



MARKET ANNOUNCEMENT

AGM addresses by Chairman & CEO

SYDNEY, 17 May 2023 – HT&E Limited [ASX: HT1] provides the attached copies of the addresses to be given by the Chairman and CEO at the Company's 2023 AGM, to be held today from 9am (AEST).

Also being provided in a separate release will be the AGM Presentation & Trading Update.

ENDS

These announcements have been authorised for release by the Board of HT&E Limited.

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Chairman's Address

Good morning ladies and gentlemen and welcome to the Annual General Meeting of HT&E.

On behalf of the Board and in the spirit of reconciliation, I begin today by acknowledging the traditional custodians of Country which we meet on today across Australia - and their continuing connection to land, sea, sky and community.

Today, I am on Gadigal Land, part of the Eora Nation, and I pay my respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

My name is Hamish McLennan and with me in the room are my fellow directors Belinda Rowe, Roger Amos, Paul Connolly, and Alison Cameron.

Also joining us are our CEO and Managing Director, Ciaran Davis, our CFO Andrew Nye, Company Secretary Jeremy Child and Louise King, our auditor from PwC.

I am informed there is a quorum present and accordingly declare the meeting open.

Today's meeting is being held in person and online and while we have all become familiar with such formats, I will however provide instructions for raising questions and voting prior to the formal part of the meeting.

2022 delivered a strong result in what was a year of considerable change. Our core business maintained its market leading position, the integration of our regional acquisition has been transformational, digital investments are beginning to gain traction and we are well down the road to deliver on our goal of being the best audio business in Australia.

Our revenue grew 53% to \$345m and underlying EBITDA was also up 53% to \$92m however towards the 2nd half of 2022, a range of macro-economic factors impacted advertising markets and consequently, media valuations, from which HT&E is not immune.

In accordance with accounting standards, a full impairment review was conducted at the end of 2022, resulting in a non-cash impairment charge of \$250m for the period.

These standards require the Company to consider both internal and external factors such as the market capitalisation of the business at year end relative to underlying assets, interest rates changes, the broader macro-economic environment, and consensus estimates, to reach a conclusion on the recoverability of intangible assets.

The 12 months to December 2022 saw the share price of all media businesses, including HT&E, come under significant pressure despite our business recording a good operational performance, and the fundamentals of the Audio sector remaining strong.

It is important to call out that our views on the future of Audio, including our strategic plans, the benefits we see from the ARN Regional acquisition and long terms forecasts have not changed. We are very confident in the growth trajectory of ARN over the coming years, and the importance of ARN Regional in providing a long term strategic advantage for the Company.

Over the past number of years, through prudent financial management, astute decision making, and good execution of strategic initiatives, HT&E has one of the strongest balance sheets in Australian media today.

In 2022, we exited our long held position in Soprano for \$66m cash - a terrific result for a minority position. We had been looking to secure the right exit for a number of years. Cash consideration was a priority and I am pleased that the transaction was finally completed in March of this year generating a good ROI for shareholders.

We also completely exited Luxury Escapes selling our final shareholding for \$8.8m cash.

Our regional acquisition meant we had to sell one of our stations - 4KQ in Brisbane – securing \$12m on a multiple of 12 times EBIT which is a good outcome for a single station disposal and reinforces the value of radio assets in Australia.

HT&E is strong cash generating business with operating cash flows of \$55 million last year. We have very little debt and access to undrawn credit facilities should they be required.

Since I took over as Chair, I have been committed to sharing the rewards of our efforts with shareholders. It is a responsibility taken very seriously and today, I assure you that this commitment remains as strong as ever.

The Company declared a fully franked dividend of 5 cents per share at the half year and another 5.2 cents in February. We have also uplifted our dividend policy increasing the payout ratio to 65-85% with a commitment to pay at the higher end if net debt is under 0.5 times.

We also executed an accretive on-market buyback of shares. Whilst the payment of franked dividends remains our preferred means of capital management, with our share price where it is, we continue to believe HT&E is undervalued, and at the current valuation, the buyback remains ongoing and we believe in the best interests of shareholders.

This decision underscores our confidence in this business and our firm belief that our shareholders should reap the rewards for their support. We understand the importance of dividends in creating long-term shareholder value, and we remain resolute in our commitment to sustaining high dividend payments well into the future.

However, it is crucial to acknowledge that our commitment to high dividends is not at the expense of strategic investments and long-term growth opportunities. We are mindful of the need to allocate resources prudently, capitalizing on emerging trends, and embracing innovation. Our aim is to strike the right balance between rewarding our shareholders and fuelling the sustained growth of our business and we remain open and proactive in assessing value accretive opportunities that are in the best interest of shareholders.

