

## TRANSCRIPTION

**Company:** Nine Entertainment Co Holdings Limited ASX:NEC

**NEC Annual General Meeting 2023**

**Date:** 9 November 2023

**Time:** 10:00 AEDT

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Peter Costello: Good morning, ladies and gentlemen. As your Chairman, it is my pleasure to welcome you to the 2023 Annual General Meeting of Nine Entertainment Company. My name is Peter Costello. I'd like to start off today by acknowledging the traditional custodians of country throughout Australia and pay our respects to their Elders, past, present and emerging. For myself, I'm on the land of the Cammeraygal people of the Eora Nation.

This meeting is being held as a hybrid meeting. We have some shareholders here with us in person and others participating virtually. You'll be able to watch the meeting in real time, submit questions online and vote on the resolutions at the meeting today online. If we encounter any significant technical problems during the meeting, we may adjourn the meeting until 3:00pm this afternoon, to ensure all shareholders have an opportunity to participate. We will notify the ASX 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 10:00am, I'm advised that this is a properly constituted meeting and has a quorum of at least two shareholders for a general meeting as present in person or by proxy. I therefore declare the 2023 Annual General Meeting open.

I propose to take the notice of meeting as read. The notice of meeting and a virtual meeting guide were provided to shareholders in advance of the meeting and are also available on the Company website and on the ASX announcements platform.

Before we start, I'll deal with some of the mechanics for the meeting. For people participating online, at the top of the screen you'll 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 a number of ways to do so. All shareholders, proxyholders and authorised corporate representatives in the room who are entitled to vote and ask questions, have been issued with yellow voting cards. If there is anyone in the room who is entitled to vote

and who does not have a yellow voting card, would you please see one of the Link Market Services staff at the registration table at the entrance door.

Non-voting shareholders have been issued with a blue card. If you hold a blue card, you are not entitled to vote, but you may make comments and ask questions. Red cards indicate that the person is a visitor. Visitors and media are reminded that whilst we welcome you to attend the meeting, this is a shareholder meeting and you are not permitted to make comments or ask questions.

If shareholders wish to make comments or ask questions, they should raise their blue or yellow admission card. When I call upon you could you please wait for a microphone and then state your name, or if you are acting as a proxy, who you are appointed to represent, prior to making a comment or asking a question, and please confine your comments and questions to the relevant item.

For online participants, 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 Secretary when we are at that item of business. We may aggregate questions if we receive multiple questions on the same topic.

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 at any time now using the online platform, or for people in the room by completing your voting card and giving it to Link, the returning officer for the meeting. Link will collect voting cards in the room after discussion on all agenda items.

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 are experiencing any difficulties using the online platform, a helpline number is displayed at the top of the page. Please ring 1800 990 363.

Now let me introduce you to the people who are with me this morning. Starting to my right we have Rachel Launders, our General Counsel and Company Secretary. Next, Mike Sneesby, our Chief Executive Officer, who will address the meeting a little later. Next to him, Andrew Lancaster, Non-Executive Director and a member of the People and Remuneration Committee.

Next to him, Sam Lewis, independent Non-Executive Director, Chair of the Audit and Risk committee, and a member of the People and Remuneration Committee. Next to Sam, Mandy Pattinson, newly appointed Independent Non-Executive Director and a member of the People and Remuneration Committee. Next to her, Mickie Rosen, independent Non-Executive Director, and next to Mickie, Catherine West, independent Non-Executive Director, Deputy Chair, Chair of the People and Remuneration Committee and a member of the Audit and Risk Committee.

A number of our Company Executives are also present, including our Chief Financial and Strategy Officer, Matt Stanton, give a wave please, and Michael Stephenson, our Chief Sales Officer, give a wave please. As well as Jason Pellegrino, the CEO, give a wave please, of our 60% owned Domain Group. All of you next are asked to give waves too.

From the Company's Auditor, Ernst & Young, we have Chris George, Simon Hannigan as our '23 year auditors, and Megan Wilson, the incoming auditor for FY24. They're also available to answer questions regarding the audit, at the appropriate time.

Let me now come to my Chairman's address. In the financial year ended 30 June '23, Nine successfully built audience share and revenue share across all our key platforms. We have a strong balance sheet and unrivalled diversity in Australian media. Our focus is to create the best content, distribute it broadly and engage our audiences and advertisers. In particular, we continue to use our premium content to build our digital future.

