safe and well. It is a tribute to our entire team that we have improved our overall ratings and revenue performance with so much uncertainty in their daily lives during the year.

For us, it has been important to invest in programs of work that drive culture, encourage health and wellness and enable our people through technology to ensure that they feel fully supported. We successfully rolled out a number of initiatives designed to make ARN an even better and more engaging place for top talent and I believe HT&E has emerged as a stronger, better company ready for 2022.

Finally, I would like to thank our people, the Board and all shareholders for your continued support. We have strong foundations in our business and are clear about what we need to do to ensure we deliver the opportunities that are presented. I look forward to continuing to work closely with you all.

Ciaran Davis
CEO & Managing Director

Operating and Financial review

This Operating & Financial Review should be read in conjunction with the Chairman's letter and the Chief Executive Officer's letter.

Overview

Group revenue increased $29.0 million on last year, with consumer confidence and advertising spend in Australia and Hong Kong recovering from the severe economic impacts of COVID-19 experienced in 2020.

Total group costs rose $20.2 million or 13% to $175.0 million, driven largely by higher cost of sales on improved revenues and one-off cost control measures impacting the prior period comparative.

Underlying group earnings before exceptional items, interest, tax, depreciation and amortisation (EBITDA) increased by $10.5 million to $59.8 million.

The statutory gain attributable to HT&E shareholders of $14.8 million represented a $57.3 million increase from last year, impacted by exceptional items in 2020 and 2021.

Summary of financial performance

AUD million[1]	2021	2020	Change
Revenue	225.0	196.1	15%
Other income	0.7	2.1	(66%)
Share of profits of associates	9.1	6.0	52%
Costs	(175.0)	(154.8)	13%
EBITDA[2]	**59.8**	**49.3**	**21%**
Depreciation	(13.1)	(15.8)	(17%)
Amortisation	(0.8)	(1.0)	(27%)
EBIT[3]	**45.9**	**32.5**	**41%**
Net interest expense	(3.5)	(3.8)	(8%)
Profit before tax	**42.4**	**28.7**	**48%**
Tax expense	(9.9)	(10.3)	(4%)
Profit after tax	**32.6**	**18.5**	**77%**
Less: non-controlling interests	(3.8)	(3.1)	24%
NPAT attributable to HT&E shareholders	**28.8**	**15.4**	**87%**
Exceptional items net of tax[4]	(13.9)	(57.9)	(76%)
NPAT attributable to HT&E shareholders	**14.8**	**(42.5)**	**(135%)**
EBITDA margin	26.6%	25.2%	
Underlying basic EPS (cents)	10.4	5.5	
Full year dividend per share (cents)	7.4	–	

1. Totals may not add due to rounding.
2. EBITDA from continuing operations and before exceptional items, represents the Group's total segment result.
3. EBIT from continuing operations and before exceptional items.
4. Commentary on exceptional items is included on page 60 and in note 1.3 to the consolidated financial statements.

Underlying drivers of performance

Group revenues rose $29.0 million, with improved consumer sentiment and advertiser confidence contributing to materially higher revenues across the HT&E Group in the period.

ARN's market leading and consistent audience survey results across the network combined with our enviable #1 position in podcast downloads provided a strong platform to drive commercial revenue growth in the period^.

Revenues in the prior period were significantly impacted by the economic effects of the government enforced lockdowns to contain the spread of the COVID-19 global pandemic.

Group costs from continuing operations before interest, tax, depreciation and amortisation, and exceptional items were up 13% to $175.0 million, with the prior period impacted by one-off cost measures taken in response to subdued economic activity in 2020. Higher variable cost of sales on improved revenues and continued investment in digital audio capability also contributed to the increase in the current period.

Segment earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations and before exceptional items were up 21% from the corresponding period.

Depreciation and amortisation decreased from $16.8 million to $13.9 million, impacted by a part impairment in June 2020 of advertising concession right of use assets held by Cody Outdoor. This resulted in EBIT from continuing operations and before exceptional items of $45.9 million compared with $32.5 million in the prior period, and net profit after tax attributable to shareholders, before exceptional items (NPAT) of $28.8 million.

Details on the exceptional items totalling $13.9 million (net of tax) in the current period are included in note 1.3 and note 4.1 to the consolidated financial statements.

^ Source: CRA and Triton, Australian Podcast Ranker: Dec 2021 of the participating publishers. Combines ARN/iHeartMedia with Audioboom.

Financial position

The Group held net assets at 31 December 2021 of $495.3 million, which were up $3.1 million on prior year driven primarily by the partial divestment of HT&E's stake in Luxury Escapes and oOh!media limited (OML), offset by the settlement of the long standing taxation dispute with the ATO.

On 29 October 2021, the Company reached a binding heads of agreement to settle the taxation dispute regarding the New Zealand branch matter with the Australian Taxation Office (ATO) for the total sum of $70.7 million, which was made up of $56.6 million tax, $5.4 million penalties and $8.7 million interest.

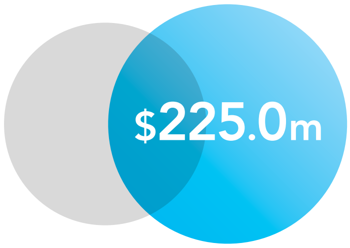
Additionally, the Company and the ATO executed a deed of settlement to settle the Loan Forgiveness matter for a total of $3.4 million, made up of $2.9 million tax, $0.3 million penalties and $0.2 million interest. This amount owing was settled in January 2022.

The provision for the uncertain tax treatments recognised in previous years has been utilised. Refer to note 4.1 to the consolidated financial statements for more information.

During the period, the Group also disposed of its 4.7% interest in local outdoor advertising company, oOh!media Limited (OML) for $49.2 million, representing a before tax gain of $31.1 million on our initial investment.

Group revenue increase

+$29.0m



2020 $196.1m
2021 $225.0m

Podcast downloads

Patrina Jones, Christian O'Connell & Jack Post – Gold 104.3FM

Operating and Financial review continued

Cash flow generation

AUD million[1]	2021	2020	Change $
Operating cash flows and lease payments[2]	34.2	22.7	11.5
Tax payments and receipts[3]	(9.8)	3.1	(12.9)
Government subsidies	–	10.7	(10.7)
Cash flow from operating activities and lease payments	**24.4**	**36.4**	**(12.0)**
Investing cash flows[4]	70.6	(15.4)	86.0
Borrowings	65.0	3.3	61.7
Short-term deposits	50.0	(50.0)	100.0
Dividends paid to shareholders	(9.7)	(12.8)	3.2
Share buy back	(5.0)	(2.9)	2.1
Other financing cash flows	(3.3)	(4.2)	0.9
Cash at the beginning of the year	65.1	111.0	(45.9)
Effect of foreign exchange of the year	0.0	(0.2)	0.2
Cash at end of year[5]	**257.1**	**65.1**	**192.0**
Short-term deposits	–	50.0	(50.0)
Bank loans	(68.0)	(2.9)	65.1
Net cash	**189.1**	**112.1**	**77.0**

1. Totals may not add due to rounding.
2. Operating cash flows, plus principal repayments on finance leases accounted for under AASB 16 *Leases* from 1 January 2019.
3. 2020 includes $3.2 million pertaining to a financing arrangement involving the Company's former New Zealand operations was settled with the ATO.
4. 2021 includes proceeds from the disposal of OML and Luxury Escapes investments. Excluding amounts transferred (to)/from short-term deposits.
5. Excludes amounts held in short-term deposit with banking institutions.

Cash and capital management

The balance sheet remains strong with net cash of $189.1 million as at 31 December 2021. $68.0 million was drawn from existing debt facilities just prior to 31 December 2021 to fund a portion of the ARN Regional acquisition on 4 January 2022. HT&E retains debt facilities totalling approximately $260 million with good remaining tenure.

With a settlement agreement reached with the ATO on the New Zealand Branch matter, and the acquisition of ARN Regional completed, the Group expects to maintain debt levels of between one and one and a half times EBITDA, considered an appropriate level of gearing, providing flexibility for HT&E to pursue future growth opportunities as they arise.

Operating cash flows and lease payments increased by 51% to $34.2 million, impacted by substantially improved underlying business performance.

An interim dividend was declared of 3.5 cents per share. The Group's dividend policy, to distribute between 60% and 80% of net profit in a normal year, reflects the highly profitable and cash generative nature of the Group. A final dividend of 3.9 cents per share was declared for 2021 and is payable on 23 March 2022.

The accretive on-market share buyback continued throughout much of the year, with over 3.0 million shares bought back at an average price of $1.66.

The buyback has been put on-hold following the acquisition of ARN Regional and the reset of the Group's capital structure.

The Ali Clarke Breakfast Show – Mix 102.3 Adelaide

Review of operations

ARN's ratings and commercial success continued in 2021 and the company remains the best performing audio business in Australia.

ARN (Australian Radio Network)

Delivering the future needs of audiences and advertising partners

In 2021 our branding evolved, with the business officially farewelling the "Australian Radio Network" brand after many years, replacing it with "ARN".

Under its new name, ARN continues to power the KIIS, Pure Gold and The Edge networks with the world's best talent who connect with Australians nationwide, while further serving up the greatest range of local and international radio, music and podcast content in digital formats via the iHeartRadio platform.

Our strategic intent remains to build the best broadcast radio and digital audio business in Australia and offer audiences and advertisers a gateway to develop deeper connections in the booming world of audio, by delivering on our three pillars for growth.

Three pillars for growth

1. **Live and local content delivered by Australia's best talent, and supported by brands that people know and trust.**
2. **Distributed across our comprehensive network of broadcast radio stations and on iHeartradio, Australia's most established digital audio platform.**
3. **Commercialised through a suite of innovative, data and technology led products and partnerships.**

#1 broadcast ratings position maintained[1]

Strength in audience survey results across our metropolitan network continued throughout 2021, with ARN having maintained the #1 network position[2] for over two years. Pleasingly, we delivered audience growth across all key markets, including 97.3FM Brisbane and KIIS101.1 Melbourne; both stations were areas of focus for the business during the year.

The Sydney duopoly of KIIS and WSFM continues to deliver for ARN, with WSFM finishing #1FM, closely followed by KIIS at #2FM in the final survey of 2021[3]. Our two powerhouse breakfast shows, The Kyle & Jackie O Show, and Jonesy & Amanda vied for top position, with both shows finishing the year clear leaders in the Sydney market.

In Melbourne, Gold 104.3FM, spear headed by the successful Christian O'Connell Breakfast Show maintained #1FM station throughout the year, holding that position for sixteen consecutive surveys, with more listeners than any other Melbourne station. On KIIS 101.1, we launched a new breakfast show midway through the year, Jase & Lauren In The Morning, which continues to build well and will remain a key priority of the business in 2022.

In Brisbane, the team on 97.3FM demonstrated consistent improvement throughout the year, finishing the final survey as #1 overall station, their best result since 2019, underpinned by the Robin, Terry and Bob breakfast show which also finished #1FM Breakfast. After almost 50 years working in radio, Bob Gallagher finished up with 97.3FM in 2021 and in 2022 we welcome Kip Wightman to the breakfast team[3].

In addition, we are excited to launch *The Ali Clarke Breakfast Show* in Adelaide, welcoming experienced announcers, Ali Clarke and Eddie Bannon to the Mix102.3 team, partnering with Erin Phillips.

Sydney

WSFM 101.7

#1FM

Melbourne

GOLD104.3

#1FM

Brisbane

97.3 FM

#1FM

Investment in people delivering improved commercial performance

Investment in our people is part of our DNA and during the year we implemented a new employee behaviours framework titled "Culture in Action" and a refreshed Employee Valued Proposition (EVP).

We want to advance the right behaviours to support equity, inclusion, diversity and belonging, and create a workplace environment that enables our people to do their best work and make a difference.

Our focus on recruiting and retaining the best people continued to deliver results, with ARN growing commercial share across the year. The business also achieved strong and improved performance in two key industry measures, being the bi-annual Media-i Industry Survey (Media-i) and the annual Australian Commercial Radio Awards (ACRAs).

The Media-i survey provides an important perspective on key attributes of our commercial offering relative to our audio peers through sampling over 2000 media agency professionals. On the most important measure, the Net Promoter Score (NPS), ARN ranked #1, a noteworthy achievement for our entire team and testament to the investment we continue to make in people, product, and process.

Our people also achieved significant industry recognition at the ACRA's and our best ever results with 62 nominations across 39 categories, delivering 16 awards.

Leadership position in podcasting maintained

Consumer appetite for listening to podcasts continues to accelerate, with Australians downloading more than half a billion podcasts in 2021, an increase of 28% on the previous year[4].

ARN remains the #1 podcast publisher in Australia after launching the iHeartRadio Podcast Network Australia at the start of 2020, a leadership position we have now held for 20 consecutive months to the end of December 2021. Of the top 10 most listened to podcast titles, ARN represented four, with in-excess of 4.8 million combined monthly listeners and close to 20 million monthly downloads. The Kyle & Jackie O Show podcast remains the #1 radio catch-up podcast in the country with close to 17 million downloads across the whole of 2021[4].

Our strategy of representing a range of local and international podcast publishers has allowed us to build internal capability, better understand consumer podcast listening trends and scale quickly to meet growing advertiser demand, while managing investment risk and returns.

With increasing advertiser demand delivering consistent monthly podcast billings to customers approaching close to $1 million, in 2022 we will launch several ARN original shows, anchored back to our highly successful audio brands. As part of this strategy, we will continue to trial innovative means, such as our Podcast to Broadcast strategy, of delivering quality content across our multiple distribution platforms, including broadcast and on iHeartRadio, and to engage our audiences whenever and wherever they are.

Audio is booming and ARN is defining it

Audio in Australia is booming and, as the first to deliver the most complete solutions for advertisers through ARN's Audiosphere, we pride ourselves on being market-leaders, defining the industry. We offer our clients the best creative solutions, powered by an expert team, leveraging innovative technologies and world first commercial partnerships.

For advertisers, ARN's audio solutions seek to leverage the whole Audiosphere, providing audio entertainment, experiential connections, audio messaging, dynamic creative and campaign amplification. Our approach is focused on delivering greater returns on advertising investment for our clients, with campaigns that hit the right audience, with the right message, every time.

In 2021, we launched the "ARN Audio Connections Planner", an internally developed, research backed, planning tool providing marketers and agencies meaningful insights that maximise the effectiveness and measurability of their audio campaigns. The ARN Audio Connections Planner also leverages cutting edge research undertaken by our in-house neuroscientific research team, with research and data playing an ever-increasing role in the development of advertising solutions that create measurable actions with consumers.

Further expanding the breadth of our audio services, in 2021, we teamed up with Woolworths, a key commercial partner of ARN, to introduce an enhanced in-store radio experience in over 1000 Woolworths stores. This innovative solution uses dynamic audio technology powered by Adswizz to customise programming to suit different customer demographic, time of day and geographical locations.

Additional commercial partnerships are part of our path for growth, and we are currently exploring relationships with a number of significant brands.

1. Source: GfK, S8-2021, SMBAP, 05:30–23:59, P10+, AM/FM/DAB+, Based on Share.
2. Source: GfK Radio Ratings, S5-19 – S8-21, SMBAP, AM/FM, 0530–2359 Su–Sa, P10+
3. Source: GfK Radio Ratings, S8 2021, SMBAP, M–S 5:30am–12mn, #1 based on Share.
4. Australian Podcast Ranker, Triton Digital – 2021 Year in Review.

Review of operations continued

Looking forward

Acquisition of ARN Regional from Grant Broadcasters

In early January 2022, we completed the acquisition from Grant Broadcasters, Australia's oldest, family owned and most successful regional radio business for $307.5 million, encompassing a portfolio of 46 radio stations, with heritage brands, across 26 markets and many high growth regions.

This acquisition represents a rare opportunity to bring the leading metropolitan and regional radio businesses together to create a truly national radio broadcast network of significant scale, with a presence in every state and territory in Australia. The combined network will be made up of 58 stations, across 33 markets, delivering innovative, digitally enabled commercial solutions at the scale advertisers seek. The acquisition will unlock new growth markets and audiences, with the potential for significant digital audio expansion through an accelerated rollout of ARN's established iHeartRadio digital audio platform into regional areas.

The acquisition of ARN Regional will provide our clients the ability to access more than a third of Australian consumers and is expected to result in material revenue synergies for ARN of up to $20 million per annum within three years of completion.

It also creates new opportunities for our people to develop and grow their careers through a larger, more diverse business, and for shareholders, the acquisition is immediately accretive, before synergies, and like ARN is a highly cash generative business.

The acquisition of ARN Regional will unlock new growth markets and audiences, with the potential for significant digital audio expansion.

Relaunch of The Edge as a national youth brand

In early 2022, we will relaunch and accelerate The Edge as a national youth brand distributed on iHeartRadio, broadcast and DAB+, anchored in hip hop and RnB, driven by content, and reflective of an under-served genre of youth culture in commercial radio.

We will work with the Australian music industry to create a platform to support artists, labels and promoters, while building a community of passionate music fans.

This multi-year investment in the creation of a new national youth brand marks an important milestone for ARN as we continue to build the best broadcast and digital audio business in Australia.

Hong Kong Outdoor (Cody)

Cody Outdoor experienced significantly improved trading conditions in 2021, following two years of subdued economic activity after a period of social unrest in late 2019 and the impacts of COVID-19 in 2020. Full year revenues for the business increased 32.5% to $21.9 million, back only 12.0% on 2019 performance.

Cody was unsuccessful in its bid to retain the HK Tramways contract, an asset it has operated very successfully in partnership with HK Tramways over the past five years. The contract ends in May 2022 and while it contributed approx. 30% to Cody's total revenues, the earnings contribution was minimal.

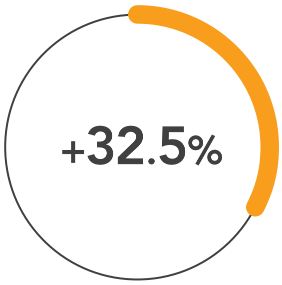
Cody continues to operate a network of profitable tunnel advertising contracts, including the Eastern and Western Harbour Tunnels, Tai Lam Tunnel, Tate Cairns Tunnel and a number of smaller assets.

ARN Regional acquisition

+46 radio stations

+26 markets

Cody Outdoor full year revenue increase



Investments

Soprano

Soprano, an independent software vendor in which HT&E has held a 25% stake since 2001, again delivered record revenue, gross margin and earnings growth.

The Company, with established operations in Europe, North and South America, Asia and Australia, provides CPaaS (Communications Platform as a Service) to enterprise customers through long term strategic partnerships with MNO's (Mobile Network Operators) and direct to clients.

Soprano maintained its recent strong financial performance for the year ended 31 December 2021 with pro forma revenues[1] growing by 22% to $119.5 million, driven by organic growth and the Silverstreet acquisition in December 2020, while pro forma underlying EBITDA[1] increased 11% to $30.2 million.

Soprano has increased its investment in R&D and portfolio diversification to drive customer acquisition and retention. The Global CPAAS market fundamentals remain strong and are expected to grow from ~US$6.5 billion in 2021 to ~US$21.8 billion in 2025[2].

Following the decision by the Soprano shareholders to terminate negotiations to complete the sale of Soprano to Link Mobility Group Holdings AS ("Link Mobility") in September 2021, the business remains focused on increasing product usage by existing customers, upsell of products and services, acquiring new customers and MNO partners, innovating on the Soprano product and re-examining immediate inorganic growth opportunities for mergers and acquisitions.

Emotive

Emotive, an independent creative company in which HT&E holds a 51% stake, had a very successful 12 months significantly expanding its client base, increasing revenues and earnings.

The business is navigating well in the operational challenges presented by COVID, producing large scale advertising campaigns for its clients. Emotive works with a growing number of iconic national and international clients including; Optus, audible, Google, St Hugo, Mount Franklin, Modibodi, Providoor, wotif, GH.MUMM and the NRL.

Emotive offers the full breadth of creative services, including production, content distribution, strategy, creative and design.

1. 2020 underlying pro forma financial information reflects Sillverstreet acquisition as if it had been acquired on 1 January 2020.
2. IDC Market Analysis Perspective Report – Worldwide Communications Platform as a Service, 2021.

Our people and culture

Our Culture in Action helps us focus on not just what we do, but also how we do it.

Over the course of 2021, we have invested in developing a clear strategy for building a more constructive culture to ensure ongoing business success.

A constructive culture allows people to do their best work as:

- They have clear accountabilities and goals, ensuring a true sense of purpose,
- Their job is designed to leverage their skills and experience,
- They are trusted to do good work and are given a level of autonomy in where and how it is done,
- Their leader is a supportive coach who provides regular feedback,
- They feel recognised and rewarded for their contributions, and
- They work in a friendly and collaborative environment and have a strong sense of belonging.

We began by inviting all our people to give feedback on the current culture using the Human Synergistics Organisational Culture Inventory (OCI) and Organisational Effectiveness Inventory (OEI) tools. This showed areas of strength and opportunity, from which a plan was developed to shape our culture.

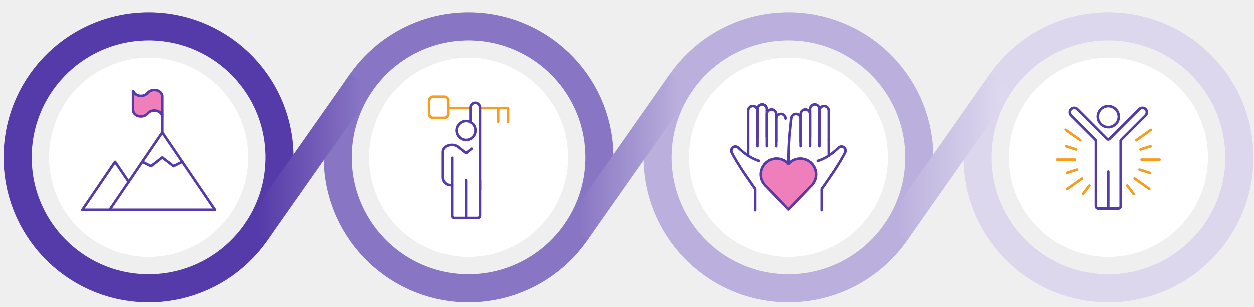
So that our people were able to understand what a constructive culture looks like in practice we developed and implemented our Culture in Action (CIA) behaviours framework. The CIA helps guide and shape both individual and collective mindsets and actions and is being embedded in all we do.

One outcome of a constructive culture is an inclusive workplace where a diverse range of people are treated equitably, feel like they belong and can be their best selves. Our aspiration is for the people working in and with our business to be reflective of the environments in which we operate.

Our CIA supports our aspiration. For example, **Be Your Best Self** includes a call to "create an inclusive environment where there is a sense of community and belonging", whilst **Make a Difference** is defined as "We look for every opportunity to improve and we seek out diverse perspectives to help us achieve that."

Culture in Action (CIA) behaviours framework

Creating moments that move you



Aim High
We set big goals and work together to achieve them.

Own It
We take personal responsibility for our actions and have a solutions mindset.

Make a Difference
We look for every opportunity to improve and we seek out diverse perspectives to help us achieve that.

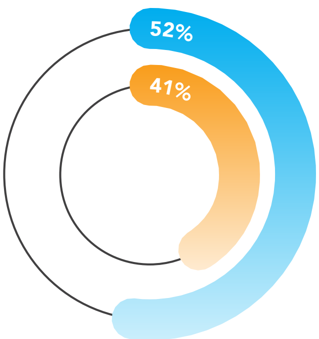
Be Your Best Self
We create the environment we need to thrive.

> The Culture in Action helps guide and shape both individual and collective mindsets and actions and is being embedded in all we do.

Monty, Yumi & Kate – KIIS Network

We are proud of the fact that 52% of our employees are female, with 41% of people leadership roles being held by women. We have processes in place to review, report and manage any potential gender pay inequality. Over the next year, we will establish a clear roadmap for achieving equal gender representation in leadership roles and closing any identified gender pay gaps.

Whilst gender equity is important, we are striving for more than just gender diversity. In addition to targeting 50% female representation in our newly established leadership groups, we also ensured they had diverse representation from a functional, location, and background perspective to enable diversity of thought.



Female employees
Women in leadership

We know that life is busy and getting more complex for our people. Many want choice about where, when, and how they work to thrive in both work and life. We believe in the power of quality connections and know that our people want an inclusive workplace, where they can feel they belong, to go and collaborate with others. So, we are supporting people to work with their leaders to agree how they will work in a way that allows them to be their best self and thrive, whilst ensuring no negative impact on the people they need to work with or the business. That way we ensure the best outcomes are achieved for our listeners, our clients, and each other!

Our EVP

Make quality connections

Our focus on setting big goals and achieving them has meant we attract the leading talent in audio and through out work, we make **quality, immediate** and **fun** connections with our audiences. We got here by **owning** our outcomes, and bringing a **diversity** of viewpoints to the table.

Share your voice

ARN isn't a workplace, it's a **community**, with a leadership group that makes a hands-on contribution to our success. We're **diverse, energetic**, and **passionate** – and your voice counts.

