

Southern Cross Media Group Ltd

Glass Lewis Proxy Talk Presentation

5 November 2025

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Background

- Entities managed by Sandon Capital own approximately 11.3% of Southern Cross Media Group Ltd (SCA)
- Since 2023 SCA has pursued an “*All about Audio*” strategy – we consider this a good strategy
 - We had sought a more aggressive focus on cost reduction at SCA
- This strategy delivered results in FY25 with improved earnings and strong free cash flows leading to significant net debt reduction and the reinstatement of the dividend.
- The 2025 Annual Report waxed lyrical about this strategy. For example:
 - “SCA is now in the final stages of transformation from a traditional media company to a digitally focused technology driven Audio company. Our challenge and our opportunity is now to create the future of Australian Audio”
 - “A media company performs best when there is certainty as to the operating cost base and momentum with top line revenues. The operational leverage opportunity from a cash flow earnings upswing is immediate and significant, providing opportunities to both reduce debt and most importantly return improved dividends to shareholders”
- Everything changed on 29 September 2025

Timeline

November 2024	Sandon Capital begins buying SCA shares
February 2025	“SCA is all about Audio” – John Kelly in 1HFY25 results announcement
March – April 2025	Sandon Capital holds private discussions with SCA, including proposing board changes <ul style="list-style-type: none">• It is clear, in our opinion, the incumbent directors and management did not favour such changes
May 2025	SCA Announces sale of remaining TV assets to Seven West Media Ltd (SWM) <ul style="list-style-type: none">• SCA rejects Sandon Capital proposed board changes• SCA announces resumption of dividends• Sandon Capital lodges notices to remove directors• Sandon Capital makes application to vary Takeovers Panel orders
July 2025	Completes sale of TV assets to SWM
August 2025	SCA announces 2025 results <p>“SCA is now in the final stages of transformation from a traditional media company to a digitally focused technology driven Audio company. Our challenge and our opportunity is now to create the future of Australian Audio” – John Kelly, CEO’s Report 2025 Annual Report</p>
22 September 2025	Sandon Capital meets with SCA Chair Heith Mackay-Cruise to propose the SCA Directors put forward a change to the Constitution to limit equity issuance (Proposed Amendment)
29 September 2025	SCA announces a scheme of arrangement to acquire SWM (Proposed Transaction)
October 2025	Sandon Capital submits 249D Notice to propose changes to SCA Constitution

“All about Audio” is a good strategy

- “For the future, SCA is all about Audio. This includes broadcast and livestreamed radio and on-demand podcasts”
 - John Kelly, CEO Report 2023 Annual Report
- This was reinforced by the CEO in his 2024 Annual General Meeting (**AGM**) address
 - “We can now clearly and confidently say SCA is All About Audio. It is our focus. It is our strength. It is our purpose. With this sharpened All About Audio approach, we can deliver more for our listeners, more for our business partners and advertisers, and in turn, more for our shareholders...As Heith mentioned, we are in active negotiations with several parties with a view to *disposing of our television assets, consistent with our All About Audio focus*”
- This strategy started to deliver results in FY25 with improved earnings and strong free cash flows leading to significant net debt reduction and the reinstatement of the dividend. This was recognised in the CEO’s Report in the FY25 SCA Annual Report
 - “SCA is now in the final stages of transformation from a traditional media company to a digitally focused technology driven Audio company. Our challenge and our opportunity is now to create the future of Australian Audio”
 - “A media company performs best when there is certainty as to the operating cost base and momentum with top line revenues. The operational leverage opportunity from a cash flow earnings upswing is immediate and significant, providing opportunities to both reduce debt and most importantly return improved dividends to shareholders”

Back to the Future

- On 1 July 2025, SCA completed the sale of its remaining TV assets – to SWM
- Since 2023, SCA has extolled the virtues of its “All about Audio” strategy
- Until 29 September 2025, when it announced plans to acquire SWM – company that owns the types of assets SCA had previously eschewed – print and television

Heith Mackay-Cruise in the 2025 Annual Report:

During FY25, SCA successfully divested its regional television assets to Network Ten (completed March 2025) and Seven West Media (completed June 2025) concluding the strategic divestment of non-core assets.