The financial year was more challenging than FY22. The local economy stumbled against the backdrop of higher inflation and rapid interest rate rises. Nine performed well, maintaining revenue on the previous year and taking market share. There was some cyclical softness in advertising markets, but Nine's ability to create and monetise the best content was reflected in clear share gains across our suite of platforms, television, radio and publishing.

In Free to Air television, our Metro market revenue share was above 40%. This is the highest share recorded by any broadcaster for at least 20 years. We reported growth in digital revenue and EBITDA from our wholly owned businesses, and our success in diversifying the drivers of revenue is shown by subscription revenue now contributing 28% of the wholly owned total.

Nine continued to implement its previously announced on-market buyback. Since it began in September '22, Nine has bought back around 78 million shares or just under 5% of issued capital, reflecting both our strong balance sheet and our conviction in the value and future opportunities of Nine's business. Across the financial year, Nine announced fully franked dividends of \$0.11 per share totalling \$182 million, consistent with our stated policy of a 60% to 80% payout.

Content is the key to Nine's business and it will be instrumental in our future success. Across all our platforms - Total Television, radio, publishing, Stan, Domain - Nine is focused on our audiences, the content they want, how best to distribute it and how best to monetise it. Through 2023 we have been very pleased with the performance of our content, strong audiences in television, talk radio and publishing all resulting in further growth in revenue share.

Premium content comes at a cost. This year the Federal Court handed down its decision in the defamation case brought against *The Age* and the *Sydney Morning Herald* by Mr Roberts-Smith. It is now on appeal.

The legal costs have been high. In many ways unprecedented. We don't receive taxpayer funds to cover the cost of litigation. It is borne by the Company and ultimately the shareholders. The Board believes this is a matter of genuine public interest and has committed the resources to defending that position in court.

We believe that sport will remain a key driver of television into the future. To this end, we have renewed our agreement with Tennis Australia through to 2029, and we have brought the Olympics back to Nine for the next 10 years. Three Summer Games, two Winter Games. The next five games through to Brisbane in 2032. We will also broadcast the Paralympics in 2024, we are excited about the opportunities these events, including the NRL through to 2027, will give across all of our businesses, television, radio, publishing, streaming. We are committed to maximising the value of our partnerships with the various sporting bodies who conduct these competitions.

We believe the Olympics and the Paralympics epitomise Nine - the broadcaster of premium events that bring Australia together. We will bring those unforgettable Olympic and Paralympic moments to all screens, all publications, all audio, and we will join with our audiences and advertisers to celebrate Australia as a sporting nation.

Our 60% owned associate, Domain, has been affected by interest rate impacts on the property market, but it continues to make progress on being an integrated digital property marketplace. Domain's ability to grow its yield through the cycle gives us confidence in the Group's longer term business model. We are working closely with Domain to ensure our two Companies work most effectively for the longer-term benefit of both.

We will also continue to work with the government on a range of regulatory issues, all of which we believe could have a marked impact on Australia's media sector. The government has stated its support for requiring free to air television and apps from Australian free to air television networks to be in a prominent position on screens, such as connected televisions, so as to ensure the continued relevance of locally made and focused content. We look forward to the government progressing laws to give effect to that commitment.

The government is also looking to make substantial reforms to the *Privacy Act 1988*. We will continue to caution against the all-encompassing changes which are being considered, including the right to sue media outlets for breaches of privacy, which would harm our valued freedom of press. This would not be in the broader public interest.

Whilst we support the government's objectives to develop the local production industry, we believe that its proposed policy to impose Australian content quotas on all streaming services, would lead to damaging unintended consequences. Consequences such as stretching finite creative and production resources which would diminish quality and significantly increase costs for Australian production. Across all of these issues, we continue to work cooperatively with the government to ensure a suitable outcome for the Australian media industry and our Australian audiences.

The government has also been reviewing the anti-siphoning list, which seeks to ensure that key sporting events are available to all Australians for free. Audiences for events like the State of Origin and Olympics, highlight the commitment of Australians to their favourite sports. We urge the government to complete the review of the anti-siphoning list and ensure that loopholes which allow key sports to be behind streaming paywalls, are tightened for the good of all Australians.