Against this backdrop, I believe the company is exceptionally well positioned to deliver organic growth in its core activities while at the same time, a clear pathway to strategically invest in future audio opportunities is being pursued.

ARN has a track record as the leading radio broadcaster in the country with continued number 1 ratings performances in many key markets. Our strategy to recruit and retain the best on and off air talent continues to pay off and our focus is to increasingly leverage our investment in talent and content across all our distribution channels.

Secondly, connecting with communities via broadcasting live and local content is at the core of what we do. It's what sets us apart from all other media in Australia, and we are committed to maintaining this uniqueness.

Once we completed the acquisition of what we now call ARN Regional, we wasted no time getting to grips with the content and commercial strategy, and unique offering these stations play at the heart of regional Australia.

I'm pleased to say that the acquisition and merging of our metropolitan and regionals business units has progressed very well over the past 12 months and is ahead of schedule delivering increased audiences, delivering national revenue synergies and continuing to grow local revenues.

Thirdly, we are investing strategically to realise new opportunities in the increasing trends towards digital audio consumption – particularly in the area of podcasting and live listening to radio in digital formats. ARN's digital audio revenue growth accelerated to 28% in H2 2022 and while \$15m represents less than 5% of total revenues, the strong demand for live and on demand audio in digital formats is generating new interest from our commercial partners who have an appetite to reach audiences with specialised data and targeting.

We are confident the investments we are making in content, distribution and commercialisation will see digital audio contribute meaningful revenues and earnings in the years to come.

With ever increasing ways to consume radio content on mobile phones, smart speakers and desktop computers, our industry body, Commercial Radio & Audio, has been working on developing enhanced radio listenership methodologies to capture this digital audience that is due for release this year.

Ciaran will talk later on these developments but it is pleasing to see the industry pull together and work towards finding pathways to compete against global platforms.

This industry body is also working hard on others matters important to our industry. We all know that commercial radio listenership in cars is significant - 78% of Australians listen to the radio in the car and 31% of all listening takes place in cars. Increasing numbers of these cars have connected entertainment systems.

Radio must be afforded prominence in connected cars and smart speakers and ARN is working with our partners at Commercial Radio Australia, to advocate for Government action in this area. Without this prominence, Australian local communities will lose access to local news, community announcements and emergency event information, as well as news and entertainment.

Radio stations should be easily discoverable by users on car entertainment systems and smart speakers and car entertainment and smart speaker platform operators must be prohibited from restricting access to Australian radio

To finish, HT&E remains confident about the prospects and positioning of its core radio business, the delivery of the business case developed acquiring ARN Regional, and the emerging opportunities in digital audio.

We have developed market leading brands, invested in talent to deliver audiences, trained our sales people to deliver world class audio solutions and are developing digital trading platforms targeting new sources of digital revenue.

Before handing over to Ciaran, can I finish on a note of gratitude.

Today, we are saying goodbye to Roger Amos who retires as director after 5 years on the HT&E Board.

Roger joined us in 2018 and we have benefited enormously from his wisdom and many years of board experience. He has been the chair of our Audit and Risk committee and played a pivotal role in the settling of HT&E's long running tax dispute with the ATO. This is Roger's last Board and we wish him well on the golf course and thank him for his enormous contribution to our business.

We are currently undertaking a search for Roger's replacement and will inform shareholders when the appropriate person has been selected.

I would also like to take this opportunity to express my gratitude to the rest of the board members and thank them for the support. We have the right mix of skills and I look forward to working with you as we navigate the opportunities and market conditions we see today.

To our people, thank you for your commitment and dedication. We operate a creative, collaborative, and high energy business and we are very grateful for the crucial role you continue to play in our success.

Finally, thanks to you, our shareholders. This Board and management team remain aligned and determined to achieve the best possible returns for you and we look forward to your continued support.

I will now ask Ciaran Davis, our CEO and Managing Director, to make his remarks.

Thank you.

CEO's Address

Good morning everyone.

This morning I am going to take you through our 2022 financial and operational highlights.

I will also take the opportunity to share with you the transition we are making into a digital audio entertainment business. One with radio at the core while also embracing the innovations and opportunities new technologies and changing media consumption habits are providing.

Finally, I will outline our current trading environment and outlook.

As the Chairman has highlighted, it was a solid year's performance delivered against the backdrop of global and inflationary concerns which did impact H2 advertising sentiment but highlighted the alluring and resilient nature of Radio's relevance.

Revenue post acquisition was \$345m with EBITDA up 53% to \$92m and EBIT \$71.6m.

