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Annual Report

SCA

Year In Review

SCA's results in FY21 demonstrate the strength of the Company's balance sheet and the high quality of SCA's earnings and cash flow. With net debt at historically low levels and a leaner operating model, SCA is in a strong position to invest for the future while being able to resume payment of fully franked dividends to shareholders.

	FY21	COMPARISON TO FY20	
<i>Revenue</i>	\$529.1M	\$540.8M	(2.2%)
<i>Expenses</i>	(\$403.2M)	(\$432.6M)	(6.8%)
<i>EBITDA</i>	\$125.9M	\$108.2M	16.4%
<i>NPAT</i>	\$48.1M	\$25.1M	91.6%
<i>Net Debt</i>	\$53.0M	\$132.0M	(59.8%)
<i>Free cash conversion</i>	122%	139%	–

The highlight of the year was the launch in February 2021 of LISTNR, a free, personalised audio destination for all Australians featuring radio, podcasts, music and news. LISTNR is scaling quickly with a growing community of signed-in listeners exploring and enjoying the range of premium live and on-demand audio content. As we develop our data analytics capabilities, LISTNR will combine transparent audience measurement with real time insights about listener routines, needs and preferences and enable SCA to connect advertisers to addressable and targeted audiences at scale.

This year's financial outcomes were generated overwhelmingly from advertising on SCA's well-known linear broadcast media assets – our 99 FM, AM and DAB+ Triple M and Hit Network radio stations and 94 television signals reaching 95% of Australians. However, with the trends towards digital consumption and commercialisation of media content continuing pace, the ways in which audiences consume SCA's content and in which SCA creates value for our advertisers and shareholders will look very different in coming years. That is why LISTNR will be at the heart of SCA's digital audio first operating model.

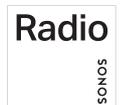
SCA's robust balance sheet and strong cash flow will support ongoing investment in premium content and building SCA's digital capability in the year ahead.

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Year In Review

SCA



10M

Reaching over 10 million Australians every week across broadcast television and FM and DAB+ radio

99

AM, FM and DAB+ stations

7.2M

Listeners across AM, FM and DAB+

1.4M

Unique live radio streamers*

*AudioMetrix July 2021 vs July 2020

10M

Total live streaming listening hours

3.2M

Unique podcast listeners*

*Triton Podcast Metrics July 2021 vs July 2020

Chairman's Statement

I am pleased to present SCA's 2021 annual report.

The COVID-19 pandemic continues to pose challenges and creative uncertainty for all of us and seems likely to do so for some time. Your Board and management have therefore made decisions to mitigate the adverse impacts of the pandemic and to reset the strategy of the Group to create sustainable value for the future.

SCA delivered sound financial results in FY21 and has entered the new financial year in a healthy financial position. EBITDA of \$125.9 million was up 16.4% compared to FY20 and net profit after tax improved by 91.6% to \$48.1 million. The Group's net debt is at historical lows and the Group has achieved significant headroom against banking covenants. Based on the Group's financial performance and profits in the second half of the financial year, the Board was pleased to declare a final fully franked dividend of five cents per share to be paid to shareholders on 1 October 2021.

These financial outcomes were generated overwhelmingly from advertising on SCA's well-known linear broadcast media assets – our 99 FM, AM and DAB+ Triple M and Hit Network radio stations and 94 television signals reaching 95% of Australians. However, the trends towards digital consumption and commercialisation of media content that had emerged before the pandemic have only been accelerated by it. The ways in which the majority of our audiences enjoy our content and in which we create value for our advertisers and shareholders will look very different in coming years.

The Group's digital revenue grew by 40% to \$15.4 million during the year. We expect digital revenue to grow by 75% to 100% in FY22 and we've set a strategy to support continuing high rates of growth. While the Group's Australia-wide radio network remains the creative core of SCA, our teams have a new digital-first mindset. Supported by our technology teams, our content teams are finding ways to make it easy to for our listeners to enjoy our radio shows, podcasts, music playlists, news and other local updates anytime and anywhere. The Group's sales teams are upskilling to help our clients to understand and optimise their returns from advertising on our digital audio content and platforms.

Chairman's Statement

LiSTNR is at the heart of SCA's digital audio first operating model. Developed in-house and launched in February 2021, the LiSTNR app deploys smart technology to create, distribute and commercialise SCA's pre-existing digital audio content with a wide range of live and on-demand global, national and local content. Users can personalise their experience on LiSTNR, choosing from a range of live radio, premium original podcasts, radio podcasts, live streaming music channels, news and information. As the signed-in community on LiSTNR grows, SCA will offer advertisers transparent returns on investment by connecting them to addressable and targeted audiences at scale.

Continuing the development of LiSTNR and our data analytics and sales capabilities will require further investment in the current year and beyond. The Group's robust balance sheet and steps taken in recent years to create an efficient organisational structure provide sound support for this required investment and for the Group to maintain and improve returns to our shareholders.

The operating model for our regional television operations is, of course, very different. As an affiliate broadcaster, we do not create the content we broadcast and do not have rights to distribute that content by digital means. Shareholders will recall the strategic actions taken in recent years to streamline the Group's television operations. Playout, distribution and broadcast transmission services have been outsourced to specialised providers. Fees paid to program suppliers are a percentage of the revenue generated from advertising, mitigating the impact of the long-term decline in revenue. At the same time, SCA continues to lead the Boomtown regional media industry marketing campaign which has driven increased investment by national advertisers in regional television and radio.

SCA's television operations delivered EBITDA of \$38.1M in FY21, up 59.7% compared to the prior year. While this result benefited from government support in the first half of the year, it also reflected the relatively quicker recovery of television advertising markets and SCA's market-leading sales performance.

Before closing, I should acknowledge the support received during the year by SCA and our people from the Federal Government. SCA was eligible for the Federal Government's JobKeeper program from April until December 2020. In the depths of the pandemic, JobKeeper was critical in enabling the Group to stay connected to our workforce. Because of the severe impacts of the pandemic on the media industry, many more jobs would have been lost without the program and SCA's recovery in the second half of the year would

have been more difficult. SCA was also grateful to receive a grant during the year under the Public Interest News Gathering fund, which has supported the Group's regional news journalism.

The Board welcomed three new Directors during the year. Carole Campbell, Ido Leffler and Heith Mackay-Cruise have become active contributors to the Board and its committees including the Digital Transformation Committee established this year to monitor and guide the progress of LiSTNR and other digital initiatives. I thank all my other fellow Directors for their wise counsel during the year and look forward to working with them in the year ahead.

I would like to commend SCA's leadership team led by our Managing Director, Grant Blackley and all our people around Australia for navigating SCA through the many challenges of the past 12 months and laying the groundwork for continuing improvements in the years ahead.

Finally, thank you to our shareholders for your support of SCA. I trust you will enjoy reading our annual report.



A handwritten signature in dark blue ink, which appears to read 'Rob Murray'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Rob Murray
Chair

CEO's Report

We begin this new year with a true sense of excitement. We've made considered and constructive changes to our business designed to achieve our mission over the next four years: To entertain, inform and inspire Australians. Anytime. Anywhere.

The four pillars of our refreshed corporate strategy are to entertain, inform and inspire our audiences; to establish LiSTNR as Australia's ultimate audio destination; to use our assets to help our clients succeed; and drive and embed a digital audio first operating model.

Entertaining, informing and inspiring our audiences

Providing compelling audio content is the first and most important requirement for our success. Consistently attracting bigger audiences on our broadcast radio stations and on our new LiSTNR app will drive our commercial success.

Launched in February 2021, LiSTNR has a large and rapidly expanding slate of live and on-demand global, national and – importantly – local audio content. This includes live and catch-up radio, 25 live music playlists, on-demand music feature shows, over 90 original Australian podcast series, licensed audio content from Disney/ESPN and the BBC, as well as local news and information updates for several of our regional markets. Our leading metro radio shows also release unique content for on-demand audiences who like to listen where and when it suits them. We have a disciplined process for commissioning new original podcasts to improve the chances of content being attractive to audiences and advertisers.

On radio, we identified several opportunities for growth in metro markets at the beginning of 2021. We created Triple M as an entirely new radio station in Perth in December 2020, adding a new Breakfast show featuring the Lord Mayor of Perth, Basil Zempilas. In January 2021, we also launched – with significant marketing and promotional campaigns – new Breakfast shows on 2Day FM in Sydney (The Morning Crew with Hughesy, Ed & Erin) and on Triple M in Melbourne (The Marty Sheargold Show), and added Nick Cody to Fifi, Fev & Nick on Fox FM in Melbourne.

We're monitoring the audience response to these new shows and making adjustments to content and music to meet audience preferences. 2Day FM remains the highest priority, given its underperformance for several years against well-established and strong competitors in Sydney.

In late 2020, we created state-based Breakfast super shows for regional stations in the Hit Network. This has improved the quality and consistency of content on regional Hit Network stations, while preserving our commitment to providing local news and other local content during the day.

Establishing LiSTNR as Australia's ultimate audio destination

LiSTNR is at the core of SCA's digital-first operating model. It needs to attract and retain a listener community by providing premium content and a first-class user experience. During this year, we plan to migrate users of our pre-existing Triple M and Hit Network apps to LiSTNR as the home of SCA's digital audio content.

We require users to sign in to LiSTNR and give them an opportunity to express their audio interests and preferences. This helps users to personalise their experience on LiSTNR and it helps us to improve the way users can discover new content on LiSTNR. We monitor app store ratings and comments from users and are careful when releasing updates to consider user feedback and minimise the risk of adversely affecting users' experiences.

Using our assets to help our clients succeed

We have long recognised that our success will be driven by delivering success for our clients. This requires our sales and creative teams to understand our clients' businesses and how our broadcast and digital products can help them succeed.

We are investing to build our data analytics capabilities, ensuring LiSTNR will combine transparent audience measurement with real time insights about listener routines, needs and preferences. At the same time, as Chair of Commercial Radio Australia, I'm pleased to say the commercial radio industry is continuing its investment in collaboration with the official survey provider, GfK, to evolve the commercial radio industry's audience measurement currency.

Coupled with our own investment in LiSTNR, these industry developments will enhance SCA's ability to help advertisers connect to addressable and targeted audiences at scale.

CEO's Report

We naturally expect our sales teams to know their clients and provide tailored solutions for them. Our in-house training syllabus has been revitalised to build the confidence of our sales teams and optimise their performance. These courses provide detailed knowledge about SCA's products (including our growing suite of digital audio content and audience attribution tools), fundamental skills for effective selling, critical thinking, and tools for motivating, coaching and performing as part of a team.

SCA continues to invest and innovate to make it easier for clients to buy and measure the effectiveness of audio advertising.

For example, SCA Footsteps provides advertisers with rich insights from listeners who have heard an audio ad and then gone to a specific location, retailer or precinct within a measured timeframe. This enables advertisers to measure return on investment from an audio ad campaign by tracking consumer responses to the campaign.

SCA Soundcheck uses technology to identify listeners who heard a digital audio ad and retargets them with a campaign study questionnaire, allowing comparison to a control group of internet users who have not heard the ad. This provides valuable information for advertisers about overall campaign effectiveness including increased consideration, ad recall and purchase intent.

The ongoing Boomtown regional media trade marketing initiative and the RadioMATRIX advertising buying platform are two further examples of sensible and effective collaboration by the commercial radio industry to deliver better outcomes for the industry and media buyers. RadioMATRIX enables media agencies to book advertising on 370 commercial radio stations around Australia and may be expanded to provide a one-stop online portal for media agencies to send out briefs, receive proposals and model audience reach, frequency and cost against real time availability.

Embedding a digital audio first operating model

Our audiences more and more want to discover and organise their favourite audio content and listen to it where and when it suits them. Our advertisers want to know more about the audience for their messages. To meet and balance these requirements while respecting our audiences' privacy expectations, our technology needs to transparently collect information about the characteristics and behaviour of our audiences, and we need to grow our ability to interpret this information to enhance and personalise the services we provide to our listeners and to optimise returns on investment for our advertisers.

During the year just ended, teams from all around SCA's business participated in workshops facilitated by an organisational design consultant to identify the skills and resources required for SCA to succeed in a world of digital audio. Actions underway to close gaps in our current business model include designing new workflows, performance measures, and measurement and reporting tools; educating and upskilling our people (and recruiting where necessary) to ensure we have the required capabilities; educating our clients about the benefits of digital audio advertising products; and partnering with leading content creators and technology innovators from around the world.

Television

I would especially like to thank our television teams for their performance during the year. In the final year of our Nine Network affiliation, we delivered a solid financial return, including a market-leading power ratio of 1.1. Then, supported by a highly collaborative approach from Network 10, we

seamlessly transitioned to Network 10 programming from 1 July. We also commenced broadcasting Sky News Regional in several regional markets to provide those communities with additional political coverage, breaking news, sport and opinion. Subject to the performance of television markets, we expect the changes in our television programming to be earnings neutral in the year ahead.

The regulatory framework for regional television remains in need of review and reform. Both Free TV Australia and regional television broadcasters, including SCA, made significant submissions to the Federal Government's Media Reform Green Paper on Modernising Television Regulation in Australia. These submissions highlighted the important role free-to-air television plays in Australian life and the regulatory conditions required to enable television businesses to adapt to technological change and sustain their role in Australian life. SCA will continue to participate in public debate and consultations as the Federal Government considers the options for modernising its regulation of the television industry.

The year ahead

Advertising markets have recovered well from the depths of the pandemic in 2020; however, the extended lockdowns in New South Wales and Victoria continue to challenge small and medium enterprises and some other key advertising categories. The geographic diversity of SCA's radio, television and digital operations across 57 locations around Australia will continue to help mitigate the concentrated impacts of the pandemic in certain markets.

SCA's robust balance sheet and strong cash flow will support our ongoing investment in premium content and building our digital capability, but we will remain disciplined in controlling other discretionary costs.

In conclusion, let me thank our people for their expertise, passion, and commitment in overcoming the many challenges of the last 18 months. That same expertise, passion and commitment will drive our success in the years ahead.



A handwritten signature in black ink that reads "Grant Blackley". The signature is fluid and cursive, written over a white background.

Grant Blackley
Managing Director and Chief Executive Officer

Operational Review

Highlights:

- **LiSTNR, a premium, curated, and personalised free app offering radio, podcasts, music and news, launched in February 2021**
- **LiSTNR was named inaugural Podcast Company of the Year (Radio Today Podcast Awards)**
- **SCA grew its audience network to 4.5 million listeners across digital platforms including live radio streaming and podcasts**
- **SCA launched a brand new Triple M station in Perth on 1 December 2020**
- **Triple M secured a new audio broadcast rights partnership with Cricket Australia to cover test matches and one day internationals on Triple M metro stations and around Australia on LiSTNR**
- **Heritage brand 90.9 Sea FM, part of the Hit Network, returned to the Gold Coast in August 2021**
- **SCA commenced a new regional television affiliation agreement with Network 10 from 1 July 2021 in regional Queensland, Southern NSW and Victoria commercial television licence areas**
- **SCA launched Sky News Regional in 17 markets on 1 August 2021**
- **SCA has reached provisional agreement with Google for SCA's content to be published on Google News Showcase**

Operational Review

Digital Audio First

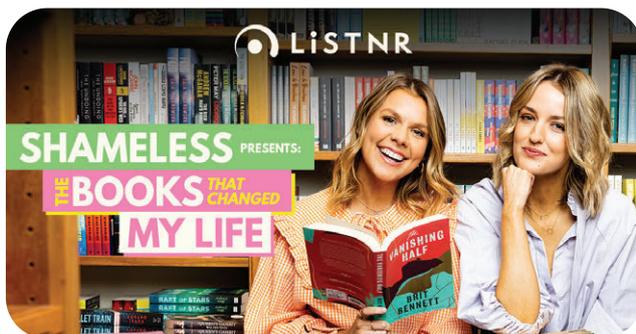
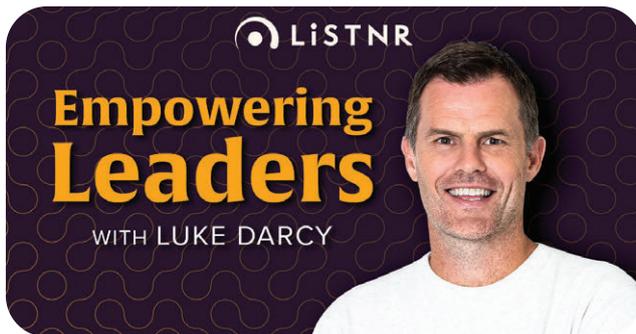
LISTNR

As part of its digital audio first strategy, SCA launched LISTNR in February – an Australian first premium, curated and personalised free app. LISTNR has created a new audio destination for Australians with four main content verticals – radio, music, podcasts and news. LISTNR's live and on-demand sports portfolio will be expanded to include live commentary of this year's Ashes cricket tests and one day international cricket and next year's AFL and NRL seasons. Three years in development and following extensive research into consumers' evolving audio habits and needs, LISTNR consolidates all SCA's existing digital audio content plus a huge range of new and compelling premium content, all located in one free and easy-to-use app. It is available across iOS and Android, CarPlay and Android Auto, Google Assistant and Alexa and Android TV.

The number of Australians accessing digital audio has doubled since 2016 and is projected to reach 80% of Australians by 2024*. LISTNR provides a personalised listening experience that easily enables consumers to discover a new world of premium, relevant audio that is live and on demand.

*GfK Australian Share of Audio 2019

LISTNR's podcast suite now features content from trusted Aussie household names such as Hamish Blake, Andy Lee, Mark Howard, Gary Mehigan, Tom Tilley, Steve Price, Natarsha Belling, Adam Shand, Jess Rowe, Luke Darcy, Cass Dunn, Dylan Alcott, Christopher Pyne, Rosie Waterland, Sarah Wilson, Dannii Minogue and more.



Operational Review

LiSTNR features SCA's unparalleled depth of digital content including live radio streams, radio podcasts and digital music stations via its Hit and Triple M Networks. It features some of Australia's highest profile and most loved talent including Carrie Bickmore, Tommy Little, Dave 'Hughesy' Hughes, Ed Kavalee, Erin Molan, Mick Molloy, Marty Sheargold, Fifi Box, Brendan Fevola, Lawrence Mooney, Jess Eva, Basil Zempilas, Rebecca Morse, Anthony 'Lehmo' Lehmann, Andrew 'Cosi' Costello, Stav Davidson, Abby Coleman, Matty Acton and more.

LiSTNR also includes must-listen radio sports shows such as the Triple M Saturday Rub (AFL), the Rush Hours and the Triple M Sunday Sin Bin (NRL) – all featuring superstars of their games.

With the need for trusted voices and sources of local news and information never higher, LiSTNR features an on-demand audio news and information service, including local news and sport reports across 15 regions and 34 towns in Australia, and The Locals' Guide – a purpose-built events guide to help locals and visitors to know what's on.

Exclusive to LiSTNR, SCA introduced an expanded music offering with 25 all-new linear music live streaming channels, catering for a diverse array of moods and genres. In addition, LiSTNR features five weekly on-demand music shows featuring full music tracks.



Operational Review

LiSTNR has demonstrated industry leadership with a number of industry firsts:

- **Publishing more co-created original podcast titles and episodes than any other Australian commercial digital audio company**
- **Being the first to launch a dual broadcast strategy for Steve Price's Australia Today on LiSTNR and nine regional Triple M stations**
- **First to develop on-demand local news and community events guides for regional Australia**
- **First Australian audio app offering intuitive onboarding and a personalised daily audio feed built entirely in-house as a commercial digital audio company**

In July 2021, the LiSTNR audience network's unique podcast listeners reached a new record high of 3.2 million[^], a rise of 38% year on year. Active streams during July rose by 12% year on year to 9.6 million* with 1.44 million* unique streaming listeners, a jump of 35% year on year. LiSTNR delivered 10.4 million* total listening hours across its live streaming radio, podcasts, music, news, sport and information offering, up by 3% year on year.

Smart speaker listening continues to surge among consumers, with 3.1 million* total listening hours in July, an increase of 46% year on year.

Sources: *AudioMetrix July 2021 vs July 2020 and [^]Triton Podcast Metrics July 2021 vs July 2020

Since launch, listening to podcasts on LiSTNR has grown 200% and, from a zero base, listening to live streaming of radio shows now matches podcast consumption. The volume of content listened to per user has increased by 60% over the period.

LiSTNR has grown its content offering exponentially including: 25 new, original podcast series since February with high-profile talent including Steve Price, Dannii Minogue, Turia Pitt and Jess Rowe.

SCA has also announced partnerships with the BBC, Apple and ESPN. BBC audio programs include David Attenborough Life Stories, Desert Island Discs, In Concert, Pop Docs and more. Five Apple Music Country shows debuted live on Triple M Country plus the popular ESPN Daily, The Lowe Post, Brian Windhorst and The Hoop Collective podcasts.

SCA is leading the market by investing in local, high performance, deep technology partnerships that accelerate the LiSTNR roadmap. These include becoming an early-stage investor in Australian artificial intelligence (AI) and machine learning companies SourseAI and Sonnant.

Technology provided by these partners allows SCA to enhance LiSTNR's key product pillars delivering a personalised experience to each user based on the topics they most enjoy listening to, which aids discovery and recommendations.

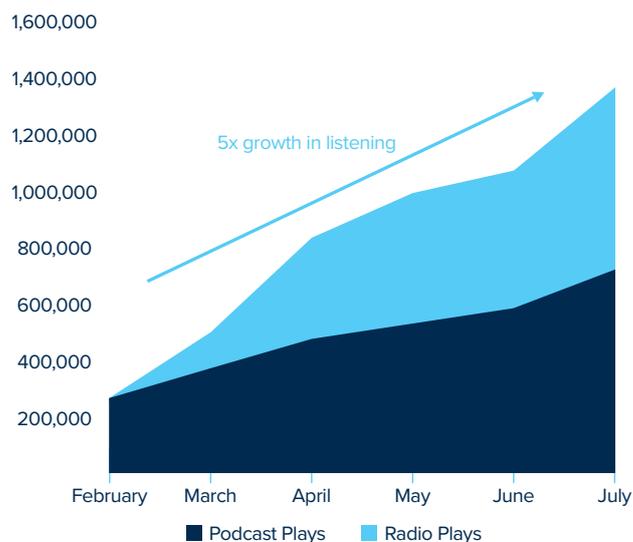
SCA's Innovation Program, The Lab, received more than 400 entries into its company-wide Lab Contest 2021 to develop innovative ideas for its digital audio platform LiSTNR.

After a rigorous evaluation process, 10 finalists were selected to pitch their ideas to the Leadership Group at the 'Lab Contest Pitch Day'.

The contest culminated in three joint winners in the areas of Best Idea – Product, Best Idea – Content and Best Idea – Localism. The winning ideas will be developed and set up for testing before implementation in the coming months.

Extensive external research by SCA iQ of 2,500 Australians over three years focused on user experience and audio consumption, and identified a number of key consumer personas, known as 'LiSTNR Vibes', that enable a targeted buying and marketing approach for LiSTNR.

LiSTNR will be a primary generator of listening data, allowing SCA to provide an unrivalled, deep understanding of its audience with the ability to deliver a valuable, targeted audience at scale for advertisers.



Operational Review

Radio

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

SCA is the #1 commercial radio network for the key buying demographic of people 25 to 54 years of age. The Hit and Triple M Networks continued to entertain and inform more than 7.32 million people each week.

Overall, radio continues to be a significant mass medium that informs and entertains Australians in every part of our huge country across AM, FM, DAB+ and digital audio platforms. Most notably, SCA is creating more audio content than ever before and is by far the leading creator of commercial audio entertainment, news, opinion, sport, lifestyle and comedy content, meeting all audio needs across all audio channels.

Australians continue to listen in their millions day and night, on weekdays and weekends; most notable is listening across the day with more people based at home or working remotely.

Increased audio consumption is being supported by double-digit growth in listening via digital devices. Leveraging the convergence of linear and digital audio consumption is SCA's ongoing investment in digital analytics which will deliver consumer insights to ensure the content we make is relevant and engaging across each channel as a result of this heightened claimed and real time listening data.

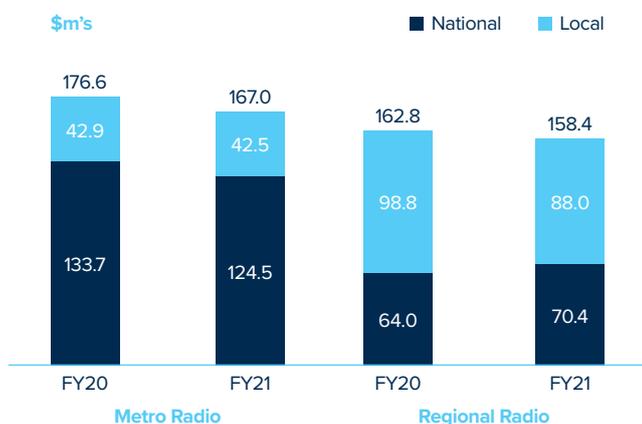
Mobile, desktop and smart speaker usage are all growing strongly given their usage and accessibility – and this in turn is providing an increased volume of addressable inventory for advertisers seeking scaled, targeted audiences.