Much has been written, particularly over the past six months, about the impact of artificial intelligence or AI, specifically generative AI on the media sector, as well as the rest of the Australian economy. Over the past 12 months, both the Board and management team have spent time assessing how Nine currently uses AI, what the opportunities are for further development of these uses and new initiatives that could be implemented. We see potential for Nine to use AI to drive significant longer-term benefits across content production, optimisation and commercialisation through the business. But of course there will be challenges.

We see the biggest challenge being our content and our data being used or mined for training AI models that could eventually produce future copy without human intervention. This would mean the past and current work of journalists and our intellectual property being used without fair compensation to compete against them in future news reporting. The news media bargaining code where large digital platforms that are using third party content to drive their business models are required to fully compensate the owners of that content, and it's a model that could be adopted for fair compensation in the AI space. We encourage the government to publicly reinforce their commitment to the news media bargaining code, and similarly consider a broader use of this model of regulation in future applications.

This year we have furthered our commitment to Community, Company and Climate, after completing our initial materiality assessment and our ESG policy. We appointed global sustainability consultants, South Pole, to help with progressing our planning on carbon reduction. We have also actively engaged through industry steering groups, on these issues.

After a thorough search to fill the Board vacancy created when Nick Falloon retired, we welcomed Mandy Pattinson to the Board in August. Mandy has a wealth of experience in the Australian media sector and brings particular strength in premium subscription television content and multi-platform strategies. We believe Mandy adds valuable skills to our Board, as we continue to navigate and build Nine's position within the Australian media sector.

I would like to thank our CEO, Mike Sneesby, and his leadership team, on behalf of our Board and all our shareholders, for ensuring the continued focus and momentum of the business. Nine is well positioned, continues to gain ground in a competitive market, and this is a testament to the management team and their vision and implementation.

We are excited about where our business is, but we do not lose sight of the challenges ahead. We believe we are in a leading position to whether those challenges and emerge a stronger, more innovative Australian media company.

Thank you, I would like to now invite Mike Sneesby, our CEO, to say a few words.

Mike Sneesby: Good morning and thank you, Peter. Through FY23, Nine has continued to solidify its position at the forefront of media in Australia, and further build on its digital strength. We've faced tougher economic conditions which have impacted the broader industry. Nine has risen to those challenges though, continuing to drive audience and revenue share and invest in the future of the business.

In FY23, Nine's EBITDA and net profit were both our second strongest on record, beaten only by FY22's record results.

For the year to June, Nine reported Group revenues of \$2.7 billion and Group EBITDA before specific items, of \$591 million. Group net profit after tax and pre-specific items was \$262 million for the year, which resulted in earnings per share of \$0.157. This enabled the payment of an \$0.11 fully franked dividend.

As a result, our cash flows and balance sheet are strong, with leverage at June 30 of just 0.7 times. This, coupled with our confidence in the outlook of our business, underpin the decision to continue our on-market buyback through FY24 of up to a total of 10% of issued capital.

In FY23, our premium content underpinned amazing share results. In FY23 we were the number one Metro Free to Air network and primary channel in our targeted 25 to 54 demographic, as well as total people. We were number one in BVOD, number one in talk radio, number one in publishing readership, and Australia's leading local SVOD business.

This commitment to great Australian content has resulted in strong revenue share across all of our advertising platforms, a 20 year high for Metro Free to Air television revenue share of 40.7%, up 2.5 percentage points on FY22. A 49.2% revenue share in BVOD, growth in radio with leading share of streaming audiences. Our content and journalism also underpinned around 9% growth in subscription and licensing revenues at Nine's wholly owned businesses, Stan and publishing, as Nine continues to successfully diversify its revenue base.

Supported by our growth of our digital television platforms, Nine's Total Television reach is now close to 18 million people. Together with Nine's publishing and audio platforms as well as Stan and Domain, we reach almost 20 million Australians every month. It is this broader reach which gives Nine its unique position - our ability to distribute content to the broadest possible audience, to monetise that content in multiple ways and to use our extensive first party data to ensure optimisation of audience and revenues.

The Group EBITDA result of \$591 million was in line with the guidance we gave in May, and whilst down on FY22, it was the second largest profit we've delivered and one we are proud of. I would like to thank and



congratulate the team at Nine on this strong result. We have focused on the priorities that drive revenue and growth opportunities across the business, while remaining disciplined on cost management.

Our business is all about using Nine's leading content to deliver increasingly diverse revenue streams from both consumer subscriptions and advertising, across all available platforms.