NPAT grew over 57% to \$45m with EPS rising to 14.6 cents per share.

In radio we delivered record listenership and now broadcast to over 8m nationally nearly a third of Australia and we produced another #1 metropolitan network share performance.

In contrast to other conventional media outlets, ARN is attracting and expanding audiences not only through the realm of radio broadcasting but also via cutting-edge digital platforms and new innovative formats and brands.

Our podcast audience saw growth of 54% and we are encouraged that this new audience is not coming at the expense of radio but proving highly complimentary.

Digital audio is now mass media.

SMI figures show that the digital audio market was the fastest-growing digital market related to traditional content, up 30% in December 2022.

While PwC's Entertainment and Media Outlook found that digital audio revenue including streaming is forecast to reach A\$3.7 billion by 2026.

We've made considerable progress growing new digital audiences and revenue opportunities and we expect our digital audio operations to be earnings positive on or before the end of 2024.

We launched CADA creating a national multi-platform youth media brand. Gross reach has grown to over 3 million and we are pleased that audio is growing part of this audience's daily media consumption.

The focus in 2023 is to accelerate the migration of the CADA audience to more digital audio listening formats.

We are really encouraged after only 1 year of ownership of our regional business. It is a fantastic network of stations and we are lucky to be working with a team of people in the regions who are so committed to their listeners and community.

Local revenues grew 7% from a very strong year in 2021 and we delivered to our business acquisition case of \$7m in national revenue synergies.

A huge amount of work is ongoing in the finalisation of all the systems integration which we expect to have completed ahead of schedule by the end of Q3 this year rolling out a single inventory and finance system across the whole business as well as providing our clients with a single invoice making it easier to work with us across metro and regional markets.

On Slide 7 we show the statutory result for the year.

Group revenues were up \$120m yoy, accelerated by the acquisition of our regional network.

Total costs increased by over \$91m, or 9% on a pro forma basis, reflecting our first-year investment in new youth platform, CADA and on-going investment in new digital audio formats, content and commercialisation.

This investment impacted underlying Group EBITDA, back 4% on a pro forma basis although up 53% on 2021's restated numbers.

Better market conditions delivered improved revenues & earnings for Cody Outdoor up 9% following the completion of the HK Tramways contract in May.

Earnings were up 31% on a like contract basis and with the Hong Kong economy continuing to recover post Covid the business is cash flow positive and actively investigating tender opportunities for new contracts as they arise.

We had an exceptionally strong balance sheet as of 31 December with net debt of \$61m.

This leverage has further improved following receipt of Soprano proceeds of \$66m in March of this year and now stands at less than <0.5 times.

We are employing a low capital intensive investment model for our digital growth programme and taking full advantage of our long term technological partnership with the global platform – iHeartRadio.

There is also good tenure and undrawn limits remaining on Group financing facility.

Which means overall our balance sheet strength which we believe is one of the strongest in Australian media provides confidence as we invest in digital audio platforms and proactively consider value accretive opportunities that are in the best interest of shareholders.

Opportunities will present themselves.

The world of audio and audio entertainment has never been more exciting and we are at a point where advancements in technology such as AI, increased accessibility, and changing consumer preferences are all contributing to how audiences engage with radio and newer forms of digital audio content.

As more people embrace podcasts, streaming services, and voice-activated devices, the demand for high-quality audio content will continue to grow. This presents exciting opportunities for content creators, advertisers, and businesses to tap into the expanding audio market and engage with a highly receptive audience.

At ARN we are building a vision that aims to provide the most complete audio experience for listeners, and the most comprehensive audio solutions for advertisers.

Our approach to value creation is centred on 5 key pillars –

- To continue generating strong returns from core broadcast radio
- Invest in new digital audio formats
- Distribute content as widely as possible
- Build an integrated audio business
- And to embrace digital transformation and AI innovation where our focus is on harnessing the power of automation, artificial intelligence, and data-driven insights to enhance our operations, drive efficiency, and deliver exceptional experiences to our listeners and advertisers.

Our core radio business has been the foundation of our success for many years. With a loyal listener base and established relationships with advertisers, we are well-positioned to leverage our strengths to continue generating strong returns.

2022 was our most successful ratings year ever and while strong ratings are not the only determinant in winning revenue share they are a key ingredient.

We continue to invest in the best on and off air talent and that investment is paying off with record high listeners approaching 6 million per week in metro and 8m nationally.

We were the #1 radio network 25-54 and 10+.

KIIS 1065 was Sydney's #1 FM Station, #1 FM Breakfast, and #1 FM Drive.

Kyle & Jackie O continue to go from strength to strength achieving their highest ever share and reach in 2022.

