MARKET ANNOUNCEMENT

AGM addresses by Chairman & CEO

SYDNEY, 14 May 2024 – ARN Media Limited [ASX: A1N] 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*.

As noted previously, the AGM will be conducted in person and online, with the online link being: https://meetings.linkgroup.com/A1N24

Details on how to attend and participate in the AGM online and the Notice of Meeting are available at: https://investors.arn.com.au/shareholder-services/annual-meeting

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These announcements have been authorised for release by the Board of ARN Media Limited.

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ARN Media Annual General Meeting: Tuesday 14 May 2024

Chairman's Address

Good morning ladies and gentlemen and welcome to the Annual General Meeting of ARN Media.

On behalf of the Board, I begin by acknowledging the traditional custodians of the land on which we meet today across Australia. I pay my respect to elders past, present and emerging, and extend that respect to all Aboriginal and Torres Strait Islander people.

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

Also joining is CEO and Managing Director, Ciaran Davis, CFO Andrew Nye, Company Secretary Jeremy Child, and our auditor from PwC, Eliza Penny.

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

2023 has been a challenging year for Australian media, in tough economic conditions.

ARN Media delivered a competitive operational performance against a backdrop of reduced consumer spend, a slowing economy and a reduction in government advertising spend, which impacted revenues.

Last year, the Company's name changed to ARN Media, reflecting our ambition to build the most valuable audio entertainment business in Australia.

To do this, our focus has been strengthening the business from the core, while building foundations to create more value for our shareholders now and into the future.

In June 2023, ARN acquired a 14.8% stake in Southern Cross Media. This investment positioned ARN to form a Consortium with Anchorage Capital Partners, and make a non-binding indicative proposal in October to acquire SCA through a scheme of arrangement.

We strongly believe this acquisition would create Australia's most valuable audio led entertainment business, anchored by the KIIS and Triple M brands, the best talent, and combining ARN and SCA's digital audio assets. It presents a unique opportunity to unlock immediate and long-term value.

Under the proposed transaction, SCA shareholders would have received ARN shares and cash, plus the potential benefit of franking credits.

It represented an attractive 29% premium to the SCA share price of 73 cents in October, and a 46% premium including franking credits.

In March, the Consortium indicated that it was willing to increase the offer by up to 10 cents per SCA share, subject to the satisfactory completion of due diligence.

Anchorage and its advisers completed an extensive review of SCA's Regional TV business.

In light of the continued decline in the trading performance of Regional TV, the deteriorating outlook for Regional TV, and the existing long-term contractual obligation of SCA for outsourced TV broadcast transmission, Anchorage informed us on Saturday that they were no longer prepared to acquire Regional TV.

As a result, the Consortium has withdrawn its proposal. ARN thanks Anchorage for its engagement as a Consortium partner and recognises the considerable investment they made over the last seven months.

It is important to note, the Consortium's work into radio operations, outlook and the digital audio business was progressing well, with both parties comfortable that diligence in this area was nearing satisfactory completion.

Notwithstanding Anchorage's decision, ARN still considers the proposal represented a unique opportunity to unlock value creation.

As announced to the ASX yesterday, ARN intends to engage with SCA on a revised proposal to preserve this compelling opportunity for ARN and SCA shareholders.

Under this revised proposal, ARN would acquire the same radio assets, and assume 100% ownership of the combined digital audio assets of ARN and SCA.

SCA shareholders would receive up to 0.870 ARN shares for each SCA share. They would also retain their shareholding in SCA, or in a newly listed demerged entity, that would hold the radio and television assets previously expected to be acquired by Anchorage.

ARN is also willing to work with SCA to explore any alternative proposals it may receive that provide greater value or cash certainty for SCA shareholders. This includes any alternative proposals from a third party acquiring New SCA's Radio or Regional TV assets, on a combined or separated basis.

ARN remains committed to delivering an attractive and certain outcome to SCA shareholders. ARN is prepared to work with SCA to review the ARN and SCA transaction perimeters to optimise the outcome for both sets of shareholders.