Nine's digital businesses contributed more than half of total Group EBITDA in FY23, with growth from Stan as well as increased digital EBITDA from both total audio and Total Television. Overall, digital revenue increased by 6% to more than \$1.1 billion.

In FY23, Nine reported broadcasting EBITDA of \$320 million, which includes Nine's Total Television business as well as our radio business. Total Television revenue declined by 2% in FY23, a credible result against the backdrop of an 8% national market decline, with clear share gains across both Free to Air and our BVOD business.

Around 15% of our Total Television revenues are now derived digitally, as Nine now continues to grow strongly. These results reflected Nine's strong ratings performance in calendar '23. Nine has achieved a market leading network Metro and BVOD share in all of its targeted demographics. The Metro Free to Air ad market declined by 11% in FY23, both difficult comps and a weakening economic outlook.

Nine's Free to Air revenues were down a modest 4% with our Metro Free to Air revenue share of 40.7%, more than 20 year high.

Regional markets overall performed better, with regional Free to Air ad revenue down 4.7%, while Nine's owned and affiliated regional stations recorded growth of more than 5%, driven by improved revenue share.

Nine's livestreaming and catch up business, 9Now, grew its revenue by 16%, recording growth in all key metrics. 9Now is key to the future of Total Television at Nine, and we will continue to focus on the opportunities ahead. Through content and technology, we continue to stand at the forefront of Total Television in Australia, and we believe Nine is well positioned to further build on its position in the broader digital video ad market, which we estimate at around \$3.5 billion.

Higher costs in Total Television reflected increased investment in content which underpin our strong share results. The 12% first half cost increase, mainly content driven, was followed by a 2% increase in the second half, which highlights our increased focus on cost efficiency as the market softens. Total TV EBITDA was \$307 million.

On revenue growth of 4% to \$106 million, Nine Radio reported EBITDA of \$12.6 million. Whilst our ratings and revenue performed in radio has continued to be strong across all of our live and local stations, the revenue contribution from digital streaming has now become material, and it is the fastest growing revenue segment for radio.

In FY23, Stan delivered an impressive set of financial results, headlined by growth in EBITDA of 30% to \$37 million, Stan's 4th consecutive year of profit and positive cash flow. Stan's revenue growth of 12% to \$428 million for the year, reflects the strength of the Group's engaged customer base and the strong content proposition which enabled price increases across both entertainment and sports subscriptions. Stan has successfully managed the balance of growth and profitability and continues to consolidate its strong market position.

In total, Publishing, reported revenue of \$575 million and a combined EBITDA of \$165 million, down 8%, after a first half that was marginally higher on PCP. In FY23, our combined publishing business derived more than 60% of its revenue from digital sources, and around 40% from subscriptions and licensing. Both being key to the long-term future of the business.

Nine's business model continues to evolve as the market embraces the digital delivery of our premium content. We believe that we are at the forefront of the Australian media market, and our outperformance against our traditional peers is tangible. In digital television, audio and publishing, our share in digital against our traditional peers is markedly higher than our historical share. We are proud of our progress as our business extends across multiple digital platforms.

Finally in FY23, Domain reported EBITDA of \$103 million on revenue of \$355 million, which reflected the challenging property environment, particularly in Sydney and Melbourne, and included the performance of the Domain Home Loans joint venture, which Domain has announced its intention to exit. Core digital revenue increased by 1%, residential listings revenue declined by 7% with an 8% increase in controllable yield, more than offset by a 14% decline in property listings.

Revenue from Agent Solutions nearly doubled, primarily due to the acquisition of Realbase in April of 2022, and 25% revenue growth at Real Time Agent, while Domain Insights recorded revenue growth of 16%, boosted by a full period contribution from IDS. In what was a difficult property market, Domain made clear progress, diversifying its revenue base and building on the foundations of its marketplace strategy.

We continue to work closely with Domain as a key part of our Group, and as Nine's audiences become increasingly digital, we see growing synergies between Domain's business model of digital classifieds in the associated marketplaces and ours. Nine's core strength is the ability to reach audiences and engage with those audiences key to the future success of Domain.

Nine and Domain already collaborate across a number of areas to our mutual benefit. Our successful partnership through *The Block*, saw the Domain brand amplified across all of our major platforms, with brand integrations throughout the television series. The transition of Domain's property editorial content to Nine's mastheads has resulted in a 13% increase in listings views for FY24 year to date, while the combination of our data pools is delivering unique data-driven insights across our 20 million plus user profiles.



