

The Manager  
Company Announcements Office  
ASX Limited  
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SYDNEY NSW 2000

**ACQUISITION OF 2CH 1170AM RADIO LICENCE (Sydney)**  
**SENTRACK – PROPOSED ACQUISITION OF RADIO LICENCES (Sydney, Melbourne, Darwin)**  
**PROPOSED SALE OF 1377AM RADIO LICENCE (Melbourne)**  
**FUNDING AND OPERATIONAL UPDATES**

**1. Acquisition of 2CH Radio Licence (Sydney)**

Pacific Star Network Limited (**PNW**) has signed an agreement to acquire all shares in EON 2CH Pty Ltd (**EON**), the owner of all shares in the licensee of the 2CH 1170AM radio broadcasting licence<sup>1</sup> in Sydney, New South Wales (**2CH**). 2CH expands PNW's owned radio platform and audience reach into Sydney, Australia's largest radio advertising market, a key component of our national footprint strategy (Refer to Attached Map).

2CH operates a music broadcast format with a 3.8%<sup>2</sup> audience share. PNW intends to maintain its existing supply agreements. PNW will assess format performance and opportunities as they arise over the medium term.

Craig Hutchison, PNW's Managing Director said "The opportunity to own and run a commercial license in Sydney is rare, and on a station and signal that has built an audience and a following. With our agreement to syndicate Nine Radio content ending, and the savings that stemmed from that, it made sense to plan for the long term as we invest into and expand our footprint into Australia's biggest city."

2CH is expected to deliver an incrementally positive yet immaterial contribution to earnings in the following 12 months. Completion is expected on 1 July 2020.

**2. SENTrack Expansion – Proposed Acquisition of Radio Licences (Sydney, Melbourne, Darwin)**

PNW is in negotiations to acquire the 1539AM Sydney, 1593AM Melbourne and 90.7FM Darwin narrowband radio licences (**Licences**). The Licences would form part of *SENTrack*, Australia's first independent racing, harness and greyhound radio racing service.

*SENTrack* has already launched in Melbourne, Perth, Wollongong, Gosford, Ingham and Atherton, with Brisbane and Gold Coast scheduled for September 2020. *SENTrack* can also be heard via the SEN app.

Completion is proposed for 1 July 2020 and is subject to final agreement on terms. There is no certainty that a transaction will proceed.

**3. Proposed Sale of 1377AM Radio Licence (Melbourne)**

PNW has received a non-binding exclusive proposal from ACE Radio Broadcasters (**ACE**) for the purchase of PNW's 1377AM Melbourne radio broadcasting licence (**1377AM**).

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<sup>1</sup> and related business assets

<sup>2</sup> GFK Radio Ratings, Survey 2 2020, Mon-Sun 5:30am-12midnight, People 10+

The proposed sale consideration is \$4.5 million cash payable on completion inclusive of future commitments. Completion is proposed for 1 July 2020 and documents are expected to be signed next week, however, terms have not been finalised.

## 4. Consideration and Funding

Cash consideration payable for 2CH and Licences excluding GST would be approximately \$11.2 million comprising:

- \$6.6 million upon completion; and
- \$4.6 million over eight quarterly instalments.

PNW will also issue 10,000,000 new PNW shares to EON's shareholders at a deemed issue price of \$0.225 per share upon EON completion, as part of the consideration for EON.

The cash consideration will be paid from PNW's existing cash reserves and available debt facilities.

## 5. Operational Update

Our strong relationships with our governing body sporting code partners positions us to continue to deliver our live-sports based content across our owned stations and partner stations for the remainder of the 2020 AFL, NRL and A-League seasons.

PNW is continuing to review opportunities for operational long-term cost efficiencies. PNW applied for the JobKeeper Allowance in April and has subsequently been approved.

Given COVID-19 impacts, interrupted sports seasons and the consequential actions required to adjust quickly our operating costs, we expect our 2H20 revenue to be down 35% on pcp and our 2H20 earnings to be close to break even.

Looking forward to FY21, with the completion of our strategic footprint of radio licenses, the opening of the economy, return of sport, and the adjustment to our operating costs, we are well placed to grow revenue and earnings in FY21, although the environment remains too uncertain to provide specific guidance at this point in time.

The Board is pleased to have been able to complete the strategic acquisitions required to establish a national network of owned stations, which should underpin medium- long term prospects and future growth in enterprise value, whilst simultaneously adapting operations quickly to the challenging environment faced currently. Refer to Attached Map for illustration of PNW's national network of owned stations.

Final documentation for the additional \$13.5 million of debt funding announced on 1 May 2020 is being amended to allow for completion of EON and the Licences. Funds are expected to be available for drawdown by the end of June, although these are not required to satisfy the cash consideration obligations above.

Authorised by the Board of Pacific Star Network Limited.

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# PNW OWNED NATIONAL COVERAGE