WSFM recorded its highest reach with Jonesy & Amanda the #2 breakfast show in the city.

Gold 104.3 was Melbourne's #1 FM station, #1 FM Breakfast, #1 FM Drive with the station achieving its highest share since 2019 and its highest reach ever.

Christian O'Connell is doing a terrific job and has been the #1 breakfast show in the market for 23 surveys.

And the launch of CADA created a youth brand that helped grow overall radio listening audiences at the younger end by +21%.

Tight cost control in radio saw margins improve to 33% and with cap ex in radio being traditionally low, the business generates strong cash flow.

Ratings momentum has continued into 2023 but obviously with the current uncertainty impacting advertising sentiment I think it is useful to highlight the role of radio in the challenging cycle we are seeing at moment.

Firstly, lets acknowledge the enduring power broadcast radio. Despite the proliferation of digital media, radio still has a strong presence in people's daily routines, providing them with a sense of connection, companionship, and discovery.

And Radio has consistently proven to be an efficient and effective in challenging times.

It's role among large advertisers and ad agencies is well understood with radio spend remaining consistently within 7-8% range of total ad spend despite the growth of new forms of digital and social advertising over the past decade.

Radio is a highly accessible medium, reaching millions of people across diverse demographics. Moreover, with various radio brands catering to specific interests, preferences, and geographic areas, businesses can effectively target their desired audience without wasteful expenditures.

It offers a highly affordable advertising solutions. Production costs for radio ads are lower than those for television or static outdoor, making it a viable option for companies operating on tighter budgets. Additionally, radio allows for easy adaptation and modification of advertisements, enabling businesses to respond quickly to changing market conditions and customer needs without incurring significant expenses.

Radio's flexibility and immediacy are crucial advantages that make it more efficient. Lead times for production are short with real-time updates and adjustments to ad campaigns. This agility enables our clients to respond swiftly to market dynamics or short term trading offers.

In a fake news world, building trust and maintaining customer engagement are paramount. Radio, as a longstanding medium, continues to earn the trust and loyalty of listeners. 56% now rank audio talent as the most authentic voices in their community – well ahead of tv, news websites, outdoor billboards and social media. Moreover, the intimate nature of audio listening fosters a strong connection with the audience, facilitating emotional engagement and creating lasting brand associations.

And finally, we saw during covid the strength of communities rallying together to support local businesses. With about 70% of our regional revenues generated from smaller, direct clients, radio plays a significant role in fostering this sense of community and encouraging local support. Businesses tap into these ties and engage in local-driven initiatives, further enhancing their impact and influence.

Our company is well-positioned to capitalize on the opportunities that lie ahead in digital audio.

Podcasting is now a mass medium in Australia and has experienced explosive growth and widespread adoption in recent years reaching over 9 million Australians every month.

This trend shows no signs of slowing down. With advancements in technology, easier access to content, and a growing preference for on-demand and personalized experiences, podcasting has become a mainstream form of entertainment and education.

Since we launched the iHeartRadio podcast network we have been the leading publisher for 36 consecutive surveys. And in April of this year we reached 6.6 million combined listeners and 28.5 million monthly downloads.

We have more podcasts that delivers over 1 million monthly downloads than any of our competitors and we 5 of the top 10 podcasts alongside the #1 Catchup podcast, #1 Crime, Relationship, Knowledge, Finance and Health and Wellness genres.

The advertising model is building with brands eager to tap into the engaged and captive audience. As the podcasting industry matures, advancements in data collection and analytics allow for more precise targeting and measurement. This data-driven approach not only enhances the value proposition for advertisers but also maximizes revenue generation by delivering the right message to the right audience at the right time.

The advent of live streaming has opened up a new dimension of engagement for radio businesses extending the reach of our broadcasts beyond traditional airwaves.

With the rise of social media and digital platforms, live streaming provides an interactive and real-time experience that allows us to connect with our listeners in unprecedented ways. It fosters a sense of community, enables immediate feedback, and opens doors for collaborations and partnerships between content creators and brands.

I referred earlier to PwC's forecasted growth in live streaming and I'm delighted to say that the Radio industry has done a huge amount of collective work to help grow Radio's addressable audience.

After many years of exploration and planning, CRA will soon launch Radio 360 ... a new measurement system that will add the streaming logs of the millions of devices listening to live radio to the existing survey data of 60,000 people.

It will give radio planners and buyers improved insights through more granularity of data and better planning tools across the traditional signal of AM/FM, DAB+ and now radio streaming.

Further, it future proofs the audience measurement system, enabling ingestion of new data sources, such as podcast listening data.