Before we return to the official business of the meeting, I thought I'd update you on how preparations for the Paris Olympics are progressing. Nine has a unique portfolio of assets across our broadcast and streaming television, audio and publishing, Nine will bring the Paris Olympics and Paralympics to all Australians with an unprecedented cross-platform strategy. We will deliver more content from the Olympic and Paralympic games with greater opportunities for commercialisation than ever before.

We have recently gone to market with the first wave of commercial opportunities for advertisers. We have developed a powerful games advertising proposition which is built on uniting Australia through our unrivalled content offering. Our proposition includes an almost 10 month marketing platform for advertisers - the Road to Paris - starting with the Gangwon Winter Youth Olympic Games in January, running all the way through to the Paris Olympic Games and culminating with the Paris Paralympic Games in September.

We have presented our full integrated Olympics partnerships to all of the OIC and AOC partners, as well as a range of Australia's largest advertisers. The results today have been very pleasing. We have a number of partnerships which are already confirmed, and we're on track to sell all major partnerships and sponsorship packages. We're also confident that progress in our commercial partnerships around tentpole assets like the Olympics and the Paralympic Games, will contribute to further underlying revenue share performance across all of our platforms.

As consumer technologies continue to underpin growth in digital content distribution, the opportunities for Nine to benefit from these advancements become broader and more significant, both in terms of maximisation of audience reach and cost efficiency of that delivery. In Paris, we will see almost 10,000 hours of content available over 32 different sports across Nine's broadcast and streaming television platforms, with even more content available across our audio and publishing platforms.

There are significantly more widespread examples of the positive impact of technology across all of Nine's businesses. The extended features we continue to roll out across 9Now are a timely example of this. The start-over functionality, interactive ads as well as Nine's FAST channel strategy, the rollout of which began last week with Pedestrian Television and will continue into the future.

We have recently launched Nine Ad Manager, a groundbreaking self-service tech platform utilising artificial intelligence that will give Australian small to medium enterprises the ability to buy video advertising on 9Now directly. They'll be able to target postcodes and instantly build video creative using artificial intelligence.

Artificial intelligence also drives content recommendations on Stan, 9Now and on our publishing sites, which helps to acquire audiences and increase their consumption across the Nine ecosystem. It is key to our recent launch of the Listen to This article text to audio feature, which is now available on the *AFR*, *The Age*, and the *Sydney Morning Herald*. This is the first phase of our generative AI tools and it's a likely precursor to new products that can further customise content to each reader's individual preference and viewing habits.

It is also helping us produce our sport minis on 9Now and Stan, condensing full games into a 20-to-30-minute package, increasing engagement by offering new consumption alternatives to our premium sporting content. This was particularly successful with the recent Ashes series, where consumers could catch up on a whole overnight session from the UK, in around 40 minutes the next morning.

What is significant about a number of these initiatives is that they're utilising Nine's existing premium content from all platforms to develop new products and applications and ultimately generate greater revenues.

We will continue to roll out AI driven initiatives through 2024, with the goal of creating more relevant content in more formats with greater efficiency, increasing the amount of time our audiences spend with us, and building more advertising products that deliver outcomes for our advertising clients.

Moving now to current trading. Across Nine's wholly owned businesses, operating performance for the first quarter was broadly consistent with the comments made at our FY23 results in August. The 9Network and Primary Channel Nine are once again expected to win the Metro TV and BVOD ratings in all of our targeted demographics for the calendar year of 2023.

The Metro Free to Air television market, however, remains challenging. Q1 revenues were down around 12% and while September showed some improvement on the rate of decline in July and August, Nine is not seeing a discernible improvement into the December quarter. By contrast, in the September quarter, 9Now's revenues and the BVOD market continue to grow in the low mid-teens on a percentage basis.

Nine is continuing to focus on the costs and efficiencies of the Group's Total Television business. We are now expecting Total TV cost to be slightly down in FY24 on PCP, excluding the NRL step up and the costs of additional cricket. Ongoing cost initiatives across Total Television are expected to enable us to more than absorb inflationary costs as well as our material investment in technology, including enhanced cyber security.