John Kelly, SCA CEO in an interview on 25 August 2025:

We’ve worked very hard on, first, becoming an audio company and selling the TV assets¹

Heith Mackay-Cruise explaining why SCA rejected the ACM proposal in 2023:

... the acquisition by SCA of regional print and digital assets which is not consistent with SCA’s strategy.

“All About Audio” is a key driver of SCA’s strategy, differentiation and growth pathway. SCA’s operating strategies and investments are focused on building Australia’s leading audio company to deliver compelling returns for our investors.²

Sources:

1. <https://radioinfo.com.au/news/fully-focused-on-being-a-best-in-class-audio-company-john-kelly-on-scas-2025-results/>
2. SCA ASX announcement 15 November 2024

Your Directors consider SCA is undervalued

- Below is an extract from the 2025 Annual Report, where the Directors cite Material Risks and their Mitigation Strategies:

Risk	Mitigation Strategies
Corporate activity that does not represent fair value to shareholders	<p>Investment markets undervalue SCA's business, especially as it transitions from its legacy broadcast operations to high growth digital audio operations.</p> <p>Despite the improvement in performance of the Company, in the opinion of the Directors, SCA's share price does not reflect the underlying value of the Company.</p>

- They specifically cited “*Corporate activity that does not reflect fair value to shareholders*” as a risk
 - In our opinion, the Directors have made this risk a reality
- They go further by opining that the “*share price does not reflect the underlying value of the Company*”
 - Closing market price as at date of Annual Report was \$0.855 per SCA share
- So why are they handing control of the Board to SWM and issuing “undervalued” shares of SCA as consideration?

The SCA independent expert report

- SCA Directors commissioned an independent expert report to opine on whether the transaction is in the best interest of SCA shareholders
- Since SCA shareholders are not being offered the opportunity to vote on the proposed transaction, we contend this report is only for the Directors' benefit
- We question whether this is an appropriate use of SCA's funds
- The IER values SCA at between \$0.75 and \$0.90
- The independent expert has not addressed the SCA Directors' opinion that SCA are undervalued with their support of the Proposed Transaction

Precis of Listing Rules

- The introduction to the ASX Listing Rules (LR) states:
 - *“Listing Rules are not intended to applied in a mechanistic or legalistic way. They are to be interpreted:*
 - *In accordance with their spirit, intention and purpose;*
 - *By looking beyond form to substance, and;*
 - *In a way that best promotes the principles on which they are based”*
- Generally, LR7.1 requires shareholder approval for issues exceeding 15% of capital
- Exception 6 to LR 7.1 allows the issue of more than 15% of issued capital under a takeover bid or merger by way of scheme of arrangement under Part 5.1 of the Corporations Act. Exception 6 is not available for “reverse takeovers”
- ASX has defined a reverse takeover narrowly. A takeover bid or merger by way of scheme of arrangement that involves the issue of 100% or more of the acquirer’s issued capital at the time the transaction is announced is considered a reverse takeover
- LR11 relates to Significant Transactions. Under LR 11.1.2, ASX may require an entity obtain shareholder approval if an entity proposes to make a significant change to the nature or scale of its activities

Transaction Summary – *a triumph of form over substance*

- SCA has proposed to acquire SWM via a scheme of arrangement (**Scheme**)
- Only SWM Shareholder approval is being sought
- SCA proposes to issue 99.6% of its existing shares to SWM Shareholders
- SCA directors will hand board and management control to SWM – for nil premium

SCA Current Board

Heith Mackay-Cruise (Chair)
John Kelly (MD & CEO)
Marina Go
Ido Leffler

SWM Current Board

Kerry Stokes AC (Chair)
Jeffrey Howard (MD & CEO)
Teresa Dyson
Ryan Stokes
Michael Malone
Colette Garnsey
Michael Ziegelaar

SCA Proposed Post Merger Board

Kerry Stokes AC (Chair)
Jeffrey Howard (MD & CEO)
Teresa Dyson
Ryan Stokes
Michael Malone
Heith Mackay-Cruise
Marina Go
Ido Leffler

A clear majority for SWM

Transaction Summary – *a triumph of form over substance*

- ASX will not help SCA shareholders
- ASX has granted all waivers sought by SCA
- ASX has declined to intervene and require an SCA shareholder vote under the LRs
- Entities associated with Mr Kerry Stokes AC will control more than 20% of SCA
- SWM shareholders will own at least 57% of the merged entity (by virtue of common shareholders, prior to the Proposed Transaction)

