

Company: Nine Entertainment Company
Title: 2021 Annual General Meeting
Date: 11 November 2021
Time: 10am AEDT

Start of Transcript

Peter Costello: Good morning ladies and gentlemen. As your Chairman it's my pleasure to welcome you to the 2021 Annual General Meeting of Nine Entertainment Company. My name is Peter Costello. I would like to start off today by acknowledging the traditional custodians of country throughout Australia and their connections to land, sea and community. We pay our respects to their Elders past and present, and extend that respect to all First Nations Peoples today. For myself, I am on the land of the Cammeraygal people of the Eora Nation.

As today is 11 November, in the event that the meeting is still underway at 11am, we will pause for one minute's silence to remember those who served our country in all wars and armed conflicts.

This meeting is being held as a virtual meeting. You will be able to watch the meeting in real time, submit questions either online or by phone, and vote on the resolutions at the meeting today online. If we encounter significant technical problems during the meeting we may adjourn the meeting until 3pm this afternoon to ensure all shareholders have an opportunity to participate. We will notify the Australian Stock Exchange if that happens. Before opening the meeting I refer you to the disclaimer here on the screen, and available through our ASX lodgement.

It is now shortly after 10am. I am advised this is a properly constituted meeting as a quorum of at least two shareholders for a General Meeting is present in person or by proxy I declare the 2021 Annual General Meeting open. I propose to take the Notice of Meeting as read. Copies of the Notice of Meeting and a Virtual Meeting Guide were emailed to shareholders in advance of this meeting, and are also available on the Company website and on the ASX announcements platform.

Before we start I will give a short explanation of the online system. At the top of the screen you will see the meeting presenter and the presentation slides. At the bottom of the screen there are three boxes. These allow you to get a voting card, ask a question, and download documents such as the Notice of Meeting.

If you have a question that you would like to ask today there are two ways to do so. You can type questions into the online platform. To do this click, ask a question and follow the prompts. There is a limit of 512 characters for written questions. Questions that are relevant to the business of this meeting will be read aloud to me by the Company's Secretary when we are at that item of business. We may aggregate questions if we receive multiple questions on the same topic.

The second way to ask a question is by phone. The online guide provides the phone number to call, and you need to have obtained a PIN from Link Market Services. Once dialled in press star-one to ask a question. The phone operator will place you in a queue and announce your name when it is your turn to ask a question. Please try to limit your questions to one only for each item of business.

All voting will be by poll, and I declare the poll open now. So you can lodge your vote at any time during the meeting. If you did not cast your vote prior to the meeting, you may cast a live vote using the online platform. Please click on, get a voting card and follow the prompts. Voting on the online platform will close five minutes after the close of the meeting. I will remind you of this at the end of the meeting. You cannot cast a vote over the phone. If you experience any

difficulties using the online platform a helpline number is displayed at the top of the page. Please ring 1-800 990 363. Link Market Services is the returning officer for this meeting.

Now let me introduce you to the people who are with me this morning in Sydney. We have Catherine West, Independent Non-Executive Director, the Chair of the People and Remuneration Committee and a member of the Audit and Risk Committee. Andrew Lancaster, Non-Executive Director. Sam Lewis, Independent Non-Executive Director, Chair of the Audit and Risk Committee, and a member of the People and Remuneration Committee. Nick Falloon, Independent Non-Executive Director and Deputy Chair, and member of the People and Remuneration Committee. Mike Sneesby, our Chief Executive Officer, who will address the meeting a little later. Rachel Launders, our General Counsel and Company Secretary. Finally we have Mickie Rosen, Independent Non-Executive Director, on the line from the United States.

A number of our Company Executives are also present including our Chief Financial Officer, Maria Phillips, and Michael Stephenson, our Chief Sales Officer. Chris George and Simon Hannigan from Ernst & Young, the Company's Auditor, are also available to answer questions regarding the audit at the appropriate time.

Let me come now to the Chairman's address. In financial year '21 Nine staged a remarkable recovery. The outcome, which is a tribute to the effort of our employees, customers and management, produced a good result for our shareholders. The year began in the turbulence of COVID-19 which heavily impacted revenue in our advertising business across television, radio and publishing.

In the wake of a sudden and significant downturn across these businesses Nine kept its head and kept its focus. We continued to work to our long-term objectives to move the Company further into its digital future. As the recovery took hold, our traditional advertising revenues came back, complemented our digital initiatives, giving us strong profitability overall and growth in new businesses. We are now in a better position than we were at the start of the pandemic. The advertising market, which had turned down so sharply in March 2020, rebounded through October, November and December last year and is now settled at, if not above, the trajectory it had pre-COVID-19.

Our core advertising business generates a strong revenue that supports new investment. The revenues are not merely a reflection of the underlying economy, they also reflect the relative strength of the Nine assets. Across the year Nine's Television business, through both Network and 9Now, talkback radio stations and Metro mastheads, attracted the leading audiences in their respective markets. As a result Nine reported strong profit growth for financial year '21, with Group EBITDA up 43% and net profit after tax up 83% on the previous financial year.

All Television and Publishing businesses reported growth and we are immensely proud of their results. We further tilted our business towards the future, with digital earnings growing by 41% and now accounting for 44% of Group EBITDA, and subscription contributing 19% of revenues. In respect of the financial year, Nine announced dividends of \$0.105 per share, up 50% on last year, and consistent with our stated policy of a 60% to 80% payout.

We are excited about our business. We have growing assets in streaming which will be a big part of media's future, and key investments in marketplaces, another area of growth. An opportunity for us, especially when coupled with our unique wholly-owned suite of media assets. Our competitive position continues to improve, driven by our premium content and underpinned by our proprietary platforms.