Nine's Radio Q1 advertising revenues declined by around 3% on PCP, supported by strong growth in digital revenues, and with an increasing contribution from live audio streaming.

Stan's paying entertainment and sports subscribers have shown clear growth since our result in August, driven by exclusive content including the Rugby World Cup, the return of the UEFA Champions League, and the Stan original series *C\*A\*U\*G\*H\*T* as well as exclusive licensed shows. We continue to expect that higher ARPU and paying subscribers will drive growth in both revenue and EBITDA over FY24 for Stan.

Nine's Publishing business continues to benefit from its focus on quality, differentiated journalism, with strong digital subscription revenue growth of 12% in Q1, slightly ahead of earlier expectations. Nevertheless, as cited in August, given the challenging digital advertising market, we continue to expect FY24 publishing EBITDA to be slightly ahead of the H2 FY23 run rate.

As Domain commented at its AGM yesterday, in the September quarter, both digital and total revenue increased by around 8%. Residential revenue growth of 9% comprised very strong growth in average revenue per sale listing. This was offset by a 3% national listing volume decline. With FY24 cost expectations unchanged from its result in August, Domain continues to expect to resume EBITDA margin expansion from FY24, supported by improved listings, price increases and the take up of new depth contracts and products, and a continued restraint across costs, balanced with investment in its marketplace strategy.

Nine remains confident that the diversification and the balance of its earnings profile across growth, subscription and advertising-based businesses will ensure ongoing strong profit and margin performance, with more than half of Nine's revenue now coming from outside of traditional advertising.

I would like to thank the entire Nine team for their commitment, insights and tireless application this year. I would also like to thank our Chairman and the Board for their guidance and support.

I'll now hand you back to Peter.

Peter Costello: Thank you very much, Mike. I'll now turn to the formal business of today's meeting, at which time Mike, the other Directors and I will be available to respond to questions. Can I remind you that only shareholders and proxyholders holding blue or yellow voting cards or logged into the online platform are entitled to ask questions. Where undirected proxies have been given to me as 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. The voting exclusion is in place for Resolution 1 relating to the remuneration report, and Resolution 4 relating to the grant of performance rights to Mr Sneesby. Any vote in favour of the resolutions by or on behalf of a restricted voter will be excluded.

I come now to the first item of business in the notice of meeting. It is to receive and consider the financial report of the Company for the year ended 30 June '23, together with the Directors' report and the auditor's report as set out in the annual report. Please note there is no voting applicable for this item of business. Mr George, Mr Hannigan and Miss Wilson from Ernst & Young are with us today, and questions relevant to the conduct of the audit preparation and the content of the independent audit, the accounting policies adopted by the Company and their independence in relation to the conduct of the audit may be directed to them.

Mr Sneesby has already spoken about the FY23 results, so I will now open the floor for questions and discussion in relation to the financial report, Directors report or auditors report. I will take questions from the floor first.

Unidentified Participant: My question has to do with cyber security, with the large subscription basis that Nine has with Stan and digital publishing subscriptions, cybersecurity is obviously an important issue. Is it an

important enough issue that it should be listed in the Board's skills matrix? That is would you look for Directors who have knowledge and skills in cybersecurity? What sort of resources do you have on cybersecurity inside Nine? Is it a significant level at a senior management level, or is it more of a technical team? Let me leave it at that.

Peter Costello: Look we have an absolute priority on cybersecurity and if we needed any reminding, we not so long ago had a cyber hack and well documented, and it led us to look at all of our systems and our preparedness. As far as I'm concerned, Directors who have real life experience in relation to cyber hacks and dealing with cyber hacks, bring that perspective. I don't think you need somebody who's necessarily been in an IT background, and I'm very confident we have those skills on the Board.

We have very high level response to cybersecurity. We have people who are designated at senior management level for that special responsibility. We had a Board meeting yesterday, we discussed it at length and I can assure you that we are absolutely focused in relation to that threat and risk. Yes, sir?

Unidentified Participant: Hi there, Nine and the Board, thanks for allowing me to ask two of my questions. First question is an extension to the first gentleman's question in relation to cybersecurity. On page 33 of your annual report, you listed technology about cybersecurity, but on the annual report, on your previous speech, you mentioned generative AI and the need for human and machine to work together, and also Ad Manager. Now in relation to the artificial intelligence side of things, would Ad Manager, as what Mr Sneesby said, minimise those threats that is posed by generative AI models or large language models posed by Google's Bard, Facebook LLaMA and also Microsoft's OpenAI or Chat GPT project, would that minimise it or offset those threats?