Regional radio revenues recovered during FY21 at a slightly faster rate than metro revenues, led by 10% growth in national regional radio revenues. This improved monetisation was the result of continued education about the value of regional markets through the Boomtown industry trade marketing initiative, a focus on reinforcing the benefits of advertising locally with targeted campaigns to local SMEs, as well as a lower impact in regional markets from COVID-19.

Regional markets are also benefitting from the 'metro migration' phenomenon, leading to increased jobs, a booming housing market and increases in domestic travel.

Metro radio markets were more impacted by the temporary cessation of surveys in the first half of FY21 and from reduced listening that occurred on commercial FM stations in general during lockdown periods.

Growing our radio audiences remains paramount and we will retain a laser focus on improving high value shows in major markets to increase ratings and revenue.



Triple M Network

Triple M welcomed a brand-new metro station to its suite with the launch of 92.9 Triple M Perth in December 2020 with a brand new breakfast show, featuring Lord Mayor Basil Zempilas and co-hosts Xavier Ellis and The West Australian's Jenna Clarke.

The launch brought Triple M's unique blend of rock, sport and comedy to Perth listeners, already familiar to those who listen to the various Triple M formats on DAB+ or who travel around the State with Triple M already in 16 regional Western Australian markets.

Triple M's new Melbourne Breakfast show, The Marty Sheargold Show, launched this year and is also available nationally on Triple M at 3.00pm weekdays.



To complement its AFL and NRL sports offering, Triple M announced a long-term partnership with Cricket Australia, kicking off its coverage with the 2021-22 Vodafone Ashes series from 8 December at The Gabba in Brisbane alongside every Ashes Test and One Day International match. All games will also be available live on the LiSTNR app.

The Triple M Network reaches 3.77 million listeners across metro, regional and DAB+ stations. Triple M is the # 1 radio network for males aged 25 to 54 with 1.22 million listeners.

Highlights*:

- Triple M's annual 'No Talk Day' on 1 July, to raise awareness of men's mental health, featured all Triple M stations nationally again this year. No Talk Day saw active streams increase by 6.5% year on year and more than 3,000 downloads of No Talk Day content nationally from LiSTNR.
- Triple M is the # 2 radio network overall with national (metro and regional) reach of 3.77 million people aged 10+.
- Breakfast on Triple M nationally (metro and regional) reaches 2.09 million people.
- Drive on Triple M nationally (metro and regional) reaches 1.86 million people.
- Triple M's DAB+ stations (metro) reach 336,000 people.
- Triple M's live radio streaming grew 55% in the year to July 2021.
- Radio podcast downloads rose 34% in the year to July 2021, with Rush Hour with JB & Billy growing by 53%, Triple M Footy (AFL) up 95% and Triple M Rocks Footy (NRL) up 88%.
- Sydney's Moonman in the Morning radio podcast downloads rose by 7% and Roo & Ditts for Breakfast in Adelaide was up 82%.

Operational Review

Hit Network

Sydney's new 2Day FM Breakfast show, Hughesy, Ed and Erin, launched in 2021 as the station partnered with the iconic Sydney Gay & Lesbian Mardi Gras. In Melbourne, comedian Nick Cody joined Fifi and Fev on The Fox's Breakfast Show.



In Perth, Mix 94.5 became part of the national Hit Network with a new-look logo to align with other capital city legacy Hit brands including The Fox Melbourne, 2Day FM Sydney, B105 Brisbane and SAFM Adelaide.

In addition, heritage brand 90.9 Sea FM returned to the Gold Coast from August, as the Bianca, Dan & Ben Breakfast Show celebrated its first birthday.

Hit launched its biggest ever promotion in July 2021 with the launch of Million Dollar Alphabucks, which will see one listener win a guaranteed \$1 million. To win, players are selected to play their local Hit station's game of Alphabucks, using one letter, 10 questions and 30 seconds to answer. Any player who successfully answers 10 questions with their given letter will become a national finalist, culminating in a live grand finale event later in 2021.

The Hit Network reaches 4.68 million listeners across metro, regional and DAB+ stations.

Highlights*

- The Hit Network Breakfast nationally (metro and regional) reaches 2.66 million people.
- Drive on Hit nationally (metro and regional) reaches 2.42 million people.
- Hit's DAB+ stations (metro) reach 421,000 people.
- Hit's live radio streaming grew 62% in the year to July 2021.
- On B105 Brisbane Breakfast, Stav, Abby & Matt's live radio streaming audience grew 45%.
- On SAFM Adelaide Breakfast, Bec, Cosi & Lehmo's live streaming audience.

*Source: GFK Radio Ratings. Survey 4 2021 – Metro. Gold Coast, Newcastle, Canberra Survey 1 2021. Mon-Sun 5:30-12mn Cume. Xtra Insights Esperance, Emerald, Albury, Kalgoorlie, Maryborough Survey #1 2017, Mon-Sun 5:30-12mn Cume. Xtra Insights Shepparton, Toowoomba, Mildura, Bendigo Survey #1 2018 Mon-Sun 5:30-12mn. Xtra Insights Mt Gambier, Griffith, Wagga, Coffs Harbour, Rocky-Gladstone, Orange, Dubbo, Cairns, Mackay, Bunbury, Gosford, Warragul, Townsville, Albury. Xtra Insights Survey #1 2019. Mt Isa Xtra Insights Survey #1 2020 Geraldton Survey, Port Macquarie, Kingaroy, Roma, Albany, Maryborough, Hobart, Wheatbelt, Bundaberg #1 2021 Mon-Sun ROS Cume.

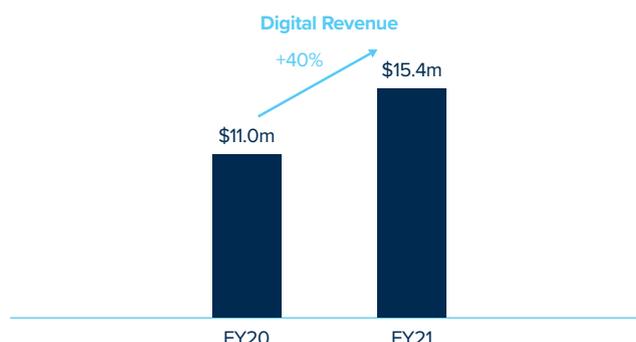
Digital Advertising

Digital advertising revenue increased by 40% in the year driven by growth in both addressable instream revenues and in podcasting.

With a total audience network of 4.5 million listeners across all digital platforms and with increasing consumption of content with more live streaming, podcasting and use of smart speakers, the digital audio market is expanding and advertiser demand is growing. We forecast revenue to grow a further 75% to 100% year on year as we enhance our share of this accelerating and exciting market.

Our focus is on maturing and embedding our digital audio first operating model across all our 57 offices. We will enhance our capabilities in digital sales and data and insights, and we are re-defining workflows to enable the delivery and monetisation of content across all platforms.

We will continue to invest in developing the LISTNR product through enhancing the customer experience, providing more functionality, adding more premium content, improving customer recommendations through advanced AI technology, and through advancing our real time audience insights and our digital acquisition and brand marketing to establish LISTNR in the hearts and minds of all Australians.



Television

SCA broadcasts 94 free-to-air TV signals across regional Australia, reaching 2.8 million* people per week, with Network 10 programming and advertising representation across Australia's East Coast, Seven Network programming in Tasmania and Darwin, and Seven, Nine and Ten programming in Spencer Gulf.

Television remains an important part of the business, delivering EBITDA of \$38.1 million, up 59.7% with margin improving to 22.5% in FY21. SCA maintained its market leading power ratio of 1.11x despite disruption caused by the change of affiliation at the end of June.

In July 2021, SCA transitioned to a new regional television affiliation agreement with Network 10, ending its agreement with the Nine Network. Under the new two-year agreement, SCA broadcasts channels 10, 10 Bold, 10 Peach and 10 Shake into regional Queensland, Southern NSW and regional Victoria. Network 10's highly successful programmes include MasterChef Australia, Australian Survivor, The Bachelor Australia, The Masked Singer, The Project and live ALeague, Westfield W-League, Socceros, Matildas and FFA Cup matches.



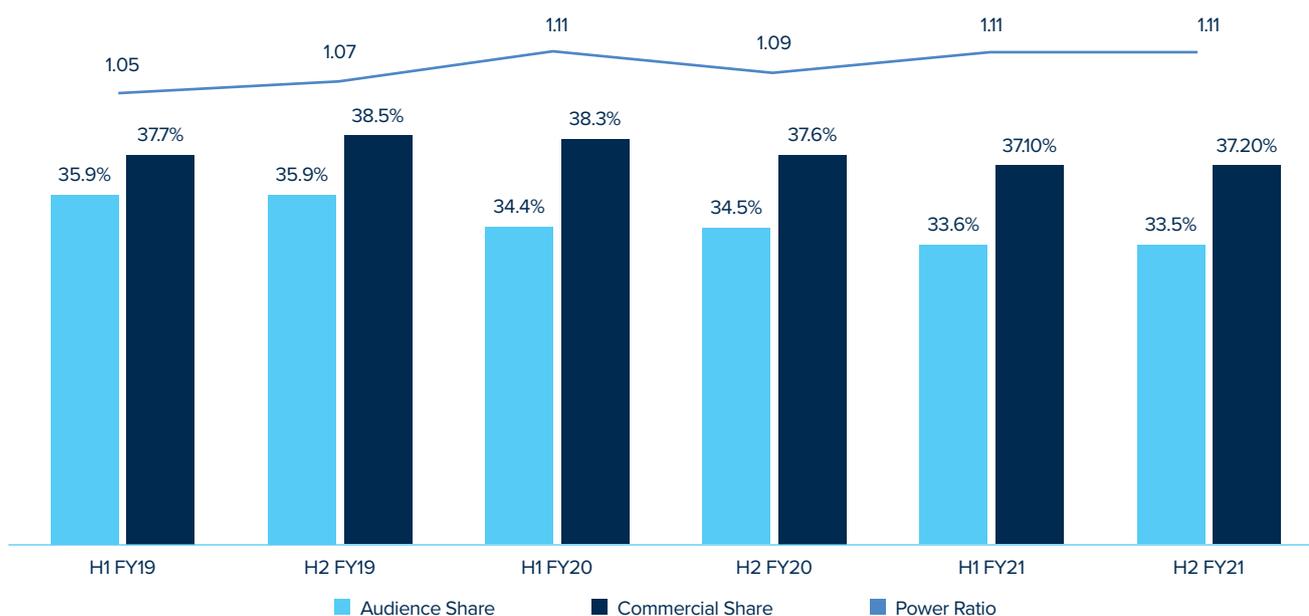
In addition, from 1 August 2021, SCA commenced broadcasting a new dedicated 24-hour news channel, Sky News Regional, to 17 of SCA's regional markets across Victoria, Southern NSW and Queensland including Cairns, Townsville, the Sunshine Coast, Canberra, Wollongong, Wagga Wagga, Orange, Bendigo and Ballarat.

The new regional free-to-air channel features news, weather, national affairs and sport from the Sky News Australia and FOX SPORTS News teams. Sky News Regional also has a live breakfast program on weekdays with news from across Australia and the world, as well as sport and weather updates.

SCA is the Seven Network affiliate in Tasmania. 7 Tasmania continues to be a strong performer in ratings as Tasmania's #1 primary channel every day of the week with AFL, Big Brother, SAS Australia and Farmer Wants a Wife delivering viewership across the board. As SCA's only locally produced news bulletin, Nightly News 7 Tasmania continued its ratings dominance as Tasmania's #1 program anchored weeknights by Kim Millar.

Strong market leadership in this area has ensured a smooth transition since 1 July and with effective monetisation of Network 10 content. We will continue to optimise our earnings in television by delivering strong revenue to ratings power ratios.

Commercial Share and Power Ratio



*Source: Regional tam data. 3AGGS (Network 10 + sky news regional) & tas (Seven Network) & NNSW (Sky News Regional). Average weekly cume reach (1 min). 0200-2600. Sun-sat. Wk 7 - 30 2021 excl. Easter. Diary markets - last available survey, 0600-2400. Sgt - 2015 (midnight - midnight)

Boomtown

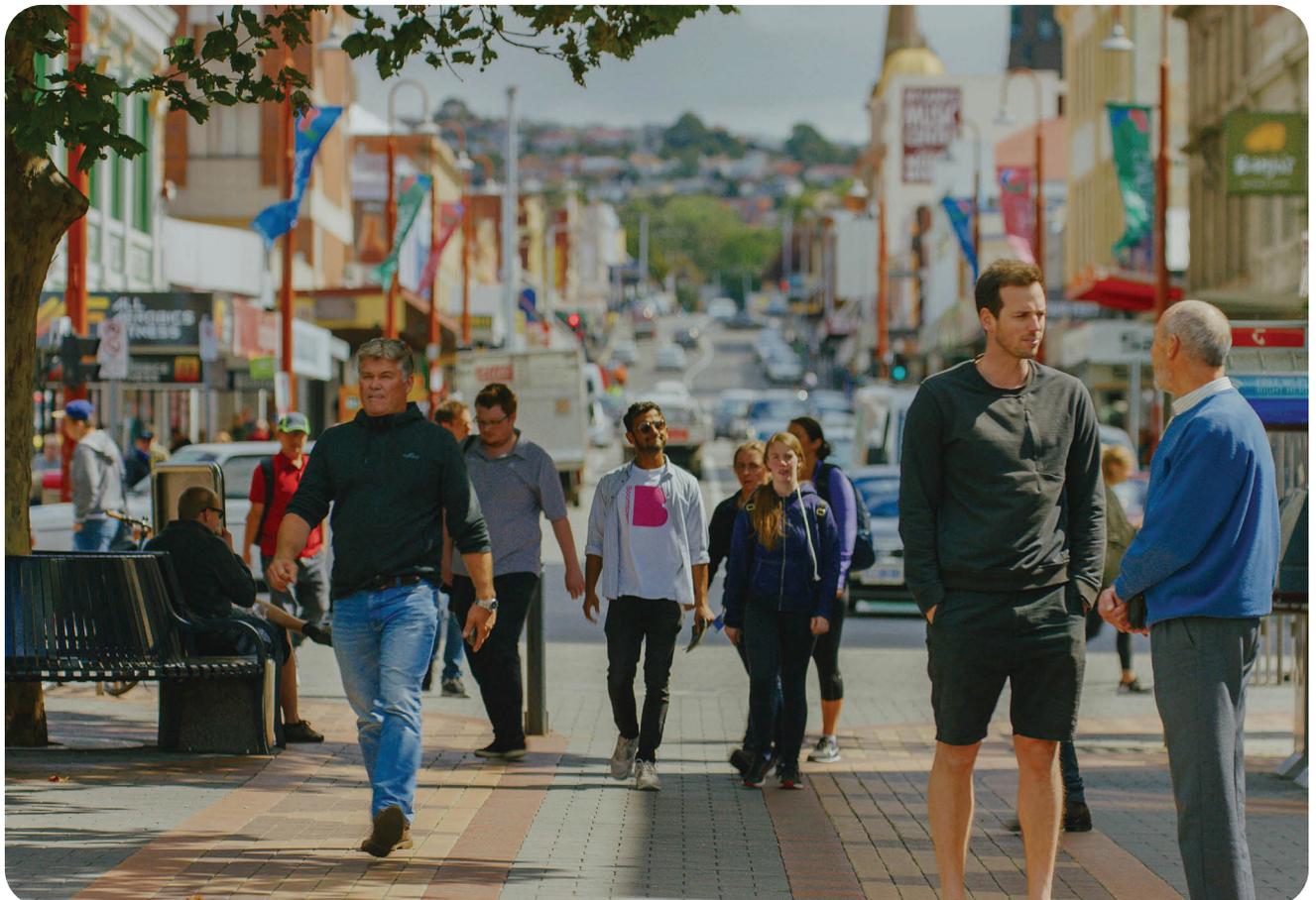
This year the Boomtown collective intensified its efforts to demonstrate the value of investment in regional areas to national advertisers.

Representing the 9.1 million people living in regional Australia, including major business and population centres like the Gold Coast, Newcastle, New South Wales' Central Coast, Townsville, Hobart, Bunbury and Canberra, Boomtown has experienced unprecedented population growth in the past year due to the 'work from anywhere' phenomenon driven by the COVID-19 pandemic. As a result, metro migration has occurred on a scale never seen before, with young urban professional families and digital nomads accounting for a significant proportion of those relocating to Boomtown. This has created a 'spiral of success' for Boomtown, with record job vacancies on offer, 75% of which are now for highly-skilled and professional roles; and a property boom in regional Australia, the likes of which has not been seen for 15 years.

To ensure that national advertisers have the tools at their disposal to harness these growing audiences, the Boomtown Hub was launched in March 2021 to simplify the process of planning regional media through interactive media coverage maps and search tools, providing visibility of the networks and publishers operating in each of these burgeoning regional markets. The Boomtown Hub has already become a valuable tool for thousands of media industry professionals across the country.

Continuing its partnership with the Media Federation of Australia's NGEN program for young media buyers and planners, Boomtown accelerated its education schedule this year, expanding its footprint to include masterclasses in Sydney, Melbourne, Brisbane and Perth. Around 260 industry executives are now Boomtown alumni, exceeding participant targets by 72% in 2021.

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



Governance

Values

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

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

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

Diversity and Inclusion

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

SCA achieved the gender diversity targets set by the Board for 30 June 2021. Women now occupy 40% of senior management positions and 53% of middle management positions at SCA; and 43% of non-executive directors are female. The results achieved reflect programs introduced in recent years to encourage flexible work practices to help our people – both men and women – to successfully manage their career and family life through a practical work-life balance.

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

Developing and looking after our people

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

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

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

- Women in Leadership Program
- SCA Leads Leadership Development Program
- 'Leading Teams' for National Executive Functional Groups
- LSI and Coaching for Leadership Development
- Mentoring Program
- Specialised high performance sales training
- Managing Mental Health training
- Managing underperformance training

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

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

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

Governance

Connecting and supporting communities

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

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

SCA prides itself on its 'fiercely local' engagement with communities and this support continues to be important during 2021.

After the 2020 pandemic lockdowns, SCA iQ's Mood Monitor, now in its eighth year, was a major study to measure the recovery of both metro and regional Australians particularly around mood, concerns and finances. SCA iQ uncovered what had 'bounced back' and what had shifted. Housing affordability once again topped the list of concerns, an ongoing concern with the Australian and global economy, along with a shift from paying off debt to saving/investing.

Another major project for the year was SCA iQ's Audio Landscape and Smart Audio research. These studies are fundamental to understanding both SCA audiences' and the general population's usage of media and audio. As trending studies, these also provide SCA with tracking on how media consumption is shifting. For example, 41% of the SCA audience now owns a smart speaker up from 35% in 2020, and three in four smart speaker owners say they use their device most to listen to audio.

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



- **Triple M Brisbane's 'Ollie's Home'** – There were tears across Brisbane when the life of an Orana Hills family was transformed thanks to Triple M Brisbane and over 60 small businesses, individual tradies and people who simply wanted to help. At just seven years old, Ollie (Olive) Schmidt has up to 250 seizures a day, and her family needed help. After months of planning and five intense weeks of building, 'Ollie's home' was revealed with a new padded deck and safe area. Hardened tradies showed their huge hearts as they formed a guard of honour for Ollie, her parents and two brothers as they returned to the family home.



- **Hit 100.9 Hobart's Mode of Transport for Movember** – Hit 100.9 with Jimmy and Nath and special guest Tommy Windsor (from Mobart Mo Bros) jumped on a double decker bus to make some noise for Movember. The journey saw stops around town at iconic 'Mobart' locations including MOna, North MObart, MO-Bar (Observatory Bar, AKA O-Bar), and Wrest Point Casi-MO. Broadcasting the show live from the streets of Hobart, they were joined by several special guests to help raise money to support men's health.



- **Triple M Gold Coast's Stand Up for Domestic Violence** – For six years, The Goldie's 92.5 Triple M has stood up to show support and raise awareness against domestic violence. The annual stand-up paddleboard event would usually gather the entire Gold Coast community to the waters of the local Currumbin Boatshed, where all would stand on boards to pledge their oath to stop Domestic Violence. Unable to come together due to COVID-19 restrictions, Peter 'Spida' Everitt took on the mammoth task to stand up on a paddleboard for 12 hours.



- **Triple M and Hit Wagga Wagga Takes 2** – Triple M has supported the Wagga Wagga Takes 2 show since 2007. The annual event pairs local celebrities with accomplished singers as duets, to raise money for local charities around Wagga Wagga and the Riverina. This year Triple M helped raise \$220,000 for 10 local charities and over its years of support has raised \$3.5 million for local charities. WWT2 President, Narelle Potts, said: "The Wagga Wagga SCA team are the driving force behind our event. They promote the event as a whole on air through interviews and community service spots. The staff at SCA Wagga Wagga do much more than just promote the show and the charities. They are actively involved as well. SCA staff are on stage as a celebrity performer, the show host and co-hosts, a judge, audio visual production; and the remaining staff act as volunteers on show nights."

Governance



- **Triple M Gold Coast's Little Legends of League** – 92.5 Triple M hosted the ultimate State vs State, mate vs mate clash with local Under 9 rugby kids playing for Triple M's Little Legends of League. Over 300 players across the Gold Coast and Tweed registered to be selected into either the Queensland or NSW team, with each side led by legends of the game, coaches Mark Minichiello (NSW) and Ash Harrison (QLD). The breakfast team, Bridge, Spida & Flan, broadcasted live from the game, with local Titans players, families and supporters joining in.



- **Hit Gold Coast – \$20K Balloon Drop** – After six weeks of its \$20,000 Balloon Drop promotion, Hit 90.9 gave away \$20,000 to 100 local Gold Coast finalists. Since the start of May, the Hit90.9 team travelled the Gold Coast distributing flyers in letterboxes. Recipients had to scan the flyer's QR code to go into the draw to be selected as one of the 100 lucky finalists. In partnership with RE/MAX Regency, breakfast host Ben Hannant was in-flight on RE/MAX's hot air balloon from Firth Park Mudgeeraba, where he threw a total of \$20,000 (in the form of plastic balls) out of the basket. Whatever amount landed in the finalists' allocated plots, they took home.



- **Mix 94.5 Perth community sports** – Mix 94.5 hit the streets of suburbia in its brand-new Kombi van visiting a range of community sports including netball and soccer venues giving away prizes and playing lots of games. The community loved the freebies and the chance to have some fun with the Street Teamers.



- **Mix 94.5 is a major sponsor of the Young Achievers Awards** – These awards are a chance for young West Australians to be recognised for their excellence in a range of categories from Community Service, Sport and Leadership. Mix 94.5 encourages people to nominate anyone they feel fits into the categories and helps promote young and inspiring individuals.

- **Hit Western Australia's Kalgoorlie-Boulder Youth Awards for 2021** – Hit supports these awards to promote nominations and the celebration of young people within the community.



- **Triple M Sydney** – Breakfast show Moonman in the Morning recently teamed up with the Salvation Army to provide on-air content chatting with volunteers, organisers and those who benefit from the local Soup Kitchen – to highlight the great work the Salvation Army does and to encourage listeners to donate.

Corporate Governance and Sustainability

SCA's Corporate Governance Statement demonstrates the extent to which SCA has complied with the ASX Corporate Governance Council's Principles and Recommendations. This year, SCA will publish a Sustainability Report for the first time. Built on strong governance and prudent risk management, sustainability for SCA is about creating enduring value for our clients, audiences, people, communities and shareholders. It includes managing SCA's impact on the environment and the environment's impact on SCA's operations. SCA's Corporate Governance Statement, Sustainability Report and related governance policies are available on SCA's website (<http://www.southerncrossaustereo.com.au/investors>).

SCA Embrace

SCA Embrace is SCA's national charity initiative. Over two-year cycles, SCA works with selected charities to help their work, while engaging its own people to build stronger communities. SCA provides support through radio and television advertising; digital, social and research support; event and meeting spaces; brainstorming sessions; concert and sporting tickets; on-air interviews; and staff volunteering.

SCA's national charity partners until 30 June 2021 were Beyond Blue and The Smith Family. Our traditional two-year partnership was extended by six months due to the COVID-19 pandemic. Over two and a half years, we provided these charities with more than \$110 million in-kind radio and television advertising, along with digital, social, creative and research support.

Both charities played important nationwide roles during our partnership, particularly during the country's bushfires, floods and COVID-19. Our support enabled them to deliver information on the importance of mental health and children's education during this challenging period, along with significant research developments for the not-for-profit sector. We were proud of how our people embraced the relationships through various experiences.

FY2021 Highlights

Beyond Blue

- 'No Talk Day' on Triple M on 1 July 2021.
- Triple M support of NRL, AFL and A-League Beyond Blue Cups.
- SCA radio stations supporting World Mental Health Day (10 October).
- SCA and Beyond Blue working closely during the COVID-19 pandemic to ensure mental health support messaging is a priority.

The Smith Family

- The Smith Family and SCA co-created the charity's Breaking Poverty podcast, hosted by Adam Shand, which examined the state of child poverty in Australia and how education breaks the cycle of disadvantage.
- Hit Network support of Toy and Book Appeal (53 staff utilised their volunteer leave day for the Toy and Book appeal experience in Sydney, Melbourne, Hobart, Perth, Brisbane and Adelaide).
- Triple M Network national support of Christmas Appeal.
- Hit Network national support of Back to School campaign.
- SCA hosted Work Inspiration (work experience) events in various SCA markets.
- Hit Network national support of Winter Appeal campaign.