Last year I warned about the market power of the global digital platforms and the way they were using our creative content without fair recompense for the cost involved in producing it. I am very pleased to now report that during the year we were able to negotiate landmark content deals with Facebook and Google that will secure payment to the Company for use of our original content. This would not have been possible without the government's News Media and Digital Platforms Mandatory Bargaining Code, which was enacted with bipartisan political support, for which we are grateful.

The reaction by Facebook at first to close its usual services to Australia was disproportionate and counterproductive. However when negotiations resumed, although they were tough, they did, we believe, lead to an outcome of mutual interest and in the national interest. We are pleased with the outcome. These agreements are essential to properly recompense the cost of employing creators to produce the work, which will ensure the long-term vibrancy of our Publishing business as we continue to produce quality and challenging journalism.

In March Nine was the subject of a significant cyberattack which as a result took down our corporate and broadcast systems. Sadly these attacks are becoming very common and are a key risk for all businesses these days. The Nine team did a remarkable job at identifying the threat early, limiting the damage, assessing and remediating it.

At the Board and Company level we had identified cyberattack as a major risk, and proactively planned our response well before this event. This helped and enabled us to keep the cost to our business to a minimum. To most of our audiences it was business as usual throughout, with our content effectively airing uninterrupted, while the disruption to our advertisers was remarkably minimal. We have significantly upgraded our defensive systems as a result. Of course we know hostile actors are continually upgrading their offensive systems as well. Nine has made cyber defence a key priority.

After more than five years in the role, in November last year, Hugh Marks announced his intention to stand down as Company Chief Executive Officer. Under Hugh's leadership the Company was transformed. I would like to thank Hugh for his dedication to Nine, and acknowledge the significant success it enjoyed under his management.

The Board established an exhaustive selection process, interviewing candidates both here and overseas, internal and external, which in March concluded in the appointment of Mike Sneesby as Nine's Chief Executive Officer. Mike had established and overseen the growth of our premium streaming service Stan. He commenced as Chief Executive Officer in April 2021. It is a testament to all of our team that the Company didn't miss a beat through this process, and the transition to Mike has been seamless. Mike's digital background and experience in new forms of media will be extremely valuable as we take the Company through its next phase of development.

The demands on the Board were heavy this year, and I thank my fellow Directors for their commitment and focus. In April, Patrick Allaway resigned from the Board to devote more time to his other commitments. I thank him for his service to Nine, and previously to Fairfax. At the same time we appointed Andrew Lancaster to the Board. Andrew's experience in television, including regional television, and his understanding of sales is a valuable addition to your Board. We have a broad diversity of skills and experience across the Directors on the Board, which has been a great support to the Management Team throughout this testing period.

We are in for an exciting stage for the business. Sometimes all of our businesses swing up at the same time, and the last year was a good one in that respect. But outside each operating business we believe we can still harness improvement from the overall Group; maximising advertising yields, utilising our vast data pool, optimising our operating structure. Our longer-term digital targets remain, and we are well on our way to achieving them. Our business is at the forefront of digital disruption, and we are determined to adapt to and benefit from it.

Thank you. I will now invite Mike Sneesby, our Chief Executive Officer, to say a few words.

Mike Sneesby: Good morning and thank you Peter. It's a pleasure to be here today as the Chief Executive of Nine. Let's first look briefly at FY21, where we reported a very pleasing result despite a difficult first quarter. For the year to June, Nine reported Group revenues of \$2.3 billion, up 8% on PCP, and Group EBITDA of \$565 million, up 43% on FY20. Group net profit after tax and pre-specific items was \$261 million for the year, which was up 83% on FY20. As a result our cash flows and balance sheet remained strong, with leverage at 30 June of 0.4-times. We have recently paid a final dividend of \$0.055, for a total FY21 dividend of \$0.105 per share.

All of the key divisions contributed to this growth. Nine reported broadcasting EBITDA of \$333 million, up 69%. This includes the Nine Television Combined business, which is the Nine Network, 9Now, as well as Nine Radio. TV EBITDA of \$251 million was up 82% on FY20, with the Metro free-to-air ad market bouncing back strongly through the first half resulting in total market revenue growth of 11.5% for the year. Nine's free-to-air revenues were more than \$1 billion, representing growth of 10% on PCP and a share of more than 40% in the second half.

These results reflected Nine's strong ratings performance, particularly main channel prime time where more than 70% of our free-to-air ad revenues are generated. Free-to-air costs were 2.5% lower, with the impact of the NRL season returning in full being more than offset by the COVID-19 related and one-off savings due to the delay of the 2021 Australian Open and the government waiver of spectrum charges.

Nine's catch-up and live streaming business 9Now had an exceptional year, growing its revenues by 46% and EBITDA by 48% to \$73 million. 9Now recorded growth in all key metrics and remains central to the digital future and growth of our Television business.

While recovery in the Radio market has lagged Television, there were clear signs of improvement through the second half of FY21 with Nine Radio's ad revenues up 13%. Nine's Radio audiences grew by 11% across the year, importantly including growth of 14% in the 25 to 54s, Nine's key agency demographic, which reflected growth in agency share. Moreover, the cost base has been significantly realigned and there are clear signs of a positive trend in direct sales which augurs well for improved results as the market recovers and the lockdowns in the key cities of Melbourne and Sydney come to an end.