Also, and you didn't mention also NFTs, finance and basically you mentioned sport stars and sports to be Nine's key driver of revenues, but what about your thoughts on NFTs blockchain and blockchain, because Kris Jenner and others done something with finance and he's also a celebrity, can you comment on those?

Also, another thing as well, my second question is around goodwill. Nine's got around \$2.5 billion in goodwill, how many times revenue or earning power does the Group expect over its time in goodwill for it to generate? Does that include talent and also Ad Manager, Olympics and sports? Thanks.

Peter Costello: Well, I'll ask Mike to talk about the Ad Manager. I'm pretty sure you asked me about non fungible tokens and blockchain at last year's AGM.

Unidentified Participant: You mentioned sports as well [unclear] that you also mentioned sports as one of your key drivers.

Peter Costello: It's not really something that we're going to go into, we don't see that as our business, NFTs and blockchain, our business is creating great content, distributing it, getting it on multiple platforms and getting advertisers. So, I don't think we'll be going down that path.

The valuation of our goodwill is just basically the intangible value that we put on the fact that we've got brands and name and we have goodwill, as it were, in conducting our business. It's a very valuable part of our business, but we don't try and work out how much of our return is related to that. Our return is related to our revenues and our products and that contributes to our balance sheet, and our balance sheet contributes to our non-tangible valuations.

Now I'm going to ask Mike to talk about the app.

Mike Sneesby: Yes. So in relation to Ad Manager, your question was, is this an offset for the threats of AI. As Peter mentioned in his Chairman's address, there are two sides to, I think, AI. One is the threat that there is potential that our content and journalism could be used to be exploited in training big international platforms. I think that can be turned into an opportunity, if we come to the negotiating table around how we partner or allow our content to be utilised.

In relation to Ad Manager, I would see that as one of the many different opportunities for us to generate either efficiency or incremental revenues from AI. Very different to the generative large language model platforms, it is utilising AI as part of our software application that gives you a range of efficiencies, and as I say, opportunity to either save costs or generate new revenue streams.

Peter Costello: Okay, are there any other questions from the floor? Are there any questions on the financial report online?

Rachel Lauanders: No there's no questions on that.

Peter Costello: All right, terrific, thank you. The next item of business is Resolution 1, the adoption of the remuneration report. Votes received on this item of business, as shown on the screen – is this screen working now? Can we get this screen working please? Two minutes, two seconds, I'll wait. It's a long two seconds. We got them, good, voila. Votes received on this item of business, are shown on the screen.

The annual report for the financial year ended 30 June 2023, 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, motivated leadership team, to deliver growing and sustainable total returns to shareholders.

With respect to our short-term incentive arrangements, the EBITDA target must be satisfied for 50% of the executive's potential STI to be paid, with the balance depending on achieving personal objectives relevant to the executive's role. In the challenging economic environment, the FY23 reported EBITDA result of \$591 million, did not meet the target set by the Board of \$675 million. Thus no bonus was paid to executive KMP for this portion of the STI. Individual measures were mainly achieved at target levels, resulting in an overall STI outcome at around 50% of target levels.

During FY23 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 earnings per share growth, on a point-to-point basis, total shareholder return and digital transformation are satisfied over the period to June 2025. It is fair to say the targets were set to be a stretch for the business to achieve, so if the rights vest in 2025 it's likely shareholders will have enjoyed excellent returns over that period. The performance rights issued in FY21 were tested over the three years to 30 June '23 against targets set three years ago.

The total shareholder return hurdle was achieved at the 78th percentile above the maximum required level performance and resulted in 100% vesting of this portion of the grant. The remaining performance rights were tested against earnings per share growth target, from a pre-COVID starting point, using the FY19 adjusted proforma EPS of \$0.105 cents. EPS growth exceeded the target set, which resulted in 100% vesting of this portion of the grant.

For the FY21 plan, the strategic hurdle focussed on digital transformation applied only to the CEO. The Board determined the digital transformation objectives had been mostly achieved and on an aggregate basis vested 95% of this portion of the grant. At this stage, I would like to introduce Catherine West who is the Chair of the People and Remuneration Committee. I will be pleased to take any questions you may have in relation to director or executive remuneration policies on the remuneration report, with questions from the floor first.