Shape the future of audio

We're shaping a listening future that's **richer, smarter** and **more powerful** than ever before. We need people who want to work together to achieve big goals, bring new ideas, take ownership of outcomes, and embrace new technologies.

Our people and culture continued

Deepening our people's capability

A key focus in 2021 was investing more in the capability of our people, in particular our key leaders. Our leaders are the biggest influencers of our culture, and depth of leader capability is vital to our ongoing business success.

Our approach was multi-faceted. Along with formal learning, we established various ways to provide leaders with the opportunity to take on more formalised business leadership roles. This included establishing a Senior Leadership Team (SLT) and Market Leadership Teams (MLTs) aligned to ARN's key metropolitan markets.

> A key focus in 2021 was investing more in the capability of our people, in particular our key leaders.

The Executive Leadership Team (ELT) and ARN SLT (circa 40 leaders), were the first cohort to complete our new leadership programme. Run over a 12-week period, the virtual workshops were supported by a broader leadership ecosystem comprised of learning bites and toolkits to provide on-the-job learning and experience. The content was designed to deepen capability across the key areas of:

- Leading Self – I know and actively develop myself
- Lead Others – I understand my leadership impact and can get the best out of others

One of the key elements of the programme was providing these leaders with the opportunity to experience the Human Synergistics Life Styles Inventory (LSI). The Human Synergistics circumplex is part of the suite of tools and provides a way to see, measure and change the thinking and behavioural styles proven to drive performance at individual, group, and organisational levels. The LSI is designed for self-development purposes and leverages the circumplex to measures the way people see themselves and the way others see them in respect of the 12 styles.

The LSI was used to help our leaders understand how their thinking aligns to our aspirational culture; their current strengths and opportunities to be more effective. With support of an accredited coach, these insights were leveraged to create an individual development goal.

The remainder of our people leaders will experience this program in 2022. We will also build further signature programmes to support peoples' growth and career paths.

I know & actively develop myself

- I actively engage in my own development
- I leverage my strengths
- I understand leadership vs management
- I communicate with impact

I understand my leadership impact & can get the best out of others

- I understand my impact on others
- I coach, support and develop others
- I lead through strengths
- I engage in productive conversations

I can build & lead effective teams

- I build and lead high performing teams
- I build and maintain productive relationships
- I foster psychological safety to increase team performance

I know & can lead the business

- I understand and align my team to our strategy
- I shape our culture
- I plan for and lead change

The health, safety and wellbeing of our people remains a key priority

The challenges of operating in a COVID-19 impacted environment continue, so we have invested in additional programmes to support people. We made sure to comply with the various government requirements to keep our people safe and support their wellbeing.

Whilst we respect that vaccination is an individual choice, we strongly encouraged our people to get vaccinated to protect the health and wellbeing of themselves, their colleagues, and the community. To that end, we pledged our support to The Great Aussie Vaccine Drive and provided all employees with access to paid vaccination leave.

During R U OK? Day and the following weeks, we drew attention to the impacts on our people's mental health from the uncertainty caused by COVID-19 and lockdowns. A model for proactively managing personal wellbeing – **The 5 Ways to Wellbeing**, and the **LifeWorks** wellness app, were shared to provide tips and tools to navigate this difficult time. Our Market Leadership and ARNSocial teams across the country also ran local initiatives to drive connection and positivity.

HT&E strives to proactively manage workplace health, safety, and wellbeing risks. In 2021 we updated our Workplace Heath and Safety Management System (WHSMS), which contains all the policies, procedures and tools to ensure a safe and healthy work environment. Key features of the updated WHSMS include online forms to make it easier to report hazards or incidents, improved processes for managing investigations and risks, and enhanced tools for our Workplace Health & Safety Committees so they can proactively monitor and manage risks.

Pleasingly, we continued our strong safety performance, recording no serious incidents and maintaining industry low incident rates.

Will & Woody – KIIS Network Drive

Environmental, Social & Governance (ESG)

As well as understanding the importance of our people, HT&E recognises its corporate social responsibilities, including environmental, social and governance factors. The following generally applies across the group, though with a focus on ARN as our major business.

Environmental

Our assessment is that as a radio and digital media company, our environmental impact is generally relatively low. We recognise however the significant importance of measuring and reducing our carbon footprint.

We empower our people to take responsibility for how they act towards the environment and enable individual teams to implement their own initiatives. Some examples of how this manifests are:

- Waste: across the majority of sites we introduced split recycling options for waste and removed individual desk bins to encourage usage. In addition, each office has a cardboard recycling bin service.
- Energy saving: in newer sites lighting is motion activated, limiting unnecessary energy wastage.
- Asset usage: all printers are 'scan' for use only and display the cost of the print job. This prevents over printing and drives awareness of the cost of the asset.
- Responsible Journalism: responsible reporting of environmental issues and news.
- Carbon footprint: We will commence measuring our carbon output in 2022, to be followed by carbon reduction initiatives.

Social

Social factors include the employee goals on diversity as described in the section above on Our People & Culture.

Furthermore, as a media broadcaster, ARN is in a unique position to support a broad range of social issues through a variety of activities. These include the provision of goods and services for the betterment of our community, charitable contributions and education of both our team and the audiences we broadcast to.

Community Service Announcements

Throughout 2021, we supported 116 different community service organisations through the provision of airtime and digital inventory to promote their cause.

The organisations supported were deemed important to the communities we broadcast to and ranged from medical organisations to animal welfare and community safety. They included:

- The Big Issue
- Pedestrian Council of Australia - National Walk Safely to School Day
- Foodbank
- RSPCA
- Stillbirth Australia
- R U OK?

We delivered over 6.2 million impressions and 39,000 radio spots which equates to over $7.4m in promotional value for these organisations.

Community Service Announcements

6.2m
Impressions

39,000
Radio spots

$7.4m
Promotional value

Public health initiative: vaccination drive

Given the far-reaching impact of the COVID-19 pandemic along with the social and economic importance of facilitating a 'return to normal' for our community, we chose to overtly support the Australian Government's public health initiative for vaccination.

Since July 2021 we delivered over $4m value in unpaid vaccination support including commercial airtime, the creation of pro-vaccine content and the rallying of our influential talent to encourage participation in the initiative.

Notably:

- Kyle Sandilands created a rap video; 'Get Vaxxed Baby' (to the tune of Vanilla Ice's Ice Ice Baby) which was endorsed by NSW Health Minister Brad Hazzard in the daily press conference and recognised by Prime Minister Scott Morrison: *"Congratulations guys, I love 'Get Vaxxed Baby'. I said it to my kids last night and they loved it too so we've been in touch with the Marvel people we are going to open a franchise in your name – Vaxx Man."*
- The Edge talent in Sydney received both of their Astra Zeneca shots live on air
- Erin Philips, of Adelaide's Mix1023 created her own 30 second ad in one night which was then endorsed by the South Australia Premier, Steven Marshall
- Sydney's KIIS1065 newsreader Brooklyn Ross created his own social video helping combat concern in the community around AZ
- Brisbane's 97.3FM breakfast team created their own Taylor-swift inspired jingle

The key talent-led vaccination support was picked up by the press, resulting in 68 media stories across July and August with a total PR value of $2.1 million.

In addition, we produced a significant amount of content relating to the drive including:

- 19 interviews involving the Prime Minister, State Premiers and Health Ministers
- Engaged professionals and friends of the stations, such as Dr David Muller for commentary
- Ran major on-air tactics such as KIIS1011's 'Cash Injection' – an entire contest talking up the importance of getting vaccinated and linking a cash incentive to do so
- Delivered over 350 social posts across our network – covering key milestones, facts and celebrating each step made closer to our target vaccination rates

And of course, we delivered countless News Bulletins providing daily updates based on the Government's health advice. Typically, we broadcast 120 news updates per week – and this year made a commitment to keep things positive for our listeners – with a special focus on community led information (such as where to receive jabs) and celebrating each step closer to 'freedom' together.

We also engaged in a media campaign via Rock Posters across Melbourne, to support the cause.

Vaccination drive

68
Media stories across July and August

+350
Social posts across our network

+$2.1m
Total PR value

Kyle Sandilands – 'Get Vaxxed Baby'

Environmental, Social & Governance (ESG) continued

On Air Activities

Throughout the year, each of our stations ran campaigns that benefited the communities they serve. We use the power of our talent and radio's unique ability to give voice to its audience, to tell the stories that need to be heard. From Kyle & Jackie O furnishing an apartment for a homeless listener who had recently secured accommodation, to Jase & Lauren funding a listener's desperate need to visit family in Queensland, the on-air support comes in many shapes and sizes.

RU OK Day

KIIS1065 and KIIS1011 went silent for 10 seconds every hour and encouraged listeners to use that silence to ask each other 'R U OK?'

Sydney Sick Kids Appeal – WSFM

Throughout June, WSFM ran a campaign valued at $51,087 featuring Jonesy & Amanda, encouraging listeners to donate to the Appeal. All elements of the campaign included a call to action for listeners to donate to the Sick Kids Appeal across June. Over $3.1 million was raised through the Appeal.

NSW Floods

Kyle & Jackie O teamed up with LG to help the people who had lost everything as a result of severe flooding in NSW. They were able to help three families by giving away over $100k worth of LG products to help these families get back on their feet.

A registry page was also set up on the KIIS 1065 website which created an avenue to connect directly with the people who needed the help. LG and the KIIS team helped over 15 families across the period.

Christian O'Connell's 'We've Got Your Back'

Christian ran an on-air fundraiser to raise money for the charity Backpacks 4 Vic Kids. The team set a goal to raise $1500 for 20 backpacks full of essential items, toys, hope and love for displaced children (often removed from a dangerous home with nothing more than the clothes on their back).

Listeners donated over $100k in the first 24 hours and 72 hours later the final figure raised was $274,033.

Disaster reporting

The ARN news network is committed each day to responsible journalism – through accuracy, independence and ethical reporting and a focus on localism. The news broadcast on ARN stations is local and has a focus on the stories that matter to communities. During times of crisis, such as the Covid-19 pandemic; ARN journalists have been a trusted source of news -providing regular, breaking updates seven days a week.

During times of emergencies, and when there is an increased demand for news, we adapt accordingly and broadcast more news. An example of this is the regular news schedule for WSFM is half hourly news in breakfast from 5am and then every hour from 9am to 7pm. During the Sydney COVID related lockdown of 2021, we broadcast news every half hour across the drive daypart to ensure our listeners were informed.

Charitable behaviours and donations

At ARN we encourage people to participate in the charitable activities that will help them 'be their best selves'. Both through organised activities and 'charity days', allowing people the time to contribute, there are many avenues for people to get involved in a way that suits them.

Charity Days

Salvation Army Street Level Mission – Surry Hills

"I'm so grateful to ARN for allowing me to have this charity day – it changed my life and I know by me volunteering it changes the lives of others. This Christmas morning I'll have a thought for all the children who I helped pack and give Xmas presents to this year."
Karen Harris, Strategy Manager.

Habitat For Humanity Charity Day

"We felt so fortunate to be able to participate in the renovation of temporary housing for victims of domestic violence. It was gratifying, humbling and provided a good dose of perspective amid the day to day bustle. We both went home and hugged our kids a little bit tighter that night."
Tegan Kirkby & Lauren Joyce.

Organised activities

Largely facilitated by our 'Social Teams' in each market, our people are encouraged to work together to support their chosen charities. In 2021 some of these activities included coordinated ARN teams for:

- Movember – raising $1,330
- AusMusic T-Shirt Day

Beyond organised charities, our people support and give back to one another. One example is that for all staff who went on parental leave between June and December 2021, ARN 'Social' gifted them with a six-month supply of nappies as the 'ARN Social Baby Bonus'. Similarly when a much loved employee suffered some misfortune, the team coordinated over $5,000 worth of meals to support her through the period.

$100k

worth of LG products given to families effected by NSW floods

Kyle & Jackie O supporting NSW flood victims

Partnerships

ARN is a long time partner of UnLtd; a social purpose organisation connecting the media, marketing and creative industries with charities helping children and young people at risk. Through this partnership our people can learn about the work of relevant charities and contribute their time and expertise through a series of events across the year.

In 2021 ARN;

- Engaged 52 participants in 11 events across all metro markets
- Sponsored five activations across 3 x golf days and 2 x soccer tournaments
- Supported Sam Harris' (Melbourne Sales Director and Market Lead) appointment to the Melbourne Board of UnLtd
- Made a ~$55,000 contribution to Unltd along with $191,123 value in media airtime
- Played a critical role in raising $284,000 across the cricket, 3 Peaks (hiking) and golf events

As part of the UnLtd Partnership ARN specifically supports Musicians Making A Difference (MMAD), an Australian charity that transforms young lives through music. In 2021, we embraced October 15th to help deliver the organisation their most successful MMAD Day to date.

MMAD Day is a national awareness day that aims to reach young people through the power of music. The theme for 2021 was #thissongisforyou and asked everyone to dedicate a song and positive message on social media along with the hashtag.

ARN representatives at UnLtd Sailing Event

We created a campaign valued at $230,000 that spanned consumer and trade audiences to support the cause. It included:

- A bespoke iHeartRadio MMAD Pop Up Station that utilised several key artists, including Joel Corry to deliver short testimonials and IDs to run on the station
- iHeartRadio eDM sent to 820,000 people, delivering 46,600 clicks
- Talent alignment with Yumi Stynes who delivered on air liners, 30 second promos and social content
- FM Radio support to deliver the MMAD message at scale
- Trade Marketing support across trade publications MediaWeek, AdNews, Radio Today and The Music Network, ARN social platforms and eDMs
- Team and client engagement through an exclusive virtual performance by Chang Po-Ching
- A $5,000 donation to MMAD

As a result of the campaign MMAD experienced 13,000 interactions on the 'Get Help' website page on MMAD Day alone and a total campaign reach of 13.1 million people worldwide.

Charitable behaviours and donations

$284k

Raised across the cricket, 3 Peaks (hiking) and golf events

$1,330

Raised for Movember

$230k

Campaign to support MMAD Day

Environmental, Social & Governance (ESG) continued

Governance

The Company's long-term success requires strong governance, across both corporate and media areas of operation.

Corporate Governance

The documents that provide detail on the Company's corporate governance are available at htande.com.au/corporate-governance/.

The corporate governance principles are set out in the Corporate Governance Statement and the Code of Conduct.

Charters exist to guide the Board, the Audit & Risk Committee and the Remuneration, Nomination & Governance Committee.

The Company also has detailed policies regarding Market Disclosure, Risk Management, Securities Trading, Whistleblowers, Fraud, Diversity and Modern Slavery.

Media Governance

ARN takes its obligations as a provider of news content to its audiences and the Australian community, very seriously. We operate under strict editorial controls to ensure fair representation and accuracy of information. The company has an experienced compliance function, with expertise in regulatory and pre-publication review including defamation, content regulation, privacy and anti-surveillance, advertising restrictions and consumer protection legislation. News and current affairs content is carefully monitored to prevent the dissemination of misinformation to audiences.

ARN is committed to ethical journalism – news content produced by our journalists is subject to both the MEAA Code of Ethics and the Commercial Radio Code of Practice requiring high standards of integrity, honesty, independence and impartiality.

Digital content is carefully moderated by online content producers, and vetted to ensure published material meets ARN's online news policies and legislative requirements that govern news content.

ARN is a participant in the ACMA's co-regulatory complaints handling framework which ensures accountability to prevailing community standards. The company expects its journalists and digital content producers to act with a high degree of integrity and professionalism in its news gathering and production activities.

ARN understands the significance of the news, current affairs and emergency information that it broadcasts to its audiences and the critical role of news information in contributing to civic life, political engagement and an effective democracy. The company is committed to the delivery of a trusted news service that can be relied upon as a timely and credible source of information. At peak times, bulletins are compiled and broadcast half hourly by its radio stations in order to bring the most up to date news to its audiences. News content is provided by HT&E across a variety of settings including breaking news of national and international significance across its national footprint, delivering critical emergency information targeted to a particular State or geographical region or providing a daily information service that contributes to sense of connection and participation for local communities in relation to the activities and events in their local area. The company understands the importance of trust and accountability, and its journalists are dedicated to providing news without political agenda or commercial influence.

Approach to intellectual property protection

HT&E has a highly developed intellectual property protection program designed to ensure compliance with laws and following industry best practice.
Each day, ARN delivers content to its audiences across multiple platforms. Radio's inimitable ability to move its audiences, to generate emotion and to create lasting impact requires a unique mix of music, personalities, talk and information to produce a sense of connection beyond geographical boundaries.

ARN relies on intellectual property to continually create best in class content requires a constant focus on intellectual property governance that safeguards its copyright and other intellectual property interests, as well as that of its partners, suppliers and consumers in order to keep pace with a rapidly changing intellectual property economy.

A framework of intellectual property rights management is required to produce ARN's radio shows, podcasts and website content. All licences, consents, clearances and permissions that may be required in separate copyrights in underlying musical, literary or dramatic works or subsisting in audio/visual recordings is obtained prior to publication by ARN. The company ensures that its obligations in relation to moral rights, performers consents' and crediting sources are carefully observed at all times and that its content does not violate any applicable laws, impersonate any person or infringe the intellectual property rights of any third party.

ARN is committed to providing clear processes, performance protocols and policy transparency for all of its clients and partners and operates at all times subject to its published terms of trade. These terms of trade include its Standard Advertising Terms and Conditions, Terms of Use and Privacy Statement, which are designed to provide transparency regarding intellectual property ownership, avoid unfair trade practices, protect the interests of its clients, and to enable informed choices about the services being provided by ARN. These terms of trade promote the proper and accountable treatment of intellectual property and functioning of ARN's media services to its clients. All of ARN's terms of trade are published on its websites and readily accessible. Its Standard Advertising Terms and conditions are communicated to its clients at the time of booking or can be made available on request.

ARN takes its brand protection very seriously and is committed to the protection and integrity of its intellectual property to ensure its brands remain strong and resonate with audio consumers. Its portfolio of influential brands resonate with the Australian public through its highly recognisable talent and identifiers in the form of registered trade marks, logos, business and domain names that appear on its platforms and properties and identify the KIIS, Gold and iHeartRadio networks as leading audio brands in their respective markets. Listeners of all ages and demographics associate the ARN brands with best in class content, unforgettable moments with the familiar voices of ARN's unrivalled stable of talent, and a sense of connection to community that can overcome distance and geography. Piracy, copyright and trade mark infringements are continually monitored by ARN as part of its brand protection program. The company believes that strong intellectual property protection is essential for it to be able to deliver on its strategic objectives and to continue to resonate with its audiences.

> Radio's unique mix of music, personalities, talk and information create an unrivaled connection with audiences that we unequivocally protect.

Jase & Lauren – KIIS 101.1 Melbourne

Board of Directors

Hamish McLennan

Chairman of the Board and Non-executive Director

(since 30 Oct 2018)

Hamish McLennan is an experienced media and marketing executive who brings unparalleled expertise to the Board, given the global roles he has held and his depth of understanding of the changing media landscape and the demands of advertisers.

He has a proven track record as an outstanding leader across the media and advertising sectors.

Previous roles Hamish has held include Executive Chairman and Chief Executive Officer of Ten Network Holdings from 2013 to 2015, Executive Vice President for News Corporation in Sydney and New York from 2012 and 2013 and Global Chairman and CEO of Young & Rubicam, a division of WPP, the world's largest communications services group from 2006 to 2011.

Committees

Audit & Risk, Remuneration, Nomination and Governance.

Other Directorships and offices

Director of REA Group Ltd (Chairman), Rugby Australia Limited (Chairman), Magellan Financial Group Limited (Chairman), Claim Central Pty Limited, Scientific Games Corporation (US company) and Garvan Institute of Medical Research (Fundraising Board).

Previous directorships of other Australian listed companies (last three years)

iProperty Group Pty Ltd (from 16 February 2016 to 6 February 2019) (delisted).

Ciaran Davis

CEO & Managing Director

(since 24 Aug 2016)

Ciaran Davis is responsible for the strategic and operational direction of the business. He has transformed a business with large debt and a declining asset portfolio centred on traditional publishing, into one of the most exciting media businesses in Australia today, with a strong balance sheet. Prior to becoming CEO of HT&E, Ciaran spent five years as CEO of ARN repositioning the business to become the number one metropolitan radio operator in Australia. He has 20 years' media experience working in over 15 countries throughout Europe and the Middle East.

Other Directorships and offices

Director of a number of HT&E subsidiaries and joint venture companies and The Australian Ireland Fund Ltd.

Previous directorships of other Australian listed companies (last three years)

Nil.

Belinda Rowe BA

Non-executive Director

(since 5 Feb 2019)

Belinda Rowe has extensive experience across the marketing, communications, digital and media sectors. She held leadership roles in global companies such as Telefonica O2 UK, a significant UK telecommunications company as head of their Brand and Marketing Communications. She was one of the top global executives at Publicis Media, one of the largest media communications groups in the world. She led a business and digital transformation capability along with a successful client practice in her global role at Zenith. She also created a unique content marketing business across 32 markets with Publicis Media, advising on digital capabilities such as digital content marketing including social and the application of data and technology for dynamic creative solutions. Prior to moving to the UK in 2009 she was CEO of ZenithOptimedia (now Zenith) and Executive Director at Mojo, for 10 years in Australia.

Committees

Audit & Risk, Remuneration, Nomination and Governance

Other Directorships and offices

Director of Soprano Design Limited, Non-Executive Director of Sydney Swans Limited, Non-Executive Director of Temple & Webster Group Ltd, Non-Executive Director 3P Learning, NSW Chair Advisory Board SecondBite.

Previous directorships of other Australian listed companies (last three years)

Nil.

Paul Connolly BComm, FCA

Non-executive Director

(since 18 Oct 2012)

Paul Connolly has over 30 years' experience advising on mergers and acquisitions, takeovers, disposals, fundraisings and initial public offerings. Since 1991, Paul has been Chairman of Connolly Capital Limited, a Dublin-based corporate finance advisory firm focused on the telecom, media and technology sectors. He was a Director of Esat Telecommunications Limited, an Irish telecommunications company, from 1997 to 2000, and then a Director of Digicel Limited from 2000 to 2006, a Caribbean and Pacific based telecommunications Company – he continues to serve as a Senior Advisor to Digicel. In addition, he was a Director of Melita Cable PLC from 2007 to 2016 and a Director of Independent News & Media PLC from 2009 to 2018. From 1987 to 1991, he held the position of Financial Controller of Hibernia Meats Limited and prior to that, he worked with KPMG as an accountant.

Committees

Remuneration, Nomination and Governance (Chair), Audit & Risk.

Other Directorships and offices

Chairman of private Irish companies Connolly Capital Ltd., Tetrarch Capital Ltd., FrameSpace Ltd., Business & Finance Ltd. (Irish business media group), Polaris Principal Navigator Ltd., UNICEF Ireland as well as Chairman of Neon Century Ltd., (private UK company).

Previous directorships of other Australian listed companies (last three years)

Nil.

Roger Amos FCA, FAICD

Non-executive Director

(since 30 Nov 2018)

Roger Amos is an experienced non-executive Director with extensive finance and management experience.

He was formerly Chairman of Contango Asset Management Limited and a non-executive Director of 3P Learning Limited. He was formerly a non-executive Director at REA Group Ltd, where he was the Chairman of the Audit, Risk and Compliance Committee and a member of its Human Resources Committee. At 3P Learning Limited, he was the Chairman of the Audit and Risk Committee and a member of its Nominations and Remuneration Committee. Roger was also previously a Director of Austar United Communications Limited and Enero Group Limited as well as Governor on the Cerebral Palsy Alliance Research Foundation.

He had a long and distinguished career with international accounting firm KPMG for 25 years as a partner in the Assurance and Risk Advisory Services Division. While with KPMG, he led the Australian team specialising in the information, communications and entertainment sectors and held a number of global roles.

Committees

Audit & Risk (Chair), Remuneration, Nomination and Governance.

Other Directorships and offices

Nil

Previous directorships of other Australian listed companies (last three years)

Enero Group Limited (from 23 November 2010 to 18 October 2018), REA Group Ltd (from 4 July 2006 to 17 December 2020), Contango Asset Management Limited (from 7 June 2007 to 31 January 2022) and 3P Learning Limited (from 2 June 2014 to 28 May 2021).

Alison Cameron B Ec

Non-executive Director

(since 5 January 2022)

Alison is an experienced media executive with a 34 year career spanning finance, sales and management in commercial radio. For the last 28 years, Alison has worked for her family's business, privately owned Grant Broadcasters Pty Ltd and was part of multiple acquisitions over the last 15 years, culminating in the ownership of 48 commercial radio stations in regional Australia. She has a deep understanding of media and regional communities. Alison's most recent role was CEO of Grant Broadcasters and was responsible for the negotiation of the sale of 46 regional stations to ARN.

Alison is also a Director of the government's National Film and Sound Archive, and Chair of their Finance Committee and a member of the Audit and Risk Committee. Alison was also Director of Grant Broadcasters Pty Ltd from 18 February 2004 to 4 January 2022.