Wrapping up the total Television story, Stan is now through to 2.4 million subscribers, with Stan Entertainment continuing at strong market momentum. Stan Sport launched in the second half of the year capitalising on Stan's strong market position which has driven overall subscribers in ARPU across the year. Stan's EBITDA was \$40 million, up 27% on PCP on revenue growth of 29%. Excluding the investment in Stan Sport, Stan's Entertainment EBITDA would have doubled to around \$70 million.

Nine's Publishing business recorded 28% growth in EBITDA to \$117 million in FY21. Our combined Publishing business now derives around 56% of its revenue from digital sources and more than 30% from subscriptions, both key to the longer-term growth of the business. Digital subscription and licencing revenue grew by 20% to more than \$100 million across the year with digital subscriber numbers growing across each of The Herald, The Age and the Australian Financial Review. Nine's Publishing business reached a key inflexion point with digital growth in this result outpacing the decline of print and of course with a favourable cost base with a profitability of each incremental digital subscriber dollar is markedly higher than print.

Domain had its AGM last week and we remain very happy with our 59% stake. In FY21 Domain benefited from the resurgence of the property market through the second half resulting in 21% growth in EBITDA to \$101 million. This was underpinned by 21% growth in residential revenues and a function of both national listings market growth and a double digit increase in controllable yield. The market recovery similarly benefited Domain's media, developers and commercial and agent solutions businesses. The latter also reflecting the accelerating rollout of real time agent.

We will continue to focus on migrating our business to a more digital base. Across the year we reported strong growth in revenue and EBITDA from our combined digital businesses, so that's 9Now, Stan, as well as digital components in Publishing and Domain. Digital revenue increased by around 19% to more than \$850 million, while EBITDA grew by 41% to \$248 million. The results highlight the value of our portfolio of assets complementing each other in terms of both distribution and commercialisation of our leading content brands. Our strategy remains focused on digital growth as we transition our traditional media businesses to their digital future.

Before I share a few thoughts on current trading I did want to give you a little bit more colour on the changes we are seeing in Television in terms of viewing habits and measurement. What we have seen in recent times and perhaps expedited by the impact of COVID is a clear change in the way our audiences engage with our content across all of our mediums, television, publishing and radio, but perhaps most clearly evidenced in television. From its inception as a catch-up service enabling audiences to watch the shows they'd missed, 9Now is fast becoming a key part of how audiences consume live television.

The latest season of The Block finished on Sunday night and after 14 weeks we have almost 2.7 million Australians watching the contestants take away more than \$2 million in prize money. In the all-important 25 to 54s demographic, The Block attracted a phenomenal 1.2 million Australians, more than double the audience of the other commercial networks combined.

On this slide you will see the average audience for the 2021 season of The Block. Year on year audiences were up 9%. Whilst free-to-air audiences were up marginally, it was streaming through 9Now that drove the majority of our year-on-year audience growth. Across the season average audiences on 9Now grew by 59%, with 9Now accounting for 14% of total people watching the show and 18% of the 25 to 54 demographic. This is the future of our business, taking premium content into the digital world, ensuring we can capture audiences and advertisers alike across all available distribution platforms.

This change in audience behaviour is similarly being reflected in revenues and as illustrated on this next slide, we now expect that the current scale and growth trajectory of 9Now will result in TV combined revenues being in long term growth a key inflexion point for our Television business. As live streaming continues to grow in relative importance, the way we look at our content decisions are being refocused through this lens enabling further development of a seamless TV combined sales proposition. The recent launch of VOZ providing real data on incremental reach and co-viewing, we expect there will be a natural benefit to advertising yields.

Be it news, sports or entertainment, Nine's focus is on creating amazing content. We are the only media company in Australia to have distribution capabilities across broadcast TV, radio, streaming, publishing and consumer market places with established brands that Australians trust. Across all of these platforms we have opportunities to grow our business both in terms of footprint in profitability.

In Nine and 9Now the acceleration of live streaming and our focus on content gives us an opportunity to expand our core audiences as well as our Television Combined revenues. Through the expansion of 9Now to the full suite of internet-enabled devices and further development of our products supported by the consumer tech cycle, we are well placed to take an increasing share of the overall digital video market.

To Stan, we have ensured our long-term success through content. Whilst international studio content has been instrumental to Stan's success to date, we will continue to focus on expanding our ownership and control of content doubling the volume of Stan originals in FY22, combined with continued growth in live streaming and Stan Sport. The successful launch of Stan Sport in February capitalised on the unique opportunity to leverage Nine's free-to-air distribution, combined with Stan's subscriber base to rapidly scale a subscription sports business. Stan Sport reached a subscriber milestone of 250,000 subscribers just months after it launched driven by rugby and tennis content alone.

In Publishing the further growth in reader revenue and more particularly digital subscription and licensing revenue is key and this will be achieved by focusing on the content that resonates most strongly with our current and potential subscriber base, as well as ensuring an optimal consumer experience through continued enhancement and features available in our apps.

We are committed to our investments in Domain and Drive and we will continue to find new ways to support and grow value through their marketplace expansions. Content remains key to our business and Nine can optimise the distribution

of that content to deliver for every audience. We can break important news across multiple platforms using our vast capability in journalism and our editorial assets, we can make dramas and reality shows designed to talk to targeted audiences, or to entertain the masses.

Moving now to current trading and broadly the trends that we cited at the full year results in August have continued. The underlying advertising market remains robust across all key ad segments and Nine's leading content is underpinning strong share across all of our distribution platforms. The Nine network and primary Channel 9 will once again take out the ratings crown in all of our targeted demographics. That's 25 to 54s, 16 to 39s and Grocery Buyers with Children for the year 2021.

