



Withdrawal of Consortium's proposal

Southern Cross Media Group Limited (ASX: SXL) (**SCA**) notes the announcement from ARN Media Limited (ASX: A1N) (**ARN**) that the consortium comprising ARN and Anchorage Capital Partners Pty Limited (**ACP**) (**Consortium**) has withdrawn its proposal to acquire SCA.

SCA was only informed by ARN of its intention to withdraw its proposal on Saturday, 11 May 2024.

At considerable expense, SCA has engaged with the Consortium's proposal for nearly seven months, during which time the Consortium has reconfirmed its proposal to SCA at least five times, most recently just seven business days ago. SCA is disappointed that the Consortium has now withdrawn its proposal.

SCA notes that ARN refers in its announcement to an intention to engage with SCA on an alternative indicative proposal involving SCA shareholders retaining the assets that would have been acquired by ACP under the Consortium's proposal through a newly listed demerged entity, while transferring SCA's digital audio assets to ARN. ACP would not be involved in ARN's alternative proposal.

SCA will evaluate any formal proposal provided by ARN. However, SCA notes the following.

- The potential for SCA shareholders to receive cash consideration (with the potential to benefit from a franked dividend) and reduce their exposure to regional television were key benefits of the previous proposal which would not be achieved by ARN's alternative proposal.
- Under ARN's alternative proposal, SCA shareholders would be left holding an interest in two competing media businesses, one of which would have a market capitalisation of ~\$100 million¹, and as such potentially be sub-scale and less liquid compared to their existing investment in SCA.
- ARN's alternative proposal would reduce SCA shareholders' exposure to digital audio from 100% in SCA today, to ~36%².
- SCA highlighted to the Consortium the significant structural, technical, and other separation complexities - with resulting execution risk - that would be involved in delivering the Consortium's original proposal. As of last week, several of these key issues remained unresolved by the Consortium. The complexity of the alternative proposal is materially greater given the additional need to demerge to SCA shareholders and list a new entity on ASX with the consequential regulatory and governance implications of this.

¹ Based on the indicative assumptions outlined by ARN, being PF FY24 EBITDA of \$40m (pre-AASB16), 1.0x net debt / PF FY24 EBITDA and an illustrative 3.5x EV / PF FY24 EBITDA trading multiple.

² Reflecting the transfer of 100% of SCA's digital audio assets to ARN under the alternative proposal and based on SCA's implied ownership in ARN assuming an 0.87 exchange ratio.

SCA continues to see strong momentum in its LiSTNR digital audio business, which is now generating positive EBITDA. In assessing any alternative proposal, SCA will expect the value to SCA shareholders to be optimised by maintaining appropriate exposure to the ongoing growth in digital audio.

SCA recommends shareholders take no action in relation to ARN's proposed alternative proposal and will continue to update shareholders as required by its continuous disclosure obligations.

SCA Chair Heith Mackay-Cruise said:

"Over the past seven months, SCA's management team and advisers have worked diligently and collaboratively with the Consortium to evaluate the Consortium's proposal and to enable the Consortium to substantially complete its due diligence. This has required considerable cost and management effort by SCA. It is frustrating that the Consortium has now withdrawn its proposal in circumstances where any potential material concerns should have been identified much earlier in the process.

"I wish to acknowledge that the SCA management team has supported the due diligence process without losing focus on daily business activities. Broadcast advertising markets continue to be challenging, but SCA has grown its share of metro radio and digital audio markets during this year. In addition, our LiSTNR digital audio ecosystem delivered positive EBITDA for the first time in April and is on target to do so for the June quarter.

"We remain open to considering proposals that would deliver fair value and be in the best interests of all SCA shareholders."

Approved for release by the Board of Directors.

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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