



ASX RELEASE

7 March 2024

Response to Indicative Proposal from ARN Media and Anchorage Capital Partners

On 18 October 2023, Southern Cross Media Group Limited (ASX: SXL) (**SCA**) received an unsolicited non-binding, conditional, indicative offer from ARN Media Limited (ASX: A1N) (**ARN**) and Anchorage Capital Partners Pty Limited (**ACP**) (together, the **Consortium**) to acquire 100% of the fully diluted share capital in SCA for 0.753 shares in a reconstituted company following re-allocation of SCA and ARN assets (**ARN Newco**) and 29.6 cents cash per share by way of a recommended scheme of arrangement (**Indicative Proposal**).

The SCA Board acknowledges the strategic merit for SCA shareholders of combining complementary and high-performing radio and digital assets of SCA and ARN in ARN Newco and reducing exposure to regional television on appropriate terms. The Board and management have therefore constructively engaged with the Consortium and its advisers in evaluating the Indicative Proposal.

SCA has now had the opportunity to evaluate additional materials regarding the expected earnings profile of the ARN Newco shares to be offered to SCA shareholders. The Consortium has provided these materials since SCA's ASX announcement on 1 March 2024.

Based on these additional materials and the parties' mutual due diligence work to date, it has become apparent that there have been fundamental changes to the economics of the Indicative Proposal, including an increase in the leverage and reduction in the earnings base of ARN Newco, from that indicated by the Consortium in its original proposal. These changes have significantly reduced the value of the Indicative Proposal to SCA shareholders.

Based on the information provided by the Consortium, the SCA Board has concluded that the current terms of the Indicative Proposal undervalue SCA and, as a result, the Indicative Proposal is not in the best interests of SCA shareholders.

Despite the Board's assessment of the current terms of the Indicative Proposal, SCA remains willing to consider any revised proposal which SCA assesses as being consistent with the Consortium's original proposal and in the best interests of all SCA shareholders.

SCA Chair Rob Murray said:

"Our Board acknowledges the strategic merit underlying the Consortium's proposal but considers that the current terms of the proposal undervalue SCA. We are open to considering proposals from the Consortium or other parties that would deliver fair value and be in the best interests of all our shareholders.

"In the meantime, we remain focused on continuing to optimise the audio ecosystem we have created across broadcast radio and digital audio. This is central to our strategy and our value proposition, and we are committed to converting our audience leading positions into sustainable growth and returns to our shareholders."

Approved for release by the SCA Board of directors.

For further information, please contact:

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About Southern Cross Austereo

Southern Cross Austereo (SCA) is one of Australia's leading media companies and the home of LiSTNR, the Hit and Triple M networks and regional television stations, reaching more than 95% of the Australian population. The LiSTNR digital audio app hosts a library of free and compelling digital audio content available anytime, anywhere. It houses SCA's 99 FM, AM, and DAB+ radio stations, including AFL, NRL and international cricket coverage, 27 music genre stations, and over 800 podcasts from leading Australian and global creators, plus local news and information. With more than one million signed-in users, LiSTNR has something to entertain, inform, and inspire all Australians and helps advertisers to connect with highly engaged and addressable audiences. The LiSTNR digital audio sales network reaches an estimated 8 million people each month. SCA owns 99 radio stations across FM, AM, and DAB+ under the Triple M and Hit network brands and provides national sales representation for 56 regional radio stations, with 6.131 million listeners across the Hit and Triple M networks. SCA broadcasts 96 free to air TV signals across regional Australia and represents or has a joint venture with 39 TV stations, reaching 3.6 million people a week. SCA broadcasts Network 10 programs in regional Queensland, southern NSW, and Victoria and provides national advertising sales representation for Network 10 programming in all Australian states and territories. SCA also broadcasts and provides sales representation for Seven Network programming in Tasmania, Darwin, and Remote Central and Eastern Australia and for Seven and Nine Network programming in Spencer Gulf and Broken Hill. SCA also features Sky News Regional in regional Queensland, southern NSW, and Victoria and sales representation in northern NSW, Griffith, and Mount Gambier. SCA provides Australian sales representation for global open audio platform SoundCloud and Sonos Radio. www.southerncrossaustereo.com.au.