Reflecting this strong ratings performance, Nine's metro free-to-air ad revenues finished Q1 up almost 20% on COVID affected PCP. The market has remained healthy through Q2 albeit through markedly tougher comparables, including the impact of changes to major sporting event timing for Nine. Overall, we are now expecting Nine's half one FY22 metro free-to-air ad revenue to be up by more than 6% on the same half last year, which is also around 6% ahead of the pre-COVID half one FY20.

Through disciplined cost management Nine will more than offset one-off and unbudgeted COVID related production costs of around \$5 million across this financial year. Reported costs growth for FY22 is now expected to be slightly below the 3% we have previously cited. 9Now revenue for the first half is expected to be up by more than 45%. The continued growth in live streaming more than doubling in the September quarter and the return of some key programming like Love Island underpinning ongoing growth in 9Now's digital video advertising.

Nine's Radio ratings and audiences have been strong with Nine's talk network achieving its best ever results in recent surveys. At this stage, the Radio ad market is expected to be up by more than 10% for the half. Advertising momentum has clearly improved post the lockdowns in Sydney and Melbourne. Through Nine Radio's improved ratings and refocused direct sales execution we are expecting to record some clear share gains adding additional leverage to profitability as the advertising market recovers.

Subscriber growth at Stan in Q1 has benefited from the recent lockdowns and it's expected to consolidate over Q2. After its successful launch in February Stan Sport's subscriber base has accelerated driven by the recently commenced UEFA season. Standalone UEFA is expected to be contributive to earnings on a run rate basis by the end of financial year 2022. Previous EBITDA guidance for Stan of low double-digit millions of dollars in FY22 remain with the phasing of sports costs expected to result in a stronger first half than the second half.

In Nine Publishing growth has been primarily driven by subscription and licensing with Q1 digital subscription revenues up by around 10% on PCP and the inclusion of revenue from Google and Facebook. Reflecting this growing subscription base, coupled with stronger than expected advertising results both in digital and print, Nine expects growth in Publishing EBITDA in FY22 of \$40 million to \$45 million, which is ahead of previous guidance at \$30 million to \$40 million.

As Domain disclosed at their AGM last year, trading for the first quarter of FY22 has been positive, notwithstanding the extended lockdowns in Sydney and in Melbourne, with digital revenue up by around 18% year on year. The outlook for the spring selling season is encouraging, underpinned by strong growth in controllable yield and the easing of lockdowns. Notwithstanding the impact of extended lockdowns on Domain and on Radio, Nine's first half EBITDA before specific items is currently expected to be up by around 10% on half one FY21 after accounting for our targeted investments in Stan Sport, 9Now and Publishing.

Early signs for the second half remain positive. At this stage Nine believes it is too early to give guidance for the FY22 result. Through 2021 we have focused on supporting our people through the challenges that we have all faced through flexible working arrangements, onsite COVID testing, as well as a range of specific initiatives focused on the health and

wellbeing of our people at Nine. The result of this focus and investment is reflected in Nine's recently completed engagement survey with overall employee engagement increased across all key business segments year on year.

I would like to thank the entire team at Nine for their commitment, their insights and their tireless application this year. I would also like to thank the Chairman and the Board for their guidance and support. Together we are what makes Nine Australia's media company. I will now hand you back to Peter.

Peter Costello: Well, thank you very much for that comprehensive report, Mike and congratulations on your first report to an Annual General Meeting. I will now turn to the formal business of today's meeting at which time Mike, the other Directors and I as appropriate will be available to respond to questions. Only shareholders and proxyholders are entitled to ask questions. You may do so either by clicking the ask a question box and following the prompts or calling the phone number in the online meeting guide.

I confirm that where undirected proxies have been given to me as the Chairman of the meeting, I will vote in favour of the resolution to the extent permitted. During the meeting we will display on the presentation slides the number of direct and proxy votes received prior to the meeting on each resolution. A voting exclusion is in place for Resolution 1 relating to the remuneration report and Resolutions 4 and 5 relating to the grant of performance rights to Mr Sneesby. Any vote in favour of the resolutions by or on behalf of a restricted has been and will be excluded.

The first item of business in the Notice of Meeting is to receive and consider the Financial Report of the Company for the year ended 30 June 2021 together with the Director's Report and the Auditor's Report as set out in the Annual Report. Please note there is no voting applicable to this item of business. Mr George and Mr Hannigan from Ernst & Young are with us today. Questions relevant to the conduct of the audit, the preparation and content of the independent report, the accounting policies adopted by the Company and their independence in relation to the conduct of the audit, may be directed to them through me.

Mr Sneesby has already spoken about the FY21 results so I will now open the floor for questions and discussion in relation to the Financial Report, the Director's Report or the Auditor's Report. I will now ask the Company Secretary, Rachel Launders, are there any questions in respect of the Financial Statements and Reports of the Board or on the Audit?

Rachel Launders: We have a question from Donald Adams of the Australian Shareholders Association. This week you announced to the ASX that over the last two years you had received \$14.98 million in JobKeeper funds and that you have voluntarily returned \$8.81 million or 58.8%. Why haven't you returned the whole amount?

Peter Costello: Thank you for that question, Don. Can I make it clear that Nine Entertainment Company, the head company, did not apply for nor did it receive any JobKeeper funds? There were applications made in respect of some of our part-owned businesses such as Domain and Pedestrian. Domain announced recently that it would be repaying a substantial amount of those, but in respect of the first year's application had already delivered it to the industry, so that is not that sum, that balance, that difference, is not anything that has accrued or been done inside the head company. That is a decision in relation to Domain. Are there any other questions?