SCA will announce its 2022 charity partnerships later this year.

Give Me Five for Kids

This year marked the retirement of SCA's annual Give Me 5 for Kids campaign. Beginning as a simple coin drive on the New South Wales Central Coast more than 20 years ago, the campaign raised more than \$20 million nationally and benefitted more than 40 paediatric wards in local hospitals. Local health services use these funds to improve outcomes for young patients, including acquiring vital equipment.

In July 2021, we expanded SCA Embrace to partner with local charities in our regional and rural locations. Each of our local offices will choose a local community-focused charity to support over a one- or two-year period. As with our national charity program, they will support their chosen charity with in-kind advertising, and digital, social and research support.

Testimonials

The Smith Family Acting CEO, Judy Barraclough

"The Smith Family is committed to improving the long-term educational outcomes of young Australians living in disadvantage. And thanks to SCA's donation of more than \$55 million of in-kind advertising support across its radio, television and digital networks, they have helped us increase awareness of child poverty in Australia and raise much-needed funds for young people in need.

"SCA's tremendous generosity went beyond in-kind advertising support too. They also allowed us to work with their radio talent, creating pro-bono commercials, and provided numerous opportunities for on-air interviews, among other contributions.

"Our vision is to create a better future for young Australians experiencing disadvantage, and thanks to SCA's generous in-kind support, many more Australians understand how critical this work is – for young people today and for generations to come. It also meant our organisation could focus more resources on our core work – reaching more children in need with our life-changing educational support."

Beyond Blue CEO, Georgie Harman

"We have been overwhelmed with the support we have received from SCA over the past two and a half years through the SCA Embrace program.

"The \$55 million advertising support exceeded all expectations and has helped us massively amplify our mental health and suicide prevention services, campaigns and information to people and places. SCA's support meant we could redirect expenditure into services to the community.

"When we commenced our partnership in 2019, we didn't realise then what would lie ahead and how much our collective mental health and wellbeing would be challenged.

"We have partnered through drought, bushfires, floods and a global pandemic, and through our partnership we have been able to respond in a timely and targeted way to meet community needs.

"We also saw first-hand SCA's own commitment to the mental health of their community with the creation of Triple M's No Talk Day, a day dedicated to supporting men's mental health.

"Our research has shown a marked increase in SCA listeners' awareness of Beyond Blue, how we can support them, and the likelihood of them using or recommending our services over the past two years. We know that this partnership has made a significant difference in the lives of people in Australia, and we can't thank SCA enough for embracing Beyond Blue and supporting the community during this time."



The Board and Leadership Team



Robert Murray
Chairman and Independent Director

Appointed: 1 September 2014

Most recently elected by shareholders: 30 October 2020

Board Committees: Nomination Committee (Chair)

Rob Murray became Chair of the Company on 19 August 2020.

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

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



Glen Boreham AM
Independent Director

Appointed: 1 September 2014

Most recently elected by shareholders: 20 October 2019

Board Committees: Digital Transformation Committee, People & Culture Committee, Nomination Committee

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

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



Carole Campbell
Independent Director

Appointed: 1 September 2020

Most recently elected by shareholders: 30 October 2020

Board Committees: Audit & Risk Committee

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

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

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

The Board and Leadership Team



Ido Leffler
Independent Director

Appointed: 30 October 2020

Most recently elected by shareholders: 30 October 2020

Board Committees: Digital Transformation Committee, People & Culture Committee

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

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



Heith Mackay-Cruise
Independent Director

Appointed: 30 October 2020

Most recently elected by shareholders: 30 October 2020

Board Committees: Audit & Risk Committee, Digital Transformation Committee

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

Since 2014, Heith has focused on non-executive roles including four years on the board of the ASX-listed Bailador Technology Investments Limited, and privately owned groups including Literacy Planet, Hipages Group, LifeHealthcare, and his ongoing role as Chair of UP Education Limited.

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



Helen Nash
Independent Director

Appointed: 23 April 2015

Most recently elected by shareholders: 30 October 2020

Board Committees: Audit & Risk Committee, People & Culture Committee (Chair), Nomination Committee

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

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

The Board and Leadership Team



Melanie Willis
Independent Director

Appointed: 26 May 2016

Most recently elected by shareholders: 20 October 2019

Board Committees: Audit & Risk Committee (Chair), People & Culture Committee

Melanie has extensive experience in corporate finance, strategy and innovation and investments both in executive and non-executive roles. She has worked in sectors including accounting and finance, infrastructure, property investment management and retail services (including tourism and start-up ventures). She held executive roles as CEO of NRMA Investments (and head of strategy and innovation), CEO of a financial services start-up and director of Deutsche Bank, having previously been in corporate finance at Bankers Trust and Westpac.

In her role as Chair of the Audit & Risk Committee, Melanie applies her extensive skills and experience in financial reporting and risk management matters. In addition to her broad finance, strategic and commercial skills, Melanie brings valuable governance experience from her roles as a director of Challenger, PEXA Group, Paypal Australia and QBE Insurance (AusPac), and from her former positions as a director of Mantra, Pepper Group, Ardent Leisure, and Chief Executive Women. Melanie previously chaired the audit and risk committee at Mantra and was a member of the audit committee at Pepper Group. She currently chairs the risk committee and is a member of the audit committee at Challenger, chairs the audit and risk committee and is a member of the remuneration, nomination and people committee at PEXA Group, and chairs the audit committee and people and culture committee at Paypal Australia.



Grant Blackley
CEO and Managing Director

Appointed: 29 June 2015

Most recently elected by shareholders: 29 October 2015

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



Nick McKechnie
Chief Financial Officer

Appointed: 8 September 2014

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

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

The Board and Leadership Team



John Kelly
Chief Operating Officer

Appointed: February 2016

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

As Chief Operating Officer, John is responsible for leading the Operations function of the business to ensure alignment and delivery of the corporate strategy. This includes overseeing SCA's General Management Teams, People & Culture, Strategy and Podcasting as well as facilitating the Company's external key broadcasting agreements and key partnerships.



Brian Gallagher
Chief Sales Officer

Appointed: July 2015

Brian's career spans radio, free-to-air TV, subscription TV, content marketing and program production. Brian has worked with the Nine Network, Network 10 and was CEO of Ignite Media Brands prior to joining SCA as Chief Sales Officer.

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



Stephen Haddad
Chief Technology Officer

Appointed: June 2018

Stephen Haddad is an experienced CIO/CTO and Business Transformation Executive who has demonstrated his ability to drive strategic business growth over 20 years in Australia's Media, Finance and Consulting organisations. Prior to this role, Stephen held CIO roles at Bauer Media, Fujifilm and senior roles within banking and telecommunications.

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

The Board and Leadership Team



Nikki Clarkson
Chief Marketing Officer

Appointed: January 2020

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

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



Dave Cameron
Chief Content Officer

Appointed: January 2020

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

As CCO, Dave is responsible for overseeing and delivering strategic leadership and creative excellence for SCA's key content initiatives across all of its 99 FM and DAB+ stations, and digital audio and on demand content across LiSTNR."



Tony Hudson
General Counsel and Company Secretary

Appointed: 7 September 2015

Tony Hudson has over 20 years' experience in senior legal and governance roles. Tony was General Counsel and Company Secretary at ConnectEast from 2005 until 2015. Before that, Tony was a partner of Blake Dawson Waldron (now Ashurst Australia), working in the firm's Melbourne office and from 1993 until 2000 in its Jakarta associated office.

Tony Hudson manages the Group's national legal and corporate affairs teams, including responsibility for regulatory affairs and Board governance.



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The financial statements were authorised for issue by the Directors on 18 August 2021.
The Directors have the power to amend and re-issue the financial statements.

Directors' Report

For the year ended 30 June 2021

Corporate Governance Statement

The statement outlining Southern Cross Media Group Limited's corporate governance framework and practices in the form of a report against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4th Edition, will be available on the Southern Cross Austereo website, www.southerncrossaustereo.com.au, under the investor relations tab in accordance with listing rule 4.10.3 when the 2021 Annual Report is lodged.

Directors' Report

The Directors of Southern Cross Media Group Limited ('the Company') submit the following report for Southern Cross Austereo, being Southern Cross Media Group Limited and its subsidiaries ('the Group') for the year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

Directors

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

- Rob Murray (appointed Chairman 19 August 2020)
- Peter Bush (Chairman until 19 August 2020; resigned 30 October 2020)
- Grant Blackley (Managing Director)
- Glen Boreham
- Carole Campbell (appointed 1 September 2020)
- Ido Leffler (appointed 30 October 2020)
- Heith Mackay-Cruise (appointed 30 October 2020)
- Helen Nash
- Leon Pasternak (resigned 30 October 2020)
- Melanie Willis

Principal Activities

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

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

Review and Results of Operations

Operational Review

Group Results

The Group reported revenues of \$528.6 million, a decrease of 2.1% on the prior year revenues of \$540.2 million, and Earnings before Interest, Taxes, Depreciation and Amortisation ('EBITDA') of \$125.9 million, an increase of 16.4% on prior year EBITDA, of \$108.2 million. EBITDA for the period included government grants, for JobKeeper and Public Interest News Gathering, totalling \$40.5 million as described in Note 6 'Government Grants' to the Financial Statements. Net profit after tax was \$48.1 million for the year ended 30 June 2021, up from a profit after tax of \$25.1 million for the same period in the prior year.

EBITDA is a measure that, in the opinion of the Directors, is a useful supplement to net profit in understanding the cash flow generated from operations and available for payment of income taxes, debt service and capital expenditure.

EBITDA is useful to investors because analysts and other members of the investment community largely view EBITDA as a widely recognised measure of operating performance. EBITDA disclosed within the Directors' Report is equivalent to 'Profit before depreciation, amortisation, interest, fair value movements on financial derivatives and income tax expense for the full year' included within the Consolidated Statement of Comprehensive Income.

Government Grants

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

JobKeeper

The Group determined it was eligible to receive the initial JobKeeper Payment Scheme ('JobKeeper') for the period April to September 2020 and the first period of the extension from October to December 2020. During the year SCA received \$37.1 million in JobKeeper funding, of which \$5.2 million was recognised as income during the FY2020 financial year and \$31.9 million in this financial year.

PING

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

Segment Profit and Loss

	2021 \$'m	2020 \$'m	Variance
Audio	358.4	370.5	(3.3%)
Television	169.6	169.5	0.0%
Corporate	0.6	0.2	200.0%
Total Revenue	528.6	540.2	(2.1%)
EBITDA			
Audio	115.0	108.5	6.0%
Television	38.1	23.9	59.4%
Corporate	(27.2)	(24.2)	(12.4%)
Total EBITDA	125.9	108.2	16.4%
Group NPAT	48.1	25.1	91.6%

Audio

The Audio business consists of two complementary radio brands operating across Australian capital cities and regional Australia along with the digital assets associated with these two brands. These brands target different audience demographics with the Triple M network skewed towards males in the 25 to 54 age bracket and the Hit Network targeted towards females in the 30 to 54 age bracket.

Although Audio revenue dropped by 3.3%, EBITDA increased by 6.0% on prior year. This is primarily due to improved cost control and government stimulus.

Directors' Report

For the year ended 30 June 2021

Revenues for the metro radio business declined 5.5% in the year. The metropolitan free-to-air radio advertising market decreased 2.4% year on year, led by declines in the Melbourne (5.5%), Sydney (2.2%) and Brisbane (2.4%) markets, with Melbourne being subject to more prolonged lockdowns than the other cities. Market confidence has returned to Perth and Adelaide with market growth of 2.9% and 1.2% respectively. Market share reduced in the year with commercial FM audiences more impacted by the pandemic than talk formats, but with improving share in the fourth quarter as listening patterns normalised and the advertising recovery continued. Digital revenues grew to \$15.4 million, which was a 40% increase on prior year.

Regional radio continues to recover with National advertising leading the way on the back of the Boomtown initiative. Whilst total regional revenues declined 2.7%, revenue from National agencies increased 10% on prior year.

In FY2021 the Group commenced investment in the marketing and launch of its LiSTNR platform. However, total audio expenses decreased by 7.1%, as a result of discretionary cost control and government stimulus.

Television

The Television business consists of a number of regional television licences. Each regional television licence receives programming from a metropolitan television network affiliate. During the financial year the Group received the majority of its programming from the Nine Network, whilst Tasmania, Darwin and Central licence areas received Seven Network programming. Total television revenues remained flat year on year, although National outperformed local advertisers with a 7.8% growth on prior year. EBITDA increased by 59.4% on prior year. This is due to the outsourcing of the television playout services late FY2020, government stimulus and discretionary cost control.

Corporate

The Corporate function comprises the Group-wide centralised functions that cannot be clearly attributable to the Audio or Television CGUs. Corporate expenses increased by \$3.0 million, mainly due to increased D&O insurance costs.

Financial position

Cash flow generation was consistent through the year and with dividends temporarily suspended due to the impact of COVID-19, net cash flow was applied to further debt reduction. As a result, the net debt reduced by 60.0% to finish the year at \$52.6 million. The Group's key leverage ratio improved to 0.43 times, down from 1.24 times in June 2020, with significant headroom against the maximum covenant of 3.5 times. Interest cover increased to 15.62 times, up from 8.38 times in June 2020. The minimum interest cover covenant is 3.0 times.

Strategic update

In response to changing consumer trends as a result of COVID-19, the Group elected to develop a new and refreshed Corporate Strategy. The new strategy will provide an overall strategic pathway for the Company over the next five years, encompassing three 'Horizon Plans' which will provide specific objectives and targets whilst enabling the Group to remain agile.

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

The primary objectives until 30 June 22 will be to:

1. Entertain, inform and inspire our audiences
2. Establish LiSTNR as Australia's ultimate Audio destination
3. Use our assets to help our clients succeed
4. Drive and embed a new Digital Audio First Operating Model

2022 Outlook

The majority of the Group's earnings come from its Audio segment, and it plans to further grow these earnings through the increased production and monetisation of digital audio, with further investment in its LiSTNR platform; its focus on further improving the content offering; and on expanding the breadth of its offering through use of its digital radio spectrum.

The Group's television affiliation with Nine ended on 30 June 2021, and on 25 June 2021 the Group signed a two-year agreement with Network 10. Commencing 1 July 2021 channels 10, 10 Bold, 10 Peach and 10 Shake are being broadcast across the three aggregated markets of regional Queensland, southern New South Wales and regional Victoria. The Group expects its television earnings under the new affiliation agreement with Network 10 to be broadly neutral compared to the previous Nine affiliation (excluding government grant funding).

The Group's Television business continues to include a program supply agreement with Seven West Media covering the Tasmania, Darwin, Central and Spencer Gulf markets until June 30 June 2022. The Group also broadcasts Nine and Network 10 programming in Spencer Gulf.

JobKeeper support has ceased, having served its purpose of supporting business employment when markets were most impacted. Advertising markets have materially improved against the 1H FY2021 period when the \$31.9 million JobKeeper support was received, with this support being non-recurring in FY2022.

Financial performance for the Group in FY2022 may be impacted by the ongoing COVID-19 crisis, with the pace of recovery being influenced by public health responses and government economic measures in each market in which the Group operates.

Material Risks

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

Risk	Mitigation Strategies
Economic shape of recovery reduces shareholder returns into the long-term	<p>In March 2020, COVID-19 severely impacted economic activity, with declines in certain sectors and with significant impacts on the Australian economy, increasing unemployment and economic contraction due to the pandemic.</p> <p>In April 2020 SCA strengthened its capital structure, with the \$169 million equity raise, and implemented many measures to improve its cash flow. By September 2020, the Group had taken a series of measures to improve its operating structure and reduce its cost base, which created a leaner ongoing operating model.</p> <p>Although the advertising market has not grown to pre-pandemic levels, FY2021 has seen a quicker and stronger economic recovery than expected, which has led to a strong recovery in advertising markets, with meaningful stepped quarterly improvement in audio and television since the last quarter of FY2020. Some advertising categories remain affected by the outcomes of the pandemic and will take longer to recover but the trend of this risk is declining due to the strength of the economic recovery.</p>
New products emerge that are more compelling than Linear Radio	<p>SCA has core expertise in the development of market leading content and constantly reviews the evolving distribution landscape to understand how it can continue to serve market leading content through new and innovative products.</p> <p>Consumption of digital audio doubled from 2016 to 2020 and it is projected that 80% of Australians will be listening to digital audio by 2024¹. This is expanding the range of audio content and diversifying the ways in which audio can be consumed.</p> <p>On 18 February 2021 SCA launched LiSTNR, a curated and personalised free app offering radio, podcasts, music and news, creating a new audio destination for all Australians.</p> <p>LiSTNR is an important part of SCA's digital transformation, building on the success of PodcastOne Australia, which was launched in 2017. LiSTNR features all of SCA's existing digital content plus a huge range of new and compelling premium content, all located in one free and easy-to-use app.</p> <p>LiSTNR will generate first-party data and it is this deep understanding of our signed-in audience that will give SCA enhanced ability to offer our clients targeted, engaged audiences at scale. This targeted advertising is enabled by an Instream advertising product, which also delivers it across the digital inventory of SCA's partners such as SoundCloud.</p> <p>SCA believes that with continued investment it will be able to offer its listeners compelling content across the medium of their choice – being broadcast radio or digital audio. Further resources will be deployed towards the ongoing development of LiSTNR to ensure that SCA's digital audio offering is a market leader in terms of content depth and quality, product capability and digital sales expertise.</p>
Global technology platforms alter the distribution landscape that leads to a loss of revenue	<p>With new alternative digital platforms and technologies emerging, there is a risk that the Group loses market share to alternative digital platforms and technologies, or fails to fully exploit the opportunity digital media represents for the business to lock in and grow new audience loyalty, or suffers financial loss due to a transfer of advertising spend to digital media.</p> <p>As described above, SCA has launched LiSTNR and continues to develop the product so that it directly attracts listeners and establishes itself as a destination for audio listening.</p> <p>The Group's team of digital experts are integrated into the Group's day to day operations in order to leverage existing content and sales capabilities.</p> <p>The Group invests in engaging digital audiences through the simulcast of its FM radio stations online and the creation of additional stations on DAB that extends its brands across broadcast and online platforms. This is coupled with a large range of digital only content that ensures the LiSTNR product has a deep content offering for users. SCA utilises its own media assets as well as paid media to drive awareness and adoption of LiSTNR to build a strong market position.</p>
Global technology companies enter the Audio space as content aggregators and service providers to consumers	<p>SCA has launched LiSTNR and continues to develop the product so that it directly attracts listeners and establishes itself as a destination for audio listening.</p> <p>SCA aims to grow market share quickly with LiSTNR, so that it builds a strong and loyal audience that can compete with both domestic and international competitors.</p> <p>SCA has a core expertise in content creation and is focused on providing localised content as a key differentiator to international operators to ensure it receives strong engagement and listening from its customer base.</p>

1 GfK Australian Share of Audio 2019.

Directors' Report

For the year ended 30 June 2021

Distributions and Dividends

Type	Cents per share	Total Amount \$'m	Date of Payment
Final 2020 Ordinary	–	–	N/A
Interim 2021 Ordinary	–	–	N/A

Due to the COVID-19 pandemic, no final dividend was paid for the year ended 30 June 2020 and no interim dividend was paid in FY2021. Since the end of the financial year the Directors have declared the payment of a final 2021 ordinary dividend of \$13.2 million (5 cents per fully paid share) out of 'Retained Profits – 2016 reserve', 'Retained Profits – 2017 reserve' and 'Retained Profits – 2018 reserve' to fully utilise those reserves and the remainder to be paid out of 'Retained Profits – 2019 reserve'. This dividend will be paid on 1 October 2021.

Significant Changes in State of Affairs

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

Events Occurring After Balance Date

Events occurring after balance date are outlined in note 27 'Events Occurring after Balance Date' to the Financial Statements.

Likely Developments and Expected Results of Operations

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

Indemnification and Insurance of Officers and Auditors

During the year the Company paid a premium of \$3,341,493 to insure its officers. So long as the officers of the Company act in accordance with the Constitution and the law, the officers remain indemnified out of the assets of the Company and the Group against any losses incurred while acting on behalf of the Company and the Group. The auditors of the Group are in no way indemnified out of the assets of the Group.

Non-Audit Services

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

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia) for audit and non-audit services provided during the year are set out in note 24.

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

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

Environmental Regulation

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

Information on Directors

Chairman	<i>Appointed: 1 September 2014</i>
Robert Murray	<p><i>Most recently elected by shareholders: 30 October 2020</i></p> <p><i>Board Committees: Nomination Committee (Chair)</i></p> <p>Rob Murray became Chair of the Company on 19 August 2020.</p> <p>Rob had a successful career in sales, marketing and general management having served most recently as the CEO of Lion (formerly Lion Nathan), one of Australasia's leading food and beverage companies, including during its acquisition by Kirin Holdings in 2009. Before joining Lion Nathan in 2004, Rob worked for Procter & Gamble for 12 years, and then for eight years with Nestlé, first as MD of the UK Food business, and then as CEO of Nestlé Oceania.</p> <p>Rob brings valuable strategic and commercial insight to the Board, along with his in-depth understanding of consumer behaviour and global experience in mergers and acquisitions and other corporate transactions. He is Chair of Metcash, a director of the Bestest Foundation, and Advisory Chair of the Hawkes Brewing Company. He was previously a director of Dick Smith Holdings, Super Retail Group and Linfox Logistics.</p>
Director	<i>Appointed: 1 September 2014</i>
Glen Boreham	<p><i>Most recently elected by shareholders: 20 October 2019</i></p> <p><i>Board Committees: Digital Transformation Committee, People & Culture Committee, Nomination Committee</i></p> <p>Glen's executive career culminated in the role of CEO and Managing Director of IBM Australia and New Zealand in a period of rapid change and innovation from 2006 to 2010. He was the inaugural Chair of Screen Australia from 2008 to 2014 and chaired the Australian Government's Convergence Review of the media industry. The Board benefits from Glen's extensive knowledge, insights and networks in the technology and data industries. Having lived in Asia, Europe and Australia, Glen brings a global perspective.</p> <p>Glen is also a director of Cochlear and Link Group and was formerly Chair of the Advisory Board at IXUP where he remains a Strategic Adviser. He was previously Chair of the Industry Advisory Board at the University of Technology Sydney, Chair of Advance, representing the one million Australians living overseas, as well as Deputy Chair of the Australian Information Industry Association and a director of the Australian Chamber Orchestra. In 2010, he became a founding member of Australia's Male Champions of Change group. Glen is a Member of the Order of Australia for services to business and the arts.</p>
Director	<i>Appointed: 1 September 2020</i>
Carole Campbell	<p><i>Most recently elected by shareholders: 30 October 2020</i></p> <p><i>Board Committees: Audit & Risk Committee</i></p> <p>Carole Campbell has over 30 years' financial executive experience in a diverse range of industries including professional services, financial services, media, mining and industrial services. Carole started her career with KPMG and has held executive roles with Macquarie Group, Westpac Institutional Bank, Seven West Media, Bis Industries and Merivale.</p> <p>Carole transitioned to a non-executive career in 2018 and is a non-executive director of Humm Group Limited and GUD Holdings Limited and chairs the audit committees of both companies. She was previously a non-executive director of IVE Group Ltd. Carole is also Deputy Chair of Council of the Australian Film, Television and Radio School.</p> <p>Carole is a Fellow of Chartered Accountants Australia and New Zealand and brings extensive experience in accounting, treasury, finance and risk management to her role on the Board and the Audit & Risk Committee.</p>
Director	<i>Appointed: 30 October 2020</i>
Ido Leffler	<p><i>Most recently elected by shareholders: 30 October 2020</i></p> <p><i>Board Committees: Digital Transformation Committee, People & Culture Committee</i></p> <p>Ido Leffler has long and successful experience in developing digital brands and extensive networks in the start-up communities of Silicon Valley and Australasia. Ido is the co-founder and Chief Executive Officer at Yoobi, a school supplies company that engages kids through bright colours, cool designs and, most importantly, cause. He is also a co-founder of Yes To Inc. – a leading global natural beauty brand; and of Beach House Group – a global consumer product house.</p> <p>Ido is a non-executive director of Vestergaard and The Lux Group. He was a non-executive director of Spark New Zealand Limited for six years until November 2020. Ido also sits on other corporate and advisory boards, including as an emeritus member of the United Nations Foundation Global Entrepreneur Council.</p>

Directors' Report

For the year ended 30 June 2021

Director	<i>Appointed: 30 October 2020</i>
Heith Mackay-Cruise	<i>Most recently elected by shareholders: 30 October 2020</i> <i>Board Committees: Audit & Risk Committee, Digital Transformation Committee</i> Heith Mackay-Cruise's executive career included senior roles in Marketing for Pepsi-Cola in Australia and Australian Consolidated Press and as CEO and Managing Director of PBL Media in New Zealand, Study Group and Sterling Early Education. Since 2014, Heith has focused on non-executive roles including four years on the board of the ASX-listed Bailador Technology Investments Limited, and privately owned groups including Literacy Planet, Hipages Group, LifeHealthcare, and his ongoing role as Chair of UP Education Limited. Heith brings to the Board his executive leadership experience, as well as global platforms exposure, and marketing and digital knowledge.
Director	<i>Appointed: 23 April 2015</i>
Helen Nash	<i>Most recently elected by shareholders: 30 October 2020</i> <i>Board Committees: Audit & Risk Committee, People & Culture Committee (Chair), Nomination Committee</i> Helen Nash has more than 20 years' experience in consumer packaged goods, media and quick service restaurants. As Chief Operating Officer at McDonald's Australia, she oversaw restaurant operations, marketing, menu, insights and research and information technology. This mix of strategic and operational experience allows Helen to bring broad commercial skills and acumen, as well as a consumer focus to the Board. Helen also brings robust financial skills to her role having initially trained in the UK as a Certified Management Accountant. Since transitioning to her non-executive career in 2013, Helen has served as a director of companies in a range of industries. She is a director of Metcash Ltd and Inghams Group Limited, and was formerly a director of Pacific Brands Ltd and Blackmores Ltd. Our Board benefits from Helen's governance experience and skills, including her membership of audit and remuneration committees at these other companies.
Director	<i>Appointed: 26 May 2016</i>
Melanie Willis	<i>Most recently elected by shareholders: 20 October 2019</i> <i>Board Committees: Audit & Risk Committee (Chair), People & Culture Committee</i> Melanie has extensive experience in corporate finance, strategy and innovation and investments both in executive and non-executive roles. She has worked in sectors including accounting and finance, infrastructure, property investment management, and retail services (including tourism and start-up ventures). She held executive roles as CEO of NRMA Investments (and head of strategy and innovation), CEO of a financial services start-up and director of Deutsche Bank, having previously been in corporate finance at Bankers Trust and Westpac. In her role as Chair of the Audit & Risk Committee, Melanie applies her extensive skills and experience in financial reporting and risk management matters. In addition to her broad finance, strategic and commercial skills, Melanie brings valuable governance experience from her roles as a director of Challenger, PEXA Group, Paypal Australia and QBE Insurance (AusPac), and from her former positions as a director of Mantra, Pepper Group, Ardent Leisure and Chief Executive Women. Melanie previously chaired the audit and risk committee at Mantra and was a member of the audit committee at Pepper Group. She currently chairs the risk committee and is a member of the audit committee at Challenger, chairs the audit and risk committee and is a member of the remuneration, nomination and people committee at PEXA Group, and chairs the audit committee and people and culture committee at Paypal Australia.
Director	<i>Appointed: 29 June 2015</i>
Grant Blackley	<i>Most recently elected by shareholders: 29 October 2015</i> Grant Blackley has enjoyed a distinguished career with more than 30 years' experience in the media and entertainment sectors. Grant joined the Board in June 2015 as Chief Executive Officer and Managing Director and is responsible for leading the strategic and operational performance of the Company. Grant is the Chairman of Commercial Radio Australia and a director of the Australian Association of National Advertisers. He has in the past served as a director of Free TV Australia. He has served in numerous senior leadership roles including at the TEN Network, as CEO from 2005 to 2010. Prior to becoming CEO, Grant held key roles in network sales, digital media and multi-channel program development as well as being responsible for Group strategy, acquisitions and executive leadership and development.