Obviously, we will keep the market informed in the event of any material developments.

I firmly believe ARN is the most well-run audio business in Australia demonstrated by our continued success in delivering leading audiences and further growing our audience base by 4% last year.

Key to ARN's leadership position is our investment in the best on-air talent in Australia, with critical long term contract extensions of key network talent finalised during the year.

In November, we announced that we had significantly extended the contracts of our two top rating Breakfast shows in Sydney and Melbourne.

KIIS 1065's Kyle and Jackie O were secured until 31 December 2034, another ten years on top of their existing contract.

GOLD 104.3's Christian O'Connell has been secured until 31 December 2029, another five years on top of his existing contract.

The contracts are aligned to ARN's objectives, to incentivise and reward superior performance and we are confident they will deliver increased returns over the period.

We maintain strong capital management, as demonstrated by our exit from Soprano which allowed us to fund our investment in SCA.

Our balance sheet is strong and the Group's financing facilities have stable tenure and sufficient undrawn limits remaining.

The Company declared a fully franked dividend of 3.5 cents at the half year and another 3.6 cents in February. The Board remains committed to maintaining strong dividends for shareholders thanks to the high cash generating nature of the business.

At the last AGM, Roger Amos retired from the ARN Media board, and Brent Cubis was then appointed in his place. Brent has made a strong addition to the Board, bringing over 30 years of experience across a broad range of industries, including media. Brent was also appointed Chair of the Audit and Risk Committee.

Our Board has the right mix of skills to navigate the opportunities and market conditions we see today, and I thank them for their dedication and contribution.

Looking ahead, ARN Media faces the ongoing challenge of uncertain advertising markets. Despite this, we are well placed to tackle the year ahead.

We are focused on progressing the proposal with SCA, and while market restructuring has been talked about for a long time, the fact remains that today's regulatory environment is not reflective of the market in which Australian media operates and urgently needs government action.

Finally, I would like to thank our people, clients, and shareholders for supporting us. We have bold ambitions and without the ongoing support of these people, we would not be able to achieve them.

Hamish McLennan
Chairman

ARN Media Annual General Meeting: Tuesday 14 May 2024

CEO's Address

Thank you Hamish and good morning everyone

As the Chairman has said, 2023 advertising markets continued to face on-going challenges

On a statutory basis, Group revenues $334 million decreased 1% compared with prior period … with second half trading slightly improving on the first … but there is no doubt the business was impacted by reduced advertising sentiment by clients.

Tight cost control restricted Group costs before significant items to $270 million … in line with guidance .. and an increase of 2% compared to the prior year.

Underlying Group EBITDA was $71 million owing to the revenue and cost changes outlined, and lower share of associate income following the successful divestment of the Group's interest in Soprano in March 2023.

A statutory loss of $9.8 million was impacted by a non-cash impairment charge against intangible asset balances of $103 million taken in the second half of the year.

Our net debt is currently at $75m … slightly elevated due to the timing of some payments … particularly in relation to our move to North Sydney office … and we expect this to moderate to 1 times in 2024.

It is important to highlight that, despite the on-going corporate activity with SCA, strong performance has continued in our day-to-day operations

Firstly, a reminder that the radio market is stable and underpinned by population and audience growth.

This is because of the engagement they have with our personalities, the localism and connection we have with our communities, and the fact that we make it easy for them to consume our content across as many platforms as possible – free of charge

We are also continuing to see incremental audience growth in digital audio streaming and podcasting.

In 2023, we recorded our best ratings results … and our highest ever metro cumulative audience … reaching over 6.2 million people a week

ARN continued to lead in the key markets with #1FM stations in Sydney and Melbourne led by exceptional breakfast performances from Kyle & Jackie O and Christian O'Connell.

Regionally, we scaled our audiences by a further 2m and this year, we have seen great survey results already from Ballarat and in the Gold Coast where Hot Tomato had its best result ever.

Podcast listening has now reached mass appeal and we had our highest annual audience average to date

The appetite to stream live radio on digital platforms continues to grow … we saw an 11% streaming increase to over 115 million hours of content last year and work is on-going to monetise this inventory.