Rachel Launders: There are no more questions on this item.

Peter Costello: As there are no further questions we shall move to the next item of business. The next item of business, Resolution 1, is the adoption of the Remuneration Report. Votes received on this item of business are shown on the screen. The Annual Report for the financial year ended 30 June 2021 contains the Remuneration Report which sets out the Remuneration Policy for the Company and its controlled entities for the financial year and reports on the remuneration arrangements in place for Directors and senior management during that period.

While the vote is advisory only, the Board will take note of the result of this vote as it reviews the Company's Remuneration Policy and practices in the future. The Company's overall remuneration philosophy is to provide a clear link between shareholder returns and Executive remuneration. In developing Executive remuneration arrangements, the Board has sought and will continue to seek input from external parties including remuneration advisors, proxy advisors and shareholders. The Company's remuneration structure and policies are designed to help build and retain a talented [unclear] leadership team to deliver growing and sustainable total returns to shareholders.

With respect to our short-term incentive arrangements the EBIT target must be satisfied for 50% of an Executives' potential to be paid, with the balance depending on achieving personal objectives relative to Executive's role. The Board increased the original EBIT target to 5% growth on the FY20 growth. Given the strong [unclear] on the FY20 results, given the strong performance of the Company in the first half 2021, that target was exceeded so the financial component of the short-term incentives was paid at the maximum level.

Individual measures were mostly achieved at above target levels resulting in an overall short term incentive outcome at above target levels. This reflects the Company's strong performance over the year to 30 June 2021. During FY21 performance rights were issued to a number of Senior Executives under the long-term incentive scheme. These performance rights will only vest if targets relating to accumulative earnings per share growth and total shareholder return are satisfied over the period to June 2023. It is fair to say that the targets were set to be a stretch for the business to achieve so if rights vest in 2023 it seems likely shareholders will have enjoyed excellent returns over that period.

The performance rights issued in FY19 were tested over the three years to 30 June 2021 against the challenging targets set three years ago. The earnings per share growth target was not met, so half of the performance rights lapsed. The remaining performance rights were tested against relative total shareholder return targets and 50% of those performance rights vested. So 25% of total rights granted in FY19 have vested.

At this stage, I would like to introduce Catherine West who is the chair of the People and Remuneration Committee. We've had one question from a shareholder, [Elio Meningo] about why the CEO should receive performance rights. It's a question that came in earlier. Question was essentially why should the CEO receive performance rights. And the answer is that in order to attract talented people, you have to have competitive remuneration packages, that's part of it. Also, you want to have a CEO on performance to give them incentive and you want to have them on long-term incentive schemes to keep them with the Company and to give them incentive to look at the long-term growth of the business rather than focusing solely on the short term.

The target set by the Board for the performance rights are not easy to achieve, as we saw in relation to the three-year rights that are in this Remuneration Report, so if performance rights vest, shareholders will have also enjoyed good returns on their investment. If the CEO and the management do well for the shareholders, then they should also be able to share and be encouraged to share and to deliver that performance.

Are there any other questions in relation to Remuneration Report?

Rachel Launders: We have one question from Stephen Mayne. Did any of the five main proxy advisers in the Australian market, ACSI, ASA, Ownership Matters, Glass Lewis and ISS, recommend a vote against any of today's resolutions? Has there been a material proxy protest vote against any of the resolutions? And will you disclose the proxy votes before the debate on the resolutions so shareholders can ask questions if there have been any protest votes?

Peter Costello: All of the proxy advisers recommended in favour of our Remuneration Report and there has been no substantial proxy opposition to our Remuneration Report. In fact, Stephen, you'll be very glad to know that as you'll see on your screen in a moment, the proxy votes on the Remuneration Report were in favour 99,56%. So we'll try and do better next year.

Rachel Launders: There are no other question on this resolution.

Peter Costello: There are no other questions, we will now move into the next item of business. Resolution 2 on the agenda is for the re-election of Catherine West as a Director of the Company. Votes received on this item of business are shown on the screen. Detail of Ms West's experience are set out in the explanatory statement which accompanied the Notice of Meeting. At this point, I'd like to invite Ms West to address the meeting and briefly speak to her re-election nomination.

Catherine West: Thank you Peter and good morning ladies and gentlemen. My name is Catherine West and I've had the great honour of serving on the Nine Board for the past 5.5 years. I'm Chair of the People and Remuneration Committee and a member of the Audit Committee. I'm an experienced ASX-listed director and currently am a full-time non-executive director and strategy adviser. I've spent over 25 years working in the television, media and communications industries. I spent 17 years at Sky, which is Europe's leading and most innovative entertainment and communications company, where I was integrally involved in all of Sky's content, commercial strategies and innovations.

Since joining the Nine Board, Nine has transformed to become the Company it is today through internal innovation across Nine's existing assets, the development of Stan as the leading independent streaming company and the merger with Fairfax. Nine is now has Australia's leading market assets across Broadcast, Streaming, Publishing and Marketplaces. Nine is the best place to connect with Australians. Nine has a data pool of over 14 million signed-in users and reaches more than 90% of Australians every year.

Our success in driving the business to a digital future is something I'm most proud of and excited about for the future of Nine. Importantly, across all areas of the Company, Nine has the very best people in the business. I'm confident we have the right management team, talent and strategy to continue to innovate and create value as Australia's media Company. I'm looking forward to continuing to work for you, our shareholders, with my fellow directors, Mike and the whole management team as this journey continues. I thank you for your support.

Peter Costello: Thank you, Catherine. Are there any questions on this resolution?