Information on Company Secretary

General Counsel and
Company Secretary

Tony Hudson

Appointed: 7 September 2015

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

Meetings of Directors

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

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

Director	Meetings of Committees							
	Board		Audit & Risk		People & Culture		Digital Transformation	
	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹
Rob Murray	13	13	3	*	7	3	2	*
Grant Blackley	13	13	3	*	7	*	2	*
Glen Boreham	12	13	2	1	7	7	2	2
Peter Bush	2	3	1	*	1	*	–	*
Carole Campbell	11	12	3	3	3	*	–	*
Ido Leffler	11	11	–	*	4	4	2	2
Heith Mackay-Cruise	11	11	3	3	3	*	2	2
Helen Nash	13	13	4	4	7	7	–	*
Leon Pasternak	2	3	–	*	–	*	–	*
Melanie Willis	13	13	4	4	7	7	–	*

¹ Held refers to the number of meetings held during the time the Director held office or was a member of the relevant committee during the year.

* Not a member of the relevant committee during the year.

Directors' Report

For the year ended 30 June 2021

Remuneration Report

Letter from the People & Culture Committee

Overview

On behalf of the Board, I am pleased to present SCA's Remuneration Report for the year ended 30 June 2021 (**FY2021**). The People & Culture Committee (**PCC**) assists the Board in its oversight of management activities in developing and implementing strategies to improve SCA's financial performance, culture and diversity, consistent with our values. An important part of the committee's role is to ensure SCA's remuneration policies align executive reward with creation of value for shareholders, having regard to applicable governance, legal and regulatory requirements and industry standards.

Executive remuneration includes fixed and variable components. In FY2021, the variable component of executive remuneration was made up of short-term incentives (**STI**) and long-term incentives (**LTI**).

The STI plan used a balanced scorecard to assess the performance of the CEO and other leadership executives (**executive KMP**) and other participants in the STI plan. Performance was measured in three categories: profitability and financial performance (40%), strategy execution (40%) and cultural and behavioural influences (20%). This recognises the long-term benefits to the organisation of the Company's leaders committing to develop and maintain a strong culture and operational discipline. STI awards for the CEO and other members of the senior leadership team are settled partly in cash and partly in equity. During FY2021, the Board removed a previous out-performance opportunity for the profitability and financial performance category to avoid out-performance potentially being triggered by unexpected improvements in economic conditions during the year. As a result, executives' maximum STI opportunity for FY2021 was capped at target.

The LTI plan is intended to foster actions and behaviours by executives to deliver long-term success for SCA and shareholders. Vested awards under the LTI plan are settled in equity.

As shareholders are aware, COVID-19 has had a severe impact on SCA's operations and market capitalisation since March 2020. Because of this impact and the broader ongoing economic uncertainty, all entitlements outstanding under the LTI plan on 30 June 2020 – covering the FY2018, FY2019 and FY2020 LTI plans – were cancelled. The Board implemented a bespoke LTI plan for FY2021 focused on increasing SCA's market capitalisation and resuming a reliable flow of dividends over the three-year performance period to 30 June 2023. Details of this bespoke LTI plan, under which total shareholder return is the sole performance measure, are outlined in section 2.3.2 of the Remuneration Report.

Incentive awards to executive KMP settled in equity are subject to restrictions on disposal until the applicable executive KMP has accumulated the minimum shareholding required by the Senior Executive Shareholding Policy. The CEO must accumulate a shareholding with a value equivalent to 100% of the CEO's fixed remuneration and other executive KMP must accumulate a shareholding with a value equivalent to 50% of their fixed remuneration. There is no time limit for accumulation of these shareholdings.

Executive remuneration in FY2021

The base salary and incentive opportunities for executive KMP were the same in FY2021 as in the preceding financial year, except for removal of the former out-performance opportunity and adjustments to align the remuneration packages of the Chief Content Officer and the Chief Marketing Officer with those of other executive KMP. These adjustments followed their appointment to SCA's senior leadership team from 1 January 2020 and acknowledged the increased scale and importance of their roles to development and ongoing execution of SCA's digital audio strategy.

The profitability and financial performance measures under the STI plan for FY2021 were Group EBITDA and non-revenue-related costs compared to budget. Because of the uncertain economic environment at the beginning of the year, it was agreed budget targets would be set quarterly. These budget targets were achieved in full for each quarter during the year. With some variations in individual performance, the Board also concluded that goals relating to strategy execution and cultural and behavioural influences were substantially achieved by all executives. In reaching these conclusions, the Board acknowledged significant achievements during the year in managing the ongoing operational and financial challenges of the COVID-19 health crisis and the measures implemented by federal, state and territory governments in response, and recasting SCA's corporate strategy to implement a digital audio operating model (including launch of the new flagship LiSTNR app). SCA also achieved outstanding results in the Organisational Culture Inventory survey conducted by Human Synergistics in April 2021. Considering the challenges faced by our people and our organisation due to the impacts of the COVID-19 pandemic since March 2020, these results demonstrated the strength of SCA's culture. So much so that Human Synergistics recognised our results with its Culture Sustainability Award for maintaining and growing a highly constructive culture that outperforms our peers.

These assessments resulted in executive KMP being eligible to receive between 92% and 100% of their respective STI target opportunities. On the recommendation of the PCC, however, the Board exercised discretion to reduce the STI awards of all executive KMP by between 40% and 50%. The Board's decision to scale back STI awards does not reflect on the effort or quality of work by executives during the year, especially because that work will enable SCA to return to paying a final dividend to shareholders for FY2021; rather, the Board sought to ensure STI outcomes were appropriate in the context of SCA's overall financial performance, progress on certain strategic initiatives, and outcomes for SCA's shareholders since COVID-19 began to affect SCA's business. The Board was satisfied that management applied appropriate rigour in recommending quarterly budget targets. However, the Board was also mindful that these budget targets were not subject to the usual interrogation applied by the Board to an annual budget and, despite continuing economic uncertainty, were arguably easier to achieve because of the shorter forecast period. The Board also noted the benefit of government grants relating to COVID-19 received by SCA during FY2021, including \$31.9 million in the first half of the financial year from the federal government's JobKeeper scheme. JobKeeper was critical to SCA being able to maintain its business, operations, and workforce during that period and before advertising markets began to recover.

Details of individual STI outcomes are provided in the Remuneration Report.

As noted above, no LTI entitlements were eligible for vesting in FY2021.

Executive remuneration planning for FY2022

The Board has resolved to replace the current STI and LTI plans with a combined Executive Incentive Plan (EIP) for FY2022 and future years. In reaching this decision and designing the EIP, the Board consulted with SCA's major shareholders and obtained independent advice from KPMG on market practices and investor expectations. The Board believes that the new EIP will provide a simpler and more direct way to link executive performance and reward to generation of sustainable positive returns for shareholders.

Under the new EIP to be implemented in FY2022, the performance of each executive KMP will be assessed annually against a mix of financial and non-financial performance measures. Sixty percent of the annual award will be based on performance against financial performance hurdles. Non-financial measures – accounting for 40% of the annual award – will include execution of strategic projects and cultural improvements. The annual award to each executive KMP will be settled partly in cash and the remainder in equity performance rights. The cash component will be 40% for the CEO and 50% for other executive KMP. These performance rights will be eligible for vesting and conversion to ordinary shares at the end of year 3, subject to ongoing employment. Vesting of one-half of the performance rights will be retested against SCA achieving satisfactory growth in earnings per share over the three years of the EIP. A further restriction on disposal of vested shares will apply until the end of year 5, two years after allocation of any vested shares.

Board remuneration

There were no changes to the remuneration of Non-executive Directors in FY2021. The same remuneration framework for Non-executive Directors will continue in FY2022. In accordance with the Board's three-year schedule, independent benchmarking of SCA's remuneration of Non-executive Directors will be conducted during FY2022. Further details of current Board remuneration arrangements are provided in the Remuneration Report.

The PCC continues to strive to ensure SCA's remuneration framework will drive behaviours to generate sustainable value for shareholders. The changes made in FY2021 and those to be implemented in the new financial year have that explicit objective. I look forward to your feedback and to welcoming you to our 2021 Annual General Meeting.

Yours faithfully,



Helen Nash

Chair of the People & Culture Committee

Directors' Report

For the year ended 30 June 2021

1. Overview of FY2021 remuneration

This section provides an overview of the remuneration received by executive KMP and Non-executive Directors in FY2021.

1.1 Executive KMP

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

This table provides an overview of statutory remuneration received by executive KMP in FY2020 and FY2021.

Name	Year	Total remuneration		Short-term incentive opportunity		Long-term incentive eligible for vesting ¹	
		Amount \$	Performance-related proportion %	Awarded %	Forfeited %	Vested %	Forfeited %
Grant Blackley <i>Chief Executive Officer and Managing Director</i>	2021	1,692,269	25.2%	50.0	50.0	–	–
	2020	788,641	0.0	0.0	100.0	39.0	61.0
Nick McKechnie <i>Chief Financial Officer</i>	2021	794,301	25.1%	59.0	41.0	–	–
	2020	436,772	0.0	0.0	100.0	39.0	61.0
John Kelly <i>Chief Operating Officer</i>	2021	800,090	25.4%	59.0	41.0	–	–
	2020	438,645	0.0	0.0	100.0	39.0	61.0
Brian Gallagher <i>Chief Sales Officer</i>	2021	771,929	24.8%	57.0	43.0	–	–
	2020	426,051	0.0	0.0	100.0	39.0	61.0
Stephen Haddad <i>Chief Technology Officer</i>	2021	529,294	21.2%	60.0	40.0	–	–
	2020	370,645	0.0	0.0	100.0	–	–
Dave Cameron ² <i>Chief Content Officer</i>	2021	555,572	16.5%	55.0	45.0	–	–
	2020	180,445	0.0	0.0	100.0	–	–
Nikki Clarkson ³ <i>Chief Marketing & Communications Officer</i>	2021	414,089	20.3%	55.0	45.0	–	–
	2020	135,602	0.0	0.0	100.0	–	–
Annaliese van Riet ⁴ <i>Chief People & Culture Officer</i>	2021	–	–	–	–	–	–
	2020	102,502	–	–	–	–	100.0%
Total executive KMP	2021	5,557,544	23.5%	55.0	45.0	–	–
	2020	2,879,303	0.0	0.0	100.0	17.3	82.7

1 No LTI entitlements were eligible for vesting in FY2021. Entitlements granted under the FY2019 LTI plan that would have been eligible for vesting in FY2021 were cancelled during 2020 because of the impact on the Company's business of the COVID-19 pandemic. Entitlements granted under the FY2020 LTI plan that would have been eligible for vesting in FY2022 were also cancelled during 2020.

2 Dave Cameron was appointed as Chief Content Officer and joined the Company's senior leadership team on 1 January 2020. He was a KMP for part only of FY2020.

3 Nikki Clarkson was appointed as Chief Marketing & Communications Officer and joined the Company's senior leadership team on 1 January 2020. She was a KMP for part only of FY2020.

4 Annaliese van Riet joined the Company and the Company's senior leadership team as Chief People & Culture Officer on 20 January 2020. She ceased employment with the Company on 27 March 2020. She was not a KMP during FY2021.

1.2 Non-executive Directors

The aggregate remuneration of the Company's Non-executive Directors during the year was \$1,235,072, compared to \$1,111,988 in FY2020. The increase was due to an increase in the number of Non-executive Directors from six to seven and addition of the Digital Transformation Committee during the year. The principles for remuneration of Non-executive Directors are set out in section 2. Details of the remuneration of Non-executive Directors during the year are provided in section 3.

2. Remuneration principles

2.1 Overview of executive remuneration

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

Executive remuneration packages include a mix of fixed and variable remuneration. In FY2020 and FY2021, variable remuneration included short-term and long-term incentives. More senior roles in the organisation have a greater weighting towards variable remuneration.

The table below shows the target remuneration mix for executive KMP in FY2020 and FY2021. The STI portion is shown at target levels and the LTI portion is based on the value granted or to be granted in the relevant year.

Executive KMP	Target remuneration mix					
	Fixed remuneration		STI		LTI	
	2021	2020	2021	2020	2021	2020
Grant Blackley	40%	40%	30%	30%	30%	30%
John Kelly	50%	50%	30%	30%	20%	20%
Nick McKechnie	50%	50%	30%	30%	20%	20%
Brian Gallagher	50%	50%	30%	30%	20%	20%
Stephen Haddad	50%	60%	30%	20%	20%	20%
Dave Cameron	50%	77%	30%	9%	20%	14%
Nikki Clarkson	50%	60%	30%	20%	20%	–
Annaliese van Riet ¹	–	60%	–	20%	–	20%

¹ Annaliese van Riet was not an executive KMP during FY2021.

2.2 Fixed remuneration for executive KMP

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

Fixed remuneration is reviewed annually to ensure the executive's pay is competitive and appropriate for the results delivered. There are no guaranteed fixed remuneration increases included in any executive KMP contracts.

As disclosed in last year's financial report, there were no changes to the fixed remuneration of executive KMP in FY2021, except for adjustments to align the remuneration packages of the Chief Content Officer and the Chief Marketing Officer with those of other executive KMP. These adjustments followed their appointments to SCA's senior leadership team from 1 January 2020 and acknowledged the increased scale and importance of their roles to development and ongoing execution of SCA's digital audio strategy.

Directors' Report

For the year ended 30 June 2021

2.3 Variable remuneration for executive KMP

2.3.1 Short-term incentives

The table below outlines details of the Company's short-term incentive plan.

What is the incentive?	The STI is an annual 'at risk' bonus designed to reward executives for meeting or exceeding financial and non-financial objectives.
How is each executive's entitlement determined?	Each executive is allocated a dollar value (which may be a fixed percentage of the executive's total remuneration) representing the executive's STI opportunity for the year.
How is the incentive delivered?	<p>STI awards for all executives other than executive KMP are paid in cash according to the extent of achievement of the applicable performance measures. No portion of an STI award is subject to deferral.</p> <p>The STI awards of executive KMP are payable partly in cash and partly in equity. The equity component for the CEO is 25% of the STI award. The equity component for other executive KMP is 20% of the STI award.</p> <p>The Board may elect to pay the STI award of an executive KMP (other than the CEO) wholly in cash once the executive KMP has accumulated the minimum shareholding required under the Senior Executive Share Ownership Policy.</p>
What are the performance measures and hurdles?	<p>The Board sets the annual KPIs for the CEO near the beginning of each financial year. The KPIs are allocated to three categories having regard to the Company's business strategy: profitability and financial performance (40%), strategy execution (40%) and cultural and behavioural influences (20%).</p> <p>The CEO determines the KPIs for other members of the senior leadership team in the same three categories and having regard to their areas of responsibility.</p> <p>The metrics that applied under the STI plan in FY2021 are summarised below.</p> <p>Profitability and financial performance (40%)</p> <ul style="list-style-type: none">– Group EBITDA compared with budget: Focuses on the performance of the operating business.– Non-revenue-related costs compared with budget: Ensures non-revenue related costs are closely controlled in accordance with the Board's approved operating model. <p>Achievements against financial metrics are based on the Company's audited annual financial statements. The Board has discretion to adjust for any significant non-cash items (for example impairment losses), acquisitions and divestments and one-off events/abnormal/non-recurring items, where appropriate for linking remuneration reward to corporate performance.</p> <p>Setting meaningful financial targets at the beginning of FY2021 was challenged by the ongoing health and economic impacts of COVID-19 and the uncertain timing and rate of recovery from those impacts. The Board therefore approved quarterly budget targets for EBITDA and non-revenue-related costs. The Board also established a corporate scorecard of measures to assist in review of financial performance against quarterly budget targets for EBITDA and non-revenue-related costs and, if appropriate, exercise of discretion to adjust incentive outcomes. The corporate scorecard included measures relating to increasing the volume of number 1 outcomes across key dayparts in the larger radio markets, revenue to ratings power ratios in metro radio and regional television, the development of existing and new digital audio products, and implementation of a digital audio first operating model to ensure SCA emerges stronger from the COVID-19 crisis.</p> <p>Strategy execution (40%)</p> <p>Focuses on strategic initiatives (such as network strategy, digital audio-first initiatives, material contracts and diversification of revenue streams) that deliver growth, improved business performance and shareholder value. This includes effective management of business support functions and infrastructure to sustain and improve long-term earnings performance.</p> <p>Cultural and behavioural influences (20%)</p> <ul style="list-style-type: none">– People: Focuses on maintaining a strong and positive corporate culture, effective leadership and development and retention of talent to sustain and improve long-term earnings performance.– External relationships: Focuses on development and maintenance of constructive relationships with key stakeholders to sustain and improve long-term earnings performance.

Is there a gateway?	<p>At least 95% of an executive's financial metrics relating to EBITDA must be achieved before any STI is payable under the profitability and financial performance (40%) component of the STI plan.</p> <p>Where the budget for a financial year is less than the previous year's actual result, the applicable financial metric will be the previous year's actual result (excluding any divested assets or non-recurring items). This requirement did not apply in FY2021 because of the impact of COVID-19 on SCA's business and budget.</p> <p>There is no gateway for metrics in the strategy execution (40%) or cultural and behavioural influences (20%) components of the STI plan.</p> <p>Individual performance must be at a 'meets expectations' level before any STI is payable.</p>
What is the maximum amount payable?	<p>The maximum award for non-financial measures under the STI plan is 100% of an executive's STI opportunity for those measures.</p> <p>The target and maximum award for financial measures under the STI plan is 100% of an executive's STI opportunity for that measure. An opportunity for executives to earn up to 140% of target if SCA achieved 105% of budgeted net profit after tax applied in FY2020. The Board removed this out-performance opportunity in FY2021 to avoid it potentially being triggered by an unexpected improvement in economic conditions during the year.</p>
How is performance assessed?	<p>CEO: At the end of each financial year, with the assistance of the People & Culture Committee, the Board assesses the actual performance of SCA and the CEO against the applicable KPIs and determines the STI amount payable to the CEO.</p> <p>Other executive KMP: At the end of the financial year the CEO assesses the actual performance of SCA and the executive KMPs against the applicable KPIs and determines the STI amount payable to each executive. The CEO provides these assessments to the People & Culture Committee and the Board for review.</p>
Cessation of employment	<p>'Bad Leavers' (who resign or are terminated for cause) will forfeit their STI entitlement, unless otherwise determined by the Board or the CEO as appropriate.</p> <p>The STI payments of executives who cease employment for other reasons are pro-rated for time and performance, unless otherwise determined by the Board.</p>
Change of control	<p>If a change of control occurs before the STI payment date, the STI payment is pro-rated for time and performance, subject to the Board's discretion.</p>
Clawback	<p>The Board may reconsider the level of satisfaction of a performance measure and take steps to reduce the benefit of an STI award to the extent its vesting was affected by fraud, dishonesty, breach of obligation or other action likely to result in long-term detriment to the Company.</p>
Other features	<p>Discretionary elements: The Board (for KMP) and the CEO (for other executives) have discretion to grant additional bonuses for special projects or achievements that are not contemplated in the normal course of business or that have a particular strategic impact for SCA, such as acquisitions and divestments, debt refinancing, or major capital expenditure projects.</p> <p>Minimum employment period: Participants must be employed for at least three months in the performance period to be entitled to receive an STI payment.</p> <p>Equity awards and retention of shares: When a portion of an STI award is paid in equity, the Board has discretion to purchase shares on-market or to issue new shares. The Board's typical practice is to purchase shares on-market.</p> <p>The equity component of the STI award of an executive KMP is subject to restrictions on disposal under the Senior Executive Share Ownership Policy until the executive has accumulated the minimum shareholding required under that policy.</p>

Directors' Report

For the year ended 30 June 2021

2.3.2 Long-term incentives

The table below outlines details of the Company's LTI plan in FY2021.