SCA Shareholders – *it's complicated*

- SCA shareholders may have competing interests
- ARN Media Ltd (14.80%) is a competitor and has previously sought to acquire SCA¹
- Australian Community Media, an entity owned by interests associated with Mr Alex Waislitz and Mr Anthony Catalano, sought to merge its regional publications and digital assets with SCA^{2, 3}
- Fund manager Spheria owns stakes in both SCA (13.88%) and SWM (9.80%)

Name	% Issued Capital
19 Cashews Pty Ltd	14.98%
ARN Media Limited	14.80%
Spheria Asset Management Pty Ltd	13.88%
Sandon Capital Pty Ltd	11.30%
Sub total	54.96%
Other Shareholders	45.04%

Source: SCA ASX Releases current as at 4 November 2025

1. SCA ASX Announcement dated 18 October 2023 - Non-binding Indicative Proposal to acquire SCA
2. SCA ASX announcement dated 10 November 2023
3. SCA Shareholder 19 Cashews Pty Ltd is associated with Messrs Waislitz and Catalano

What happens if Directors are removed?

- We are seeking to remove of each SCA director individually, thus allowing shareholders to decide on each director's position
- If shareholders were to decide to remove ALL non-executive directors, this would send a very clear message to the remaining director about the direction in which the Board has taken SCA. This is shareholders' prerogative.
- SCA Directors have argued against their removal on the basis:
 - If all non-executive directors are removed, John Kelly, as the remaining director, will have to appoint at least two new directors
 - We expect if this situation were to occur, Mr Kelly would have to consult shareholders as to potential replacement directors. We do not consider this to be problematic
- SCA Directors have also cited SCA's share price performance and operational improvements since Sandon Capital first bought shares as reasons to vote against their removal– this is a *non-sequitur*
 - Given the dramatic change in SCA's strategy, we do not see how this is a plausible reason

Amending the constitution

- If approved, the Proposed Amendment will close a LR loophole
- The Proposed Amendment introduces a safeguard that will require SCA to obtain shareholder approval if it proposes to issue more than 25% of its issued capital
- Importantly, the Proposed Amendment does not affect SCA's ability to
 - issue shares up to 25%
 - Conduct pro rata share issues (where all shareholders can participate)
 - Rely on other LR exceptions
- The Proposed Amendment is targeted
 - It is designed to allow SCA Shareholders to vote on issues of share that would materially alter SCA's capital base and shareholder structure
- It is possible ASX may alter the Listing Rules in future to include such a provision; this will be too late for SCA shareholders

How we recommend you vote

RESOLUTIONS RECOMMENDED BY THE BOARD FOR APPROVAL		Board Recommendation	For	Against	Abstain
Item 2	Re-election of Ido Leffler as a Non-executive Director	FOR	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Item 3	Remuneration report	FOR	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Item 4	Grant of performance rights to Chief Executive Officer and Managing Director	FOR	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
RESOLUTIONS NOT SUPPORTED BY THE BOARD		Board Recommendation	For	Against	Abstain
Item 5a	Removal of Heith Mackay-Cruise as Director under Section 203D of the Corporations Act	AGAINST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5b	Removal of Ido Leffler as Director under Section 203D of the Corporations Act	AGAINST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5c	Removal of Marina Go as Director under Section 203D of the Corporations Act	AGAINST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5d	Removal of any other Director appointed as Director between 9 May 2025 and the date of the AGM under Section 203D of the Corporations Act	AGAINST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Shareholder requisitioned Resolution to amend the Constitution of the Company	AGAINST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Conditional resolution - Please note that Item 7 will only be considered at the meeting if the conditions outlined in the Notice of Meeting are satisfied. The Board recommends you vote Against Item 7.

RESOLUTION NOT SUPPORTED BY THE BOARD		Board Recommendation	For	Against	Abstain
Item 7	Conditional Spill Resolution under Section 250V of the Corporations Act 2001	AGAINST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of Items 2, 3 and 4 and against Item 5(a), 5(b), 5(c), 5(d), 6 and 7.

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C O N T A C T

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