Rachel Launders: There are no questions on this.

Peter Costello: Thank you. I will now move on to the next item on the agenda. Resolution 3 on the agenda is the election of Mr Andrew Lancaster as a Director of the Company. Votes received on this item of business are shown on the screen. Details of Mr Lancaster's experience are set out in the explanatory statement which accompanied the Notice of Meeting. At this point, I'd like to invite Mr Lancaster to address the meeting and briefly speak to his election nomination. Thank you.

Andrew Lancaster: Thank you, Peter. Good morning, I'm Andrew Lancaster. I joined the Nine Board, the Board of Nine Entertainment Company in April as a Non-executive Director. For the past decade I've been Chief Executive Officer of WIN Corporation, the broadcaster of Nine's free-to-air content across regional Australia and for the past three years, I've also been Chief Executive Officer of Birketu, Nine Entertainment Company's largest shareholder. I have spent the vast majority of my working career in Australian media and have over 27 years of experience in metropolitan and regional television and radio. Having spent so long in Australian media, I'm excited about Nine's total television story and what that will mean for content creators, consumers and advertisers.

I'm currently also a director of St George Illawarra Dragons and the Illawarra Community Foundation. I look forward to continuing to work with and add value to the Board and executive team of Nine Entertainment Company as we drive further growth and continued shareholder return. Thank you for your support.

Peter Costello: Rachel, Company Secretary, are there any questions on this resolution?

Rachel Launders: There is one question from Stephen Mayne. Given the experience at Channel 10, it would be preferable to have a fully independent Board rather than giving billionaires with minority stakes Board seats. Could Andrew Lancaster detail the lessons learnt from the 10 collapse, which is boss, Bruce Gordon, was involved in and could Chair Costello comment on whether other billionaires with 15% would be given a Board seat at Nine, such as what happened with Gina Rinehart and James Packer at 10?

Peter Costello: Andrew, would you like to comment?

Andrew Lancaster: Thank you for your question, Stephen. The two businesses are very different, so I'm not sure the experience is relevant today. That said, Birketu is delighted to be invested in a diverse media organisation that drives strong content, subscriber growth and revenue growth.

Peter Costello: Well, can I say that Nine has a very good relationship with WIN. WIN is our regional affiliate and drives through the regions, drives revenue for Nine. So it's a very good fit to have our regional affiliate, WIN, represented on the Board by Andrew Lancaster. As it turns out. WIN is also a large shareholder in the Company, which is limited to 15% under legislative requirements. Being both an affiliate and having a significant interest in the Company, I think it is appropriate that WIN have a Board seat. All of the other Directors are independent directors and I can assure you that constitutes a very strong majority for the independent Directors of the Company.

Rachel Launders: There are no other questions.

Peter Costello: Thank you. I will now move on to the next item of the agenda. Resolution 4 on the agenda is for approval to grant 261,038 performance rights to the Chief Executive Officer, Mr Mike Sneesby, as described in the explanatory statement. Votes received on this item of business are shown on the screen. Mr Sneesby is the only Director entitled to participate in performance rights pay plan. This plan provides long-term incentives for some of Nine's key executives. Mr Sneesby and the other executives who hold performance rights only receive a benefit from those rights if the Company's performance for shareholders over the three-year testing period has been at a high level.

Targets have been set by the Board to be challenging so if the Company does not perform strongly over the performance period for shareholders, no rights will vest. This means Mr Sneesby's incentives are strongly aligned with the Company's performance. Mr Sneesby was appointed as CEO from 1 April 2021. We are seeking approval to grant him one quarter of the value of rights which he would receive for a full year. these performance rights will be tested over the three-year period to 30 June 2023.

Vesting of 40% of these rights will be subject to Nine's total shareholder return, compared with a group of comparable ASX-listed companies. A further 40% will vest if earnings per share growth targets over the three-year performance period are satisfied. For the remaining 20% of the rights, the Board will consider the performance of the Company against a number of measures to accelerate Nine's transformation as a digital business over the three years to 30 June 2023.

I'll ask the Company Secretary, Rachel, are there any questions on this resolution?

Rachel Launders: There are no questions.

Peter Costello: Thank you. I'll now move to Resolution 5 on the agenda, which is for approval to grant 628,817 performance rights to the Chief Executive Officer, Mr Mike Sneesby, as described in the explanatory statement. Votes received on this item of business are shown on the screen. These rights will be tested over the three-year period to 30 June 2024 against targets which have been set by the Board. 40% of these rights will be subject to Nine's total shareholder return, compared with the comparable group of ASX-listed companies. A further 40% rights will vest if

earnings per share growth targets over the three-year performance period are satisfied. The remaining 20% of rights will be tested against a number of measures to accelerate Nine's transformation as a digital business over the three years to 30 June 2024.

Are there any further questions on this resolution?

Rachel Launders: We have a question from Stephen Mayne. When disclosing the outcome of all resolutions, including this performance grant, will the Chair agree to publicly disclose how many shareholders voted for and against each item, similar to what happens with the scheme of arrangement? This will provide a better gauge of retail shareholders sentiment on all resolutions and with the disclosure initiative recently adopted by Metcash and Southern Cross Media after their AGMs.

Peter Costello: No, I don't think we'll be agreeing to that today. We'll certainly look at that, take it on notice and look at it to see if it adds anything in the future. But I won't agree to that cold. I think the shares and the number of shares that are voted, bear in mind we have no shareholder that owns more than 15%, speak for themselves.