What is the incentive?	The LTI plan provides executive KMP and about 20 other executives with grants of performance rights over ordinary shares, for nil consideration. Performance rights granted under the LTI plan are subject to a three-year performance period.
How is each executive's entitlement determined?	<p>Each executive is allocated a dollar value (which may be a fixed percentage of the executive's total remuneration) representing the executive's maximum LTI opportunity for the year. This dollar value is converted into a number of performance rights in the LTI plan, based on the face value of performance rights at the applicable grant date. The face value of performance rights is calculated as:</p> <ul style="list-style-type: none">– the weighted average price of the Company's shares for the five trading days commencing seven days after the Company's results for the prior financial year are announced to ASX; less– the amount of any final dividend per share declared as payable in respect of the prior financial year. <p>The face value of each performance right for the FY2021 grant was determined to be \$0.1623. Following implementation on 2 November 2020 of a one for 10 consolidation of the Company's share capital, the face value of each performance right for the FY2021 grant has been adjusted to \$1.6230.</p> <p>Because of the severe impacts of the COVID-19 pandemic on the Australian economy and the financial performance and market capitalisation of SCA, the dollar value of each executive's entitlement under the LTI plan in FY2021 was discounted by 76%, subject to each participant receiving a minimum grant of 6,161 performance rights (which, after implementation on 2 November 2020 of the one for 10 consolidation of the Company's share capital, is the number of performance rights that has a total face value of \$10,000).</p>
How is the incentive delivered?	<p>To the extent the applicable vesting conditions are satisfied at the end of the applicable performance period, LTI awards are delivered by allocation to participants of one fully paid ordinary share for each performance right that vests. The Board has discretion to settle vested awards in cash.</p> <p>Shares allocated under the LTI plan to executive KMP may be subject to restrictions on disposal under the Senior Executive Share Ownership Policy until the executive has accumulated the minimum shareholding required under that policy.</p>
What are the performance measures and hurdles?	<p>In FY2021, each grant under the LTI plan had a single performance hurdle over a three-year performance period: Absolute Total Shareholder Return (TSR).</p> <p>The absolute TSR performance hurdle considers share price appreciation plus reinvested dividends, expressed as a percentage of investment and adjusted for changes in the Company's capital structure. The share price at the beginning and end of the performance period is the volume-weighted average price of the Company's shares on ASX for the 10 trading days before and after the relevant date (and on the relevant date if the relevant date is a trading day). The starting share price, based on the volume-weighted average price on 30 June 2020, was \$0.1819 per share. Following implementation on 2 November 2020 of the one for 10 consolidation of the Company's share capital, the starting share price has been adjusted to \$1.819 per share.</p> <p>Dividends paid during the performance period will be assumed to have been re-invested on the ex-dividend date. Tax and any franking credits (or equivalent) will be ignored.</p> <p>The LTI plan for FY2021 is designed to incentivise executives to increase the Company's market capitalisation following the substantial decline that occurred since a trading update released in October 2019 and onset of the COVID-19 pandemic in early 2020. In broad terms, an absolute TSR of 100% over the three-year performance period would restore the Company's market capitalisation to the average level experienced during the 2019 calendar year.</p> <p>The LTI plan for FY2021 considers the severe impact of COVID-19 on the Company's operations and market capitalisation and the ongoing uncertain economic environment. The Board wishes to provide a targeted incentive to executives focused on increasing the market capitalisation of the Company over the three-year performance period. The number of performance rights to be granted to executives was 24% of their standard entitlement (Base Amount). (This is subject to each participant receiving a minimum grant of 6,161 performance rights with a total face value of \$10,000.) Dependent on the TSR of the Company's securities over the three-year performance period, the maximum number of performance rights that could vest will be 2.5 times the Base Amount or 60% of the executive's standard entitlement under the LTI plan.</p>

What are the performance measures and hurdles? (continued)	TSR performance rights granted in FY2021 are eligible to vest according to the following schedule:	
	TSR performance to 30 June 2023	% of standard entitlement that vests
	0% or below	Nil
	Above 0% – 150%	Straight-line vesting between Base Amount (24% of standard entitlement) and 2.5 x Base Amount (60% of standard entitlement)
	Above 150%	2.5 x Base Amount (60% of standard entitlement)
	<p>The above schedule illustrates that each executive's vesting opportunity commences at 24% of an executive's standard entitlement. The number of performance rights that vests will be subject to a multiplier according to the TSR performance of the Company over the three-year performance period. For TSR performance of 100%, a multiplier of 2x applies so that the number of performance rights that vests will be double the Base Amount granted to the executive. The maximum multiplier is 2.5x for TSR performance of 150% over the three-year performance period. In that case, the number of performance rights that vests will be 60% of an executive's standard entitlement.</p>	
Is there a gateway?	The Absolute TSR performance hurdle will be achieved only if the Company's TSR performance over the performance period is above zero.	
What is the maximum amount payable?	The maximum award under the FY2021 LTI plan is 150% of an executive's grant if all vesting conditions are fully satisfied over the performance period. Because the grant under the FY2021 LTI plan to each executive in FY2021 will be at a discount of 76% to the executive's standard entitlement, the maximum number of performance rights to be awarded under the FY2021 LTI plan is 60% of the executive's standard entitlement.	
How is performance assessed?	<p>The Board will calculate the Company's TSR performance at the end of the performance period for each LTI grant. The Company will engage an independent party to report on the Company's TSR at the vesting date.</p> <p>There is no subsequent testing of performance hurdles under the LTI plan.</p>	
Cessation of employment	<p>'Bad Leavers' (who resign or are terminated for cause) will forfeit any unvested performance rights, unless otherwise determined by the Board.</p> <p>For executives who cease employment for other reasons, the Board has discretion to vest any unvested performance rights on a pro-rata basis considering time and the current level of performance against the performance hurdle, or to hold the LTI award to be tested against performance hurdles at the end of the original vesting period.</p>	
Change of control	If a change of control occurs before vesting of an LTI award, the Board has discretion as to how to treat the unvested award, including to determine that the award will vest or lapse in whole or in part, or that it will continue subject to the same or different conditions.	
Clawback	The Board may reconsider the level of satisfaction of a performance hurdle and take steps to reduce the benefit of an LTI award to the extent its vesting was affected by fraud, dishonesty, breach of obligation or other action likely to result in long-term detriment to the Company.	
Other features	<p>Treatment of dividends: There are no dividends payable to participants on unvested performance rights. Once performance rights have vested to fully paid ordinary shares, the participant will be entitled to dividends on those shares.</p> <p>Sourcing of shares: The Board has discretion to purchase shares on-market or to issue new shares in respect of vested performance rights. The Board typically purchases shares on-market for this purpose and will do so for any performance rights that vest under the FY2021 LTI plan.</p> <p>Retention of shares: The rules of the LTI plan do not require participants to retain any shares allocated to them upon vesting of performance rights. However, the Company's Senior Executive Share Ownership Policy requires executive KMP to retain 25% of the shares allocated to them upon vesting of performance rights until they achieve the required minimum shareholding under that policy or cease to be employed by the Company.</p>	

Directors' Report

For the year ended 30 June 2021

2.4 Consequences of performance on shareholder value

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

	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	528,649	540,152	660,088	656,784	691,021
EBITDA	125,936	108,232	147,382	158,439	181,170
EBITDA %	23.8%	20.0%	22.3%	24.1%	26.2%
Net profit before tax	71,282	38,294	(129,475)	2,519	125,747
Net profit after tax (NPAT)	48,096	25,100	(91,395)	82	107,169
NPAT %	9.1%	4.6%	(13.8%)	0.0%	15.5%
Net profit after tax excluding significant items	48,096	34,193	73,879	73,932	107,169
NPAT % excluding significant items	9.1%	6.3%	11.2%	11.3%	15.5%
EPS (cents) ¹	18.2	17.69	65.11	65.16	94.45
TSR	19.4%	(79.7%)	1.4%	12.4%	5.4%
Opening share price ⁴	\$1.75	\$8.60	\$8.48	\$7.54	\$7.15
Closing share price ⁴	\$2.09 ³	\$1.75	\$8.60	\$8.48	\$7.54
Dividend/Distribution ⁵	0.00c	4.00c	7.75c	7.75c	7.25c

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

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

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

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

5 Dividends represent amounts paid per share prior to the equity raising and prior to the share consolidation.

2.5 Executive service contracts

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

2.6 Services from remuneration consultants

KPMG was engaged during the year to advise on the structure of SCA's executive incentive plans, including the one-off FY2021 LTI plan using absolute TSR as the sole performance measure and the new combined executive incentive plan to be introduced in FY2022.

KPMG did not make any remuneration recommendations (as defined in the Corporations Act). KPMG was paid \$56,000 for these services.

2.7 Remuneration of Non-executive Directors

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

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

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

The table below sets out the scale of fees for Non-executive Directors that applied in FY2020 and FY2021 and those that will apply in FY2022. The amounts shown for FY2020 and FY2021 do not take account of the temporary 10% reduction in fees between April 2020 and September 2020 in response to the impact of COVID-19.

	FY2020 \$	FY2021 ³ \$	FY2022 ³ \$
Base fees – Annual			
Chair ¹	273,000	273,000	273,000
Deputy Chair ¹	176,000	176,000	N/a
Other Non-executive Directors	136,500	136,500	136,500
Committee fees – Annual			
Audit & Risk Committee – Chair	23,000	23,000	23,000
Audit & Risk Committee – member	15,500	15,500	15,500
People & Culture Committee – Chair ¹	23,000	23,000	23,000
People & Culture Committee – member	15,500	15,500	15,500
Digital Transformation Committee – Chair	–	23,000	23,000
Digital Transformation Committee – member	–	15,500	15,500
Nomination Committee – Chair ¹	16,500	16,500	16,500
Nomination Committee – member ²	11,000	11,000	11,000

1. The Chair and Deputy Chair do not receive any additional fees for committee work. Accordingly, the fees set out above for Chair of the Nomination Committee have not been paid in any of the above years and will not be paid in FY2022.
2. Members of the Nomination Committee waived their fees in FY2021 because the Nomination Committee did not meet during that year. The same waiver will apply if the Nomination Committee does not meet in FY2022.
3. Because of the impact on the Company's business of the COVID-19 health crisis and the lockdown measures implemented by federal, state and territory governments in response to the crisis, the fees paid to Non-executive Directors for the period from 1 April 2020 to 30 September 2020 were reduced by 10%. The above fees relate to the Board approved amounts prior to the 10% reduction.

Directors' Report

For the year ended 30 June 2021

3. Remuneration of executive KMP and Directors during the year

3.1 Total remuneration received by executive KMP in FY2021 (non-statutory disclosures)

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

KMP executive	Year	Cash salary and fees \$	STI bonus \$	Non-monetary benefits \$	Super-annuation benefits \$	LTI vested in the year ¹ \$	Total \$
Grant Blackley	2021	1,148,563	426,000	4,509	21,694	–	1,600,766
<i>Chief Executive Officer and Managing Director</i>	2020	1,142,762	–	4,974	21,003	366,057	1,534,796
Nick McKechnie	2021	531,016	199,332	1,486	21,694	–	753,528
<i>Chief Financial Officer</i>	2020	527,274	–	2,705	21,003	79,991	630,973
John Kelly	2021	542,730	202,860	4,509	21,694	–	771,793
<i>Chief Operating Officer</i>	2020	539,707	–	4,974	21,003	82,701	648,385
Brian Gallagher	2021	527,202	191,278	4,509	21,694	–	744,683
<i>Chief Sales Officer</i>	2020	523,857	–	4,974	21,003	79,991	629,825
Stephen Haddad	2021	371,226	112,130	4,509	21,694	–	509,559
<i>Chief Technology Officer</i>	2020	366,496	–	4,974	21,003	–	392,473
Dave Cameron ²	2021	423,453	91,632	2,780	21,694	–	539,559
<i>Chief Content Officer</i>	2020	195,034	–	1,345	10,501	–	206,880
Nikki Clarkson ³	2021	277,702	84,186	2,992	21,694	–	386,574
<i>Chief Marketing & Communications Officer</i>	2020	133,475	–	1,345	10,501	–	145,321
Annaliese van Riet ⁴	2021	–	–	–	–	–	–
<i>Chief People & Culture Officer</i>	2020	48,782	–	924	8,495	–	58,201
Total executive KMP	2021	3,821,892	1,307,418	25,294	151,858	–	5,306,462
	2020	3,477,387	–	26,215	134,512	608,740	4,246,854

1 The LTI entitlements that vested during FY2020 were from the FY2017 LTI plan. All share-based payments were equity settled.

2 Dave Cameron was appointed as Chief Content Officer and joined the Company's senior leadership team on 1 January 2020. He was a KMP for part of FY2020.

3 Nikki Clarkson was appointed as Chief Marketing & Communications Officer and joined the Company's senior leadership team on 1 January 2020. She was a KMP for part of FY2020.

4 Annaliese van Riet joined the Company and the Company's senior leadership team as Chief People & Culture Officer on 20 January 2020. She ceased employment with the Company on 27 March 2020. She was not a KMP in FY2021.

3.2 Total remuneration received by Executive KMP in FY2021 (statutory disclosure)

The table below sets out the nature and amount of each major element of the remuneration of each executive KMP in FY2021 and FY2020.

Executive	Year	Short-term employee benefits				Post-employment	Long Service Leave ¹	Termination benefits	Share-based payments	Total	Performance-related proportion
		Salary and fees	STI bonus ²	Non-monetary	Total						
		\$	\$	\$	\$	\$	\$	\$	\$	%	
Grant Blackley CEO and Managing Director	2021	1,148,563	426,000	4,509	1,579,072	21,694	24,309	–	67,194	1,692,269	29.1
	2020	1,142,762	–	4,974	1,147,736	21,003	34,970	–	(415,068)	788,641	0.0
Nick McKechnie Chief Financial Officer	2021	531,016	199,332	1,486	731,834	21,694	22,949	–	17,824	794,301	27.3
	2020	527,274	–	2,705	529,979	21,003	20,181	–	(134,391)	436,772	0.0
John Kelly Chief Operating Officer	2021	542,730	202,860	4,509	750,099	21,694	10,000	–	18,297	800,090	27.6
	2020	539,707	–	4,974	544,681	21,003	11,308	–	(138,347)	438,645	0.0
Brian Gallagher Chief Sales Officer	2021	527,202	191,278	4,509	722,989	21,694	9,580	–	17,666	771,929	27.1
	2020	523,857	–	4,974	528,831	21,003	10,611	–	(134,394)	426,051	0.0
Stephen Haddad Chief Technology Officer	2021	371,226	112,130	4,509	487,865	21,694	7,116	–	12,619	529,294	23.6
	2020	366,496	–	4,974	371,470	21,003	6,466	–	(28,294)	370,645	0.0
Dave Cameron ⁴ Chief Content Officer	2021	423,453	91,632	2,780	517,865	21,694	1,186	–	14,827	555,572	19.2
	2020	195,034	–	1,345	196,379	10,501	(18,817)	–	(7,618)	180,445	0.0
Nikki Clarkson ⁵ Chief Marketing & Communications Officer	2021	277,702	84,186	2,992	364,880	21,694	16,474	–	11,041	414,089	23.0
	2020	133,475	–	1,345	134,820	10,501	(578)	–	(9,141)	135,602	0.0
Annaliese van Riet ⁶ Chief People & Culture Officer	2021	–	–	–	–	–	–	–	–	–	–
	2020	48,782	–	924	49,706	8,495	–	44,301	–	102,502	0.0
Total executive KMP	2021	3,821,892	1,307,418	25,294	5,154,604	151,858	91,614	–	159,468	5,557,544	26.4
	2020	3,477,387	–	26,215	3,503,602	134,512	64,141	44,301	(867,253)	2,879,303	0.0

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

2 The STI bonus is for performance during the year using the criteria set out in section 2.3.1. The amount was finally determined by the Board on 17 August 2021 after considering recommendations of the People & Culture Committee.

3 The value of the performance rights granted during the year was determined as the face value of the performance rights at the grant date. The method of calculating the face value of performance rights is explained in section 2.3.2. The value disclosed is the portion of the fair value of the rights recognised as an expense in each reporting period.

4 Dave Cameron was appointed Chief Content Officer with effect from 1 January 2020. He was an executive KMP for part of FY2020.

5 Nikki Clarkson was appointed Chief Marketing & Communications Officer with effect from 1 January 2020. She was an executive KMP for part of FY2020.

6 Annaliese van Riet joined the Company and the Company's senior leadership team as Chief People & Culture Officer on 20 January 2020. She ceased employment with the Company on 27 March 2020. She was not a KMP in FY2021.

Directors' Report

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3.3 Non-executive Directors

The table below sets out the nature and amount of each major element of the remuneration of each Non-executive Director in FY2021 and FY2020. A Non-executive Director's salary and fees are based on the scale set out in section 2.7 and membership of the Board's committees as set out in the Directors' Report.

Non-executive Director	Year	Short-term employee benefits			Post-employment	Total \$
		Salary and fees \$	Non-monetary \$	Total \$	Super contribution \$	
Rob Murray ¹	2021	248,648	–	248,648	4,170	252,818
Chair	2020	145,138	–	145,138	13,787	158,925
Glen Boreham ⁵	2021	170,940	–	170,940	3,743	174,683
Non-executive Director	2020	156,047	–	156,047	7,266	163,313
Peter Bush ²	2021	53,573	–	53,573	5,089	58,662
Non-executive Director	2020	245,172	–	245,172	21,003	266,175
Carole Campbell ³	2021	115,677	–	115,677	10,989	126,666
Non-executive Director	2020	–	–	–	–	–
Ido Leffler ³	2021	101,979	–	101,979	9,688	111,667
Non-executive Director	2020	–	–	–	–	–
Heith Mackay-Cruise ³	2021	101,979	–	101,979	9,688	111,667
Non-executive Director	2020	–	–	–	–	–
Helen Nash	2021	166,511	–	166,511	7,506	174,017
Non-executive Director	2020	165,617	–	165,617	15,733	181,350
Leon Pasternak ⁴	2021	49,559	–	49,559	4,708	54,267
Non-executive Director	2020	156,713	–	156,713	14,887	171,600
Melanie Willis	2021	170,625	–	170,625	–	170,625
Non-executive Director	2020	155,821	–	155,821	14,804	170,625
Total	2021	1,179,491	–	1,179,491	55,581	1,235,072
	2020	1,024,508	–	1,024,508	87,480	1,111,988

1. Rob Murray was elected by the Board as Chair on 19 August 2020.

2. Peter Bush stood down as Chair on 19 August and retired as a Director on 30 October 2020.

3. Carole Campbell was appointed as a Director on 1 September 2020. Ido Leffler and Heith Mackay-Cruise were elected as Directors on 30 October 2020.

4. Leon Pasternak retired as Deputy Chair and as a Director on 30 October 2020. The Board has not appointed a Deputy Chair in his place.

5. Glen Boreham was appointed as Chair of the newly formed Digital Transformation Committee on 1 November 2020.

4. Analysis of short-term incentives included in remuneration

4.1 STI performance outcomes

The table below summarises the key performance indicators (KPIs) applicable for each KMP for FY2021.

Assessment of the goals set for executive KMP in FY2021 resulted in executive KMP being eligible to receive between 92% and 100% of their respective STI target opportunities. The Board exercised discretion to reduce the STI awards of all executive KMP by between 40% and 50%. The table below shows the outcome for each executive KMP in each STI component after this reduction.

The Board's decision to scale back STI awards does not reflect on the effort or quality of work by executives during the year; rather, the Board sought to ensure STI outcomes were appropriate in the context of SCA's overall financial performance, progress on certain strategic initiatives, and outcomes for SCA's shareholders since COVID-19 began to affect SCA's business. The Board was also mindful that, because of the uncertain economic environment, budget targets were set quarterly during the year and without the usual interrogation applied by the Board to an annual budget. The Board also noted the benefit received by SCA from the federal government's JobKeeper scheme for the first half of the financial year.

Executive KMP	Goals	Outcomes	
Grant Blackley, CEO and Managing Director			
Profitability and financial performance (40%)	Group EBITDA and non-revenue related Group operating expenses compared to budget.	Quarterly targets for Group EBITDA and non-revenue related Group operating expenses achieved.	20%
Strategy execution (40%)	Design and implement new corporate strategy.	SCA's new digital-first operating strategy was approved by the Board.	
	Implement agreed operational initiatives to achieve cost-out and revenue targets.	Initiatives rolled out; cost-out and revenue targets achieved.	
	Achieve an improving, meaningful and sustainable digital audio revenue stream.	Partially achieved.	
	Enhance SCA's reputation with key external stakeholders including in relation to new corporate strategy and Board renewal.	Achieved; including through positive results from investor relations survey completed by major investors.	20%
Cultural and behavioural influences (20%)	Ensure safe, orderly and effective return to office and fit-for-purpose organisational restructure.	Return to office plan well-executed, with enhanced flexibility developed through employee consultation.	
	Improve diversity (cognitive and identity) of workforce to deliver strategic objectives. Maintain or improve culture audit results compared to 2018.	Improved diversity in middle management ranks and succession planning. Strong results achieved in culture survey.	10%
			Total 50%
Nick McKechnie, Chief Financial Officer			
Profitability and financial performance (40%)	Group EBITDA and non-revenue related Group operating expenses compared to budget.	Quarterly targets for Group EBITDA and non-revenue related Group operating expenses achieved.	24%
Strategy execution (40%)	Design and implement new corporate strategy.	SCA's new digital-first operating strategy was approved by the Board. Effective deployment of capital with technology partners to accelerate LISTNR development.	23%
	Implement agreed operational initiatives to achieve cost-out and revenue targets.	Initiatives rolled out; cost-out and revenue targets achieved. Leadership of linear audio cost saving initiatives and finance team restructuring and task automation.	
	Achieve an improving, meaningful and sustainable digital audio revenue stream.	Partially achieved.	
	Enhance SCA's reputation with key external stakeholders including in relation to new corporate strategy and Board renewal.	Achieved; including through positive results from investor relations survey completed by major investors.	
Cultural and behavioural influences (20%)	Ensure safe, orderly and effective return to office and fit-for-purpose organisational restructure.	Return to office plan well-executed including in Melbourne where COVID-19 impacts were greatest, with enhanced flexibility developed through employee consultation.	
	Improve diversity (cognitive and identity) of the Finance team to deliver strategic objectives. Maintain or improve culture audit results compared to 2018.	Finance team restructure re-allocated appropriate resources to business support and reporting to match cognitive skills. Improved diversity through key appointments in Melbourne and Sydney. Improved results achieved by finance team in culture survey.	12%
			Total 59%

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Executive KMP	Goals	Outcomes	
John Kelly, Chief Operating Officer			
Profitability and financial performance (40%)	Group EBITDA and non-revenue related Group operating expenses compared to budget.	Quarterly targets for Group EBITDA and non-revenue related Group operating expenses achieved.	24%
Strategy execution (40%)	Design and implement new corporate strategy.	Led development of SCA's new digital-first operating strategy for approval by the Board. Effectively communicated to all teams around Australia.	
	Implement agreed operational initiatives to achieve cost-out and revenue targets.	Initiatives rolled out; cost-out and revenue targets achieved. Provided project management support for all initiatives and led establishment of more diverse and skilled senior general management team around Australia.	
	Develop and implement strategies to achieve digital audio advertising revenue targets.	Partially achieved.	
	Manage transition of SCA's TV assets to effective operating model post 30 June 2021.	Affiliation with Network 10 negotiated for two years on appropriate commercial terms and smoothly implemented on 1 July 2021.	23%
Cultural and behavioural influences (20%)	Ensure safe, orderly and effective return to office and fit-for-purpose organisational restructure.	Led initiatives to establish consistent return to office plans and enhanced flexibility through employee consultation. Plans are readily adaptable as locations continue to be affected by COVID-19.	
	Improve diversity (cognitive and identity) of the General Management team to deliver strategic objectives. Maintain or improve culture audit results compared to 2018.	Improved diversity in senior general management team and middle management. Strong results achieved for the operations team in culture survey.	12%
			Total 59%
Brian Gallagher, Chief Sales Officer			
Profitability and financial performance (40%)	Group EBITDA and non-revenue related Group operating expenses compared to budget.	Quarterly targets for Group EBITDA and non-revenue related Group operating expenses achieved.	24%
Strategy execution (40%)	Achieve annual radio and TV sales revenue targets.	Radio and TV sales revenue targets achieved.	
	Implement agreed operational initiatives to achieve cost-out, revenue and sales measurement targets.	Initiatives rolled out; cost-out and revenue targets achieved. Particular leadership of audience measurement, and regional and national sales initiatives.	
	Develop and implement strategies to achieve digital audio advertising revenue targets.	Partially achieved. Significant growth was achieved in digital audio revenues compared to the prior year.	
	Improve agencies' and advertisers' understanding of the value of regional markets to achieve new business of at least 10% of gross regional revenue.	Partially achieved, including through leadership of the Boomtown industry trade marketing initiative.	21%
Cultural and behavioural influences (20%)	Ensure safe, orderly and effective return to office and fit-for-purpose organisational restructure.	Return to office plan for sales teams well-executed, with enhanced flexibility developed through employee consultation. Innovative work practices introduced to support clients who continued to work remotely, while rebuilding and maintaining revenue.	
	Improve diversity (cognitive and identity) of the Sales team to deliver strategic objectives. Maintain or improve culture audit results compared to 2018.	Improved diversity in middle management ranks and succession planning. Strong results achieved in culture survey among sales teams.	12%
			Total 57%

Executive KMP	Goals	Outcomes	
Stephen Haddad, Chief Technology Officer			
Profitability and financial performance (40%)	Group EBITDA and non-revenue related Group operating expenses compared to budget.	Quarterly targets for Group EBITDA and non-revenue related Group operating expenses achieved.	24%
Strategy execution (40%)	Ensure major outsourced transmission and TV playout contracts operate within budget and agreed service levels	BAI (broadcast transmission) and NPC (TV playout) contracts operating within service levels with positive relationships. Transition from Nine to Network 10 implemented smoothly.	
	Implement agreed operational initiatives to achieve cost-out, revenue, business process automation and sales platform enrichment targets.	Initiatives rolled out; cost-out and revenue targets achieved. Particular leadership of business process automation and sales platform enrichment.	
	Develop and implement strategies to achieve digital audio advertising revenue targets.	LiSTNR launched with effective sign-in and collection of customer data. Integrated instream advertising capability to enhance monetisation of LiSTNR. Established core reporting on app performance.	
	Optimise SCA's technology set with external and internal stakeholders and savings of \$500,000 compared to prior year.	Technology strategy established. Key performance indicators in key functions exceed industry benchmarks. Major supplier contracts negotiated on appropriate commercial terms.	24%
Cultural and behavioural influences (20%)	Ensure safe, orderly and effective return to office and fit-for-purpose organisational restructure.	Return to office plan for technology teams well-executed, with enhanced flexibility developed through employee consultation. Technology supports flexible working for all teams.	
	Improve diversity (cognitive and identity) of the Technology Services team to deliver strategic objectives. Maintain or improve culture audit results compared to 2018.	Improved diversity in Technology team, including addition of seven females (three in leadership team). Improved results achieved in culture survey among Technology teams.	12%
			Total 60%
Dave Cameron, Chief Content Officer			
Profitability and financial performance (40%)	Group EBITDA and non-revenue related Group operating expenses compared to budget.	Quarterly targets for Group EBITDA and non-revenue related Group operating expenses achieved.	24%
Strategy execution (40%)	Design and implement a new content strategy to improve performance of the Hit and Triple M networks, including 20% improvement in 2DayFM Breakfast ratings and 10% improvement in Triple M Melbourne Breakfast.	Partially achieved. Rebranding of metro Hit Network stations, establishment of Triple M Perth, and launch or revamping of key metro breakfast and drive shows have had some positive impacts but have not achieved targets for ratings and revenue.	
	Implement agreed operational initiatives to achieve cost-out, revenue, and regional radio content restructure targets.	Initiatives rolled out; cost-out and revenue targets achieved. Led successful establishment of Hit Network Breakfast super shows in regional markets, achieving improved ratings, revenue and cost outcomes.	
	Develop and implement strategies to increase digital audio advertising revenue. Establish five new premium shows and two new shows from existing talent for the LiSTNR launch. Retire individual station apps.	Launch of LiSTNR included 30 new premium digital audio offerings catering to a broad range of targeted audiences and advertising opportunities.	
	Establish a sustainable portfolio of digital audio products and streamlined processes and workflows.	Established a new digital audio organisational structure with digital, news and audio production hubs, and extension of the music hub to deliver original music programming on LiSTNR.	19%