Committees

Nil.

Other Directorships and offices

Director of National Film and Sound Archive since May 2020. Director of private companies Craigieburn Resort Pty Ltd, Golden Labrador Pty Ltd, G-Agri Pty Ltd and Gordie Pty Ltd.

Previous directorships of other Australian listed companies (last three years)

Nil.

Senior management team

Ciaran Davis
CEO & Managing Director
(since 24 Aug 2016)

Refer to biography on page 26.

Andrew Nye BBus, CA
Chief Financial Officer
(since 14 August 2019)

In August 2019, Andrew Nye was appointed Chief Financial Officer of ARN, with dual responsibility for both ARN and HT&E. He joined HT&E in 2015 as General Manager of Finance and was appointed Chief Financial Officer of Adshel in 2017.

At HT&E, Andrew was the operational finance lead across a period of significant corporate activity, including the demerger of NZME, disposal of Australian Regional Media and acquisition of Adshel. While at Adshel, Andrew was a member of the executive team, responsible for the development and execution of the strategic and operational plans of the company. Andrew led the finance team through the successful sale of Adshel to oOh!media in 2018.

Andrew is a Chartered Accountant and has a broad range of experience accumulated through a combination of commercial roles and over 11 years consulting at PwC. Andrew is a Director of a number of HT&E subsidiaries and joint venture entities.

Jeremy Child B.Bus LLB M.Sc
Company Secretary
(since 14 August 2019)

Jeremy Child joined HT&E Limited in 2015 as Group Taxation Manager and took on the expanded role of Company Secretary in August 2019.

He previously worked at the Royal Bank of Scotland (formerly ABN AMRO) dealing in a range of tax matters including advising on transactions, products, governance and managing tax audits. Jeremy also consulted at tax firms such as providing R&D advice with MJ&A and GST advice with PwC.

Jeremy is a legal practitioner holding a BBus/LLB from UTS, a MSc from the Stockholm School of Economics and is an Associate of the Governance Institute of Australia.

Directors' Report and Financial Report

Directors' Report

Corporate Governance Statement

The Board of HT&E endorses good corporate governance practices and oversees an organisation-wide commitment to high standards of legislative compliance and financial and ethical behaviour.

The Directors' overriding objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of all shareholders and ensures the Company is properly managed.

The Company has considered the best practice recommendations established by the ASX Corporate Governance Council Corporate Governance Principles and Recommendations 4th Edition, February 2019 and has complied with the ASX recommendations for the entire reporting period (unless otherwise indicated in the Company's Corporate Governance Statement).

A description of how the Company's main corporate governance practices and policies, together with the policies and charters referred to in it, is available on the Company's website, www.htande.com.au/corporate-governance.

Directors' Report

Your Directors present their report on the consolidated entity consisting of HT&E and the entities it controlled at the end of, or during, the year ended 31 December 2021. Throughout this report, the consolidated entity is also referred to as the Group.

1. Directors

The Directors of HT&E Limited during the financial year and up to the date of this report consisted of:

Hamish McLennan (Chairman) (appointed 30 October 2018)

Roger Amos (appointed 30 November 2018)

Paul Connolly (appointed 18 October 2012)

Ciaran Davis (CEO & Managing Director) (appointed 24 August 2016)

Belinda Rowe (appointed 5 February 2019)

Alison Cameron (appointed 5 January 2022)

Details of the current Directors' qualifications, experience and responsibilities are set out on pages 26 and 27.

2. Company Secretary

The Company Secretary of HT&E Limited is Jeremy Child (appointed 14 August 2019)

Details of the current Company Secretary's qualifications, experience and responsibilities are set out on page 28.

3. Principal Activities

HT&E is a leading media and entertainment company listed on the Australian Securities Exchange which operates audio and digital businesses in Australia as well as outdoor assets in Hong Kong.

HT&E owns Australian Radio Network (ARN), Australia's leading metropolitan radio broadcaster and home to the national KIIS and Pure Gold networks and youth radio network The Edge. In 2022, ARN will also operate regional radio and digital operations, having acquired from Grant Broadcasters a regional radio network (ARN Regional) in an acquisition that was completed on 4 January 2022 (refer note 6.6 for more details).

ARN also operates under a long term licence agreement, music, streaming and podcasting distribution platform iHeartRadio, along with a content creation business Emotive.

HT&E also owns Cody Out-of-Home in Hong Kong, which has a network of over 440 outdoor advertising panels across major Hong Kong tunnels as well as the iconic tram shelters on Hong Kong Island.

Other HT&E investments included global provider of secure mobile messaging technology Soprano Design.

Directors' Report
(Continued)

4. Dividends
Dividends paid to owners of HT&E Limited during the financial year were as follows:

Dividends

Type	Cents per share	AUD million	Date of Payment
Interim 2021	**3.5**	9.7	15 Sept 2021

Since the end of the financial year, the Directors have declared the payment of a fully franked final dividend of 3.9 cents per ordinary share in respect of the year ended 31 December 2021. This dividend is payable on 23 March 2022.

5. Consolidated Result and Review of Operations
Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Chairman's letter, Chief Executive Officer's letter and Operating & Financial Review on pages 4 to 15.

6. Significant Changes in the State of Affairs
In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity during the financial year under review not otherwise disclosed in this Directors' Report or the consolidated financial statements.

7. Matters Subsequent to the End of The Financial Year
Events occurring after balance date are outlined in note 6.6 to the consolidated financial statements.

8. Likely Developments and Expected Results of Operations
Overall strategic direction and prospects are discussed in the Chairman's and Chief Executive Officer's letters on pages 4 to 7 and the Operating & Financial Review on pages 8 to 15.

Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this Directors' Report because, in the opinion of the Directors, it would prejudice the interests of the consolidated entity.

9. Risk Management
The Board plays an active role in the setting and oversight of HT&E's Risk Management Framework.

The Australian advertising industry is subject to inherent risks including, but not limited to, exposure to macroeconomic factors, technological and social changes impacting consumer behaviours and advertiser spending, market competition and impacts of changes in government regulations.

The process of identifying, monitoring and mitigating significant business risks under the Group's Risk Management Framework is outlined in further detail in the Corporate Governance Statement which is available on the Company website, www.htande.com.au/corporate-governance.

Directors' Report
(Continued)

The Group has identified a number of key business and financial risks which may impact on HT&E's achievement of its strategic and financial objectives. They include, but are not limited to:

Risk	Description
Changes in radio audience share	In Australia, the Group operates within the radio and digital advertising sectors. Any decline in radio audience share could affect advertising revenue and financial results. The Group mitigates this risk by investing in its on-air talent and total audio offering, which span across radio, music streaming and podcasting, in addition to the attraction and retention of experienced and high performing executives and employees.
Loss of key on-air talent	Recruiting and retaining the best on-air talent is integral to being able to maintain and grow audience share. Fixed term contracts are in place, with terms reviewed and contracts renewed with sufficient regularity to mitigate the risk of losing key on-air talent.
Changes in advertiser and/or audience preferences	Remaining relevant to advertisers and audiences is critical to meeting the Group's strategic objectives. Changes in audience preferences leading to audience fragmentation could over time, result in revenue declines. The Group remains focused on improving commercial revenue share through its "Defining Audio through Connections that Count" commercial proposition. The Group's relevance to agencies and advertisers has been further enhanced with the recent acquisition of 46 radio stations across 26 regional markets. The Group continues to invest in digital audio innovation, podcasting, music streaming and data capabilities. Further, investment in capabilities include retaining experienced media executives, hiring proven on-air talent, participation in industry bodies, advertising and market research.
Timing of recovery from COVID-19 pandemic and other macroeconomic factors	The ability for the Group to execute its strategy is linked to ongoing economic stability in those markets in which it operates. If economic conditions were to deteriorate, there could be a significant reduction in Group revenues and earnings. In 2020, advertising spend in both Australia and Hong Kong were significantly affected by the widespread economic impacts of COVID-19. Advertising spend has improved in 2021 and the Group maintains a sound capital structure with sufficient undrawn financing facilities in place and will continue to monitor performance and market developments to reassess plans and strategies as required.
Tax matters	A number of tax matters as previously disclosed, have been settled through binding agreements with the Australian Taxation Office in 2021. Further details are provided in note 4.1 to the consolidated financial statements.
Loss of broadcasting licence	While considered unlikely, the loss of an Australian radio broadcasting licence would have a material impact on Group revenues and earnings. The Group has long-standing controls in place to minimise the risk of legislation compliance breaches.
Disruption of technology systems, security breaches and data privacy	There are a number of technology systems that are critical to the operations of the Group and protection of privacy of data. The Group continues to invest in cyber security and strengthening its IT Risk Management Framework to reduce the occurrence of outages, enable early detection of issues and mitigate operating and financial impacts. During the year, training on cyber security awareness was completed for all staff.

Directors' Report
(Continued)

10. Corporate Social Responsibility
The Directors recognise the corporate social responsibilities of the Group, including the importance of environmental matters, occupational health and safety issues and diversity initiatives. The Directors are committed to compliance with all relevant laws and regulations to ensure the protection of the environment, the community and the health and safety of employees. The operations of the consolidated entity are not subject to any particular and significant environmental regulation under the laws of Australia or Hong Kong.

11. Remuneration Report
The Remuneration Report is set out on pages 35 to 50 and forms part of this Directors' Report.

12. Directors' Meetings
The number of meetings of the full Board of Directors and Board Committees held in the period each Director held office during the financial year and the number of those meetings attended by each Director in their capacity as a member of the Board or Board Committee were:

	Board of Directors		Audit & Risk Committee		Remuneration, Nomination and Governance Committee	
	Held	Attended	Held	Attended	Held	Attended
Hamish McLennan	16	16	5	5	4	4
Roger Amos	16	16	5	5	4	4
Paul Connolly	16	16	5	5	4	4
Ciaran Davis	16	16	N/A	N/A	N/A	N/A
Belinda Rowe	16	16	5	5	4	4

Committees were formed for purposes including reviewing and approving the half-year and annual financial statements, 2020 Annual Report and 2021 Notice of Annual General Meeting. These meetings were attended as follows (Held/Attended): Hamish McLennan (3/3), Roger Amos (1/1), Belinda Rowe (1/1) and Ciaran Davis (4/4).

13. Directors' Interests
The Remuneration Report on pages 35 to 50 contains details of shareholdings of the Directors and Executive Key Management Personnel for the year ended 31 December 2021.

14. Shares Under Option
There were no unissued shares of HT&E Limited under option at 31 December 2021 and no shares issued during the financial year as a result of the exercise of options. No options have been granted since the end of the financial year.

15. Indemnification of Directors and Officers
The parent entity's Constitution provides for an indemnity for officers of the Company against any liability incurred by an officer of the Company in their capacity as an officer. Under the *Corporations Act 2001*, this indemnity does not extend to a liability to the parent entity or a related body corporate of the parent entity, a liability for a pecuniary penalty or compensation order under certain provisions of the *Corporations Act 2001* or a liability that is owed to someone other than the parent entity or a related body corporate of the parent entity, which did not arise out of conduct in good faith.

An Access, Indemnity and Insurance Deed is also provided to each Director and officer who serves as a director or officer of the Company, a subsidiary or an associated entity. The deed is consistent with the Constitution and indemnifies these persons to the extent permitted by law for liabilities and legal costs incurred as a director of these entities (subject to some limitations).

Directors' Report
(Continued)

16. Insurance of Directors and Officers

The parent entity has paid for an insurance policy for the benefit of all persons who are or have been directors or officers of the parent entity or any other company in the consolidated entity against liabilities incurred during any one policy period. The insured persons include current and former directors, officers and company secretaries of the parent entity and any other company in the consolidated entity. The insurance policy specifically prohibits the disclosure of the nature of the liability covered and the premium paid.

17. Proceedings on Behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of a court under section 237 of the *Corporations Act 2001*.

18. Non-Audit Services

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

For the financial year, the Company's auditor, PricewaterhouseCoopers, received or is due to receive $455,307 for the provision of non-audit services. Full details of the amounts paid or payable to the auditors for audit and non-audit services provided during the financial year are set out in note 6.3 to the consolidated financial statements.

The Company auditor has provided the Directors with an Auditor's Independence Declaration in relation to the audit, a copy of which is provided on page 51. The auditor has also confirmed to the Directors that it has in place independence quality control systems which support its assertions in relation to its professional and regulatory independence as auditor of the consolidated entity (including the requirements of APES 110 Code of Ethics for Professional Accountants).

The Audit & Risk Committee has reviewed the fees provided to the auditor for non-audit services in the context of APES 110, the requirements of the Audit & Risk Committee Charter, the Audit Firm Service Provider Policy and general corporate governance practices adopted by the consolidated entity.

Based on the above factors, the Audit & Risk Committee has no reason to believe that there has been any compromise in the independence of the auditor due to the provision of these non-audit services and has advised the Board accordingly.

In accordance with the advice of the Audit & Risk Committee, the Directors are therefore satisfied that the provision of non-audit services during the financial year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and that the provision of non-audit services during the financial year did not compromise the auditor independence requirements of the *Corporations Act 2001*.

19. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is provided on page 51.

20. Rounding of Amounts to Nearest Thousand Dollars

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

This Directors' Report is issued in accordance with a resolution of the Directors.

Hamish McLennan
Chairman

Sydney
23 February 2022

Remuneration Report

Dear Shareholders

On behalf of the Remuneration, Nomination and Governance Committee and the Board of Directors, I am pleased to present HT&E's Remuneration Report for 2021.

The Chairman's and CEO & Managing Director's reports outline the strong performance of the Group in 2021. HT&E's financial performance finished substantially ahead of target, with advertising revenues remaining strong despite some ongoing impacts from the COVID-19 global pandemic. The Group again maintained its focus on its core radio operations, maintaining ARN's enviable #1 metro audience ratings position and growing commercial share. In addition, the Group undertook strategic investment in developing its people and culture and expanding its digital audio capability.

The successful resolution of the New Zealand Branch Tax Matter, combined with strong returns from the disposal of certain investments, and an ongoing focus on cost management, enabled the Group to be in a position to acquire ARN Regional from Grant Broadcasters, a highly strategic investment that we believe positions ARN well for strong growth over the coming years, and will deliver substantial EPS accretion for HT&E shareholders.

The remuneration outcomes set out below reflect these achievements.

Remuneration Approach and Changes For 2021

Limited changes were made to Executive KMP total fixed remuneration (TFR) and Non-executive Director remuneration in 2021. The Chief Executive Officer and Non-executive Directors maintained the 15% fixed remuneration reduction which became effective in 2018 in response to the reduced size of the HT&E Group, a consequence of the successful divesture of the Group's legacy print operations and disposal of Adshel.

The structure and financial metrics of the Group's Total Incentive Plan (TIP) in 2021 remained consistent with the 2020 plan.

The single change made to Executive KMP remuneration was in respect of the Chief Financial Officer who was awarded an increase of the TIP Target award; this was increased from 50% to 100% of Total Fixed Remuneration.

Performance and Remuneration Outcomes For 2021

As previously outlined, HT&E's financial performance in 2021 was strong, despite some on-going impacts from the COVID-19 global pandemic. Group performance exceeded all financial performance thresholds;

- Reported EBITDA before exceptional items and discontinued operations, of $59.8 million was up 21% verses 2020 and 15% ahead of target;
- EPS on a post-tax basis, before exceptional items, of 10.4 cents was 26.8% ahead of target; and
- ROIC, calculated based on earnings before interest and tax (EBIT) and before exceptional items, of 13.9%, compared to target of 11.3%.

Executive KMP also met some or all key performance indicator (KPIs) targets.

Remuneration report
(Continued)

Remuneration Changes for 2022

A review of KMP remuneration was undertaken, with the support of Mercer Consulting Australia. This review involved benchmarking the Executive KMP Remuneration framework and outcomes against a peer group of similar companies. The review confirmed that the Executive KMP Remuneration framework is market competitive, acts as a reward and retention tool, and strongly aligns executives with the interests of shareholders.

In light of the acquisition of ARN Regional from Grant Broadcasters, which will significantly increase the revenues, EBITDA, cost base and complexity of the Group, and the critical role of KMP in managing the integration, the following changes have been made for 2022;

- the CEO & Managing Director's TFR reinstated to $1.2 million (equal to 2017 TFR), and the target TIP opportunity reduced from 137.5% to 115%;
- the CFO's TFR increased to $575,000, with the TIP threshold remaining unchanged at 100%; and
- Non-executive Director Board Member fees increased to $135,000 per annum (inclusive of superannuation).

The Board believes the Group's total remuneration and incentive plan continues to strongly align our management team with the interests of shareholders.

Paul Connolly
Chair of the Remuneration,
Nomination and Governance Committee

Remuneration Report
(Continued)

Our Detailed Remuneration Report

This Remuneration Report for the year ended 31 December 2021 outlines key aspects of our remuneration framework and has been audited in accordance with the *Corporations Act 2001*.

Our Remuneration Report contains the following sections:

A. Who this report covers

B. Remuneration governance and framework

C. How 2021 reward was linked to performance

D. Total remuneration for Executive KMP

E. Actual remuneration for 2021

F. Contractual arrangements with Executive KMP

G. Non-executive Director arrangements

H. Share-based remuneration

I. Non-executive Director and Executive KMP shareholdings

J. Other statutory disclosures.

A. Who This Report Covers

This report covers Key Management Personnel (KMP), comprising Executive Key Management Personnel (Executive KMP) and Non-executive Directors.

Name	Role
Executive KMP	
Ciaran Davis	Chief Executive Officer (CEO & Managing Director)
Andrew Nye	Chief Financial Officer (CFO)
Non-executive Directors	
Hamish McLennan	Non-executive Chairman
Roger Amos	Non-executive Director
Paul Connolly	Non-executive Director
Belinda Rowe	Non-executive Director

Alison Cameron was appointed a non-executive director on 5 January 2022 following the successful completion of the acquisition of ARN Regional from Grant Broadcasters.

No other changes have occurred to the composition of KMP since 31 December 2021 up to the date of this report.

Remuneration report
(Continued)

B. Remuneration Governance and Framework

Remuneration Governance

The role of the Remuneration, Nomination and Governance Committee is to oversee HT&E's remuneration policies and practices, so they are consistent with and relevant to the achievement of the strategic goals of the Group. Amongst other objectives, the Committee is tasked with reviewing, and recommending to the Board, reward outcomes and any significant changes to remuneration arrangements for the Chief Executive Officer (CEO) & Managing Director and other Executive KMP.

In 2021 a review of KMP remuneration was undertaken, with the support of Mercer Consulting Australia. The review involved determining an appropriate peer group of companies to benchmark our remuneration framework against, reviewing our TIP against key competitor STI and LTI plans, reviewing both Non-Executive Director fee structures and Executive KMP remuneration (TFR and TIP) against the peer group of companies, and developing recommendations for adjustments based on market competitiveness and business performance.

Remuneration Framework

We believe that building and maintaining a primarily constructive culture enables business success, drives internal engagement, and allows us to attract and retain the best people. Our remuneration framework has a key role to play and is structured in alignment with the following principles:

Market competitive through alignment against a peer group of companies of a similar size and complexity

Rewards the creation of shareholder value through the sustainable delivery of short and long-term business outcomes

A holistic "total reward" offering across financial and non-financial elements that balances reward with retention

A focus on stretch goal achievement, leveraging financial and non-financial KPIs to balance the "what" with the "how"

HT&E aims to reward Executive KMPs with a level and mix of remuneration appropriate to their position, responsibilities and performance within the Group and aligned with market practice. Executive KMP remuneration is comprised of two main elements, Total Fixed Remuneration (TFR) and Total Incentive Plan (TIP). The TIP is a simple and effective plan that encompasses both long and short-term reward.

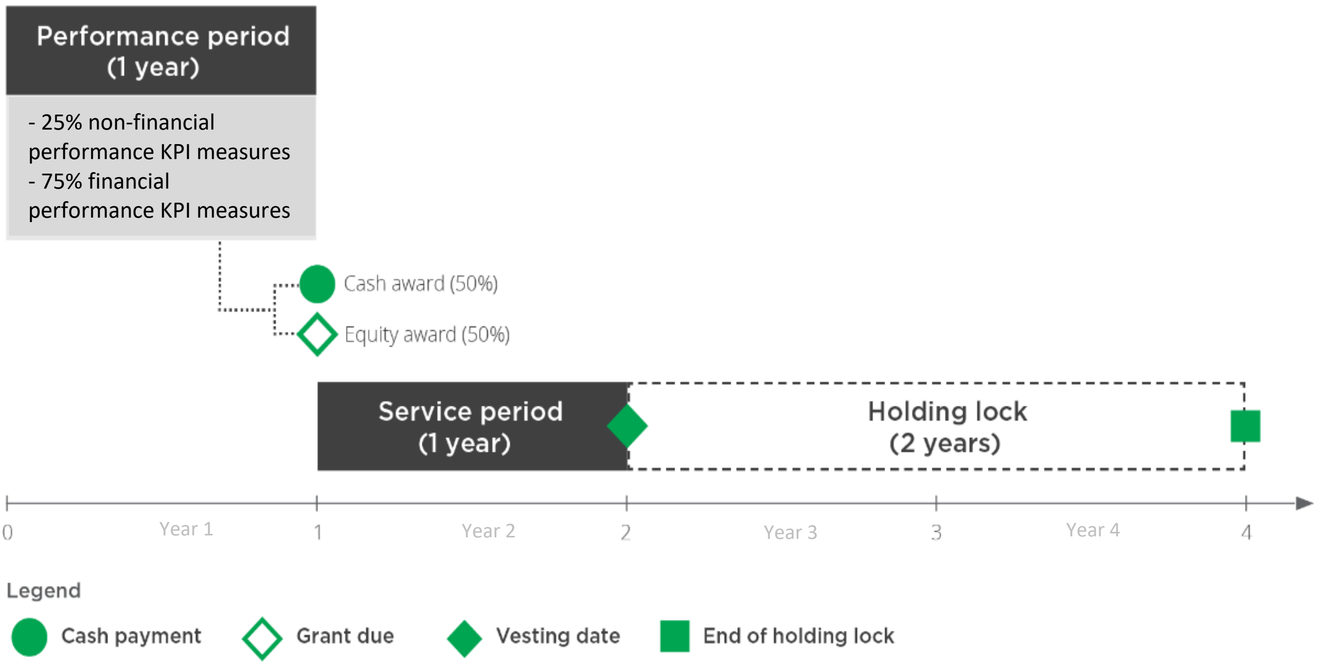
HT&E aims to position total remuneration for KMP Executives principally within a competitive range of a peer group. This includes Australian listed companies with characteristics most like HT&E when compared against a set of financial and qualitative metrics. Total reward opportunity is intended to provide the opportunity to earn median to top quartile reward for outstanding performance against set stretch targets.

Remuneration Report
(Continued)

The Executive KMP remuneration framework is summarised below.

	Element	Delivery	Structure
Fixed	**Total Fixed Remuneration (TFR)**	**Cash and Superannuation Contributions**	– Base pay aligned to market, role scope and complexity, and skills, knowledge, and experience of the individual – Superannuation aligned to SGC
Variable *'At risk' and linked to performance*	**Total Incentive Plan (TIP)** *Financial performance of the company and individual performance over the year*	**Cash 50%** *Delivered at the end of the financial year* **Equity 50%** *Delivered in rights to acquire ordinary shares in the company at nil consideration, subject to a further 1-year service period and 2-year holding lock*	– KPIs set at the start of the financial year – 75% financial KPIs (weighted equally between ROIC, EBITDA, and EPS) – 25% non-financial KPIs (delivery of strategic business initiatives/priorities) – Retention element through long-term focus of KPIs, target setting process and structure of delivery of equity – The higher weighting of financial to non-financial metrics emphasises the importance the Board places on HT&E's financial performance

The TIP provides Executive KMPs with the opportunity to receive cash and equity following an assessment against specified financial and non-financial performance KPIs based on a one-year performance period. The following diagram illustrates the operation of the TIP.



Other remuneration arrangements will be entered into on an 'as needs' basis as determined by the Board. These may include retention and transaction/project completion incentives.

Remuneration report
(Continued)

Performance Measures

Financial Key Performance Indicators (KPIs) make up 75% of the target TIP with performance measured based on Group earnings before interest, tax, depreciation and amortisation (EBITDA) (25%), Group earnings per share (EPS) (25%) and Group return on invested capital (ROIC) (25%), before exceptional items, per the table below.

EBITDA and EPS		ROIC	
EBITDA and EPS performance	**Percentage of target opportunity awarded**	**ROIC performance**	**Percentage of target opportunity awarded**
<95% of budget	0%	Below threshold[1]	0%
95% of budget	25%	At threshold	25%
>95% to <100% of budget	Pro-rata between 25% and 100%	Between threshold and budget	Pro-rata between 25% and 100%
100% of budget	100%	At budget	100%
>100% to <110% of budget	Pro-rata between 100% and 150%	Between budget and stretch	Pro-rata between 100% and 150%
At or above 110% of budget	150%	At or above stretch	150%

The financial performance award schedule is designed to provide only limited awards where performance is below budget, with upside for performance above budget, up to a maximum cap of 150%.