Rachel Launders: Thank you. A second question from Stephen Mayne on this item: Given the interesting discussions across a range of topics today, including this LTI grant, could the Chair undertake to make an archived copy of the webcast plus a full transcript of proceedings available on the Company's website?

Peter Costello: Well it's no secret what's transpired here today, so in principle, if there's no problem, I'm happy to do that.

Rachel Launders: There are no further questions.

Peter Costello: Before I move to general business, I will summarise again the proxies and direct votes that have been received for each resolution. These are shown on the screen. You can still lodge your vote via the online platform up until five minutes after the close of the meeting. Once I've received the scrutineer's report on the poll, the results will be announced by notice to the ASX.

Now ladies and gentlemen, that completes the items on the agenda of the 2021 Annual General Meeting today. We've now got an opportunity for questions and comments. Bear in mind, as I said, if we're still going at 11 o'clock, we will stop for a minute's silence. So can I now ask all our Board members who are here to be available to answer questions posed by any of our shareholders. First of all I'll go to Rachel. Rachel, you have provide me with a list of questions that have already been asked, so I'll take the questions that have been sent in via the website and I'll answer them as quickly as I can.

[Kim Si Yu] asks: Can Channel Nine's secondary channels provide some movies from Asia or Europe? Well the answer is they can if there is an audience for them. We can only show things that have an audience, bear in mind the government pays SBS to run movies from other parts of the world as part of its multicultural service, which is paid for by the taxpayer. We have to get our services paid for by advertisers, so we need eyeballs. But we will have a look at that if there is some that would attract audiences.

[Liz Rickman] asks: What is Nine's position on investing in the fossil fuel industry? Well Nine is not an investment company. It doesn't make investments in other companies, fossil fuel or otherwise. Nine actually invests in its own business which, as you've heard, is television streaming, radio, publishing. So that's its position.

[Pranay Sharma] asks: How is Nine looking forward for the next 20 years in terms of modern technology and advertising? Well we think we are looking forward. We were one of the first companies to get into streaming here in Australia with Stan and our CEO was the person that established that business. We've led in relation to digital television

with 9Now and we have to invest more in technology to attract advertising. That's why we've got our Galaxy system to expand databased advertising and give our advertisers ease of interacting with us.

[Liam Day] Asks whether the Board could look into or have someone investigate programs that have inappropriate content, including sex scenes, nudity and profane language. Well, let me say Nine takes its responsibility as a broadcaster seriously. There is a classification system which requires Nine to actually classify its programs and to give warnings in relation to inappropriate content or that people might find inappropriate. And of course we're regulated by ACMA, which prevents things that don't meet community standards absolutely from being broadcast at all. So we do all of that and we do take that seriously. Now I want to say to Liam, that Nine's website contains details of how to make complaints about content which Nine airs and if you think we're not complying with our obligations, please feel free to make a complaint.

[Shirley Coverdale] says: Why are you destroying *The Age*? Why do you produce rubbish on Nine? Why do you undermine health experts who are looking after the health of the population? Well of course we don't and we at Nine have taken our responsibility on this COVID pandemic very seriously. We've run ads encouraging people to get vaccinated and we've also encouraged that with promos on our public programs. We don't believe we do publish rubbish on Nine and I'd say to you being number one in all the important demographics, as in fact we are, shows the public doesn't think so. And in relation to *The Age*, actually subscription levels for *The Age* have performed strongly over recent years. Papers are always there to hold people accountable, people in public office, to hold them accountable and that's what *The Age* is expected to do, same as any other paper.

Now, I think as we head to 11:00am, I'll ask our Directors to stand and I'll recite the Ode and we'll have a minute's silence. They shall grow not old, as we that are left grow old; Age shall not weary them, nor the years condemn. At the...

[Loudspeaker announcement]

Peter Costello: Thank you all very much for joining us in that tribute to the fallen. I have two further questions that have already been sent in. One is [Michael Aspria]. There - is there any ambition to gain the rights to broadcast cricket in the near future? Well, the cricket rights we exchange for tennis rights. We have the tennis rights until 2024. We believe that was a very good step for the Company, to get the rights to tennis. We're very happy with it. We enjoy our relationship with Tennis Australia. Cricket rights, again, come up again in 2024. You never say never, but I do want to stress that we are very, very happy with our existing relationship with Tennis Australia.

[Eudistra Yargetesin] asks why hasn't Stan expanded overseas, especially in New Zealand? Well, the reason is that Stan really has rights for content for Australia only and it's negotiated with the big international studios only for Australian rights. Of course, we have our own productions and we're very happy to make them available for a fee to other people who might want to stream them and we have had some success, in fact, in doing this with some of our content. So we'll look at that, but the service itself is restricted to Australia, primarily because of the rights being restricted to Australia. Now, I'll ask the Company Secretary, Rachel, if there are any further questions submitted for general business.

Rachel Launders: We have a question from Donald Adams from Australian Shareholders' Association. Your revenue is sourced from advertising sales and from content purchases, increasingly digital. How do you see the split developing in the longer term? Will content purchases come to dominate your revenue stream? Will streaming kill free-to-air broadcasting advertising?

Peter Costello: Well, perhaps we will ask Mike to answer that one.

Mike Sneesby: Yes, thanks for the question, Donald. You rightfully point out that particularly as our business becomes increasingly digital, that the revenue source for our business is also diversifying, being sourced from both advertising and subscriptions. Both of those business models, monetising through advertising or direct fees paid by subscribers have a very important place in the content industry in any category that we operate. I think as you've seen from some of the commentary we've given, as our business becomes increasingly digital, you can expect to see those revenues continue to diversify.