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Executive KMP	Goals	Outcomes	
Cultural and behavioural influences (20%)	Ensure safe, orderly and effective return to office and fit-for-purpose organisational restructure.	Return to office plan for content teams well-executed, with enhanced flexibility developed through employee consultation. Radio broadcasts in all markets continued without interruption despite remote work challenges.	
	Improve diversity (cognitive and identity) of the Content team to deliver strategic objectives. Maintain or improve culture audit results compared to 2018.	Content teams upskilled to focus on digital audio first. Two external female leaders joined the Content team, and two other females were promoted internally. Improved results achieved in the culture survey among Content teams.	12%
			Total 55%
Nikki Clarkson, Chief Marketing Officer			
Profitability and financial performance (40%)	Group EBITDA and non-revenue related Group operating expenses compared to budget.	Quarterly targets for Group EBITDA and non-revenue related Group operating expenses achieved.	24%
	Strategy execution (40%)	Design and implement a Hit Network branding strategy to improve recognition and appreciation as measured by a National Brand Tracking Survey. Design and implement a Triple M marketing campaign to enhance brand equity as measured in a National Consumer Survey. Assist launch of new shows to deliver 20% improvement in 2DayFM Breakfast ratings and 10% improvement in Triple M Melbourne Breakfast.	Partially achieved. Improvements achieved in Hit Network brand recognition and appreciation and Triple M brand awareness and saliency. However, targets for 2DayFM and Triple M Melbourne Breakfast ratings were not achieved.
	Implement agreed operational initiatives to achieve cost-out, revenue, and regional radio content restructure targets.	Initiatives rolled out; cost-out and revenue targets achieved. Led marketing plan to successfully launch Hit Network Breakfast super shows in regional markets, achieving improved ratings, revenue and cost outcomes.	
	Ensure key suppliers and influencers understand SCA's strategic objectives. Build Marketing team's knowledge and effectiveness in linear and emerging communications, including data, analytics and leading marketing disciplines.	Everyone's Listening trade marketing campaign educated advertising markets about the value of digital audio – and SCA's digital audio proposition – during the pandemic. Independent research found SCA is well ahead of radio competitors in digital audio product attribution and leadership.	
	Develop and implement strategies to increase advertising revenue from new and existing digital audio assets to achieve revenue targets.	Partially achieved. Independent research found LISTNR quickly achieved healthy brand awareness. Tracking shows high attribution of app downloads to digital marketing.	19%
Cultural and behavioural influences (20%)	Ensure safe, orderly and effective return to office and fit-for-purpose organisational restructure.	Return to office plan for Marketing teams well-executed, with enhanced flexibility developed through employee consultation. Key marketing campaigns were implemented in all markets without interruption despite remote work challenges.	
	Improve diversity (cognitive and identity) of the Marketing and Communications team to deliver strategic objectives. Maintain or improve culture audit results compared to 2018.	Marketing teams expanded to support digital skills and literacy. Improved results achieved in the culture survey for the Marketing teams.	12%
			Total 55%

4.2 Vesting of STI awards

The table below sets out details of the short-term incentive bonus payments awarded as remuneration to executive KMP for the year.

KMP	Short-term incentive bonus			% forfeited in year ¹
	% achieved in year			
	Profitability and financial performance	Strategy execution	Cultural and behavioural influences	
Grant Blackley	20%	20%	10%	50%
Nick McKechnie	24%	23%	12%	41%
John Kelly	24%	23%	12%	41%
Brian Gallagher	24%	21%	12%	43%
Stephen Haddad	24%	24%	12%	40%
Dave Cameron	24%	19%	12%	45%
Nikki Clarkson	24%	19%	12%	45%

¹ The amounts forfeited are due to corporate and personal goals not being achieved in the year.

5. Share-based incentive payments

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

5.1 Rights granted as remuneration during the year

The tables below set out details of the rights over shares granted as remuneration to each KMP under the Company's LTI plan during the year.

KMP	Number of rights granted (Base Amount) ¹	Maximum number of rights to vest ²
Grant Blackley	125,989	314,973
Nick McKechnie	33,420	83,550
John Kelly	34,307	85,767
Brian Gallagher	33,124	82,810
Stephen Haddad	23,660	59,150
Dave Cameron	27,801	69,501
Nikki Clarkson	20,703	51,756
Total	299,004	747,506

Details for performance rights granted in FY2021

Grant Date	25 September 2020
Metric (100%)	Absolute TSR
Face value at grant date ¹	\$1.6230
Starting share price on 30 June 2020 ¹	\$1.8190
Vesting date	30 June 2023

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

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

All performance rights expire on the earlier of their vesting date or termination of the executive's employment. When an executive ceases employment as a 'good leaver', the executive's rights will typically terminate on a pro-rata basis according to the executive's period of service. The rights vest at the end of the performance period specified at the time of their grant. This is 30 June 2023 for performance rights granted in FY2021. In addition to a continuing employment condition, vesting is conditional on the Group achieving specified performance hurdles. Details of the performance hurdles are included in the discussion of the LTI plan in section 2.3.2.

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5.2 Details of equity incentives affecting current and future remuneration

The table below sets out the vesting profiles of rights held by each executive KMP on 30 June 2021 and details of rights that vested during the year. At the end of the year, there were no rights that had vested and had not been exercised by conversion to fully paid ordinary shares.

Executive KMP	Grant date	Vesting date	At grant date		During FY2021						At year end		
			Perf rights granted ¹	Perf rights value ² \$	Perf rights vested and exercised	Perf rights vested and exercised %	Perf rights forfeited	Perf rights forfeited % ³	Perf rights cancelled ³	Perf rights cancelled ³ %	Perf rights not vested	Perf rights not vested value ² \$	
Grant Blackley	FY2021	01/7/23	125,989	201,582	–	–	–	–	–	–	–	125,989	201,582
	Total		125,989	201,582	–	–	–	–	–	–	–	125,989	201,582
Nick McKechnie	FY2021	01/7/23	33,420	53,471	–	–	–	–	–	–	–	33,420	53,471
	Total		33,420	53,471	–	–	–	–	–	–	–	33,420	53,471
John Kelly	FY2021	01/7/23	34,307	54,891	–	–	–	–	–	–	–	34,307	54,891
	Total		34,307	54,891	–	–	–	–	–	–	–	34,307	54,891
Brian Gallagher	FY2021	01/7/23	33,124	52,998	–	–	–	–	–	–	–	33,124	52,998
	Total		33,124	52,998	–	–	–	–	–	–	–	33,124	52,998
Stephen Haddad	FY2021	01/7/23	23,660	37,856	–	–	–	–	–	–	–	23,660	34,856
	Total		23,660	37,856	–	–	–	–	–	–	–	23,660	37,856
Dave Cameron	FY2021	01/7/23	27,801	44,481	–	–	–	–	–	–	–	27,801	44,481
	Total		27,801	44,481	–	–	–	–	–	–	–	27,801	44,481
Nikki Clarkson	FY2021	01/7/23	20,703	33,124	–	–	–	–	–	–	–	20,703	33,124
	Total		20,703	33,124	–	–	–	–	–	–	–	20,703	33,124

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

2 The value of rights granted is the fair value of rights calculated at the grant date, adjusted in the case of performance rights granted under the FY2021 LTI plan for the one for 10 consolidation of the Company's share capital implemented on 2 November 2020. The total value of rights granted in the table is allocated to remuneration over the vesting period.

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

5.3 Vesting of rights on 1 July 2020

Performance rights granted under the FY2018 LTI plan were due to be tested in August 2020, following approval of the Company's financial report for the year ended 30 June 2020. Performance rights granted under the FY2019 and FY2020 LTI plans were due to be tested in subsequent years. There were two equally-weighted performance conditions for rights granted under each of these plans: the Company's ROIC performance over the performance period and the Company's EPS performance over the performance period.

Because of the impact on the Company's business of the COVID-19 health crisis and the lockdown measures implemented by federal, state and territory governments in response to the crisis, the Board has cancelled all outstanding performance rights under the LTI plan.

As a result, no rights granted under the LTI plan in FY2018, FY2019 or FY2020 will vest.

6. Payments to executives before taking office

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

7. Transactions with KMP

7.1 Loans to KMP

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

7.2 Other transactions and balances with KMP

During the year, SCA paid companies associated with each of Ido Leffler and Heith Mackay-Cruise consulting fees of \$10,000. These fees were in consideration of consulting services provided by Ido Leffler and Heith Mackay-Cruise during September and October 2020, before their election as Directors of SCA at the AGM on 30 October 2020.

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

8. KMP shareholdings

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

	Received during the year			Other changes during the year ¹	Balance at end of year
	Balance at start of year	On exercise of LTI performance rights	Under STI Plan		
Non-executive Directors					
Rob Murray	404,932	–	–	(339,765)	65,167
Glen Boreham	484,619	–	–	(436,157)	48,462
Carole Campbell	–	–	–	57,250	57,250
Ido Leffler	–	–	–	65,800	65,800
Heith Mackay-Cruise	–	–	–	56,380	56,380
Helen Nash	288,750	–	–	(259,875)	28,875
Melanie Willis	407,950	–	–	(367,154)	40,796
	1,586,251			(1,223,521)	362,730
Executives					
Grant Blackley	1,685,421	–	–	(1,516,876)	168,545
Nick McKechnie	636,768	–	–	(573,089)	63,679
John Kelly	266,286	–	–	(239,656)	26,630
Brian Gallagher	575,947	–	–	(518,350)	57,597
Stephen Haddad	57,750	–	–	(51,975)	5,775
Dave Cameron	–	–	–	–	–
Nikki Clarkson	60,709	–	–	(54,638)	6,071
	3,282,881	–	–	(2,954,584)	328,297

¹ Changes during the year include reductions in the shareholdings of KMP as a result of the one for 10 consolidation of the Company's share capital implemented on 2 November 2020 following approval by shareholders at the AGM on 30 October 2020.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under s307C of the Corporations Act 2001, is set out on page 52.

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



Rob Murray
Chairman
Southern Cross Media Group Limited
Sydney, Australia
18 August 2021



Grant Blackley
Managing Director
Southern Cross Media Group Limited
Sydney, Australia
18 August 2021

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of Southern Cross Media Group Limited for the year ended 30 June 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 Southern Cross Media Group Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Trevor Johnston'.

Trevor Johnston
Partner
PricewaterhouseCoopers

Melbourne
18 August 2021

PricewaterhouseCoopers, ABN 52 780 433 757
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Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Revenue from continuing operations	3	528,649	540,152
Revenue related expenses		(158,396)	(156,704)
Employee expenses	6	(147,559)	(176,410)
Program and production		(20,582)	(19,080)
Technical expenses		(40,845)	(36,233)
Promotions and marketing		(16,367)	(11,481)
Administration costs		(20,180)	(33,287)
Other income	5	510	638
Share of net profit of investments accounted for using the equity method	19	706	637
Profit before depreciation, amortisation, interest, impairment, fair value movements on financial derivatives and income tax expenses for the year from continuing operations		125,936	108,232
Depreciation and amortisation expense		(32,770)	(36,589)
Impairment of intangibles and investments	4	–	(6,135)
Interest expense and other borrowing costs	17	(23,201)	(27,888)
Interest revenue		1,317	674
Profit before income tax expense for the year from continuing operations		71,282	38,294
Income tax expense from continuing operations	7	(23,186)	(13,194)
Profit from continuing operations after income tax expense for the year		48,096	25,100
<i>Other comprehensive income that may be reclassified to profit or loss:</i>			
Changes to fair value of cash flow hedges, net of tax		3,781	383
Total comprehensive profit for the year attributable to shareholders		51,877	25,483
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	15	18.2	17.7
Diluted earnings per share (cents)	15	18.2	17.7

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes. Comparatives have been adjusted to conform to changes in presentation in the current period, see note 1 (iii).

Consolidated Statement of Financial Position

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	11	75,420	271,431
Receivables	12	98,687	84,384
Current tax asset		–	5,112
Total current assets		174,107	360,927
Non-current assets			
Receivables	12	12,974	13,725
Right-of-use assets	26	98,689	122,868
Investments	19	5,969	5,323
Property, plant and equipment	8	87,199	96,853
Intangible assets	9	947,903	948,047
Total non-current assets		1,152,734	1,186,816
Total assets		1,326,841	1,547,743
Current liabilities			
Payables	12	56,884	34,263
Deferred income	12	7,306	8,738
Provisions	12	17,125	13,913
Borrowings	17	–	25,000
Lease liability	26	9,868	6,370
Current tax liability	7	5,843	–
Derivative financial instruments	18	319	2,353
Total current liabilities		97,345	90,637
Non-current liabilities			
Deferred income	12	90,142	92,013
Provisions	12	5,546	4,687
Borrowings	17	127,225	376,703
Lease liability	26	103,101	126,581
Deferred tax liability	7	259,701	264,096
Derivative financial instruments	18	1,262	4,629
Total non-current liabilities		586,977	868,709
Total liabilities		684,322	959,346
Net assets			
Equity			
Contributed equity	16	1,542,884	1,540,569
Reserves		3,559	(450)
Other equity transaction	16	(77,406)	(77,406)
Accumulated losses		(826,518)	(874,614)
Equity attributable to equity holders		642,519	588,099
Non-controlling interest		–	298
Total equity		642,519	588,397

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

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

2020	Contributed equity \$'000	Share-based payment reserve \$'000	Hedge reserve \$'000	Other equity transactions \$'000	(Accumulated losses)/retained profits \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'000
Total equity at 1 July 2019	1,379,736	5,765	(5,269)	(77,406)	(868,708)	434,118	298	434,416
Profit for the year	–	–	–	–	25,100	25,100	–	25,100
Other comprehensive income	–	–	383	–	–	383	–	383
Total comprehensive income	–	–	383	–	25,100	25,483	–	25,483
Transactions with equity holders in their capacity as equity holders:								
Contributions of equity, net of transaction costs	160,833	–	–	–	–	160,833	–	160,833
Employee share entitlements	–	(717)	–	–	–	(717)	–	(717)
Payments on maturity of Long Term Incentive Plan	–	(612)	–	–	(245)	(857)	–	(857)
Dividends paid	–	–	–	–	(30,761)	(30,761)	–	(30,761)
	160,833	(1,329)	–	–	(31,006)	128,498	–	128,498
Total equity at 30 June 2020	1,540,569	4,436	(4,886)	(77,406)	(874,614)	588,099	298	588,397

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		548,547	644,850
Payments to suppliers and employees		(465,172)	(534,429)
Government grants received		47,418	10,599
Interest received from external parties		1,317	674
Tax paid		(15,950)	(18,308)
Net cash inflows from operating activities	11	116,160	103,386
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(13,821)	(16,686)
Payment for acquisition of subsidiary, net of cash acquired		–	(28,700)
Payments for purchase of intangibles		(123)	(519)
Disposal of investments and intangibles		–	134
Proceeds from sale of property, plant and equipment		2,481	1,944
Proceeds from sale of operations and assets		–	3,220
Payments for acquisitions of unlisted equity securities		(500)	(2,286)
Payments for acquisition of associates and joint ventures		–	(600)
Dividends received from equity accounted investments		560	580
Net cash flows used in investing activities		(11,403)	(42,913)
Cash flows from financing activities			
Dividends paid to security holders		–	(30,761)
Proceeds from borrowings		–	78,000
Repayment of borrowings from external parties		(275,000)	–
Refinancing costs paid to external parties		–	(1,885)
Proceeds from issue of shares		–	168,578
Share issue transaction costs		–	(7,745)
Interest paid to external parties		(19,564)	(20,094)
Principal elements of lease payments		(6,204)	(7,522)
Net cash flows used in financing activities		(300,768)	178,571
Net increase/(decrease) in cash and cash equivalents		(196,011)	239,044
Cash assets at the beginning of the year		271,431	32,387
Cash assets at the end of the year		75,420	271,431

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

Key Numbers	Capital Management	Group Structure	Other
1. Summary of Significant Accounting Policies	13. Capital Management Objectives	19. Non-Current Assets – Investments	23. Share-Based Payments
2. Segment Information	14. Dividends Paid and Proposed	20. Subsidiaries	24. Remuneration of Auditors
3. Revenue	15. Earnings per Share	21. Parent Entity Financial Information	25. Related Party Disclosures
4. Significant Items	16. Contributed Equity and Reserves	22. Business Combinations	26. Leases and Other Commitments
5. Other Income	17. Borrowings		27. Events Occurring after Balance Date
6. Government Grants	18. Financial Risk Management		28. Other Accounting Policies
7. Income Tax Expense			
8. Non-Current Assets – Property, Plant and Equipment			
9. Non-Current Assets – Intangible Assets			
10. Impairment			
11. Cash Flow Information			
12. Receivables, Payables, Deferred Income and Provisions			

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

Key Numbers

1. Summary of Significant Accounting Policies

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

Basis of preparation

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

These financial statements have been prepared on a going concern basis. The Group has performed an assessment of its ability to continue as a going concern. The assessment has considered the balance sheet position, including \$75.4 million of cash and cash equivalents at 30 June 2021; forecast performance; and the expectations that the Group will comply with its debt facility covenants. Based on the assessment, the Group concluded that these financial statements should be prepared on a going concern basis.

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

i) Compliance with IFRS

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

ii) Historical cost convention

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

iii) Comparative figures

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current period. During the period management has reclassified certain expense categories as represented in the Consolidated Statement of Comprehensive Income to align with the way the Group manages expenses.

The following table summarises the restatement of the comparative numbers.

		FY2020 Expense Categories						
		Broadcast & production	Employee expenses	Selling costs	Occupancy costs	Promotions & marketing	Admin costs	FY2020
FY2021 Expense Categories	Revenue-related	(93,428)	–	(63,276)	–	–	–	(156,704)
	Employee expenses	–	(176,410)	–	–	–	–	(176,410)
	Program & production	(12,765)	–	–	–	–	(6,315)	(19,080)
	Technical	(11,855)	–	–	(3,371)	–	(21,007)	(36,233)
	Promotions and marketing	–	–	–	–	(11,481)	–	(11,481)
	Admin costs	(221)	–	(5,442)	(7,387)	1,132	(21,369)	(33,287)
Total FY2020		(118,269)	(176,410)	(68,718)	(10,758)	(10,349)	(48,691)	(433,195)

- Revenue-related – include program affiliation and licence costs, previously disclosed in broadcast and production along with commissions previously disclosed in selling costs.
- Employee expenses – include salaries, wages and other employee expenses.
- Program and production – include all remaining broadcast and production expenses with the exception of transmitter costs, now classified as technical.
- Technical – include transmitter costs, playout fees, repairs and maintenance, software, electricity, distribution, and telecoms. These costs were previously disclosed as either broadcast and production, occupancy or admin costs.
- Promotions and marketing – include expenses relating to promotions and marketing activities.
- Admin costs – include bad and doubtful debts, previously classified as a selling cost and office rental, previously disclosed as an occupancy cost. In addition, research, electricity, distribution, software and telecoms have been removed from this category as they are technical in nature.

1. Summary of Significant Accounting Policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 and the results of all subsidiaries for the year then ended. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The effects of all transactions between entities in the Group are eliminated in full.

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

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

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

Rounding of amounts

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

Critical accounting estimates and judgements

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

- Note 9 Non-Current Assets – Intangible Assets
- Note 10 Impairment
- Note 12 Receivables, Payables, Deferred Income and Provisions
- Note 26 Leases and Other Commitments

Coronavirus (COVID-19) Impact

Whilst the Group's results were significantly impacted by COVID-19, it was predominantly in the first half of the financial year and there has been a gradual recovery in advertising markets throughout the year, albeit not a return to pre-pandemic levels.

As a consequence, management has:

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

Further judgements and estimates were required due to COVID-19 and are detailed further in the notes to the financial statements, in particular:

- Note 6 Government Grants
- Note 10 Impairment
- Note 12 Receivables, Payables, Deferred Income and Provisions
- Note 13 Capital Management Objectives
- Note 18 Financial Risk Management
- Note 19 Non-Current Assets – Investments

Notes to the financial statements

Notes relating to individual line items in the financial statements now include accounting policy information where it is considered relevant to an understanding of these items, as well as information about critical accounting estimates and judgements. Details of the impact of new accounting policies and all other accounting policy information are disclosed at the end of the financial report in note 28.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. Segment Information

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

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

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

	Audio		Television		Corporate		Consolidated	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Segment revenue	358,465	370,546	169,627	169,453	557	153	528,649	540,152
National revenue¹	194,959	197,766	103,023	95,536	–	–	297,982	293,302
Local revenue²	130,466	141,756	53,937	60,749	–	–	184,403	202,505
Other	33,040	31,024	12,667	13,168	557	153	46,264	44,345
Total revenue	358,465	370,546	169,627	169,453	557	153	528,649	540,152
Reported EBITDA	115,021	108,509	38,092	23,948	(27,177)	(24,225)	125,936	108,232
EBITDA % of Revenue	32.1%	29.3%	22.5%	14.1%	N/A	N/A	23.8%	20.0%
Impairment of intangibles and investments	–	–	–	–	–	(6,135)	–	(6,135)
Depreciation and amortisation	–	–	–	–	–	–	(32,770)	(36,589)
Statutory EBIT/Segment Result	–	–	–	–	–	–	93,166	65,508
Financing costs	–	–	–	–	–	–	(21,884)	(27,214)
Income tax expense	–	–	–	–	–	–	(23,186)	(13,194)
Profit for the year attributable to shareholders	–	–	–	–	–	–	48,096	25,100

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

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

Prior year financial statements included separate disclosures for the impact of AASB 16. This is now included in the above numbers as management reporting also incorporates AASB 16. FY2020 comparatives have been restated accordingly.

3. Revenue

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

	Consolidated	
	2021 \$'000	2020 \$'000
Revenue from continuing operations		
Sales revenue	528,298	539,169
Rental revenue	351	983
Total revenue from continuing operations	528,649	540,152

Recognition and Measurement

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

Sales revenue

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

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

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

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

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

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

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

Within advertising revenue there is a significant contract in which the Group acts as an agent selling advertising on behalf of NBN on a net fee and commissions received basis. The advertising revenue from NBN is made up of fixed and variable consideration. The variable consideration is based on selling performance relative to audience and market share. Due to the change in television affiliation partnership, this contract ceased on June 2021.

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

4. Significant Items

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

	2021 \$'000	2020 \$'000
Restructuring charges (after tax)	–	(2,031)
Impairment of investments (refer note 19)	–	(6,135)
Modification loss on refinancing (after tax)	–	(927)
Total significant items included in net profit after tax	–	(9,093)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

5. Other Income

	Consolidated	
	2021 \$'000	2020 \$'000
Net gain from disposal of assets	510	638
Total other income	510	638
	2021 \$'000	2020 \$'000
Net assets disposed	(1,971)	(1,306)
Gross cash consideration	2,481	1,944
Net gain from disposal of assets before tax	510	638

6. Government Grants

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

JobKeeper

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

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

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

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

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

PING

The Group applied and was found eligible for funding of approximately \$10.3 million under the Commonwealth Government's Public Interest News Gathering (PING) program.

The Group received \$9.3 million in September 2020 and a further \$1.0 million in June 2021 under the PING program for the period from September 2020 to August 2021. The PING program is a government incentive to support commercial television, radio and newspaper businesses in regional Australia during COVID-19.