EPS in 2021 was derived from Net Profit After Tax (NPAT) attributable to owners of the parent as a percentage of weighted average number of shares on issue. ROIC in 2021 was derived from EBIT as a percentage of adjusted total equity. Both measures were on a pre-exceptional items basis.

(1) Threshold will be determined with reference to prior year ROIC, next 12-months expected earnings and forecast changes to capitalisation in the budget.

Remuneration Report
(Continued)

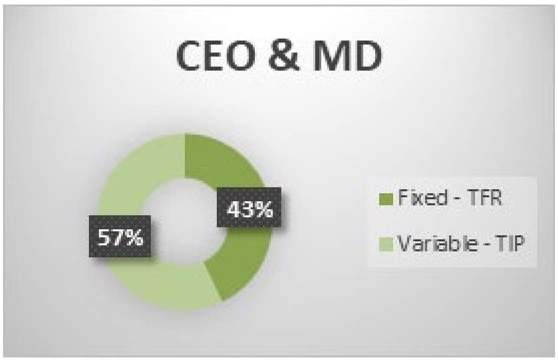
Non-financial KPIs make up 25% of the target TIP and are aligned to key strategic priorities for the Group. For 2021, the Executive KMPs were accountable for delivering the following outcomes to achieve their non-financial KPIs:

Strategic Priority	Outcomes Delivered
Leadership of ARN people and culture transformation	• Strong shifts in the culture as measured through employee retention and Net Promoter Score (eNPS) improvements • Improvement in leadership capability through the establishment of key structures and investment in development programmes • Continued improvements in gender diversity, particularly female representation in leadership roles
Strategic brand development	• Expansion of podcasting development and production capability • Strategic review and development of ARN master brands
Digital business development	• Implementation of technology stack to drive digital revenues • Recruitment of highly experienced Chief Innovation & Technology Officer to lead this, scheduled to commence in H1 2022 • Improvements in cyber security capability and data management
Balance sheet, cost and capital management	• Successful resolution of the New Zealand Branch Tax Matter with the ATO • Acquisition of ARN Regional from Grant Broadcasters, completed 4 January 2022 • In-sourcing of key processes and investment in systems to gain efficiencies

KMP Remuneration Mix

The remuneration mix between fixed and variable pay incentivises executives to focus on the Group's short and long-term performance, with a portion of remuneration at risk. In reviewing remuneration for Executive KMP, the Board has remained cognisant of shareholder feedback and of the remuneration mix for similar companies.

For 2021, the TIP award opportunity for the CFO was increased from 50% to 100% of TFR, resulting in a target remuneration mix of 50%/50% for TFR and TIP. The target remuneration mix for the CEO & Managing Director was unchanged.

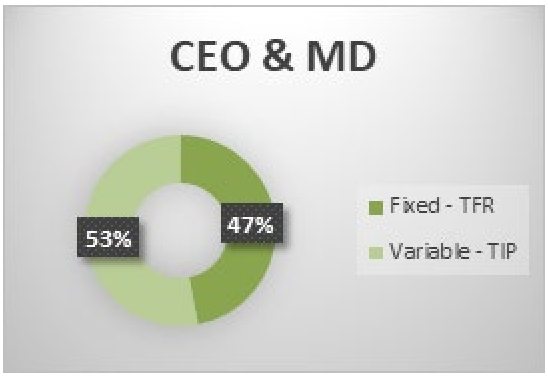


On 1 January 2018, the CEO & Managing Director took a 15% reduction in fixed remuneration, with the TIP payout threshold being adjusted from 100% to 137.5%, due to changes in the structure of the business. In alignment with the integration of ARN Regional (the acquisition from Grant Broadcasters), the remuneration of the CEO & Managing Director has been benchmarked externally and realigned in recognition of the increased scope of the role as a result. Effective 1 January 2022, TFR was increased to $1.2 million (equal to 2017 TFR), and the TIP threshold reduced from 137.5% to 115%.

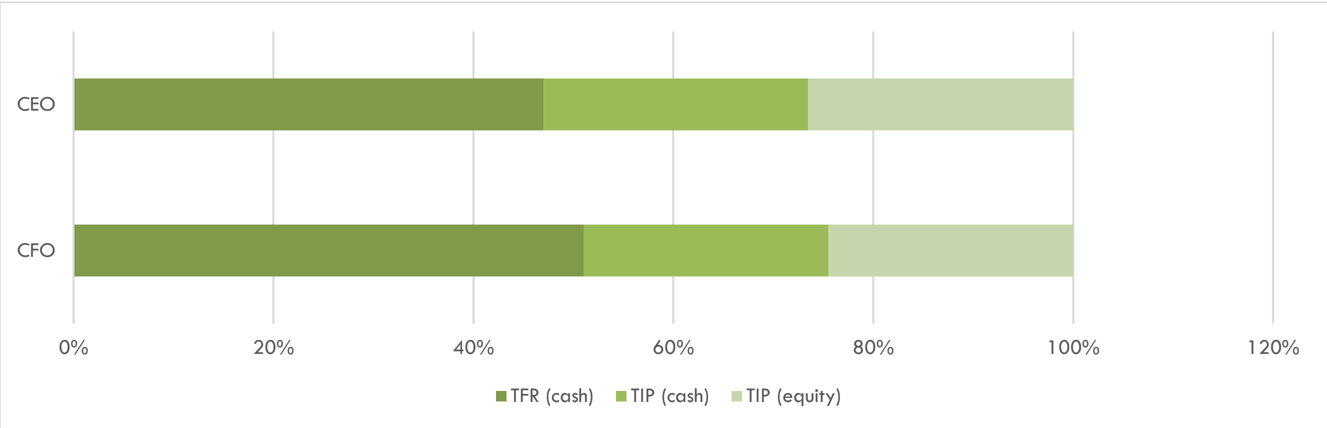
Similarly, the remuneration of the CFO has been benchmarked externally and realigned in recognition of the increased scope. Effective 1 January 2022, TFR was increased to $575,000. The TIP threshold remains at 100%.

Remuneration report
(Continued)

As a result of these changes, the target remuneration mix for 2022 has shifted as follows:



To further reinforce the alignment of Executive KMPs to shareholder interests, 50% of the TIP is delivered as rights to acquire ordinary shares, with a 1-year service period and further 2-year holding lock. This serves as a strong retention driver, as well as providing further incentive for effective long-term decision-making. The following diagram shows the mix of cash (short-term reward) and equity (long-term reward) delivered at target across total remuneration for Executive KMPs.



Other plan features

Feature	Description
Dividends	At the discretion of the Board participants will receive an additional allocation of fully paid ordinary shares or a cash payment at vesting equal to the dividends paid on vested rights over the performance and service periods.
Equity allocation methodology	Equity is granted based on the face value of the rights calculated at the commencement of the performance period.
Clawback	The Company may reduce unvested equity awards in certain circumstances such as gross misconduct, material misstatement or fraud. The Board may also reduce unvested awards to recover amounts where performance that led to payments being awarded is later determined to have been incorrectly measured or not sustained.
Treatment of awards on cessation of employment	Awards are forfeited for 'bad' leavers (e.g. resignation or termination for cause), while 'good' leavers (e.g. cessation of employment due to redundancy, total disablement or death) receive pro-rated awards based on the extent to which performance and service conditions are met.
Treatment of awards on change of control	Participants receive pro-rated awards based on the extent to which performance and service conditions are met.

The Board retains the ultimate discretion regarding remuneration outcomes. The Board may make or cancel (claw back) awards where it sees fit to align with remuneration policy and/or Company strategic outcomes.

Remuneration Report
(Continued)

C. How 2021 Reward was Linked to Performance

Performance Measures

The overall Company performance for 2021 is reflected in the performance measures below. Results for 2019 onwards reflect the adoption of AASB 16 *Leases* in 2019.

	2021	2020	2019	2018	2017
Group EBITDA[1]	**$59.8m**	$49.3m	$75.6m	$105.5m	$118.4m
Net profit after tax before amortisation (NPAT/NPATA)[2]	**$28.8m**	$15.4m	$34.2m	$51.2m	$54.1m
Weighted average number of shares outstanding[3]	**276,605,346**	279,530,868	283,605,019	307,528,973	307,696,348
Basic (NPAT/NPATA) EPS[2, 3] (cents)	**10.4**	5.5	12.1	16.6	17.6
ROIC[4]	**13.9%**	8.0%	14.0%	23.9%	13.4%
Dividend paid to shareholders (cents per share)	**3.5**	4.6	8.0	79.0	7.0
Increase/(decrease) in share price (%)[5]	**14%**	9%	7%	22%	(34%)

(1) Continuing operations before exceptional items. 2018 includes Adshel's results for the period it was owned by HT&E. 2021, 2020 & 2019 includes impact of adoption of AASB 16 *Leases*.

(2) Continuing and discontinued operations before exceptional items and amortisation, attributable to HT&E shareholders. Results reflect Net Profit after Tax before Amortisation (NPATA) for 2017 and NPAT for 2018 to 2021.

(3) Adjusted for treasury shares and share buyback in 2018 to 2021.

(4) Based on EBIT from continuing operations before exceptional items for 2018 to 2021 and EBITA from continuing operations before exceptional items for 2017.

(5) 2018 closing share price increased to reflect payment of special dividend.

Performance and Impact on Remuneration

(i) 2021 TIP Award

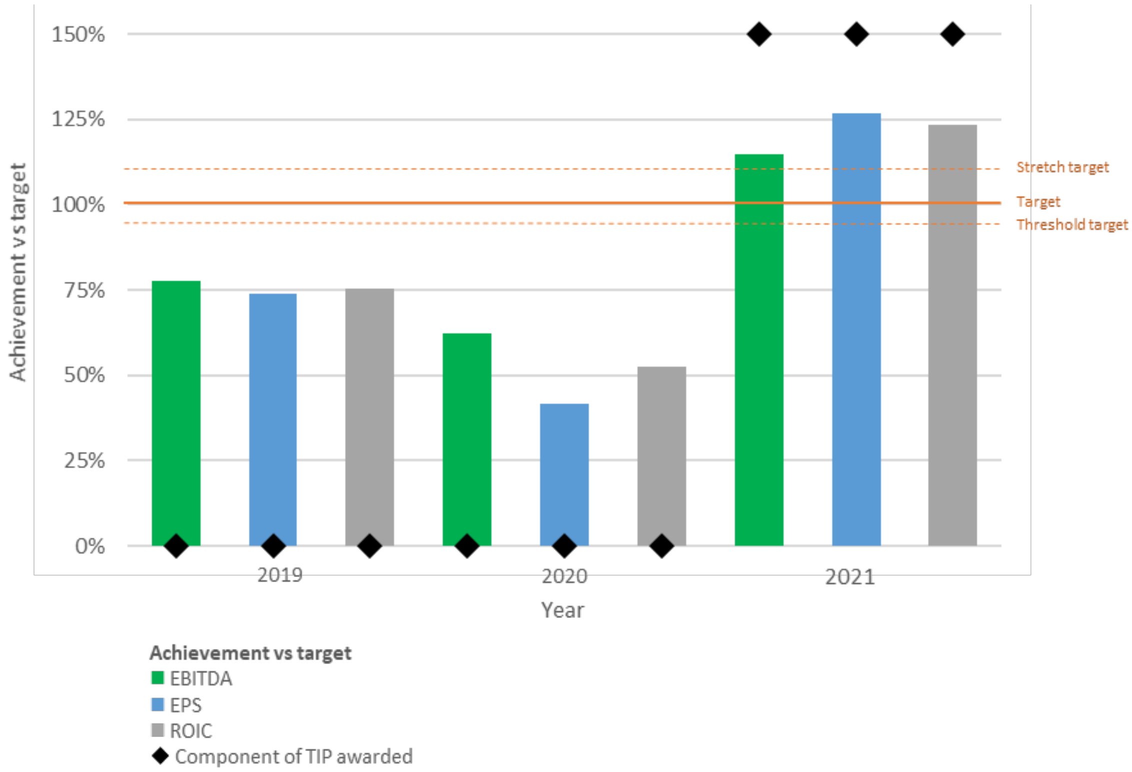
HT&E's continuing operations EBITDA, EPS and ROIC performance in 2021 were ahead of targets set at the beginning of the year, with advertising revenues remaining strong despite some ongoing impacts from the COVID-19 global pandemic.

A component (75%) of the 2021 TIP award was dependent on Group financial performance relative to target. Performance for the 2021 financial year is outlined in the table below:

2021 TIP financial metrics	EBITDA performance	EPS performance	ROIC performance
Group: continuing operations	Between target and maximum; 115.0% of target achieved	Between target and maximum; 126.8% of target achieved	Between target and maximum; 123.3% of target achieved

Remuneration report
(Continued)

The chart below shows over the last three years, Group results used for TIP assessment as a percentage of targets, and the corresponding TIP component award outcome:



HT&E's performance for 2021 surpassed the stretch target on all financial performance conditions resulting in the maximum award for financial metrics. Executive KMP met some or all of their personal KPI targets, with award outcomes for the CEO & Managing Director of 75% and CFO of 100%.

The financial performance conditions in 2019 & 2020 were not met and no awards were made for the financial components of the TIP.

The table below summarises the 2021 TIP outcomes:

	TIP awarded (cash incentive) $	TIP awarded (equity award)[1] $	Total TIP awarded $	% of target achieved	% of maximum achieved	% of maximum forfeited
Executive KMP						
Ciaran Davis	905,625	905,625	1,811,250	131.3%	95%	5%
Andrew Nye	357,500	357,500	715,000	137.5%	100%	0%

(1) This differs from the accounting fair value of the equity award (included in section D), which is calculated in accordance with accounting standards and expensed over two financial years, covering both the performance and service periods.

Remuneration Report
(Continued)

D. Total Remuneration for Executive KMP

Details of the Executive KMP remuneration for 2021 and comparatives for 2020 and 2019 are set out in the table below. The remuneration in this table has been calculated in accordance with accounting standards and therefore differs from the information included in section E.

	Short-term benefits			Post-employment benefits	Other long-term benefits		Total
Executive KMP	Cash salary and fees[1] $	Non-monetary benefits[2] $	Cash incentives[3] $	Super-annuation $	Long service leave[4] $	Fair value equity awards[5] $	$
Ciaran Davis							
2021	**979,934**	**19,159**	**905,625**	**22,631**	**24,212**	**513,867**	**2,465,428**
2020	975,907	24,037	–	21,348	40,489	135,327	1,197,108
2019	976,489	33,143	155,250	20,767	34,683	497,111	1,717,443
Andrew Nye (from 14 August 2019)							
2021	**498,306**	**787**	**357,500**	**22,631**	**939**	**202,851**	**1,083,014**
2020	496,735	1,293	–	21,348	324	5,870	525,570
2019	152,949	–	9,844	10,305	87	5,452	178,637
Total							
2021	**1,478,240**	**19,946**	**1,263,125**	**45,262**	**25,151**	**716,718**	**3,548,442**
2020	1,472,642	25,330	–	42,696	40,813	141,197	1,722,678
2019	1,129,438	33,143	165,094	31,072	34,770	502,563	1,896,080

(1) Cash salary and fees include accrued annual leave paid out as part of salary.

(2) Non-monetary benefits typically include novated lease costs, car parking and associated fringe benefits tax.

(3) Cash incentive payments relate to cash TIP awards accrued for the relevant year and paid in the year following.

(4) Long service leave relates to amounts accrued during the year.

(5) The fair value is derived using the closing share price on the grant date.

Remuneration report
(Continued)

E. Actual Remuneration for 2021

The following section sets out the value of remuneration which has been received by Executive KMP for the 2021 performance year.

The figures in the following table are different to those shown in the accounting table in Section D because that table includes the apportioned accounting value for all vested TIP grants. It also includes accrued long service leave and non-monetary benefits provided in addition to an individual's TFR.

The TIP values represent the cash portion (50%) of the total TIP awarded for each year. Vested TIP in 2020 is the value of the TIP that was granted in 2019 and vested at the end of 2020 based on the share price at 31 December 2020, consistent with the 2020 Remuneration Report.

Executive KMP	TFR[1] $	TIP $	Vested TIP[2] $	Total $
Ciaran Davis				
2021	**1,020,937**	**905,625**	**–**	**1,926,562**
2020	1,020,000	–	202,105	1,222,105
2019	1,020,000	155,250	1,117,844	2,293,094
Andrew Nye (from 14 August 2019)				
2021	**520,937**	**357,500**	**–**	**878,437**
2020	518,083	–	12,412	530,495
2019	163,254	9,844	–	173,098
Total				
2021	**1,541,874**	**1,263,125**	**–**	**2,804,999**
2020	1,538,083	–	214,517	1,752,600
2019	1,183,254	165,094	1,117,844	2,466,192

(1) TFR comprises base salary, retirement benefits and other remuneration related costs.

(2) Vested TIP in 2021 is nil given no shares awarded in relation to 2020 TIP.

Remuneration Report
(Continued)

F. Contractual Arrangements with Executive KMP

Remuneration and other terms of employment for Executive KMP are formalised in employment contracts. All Executive KMP are employed under contracts with substantially similar terms. The key elements of these employment contracts are summarised below:

Contract duration	Continuing
Notice by individual/Company	Employment may be terminated by either party. Notice periods vary according to contractual terms: CEO & Managing Director – 12 months and CFO – six months.
Termination of employment (for cause)	All contracts provide that employment may be terminated at any time without notice for serious misconduct.
Termination of employment (without cause)	Where employment is terminated by the Company, payment may be made in lieu of notice.
Redundancy	If the Company terminates the employment of an Executive KMP for reasons of redundancy, a redundancy payment would be paid depending on the length of their service. Benefits paid as defined by *Corporations Regulations 2001* Reg 2D.2.02 cannot exceed 12 months base salary (average of past three years). Payments for redundancy and accrued leave entitlements are not subject to this cap.
Non-compete/restraint	Executive KMP are subject to non-compete provisions for the term of their notice period.

G. Non-Executive Director Arrangements

Non-executive Directors are provided with written agreements which outline the fees for their contribution as Directors. Fees reflect the demands which are made on, and the responsibilities of, the Directors. The Remuneration, Nomination and Governance Committee has the responsibility for reviewing and recommending the level of remuneration for Non-executive Directors in relation to Board and Committee duties.

In 2021, non-executive Directors maintained the 15% fixed remuneration reduction which became effective in 2018 in response to the reduced size of the HT&E Group, a consequence of the successful divesture of the Group's legacy print operations.

Non-executive Directors are not eligible to participate in incentive programs or termination payments.

The annual fees provided to Non-executive Directors inclusive of superannuation are shown below:

	2021 $		2022 $	
Role	Chair fee[1]	Member fee	Chair fee[1]	Member fee
Board	284,700	85,000	284,700	135,000
Audit & Risk Committee	20,000	10,000	20,000	10,000
Remuneration, Nomination and Governance Committee	20,000	10,000	20,000	10,000

(1) The Board Chair does not receive Committee fees.

Remuneration report
(Continued)

Approved Fee Pool

The Non-executive Director fee pool of $1,200,000 per annum was approved by shareholders at the 2015 Annual General Meeting. There was no change to the Non-executive Director fee pool in 2021 and none is expected for 2022.

Details of the Non-executive Directors' fees for 2021 and 2020 are set out in the table below:

	Fees $	Superannuation $	Total $
Non-executive Directors			
Hamish McLennan			
2021	**263,006**	**22,631**	**285,637**
2020	241,550	21,188	262,738
Roger Amos			
2021	**105,023**	**10,240**	**115,263**
2020	96,271	9,146	105,417
Paul Connolly			
2021	**105,023**	**10,240**	**115,263**
2020	96,271	9,146	105,417
Belinda Rowe			
2021	**95,890**	**9,349**	**105,239**
2020	87,900	8,350	96,250
Total			
2021	**568,942**	**52,460**	**621,402**
2020	521,992	47,830	569,822

Remuneration Report
(Continued)

H. Share-Based Remuneration

(i) Terms and Conditions of Share-Based Remuneration

2021 TIP Awards

Executive KMP received a grant of rights under the 2021 TIP during 2021. Based on HT&E's performance, rights have been awarded at the end of 2021 to satisfy TIP outcomes. Rights will vest at the end of the one-year service period. The table below shows the number and value of 2021 rights that were awarded and remain unvested at the end of 2021.

Executive KMP	Grant date[1]	Vesting Date	Number of rights granted	Number of rights awarded	Number of rights forfeited	Value per right at grant date $	Maximum value to be recognised in future years $
Ciaran Davis	16 February 2021	31 December 2022	533,006	508,779	24,227	2.02	513,867
Andrew Nye	16 February 2021	31 December 2022	200,843	200,843	–	2.02	202,851

(1) The date on which the fair value of the TIP rights was calculated, being the deemed grant date of the rights for accounting purposes.

(ii) Reconciliation of Rights

The table below shows a reconciliation of the number of rights held by each Executive KMP from the beginning to the end of the 2021 financial year. At the Board's discretion, the participants may receive an additional allocation of fully paid ordinary shares equal to the value of dividends that were payable on the underlying shares, whilst holding unvested and/or vested rights. Where dividends have been declared, these additional fully paid ordinary shares are included in the rights table below as 'Dividend uplift', to reflect the full number of shares the participants may be entitled to at the conclusion of the vesting period.

Executive KMP	Balance at start of the year	2019 TIP Exercised/ vested[1]	2020 TIP Exercised/ vested	Awarded	Dividend uplift	Balance at end of the year
Ciaran Davis						
Vested and exercisable	109,246	(109,246)	–	–	–	–
Unvested	–	–	–	508,779	15,342	524,121
Total	**109,246**	**(109,246)**	**–**	**508,779**	**15,342**	**524,121**
Andrew Nye						
Vested and exercisable	6,709	(6,709)	–	–	–	–
Unvested	–	–	–	200,843	6,057	206,900
Total	**6,709**	**(6,709)**	**–**	**200,843**	**6,057**	**206,900**
Total						
Vested and exercisable	115,955	(115,955)	–	–	–	–
Unvested	–	–	–	709,622	21,399	731,021
Total	**115,955**	**(115,955)**	**–**	**709,622**	**21,399**	**731,021**

(1) Held in trust until the end of the 2-year holding lock which is 31 Dec 2022 for the 2019 TIP.

Remuneration report
(Continued)

I. Non-Executive Director and Executive KMP Shareholdings

The number of shares in the Company held by each Non-executive Director and Executive KMP during the year including their related parties is summarised below:

	Balance at start of the year	TIP shares released[1]	Other changes during the year	Balance at end of the year
Non-executive Directors				
Hamish McLennan	73,000	–	–	73,000
Roger Amos	16,250	–	–	16,250
Paul Connolly	65,935	–	–	65,935
Belinda Rowe	–	–	–	–
Executive KMP				
Ciaran Davis	560,662	659,495	–	1,220,157
Andrew Nye	50,476	–	–	50,476

(1) 659,495 of shares for the 2018 TIP released from the two-year holding lock. The two-year holding lock for the 115,955 of shares for the 2019 TIP exercised in section H(ii) ends on 31 December 2022 and will be added to the KMPs' shareholding at that time.

J. Other Statutory Disclosures

(i) Loans Given to Non-Executive Directors and Executive KMP

There are no loans from the Company to the Non-executive Directors or Executive KMP.

(ii) Transactions with Related Parties

$75,172 director fees received from Soprano Design Pty Limited by Belinda Rowe for services performed.

(iii) Securities Trading Policy and Guidelines

The Company's Securities Trading Policy and Guidelines is outlined in the Corporate Governance Statement, which can be found on the Company website. Under the policy, restricted persons, which include Executive KMP, are not permitted to hedge any options, rights or similar instruments prior to them becoming vested or otherwise tradable under the applicable plan.

(iv) Voting and Comments Made at the Company's 2021 AGM

The Company received more than 99% of 'yes' votes on its Remuneration Report for the 2020 financial year. No major remuneration related concerns were raised which required the Company's attention during the 2021 financial year.

(v) External Remuneration Consultants

Mercer Consulting Australia (Mercer) was engaged by HT&E to benchmark the Board and Executive KMP Remuneration framework and report on their findings. Mercer was paid $110,000 for these services. The scope included;

- Establishing a relevant peer group of companies to benchmark against
- Reviewing the existing HT&E Executive KMP remuneration framework and packages against the benchmark
- Assessing the Executive KMP TIP framework
- Reviewing Non-Executive Director fees against the benchmark

Mercer has confirmed that any remuneration recommendations have been made free from undue influence by members of the Group's KMP.