You will have seen the trading update we released yesterday, with YTD April revenues up 1% driven by digital audio revenues up 40% on prior period

We maintain a tight discipline on cost control and are on track to deliver the $6.5m permanent cost-out programme we committed to in February

It remains a very short market, but our sales teams are aggressively pursuing every last dollar and we are trading smartly from a yield perspective.

We are also in a position to capitalise on the hard work we did towards the end of last year to deliver organic growth in 4 keys areas –

- The profitable monetisation of the Hong Kong Trams contract win

- The commercial opportunity that launching Kyle & Jackie O in Melbourne presents

- Delivering the regional revenue synergies

- And continued execution to growth digital audio revenues

Following a period of contract rationalisation and business contraction, we are very pleased that in December, Cody finalised an agreement, through a competitive tender process, to operate as the advertising partner for Hong Kong Tram.

For those familiar with HK Island, you would be well aware of the iconic trams that circulate the densely populated key business and residential districts.

This long-term contract is a major milestone in re-establishing Cody as a key player in the HK market, building market share and business valuation.

It is a significant contract, expected to generate annualised revenues of over $30m Australian dollars.

Kyle & Jackie O launched in Melbourne on April 29th on KIIS 101.1 and is off to a fantastic start

Melbourne … at $220 million in 2023 … is a more valuable radio advertising market than Sydney and combined represent over 62% of the metro radio market

Historically …. KIIS 101.1 hasn't performed as well as KIIS 1065 in Sydney from an audience perspective … which Sydney having double the audience … and a breakfast show ranking of 1 v 6

This naturally impacts commercial share and our modelling suggests a significant advertising share growth opportunity over time with audience and ranking improvement

A lot of preparation has gone into the launch … supported by a large marketing campaign that has just been rolled out … and we are confident in its success based on the some of the early proof points we already have …

- Streaming KIIS 1011 is up 63%
- K&J Podcast listeners in Victoria is up 48%
- We've seen a 95% growth in unique users to our websites

And of course, we were delighted that Chemist Warehouse came onboard as the show sponsors in Melbourne – extending their association with Kyle & Jackie O

ARN is a major force in regional media … with 47 regional stations across Australia

Two years on from acquiring the regional radio network, I am pleased that this acquisition is now complete and fully integrated with singular inventory … revenue … and finance systems.

Local revenues … which account for about 70% of overall regional revenues … continue to perform exceptionally well and despite market conditions … has increased revenue by $4 million since we acquired the business … highlighting the resilience of regional markets.

Our goal to deliver revenue synergies of up to $20m a year within 3 years of acquisition has been impacted by reduced national agency budgets and considerably lower government spend

However, as the chart illustrates … excluding the impact of reduced government spend … we have delivered approximately $8 million annual incremental revenues after two years.

People, processes and systems are in place to deliver on the remaining national revenue synergy opportunity of between $10-$15m

In 2024 the focus has been on driving national agency revenues and I am pleased to say that Q1 24 national agency revenues were +17% of prior year and ahead of budget agency share

Digital audio advertising revenue now represents a meaningful and fast-growing component of total digital advertising in Australia, recording revenues of close to $78M and growing at 38% in the final quarter of 2023.

While slow to initially gain traction with advertisers, digital audio revenue growth is being fuelled through increased listening and evolving advertiser buying behaviours.

At the start of last year, we undertook a series of actions following a review of our complete digital audio offering that has delivered consistent revenue and share growth since May 2023, and this trajectory is continuing into the first quarter of 2024.

Pleasingly our digital losses in the second half of 2023 reduced by 31% to $3.6m and we are on track to achieve a breakeven run rate, both EBITDA and cashflow in early Q4 of this year.

Finally, an important distinguishing factor under our long-term partnership with iHeartmedia is the low-capex nature of our digital business model which means that we will be cashflow breakeven when we are EBITDA breakeven…..