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

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

	Consolidated	
	2021 \$'000	2020 \$'000
JobKeeper	31,878	16,059
PING program	8,577	–
Employee costs	(188,014)	(192,469)
Total employee costs after government assistance	(147,559)	(176,410)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

7. Income Tax Expense (continued)

Recognition and Measurement

Income Tax

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

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

Deferred Taxes

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

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

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

Tax Consolidated Group

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

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

Consolidated 2021	Land and Buildings \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Assets under construction \$'000	Total \$'000
Cost	25,410	50,605	255,800	5,475	337,290
Accumulated depreciation expense	(8,620)	(32,552)	(208,919)	–	(250,091)
Net carrying amount	16,790	18,053	46,881	5,475	87,199
Movement					
Net carrying amount at beginning of year	19,520	23,142	49,053	5,138	96,853
Additions	147	159	8,338	5,177	13,821
Disposals	(2,288)	(10)	(887)	–	(3,185)
Depreciation expense	(589)	(5,238)	(14,463)	–	(20,290)
Transfers	–	–	4,840	(4,840)	–
Net carrying amount at end of year	16,790	18,053	46,881	5,475	87,199
Consolidated 2020					
Cost	31,598	50,871	262,683	5,138	350,290
Accumulated depreciation expense	(12,078)	(27,729)	(213,630)	–	(253,437)
Net carrying amount	19,520	23,142	49,053	5,138	96,853
Movement					
Net carrying amount at beginning of year	21,252	23,426	54,108	5,686	104,472
Additions	1,661	2,859	8,858	3,463	16,841
Acquisition of subsidiaries	99	–	618	–	717
Disposals	(1,822)	–	(368)	–	(2,190)
Depreciation expense	(1,670)	(3,143)	(18,174)	–	(22,987)
Transfers	–	–	4,011	(4,011)	–
Net carrying amount at end of year	19,520	23,142	49,053	5,138	96,853

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

Recognition and Measurement

Property, Plant and Equipment at Cost

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

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

Depreciation

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

9. Non-Current Assets – Intangible Assets

Consolidated 2021	Goodwill \$'000	Broadcasting Licences \$'000	Brands and Tradenames \$'000	Customer Contracts \$'000	Total \$'000
Cost	362,088	1,502,031	90,156	3,577	1,957,852
Accumulated impairment expense	(352,129)	(630,331)	(24,848)	–	(1,007,308)
Accumulated amortisation expense	–	–	–	(2,641)	(2,641)
Net carrying amount	9,959	871,700	65,308	936	947,903
Movement					
Net carrying amount at beginning of year	9,959	871,700	65,185	1,203	948,047
Additions	–	–	123	–	123
Amortisation expense	–	–	–	(267)	(267)
Net carrying amount at end of year	9,959	871,700	65,308	936	947,903
Consolidated 2020					
Cost	362,088	1,502,031	90,033	3,577	1,957,729
Accumulated impairment expense	(352,129)	(630,331)	(24,848)	–	(1,007,308)
Accumulated amortisation expense	–	–	–	(2,374)	(2,374)
Net carrying amount	9,959	871,700	65,185	1,203	948,047
Movement					
Net carrying amount at beginning of year	–	852,893	65,067	–	917,960
Additions	–	400	118	–	518
Acquisition of subsidiaries	9,959	18,407	–	1,337	29,703
Amortisation expense	–	–	–	(134)	(134)
Net carrying amount at end of year	9,959	871,700	65,185	1,203	948,047

Goodwill and intangible assets with indefinite useful lives

The Group tests at least annually whether goodwill and intangible assets with indefinite useful lives have suffered any impairment, and when there is an indication of impairment. The tests incorporate assumptions regarding future events which may or may not occur, resulting in the need for future revisions of estimates. There are also judgements involved in determination of cash generating units ('CGUs').

Key Judgement

Useful Life

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

Commercial Television/Radio Broadcasting Licences	Indefinite
Brands and Tradenames	Indefinite

Licences

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

Brands

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

10. Impairment

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

The value of licences, tradenames, brands and goodwill is allocated to the Group's cash generating units ('CGUs'), identified as being Audio and Television. As the indefinite lived intangible assets relating to the Television CGU were fully impaired in the year ended 30 June 2019, and no indicator of impairment has been identified for the remaining assets based on the Television CGU's performance for FY2021 relative to its remaining carrying value, no impairment test was performed on the Television CGU at 30 June 2021.

The recoverable amount of the Audio CGU at 30 June 2021 and 30 June 2020 was determined based on the fair value less costs of disposal ('FVLCD') discounted cash flow model utilising probability weighted scenarios.

Allocation of goodwill and other intangible assets

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

Consolidated 2020	Audio CGU \$'000	Television CGU \$'000	Total \$'000
Goodwill allocated to CGU	9,959	–	9,959
Indefinite lived intangible assets allocated to CGU	936,885	–	936,885
Finite lived intangible assets allocated to CGU	1,203	–	1,203
Total goodwill, finite and indefinite lived intangible assets	948,047	–	948,047

b) Key assumptions used

30 June 2021

The FVLCD calculations used cash flow projections based on the 2022 Board approved financial budgets extended over the subsequent four-year period ('Forecast Period') and applied a terminal value calculation using estimated growth rates approved by the Board for the business relevant to the Audio CGU. In determining appropriate growth rates to apply to the Forecast Period and to the terminal calculation, the Group considered forecast reports from independent media experts and publicly available broker reports as well as internal Company data and assumptions. In respect of the Audio CGU the market growth rates did not exceed the independent forecast reports. The discount rate used is based on a range provided by an independent expert and reflects specific risks relating to the Audio CGU in Australia.

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

	Lower case	Base case	Upper case
Extent and duration of audio market recovery	To 80% of CPI adjusted FY2019 revenue base by FY2025	To 85% of CPI adjusted FY2019 revenue base by FY2024	To 90% of CPI adjusted FY2019 revenue base by FY2023
Long-term growth rate	(0.5)%	1.0%	2.0%
Discount rate (post-tax)	8.5%	8.5%	8.55%
Growth in digital audio revenues – 5 year CAGR	23%	41%	58%
Metro market share – Year 5	27%	29%	30%
Probability weighting	10% – lower case considered equally as likely as upper case	80% – base case considered most likely outcome	10% – upper case considered equally as likely as lower case

The market capitalisation of the Group at 30 June 2021 was \$552 million, which represented a \$91 million deficiency against the net assets of \$643 million. The Group considered reasons for this difference and concluded the recoverable amount resulting from the FVLCD methodology is appropriate in supporting the carrying value of the Audio CGU.

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For the year ended 30 June 2021

10. Impairment (continued)

b) Key assumptions used (continued)

30 June 2020

The FVLCD calculations used cash flow projections based on internal forecasts for the FY2021 and FY2022 years, extended over the subsequent three-year period ('Forecast Period') and applied a terminal value calculation using estimated growth rates approved by the Board for the business relevant to the Audio CGU. In the current environment the Group has used a large range of data, including publicly available broker reports and economic forecasts, and internal Company data in determining appropriate growth rates to apply to the Forecast Period and to the terminal calculation. The discount rate used is based on a range provided by an independent expert and reflects specific risks relating to the Audio CGU in Australia.

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

	Lower case	Base case	Upper case
Extent and duration of audio market recovery	To 85% of CPI adjusted FY2019 revenue base by FY2025	To 90% of CPI adjusted FY2019 revenue base by FY2024	To 90% of CPI adjusted FY2019 revenue base by FY2023
Long-term growth rate	1.00%	2.00%	2.00%
Discount rate (post-tax)	9.15%	9.15%	9.15%
Growth in digital audio revenues – 5 year CAGR	15.1%	31.5%	47.5%
Metro market share – Year 5	28%	30%	31%
Probability weighting	20% – lower case considered equally as likely as upper case	60% – base case considered most likely outcome	20% – upper case considered equally as likely as lower case

c) Impact of a reasonably possible change in key assumptions

Audio CGU

Sensitivity

The recoverable amount of the Audio CGU exceeds its carrying value by \$165 million. A variation in certain key assumptions used to determine the FVLCD would result in a change in the recoverable amount of the Audio CGU. The assumptions in the lower case scenario for 30 June 2021 described above are a reasonably possible change in assumptions, which together would lead to an impairment of \$258 million. The following reasonably possible changes in a key assumption would result in a recoverable amount (as derived on a probability weighted basis) lower than the carrying value to the extent shown below:

Sensitivity	Reasonable Change in variable %	Impact of change on Audio CGU carrying value \$ million	Change in variable required to reduce headroom to zero %
Increase in post-tax discount rate from 8.5% to 10.5%	2.0%	(20)	1.7%
Decrease in extent of recovery to FY2019 in both the Base and Upper cases	(5.0)%	(38)	(3.8)%

11. Cash Flow Information

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

	Consolidated	
	2021 \$'000	2020 \$'000
Profit after income tax	48,096	25,100
Impairment of intangibles and investments	–	6,135
Depreciation and amortisation	32,770	36,589
Net gain from disposal of assets	(510)	(638)
Share of associate profit	(706)	(637)
Interest expense and other borrowing costs included in financing activities	23,201	27,888
Share-based payments	228	(1,329)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	(14,876)	36,137
Decrease in deferred taxes (net of tax movement in hedge reserve)	(3,718)	(818)
Increase/(decrease) in payables (excluding interest expense classified as financing activities)	25,380	(22,125)
(Decrease)/increase in deferred income	(8,732)	7,699
Increase/ (decrease) in provision for income tax	10,956	(3,586)
Increase/(decrease) in provisions	4,071	(7,029)
Net cash inflows from operating activities	116,160	103,386

b) Net debt reconciliation

	Consolidated	
	2021 \$'000	2020 \$'000
Cash and liquid investments	75,420	271,431
Borrowings – repayable within one year	–	(25,000)
Borrowings – repayable after one year	(128,000)	(378,000)
Net debt	(52,580)	(131,569)
Cash and liquid investments	75,420	271,431
Gross debt – variable interest rates	(128,000)	(403,000)
Net debt	(52,580)	(131,569)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

11. Cash Flow Information (continued)

c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Consolidated	
	Bank Loans \$'000	Lease Liabilities \$'000
Balance as at 1 July 2019	(323,524)	–
Adoption of AASB 16 <i>Leases</i>	–	(154,080)
Proceeds from borrowings	(78,000)	–
Refinancing costs	1,885	–
Payment for leases	–	14,475
Changes from financing activities	(76,115)	(139,605)
Other Changes		
Finance costs	–	(6,953)
Amortisation of borrowing costs	(2,064)	–
Addition of leases	–	(14,197)
Remeasurement of leases	–	(7,983)
Disposal of transmission site leases	–	37,568
Acquisition of leases	–	(1,781)
Subtotal of other changes	(2,064)	6,654
Balance as at 30 June 2020	(401,703)	(132,951)
Repayment of borrowings	275,000	–
Payment for leases	–	13,353
Changes from financing activities	(126,703)	(119,598)
Other Changes		
Finance costs	–	(6,874)
Amortisation of borrowing costs	(522)	–
Addition of leases	–	(2,130)
Options not exercised	–	16,034
Other remeasurements	–	(401)
Subtotal of other changes	(522)	6,629
Balance as at 30 June 2021	(127,225)	(112,969)

d) Cash and cash equivalents

	Consolidated	
	2021 \$'000	2020 \$'000
Current		
Cash at bank and on hand	75,420	121,432
Term deposits	–	149,999
	75,420	271,431

Recognition and measurement

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

12. Receivables, Payables, Deferred Income and Provisions

a) Receivables

	Consolidated	
	2021 \$'000	2020 \$'000
Current		
Trade receivables	85,744	65,772
Prepayments	9,813	8,902
Other	3,130	9,710
	98,687	84,384
	Consolidated	
	2021 \$'000	2020 \$'000
Non-current		
Refundable deposits	292	150
Prepayments	12,495	13,166
Other	187	409
	12,974	13,725

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

Ageing analysis of trade receivables

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

Consolidated As at 30 June 2021	Current – not past due \$'000	Past due – up to 60 days \$'000	Past due – 60 – 90 days \$'000	Past due – >90 days \$'000	Total \$'000
Expected loss rate	0.9%	3.0%	30.0%	50.0%	
Trade receivables	79,898	5,704	950	758	87,310
Expected credit losses ('ECL')	(731)	(171)	(285)	(379)	(1,566)
Trade receivables net of ECL	79,167	5,533	665	379	85,744
Consolidated As at 30 June 2020	Current – not past due \$'000	Past due – up to 60 days \$'000	Past due – 60 – 90 days \$'000	Past due – >90 days \$'000	Total \$'000
Expected loss rate	5.0%	5.0%	30.0%	50.0%	
Trade receivables	63,353	3,830	1,182	2,348	70,713
Expected credit losses ('ECL')	(3,221)	(192)	(354)	(1,174)	(4,941)
Trade receivables net of ECL	60,132	3,638	828	1,174	65,772

The Group has recognised bad debts during the year ended 30 June 2021 of \$153,095 (2020: \$470,720). The Group applies a simplified model of recognising lifetime expected credit losses immediately upon recognition. The expected loss rates are historically based on the payment profile of sales over a period of three years before the end of the current period. Historical loss rates have been adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The amount of the loss allowance is recognised in profit or loss. Where a debt is known to be uncollectible, it is considered a bad debt and written off.

On 30 June 2020, given the impact of the COVID-19 pandemic on customers, it was expected that the situation was likely to deteriorate in FY2021 and impact on the collectability of the receivables at that date. Therefore, management applied higher weightings of expected credit losses ('ECL') to overdue debt.

Since that date, the collections have held up throughout FY2021 and the Group has experienced very few delinquent debts. Consequently, SCA has reduced the weightings of expected losses on debts up to 60 days past due. This has led to a reduction in the ECL provision to \$1.566 million (2020: \$4.941 million).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

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

Recognition and Measurement

Trade Receivables

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

b) Prepayments

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

	2021 \$'000	2020 \$'000
Current		
Broadcast Australia transmitter services	1,027	1,000
Other	8,786	7,902
	9,813	8,902
Non-current		
Broadcast Australia transmitter services	12,495	13,166
	12,495	13,166

c) Payables

	Consolidated	
	2021 \$'000	2020 \$'000
Current		
Trade creditors	10,780	5,245
GST payable	2,107	2,107
Accruals and other payables	43,997	26,911
	56,884	34,263

Recognition and Measurement

Trade Creditors, Accruals and Other Payables

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

d) Deferred income

	Consolidated	
	2021 \$'000	2020 \$'000
Current		
Deferred income	7,306	8,738
	7,306	8,738
Non-current		
Deferred income	90,142	92,013
	90,142	92,013

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

Recognition and Measurement

Deferred Income

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

ATN revenue recognised that was included in the deferred income balance at the beginning of the period was \$7.1 million. The ATN revenue recognised of \$7.1 million (2020: \$5.1 million) has been offset by the recognition of \$5.4 million (2020: \$5.5 million) in interest expense as the unwind of discounting.

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

e) Provisions

	Consolidated	
	2021	2020
	\$'000	\$'000
Current		
Employee benefits	17,125	13,892
Lease provisions	–	21
	17,125	13,913
	Consolidated	
	2021	2020
	\$'000	\$'000
Non-current		
Employee benefits	2,715	2,661
Lease provisions	2,831	2,026
	5,546	4,687

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

	Consolidated	
	2021	2020
	\$'000	\$'000
Balance at the beginning of the financial year	2,047	6,529
Additional provisions made in the period, including increases to existing provisions	805	1,316
Amounts used during the period	–	(1,648)
Amount transferred to Right-of-use assets (refer note 26)	–	(3,617)
Unused amounts reversed during the period	(21)	(533)
Balance at the end of the financial year	2,831	2,047

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

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

Recognition and Measurement

Provisions

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

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

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

Wages and salaries, leave and other entitlements

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

Onerous Contracts

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

Lease Provisions

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

Capital Management

13. Capital Management Objectives

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

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

Dividend Policy

Dividend Payout Ratio

The Group has a policy to distribute between 65-85% of underlying financial year Net Profit After Tax. However, on 6 April 2020, the Group announced the cancellation of the interim dividend to maximise liquidity in response to the business impacts of the COVID-19 pandemic. No final dividend was paid for the year ended 30 June 2020 and no interim dividend was paid in FY2021. On 24 February 2021, the Group announced it will recommence dividends with the payment of a final dividend for the year ended 30 June 2021, payable in October 2021.

Dividend Reinvestment Plan ('DRP')

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

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

Debt Facilities

Syndicated Debt Facility

At 30 June 2021 the Group had a \$250 million (2020: \$460 million) revolving three-year Syndicated Facility Agreement ('SFA') expiring on 8 January 2023. This facility is used as core debt for the Group and may be paid down and redrawn in accordance with the SFA.

Covenants

For the duration of the SFA the Banking Group, being Southern Cross Austereo Pty Ltd and its subsidiaries, has a maximum leverage ratio covenant of 3.5 times and a minimum interest cover ratio of 3.0 times. However, in response to the adverse business impacts of COVID-19, an amendment was agreed with the syndicate to increase the maximum leverage ratio covenant to 4.5 times for the periods from 30 June 2020 through to 30 June 2021. In addition, the leverage ratio and interest cover ratio at 31 December 2020 was calculated on a quarter two FY2021 annualised basis, instead of the customary trailing 12-month basis. As at 30 June 2021, the leverage ratio was 0.43 times, and the interest cover ratio was 15.62 times.

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

Property, Plant and Equipment and Intangibles

The capital expenditure for 2021 was \$13.820 million (2020: \$17.558 million).

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

14. Dividends Paid and Proposed

	Consolidated	
	2021 \$'000	2020 \$'000
The dividends were paid as follows:		
Interim dividend paid for the half year ended 31 December 2020/2019 – fully franked at the tax rate of 30%	–	–
Final dividend paid for the year ended 30 June 2020/2019 – fully franked at the tax rate of 30%	–	30,761
	–	30,761
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
Paid in cash	–	30,761
	–	30,761
	Cents per share	Cents per share
Interim dividend paid for the half year ended 31 December	–	–
Final dividend paid for the year ended 30 June	–	4.00
	–	4.00

The Group has \$170.5 million of franking credits at 30 June 2021 (2020: \$169.0 million).

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

On 6 April 2020, the Group announced the cancellation of the interim dividend to maximise liquidity in response to the business impacts of the COVID-19 pandemic. No final dividend was paid for the year ended 30 June 2020 and no interim dividend was paid in FY2021.

Since the end of the financial year the Directors have declared the payment of a final 2021 ordinary dividend of \$13.2 million (5 cents per fully paid share) out of 'Retained Profits – 2016 reserve', 'Retained Profits – 2017 reserve' and 'Retained Profits – 2018 reserve' to fully utilise those reserves and the remainder to be paid out of 'Retained Profits – 2019 reserve'. This dividend will be paid on 1 October 2021 by the Company.

15. Earnings per Share

	Consolidated	
	2021 \$'000	2020 \$'000 (Restated)
Continuing Operations		
Profit attributable to shareholders from continuing operations (\$'000)	48,096	25,100
Profit attributable to shareholders from continuing operations excluding significant items (\$'000)	48,096	34,193
Weighted average number of shares used as the denominator in calculating basic earnings per share (shares, '000)	264,214	141,872
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (shares, '000)	264,922	141,872
Basic earnings per share (cents per share)	18.20	17.69
Diluted earnings per share (cents per share)	18.15	17.69
Excluding significant items (refer note 4)		
Basic earnings per share excluding significant items (cents per share)	18.20	24.10
Diluted earnings per share excluding significant items (cents per share)	18.15	24.10
Dividends paid/proposed for the year as a % of NPAT	27.5%	0.0%

On 6 November 2020 the Group announced completion of the one for 10 share consolidation which was approved by shareholders at the AGM on 30 October 2020. Comparatives have been adjusted accordingly.

Recognition and Measurement

Basic earnings per share

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

Diluted earnings per share

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

16. Contributed Equity and Reserves

	Consolidated	
	2021 \$'000	2020 \$'000
Ordinary shares	1,542,884	1,540,569
Contributed equity	1,542,884	1,540,569

	Consolidated		Consolidated	
	2021 \$'000	2020 \$'000	2021 Number of securities '000	2020 Number of securities '000
On issue at the beginning of the financial year	1,540,569	1,379,736	2,642,106	769,014
Share Issue – Institutional	–	148,914	–	1,601,598
Share Issue – Retail	–	19,664	–	271,494
Less transaction costs arising on share issue	–	(7,745)	–	–
One for 10 share consolidation	–	–	(2,377,892)	–
Contributions of equity, net of transaction costs	2,315	–	–	–
On issue at the end of the financial year	1,542,884	1,540,569	264,214	2,642,106

On 6 November 2020 the Group announced completion of the one for 10 share consolidation which was approved by shareholders at the AGM on 30 October 2020.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

16. Contributed Equity and Reserves (continued)

Ordinary shares in Southern Cross Media Group Limited

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

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

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

On 6 April 2020 the Group launched a fully underwritten \$169 million equity raising. The equity raising was undertaken through the issue of new fully paid ordinary shares via a fully underwritten:

- placement to institutional and sophisticated investors to raise approximately \$47 million; and
- entitlement offer of approximately \$121 million at a ratio of 1.75 new shares for every 1 existing fully paid ordinary shares held by eligible shareholders on the record date.

The entitlement offer consisted of an accelerated institutional component of approximately \$102 million and a retail component of approximately \$19 million.

The offer price for the placement and the entitlement offer was \$0.09 per share.

New shares issued under the equity raising rank equally with existing shares as at their date of issue.

Employee share entitlements

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

Nature and purpose of reserves

a) *Share-based payments reserve*

The share-based payments reserve is used to recognise the fair value of future potential shares to be issued to employees for no consideration in respect of performance rights offered under the Long-term Incentive Plan. During the year no performance rights vested (2020: 694,939) and, allowing for the one for 10 share consolidations, 427,861 (2020: 2,142,305) performance rights have been granted. In the current year \$228,186 has been recognised as an expense (2020: \$716,748 benefit) in the Statement of Comprehensive Income as the fair value of potential shares to be issued.

Because of the impact on the Company's business from the COVID-19 health crisis and the lockdown measures implemented by federal, state and territory governments in response to the crisis, in FY2020 the Board cancelled all outstanding performance rights under the LTI plan, up to and including the rights granted during FY2020.

b) *Hedge reserve*

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

c) *Reverse Acquisition Reserve*

As described in note 1, there is a reverse acquisition reserve of \$77.406 million (2020: \$77.406 million) in connection with the IPO of the Group.

17. Borrowings

a) Total interest bearing liabilities

	Consolidated	
	2021 \$'000	2020 \$'000
Current secured borrowings		
Bank facilities	–	25,000
Total secured current interest bearing liabilities	–	25,000

	Consolidated	
	2021 \$'000	2020 \$'000
Non-current secured borrowings		
Bank facilities	128,000	378,000
Borrowing costs	(775)	(1,297)
Total secured non-current interest bearing liabilities	127,225	376,703
Total current and non-current borrowings	127,225	401,703

For all non-current borrowings, the carrying amount approximates fair value in the balance sheet. Of the \$0.775 million of borrowing costs, \$0.508 million (2020: \$0.521 million) will unwind during the year ending 30 June 2022.

b) Interest expense

	Consolidated	
	2021 \$'000	2020 \$'000
Interest expense and other borrowing costs		
External banks	9,199	13,350
Termination of swaps	1,177	–
AASB 15 – Revenue from customers with contracts interest expense	5,429	5,521
AASB 16 – Lease interest expense	6,874	6,953
Amortisation of borrowing costs	522	2,064
Total interest expense and other borrowing costs	23,201	27,888

c) Bank facilities and assets pledged as security

The \$250 million debt facilities (2020: \$460 million) of the Banking Group are secured by a fixed and floating charge over the assets and undertakings of the Banking Group and its wholly owned subsidiaries and also by a mortgage over shares in Southern Cross Austereo Pty Ltd. The facility matures on 8 January 2023 and has an average variable interest rate of 1.28% (2020: 1.69%). The facility is denominated in Australian dollars.

There are certain financial and non-financial covenants which are required to be met by subsidiaries in the Group. One of these covenants is an undertaking that the subsidiary is in compliance with the requirements of the facility before any amount may be distributed to the benefit of the ultimate parent entity, Southern Cross Media Group Limited. There is a prohibition on paying dividends whilst the enhanced covenant headroom provided by the lending group remains in place. Covenant testing dates fall at 30 June and 31 December each year until the facility maturity date. The final covenant testing date with a leverage covenant at 4.5 times was 30 June 2021. At 30 June 2021, the Group complied with all the covenants.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

17. Borrowings (continued)

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

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

	Consolidated	
	2021 \$'000	2020 \$'000
Current assets		
<i>Floating charge</i>		
Cash and cash equivalents	75,311	271,378
Receivables	95,577	94,528
Total current assets pledged as security	170,888	365,906
Non-current assets		
<i>Floating charge</i>		
Receivables	12,974	410
Investments accounted for using the equity method	4,271	4,125
Property, plant and equipment	87,199	96,853
Intangible assets	947,903	948,047
Total non-current assets pledged as security	1,052,347	1,049,435
Total assets pledged as security	1,223,235	1,415,341

Recognition and Measurement

Borrowings

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

Borrowing costs

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

18. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (the Group's main exposure to market risk is interest rate risk), liquidity risk and cash flow interest rate risk. Under normal circumstances there is a relatively low level of credit risk on receivables that is managed by careful business practices, however following the adverse economic impact of the COVID-19 pandemic on the Group's customers this remains a heightened risk (refer to note 12). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures.