The following arrangements were made to ensure that the remuneration recommendations were made free from undue influence;

- Mercer was engaged directly by the Group Chief People Officer (not an Executive KMP) on behalf of the Remuneration Nomination and Governance Committee
- The Remuneration Nomination and Governance Committee reviewed the scope of work prior to commencement
- The reports containing findings and recommendations were provided by Mercer directly to the Group Chief People Officer
- The findings and recommendations were presented by the Group Chief People Officer directly to the Remuneration, Nomination and Governance Committee

Consequently, the Board is satisfied that the recommendations were made free from undue influence from any members of Executive KMP.

Auditor's Independence Declaration

As lead auditor for the audit of HT&E Limited for the year ended 31 December 2021, 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 HT&E Limited and the entities it controlled during the period.

Louise King
Partner
PricewaterhouseCoopers

23 February 2022

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Consolidated Financial Statements

About the Financial Statements

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 February 2022. The Directors have the power to amend and reissue the financial statements.

Basis of Preparation

This general purpose financial report has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

All new and amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period have been adopted. Refer to note 6.5 for further details.

The financial report is presented in Australian dollars which is the Company's functional and presentation currency.

It has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment.

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

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

Key Judgements and Estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next and subsequent years can be found in the following notes:

- Note 2.1 Intangible assets;
- Note 2.3 Leases;
- Note 4.1 Income tax and deferred tax;
- Note 5.3 Shares in other corporations; and
- Note 5.4 Investments accounted for using the equity method.

Significant Events in the Current Reporting Period

Acquisition of ARN Regional from Grant Broadcasters

On 12 November 2021, HT&E announced a binding agreement to acquire from Grant Broadcasters' 46 regional radio stations and digital operations for $307.5 million before transaction costs and customary adjustments (with a fair value consideration as at 4 January 2022 of $312.4 million). $68.0 million was drawn from existing debt facilities just prior to 31 December 2021 to fund a portion of the ARN regional acquisition on 4 January 2022. Refer to note 6.6 for more details.

Settlement of ATO Disputes

On 29 October 2021, the Company announced it had reached a binding heads of agreement to settle the taxation dispute with the Australian Taxation Office for $70.7 million. Refer to note 4.1 for more information.

Termination of Soprano Sale

On 20 September 2021 the Company announced that the shareholders of Soprano Design Limited had terminated negotiations for the sale of 100% of Soprano to Link Mobility. Refer to note 6.1 for more information.

Sale of investments in Lux Group Limited (Luxury Escapes) and oOh!Media (OML)

On 2 November 2021, the Group announced it had sold its investment in OML for the total consideration of $49.2 million. A fair value uplift of $21.8 million net of tax that was previously recognised in other comprehensive income was transferred from investment revaluation reserve to retained earnings. Refer to note 5.3 for more information. The Group partially disposed of its equity interest in Lux Group Limited (Luxury Escapes) on 22 December 2021. Refer to note 5.3 for more information.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Revenue	1.1	**225,036**	196,061
Other revenue and income	1.1	**18,965**	13,512
Total revenue and other income		**244,001**	209,573
Expenses before impairment, finance costs, depreciation and amortisation	1.2	**(184,313)**	(151,891)
Impairment of intangible assets	2.1	**–**	(54,178)
Impairment of right-of-use assets	2.3	**–**	(7,093)
Associate impairment reversals/(losses)	1.3, 5.4	**2,019**	(4,394)
Finance costs	1.2	**(12,743)**	(4,519)
Depreciation and amortisation	1.2	**(13,871)**	(16,817)
Share of profits of associates and joint ventures accounted for using the equity method	5.4	**9,786**	5,998
Profit/(Loss) before income tax		**44,879**	(23,321)
Income tax expense	4.1	**(26,232)**	(15,778)
Profit/(Loss) for the year		**18,647**	(39,099)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Net exchange difference on translation of foreign operations	3.7	**(438)**	1,373
Reclassification of foreign currency translation reserve to profit and loss	3.7	**–**	(22)
Share of associate's other comprehensive income	3.7	**(298)**	504
Item that will not be reclassified to profit or loss:			
Changes in the fair value of equity investments recorded at fair value through other comprehensive income	5.3	**2,322**	19,473
Revaluation of freehold land and buildings	3.7	**–**	42
Other comprehensive income, net of tax		**1,586**	21,370
Total comprehensive income		**20,233**	(17,729)
Profit/(Loss) for the year is attributable to:			
Owners of the parent entity		**14,830**	(42,501)
Non-controlling interests		**3,817**	3,402
Profit/(Loss) for the year		**18,647**	(39,099)
Total comprehensive income is attributable to:			
Owners of the parent entity		**16,416**	(21,131)
Non-controlling interests		**3,817**	3,402
		20,233	(17,729)

		Cents	Cents
Earnings per share			
Basic/diluted earnings per share	1.4	**5.4**	(15.2)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2021

	Note	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	3.2	**257,068**	65,080
Short-term deposits		**–**	50,000
Receivables	3.3(B)	**51,351**	43,919
Tax assets	4.1	**–**	1,553
Other current assets		**1,896**	3,475
Total current assets		**310,315**	164,027
Non-current assets			
Shares in other corporations	5.3	**4,196**	46,583
Investments accounted for using the equity method	5.4	**52,561**	51,320
Property, plant and equipment	2.2	**18,778**	19,080
Intangible assets	2.1	**372,613**	373,912
Right-of-use assets	2.3	**23,424**	31,172
Deposit of tax in dispute, net of provision	4.1	**–**	3,930
Other non-current assets		**1,683**	3,239
Total non-current assets		**473,255**	529,236
Total assets		**783,570**	693,263
Current liabilities			
Payables		**41,461**	21,506
Contract liabilities	1.1	**4,966**	4,378
Lease liabilities	2.3	**9,956**	14,346
Current tax liabilities	4.1	**20,511**	–
Provisions	2.4	**6,720**	4,973
Total current liabilities		**83,614**	45,203
Non-current liabilities			
Bank loans[A]	3.1	**67,250**	1,819
Lease liabilities	2.3	**21,664**	29,272
Provisions	2.4	**4,097**	4,768
Deferred tax liabilities	4.1	**111,603**	119,958
Total non-current liabilities		**204,614**	155,817
Total liabilities		**288,228**	201,020
Net assets		**495,342**	492,243
Equity			
Contributed equity	3.5	**1,475,706**	1,480,752
Reserves	3.7	**(42,676)**	(23,203)
Accumulated losses	3.7	**(974,339)**	(1,001,357)
Total parent entity interest		**458,691**	456,192
Non-controlling interests		**36,651**	36,051
Total equity		**495,342**	492,243

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

(A) $1.1 million net borrowing costs has been reclassified in the comparative financial information from other non-current assets to bank loans in the current year (refer to note 3.1).

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**238,387**	216,816
Payments to suppliers and employees (inclusive of GST)		**(187,162)**	(176,680)
Government subsidies and grants		**–**	10,728
Dividends received		**–**	188
Interest received		**422**	934
Interest paid		**(3,205)**	(4,266)
Income taxes refunded/(paid)		**(9,794)**	6,257
Tax matter settlement	4.1	**–**	(3,200)
Net cash inflows from operating activities	3.2	**38,648**	50,777
Cash flows from investing activities			
Payments for property, plant and equipment	2.2	**(3,297)**	(1,633)
Payments for software	2.1	**(14)**	(483)
Proceeds from sale of property, plant and equipment		**32**	–
Proceeds from sale of investments	5.3	**63,628**	–
Increase in investment in shares in other corporations	5.3	**–**	(18,073)
Payments from/(to) short-term deposits		**50,000**	(50,000)
Net loans repaid by other entities		**–**	726
Net loans from/(to) associate		**3,667**	2,811
Dividends received from associate	5.4	**6,599**	1,250
Net cash inflows/(outflows) from investing activities		**120,615**	(65,402)
Cash flows from financing activities			
Proceeds from borrowings	3.1	**65,003**	3,265
Payments for borrowing costs		**(80)**	(33)
Principal elements of lease payments	2.3	**(14,278)**	(14,341)
Payments for treasury shares	3.7	**(10)**	(331)
Dividends paid to shareholders	3.8	**(9,675)**	(12,840)
Payments for share buyback	3.5	**(5,046)**	(2,933)
Net payments to non-controlling interests		**(3,216)**	(3,850)
Net cash inflows/(outflows) from financing activities		**32,698**	(31,063)
Change in cash and cash equivalents		**191,961**	(45,688)
Cash and cash equivalents at beginning of the year		**65,080**	110,972
Effect of exchange rate changes		**27**	(204)
Cash and cash equivalents at end of the year	3.2	**257,068**	65,080

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2020		1,483,685	(43,743)	(946,536)	**493,406**	36,499	**529,905**
Loss for the period		–	–	(42,501)	**(42,501)**	3,402	**(39,099)**
Other comprehensive income		–	21,370	–	**21,370**	–	**21,370**
Share-based payments	3.7	–	(1,771)	–	**(1,771)**	–	**(1,771)**
Share buy-back	3.5	(2,933)	–	–	**(2,933)**	–	**(2,933)**
Dividends paid to shareholders	3.8	–	–	(12,840)	**(12,840)**	–	**(12,840)**
Transfers within equity	3.7	–	(520)	520	**–**	–	**–**
Treasury shares vested to employees	3.7	–	1,792	–	**1,792**	–	**1,792**
Acquisition of treasury shares	3.7	–	(331)	–	**(331)**	–	**(331)**
Transactions with non-controlling interests		–	–	–	**–**	(3,850)	**(3,850)**
Balance at 31 December 2020		1,480,752	(23,203)	(1,001,357)	**456,192**	36,051	**492,243**
Balance at 1 January 2021		1,480,752	(23,203)	(1,001,357)	**456,192**	36,051	**492,243**
Profit for the period				14,830	**14,830**	3,817	**18,647**
Other comprehensive income			1,586		**1,586**		**1,586**
Share-based payments	3.7		633		**633**		**633**
Share buy-back	3.5	(5,046)			**(5,046)**		**(5,046)**
Dividends paid to shareholders	3.8			(9,675)	**(9,675)**		**(9,675)**
Transfers within equity	3.7		(21,863)	21,863	**–**		**–**
Treasury shares vested to employees	3.7		181		**181**		**181**
Acquisition of treasury shares	3.7		(10)		**(10)**		**(10)**
Transactions with non-controlling interests						(3,217)	**(3,217)**
Balance at 31 December 2021		1,475,706	(42,676)	(974,339)	**458,691**	36,651	**495,342**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Group Performance

1.1 Revenue

	Note	2021 $'000	2020 $'000
Revenue and other income			
Broadcast revenue		**182,989**	160,603
Advertising revenue [A]		**32,666**	29,366
Services revenue		**8,963**	5,983
Other revenue		**418**	109
Revenue from contracts with customers		**225,036**	196,061
Gain on financial assets held at fair value through profit or loss	5.3	**17,931**	726
Dividend income		**–**	188
Government subsidies and grants	1.3	**–**	10,728
Other		**699**	1,145
Other income		**18,630**	12,787
Interest income		**335**	725
Total other revenue and income		**18,954**	13,512
Total revenue and other income		**244,001**	209,573

Revenue recognised in the year ended 31 December 2021 that was included in the contract liabilities balance as at 1 January 2021 is $4.2 million (2020: $5.6 million).

(A) $1.2m of revenue has been reclassified in the comparative financial information (including statement of cash flows) to enhance comparability and ensure consistency with the current year's presentation in respect of these sales (refer to page 58).

Notes to the Consolidated Financial Statements
(Continued)

1.1 Revenue (Continued)

ACCOUNTING POLICY

Revenue

The key revenue streams and policies are detailed below:

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 when control of the services or goods passes to the customer.

Revenue is recognised gross of rebates and agency commissions. Payment terms vary between 30 and 45 days from the invoice issue date.

Type of product/service	Segment	Nature and timing of satisfaction of performance obligations
Broadcast revenue	Australian Radio Network	Revenue is recognised when each advertisement is aired per the contract terms.
Advertising revenue	All	Advertising revenue includes web advertising revenue, revenue from online radio platforms and advertising from podcasts. • Web and outdoor advertising revenue is recognised over the time period which the advertisements are displayed. • Revenue from online radio platforms is recognised at a point in time when each advertisement is aired. • Revenue from podcast advertising is recognised when advertisements are served. Where the Group does not produce the podcast, associated revenue from advertising is recognised net of podcast publishers share of revenue.
Services revenue	HK Outdoor	Includes production and installation revenue. Production and installation revenue, where it is a distinct service, is recognised by reference to stage of completion of the service.
Other revenue	All	Includes sponsorships, royalties and cleaning and maintenance revenue. Revenue is recognised when the service occurs.

Contract costs

The Group applies the practical expedient under AASB 15 *Revenue from Contracts with Customers* to expense contract acquisition costs as they are incurred, as the expected costs have an amortisation period of less than 12 months.

Contract assets and liabilities

Contract assets relate primarily to the Group's rights to consideration for work completed but not billed at each reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to a customer.

Contract liabilities primarily relate to consideration received in advance from customers, for which the performance obligation is yet to be satisfied.

Government subsidies and grants

Subsidies from relevant governments compensates the Group for employee benefits expense incurred and is recognised in profit or loss on a systematic basis in the period in which the expense is recognised.

For the year ending 31 December 2020, Australian domiciled entities within the Group were eligible for the JobKeeper subsidy from the Australian government. Hong Kong domiciled entities within the Group were eligible for the Hong Kong Government Employment Support Scheme. This has been recorded within Other Income.

For the years ending 31 December 2021 and 31 December 2020, Canberra FM received the Public Interest News Gathering Fund grant. This has been recorded in other income.

Notes to the Consolidated Financial Statements
(Continued)

1.2 Expenses

	Note	2021 $'000	2020 $'000
Employee benefits expense		**106,014**	91,945
Production and distribution expense[A]		**13,060**	13,758
Selling and marketing expense		**34,011**	28,806
Rental and occupancy expense		**7,396**	6,142
Professional fees		**3,443**	4,715
Repairs and maintenance costs		**3,524**	1,981
Travel and entertainment costs		**1,624**	1,104
Penalties – tax settlement	1.3	**5,734**	–
Acquisition costs	1.3	**1,958**	–
Costs associated with sale of business	1.3	**428**	–
Redundancies and associated costs	1.3	**–**	1,458
Loss on sale of business	1.3	**–**	350
Onerous contract provision adjustment	1.3, 2.4	**–**	(4,799)
Joint venture closure costs remeasurement	1.3	**–**	(350)
Other expenses		**7,121**	6,781
Total expenses before impairment, finance costs, depreciation and amortisation		**184,313**	151,891
Interest – lease liabilities	2.3	**1,540**	2,275
Interest and finance charges		**1,756**	1,714
Interest – tax settlements	4.1	**8,912**	–
Borrowing costs amortisation		**535**	530
Total finance costs		**12,743**	4,519
Depreciation – right-of-use assets	2.3	**9,945**	12,629
Depreciation – other assets	2.2	**3,171**	3,152
Amortisation	2.1	**755**	1,036
Total depreciation and amortisation		**13,871**	16,817

(A) $1.2m of expense has been reclassified in the comparative financial information (including statement of cash flows) to enhance comparability and ensure consistency with the current year's presentation (refer to page 58).

Notes to the Consolidated Financial Statements
(Continued)

1.3 Segment information

(i) Description of segments

The Group has identified its operating segments based on the internal reports reviewed by the Board of Directors and the senior management team in assessing performance and determining the allocation of resources. There are three reportable segments as follows:

Reportable segment	Principal activities
Australian Radio Network	Metropolitan radio networks, on-demand radio, streaming and podcasting (Australia)
HK Outdoor	Billboard, transit and other outdoor advertising (Hong Kong)
Investments	Includes controlling interests in Emotive Pty Limited (creative agency) and equity accounted investments in Soprano Design Pty Limited (software vendor for secure messaging services)

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

In the year ending 31 December 2020 the Group's 50% interest in Nova Entertainment (Perth) Pty Ltd became an associate (refer to note 5.4). The Group's share of profits continues to be recorded in the Australian Radio Network segment.

(ii) Results by operating segment

The segment information provided to the Directors and senior management team for the year ended 31 December 2021 is as follows:

2021 $'000	Australian Radio Network	HK Outdoor	Investments	Corporate	Group elimination	Total
Revenue from contracts with customers	195,584	21,851	8,322	–	(721)	**225,036**
Share of profits of associates	4,760	–	4,329	–	–	**9,089**
Segment result	53,821	10,506	5,582	(10,094)	–	**59,815**
Segment assets	486,446	20,362	25,740	251,022	–	**783,570**
Segment liabilities	47,100	17,368	3,371	220,389	–	**288,228**
Reconciliation of segment result to loss before income tax						
Segment result						**59,815**
Depreciation and amortisation [A]						**(13,871)**
Net finance costs [B]						**(12,408)**
Cost associated with sale of business [C]						**(428)**
Acquisition costs [D]						**(1,958)**
Penalties – tax settlements [E]						**(5,734)**
Associate share of impairment gain/(loss) and other adjustments [F]						**2,716**
Gain on financial asset held at fair value through profit and loss [G]						**17,931**
Implementation of software as a service (SaaS) products [H]						**(1,184)**
Profit before income tax						**44,879**

Explanation of statutory adjustments

(A) Consists of depreciation of $13.1 million and amortisation of $0.8 million (refer to note 1.2).
(B) Includes $8.9 million interest expense on tax settlement (refer to note 4.1).
(C) Transaction costs associated with the disposal of investment in OML and unsuccessful disposal of investment in Soprano.
(D) Initial costs related to the acquisition of ARN Regional incurred in the period.
(E) Penalties on ATO settlement (refer to note 4.1).
(F) Consists of part reversal of previous impairment in Nova Perth investment ($2.0 million) (refer to note 5.4) and adjustment to associate revenues ($1.3 million), offset by $0.6 million impairment of goodwill held by Soprano.
(G) Gain recognised on fair value uplift of HT&E's investment in Luxury Escapes, prior to its partial disposal (refer to note 5.3)
(H) Relates to once off expenditure on new systems implemented.

Notes to the Consolidated Financial Statements
(Continued)

1.3 Segment Information (Continued)

2020 $'000	Australian Radio Network	HK Outdoor	Investments	Corporate	Group elimination	Total
Revenue from external customers	174,055	16,487	5,648	–	(129)	**196,061**
Share of profits of associates	2,737	–	3,261	–	–	**5,998**
Segment result	46,234	7,662	3,783	(8,343)	–	**49,336**
Segment assets	484,309	21,771	25,782	161,401	–	**693,263**
Segment liabilities	45,394	26,842	2,715	126,069	–	**201,020**
Reconciliation of segment result to loss before income tax						
Segment result						**49,336**
Depreciation and amortisation [A]						**(16,817)**
Net finance costs						**(3,794)**
Government subsidies and grants [B]						**10,728**
Impairment of intangible assets [C]						**(54,178)**
Impairment of right-of-use assets [D]						**(7,093)**
Associate impairment [E]						**(4,394)**
Redundancies and associated costs [F]						**(1,458)**
Loss on sale of business [G]						**(350)**
Onerous contract provision adjustment [H]						**4,799**
Joint venture closure costs remeasurement [I]						**350**
Reclassification of foreign currency translation reserve to profit and loss on closure of foreign operations						**(450)**
Loss before income tax						**(23,321)**

Explanation of statutory adjustments

(A) Consists of depreciation of $15.8 million and amortisation of $1.0 million (refer to note 1.2).

(B) Refers to the Australian Government JobKeeper subsidy and Hong Kong Government Employment Support Scheme subsidy received by the Group during the period. Refer to note 1.1 for more information.

(C) Impairment of HK Outdoor ($2.7 million) and Australian Radio Network ($51.5 million) goodwill. Refer to note 2.1 for more information.

(D) Impairment of HK Outdoor right-of-use assets relating to Advertising Concession Agreements. Refer to note 2.3 for more information.

(E) Impairment of the Group's investment in Nova Entertainment (Perth) Pty Ltd. Refer to note 5.4 for more information.

(F) Restructuring costs associated with the Australian Radio Network resulting from a review of the Company's operating model and senior management needs.

(G) Costs not deemed recoverable in relation to the disposal of The Roar Sports Media Pty Ltd, which was effective 31 January 2020.

(H) Adjustment of the provision for financial guarantee costs related to Unbnd Group Pty Ltd, a joint venture which was disposed on 19 September 2019.

(I) Remeasurement of final closure costs in relation to HT&E Events Pty Limited, which was wound down in 2020 following the decision to close Gfinity Esports Australia.

(iii) Other segment information

The Group is domiciled in Australia and operates predominantly in Australia and Hong Kong. Revenue from contracts with customers in Australia is $203.2 million (2020: $179.6 million) and in Asia is $21.9 million (2020: $16.5 million). Segment revenues are allocated based on the country in which the customer is located.

The total of non-current assets located in Australia is $463.7 million (2020: $513.6 million) and in Hong Kong is $9.5 million (2020: $15.7 million). Segment assets are allocated to countries based on where the assets are located.

Notes to the Consolidated Financial Statements
(Continued)

1.3 Segment Information (Continued)
(iii) Other segment information (Continued)

ACCOUNTING POLICY

Segment revenues and expenses comprise amounts that are directly attributable to a segment and the relevant portion that can be allocated on a reasonable basis. Corporate overheads, including centralised finance, legal and administrative costs, are not allocated against operating segments but rather are included above as unallocated amounts.

Segment revenues and results exclude transfers between segments. Such transfers are priced on an arm's length basis and are eliminated on consolidation.

1.4 Earnings per share

	2021 $'000	2020 $'000
(a) Reconciliation of earnings used in calculating earnings per share (EPS)		
Profit/(Loss) attributable to owners of the parent entity	**14,830**	(42,501)
Profit/(Loss) attributable to owners of the parent entity used in calculating basic/diluted EPS	**14,830**	(42,501)

	Number	Number
(b) Weighted average number of shares		
Weighted average number of shares used as the denominator in calculating basic EPS	**276,605,346**	279,590,599
Weighted average number of treasury shares	**–**	(59,730)
Adjusted for calculation of diluted EPS:		
Unvested/unexercised rights	**348,259**	115,955
Weighted average number of shares used as the denominator in calculating diluted EPS	**276,953,605**	279,646,824

ACCOUNTING POLICY

Basic earnings per share

Basic earnings per share is determined by dividing:

- the net profit or loss attributable to owners of the Company; by
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account:

- the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements
(Continued)

2. Operating Assets and Liabilities

2.1 Intangible Assets

2020 $'000	Goodwill	Software	Radio licences	Brands	Total
Cost	55,140	5,687	375,284	–	436,111
Accumulated amortisation and impairment	(54,650)	(3,305)	(4,244)	–	(62,199)
Net book amount	**490**	**2,382**	**371,040**	**–**	**373,912**
Movements					
Opening net book amount	55,100	1,017	371,273	7	427,397
Additions	–	483	–	–	483
Disposals	–	–	–	(7)	(7)
Transfers and other adjustments	–	1,685	–	–	1,685
Amortisation	–	(803)	(233)	–	(1,036)
Impairment charge	(54,178)	–	–	–	(54,178)
Foreign exchange differences	(432)	–	–	–	(432)
Closing net book amount	**490**	**2,382**	**371,040**	**–**	**373,912**

2021 $'000	Goodwill	Software	Radio licences	Brands	Total
Cost	490	3,754	375,284	–	**379,528**
Accumulated amortisation and impairment	–	(2,438)	(4,477)	–	**(6,915)**
Net book amount	**490**	**1,316**	**370,807**	**–**	**372,613**
Movements					
Opening net book amount	490	2,382	371,040	–	**373,912**
Additions	–	14	–	–	**14**
Disposals	–	–	–	–	**–**
Transfers and other adjustments	–	(558)	–	–	**(558)**
Amortisation	–	(522)	(233)	–	**(755)**
Impairment charge	–	–	–	–	**–**
Foreign exchange differences	–	–	–	–	**–**
Closing net book amount	**490**	**1,316**	**370,807**	**–**	**372,613**

Notes to the Consolidated Financial Statements
(Continued)

2.1 Intangible Assets (Continued)

ACCOUNTING POLICY

Summary of goodwill and other intangible assets

Asset	Useful life	Amortisation method	Acquired or Internally generated
Goodwill	Indefinite	No amortisation	Acquired
Software	3-5 years	Straight-line basis	Internally generated and acquired
Radio licences (commercial)	Indefinite	No amortisation	Acquired
Radio licence (digital)	20 years	Straight-line basis	Acquired

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is not amortised but rather is subject to impairment testing as described below.

Software

Costs incurred in developing systems and acquiring software and licences are capitalised to software. Costs capitalised include materials, services, payroll and payroll related costs of employees involved in development. Amortisation is calculated on a straight-line basis over the useful life of the asset.

Where expenditure relates to Software-as-a-Service (SaaS) arrangements, an assessment is undertaken to determine if this can be capitalised. Refer to note 6.5 for the implementation of SaaS.