It brings great optimism for the future of audio planning across channels and devices.

And will be embraced by advertisers seeking more accountability and addressability.

Over the past 3 years, ARN has seen 78% growth in live streaming audiences and now has over 10m hours consumed a month. While material revenue growth from live streaming is not expected in the short term, we believe the introduction of this addressable data for radio is hugely positive step forward for the industry and will add another layer of digital capability to our revenue model.

We see the distribution of our content across as many platforms as possible as essential for our success.

Expanding the availability of our content results in increased accessibility and greater opportunities for advertising and partnerships. Diversifying our revenue streams through broad content availability ensures we are not overly reliant on any single platform and making our business more resilient and capable of sustainable growth.

Media has the power to shape culture and influence society. Through diverse platforms and distribution channels, we can reach communities and demographics that might otherwise be overlooked. This enables us to tell stories, share perspectives, and inspire conversations that reflect the richness and diversity of our

society. And by embracing wide availability, we contribute to the collective fabric of our culture and cement our position as a live and local media company that values inclusivity and social impact.

We appreciate we don't have the right to exclusively control or own our audience's ego system so making our content available as widely as possible is a really important differentiating factor for us. Today, our content is available on over 200 connected devices and growing.

Ladies and gentlemen, I believe we are in a strong position as we set about building an integrated audio business that not only generates strong returns from our core radio But is also embracing new digital audio opportunities.

The integration of broadcast radio, podcasting, and live streaming is not only a natural progression but also a strategic move for our radio business. By embracing these platforms and recognizing the synergies between them, we position ourselves at the forefront of the evolving digital audio market. We can cater to the changing preferences of our listeners, forge new partnerships, and create innovative revenue streams. This integration allows us to navigate the future with confidence, as we continue to provide compelling and engaging audio content to our audiences across multiple platforms.

We call it the ARN Audiosphere where this convergence creates synergies across content creation, distribution and importantly our sales efforts.

By combining their skills and knowledge, we are building a sales team that can leverage the strengths of each platform and who are capable of delivering comprehensive solutions, maximizing efficiencies, and forging strong client relationships.

Our goal is to achieve digital audio profitability by the end of 2024 and I am very confident we are well and truly on our way to doing that. We are committed to a disciplined approach that prioritizes this profitability and our strategy involves carefully assessing the ROI of each initiative and optimizing the cost structure.

This confidence stems from the data that shows audience expansion in radio, podcasts and live streaming has doubled the potential advertising market size for ARN in just 2 years.

In 2020, ARN was a metropolitan-based radio business.

Today thanks to our regional acquisition and our investments in digital audio, we are connecting audiences and brands in a market that is worth \$1.4bn.

The future of digital audio holds immense potential for growth, innovation, and cultural impact. Our company is very well placed to shape the audio landscape in Australia and that is why you are voting today to change our name from HT&E to ARN Media.

Since selling Adshel for \$570m in 2018, we have set about delivering a market leading radio business and building a digitally-centred audio and entertainment business.

In that time, we extended key talent contracts and our partnership with iHeartMedia.

We launched the leading podcast network.

In 2021, we settled a long running tax dispute and acquired 46 stations from Grant Broadcasters.

Today, I outlined for you our vision to embrace the world of audio and audio entertainment and leverage advancements in technology to drive shareholder value.

And I believe this name change reflects the ambitions we have building the most successful audio entertainment business in Australia.

Trading Update

ARN has had a strong start to the ratings year with continued growth in key 25-54 year old audiences across the first 2 surveys.

Radio revenues ⁽¹⁾ to the end of April finished back -5%.

Excluding the impact of government spend in the prior year radio revenues would be back -2% yoy.

Regional markets are proving defensive in the current environment, with local regional revenues (comprising ~70% of total regional revenues) to the end of April finishing flat yoy.

Against a strong election spend comparison in May 2022, radio revenues ⁽¹⁾ for the month of May are pacing back -10% yoy.

Excluding the impact of Federal government election spend in the prior year, revenues would have been in line.

In a shortening market, June bookings continue to build, and radio revenues ⁽¹⁾ are pacing low single digit back yoy.

Digital audio revenues to the end of June are pacing +20% yoy.

In light of current trading, we have initiated temporary cost measures to limit total people and operating costs to near flat yoy for 2023 (February guidance +4%).

Cody Outdoor has had a strong start to the year with revenues ⁽²⁾ for the first half expected to finish up over 25% yoy.

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(1) Comprising Metro and Regional radio businesses on a pro forma basis

(2) Adjusted for the removal of HK Tramways contract (Q122 revenues A\$2.3m)