We are delighted by the low cost benefits our long term partnership iHeart delivers

Our view is that the large on-going cap ex development work required to compete with global platforms does not align with our approach to capital management

iHeart spends about $30m a year on cap ex and have built a world-class digital audio ecosystem with a complete suite of audio distribution and advertising technologies.

From live radio, to on demand music and podcasting, we super serve the listening experience with one of Australia's largest & diverse catalogues of digital audio content across 100s of platforms.

We facilitate advertising to travel with our content wherever people listen to them, being Apple, Amazon, Spotify or iHeart app.

That broad distribution means we reach audiences in every way they want to listen – and so can our clients.

Over the years, we have developed a suite of data-driven audience segments using millions of 1st party and 3rd party data points such as listening behaviours and consumer movements. Leveraging the data and our advanced targeting capabilities, we connect brands to their most valuable audiences with precision and scale. Using our listener data insights, we align our trusted personalities with the most valuable audience targets and deliver rich listening experiences via our Dynamic creative technologies. From Brand Lift to Attribution and Sales Lift, we can measure campaign performance, optimise delivery, and share insights with our media clients.

The iHeart platform is the global standard for best practice, we benefit from the full access to its integrated ecosystem including Content, Distribution, Marketing, Advertising & Measurement technologies and for less than $1m annual licence fee, we are thrilled to have the exclusive license to this advanced platform in our market for another 12 years.

Because it means we can focus our investments on creating great content, growing our digital audiences, and working with clients such as this recent campaign we did for Ampol to deliver innovative solutions and longer term client partnerships ….

Before closing, I would like to expand on the indicative proposal outlined by the Chairman earlier and one we are submitting to SCA

ARN would become a focused metro radio network with 10 quality stations across 5 capital cities, anchored by the KIIS and Triple M brands in each location

It will have a significantly larger, growing and profitable regional radio footprint connected with local communities and benefiting from ARN learnings from the successful acquisition of stations from Grant Broadcasting

Revenues would be $440m+ with EBITDA of $105m+ excluding the opportunity for accelerated growth via 100% ownership in scaled digital audio business that is expected to contribute meaningfully to profit and cash flow in the near term

NewSCA would own a national network of 44 radio stations, comprised of 5 HIT branded and 3 Gold branded metro stations and 36 regional markets and 96 regional television signals.

It would be ASX listed with an independent board and management, and is expected to have approximately $350m of FY24F revenue and $40m of combined FY24F radio and television EBITDA on a stand alone basis before adjusting for expected margin expansion from identified material cost efficiency initiatives.

NewSCA would operate with a conservative capital structure of approximate 1x.

NewSCA would enter into a long term content supply agreement with the ARN-owned digital audio platform unlocking a new revenue stream and enabling both parties to benefit from combined scale and efficiency of investment in digital audio

In addition, it will have full optionality to participate in expected future media market restructuring of radio and TV assets, in whole or on a separated basis

ARN continues to considers the acquisition of certain SCA radio assets and the combination of ARN and SCA digital audio assets as a unique and actionable opportunity

This highly strategic proposal proactively positions both businesses for the future as the Australian media sector evolves

The commercial rationale is well understood

It aims to unlock both immediate and long term value creation for both sets of shareholders

And after many months of diligence, the transaction is actionable now and able to be undertaken efficiently without undue execution risk

To reiterate, ARN remains committed to delivering an attractive and certain outcome to SCA shareholders at the earliest possible date and we are prepared to work with

SCA to review the ARN and New SCA transaction perimeters optimising the strategic and value outcome for both sets of shareholders

Ladies and gentlemen, thank you for your time this morning.

I will leave you with a reminder of our trading update and also thank you all for your support.

The market is tough but our revenues to the end of April were ahead of last year, we are maintaining tight cost control across our whole business and are on track to deliver the cost out programme identified.

We are working hard to realise the organic growth opportunities in our core business and we are actively working on strategic plans to create value for our shareholders across what we believe will be a consolidating sector

I would thank our valued clients, all of our team members across the country, and I look forward to working with all of you in the year ahead.

Ciaran Davis
CEO & Managing Director

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