Radio licences

Commercial radio licences are accounted for as identifiable assets and are brought to account at cost. The Directors believe the licences have indefinite lives and accordingly, no amortisation has been provided against the carrying amount. The commercial radio licences held by the Group are renewable every five years under the provisions of the *Broadcasting Services Act 1992.* The Directors understand that the revocation of a radio licence has never occurred in Australia and have no reason to believe the licences will not be renewed from time to time for the maximum period allowable under the Act and without imposition of any conditions. As a result, the radio licences have been assessed to have indefinite useful lives.

The digital radio licence is accounted for as an identifiable asset and is brought to account at cost. The licence is amortised over the term of the contract on a straight-line basis.

Notes to the Consolidated Financial Statements
(Continued)

2.1 Intangible Assets (Continued)

Year-End Impairment Review

Allocation of goodwill and other non-amortising intangible assets to cash generating units (CGUs)

Name of CGU	2021 Goodwill $'000	2021 Other non-amortising intangible assets $'000	2020 Goodwill $'000	2020 Other non-amortising intangible assets $'000
Australian Radio Network	**–**	**367,451**	–	367,451
Emotive	**490**	**–**	490	–
Total goodwill and other non-amortising intangible assets	**490**	**367,451**	490	367,451

Year-end impairment review of CGUs including indefinite life intangible assets

A comprehensive impairment review was conducted at 31 December 2021. The recoverable amount of the Australian Radio Network CGU incorporating metropolitan radio networks, on-demand radio, streaming and podcasting in Australia which includes indefinite life intangible assets was reviewed.

The recoverable amount of the Australian Radio Network CGU was estimated based on value in use calculations, using management budgets and forecasts for a 5-year period, after adjusting for central overheads.

At 30 June 2020, the Australian Radio Network CGU, goodwill was fully impaired ($51,494,000). In the HK Outdoor CGU, remaining goodwill was fully impaired ($2,684,000) and right-of-use assets related to advertising concession agreements were part impaired ($7,093,000) (refer to note 2.3).

The impairments recorded in Australian Radio Network and HK Outdoor CGUs were the result of the financial underperformance of each business relative to the original forecast during the six months ended 30 June 2020, and a downward revision to forecast future cashflows in the short to medium term in response to uncertainty in advertising markets created by COVID-19.

The key assumptions for the impairment review as at 31 December 2021, used to calculate the recoverable amount are presented overleaf.

Notes to the Consolidated Financial Statements
(Continued)

2.1 Intangible Assets (Continued)

(A) Cash flows

Year 1 cash flows	Based on Board approved annual budget derived with reference to a range of internal and relevant external industry data and analysis.
Years 2, 3, 4 and 5 cash flows	Revenue forecasts are prepared based on management's current assessment for each CGU, with consideration given to internal information and relevant external industry data and analysis. In general: • market growth in the Australian Radio Network CGU is forecast across the cash flow period. The revenue forecast assumes the Australian radio market will return to historical pre-COVID-19 pandemic levels within the forecast period, and the Australian Radio Network CGU will gain some additional market share or reclaim lost market share through continued investment in content, marketing and operations. Revenue forecasts for radio, streaming and podcasting take into account a range of internal and relevant external industry data and analysis; • expenses are forecast on a detailed basis, based on their nature. Variable costs are forecast to move in line with revenue movements. Personnel costs are forecast to move in line with headcount and adjusted for expected inflation. Other costs are forecast based on management expectations, considering existing contractual arrangements.
Terminal value cash flows	Cash flows are extrapolated at growth rates not exceeding the long-term average growth rate for the industry in which the CGU operates.

(B) Discount rate and long-term growth rate

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

Name of CGU[i]	Dec 2021 Post-tax discount rate	Dec 2021 Pre-tax discount rate	Dec 2021 Long-term growth rate	Dec 2020 Post-tax discount rate	Dec 2020 Pre-tax discount rate	Dec 2020 Long-term growth rate
Australian Radio Network	**9.0%**	**12.2%**	**1.5%**	10.0%	13.3%	2.0%

[i] HK Outdoor goodwill was fully impaired at 30 June 2020 hence no impairment testing required.

No additional impairment was recognised for these CGUs at 31 December 2021.

Notes to the Consolidated Financial Statements
(Continued)

2.1 Intangible Assets (Continued)

(C) Estimation uncertainty and key assumptions

KEY JUDGEMENTS AND ESTIMATES

The Group tests whether goodwill and other non-amortising intangible assets have suffered any impairment, in accordance with the accounting policy stated below. The recoverable amounts of cash generating units have been determined based on the higher of fair value less costs to sell, or value in use, calculations. These calculations require the use of assumptions. Refer below for details of these assumptions and the potential impact of changes to these assumptions.

Value in use calculations are highly sensitive to changes in certain key assumptions. With limited market-based data sources against which to benchmark key economic indicators on a forward-looking basis management has exercised judgement when determining the duration, severity and impact of the macroeconomic scenarios used by the Group. For the Australian Radio Network CGU, the carrying value is supported by value in use calculations.

The following reasonable possible changes in estimates and assumptions were considered and in isolation did not lead to impairment:

- 1.5% increase in the post-tax discount rate
- 0.5% reduction in the long-term growth rate
- 10.0% reduction in terminal year EBITDA

ACCOUNTING POLICY

Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication that they may be impaired. Assets that are subject to amortisation are tested for impairment whenever changes in circumstances indicate that the asset's carrying amount may exceed its recoverable amount. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Consolidated Financial Statements
(Continued)

2.2 Property, Plant and Equipment

2020 $'000	Freehold land	Buildings	Plant and equipment	Total
Cost or fair value	2,391	1,046	75,732	**79,169**
Accumulated depreciation and impairment	–	(93)	(61,840)	**(61,933)**
Capital works in progress	–	–	1,844	**1,844**
Net book amount	**2,391**	**953**	**15,736**	**19,080**
Movements				
Opening net book amount	2,391	937	18,804	**22,132**
Additions	–	–	1,881	**1,881**
Depreciation	–	(44)	(3,108)	**(3,152)**
Transfers and other adjustments	–	–	(1,685)	**(1,685)**
Disposal	–	–	(148)	**(148)**
Revaluation of freehold land and buildings	–	60	–	**60**
Foreign exchange differences	–	–	(8)	**(8)**
Closing net book amount	**2,391**	**953**	**15,736**	**19,080**

2021 $'000	Freehold land	Buildings	Plant and equipment	Total
Cost or fair value	2,391	1,049	76,989	**80,429**
Accumulated depreciation and impairment	–	(140)	(64,557)	**(64,697)**
Capital works in progress	–	–	3,046	**3,046**
Net book amount	**2,391**	**909**	**15,478**	**18,778**
Movements				
Opening net book amount	2,391	953	15,736	**19,080**
Additions	–	3	3,294	**3,297**
Depreciation	–	(47)	(3,124)	**(3,171)**
Transfers and other adjustments	–	–	(367)	**(367)**
Disposal	–	–	(66)	**(66)**
Revaluation of freehold land and buildings	–	–	–	**–**
Foreign exchange differences	–	–	5	**5**
Closing net book amount	**2,391**	**909**	**15,478**	**18,778**

The Group had capital commitments of $147,240 as at 31 December 2021 (2020: $158,000).

Notes to the Consolidated Financial Statements
(Continued)

2.2 Property, Plant and Equipment (Continued)

ACCOUNTING POLICY

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to asset revaluation reserve in equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first charged against asset revaluation reserve directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- buildings: 20 years;
- plant and equipment: 3-25 years; and

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Impairment of assets

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. Assets that are subject to depreciation (amortisation) are tested for impairment whenever changes in circumstances indicate that the asset's carrying amount may exceed its recoverable amount. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Assets that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Consolidated Financial Statements
(Continued)

2.3 Leases

As a lessee, the Group leases several assets including property, advertising spaces, motor vehicles and other equipment. The weighted average lease term is 9.3 years (2020: 8.4 years).

(A) Amounts recognised in the balance sheet

	2021 $'000	2020 $'000
Property	**16,138**	19,843
Advertising concession agreements	**7,147**	11,023
Motor vehicle and other	**139**	306
Total right-of-use assets	**23,424**	31,172
Current	**9,956**	14,346
Non-current	**21,664**	29,272
Total lease liabilities	**31,620**	43,618

During the year ended 31 December 2020, HK Outdoor Advertising concession agreement right-of-use assets were impaired by $7.1 million. Refer to section below for further information.

Additions to the right-of-use assets during the 2021 financial year were $2.6 million (2020: $0.6 million).

KEY JUDGEMENTS AND ESTIMATES

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

Notes to the Consolidated Financial Statements
(Continued)

2.3 Leases (Continued)

(B) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021 $'000	2020 $'000
Property	**3,439**	3,803
Advertising concession agreements	**6,201**	8,522
Motor vehicle and other	**305**	304
Depreciation charge of right-of-use assets	**9,945**	12,629
Interest expense on lease liabilities	**1,540**	2,275
Rental and occupancy expense relating to short-term leases	**2,332**	1,405
Rental and occupancy expense relating to variable lease payments not included in the measurement of the lease liability	**465**	300

The total cash outflow for leases, inclusive of principal and interest was $15.8 million (2020: $16.6 million).

(C) Impairment test of advertising concession agreements

At 30 June 2021, there were indications that the carrying amount of one of HK Outdoor's Advertising Concession Agreements may exceed its recoverable amount. An impairment test performed on this one agreement confirmed the recoverable amount exceeded the carrying value so no further impairment was recognised (2020: $7.1 million).

An impairment test was performed again as at 31 December 2021, which determined that no further impairment should be recognised.

The recoverable amount of the right-of-use assets were based on the discounted cash flow analysis over the contractual period for right-of-use assets, which takes into account the financial performance of specific advertising concession agreements at 31 December 2021.

(i) Estimation uncertainty and key assumptions

A 10% deterioration to cashflows for the remaining years in the contractual period for each specific advertising concession agreement would result in an impairment of only two of the roadside contracts totalling less than $0.1m. Even with a 10% cash deterioration, there is a surplus (no impairment) according to the model.

Notes to the Consolidated Financial Statements
(Continued)

2.3 Leases (Continued)

ACCOUNTING POLICY

The Group leases various properties, advertising spaces, motor vehicles and other equipment. Rental contracts are typically made for fixed periods of 1 to 15 years, but may be in excess of 20 years and include extension options.

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.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease liabilities

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability excludes non-lease components including variable lease amounts which are not linked to a rate or index. These components are expensed as incurred.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Incremental borrowing rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Notes to the Consolidated Financial Statements
(Continued)

2.3 Leases (Continued)

ACCOUNTING POLICY (Continued)

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Rental and occupancy expense

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Rental outgoings are treated as non-lease components and are recognised as expense in profit or loss. Other property expenses which do not transfer substantially all of the asset's economic benefits to the Group are recognised on a straight-line basis as expense in profit or loss.

Notes to the Consolidated Financial Statements
(Continued)

2.4 Provisions

	2021 $'000	2020 $'000
Current		
Employee benefits	**6,270**	4,433
Other	**450**	540
Total current provisions	**6,720**	4,973
Non-current		
Employee benefits	**1,212**	1,072
Other	**2,885**	3,696
Total non-current provisions	**4,097**	4,768

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2021	Provision for uncertain tax treatment $'000	Other $'000	Total $'000
Carrying amount at beginning of the year	–	4,236	**4,236**
Additional amounts recognised	3,500	141	**3,641**
Amounts used	(3,395)	(214)	**(3,609)**
Reversal	(105)	(840)	**(945)**
Foreign exchange differences	–	12	**12**
Carrying amount at end of the year	–	3,335	3,335

The provision for uncertain tax treatment is in relation to a loan forgiveness tax matter, settled during the year (refer to note 4.1).

Notes to the Consolidated Financial Statements
(Continued)

2.4 Provisions (Continued)

ACCOUNTING POLICY

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments 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.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and long service leave, in respect of employees' services up to the reporting date expected to be settled wholly within 12 months from the reporting date are measured at the amounts expected to be paid when settled.

Liabilities for annual leave and long service leave not expected to be settled wholly within 12 months after the end of the reporting date are measured as the present value of expected future payments to be made. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Provision for uncertain tax treatment

Where there is uncertainty over income tax treatments, the Group applies AASB Interpretation 23 *Uncertainty over Income Tax Treatments* to determine how to recognise and measure deferred and current income tax assets and liabilities (refer to note 4.1).

Notes to the Consolidated Financial Statements
(Continued)

3. Capital Management

3.1 Bank loans

	Note	2021 $'000	2020 $'000
Non-current bank loans			
Bank loans – unsecured		**68,000**	2,934
Total non-current bank loans [i]		**68,000**	2,934
Deduct:			
Borrowing costs		**2,511**	2,340
Accumulated amortisation		**(1,761)**	(1,225)
Net borrowing costs		**750**	1,115
Total non-current interest-bearing liabilities [i]		**67,250**	1,819
Net debt [i]			
Non-current bank loans		**67,250**	1,819
Net borrowing costs		**750**	1,115
Cash and cash equivalents	3.2	**(257,068)**	(65,080)
Short-term deposits	3.2	**–**	(50,000)
Net cash		**(189,068)**	(112,146)

[i] The majority of the Group's debt facilities do not expire until after December 2023 or later. Drawn bank loans will be used to fund the ARN Regional acquisition (refer to note 6.6). The Group complied with its bank covenants under the facility agreement.

(A) Capital Risk Management

The Group is focused on safeguarding its ability to continue as a going concern, so that it can provide 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 an optimal capital structure, the Group may:

- adjust dividends paid to shareholders;
- return capital to shareholders;
- issue new shares; or
- sell assets to reduce debt.

Notes to the Consolidated Financial Statements
(Continued)

3.1 Bank Loans (Continued)
(B) Standby arrangements and credit facilities

Entities in the Group have access to:	2021 $'000	2020 $'000
Loan facilities [i]		
Unsecured bank loan facilities	**258,826**	258,384
Amount of facility utilised [ii]	**(71,648)**	(6,260)
Amount of available facility	**187,178**	252,124
Overdraft facilities		
Unsecured bank overdraft facilities	**1,500**	1,500
Amount of credit utilised	**–**	–
Amount of available credit	**1,500**	1,500

[i] Pertaining to the revolving cash advance facility.

[ii] Relating to bank loan and guarantees drawn (refer to note 6.2).

ACCOUNTING POLICY
Interest bearing liabilities are initially recognised at fair value less attributable transaction costs and subsequently measured at amortised cost. Any difference between cost and redemption value is recognised in the income statement over the period of the borrowing on an effective interest basis.

Costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing. These are shown as an asset in the balance sheet.

Notes to the Consolidated Financial Statements
(Continued)

3.2 Cash Flow Information
Reconciliation of cash

	2021 $'000	2020 $'000
Cash at end of the year, as shown in the statement of cash flows, comprises:		
Cash at bank and on hand	**257,068**	65,080
The below reconciliation relates to both continued and discontinued operations.		
Reconciliation of (loss)/profit for the year to net cash inflows/(outflows) from operating activities:		
Profit/(Loss) for the year	**18,647**	(39,099)
Depreciation and amortisation	**13,871**	16,817
Borrowing costs amortisation	**535**	530
Share of profits of associate and joint ventures	**(9,786)**	(5,998)
Other non-cash items	**641**	327
Impairment of intangible assets	**–**	54,178
Impairment of right-of-use assets	**–**	7,093
Impairment (reversal)/loss on associate and joint venture	**(2,019)**	4,394
Share-based payments expense	**814**	176
Gains on financial assets held at fair value through profit or loss	**(17,931)**	(726)
Net loss/(gain) on sale of non-current assets	**(1)**	22
Tax matter settlement [(i)]	**–**	(3,200)
Changes in assets and liabilities net of effect of acquisitions and changes in accounting policy:		
Trade and other receivables	**(5,635)**	1,028
Prepayments	**1,953**	715
Change in current tax /deferred tax liabilities	**16,437**	22,036
Trade and other payables and provision for employee benefits	**21,122**	(7,516)
Net cash inflows from operating activities	**38,648**	50,777

[(i)] relates to a financing arrangement involving the Company's former New Zealand operations. This matter was settled with the ATO in November 2020 for an amount of $3.2 million.

ACCOUNTING POLICY

For the purposes of presentation on the statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions, net of bank overdrafts, with maturities 90 days or less.

Notes to the Consolidated Financial Statements
(Continued)

3.3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

The Group's overall financial 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 will use derivative financial instruments such as interest rate swaps to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk and ageing analysis for credit risk.

Financial risk management is carried out by the Group Treasury function under policies approved by the Board of Directors. The policies provide principles for overall risk management, as well as covering specific areas, such as interest rate risk, foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Market risk

(i) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk through its long-term borrowings issued at variable rates as well as through its cash and cash equivalents balance. Based on the outstanding net cash as at 31 December 2021, a change in interest rates of +/- 1% per annum with all other variables being constant would impact equity and post-tax profit by $1.3 million higher/lower. The parent entity has no significant exposure to a change in interest rates.

(ii) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. Individual transactions are assessed, and forward exchange contracts are used to hedge the risk where deemed appropriate.

While the Group has assets and liabilities in multiple currencies, individual entities in the Group do not have a significant foreign exchange exposure to receivables or payables in currencies that are not their functional currency.

(B) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Group credit risk principally arises from customer receivables, cash and cash equivalents, short-term deposits with banks and financial institutions and financial guarantees (refer to note 6.2 for details).

For banks and financial institutions, the creditworthiness is assessed prior to entering into arrangements and approved by the Board.

For customer receivables, the maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each receivable. Risk control involves the assessment of the credit quality, taking into account financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

Where appropriate, the Group undertakes all of its transactions in foreign exchange contracts with financial institutions.

Impairment of financial assets – trade receivables

The Group applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Notes to the Consolidated Financial Statements
(Continued)

3.3 Financial risk management (Continued)

(B) Credit risk (Continued)

The carrying amount of receivables as at reporting date was as follows:

	Note	2021 $'000	2020 $'000
Trade receivables		**48,835**	41,239
Loss allowance		**(269)**	(585)
		48,566	40,654
Other receivables		**2,785**	3,265
Total receivables		**51,351**	43,919

The loss allowance determined for trade receivables as at 31 December 2020 and 2021 is as follows:

	2021 $'000	2020 $'000
Opening loss allowance as at 1 January	**585**	550
Expected credit losses recognised/(reversed) in profit or loss	**(236)**	130
Receivables written off as uncollectible	**(80)**	(95)
Closing loss allowance	**269**	585

The aging of trade receivables that were not impaired at the end of the reporting date was as follows:

	2021 $'000	2020 $'000
Current	**44,942**	37,419
Past due less than 1 month	**3,193**	2,863
Past due 1 to 3 months	**451**	370
Past due 3 to 6 months	**95**	187
Past due over 6 months	**154**	400
Trade receivables	**48,835**	41,239

ACCOUNTING POLICY

Trade receivables are generally settled within 30 to 45 days and therefore classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Due to their short-term nature, the carrying value represents fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 3.3(B).

Notes to the Consolidated Financial Statements
(Continued)

3.3 Financial risk management (Continued)
(C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The tables below analyse the Group's financial liabilities, including interest to maturity into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

2020	Note	Less than one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000
Non-derivative Financial Liabilities					
Payables		21,506	–	–	–
Bank Loans	3.1	58	58	2,939	–
Lease Liabilities	2.3	15,148	8,576	11,347	19,085
Total non-derivatives		36,712	8,634	14,286	19,085
Less: interest		(58)	(58)	(4)	–
Total financial liabilities		36,654	8,576	14,282	19,085

2021	Note	Less than one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000
Non-derivative Financial Liabilities					
Payables		41,461	–	–	–
Bank Loans	3.1	1,139	1,139	68,584	–
Lease Liabilities	2.3	11,157	5,774	8,617	14,785
Total non-derivatives		53,757	6,913	77,201	14,785
Less: interest		(1,139)	(1,139)	(584)	–
Total financial liabilities		52,618	5,774	76,617	14,785

Notes to the Consolidated Financial Statements
(Continued)

3.4 Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- land and buildings.

Fair value hierarchy

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

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

(i) Recognised fair value measurements

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2020 and 2021:

2020	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
Shares in other corporations	5.3	–	–	688	**688**
Financial assets at fair value other comprehensive income					
Shares in other corporations	5.3	45,895	–	–	**45,895**
Total financial assets		45,895	–	688	**46,583**
Non-financial assets					
Freehold land and buildings					
Freehold land	2.2	–	–	2,391	**2,391**
Buildings	2.2	–	–	953	**953**
Total non-financial assets		–	–	3,344	**3,344**
2021	**Note**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
Shares in other corporations	5.3	–	–	4,196	**4,196**
Total financial assets		–	–	4,196	**4,196**
Non-financial assets					
Freehold land and buildings					
Freehold land	2.2	–	–	2,391	**2,391**
Buildings	2.2	–	–	909	**909**
Total non-financial assets		–	–	3,300	**3,300**

Notes to the Consolidated Financial Statements
(Continued)

3.4 Fair Value Measurements (Continued)

(i) Recognised fair value measurements (Continued)

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

During the period, the Group sold its shares in oOh!media Limited (OML), which were held at fair value through other comprehensive income. As OML is listed on the Australian Stock Exchange (ASX), the fair value was determined by reference to the quoted price. Refer to note 5.3 for more information.

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

The fair value of lease liabilities disclosed in note 2.3 is estimated by discounting the minimum lease payments at the Group's incremental borrowing rate. For the period ended 31 December 2021, the borrowing rates were determined to be between 2.3% and 5.2% per annum, depending on the type of lease.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for shares in other corporations that are measured through profit and loss. During the year a fair value gain of $17.9 million (2020: $0.7 million) was recorded in other income for shares in other corporations relating to the partial disposal of the Groups investment in Lux Group Limited (refer to note 5.3 for more information). The fair value gain relating to the Group's remaining investment in Lux Group Limited has been valued with reference to the sale price attained on the partial disposal in the current period, incorporating adjustments for minority interest and marketability. A 10% increase or decrease to the adjustment for minority interest and marketability would result in a fair value adjustment of $0.4 million of the Group's remaining investment in Lux Group Limited. Refer to note 5.3 for more information on the fair value measurement of shares in other corporations. There were no other material level 3 fair value movements during the year.

The Group obtains independent valuations at least every three to five years for its freehold land and buildings (classified as property, plant and equipment in note 2.2), less subsequent depreciation for buildings. This is considered sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. All resulting fair value estimates for properties are included in level 3.

3.5 Contributed Equity

	2021 $'000	2020 $'000
Issued and paid up share capital	**1,475,706**	1,480,752

(A) Movements in contributed equity during the financial year

	2021 Number shares	2020 Number shares	2021 $'000	2020 $'000
Balance at beginning of the year	**278,196,267**	280,229,160	**1,480,752**	1,483,685
Share buy-back(i)	**(3,041,367)**	(2,032,893)	**(5,046)**	(2,933)
Balance at end of the year	**275,154,900**	278,196,267	**1,475,706**	1,480,752

(i) During 2021, the Company purchased and cancelled on-market 3.0 million shares (2020: 2.0 million). The shares were acquired at an average price of $1.66 per share (2020: $1.44).

(B) Ordinary shares

Ordinary shares entitle the holder to participate in dividends 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, every holder of ordinary shares present at a meeting in person or by proxy, attorney or corporate representative is entitled to one vote, and upon a poll each share is entitled to one vote.

ACCOUNTING POLICY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Consolidated Financial Statements
(Continued)

3.6 Share-Based Payments

	2021 Number of rights	2020 Number of rights
As at 1 January	**115,955**	1,391,931
Awarded	**765,802**	–
Exercised	**(115,955)**	(1,348,187)
Other changes	**23,094**	72,211
Balance at end of the year	**788,896**	115,955

Share rights outstanding at the end of the year have the following vesting date and weighted average fair value:

			Rights	
Incentive plan	**Vesting date**	**Weighted average fair value**	**2021**	**2020**
2019 TIP [(1)]	31-Dec-20	$1.65	**–**	115,955
2021 TIP and incentive award[(2)]	31-Dec-22	$2.01	**788,896**	–
Balance at end of the year			**788,896**	115,955

	2021	2020
Weighted average remaining contractual life of rights outstanding at end of period	**1.0 years**	0.0 year

(1) The date on which the fair value of the 2019 TIP rights were calculated, is the deemed grant date of the rights for accounting purposes. An actual grant of rights was not made to the CEO & Managing Director until after shareholder approval had been received at the Annual General Meeting, and for all other Executive KMP on 7 February 2020. At the Board's discretion, the participants may receive an additional allocation of fully paid ordinary shares equal to the value of dividends that were payable on the underlying shares, whilst holding unvested and/or vested rights. 6,099 additional rights were issued to satisfy this requirement.

(2) The date on which the fair value of the 2021 TIP rights were calculated, is the deemed grant date of the rights for accounting purposes. The performance conditions were met on 31 December 2021 and approved on 16 February 2022. At the Board's discretion, the participants may receive an additional allocation of fully paid ordinary shares equal to the value of dividends that were payable on the underlying shares, whilst holding unvested and/or vested rights. 23,094 additional rights were issued to satisfy this requirement. This is disclosed in other changes above.