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

a) Interest rate risk

Nature of interest rate risk

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

Interest rate risk management

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

Exposure and sensitivity to interest rate risk

External borrowings of the Group currently bear an average variable interest rate of 1.29% (2020: 1.69%). In 2017 the Group entered into \$200 million of interest rate swap contracts under which it is obliged to receive interest at variable rates and pay interest at fixed rates starting in January 2018 at an average fixed rate of 2.43%. These interest rate swap contracts expired in January 2021. In 2018 the Group entered into \$100 million of interest rate swap contracts under which it is obliged to receive interest at variable rates and pay interest at fixed rates starting in January 2018 at an average fixed rate of 2.25%. On 8 April 2021, the Group terminated \$72 million of these swaps at a cost of \$1.178 million. The remaining \$28 million interest rate swap contracts will expire in January 2022. In 2020 the Group entered into \$100 million of interest rate swap contracts under which it is obliged to receive interest at variable rates and pay interest at fixed rates starting in January 2021 at an average fixed rate of 1.04%. These interest rate swap contracts will expire in January 2023.

Details on how the Group accounts for the interest rate swap contracts as cash flow hedges is disclosed in note 28.

Derivative financial instruments

	Consolidated	
	2021 \$'000	2020 \$'000
Interest rate swap contracts – current liability	319	2,353
Interest rate swap contracts – non-current liability	1,262	4,629
Total derivative financial instruments	1,581	6,982

Swaps currently in place cover 100% (2020 – approximately 74%) of the variable loan principal outstanding. The fixed interest rates of the swaps range between 1.0% and 2.3% (2020 – 1.0% and 2.4%) and the variable rates on the loans are 1.20% (2020 – 1.55%) above the 3 months bank bill rate, which at the end of the reporting period was 0.1% (2020 – 0.2%).

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

18. Financial Risk Management (continued)

a) Interest rate risk (continued)

Effects of hedge accounting on the financial position and performance

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

	Consolidated	
	2021 \$'000	2020 \$'000
Carrying amount (liability)	1,581	6,982
Notional	128,000	400,000
Maturity date		
2021	–	200,000
2022	28,000	100,000
2023	100,000	100,000
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 July	(311)	(4,103)
Change in value of hedged item used to determine hedge effectiveness	311	4,103
Weighted average hedged rate for the year	2.09%	2.37%

Hedging reserve

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

	Hedge Reserve for Interest rate swaps \$'000
Opening balance 1 July 2019	(5,269)
Add: Change in fair value of hedging instrument recognised in OCI for the year	(4,102)
Less: reclassified from OCI to profit or loss	4,649
Less: Deferred tax	(164)
Closing balance 30 June 2020	(4,886)
Add: Change in fair value of hedging instrument recognised in OCI for the year	(311)
Less: reclassified from OCI to profit or loss	5,713
Less: Deferred tax	(1,621)
Closing balance 30 June 2021	(1,105)

18. Financial Risk Management (continued)

a) Interest rate risk (continued)

Interest rate swap contracts

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

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

In assessing interest rate risk, management has assumed a +/- 25 basis points movement (2020: +/- 25 basis points) in the relevant interest rates at 30 June 2020 for financial assets and liabilities denominated in Australian Dollars ('AUD'). The following table illustrates the impact on profit or loss with no impact directly on equity for the Group.

Consolidated AUD exposures	Carrying Value \$'000	Impact on post-tax profits Increase/(decrease) +/- 25 basis points		Impact on reserves Increase/(decrease) +/- 25 basis points	
		\$'000	\$'000	\$'000	\$'000
2021		+25	-25	+25	-25
Cash at bank	75,420	132	(132)	-	-
Interest rate swaps	(1,581)	201	(201)	414	(416)
Borrowings	(128,000)	(224)	224	-	-
2020		+25	-25	+25	-25
Cash at bank	271,431	475	(475)	-	-
Interest rate swaps	(6,982)	525	(525)	1,022	(1,036)
Borrowings	(403,000)	(705)	705	-	-

b) Liquidity risk

Nature of liquidity risk

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

Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group and Company have a liquidity management policy which manages liquidity risk by monitoring the stability of funding, surplus cash or near cash assets, anticipated cash in and outflows and exposure to connected parties. Following the adverse economic impact of the COVID-19 pandemic on its operations, in FY2020 the Group raised \$168.6 million in an equity raising and agreed an amendment to the Group's debt facility with the banking syndicate to increase the maximum leverage ratio covenant to ensure compliance with the banking covenants and maintain liquidity requirements (refer note 14), as part of a range of actions to help strengthen its financial position. In FY2021 the Group's financial position improved further, with net debt reducing by 60.0% on 2020 to finish the year at \$52.6 million and the Group's key leverage ratio improved to 0.43 times, down from 1.24 times in June 2020.

Exposure and sensitivity

Financing arrangements

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

Consolidated As at 30 June 2021	Bank facilities \$'000	Working capital facility \$'000	Total facilities \$'000
Line of credit value	250,000	7,000	257,000
Used at balance date	(128,000)	(6,088)	(134,088)
Unused at balance date	122,000	912	122,912
Consolidated As at 30 June 2020	Bank facilities \$'000	Working capital facility \$'000	Total facilities \$'000
Line of credit value	460,000	7,000	467,000
Used at balance date	(403,000)	(6,031)	(409,031)
Unused at balance date	57,000	969	57,969

The \$250 million debt facility for the Group matures on 8 January 2023. The Group's bank facilities are denominated in Australian dollars as at 30 June 2021 and 30 June 2020.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

18. Financial Risk Management (continued)

b) Liquidity risk (continued)

Undiscounted future cash flows

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

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

Consolidated As at 30 June 2020	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-5 years \$'000	Greater than 5 years \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
Borrowings – Principal	25,000	–	378,000	–	–	403,000	401,703
Interest cash flows ¹	11,858	8,730	4,006	–	–	24,594	N/A
Derivative financial instruments ²	3,336	3,552	1,526	–	–	8,414	6,982
Payables ³	39,011	–	–	–	–	39,011	34,263
Lease liabilities	13,351	14,464	14,826	28,097	121,804	192,542	132,951
Total	92,556	26,746	398,358	28,097	121,804	667,561	575,899

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

2 The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The fair value of interest rate swaps are calculated as the present value of the estimated future cash flows and are included in level 2 under derivative financial instruments. The total fair value of derivatives used for hedging is \$1.581 million (2020: \$6.982 million).

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

Group Structure

19. Non-Current Assets – Investments

a) Investments accounted for using the Equity Method

	Consolidated	
	2021 \$'000	2020 \$'000
Carrying amount at the beginning of the financial year	4,945	9,015
Share of profit after income tax	706	637
Acquisition of associates and joint ventures	–	600
Dividends	(560)	(1,080)
Impairment of associates and joint ventures	–	(4,227)
Total Investments accounted for using the Equity Method	5,091	4,945

b) Financial assets at fair value through profit or loss

	Consolidated	
	2021 \$'000	2020 \$'000
Carrying amount at the beginning of the financial year	378	–
Acquisition of unlisted equity securities	500	2,286
Impairment of unlisted equity securities	–	(1,908)
Total Financial assets at fair value through profit or loss	878	378
Total Investments	5,969	5,323

The Group invests in a small number of entities that operate in adjacent sectors and which have products or technologies that the Group views as complementary to its own strategy. These entities are small businesses usually with high growth but in the early stages of their life-cycle. The economic impacts of the COVID-19 pandemic have the potential to adversely impact the ability of these businesses to continue to grow and to access further capital as required. This led to the Group's assessment that their recoverable amounts were less than their carrying values, which resulted in impairments in FY2020. Due to the improving economic situation no further impairments were considered appropriate in FY2021.

20. Subsidiaries

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

Name of entity	Country of incorporation	Class of shares/units	Effective ownership interest 2021	Effective ownership interest 2020
SCM No 1 Limited (SCM1)	Australia	Ordinary	100%	100%
Southern Cross Media Australia Holdings Pty Limited (SCMAHL)	Australia	Ordinary	100%	100%
Southern Cross Media Group Investments Pty Ltd (SCMGI)	Australia	Ordinary	100%	100%
Southern Cross Austereo Pty Limited (SCAPL) and controlled entities	Australia	Ordinary	100%	100%

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

Recognition and Measurement

Subsidiaries

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

21. Parent Entity Financial Information

a) Summary financial information

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

	Southern Cross Media Group Limited	
	2021 \$'000	2020 \$'000
Statement of Financial Position		
Current assets	3,218	5,165
Non-current assets	806,137	1,150,504
Total assets	809,355	1,155,669
Current liabilities	7,520	935
Total liabilities	7,520	935
Net assets	801,835	1,154,734
Issued capital	1,445,295	1,442,981
Reserves	4,665	4,436
Accumulated losses – 2014 reserve	(96,805)	(96,805)
Accumulated losses – 2015 H2 reserve	(323,833)	(323,833)
Retained profits – 2016 reserve	4,996	4,996
Retained profits – 2017 reserve	2,534	2,534
Retained profits – 2018 reserve	1,943	1,943
Retained profits – 2019 reserve	63,428	63,428
Retained profits – 2020 reserve	55,054	55,054
Accumulated losses – 2021 reserve	(355,442)	–
Total equity	801,835	1,154,734
Profit/(Loss) for the year	(355,442)	55,297
Total comprehensive income	(355,442)	55,297

During the year, the parent entity recorded an impairment of \$345.0 million due to a reduction in the recoverable amount of the investment in a subsidiary determined using fair value less costs of disposal.

21. Parent Entity Financial Information (continued)

b) Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees in respect of bank overdrafts and loans of subsidiaries as at 30 June 2021 (2020: nil). The parent entity has not given any unsecured guarantees at 30 June 2021 (2020: nil).

c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2021 (30 June 2020: nil).

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

As at 30 June 2021, the parent entity had no contractual commitments (30 June 2020: nil).

Recognition and Measurement

Parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements except:

i) Investments in subsidiaries, associates and joint venture entities

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

ii) Tax consolidation legislation

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

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

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

22. Business Combinations

Acquisition of Redwave Media in FY2020

On 18 October 2019, the Group announced it would acquire 100% of the Western Australian regional radio business of Seven West Media Group Limited (Redwave Media) to expand its Audio business, for a total cost of \$28.3 million payable in cash. Control on the Redwave Media acquisition passed on 31 December 2019.

The Group estimates that if the acquisition had arisen on 1 July 2019, the Group's revenues and profit after tax in FY2020 would have been \$4.8 million and \$1.1 million greater respectively.

On 1 May 2020, the Group sold the Bunbury Broadcasting licence it acquired through the acquisition of Redwave Media for its fair value of \$3.2 million. The licence was required to be divested under an undertaking to the Australian Communication and Media Authority.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

Other Notes to the Financial Statements

23. Share-Based Payments

The Company operates a long-term incentive plan for Executive KMP and certain senior executives. The share-based payment expense for the year ended 30 June 2021 was \$228,186 (2020: \$716,748 benefit).

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

Number of performance rights	2021	2020
Balance at beginning of the year	–	5,793,896
Granted during the year	4,278,492	2,142,305
One for 10 share consolidation	(3,850,631)	–
Exercised during the year	–	–
Forfeited during the year	–	(1,349,550)
Cancelled during the year	–	(6,586,651)
Balance at end of year	427,861	–
Vested and exercisable at end of the year	–	694,939

Recognition and Measurement

Share-based compensation benefits are provided to employees via certain Employee Agreements. Information relating to these Agreements is set out in the Remuneration Report. The fair value of entitlements granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised as an expense over the period during which the employees become unconditionally entitled to the shares.

Because of the impact on the Company's business from the COVID-19 health crisis and the lockdown measures implemented by federal, state and territory governments in response to the crisis, in FY2020 the Board cancelled all outstanding performance rights under the LTI plan, including those issued during FY2020. In cancelling the FY2018, FY2019 and FY2020 LTI plans, potential future forfeitures were included in determining the amount that should be recognised immediately.

The fair value of the performance rights issued during FY2021 was determined using a Monte Carlo Simulation model for the Absolute Total Shareholder Return performance rights, with the following inputs:

Grant date	25 September 2020
Grant date share price	\$0.15
Fair value at grant date	\$0.064
Exercise price	Nil
Dividend yield	3.115%
Risk free interest rate	0.31%
Expected volatility	61.647%

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

24. Remuneration of Auditors

	Consolidated	
	2021 \$	2020 \$
a) Audit and other assurance services		
PricewaterhouseCoopers Australian firm:		
Statutory audit and review of financial reports	734,155	738,780
Other assurance services	10,000	47,422
Regulatory returns	27,455	26,925
Total remuneration for audit and other assurance services	771,610	813,127
b) Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax services	–	–
Total remuneration for taxation services	–	–
c) Other services		
PricewaterhouseCoopers Australian firm:		
Debt advisory	15,000	137,700
Other	58,100	–
Total remuneration for other services	73,100	137,700
Total	844,710	950,827

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

25. Related Party Disclosures

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

a) KMP

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

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

	Consolidated	
	2021	2020
	\$	\$
Short-term employee benefits	6,348,915	4,528,110
Post-employment benefits	207,441	221,992
Other long-term benefits	91,614	64,141
Termination payments	–	44,301
Share-based payments	159,468	(867,253)
	6,807,438	3,991,291

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

The number of ordinary shares in the Company held during the financial year by KMP of the Company and Group, including their personally related parties, are set out in the Remuneration Report in the Directors' Report. There were no loans made to or other transactions with KMP during the year (2020: nil).

b) Subsidiaries and Associates

Ownership interests in subsidiaries are set out in note 20. Details of interests in associates and distributions received from associates are disclosed in note 19. Details of loans due from associates are disclosed in note 12.

26. Leases and Other Commitments

	Consolidated	
	2021 \$'000	2020 \$'000
Capital commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	467	272
	467	272

Leases

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

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

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

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

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

As with all property leases in its portfolio, the Group assumes that extension options in leases will be exercised and therefore included in the calculations for the lease liability and ROU asset. During the year a decision was made to relocate one of our Metropolitan offices, hence the option on the current property lease was not exercised. This led to a \$16.0 million reduction in lease liability, \$15.2 million reduction in ROU assets and a gain of \$0.8 million. A further 11 property leases were renegotiated during the year resulting in net lease liability and ROU remeasurements of \$0.4 million and gain on lease disposal of \$0.4 million.

On the 5 May 2021 the Group signed a lease for a new office. Although the Group has entered into a new lease, under AASB 16 *Leases* the lease liability and consequent ROU asset are not recognised until the tenant has access to the building for the purposes of fit-out. As this was not the case on 30 June 2021, the lease has not been accounted for in the Statement of Financial Position. The total commitment under this lease including future option periods totals \$43 million.

a) Amounts Recognised in the Consolidated Statement of Comprehensive Income

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

	2021 \$'000	2020 \$'000
Depreciation charge of right-of-use assets		
Premises	9,924	10,443
Transmission sites	–	1,237
IT equipment	1,471	1,700
Vehicles	217	289
	11,612	13,669
Interest expense on lease liabilities	6,874	6,953

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

26. Leases and Other Commitments (continued)

b) Amounts Recognised in the Consolidated Statement of Financial Position

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

Lease liabilities as at 30 June 2021:

	30 June 2021	30 June 2020
	\$'000	\$'000
Lease Liabilities		
Current	9,868	6,370
Non-current	103,101	126,581
Total lease liabilities	112,969	132,951

The associated right-of-use assets as at 30 June 2021 by asset class:

	30 June 2021	30 June 2020
	\$'000	\$'000
Premises	94,673	114,456
Transmission sites	–	1,721
IT Equipment	3,428	5,786
Vehicles	588	905
Total right-of-use assets	98,689	122,868

At 30 June 2021, the total cash outflow for leases was \$13.4 million (2020: \$14.5 million) and additions to the right-of-use asset was \$2.1 million (2020: \$14.2 million), excluding acquisition leases.

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

27. Events Occurring after Balance Date

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

28. Other Accounting Policies

Defined contribution scheme

The Group operates a defined contribution scheme. The defined contribution scheme comprises fixed contributions made by the Group with the Group's legal or constructive obligation being limited to these contributions. Contributions to the defined contribution scheme are recognised as an expense as they become payable. Prepaid contributions are recognised in the Statement of Financial Position as an asset to the extent that a cash refund or a reduction in the future payments is available. The defined contribution plan expense for the year was \$13.5 million (2020: \$14.3 million) and is included in employee expenses.

Derivative financial instruments

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

If the derivative financial instrument meets the hedge accounting requirements, the Group designates the derivatives as either (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedge). The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

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

28. Other Accounting Policies (continued)

Hedge accounting

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

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

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

Derivatives

Hedge ineffectiveness

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

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

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

Hedge ineffectiveness may occur due to:

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

There was no ineffectiveness during 2021 or 2020 in relation to the interest rate swaps.

Cash flow hedge

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

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

Fair value estimation

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

The Group has adopted AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

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

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

New accounting standards and interpretations

The year-end financial statements have been prepared on the basis of accounting policies consistent with those applied in the 30 June 2020 financial statements. The Group adopted certain accounting standards, amendments and interpretations during the financial year, which did not result in changes in accounting policies nor an adjustment to the amounts recognised in the financial statements. They also do not significantly affect the disclosures in the Notes to the financial statements.

Directors' Declaration

The Directors of the Company declare that:

1. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. in the Directors' opinion, the financial statements and notes as set out on pages 53 to 93 are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and the consolidated entity; and
3. the Directors have been given the declarations required by section 295A of the Corporations Act 2001.
4. Note 1(i) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

On behalf of the Directors



Rob Murray
Chairman
Sydney, Australia
18 August 2021



Grant Blackley
Managing Director
Sydney, Australia
18 August 2021

Independent Auditor's Report

to the members of Southern Cross Media Group Limited



Independent auditor's report

To the members of Southern Cross Media Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 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 statement of financial position as at 30 June 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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2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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Independent Auditor's Report

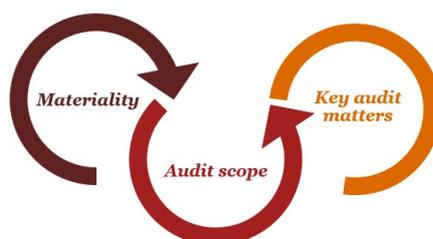
to the members of Southern Cross Media Group Limited



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 \$3.56 million, 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.

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

Impairment assessment for licences, tradenames, brands and goodwill
(Refer to note 10)

The Group continues to have significant indefinite lived intangible assets and goodwill in the Audio cash generating unit (CGU), totalling \$947.9 million as at 30 June 2021.

This was a key audit matter due to the size of the indefinite lived intangible assets and on the basis that the impairment assessment involves judgemental estimates of future profits and cash flows. In addition, as a result of COVID-19 there is increased uncertainty around outcomes which impacts estimates.

As described in note 10, there is still an inherent level of uncertainty around the business recovery period which has increased the level of judgement involved in the impairment assessment, which includes making assumptions about internal and external factors such as industry growth rates, future market share and the forecast financial performance of the Group.

How our audit addressed the key audit matter

In performing our audit work we considered, amongst other things:

- whether the Group’s identification of CGUs remains appropriate
- the market capitalisation of the Group in comparison to the carrying value of its net assets
- the appropriateness of adopting a fair value less costs of disposal methodology for estimating the Audio CGU’s recoverable amount.

To evaluate the fair value less costs of disposal discounted cash flow model (“the model”) prepared for the Group’s Audio CGU impairment assessment, with assistance from PwC valuation experts in aspects of our work, we performed the following procedures, amongst others:

- performed mathematical accuracy checks and assessed the appropriateness of any changes in the model
- assessed the appropriateness of the discount rate incorporated in the model in consideration of the forecasted cash flows
- assessed the appropriateness of the key assumptions within the model compared to observable market information where available, and considered management’s ability to carry out courses of action
- evaluated the Group’s historical ability to forecast future cash flows by comparing forecast cash flows with reported actual performance
- considered whether the model’s allocation of corporate costs between CGUs was appropriate and reflective of actual costs

Independent Auditor's Report

to the members of Southern Cross Media Group Limited



Key audit matter

How our audit addressed the key audit matter

Indefinite lived classification of intangible assets

(Refer to note 9)

As at 30 June 2021, the Group has Audio intangible assets totalling \$937.0 million, including Brands, Tradenames and Radio Broadcasting Licences classified as indefinite lived intangible assets.

This was a key audit matter because determination of whether or not intangible assets are indefinite lived involves significant judgement. The determination has an impact on the financial report as it affects whether amortisation is recorded in the consolidated statement of comprehensive income.

incurred

- assessed the sensitivity of changes in key assumptions incorporated in the model.

We evaluated the reasonableness of the disclosures in note 10 in light of the requirements of Australian Accounting Standards.

In assessing the indefinite useful life of intangible assets, we performed the following procedures, amongst others:

- considered regulatory developments in the year which could change the licence renewal process or use of the brands
- assessed whether there had been any revocation of radio licences by Australian Communications and Media Authority (ACMA) in the year
- considered the forecasted growth of the associated cash flows of the assets
- evaluated the directors' strategic plans for the intended use of the assets
- benchmarked the conclusion made by the directors against a selection of similar assets held by other industry participants in the radio broadcasting market.

We considered the reasonableness of the significant accounting policy disclosed in note 9 with regard to Australian Accounting Standards.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.

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

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

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

Independent Auditor's Report

to the members of Southern Cross Media Group Limited



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 13 to 36 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Southern Cross Media Group Limited for the year ended 30 June 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.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', written over a light blue horizontal line.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Trevor Johnston', written over a light blue horizontal line.

Trevor Johnston
Partner

Melbourne
18 August 2021

Additional Stock Exchange Information

The information below is provided pursuant to ASX Listing Rule 4.10 and was current on 19 August 2021. The Company has only one class of shares, which are fully paid ordinary shares. All holders listed below hold fully paid ordinary shares and each holder has the same voting rights. There are no unlisted securities and there is currently no on-market buy-back.

Twenty largest holders

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

Name	Fully paid ordinary shares	% of issued capital
Citicorp Nominees Pty Limited	65,105,693	24.64
HSBC Custody Nominees (Australia) Limited	61,647,900	23.33
J P Morgan Nominees Australia Limited	41,368,088	15.66
National Nominees Limited	24,958,945	9.45
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	6,160,726	2.33
BNP Paribas Noms Pty Ltd (DRP)	5,202,275	1.97
HSBC Custody Nominees (Australia) Limited (NT Comnwth Super Corp A/c)	2,459,474	0.93
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/c)	1,375,629	0.52
Wearne Webber Capital Pty Limited	1,000,000	0.38
BNP Paribas Nominees Pty Ltd Six SIS Ltd (DRP A/c)	756,208	0.29
Zachary Investments Pty Ltd	750,000	0.28
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd (DRP A/c)	587,786	0.22
John William Harbot	550,000	0.21
Sandhurst Trustees Ltd (SISF A/C)	409,000	0.15
Alexandru Cosmin Farcash	363,673	0.14
Netyard Pty Ltd	356,250	0.13
Official Intelligence Pty Ltd	328,354	0.12
Merrill Lynch (Australia) Nominees Pty Limited	304,425	0.12
Talmal Pty Ltd (Talmal A/c)	300,000	0.11
Netwealth Investments Limited	251,055	0.10
	214,233,481	81.08

Distribution of shareholdings

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

Range	Number of shareholders	Fully paid ordinary shares
1 – 1,000	6,408	2,878,379
1,001 – 5,000	4,270	10,608,804
5,001 – 10,000	1,054	7,783,054
10,001 – 100,000	935	23,431,188
100,001 and over	55	219,512,602
	12,272	264,214,027
Holding less than a marketable parcel	1,586	179,734

Additional Stock Exchange Information

Substantial holders

Substantial holders in the Company (with holdings as notified to the Company most recently before 19 August 2021) are set out below:

Name	Fully paid ordinary shares	% of issued capital
Allan Gray Australia Pty Ltd and its related bodies corporate*		19.36
Ubique Asset Management Pty Limited*		14.40
Investors Mutual Ltd and its related bodies corporate*		6.42
Retail Employees Superannuation Pty Limited*		6.02
Commonwealth Bank of Australia and its related bodies corporate*		5.65
Challenger Limited and its related bodies corporate	13,212,069	5.00
Dimension Fund Advisors LP and related entities*		5.00
		61.85

* The most recent notices given by these holders pre-dated one or both of the Company's equity raising (comprising a placement and entitlements offer) in April 2020 and the one for 10 consolidation of share capital in November 2020. Percentage interests held by these holders shown in the above table are based on the most recent notices given by these holders. It is not meaningful to state the number of shares held by these holders on the date of their most recent notices because of the changes in the Company's capital structure since the date of those notices.

Voluntary escrow

Securities subject to voluntary escrow are set out below:

Type	Date escrow period ends	Fully paid ordinary shares
Voluntary escrow	N/A	—
		—

On-market purchases for employee incentive plans

During the year ended 30 June 2021, the Company purchased the following shares on-market for allocation to employees under the Company's executive incentive plans:

Type	Fully paid ordinary shares	Average price
Short-term incentive plan	—	—
Long-term incentive plan	—	—
	—	—

Corporate Directory

Southern Cross Media Group Limited

ABN 91 116 024 536

Company Secretary

Mr Tony Hudson

Registered office

Level 2, 257 Clarendon Street
South Melbourne VIC 3205

Tel: +61 3 9252 1019

Web: <https://www.southerncrossaustereo.com.au>

Share registry

Computershare Investor Services Pty Limited

Yarra Falls

452 Johnston Street

Abbotsford VIC 3067

Tel: 1300 555 159 (within Australia)

+61 3 9415 4062 (from outside Australia)

Investor Centre:

<https://www-au.computershare.com/investor/>



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