Peter Costello: Rachel.

Rachel Launders: Your next question is also from Donald Adams from the Australian Shareholders' Association. Is there a risk to your targeted digital advertising revenue with the general push to personal privacy? For example, Apple limiting data products that we collect from users?

Peter Costello: Well, we do have to comply with privacy rules. That's as it should be. We are complying with them. I guess if you had unlimited rights to use data, you might be able to monetise things better, but we understand that we won't, because of privacy concerns and we are working within the framework and we believe that we will be able to meet our targets within the framework that we adhere to.

Rachel Launders: The next question is from [Henry Kay]. How about introducing a regular segment during the news bulletins to help jobseekers by giving career advice and advertising vacancies from employers? How about changing travel guides and Getaway by having people with disabilities, as I'm aware that people with disabilities are reluctant to holiday in Australia.

Peter Costello: Well, on the news, again, you've got to bear in mind that we need to attract an audience to our news in order to get advertising. In the course of news, there will be economic segments which will give out information like overall job vacancies, labour force statistics. You know, I don't think I'd cut into the news with that kind of material, but it's a fair point in relation to travel and Getaway and those sorts of things that I'm sure there would be a market for advertising a place for people with various disabilities and we'll certainly refer that to the producers of those programs.

Rachel Launders: Okay, the next question is from Stephen Mayne. The media reported last week that the exit agreement with Alan Jones included that he could never present a breakfast or morning radio program for the rest of his career. Is that correct and what are the details of this? Could he stream a breakfast show on Facebook? Could he present an overnight show until 6:00 am?

Peter Costello: Well, if you're asking about the exit terms that Nine agreed with Alan Jones - is that the question - or with Sky? Was that about Sky or about Nine?

Rachel Launders: He was at Sky After Dark...

Peter Costello: No, but is he asking about the exit terms agreed with Sky or with Nine?

Rachel Launders: No, he's talking about Nine's exit terms.

Peter Costello: Okay. Well, Nine's exit terms with Alan Jones, of course, are confidential.

Rachel Launders: Another question from Stephen Mayne. Congratulations on backing gun reporter Nick McKenzie in various defamation matters with the likes of Ben Roberts-Smith, Adem Somyurek and Marcus Bastiaan. Could Chair Peter Costello detail the sorts of pressure he faces from third parties as these battles evolve and how he personally handles complaints about editorial matters? Has he ever got directly involved in an editorial matter?

Peter Costello: Well, Steven, I'm used to handling pressure. Don't worry about my shoulders. They're very broad. As you know, the pressure of having you run against me in elections nearly caused breakdowns on my behalf, but I managed to see them off the block.

Rachel Launders: The next question - and from Stephen Mayne - is \$38 billion of the \$88 billion JobKeeper program went to companies which didn't qualify under the rules of the scheme. Well done to Nine for shunning JobKeeper, unlike what Seven did. Could Chair Costello comment on his views about JobKeeper, which seemed to allow an enormous amount of roting and waste. Should we have grabbed whatever we could get or did we take an ethical position not to rort the scheme?

Peter Costello: Well, you see, our view was in Nine Entertainment, we hoped that we wouldn't qualify and I think for us you had to anticipate a 50% downturn. As it turned out, we didn't have a 50%. We were able - I'm quite proud of this. We were able to get through coronavirus without taking JobKeeper and without terminating people's employment. That shows what you can do when you've got a strong media company. You've got to remember this. This media Company is not taxpayer funded. It's not the ABC. It's not SBS. This media Company exists as long as people want to put advertising on screens where eyeballs are watching our content or subscribe to our newspapers in order to read what journalists are writing.

If we don't have an audience, we don't have a Company. It's that simple. You've got to get up every day and make sure you've got an audience. As it turned out, we had audiences all the way through 2020 and we had them through 2021 and we didn't require the taxpayer assistance during that period. Now, I'm not criticising people who were - who did require taxpayer assistance, because that kept individuals in jobs and that was a temporary measure for a very difficult time. But we were able to get through it because our Company is strong and we're going to keep our Company strong. We're a private sector Company. At the end of the day, after we keep our people strong, we keep everybody in work, we'll be able to pay dividends to our shareholders as well.

Rachel Launders: The last question is from [Michael Cockburn]. I am a bit concerned about the large amount of in-your-face advertising in your newspapers, back page, front page, et cetera. I, of course, understand - sorry, the question just moved. I, of course, understand the commercial imperative of such advertising, but am wondering whether or not it's gone too far and could be creating a negative to readers and a loss of desire to read the paper.

Peter Costello: Well, I don't think so. Look, you've got to bear in mind that, you know, on the physical paper that over the years it has been harder to attract advertising on the physical paper. Therefore we're very grateful to the people who do advertise. We like to give them prominence. But increasingly we want to move people from the physical paper to online subscription. We can give them updates on news all the way through the day and maybe you would find the advertising on the digital edition less prominent. So I would recommend maybe trying that as an alternative and we are indeed - we all - we're going to continue with physical papers.

Don't get us wrong about that, but we do encourage as many people as can to take up a subscription, a digital subscription, because you can get updates all the way through the day. It's always being refreshed and you may actually find it's more to your liking. Are there any other questions?

Rachel Launders: There are no further questions.

Peter Costello: Good. Thank you. As there no more questions, I declare the meeting closed. You now have five more minutes to lodge your votes via the online system. You will see a red bar along the top of the online platform with a countdown timer of how long you have remaining to cast your vote. The results of the poll will be announced to the ASX as soon as they are available. Thank you for your participation in our AGM today.

End of Transcript