Share-based payments expense related to the above tables for the year was $814,000 (2020: $176,000).

Further information of the rights granted to Executive KMP is contained in the Remuneration Report found on pages 35 to 50 of the Annual Report.

ACCOUNTING POLICY

Share-based compensation benefits are provided to employees via share-based payments as part of a Total Incentive Plan (TIP) and other management incentive plans.

The fair value of rights granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the rights.

The fair value is derived using the closing share price on the grant date.

The fair value of the rights granted is adjusted to reflect any market vesting condition but excludes the impact of non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of rights that are expected to become exercisable.

The employee benefits expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, is recognised in profit or loss with a corresponding adjustment to equity.

Notes to the Consolidated Financial Statements
(Continued)

3.7 Reserves and Accumulated Losses

	2021 $'000	2020 $'000
Reserves		
Asset revaluation reserve	**2,403**	2,403
Foreign currency translation reserve	**1,074**	1,810
Share-based payments reserve	**8,696**	8,131
Investment revaluation reserve	**–**	19,473
Transactions with non-controlling interests reserve	**(53,283)**	(53,283)
Treasury shares reserve	**(1,566)**	(1,737)
Total reserves	**(42,676)**	(23,203)
Asset revaluation reserve		
Balance at beginning of the year	**2,403**	2,361
Revaluation of freehold land and buildings	**–**	42
Balance at end of the year	**2,403**	2,403
Foreign currency translation reserve		
Balance at beginning of the year	**1,810**	(45)
Reclassification of foreign currency translation reserve to profit or loss	**–**	(22)
Net exchange difference on translation of foreign operations	**(438)**	1,373
Share of associates foreign exchange reserve	**(298)**	504
Balance at end of the year	**1,074**	1,810
Share-based payments reserve		
Balance at beginning of the year	**8,131**	10,422
Share-based payments expense	**814**	176
Transfer to retained earnings	**(68)**	(520)
Treasury shares vested to employees	**(181)**	(1,792)
Other	**–**	(155)
Balance at end of the year	**8,696**	8,131
Investment revaluation reserve		
Balance at beginning of the year	**19,473**	–
Fair value adjustment on financial assets	**2,322**	19,473
Transfer to retained earnings	**(21,795)**	–
Balance at end of the year	**–**	19,473
Transactions with non-controlling interests reserve		
Balance at beginning of the year	**(53,283)**	(53,283)
Balance at end of the year	**(53,283)**	(53,283)
Treasury shares reserve		
Balance at beginning of the year	**(1,737)**	(3,198)
Acquisition of treasury shares	**(10)**	(331)
Transfers within equity	**–**	–
Treasury shares vested to employees	**181**	1,792
Balance at end of the year	(1,566)	(1,737)

Notes to the Consolidated Financial Statements
(Continued)

3.7 Reserves and Accumulated Losses (Continued)

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 2.2. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law. In the event of the sale of an asset, the revaluation surplus is transferred to accumulated losses.

Foreign currency translation reserve

Exchange differences arising on translation of any foreign controlled entities are recognised in other comprehensive income and the foreign currency translation reserve as described in note 6.5.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of performance rights issued but not yet vested as described in note 3.6.

Investment revaluation reserve

The investment revaluation reserve is used to recognise the fair value of shares in other entities that are measured at fair value through other comprehensive income. Refer to note 5.3 for more information.

Transactions with non-controlling interests reserve

The transactions with non-controlling interest reserve is used to record the differences described in note 5.2 which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Treasury shares reserve

APN News & Media Employee Share Trust (Trust), a controlled entity, was established in 2017. The Trust purchased 6,099 (2020: 261,401) additional shares in the Company during the year. The number of shares which were issued to employees during the year was 103,919 (2020: 925,558). The total shareholding in the Company as at 31 December 2021 was 966,727 shares at an average price of $1.62 (2020: 1,064,547 shares at $1.63). This shareholding is disclosed as treasury shares and deducted from equity.

Performance rights that relate to the 2018 and 2019 TIP have vested and converted into shares. Unissued shares remain in the Trust.

The treasury shares reserve is used to recognise the value of shares purchased by the Trust.

Accumulated losses

Movement in accumulated losses are as follows:

	2021 $'000	2020 $'000
Balance at beginning of the year	**(1,001,357)**	(946,536)
Profit/(Loss) attributable to owners of the parent entity	**14,830**	(42,501)
Transfer from reserves	**21,863**	520
Dividends paid to shareholders	**(9,675)**	(12,840)
Balance at end of the year	**(974,339)**	(1,001,357)

Notes to the Consolidated Financial Statements
(Continued)

3.8 Dividends

	2021 $'000	2020 $'000
A final dividend was not declared for the year ending 31 December 2020 (2019: 4.6 cents)	–	12,840
Paid in cash	–	12,840
Interim dividend for the year ended 31 December 2021 of 3.5 cents per share fully franked (2020: nil)	**9,675**	–
Paid in cash	**9,675**	–
Total dividends	**9,675**	12,840
Franking credit balance available as at 31 December (at 30% corporate tax rate)	**14,729**	10,072
Dividends not recognised at year end		
Since year end, the Directors have declared a fully franked dividend of 3.9 cents per share (2020: nil). The aggregate amount of the dividend expected to be paid on 23 March 2022 out of retained profits at 31 December 2021, but not recognised as a liability at year end is:	**12,133**	–

Notes to the Consolidated Financial Statements
(Continued)

4. Taxation

4.1 Income Tax and Deferred Tax

(A) Income tax

	2021 $'000	2020 $'000
Current tax expense	**6,962**	13,744
Tax settlement	**29,455**	–
Deferred tax benefit	**(8,103)**	(2,957)
Adjustment for current tax of prior periods	**(2,082)**	4,991
Income tax expense	**26,232**	15,778
Income tax expense differs from the prima facie tax as follows:		
Profit/(Loss) before income tax expense/(benefit)	**44,879**	(23,321)
Prima facie income tax at 30%	**13,464**	(6,996)
Difference in international tax treatments and rates	**(243)**	429
Non-deductible acquisition costs	**371**	–
Non-deductible penalties on tax settlement	**1,720**	–
Non-deductible impairment of intangible assets	**–**	16,253
Non-deductible right-of-use assets impairment	**–**	2,128
Capital losses utilised against the gain on partial disposal of investment in Luxury Escapes	**(4,326)**	–
Unrecognised tax losses/(tax losses realised)	**(297)**	524
Share of profits of associates	**(2,936)**	(1,799)
Adjustment for current tax of prior periods	**(2,082)**	4,991
Tax settlement	**29,455**	–
Capital losses utilised against the gain on disposal of investment in oOh!Media (note 4.1(B))	**(9,341)**	–
Other	**447**	248
Income tax expense	**26,232**	15,778

KEY JUDGEMENTS AND ESTIMATES

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

Notes to the Consolidated Financial Statements
(Continued)

4.1 Income Tax and Deferred Tax (Continued)
(A) Income Tax (Continued)

New Zealand Branch Matter

On 29 October 2021, the Company reached a binding heads of agreement to settle the taxation dispute regarding the New Zealand branch matter with the Australian Taxation Office (ATO) for the total sum of $70.7 million. A deed of settlement to formalise the binding heads of agreement was also executed on 1 February 2022.

The settlement amount of $70.7 million was made up of $56.6 million tax, $5.4 million penalties and $8.7 million interest.

The Company has already deposited $50.7 million with the ATO, meaning $20.0 million remains to be paid as at 31 December 2021. The tax component of $5.9 million has been presented as a current tax liability and the non-tax components are presented in payables in the financial statements. This is payable 7 days after the ATO issues amended assessments for the settlement.

The $8.7 million interest amount is deductible for income tax. Given the dispute is now completed, remitted interest previously taken as deductions of $47.2 million (before tax) will be treated as assessable income in the tax return for the year ended 31 December 2021.

The settlement agreement also recognised that 62.5% of the capital losses arising from the disposal of the New Zealand mastheads in 2016 may be carried forward, subject to the usual loss carry forward rules regarding change of ownership and same business test. These capital losses totalled $332.2 million pre-tax, with 62.5% equating to $207.6 million pre-tax.

Whilst the Company remained satisfied that its treatment of the branch matter was consistent with relevant taxation legislation, the Board viewed the settlement as being in the best interests of shareholders. The settlement was made in consultation with the Company's taxation advisers and is considered a fair and reasonable outcome for the Company. The dispute has already been protracted with assessments first issued in 2018 and as part of assessing the best outcome the Board took into consideration the length of any ongoing dispute, potentially costly litigation and the overall level of ongoing uncertainty.

Other Matters: Loan Forgiveness

The Company and the ATO have also settled the Loan Forgiveness matter. As previously disclosed, the ATO had indicated it would apply the market value substitution rules to the loan forgiveness, with the tax adjustment being $5.8 million plus potential penalties and interest.

On 22 December 2021, the Company and the ATO executed a deed of settlement to settle the Loan Forgiveness matter for a total of $3.4 million, made up of $2.9 million tax, $0.3 million penalties and $0.2 million interest. The amount owing of $2.3 million as at 31 December 2021 was paid in January 2022. The tax component of $1.8 million has been presented as a current tax liability and the non-tax components are presented in payables in the financial statements. The $0.2 million interest amount is deductible for income tax.

AASB Interpretation 23: Uncertainty over Income Tax Treatments

Provisions of $30.5 million in respect of the New Zealand branch matter and $3.5 million in respect of the Loan Forgiveness were previously made under AASB Interpretation 23 Uncertainty over Income Tax Treatments. With the settlement of both matters, these provisions have been utilised and no further provisions recorded under AASB Interpretation 23.

After the utilisation of the provision for uncertain tax treatment, the current year profit and loss impact for the combined settlements is $41.4 million comprising $26.8 million tax expense including the income tax deduction on interest, $8.9 million interest and $5.7 million penalties.

Capital Losses

As noted above, an additional $207.6 million of capital losses will arise from the settlement of the New Zealand Branch matter. These are subject to the usual loss carry forward rules regarding change of ownership and same business test.

Assuming various rules are met, these capital losses should be available to shelter future capital gains. No deferred tax asset is recorded for these capital losses as they may only be utilised in the event of capital gains and it is not currently probable there will be capital gains against which the losses will be utilised.

Notes to the Consolidated Financial Statements
(Continued)

4.1 Income Tax and Deferred Tax (Continued)
(A) Income Tax (Continued)

ACCOUNTING POLICY

AASB Interpretation 23 *Uncertainty over Income Tax Treatments* explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method best predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, the Group used the guidance of this Interpretation to provide information about judgements and estimates made in relation to its existing tax in dispute matters.

Notes to the Consolidated Financial Statements
(Continued)

4.1 Income Tax and Deferred Tax (Continued)
(B) Deferred tax assets and liabilities

2020	Balance 1 Jan 20 $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Other movements $'000	Offset $'000	Balance 31 Dec 20 $'000
Employee benefits	1,805	(217)	–	–	–	**1,588**
Doubtful debts	165	(15)	–	–	–	**150**
Accruals/restructuring	3,443	(1,185)	–	–	–	**2,258**
Intangible assets	(108,765)	(1,469)	–	–	–	**(110,234)**
Depreciation	166	(216)	–	–	–	**(50)**
Right-of-use assets	(6,345)	880	–	–	–	**(5,465)**
Lease liabilities	7,987	(774)	–	–	–	**7,213**
Investments accounted for using the equity method	–	1,276	–	(8,330)	–	**(7,054)**
Shares in other corporations	(8,330)	–	(8,344)	8,330	–	**(8,344)**
Other	1,236	(1,237)	(19)	–	–	**(20)**
	(108,638)	(2,957)	(8,363)	–	–	**(119,958)**

2021	Balance 1 Jan 21 $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Other movements $'000	Offset $'000	Balance 31 Dec 21 $'000
Employee benefits	1,588	573	–	–	–	**2,161**
Doubtful debts	150	(71)	–	–	–	**79**
Accruals/restructuring	2,258	38	–	–	–	**2,296**
Capital losses	–	–	–	9,341	(9,341)	**–**
Intangible assets	(110,234)	–	–	–	–	**(110,234)**
Depreciation	(50)	18	–	1,453	–	**1,421**
Right-of-use assets	(5,465)	862	–	–	–	**(4,603)**
Lease liabilities	7,213	(916)	–	–	–	**6,297**
Investments accounted for using the equity method	(7,054)	(742)	–	–	–	**(7,796)**
Shares in other corporations	(8,344)	(1,054)	(995)	–	9,341	**(1,052)**
Other	(20)	53	(205)	–	–	**(172)**
	(119,958)	(1,239)	(1,200)	10,794	–	**(111,603)**

The Group has not recognised deferred tax assets of $5.5 million (2020: $5.6 million) in respect of HK Outdoor tax losses carried forward.

Notes to the Consolidated Financial Statements
(Continued)

4.1 Income Tax and Deferred Tax (Continued)
(B) Deferred tax assets and liabilities (Continued)

ACCOUNTING POLICY

The income tax expense for the year is the tax payable on the current year's taxable income based on the applicable income 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 also adjusted for unused tax losses utilised in the year.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 enacted tax rates applicable to 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.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Temporary differences in relation to indefinite life intangible assets are determined with reference to their respective capital gains tax bases in respect of assets for which capital gains tax will apply.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income are also recognised in other comprehensive income.

The Company and its wholly-owned Australian controlled entities are part of a tax-consolidated group under Australian taxation law. HT&E Limited is the head entity in the tax-consolidated group. Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, HT&E Limited and each of the other entities in the tax-consolidated group have agreed to pay (or receive) a tax equivalent payment to (or from) the head entity, based on the current tax liability or current tax asset of the entity. Each entity in the tax-consolidated group measures its current and deferred taxes as if it continued to be a separate taxable entity in its own right.

Judgement is required in relation to the recognition of carried forward tax losses as deferred tax assets. The Group assesses whether there will be sufficient future taxable profits to utilise the losses based on a range of factors, including forecast earnings and whether the unused tax losses resulted from identified causes which are unlikely to recur.

Notes to the Consolidated Financial Statements
(Continued)

5. Group Structure

5.1 Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 6.5.

Name of entity	Country of incorporation/ establishment	Equity holding 2021 %	Equity holding 2020 %
5AD Broadcasting Company Pty Ltd[1]	Australia	**100**	100
APN News & Media Employee Share Trust	Australia	**100**	100
ARN Adelaide Pty Ltd[1]	Australia	**100**	100
ARN Brisbane Pty Ltd[1,2]	Australia	**100**	100
ARN Broadcasting Pty Ltd[1]	Australia	**100**	100
ARN Communications Pty Ltd[1,2]	Australia	**100**	100
ARN Limited Partnership	Australia	**100**	100
ARN New Zealand Pty. Limited[1,2]	Australia	**100**	100
ARN Overseas Pty. Limited[1,2]	Australia	**100**	100
ARN Perth Pty Limited[1]	Australia	**100**	100
ARN South Australia Pty Limited[1]	Australia	**100**	100
Australian Radio Network Pty Limited[1,2]	Australia	**100**	100
Biffin Pty. Limited[1,2]	Australia	**100**	100
Black Mountain Broadcasters Pty. Limited	Australia	**50**	50
Blue Mountains Broadcasters Pty Limited[1]	Australia	**100**	100
Brisbane FM Radio Pty Ltd	Australia	**50**	50
Buspak Advertising (Hong Kong) Limited	Hong Kong	**100**	100
Canberra FM Radio Pty Ltd[4]	Australia	**50**	50
Capital City Broadcasters Pty. Limited[1]	Australia	**100**	100
Catalogue Central Pty Limited[1]	Australia	**100**	100
Cody Outdoor International (HK) Limited	Hong Kong	**100**	100
Commonwealth Broadcasting Corporation Pty Ltd[1,2]	Australia	**100**	100
Conversant Media Pty Ltd[1]	Australia	**100**	100
Covette Investments Pty Limited[1,2]	Australia	**100**	100
Double T Radio Pty Ltd[1]	Australia	**100**	100
Emotive Pty Limited	Australia	**51**	51
Evitome Pty Limited[1]	Australia	**100**	100
Gergdaam Capital Pty Limited[1,2]	Australia	**100**	100
Gulgong Pty. Limited[1,2]	Australia	**100**	100
Haswell Pty. Limited[1,2]	Australia	**100**	100
HT&E Broadcasting (Regionals) Pty. [1,2]	Australia	**100**	100
HT&E Digital Pty Ltd [1]	Australia	**100**	100
HT&E Finance Pty Limited[1,2]	Australia	**100**	100
HT&E International Pty Ltd[1,2]	Australia	**100**	100
HT&E Online (Australia) Pty Ltd[1]	Australia	**100**	100

Notes to the Consolidated Financial Statements
(Continued)

Name of entity	Country of incorporation/ establishment	Equity holding 2021 %	Equity holding 2020 %
HT&E Operations Ltd[1,2]	Australia	**100**	100
Level 3 Investments Pty Limited[1]	Australia	**100**	100
Melbourne F.M. Facilities Pty. Limited	Australia	**50**	50
Radio 96FM Perth Pty Limited[1]	Australia	**100**	100
Southern State Broadcasters Pty. Limited[1]	Australia	**100**	100
Speedlink Services Pty Ltd[1]	Australia	**100**	100
Sydney FM Facilities Pty Ltd	Australia	**50**	50
The Internet Amusements Group Pty Limited[1]	Australia	**100**	100
The Level 3 Partnership	Australia	**100**	100
The Roar Sports Media Pty Ltd[1]	Australia	**100**	100
Tibbar Broadcasting Pty Limited[1]	Australia	**100**	100
Wesgo[1,2]	Australia	**100**	100
Wilson & Horton Australia Pty Ltd[1]	Australia	**100**	100
Wilson & Horton Finance Pty Ltd[1,2]	Australia	**100**	100

(1) These companies are parties to a deed of cross guarantee dated 28 April 2017 under which each company guarantees the debts of the others (Deed of Cross Guarantee). These companies represent a Closed Group for the purposes of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* and there are no other members of the Extended Closed Group.

(2) These wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.*

(3) This company was deregistered during the year.

(4) This company is proportionately consolidated and its principal activities are commercial radio. Refer To note 5.4.

Notes to the Consolidated Financial Statements
(Continued)

5.2 Interests in Other Entities

(A) Material subsidiaries with non-controlling interests

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

Name of entity	Place of business and country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		2021	2020	2021	2020	
Brisbane FM Radio Pty Ltd	Australia	50%	50%	50%	50%	Commercial radio

(B) Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Brisbane FM Radio Pty Ltd	
	2021 $'000	2020 $'000
Summarised balance sheet		
Current assets	**10,864**	10,493
Current liabilities	**1,031**	2,287
Current net assets	**9,833**	8,206
Non-current assets	**67,318**	67,474
Non-current liabilities	**47**	46
Non-current net assets	**67,271**	67,428
Net assets	**77,104**	75,634
Accumulated non-controlling interests	**38,552**	37,817
Summarised statement of comprehensive income		
Revenue	**22,742**	20,465
Profit for the period	**6,855**	6,235
Other comprehensive income	**–**	–
Total comprehensive income	**6,855**	6,235
Total comprehensive income allocated to non-controlling interests	**3,428**	3,118
Dividends paid to non-controlling interests	**1,342**	–
Summarised statement of cash flows		
Net inflows from operating activities	**5,835**	8,867
Net inflows/(outflows) from investing activities	**–**	(14)
Net outflows from financing activities	**(5,667)**	(8,837)
Net (decrease)/increase in cash and cash equivalents	**168**	16

Notes to the Consolidated Financial Statements
(Continued)

5.2 Interests in Other Entities (Continued)
(B) Non-controlling interests (Continued)

ACCOUNTING POLICY

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, balance sheet and statement of changes in equity respectively.

The effects of all transactions with non-controlling interests are recorded in equity if there is no change in control. Where there is a loss of control, any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in the income statement. Any losses are allocated to the non-controlling interests in subsidiaries even if the accumulated losses should exceed the non-controlling interests in the individual subsidiary's equity.

5.3 Shares in Other Corporations

	Note	2021 $'000	2020 $'000
Shares in other corporations	3.4	**4,196**	46,583

The Group purchased shares in oOh!media Limited (OML) and designated the investment as fair value through other comprehensive income. The investment in OML was sold on 2 November 2021. The investment in OML was revalued to $49.2 million as at 2 November 2021, with a $2.3 million fair value gain net of tax, recognised in other comprehensive income (refer to note 3.4 for more information on determining fair value). The sale resulted in a $21.8 million gain net of tax previously recognised in other comprehensive income being transferred from the investment revaluation reserve to retained earnings.

The Group partially disposed of its equity interest in Lux Group Limited (Luxury Escapes) on 22 December 2021. The Group at acquisition designated this as an investment at fair value through profit and loss and held this investment at a fair value of $nil. The Group recognised in the profit and loss the fair value uplift of $17.9 million ($14.4 million from the sale of shares prior to disposal and $3.5 million relating to the remaining shares held). Refer to note 3.4 for more information on determining the fair value.

ACCOUNTING POLICY

Classification and initial measurement of financial assets

Financial assets are initially measured at fair value, plus transaction costs. This excludes those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Subsequent measurement of financial assets is at fair value or amortised cost where certain criteria are met.

Financial assets at amortised cost and impairment

The Group's loans and receivables (refer to note 3.3(B)) meet the requirements for measurement at amortised cost based on the purpose for which the assets and liabilities are held and the contractual terms.

Details about the group's impairment policies and the calculation of the loss allowance are provided in note 3.3(B).

Financial assets at fair value

The Group's investments in equity instruments are measured at fair value, determined in the manner described in note 3.4. At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to recognise gains and losses on equity instruments not held for trading, in other comprehensive income. Otherwise, all gains and losses are recognised in profit or loss.

Notes to the Consolidated Financial Statements
(Continued)

5.4 Investments Accounted for Using the Equity Method
Interests in associates

	Note	2021 $'000	2020 $'000
Shares in associates		**52,561**	51,320
Total investments accounted for using the equity method		**52,561**	51,320
Share of profits of associates (i)	1.3	**9,786**	5,998

(i) Prior year result includes Nova Entertainment (Perth) Pty Ltd, from 1 March 2020.

Set out below are the associate and joint ventures of the Group as at 31 December 2021. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	Ownership interest 2021	Ownership interest 2020	Nature of relationship	Measurement method	Consolidated carrying values 2021 $'000	Consolidated carrying values 2020 $'000
Soprano Design Pty Limited	Australia	**25%**	25%	Associate[1]	Equity method	**19,551**	19,829
Nova Entertainment (Perth) Pty Ltd	Australia	**50%**	50%	Associate[2]	Equity method	**33,010**	31,491

(1) Soprano Design Pty Limited specialises in the development and provision of world leading mobile messaging and wireless application infrastructure. The interest in this business was acquired in 2001.

(2) On 1 March 2020, Nova Entertainment (Perth) Pty Ltd, an FM radio station in Perth, became an associate of the Group. The Group's interest in the entity was previously classified as an equity investment within Shares in Other Corporations

Below is a reconciliation of investments accounted for using the equity method:

	2021 $'000	2020 $'000
Carrying amount at the beginning of the financial year	**51,320**	17,314
Share of profit(i)	**9,786**	5,998
Share of reserves	**(298)**	504
Dividend paid	**(6,599)**	(1,250)
Reclassification of associate from financial asset	**–**	35,959
Impairment reversal/(loss)	**2,019**	(4,394)
Other	**(3,667)**	(2,811)
Total investments accounted for using the equity method	**52,561**	51,320

(i) Included in share of profits is adjustment to associate revenues by $1.3 million, offset by ($0.6) million impairment of goodwill held by Soprano.

Notes to the Consolidated Financial Statements
(Continued)

5.4 Investments Accounted for Using the Equity Method (Continued)

(A) Impairment test of investment in Nova 93.7FM

At 31 December 2021, there were indicators that the recoverable amount of the Group's investment in Nova 93.7FM may exceed its carrying amount so an impairment test was performed. The resilience in the Perth market compared to other states following the initial impacts of COVID-19 on advertising markets, in particular the market growth in 2021 surpassed assumptions included in the forecast cashflows.

The impairment test resulted in a partial reversal of prior year's impairment loss of $4,394,000 by $2,019,157.

The recoverable amount of Nova 93.7FM was estimated based on a value in use calculation, using management forecasts for a 5-year period.

The cash flow assumptions are based on:

- revenue forecasts, which consider internal information and relevant external industry data and analysis which include:
  - market growth across the cash flow period. The revenue forecast assumes the Australian Radio market will return to historical 2019 within the forecast period and historical Nova 93.7FM market share maintained.
- expense forecasts, which are prepared on a detailed basis based on their nature. Variable costs are forecasted to move in line with revenue movements. Personnel costs are forecasted to move in line with headcount based on investment required to maintain market share and adjusted for expected inflation. Other costs are forecasted based on management expectations, considering existing contractual arrangements.
- terminal value cash flows are extrapolated at rates not exceeding the long-term average growth rate for the industry in which Nova 93.7FM operates.

(B) Discount rate and long-term growth rate

The discount rate (per annum) used reflect specific risks relating to the investment and the country in which it operates.

	Dec 2021 Post-tax discount rate	Dec 2021 Pre-tax discount rate	Dec 2021 Long-term growth rate	Dec 2020 Post-tax discount rate	Dec 2020 Pre-tax discount rate	Dec 2020 Long-term growth rate
Nova 93.7FM	**9.0%**	**12.4%**	**1.5%**	10.0%	13.5%	2.0%

(C) Estimation uncertainty and key assumptions

At 31 December 2021, the carrying value of the Group's investment in Nova 93.7FM equalled its value in use calculation. The impairment calculation is therefore sensitive to changes in certain key assumptions, with any negative change giving rise to an impairment charge.

The below illustrates how a reasonable possible change in estimate and assumptions can impact headroom. The headroom for the Group's investment in Nova 93.7FM would change by the following based on changes made in isolation to the key assumptions below:

	Discount Rate change		Long-term growth rate change		Terminal EBITDA forecast change	
In $'000s	**+1.5%**	**-1.5%**	**+0.5%**	**-0.5%**	**+10%**	**-10%**
Nova 93.7FM	(5,224)	7,825	1,671	(1,463)	2,459	(2,459)

Notes to the Consolidated Financial Statements
(Continued)

ACCOUNTING POLICY

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income of the associate, is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates are recognised in the consolidated financial statements as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Joint arrangements

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

(i) Joint operations

The Group recognises its direct right to, and its share of, jointly held assets, liabilities, revenues and expenses of joint operations.

(ii) Joint ventures

The interest in a joint venture is accounted for using the equity method after initially being recognised at cost. Under the equity method, the Group's share of the profits or losses of the joint venture is recognised in the income statement, and the share of post-acquisition other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Notes to the Consolidated Financial Statements
(Continued)

5.5 Parent Entity Financial Information

(A) Summary of financial information for the parent entity

The individual financial statements for the parent entity show the following aggregate amounts:

	2021 $'000	2020 $'000
Balance sheet		
Current assets	**290**	3,848
Total assets	**1,044,108**	1,392,925
Current liabilities	**41,792**	–
Total liabilities	**830,002**	930,612
Total equity	**214,106**	462,313
Contributed equity	**1,475,706**	1,480,752
Reserves		
Share-based payments reserve	**8,697**	27,604
Retained earnings		
Opening profit reserve	**22,543**	35,434
Dividends paid to shareholders	**(9,675)**	(12,891)
Brought forward profit reserve	**12,868**	22,543
Profit for the year	**–**	–
Closing profit reserve	**12,868**	22,543
Brought forward loss reserve	**(1,068,586)**	(910,798)
Loss for the year	**(214,579)**	(157,788)
Closing loss reserve	**(1,283,165)**	(1,068,586)
Total equity	**214,106**	462,313
Profit/(Loss) for the year	**(214,579)**	(157,788)
Total comprehensive income	**(214,579)**	(157,788)

(B) Guarantees entered into by the parent entity

Refer to note 6.2 for details.

(C) Contingent liabilities and contractual commitments of the parent entity

The parent entity had contingent liabilities of $4.0 million as at 31 December 2021 (2020: nil) and did not have any contractual commitments as at 31 December 2021 (2020: nil).

ACCOUNTING POLICY

The financial information for the parent entity, HT&E Limited, has been prepared on the same basis as the consolidated financial statements, except for:

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment losses in the financial statements of the parent entity.

Dividends received from subsidiaries are recognised in the parent entity's income statement when its right to receive the dividend is established.

Notes to the Consolidated Financial Statements
(Continued)

5.6 Deed of Cross Guarantee

Companies in the Closed Group are party to a deed of cross guarantee dated 28 April 2017 under which each guarantees the debts of the others. These companies represent a Closed Group for the purposes of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*. The companies party to Deed of Cross Guarantee are detailed at note 5.1.

Set out below is the consolidated income statement and summary of movements in consolidated retained earnings for the year ended 31 December 2021 for the Closed Group:

	2021 $'000	2020 $'000
Revenue	**165,072**	146,898
Other revenue and income	**26,562**	30,562
Expenses from operations before impairment, finance costs, depreciation and amortisation	**(138,286)**	(128,975)
Impairment of Group company investments	**(5,157)**	(19,237)
Goodwill and associate impairment	**–**	(55,888)
Finance costs	**(11,743)**	(3,069)
Depreciation and amortisation	**(5,762)**	(6,256)
Share of profits of associate and joint ventures	**9,786**	5,998
Profit/(Loss) before income tax	**40,472**	(29,967)
Income tax expense	**(23,136)**	(14,226)
Profit/(Loss) attributable to owners of the parent entity	**17,336**	(44,193)
Accumulated losses		
Balance at beginning of the year	**(1,118,571)**	(1,062,058)
Profit/(Loss) attributable to owners of the parent entity	**17,336**	(44,193)
Dividends paid to shareholders	**(9,675)**	(12,840)
Transfers between reserves	**21,863**	520
Balance at end of the year	**(1,089,047)**	(1,118,571)

Notes to the Consolidated Financial Statements
(Continued)

5.6 Deed of Cross Guarantee (Continued)

Set out below is the consolidated balance sheet as at 31 December 2021 for the Closed Group:

	2021 $'000	2020 $'000
Current assets		
Cash and cash equivalents	**252,704**	61,023
Short-term deposits	**–**	50,000
Receivables	**157,883**	142,084
Tax assets	**–**	3,575
Other current assets	**650**	2,554
Total current assets	**411,237**	259,236
Non-current assets		
Other financial assets	**185,202**	227,599
Investments accounted for using the equity method	**52,561**	51,320
Property, plant and equipment	**16,939**	17,158
Right-of-use assets	**15,375**	18,152
Intangible assets	**296,019**	297,181
Deposit of tax in dispute, net of provision	**–**	3,930
Other non-current assets	**322**	647
Total non-current assets	**566,418**	615,987
Total assets	**977,655**	875,223
Current liabilities		
Payables	**177,568**	158,511
Contract liabilities	**773**	1,389
Lease liabilities	**2,463**	3,164
Current tax liabilities	**20,463**	–
Provisions	**6,178**	4,454
Total current liabilities	**207,445**	167,518
Non-current liabilities		
Bank Loans[A]	**67,294**	(1,115)
Lease liabilities	**18,526**	20,795
Provisions	**3,748**	4,456
Deferred tax liabilities	**111,753**	120,123
Total non-current liabilities	**201,321**	144,259
Total liabilities	**408,766**	311,777
Net assets	**568,889**	563,446
Equity		
Contributed equity	**1,475,706**	1,480,752
Reserves	**182,230**	201,265
Accumulated losses	**(1,089,047)**	(1,118,571)
Total parent entity interest	**568,889**	563,446
Total equity	**568,889**	563,446

(A) $1.1 million net borrowing costs has been reclassified in the comparative financial information from other non-current assets to bank loans in the current year (refer to note 3.1)

Notes to the Consolidated Financial Statements
(Continued)

6. Other

6.1 Soprano Sale

On 18 May 2021, HT&E announced that the shareholders in Soprano Design Limited, in which HT&E Limited holds a 24.9% stake, signed a non-binding term sheet to sell 100% of shares in Soprano to Link Mobility Group Holdings AS (Link), a global CPaaS provider listed on the Oslo stock exchange.

On 20 September 2021 the Company announced that the shareholders of Soprano had terminated negotiations for the sale to Link Mobility. After four months of extensive and protracted negotiations towards a binding transaction, the parties were unable to agree terms to be documented to create a legally binding agreement.

At 30 June 2021, Soprano had been classified as an asset held for sale and disclosed within current assets. At 31 December 2021, this has been reverted to an investment accounted for via the equity method. Refer to note 5.4 for more details.

6.2 Contingent Liabilities

The parent entity and all wholly-owned controlled entities have provided guarantees in respect of banking facilities. As at 31 December 2021, the facilities had been drawn to the extent of $71.6 million (2020: $6.3 million), of which $3.6 million of the balance pertains to bank guarantees.

The Group had a contingent liability relating to the acquisition of Grants Broadcasters for $4.0 million. Refer to note 6.6 for more information on the acquisition.

The Group did not have any other contingent liabilities and unrecognised capital contractual commitments as at 31 December 2021 (2020: $ nil).

Claims

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

6.3 Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditor of the Group, its related practices, non-related audit firms and other professional advisory and consulting firms:

	2021 $	2020 $
Remuneration for audit or review of the financial reports		
PricewaterhouseCoopers – Australian firm	**821,492**	803,384
PricewaterhouseCoopers – overseas firm	**79,671**	86,138
Remuneration for other assurance services		
PricewaterhouseCoopers – Australian firm	**42,448**	42,616
PricewaterhouseCoopers – overseas firm	**9,505**	8,284
Total audit and other assurance services	**953,116**	939,422
Remuneration for other services		
PricewaterhouseCoopers – Australian firm		
Tax services		
Consulting and advice	**392,802**	237,005
Compliance	**41,200**	139,105
Other services	**–**	–
PricewaterhouseCoopers – overseas firm		
Tax services		
Compliance	**21,305**	22,463
Total non-audit services	**455,307**	398,573

Notes to the Consolidated Financial Statements
(Continued)

6.4 Related Parties
(A) Key management personnel compensation

	2021 $	2020 $
Short-term employee benefits	3,330,253	2,019,964
Post-employment benefits	97,722	90,526
Other long-term benefits	25,151	40,813
Share-based payments	716,718	141,197
Total	4,169,844	2,292,500

Detailed remuneration disclosures are provided in the Remuneration Report.

(B) Transactions with other related parties
The aggregate amounts recognised in respect to the following types of transactions and each class of related party involved were as follows:

Type of transaction	Class of other related party	2021 $	2020 $
Director fee with associate	Key management personnel (i)	75,000	400,000
Director fee with associate	Key management personnel (ii)	75,172	18,750

(i) Directors fees received from Soprano Design Pty Limited by HT&E for services performed by Ciaran Davis. Fees received by HT&E in 2020 included services provided by Ciaran Davis and a previous HT&E appointee, and incorporated a catch-up payment reflecting a number of years fees.

(ii) Directors fee received from Soprano Design Pty Limited by Belinda Rowe for services performed.

(C) Payables with other related parties
There was $nil payable to related parties as at 31 December 2021 (2020: $nil).

(D) Loans to related parties
There was $11.1 million in loans owing to related parties as at 31 December 2021 (2020: $7.4 million). This relates to Nova Entertainment (Perth) Pty Ltd.

(E) Commitments with other related parties
There was $nil commitment to related parties as at 31 December 2021 (2020: $nil).

Notes to the Consolidated Financial Statements
(Continued)

6.5 Other Significant Accounting Policies
Principles of consolidation – subsidiaries

The consolidated financial statements incorporate the assets and liabilities of HT&E Limited and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has the 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. They are deconsolidated from the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between Group entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, balance sheet and statement of changes in equity respectively.

Foreign currency translation
(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is HT&E Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group entities

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange rates for the year; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or a partial disposal occurs, a proportionate share of such exchange differences is recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Trade payables

Trade payables, including accruals not yet billed, are recognised when the Group becomes obliged to make future payments as a result of a purchase of assets or services. Trade payables are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received. Trade payables are unsecured and are generally settled within 30 to 45 days.

Dividends

A payable is raised for the amount of any dividend declared, determined or publicly recommended by the Directors before or at the end of the financial year but not distributed at balance date.

Notes to the Consolidated Financial Statements
(Continued)

6.5 Other Significant Accounting Policies (Continued)

Short-term incentive plans

A liability for short-term incentives is recognised in provisions when there is an expectation of settlement and at least one of the following conditions is met:

- there are contracted terms in the relevant plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for short-term incentives are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

New and amended standards adopted by the group

IFRS Interpretations Committee Agenda Decision Configuration Costs in a Cloud Computing Arrangement

The March 2021 IFRS IC update included an agenda decision on the configuration and customisation costs in a Cloud Computing Arrangement which was ratified by the IASB in April 2021. The agenda included steps that should be considered in accounting for Cloud Computing costs. The Group has assessed that there is no material impact on the Group in the current period or prior period.

Standards and interpretations issued but not yet effective.

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

6.6 SUBSEQUENT EVENTS

Australian Radio Network Pty Ltd, a wholly owned subsidiary of HT&E Limited acquired subsequent to year end 41 legal entities and certain assets from Grant Broadcasters. Control was transferred on 4 January 2022, for total fair value consideration of $312.4 million consisting of $238.0 million cash and $74.4 million in HT&E equity (35,934,891 shares). The transaction was funded through existing cash reserves and debt facilities. Alison Cameron (the former CEO of Grant Broadcasters) joined as a Director of the Board of HT&E Limited effective 5 January 2022. $2.0 million of transaction costs relating to the acquisition of Grants were recognised in 31 December 2021 (refer to note 1.3). As part of the acquisition, HT&E has entered into service agreements with Grant Broadcasters, to provide services to, and acquire services from, the remaining Grant Broadcasters operations not included in the acquisition. Alison Cameron and her close family members are shareholders of Grant Broadcasters which became a substantial shareholder in HT&E Limited as of 4 January 2022.

The combined businesses will create a truly national broadcast network of scale made up of 58 radio stations, 46 DAB+ stations across 33 markets resulting in a presence in every state and territory in Australia. Unlocking new growth markets, the acquisition also provides the potential for significant digital audio expansion by accelerating the rollout of ARN's established iHeartRadio digital audio platform into regional areas.

At the date of issuing these financial statements, the Group is yet to finalise the initial purchase price accounting, and therefore the goodwill indicated below will change upon application of the initial purchase price accounting.

	ARN Regional 2021 $
Purchase Consideration:	
Cash paid (excluding working capital adjustments)	237,986
Equity in parent's own shares [A]	74,385
Total	**312,371**
Net assets [B]	**131,038**
Indicative value of acquired goodwill before purchase price adjustments	**181,333**

[A] This has been adjusted for the fair value of the parent's own equity instruments on the date of completion.

[B] Includes intangible assets already recognised by the acquired entities at completion.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 52 to 106 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 5.1 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 5.6.

Page 52 of the Annual Report confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors, after receiving the declarations required to be made by the Chief Executive and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001*.

Hamish McLennan
Chairman

Sydney
23 February 2022

Independent auditor's report

To the members of HT&E Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of HT&E 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 31 December 2021 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 balance sheet as at 31 December 2021
- 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.

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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 $2,200,000, which represents approximately 5% of the Group's profit before tax.
- 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 because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- 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.
- The Group audit was aligned with the structure of the Group.
- The nature, timing and extent of audit work required on each component of the Group was determined by the component's risk characteristics and financial significance to the Group and consideration as to whether sufficient evidence had been obtained for our opinion on the financial report as a whole. The audit work involved:
  - an audit of the Australian Radio Network financial information
  - specific risk focused audit procedures over Cody Outdoor International (HK) Limited financial information
  - specific risk focused analytical procedures at the Group level.

- further audit procedures at a Group level, including over the consolidation of the Group's reporting units and the preparation of the financial report.

- For the work performed by other auditors ("component auditors") of Cody Outdoor International (HK), Soprano Design Limited, Nova Entertainment (Perth) Pty Limited and Group Financial Services shared service centre operating under our instructions, we determined the level of involvement we needed to have in the audit work at those locations to be satisfied that sufficient audit evidence had been obtained. We communicated regularly with these component audit teams during the year through face-to-face meetings, phone calls, and written instructions where appropriate

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 of intangible assets *(Refer to note 2.1) $367m* The Group has $367m of non-amortising intangibles assets as at 31 December 2021, which relate to the Australia Radio licences within the Australian Radio Network (ARN) cash generating unit (CGU). These are required by Australian Accounting Standards to be tested annually for impairment at the CGU level. In order to assess the recoverability of these assets, the Group prepared a financial model as at 31 December 2021 to determine if the carrying value was supported by forecasted future cash flows, discounted to present value ("the model"). The assessment of impairment was a key audit matter due to the quantum of the balance as well as the judgements and assumptions applied in estimating the forecasted cash flows, growth rates and discount rates.	We performed the following procedures, amongst others: • considered whether the impairment model used to estimate the recoverable amount of the assets was consistent with the requirements of the Australian Accounting Standards • compared forecast cash flows used in the model to Board approved budgets • assessed the Group's historical ability to forecast future cash flows for the business by comparing budgeted amounts to reported actual results for the past five years • assessed if the discount rate assumption was appropriate by comparing it to market data, comparable companies and industry research, with the assistance of our valuation specialists • 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 • tested the mathematical accuracy on a sample basis of the model's calculations • considered the Group's sensitivity analysis on the key assumptions used in the model to assess

Key audit matter	How our audit addressed the key audit matter
	under which assumptions an impairment would occur and whether this was reasonably possible • evaluated the adequacy of the disclosures made in note 2.1, including those regarding the method of measurement, the key assumptions, and the reasonable possible change thereof, in light of the requirements of 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 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express 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.

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 35 to 50 of the directors' report for the year ended 31 December 2021.

In our opinion, the remuneration report of HT&E Limited for the year ended 31 December 2021 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

PricewaterhouseCoopers

Louise King
Partner

Sydney
23 February 2022

Shareholder information

1. Shares

(A) Substantial shareholders

The following information is extracted from substantial shareholder notices received by the Company as at 17 February 2022:

Name	Number of shares
Allan Gray Australia Pty Ltd and its related bodies corporate	58,554,400
Perpetual Limited and its related bodies corporate	41,182,418
News Pty Limited and its related bodies corporate	40,803,132
Grant Broadcasters Pty Ltd	35,934,891
Spheria Asset Management Pty Ltd	27,432,356
Carol Australia Holdings Pty Limited and its related bodies corporate	15,741,965

(B) Top 20 holders of fully paid ordinary shares

The following information is extracted from the share register as at 17 February 2022:

Name	Number of shares	% of total shares
HSBC Custody Nominees (Australia) Limited	85,047,782	27.3%
Citicorp Nominees Pty Limited	73,517,063	23.6%
News Pty Limited	40,803,132	13.1%
Grant Broadcasters Pty Ltd	35,934,891	11.6%
J P Morgan Nominees Australia Pty Limited	26,583,090	8.6%
National Nominees Limited	11,715,145	3.8%
BNP Paribas Nominees Pty Ltd	8,120,600	2.6%
BNP Paribas Noms Pty Ltd	7,236,577	2.3%
First Samuel Ltd	2,529,602	0.8%
Citicorp Nominees Pty Limited – Colonial First State Inv a/c	2,417,000	0.8%
Pacific Custodians Pty Limited - HT1 Plans Ctrl a/c [1]	1,933,539	0.6%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	521,630	0.2%
UBS Nominees Pty Ltd	491,005	0.2%
Warbont Nominees Pty Ltd	322,300	0.1%
Bishop Family Company Pty Ltd	310,000	0.1%
CS Fourth Nominees Pty Ltd	228,012	0.1%
Henry Yoman & Virlina Yoman	190,200	0.1%
Vincent Crowley	185,305	0.1%
Montorio Superannuation Nominees Pty Ltd	174,203	0.1%
Weemala Holdings Pty Ltd	157,403	0.1%
Total	**298,418,479**	**96.1%**

1 Pacific Custodians Pty Limited is the registered legal holder for shares held in trust belonging to Directors as part of the treasury incentive plan. As noted in the Directors' interests, Ciaran Davis holds 1,220,157, of which 1,148,284 is held in Pacific Custodians Pty Limited HT1 Plans ctrl a/c.

Shareholder information
(Continued)

(C) Analysis of individual ordinary shareholdings as at 17 February 2022:

Holding	Number of shareholders	% of total shareholders	Number of shares	% of total shares
1 to 1,000	3,952	73.46	1,006,661	0.32
1,001 to 5,000	938	17.43	2,192,871	0.70
5,001 to 10,000	219	4.07	1,582,014	0.51
10,001 to 100,000	242	4.50	6,784,927	2.18
100,001 and over	29	0.54	299,523,318	96.29
Total	**5,380**	**100.00**	**311,089,791**	**100.00**

There were 2,436 holders of less than a marketable parcel.

(D) Voting rights of shareholders

The voting rights are governed by rule 16 of the Constitution. In summary, shareholders are entitled to vote in person or by proxy, attorney or corporate representative at any meeting of shareholders of the Company on:

- a show of hands – one vote per shareholder; and
- a poll – one vote per share.

2. Unquoted Securities

There were 788,896 performance rights on issue at 31 December 2021 (2020: nil)

3. Directors' Interests

The relevant interest of each Director in the securities of the parent entity as at 17 February 2022 was:

Director	Number of shares	Number of options
H McLennan	73,000	–
R Amos	16,250	–
P Connolly	65,935	–
C Davis (ii)	1,220,157	–
B Rowe	–	–
A Cameron (i)	–	–

(i) 35,934,891 Ordinary Shares held by Grant Broadcasters Pty Ltd. Alison Cameron holds, directly and indirectly, less than 0.005% of the issued capital in Grant Broadcasters. Janet Cameron, Alison's mother, holds 99.9% of the issued capital in Grant Broadcasters.

(ii) Pacific Custodians Pty Limited is the registered legal holder for shares held in trust belonging to Directors as part of the treasury incentive plan. As noted in the Directors' interests, Ciaran Davis holds 1,220,157, of which 1,148,284 is held in Pacific Custodians Pty Limited HT1 Plans ctrl a/c.

4. Other Information

Stock exchange listing

HT&E shares are listed on the ASX (code HT1).

Enquiries

Shareholders or investors with any enquiries concerning their shareholding, shareholder details, dividend information, or administrative matters, should direct their enquiries to the Share Registry. Contact details for the Share Registry appear on the Corporate Directory page in this Annual Report 2021.

Shareholder information
(Continued)

Dividend payments
Dividends to shareholders may be paid direct to any bank, building society or credit union account in Australia. Shareholders who wish to receive dividends by electronic transfer should advise the Share Registry.

Tax file number (TFN)
The Company is obliged to deduct tax from unfranked or partially franked dividend payments to shareholders resident in Australia who have not supplied their TFN to the Share Registry. To avoid this deduction, you should advise the Share Registry of your TFN.

Register your email address
Shareholders are encouraged to register their email address to receive dividend advices, notification of availability of annual reports, notices of meeting, access to online voting and other shareholder communications. To register, shareholders should go to www.linkmarketservices.com.au, log in to their shareholding through the Investor Centre and select the "All communication by email" option.

Other services available to shareholders at this website include: viewing details of their shareholdings, updating address details, updating bank details and obtaining a variety of registry forms.

Consolidation of holdings
Shareholders who have multiple issuer-sponsored holdings and wish to consolidate their separate shareholdings into one account should advise the Share Registry in writing.

Change of name or address
Shareholders who are issuer sponsored should notify the Share Registry in writing of any change in either their name or registered address. If a change of name has occurred, it will be necessary to supply a certified copy of the relevant deed poll or marriage certificate. Shareholders sponsored by a broker (CHESS) should advise their broker of the amended details.

Dividend Reinvestment Plan (DRP)
The Directors determined to suspend the DRP effective from 15 February 2018.

Shareholders may elect to participate in any future DRP for all or part of their shareholding. Shareholders wishing to participate in any future DRP should contact the Share Registry. Terms and conditions of the DRP, the DRP Guide and forms to apply for, vary or cancel participation in the DRP are also available on the Company's website, www.htande.com.au.

Investor information
The Annual Report is the most comprehensive publication with information for investors. Copies of the 2021 Annual Report may be obtained by contacting the Share Registry or on the Company's website, www.htande.com.au. Other financial and relevant information, including press releases on financial results and Chairman's addresses, are available from the corporate office in Sydney, or at the Company's website, www.htande.com.

Corporate Directory

HT&E LIMITED
ABN 95 008 637 643

Directors

Hamish McLennan (Chairman)
Ciaran Davis (CEO & Managing Director)
Roger Amos
Paul Connolly
Belinda Rowe
Alison Cameron (from 5 January 2022)

Company secretary

Jeremy Child

Registered office

3 Byfield St, Macquarie Park
Sydney NSW 2113

Telephone: +61 2 8899 9900

Share registry

Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

Locked Bag A14
SYDNEY SOUTH NSW 1235

Telephone: +61 1300 553 550
Fax: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Auditors

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
BARANGAROO NSW 2000

Principal bankers

Bank of Queensland
Commonwealth Bank of Australia
HSBC
National Australia Bank
Westpac Banking Corporation

2022 Annual General Meeting

Notice is given that the 2022 Annual General Meeting (AGM) of HT&E Limited will be held on Thursday 5 May 2022 commencing at 9:00am.

Depending on the prevailing COVID-19 situation, the Company reserves the right not to allow Shareholders to physically attend the AGM. Prior to the AGM, the Company will publish a virtual meeting guide on the ASX and the Company's website at https://investorcentre.htande.com.au outlining how Shareholders will be able to participate via the internet.