Don Adams: (Australian Shareholders' Association, Representative) You had to expect that I might make a question about this.

Peter Costello: You should introduce yourself, so people know who you are.

Don Adams: (Australian Shareholders' Association) I'm Don Adams, I'm representing the Australian Shareholders' Association. We hold 61 proxies from retail shareholders at today's meeting. In our pre AGM discussions, Peter, we highlighted the number of reservations we have about the structure of your remuneration report and I hope that that's been passed down to you, Catherine. I had a question here about



the level of salaries generally inside Nine. In the rem report we noticed that Mr Sneesby got a 7.1% increase in fixed remuneration '23 over '22.

You pointed out to us that that was comparable to other, KMP - I think there was only one of them, and other senior executives. My question is, generally speaking what would be the level of salary increase for employees of the Company overall, over the last two years?

Peter Costello: I can give you those figures. For metro EBA staff there was a 4% increase on 1 July 2022 and 3.5% on 1 July 2023. For award staff there was a 4.6% on 1 July 2022 and 5.75% on 1 July 2023. For contract staff there was an increase of 3% on each of those dates. You can see that the increases were around 6% to 7.5%, to about 9% and a bit. In fact, when we set Mr Sneesby's increase, it was very much at the level that there had been staff increases generally. That's what guided us in relation to that base increase.

Unidentified Participant: [Inaudible] my question. Basically, regards to your remuneration report. On page 29 you listed digital strategy as 20% that comprises of it and that's worth in digital EBITDA. But on page 29 you listed revenue, you got broadcasting digital and publishing Stan and Domain group. Digital, what's your definition of digital and does that include Stan as part of your...

Peter Costello: Yes, it does, it does, doesn't it.

Unidentified Participant: ...strategic strategy, or your digital strategy with regards to 20% STI? Also in regards to page 12 of long term incentive. You write down there, there's no retesting. What does that mean?

Peter Costello: No retesting, can you find that part for me.

Rachel Launders: There's no retesting.

Peter Costello: What, after what? Well, what happens is, we test as at 30th June after the three year period and that's final, that's what it means. We don't go back and retest it; it's tested as at the 30th June. You asked me about digital revenue, yes, it does include Stan and it does include Domain. Are there any questions online?

Rachel Launders: No questions online.

Peter Costello: Excellent. Let me now move on. The next item of business relates to my re-election, so I will ask Catherine West to chair the meeting for this item of business.

Catherine West: Thanks very much, Peter. Resolution 2 on the agenda, is for the re-election of Mr Peter Costello as a Director of the Company. Votes received on this item of business are shown on the screen. Details of Mr Costello's experience are set out in the explanatory statement which was accompanied with the notice of meeting. At this point I'd like to ask Mr Costello to address the meeting and briefly speak to his re-election nomination.

Peter Costello: Thank you, Catherine. I joined the Board of Nine when the Company was in the hands of distressed credit funds and private equity. At that stage it was principally a three station, free to air Business on the east coast of Australia. We brought the Company back out of that private ownership and floated it on the ASX. We started the business streaming, in Stan, which has now been profitable for four years. In late 2018 we merged with Fairfax, bringing in major publishing titles, total ownership of Stan, majority interest in Domain and an interest in radio which we've now expanded to full ownership.

We're now the largest Australian owned media company, with around 46% of revenue and more than 50% of EBITDA digitally based. The growth of the Company as a digital business continues to be my key focus. Over the course of my career, I've had experience as a lawyer, in investment banking, managing large investment funds and as a treasurer. I ask for your support so I can continue to work with the Board in the management of this great Company.

Catherine West: Thanks Peter. If there's any questions from the floor, I'll take them now.

Unidentified Participant: No questions. Just a comment. You have done a great job as Chairman and also as Australia's greatest treasurer, so thank you for that.

Catherine West: Thank you very much for your comment, much appreciated.

Catherine West: Rachel, are there any questions online?

Rachel Launders: We do have one question online from Stephen Mayne. Well done to Peter Costello on receiving a [unclear] 97.82% of directed proxy votes in favour and thanks for disclosing the proxies to the ASX along with the formal addresses at 9:27. My only criticism is the Chair's occasional footsies with the opposition. For instance, why did he recently collaborate with News Corp's Herald Sun for a September 23 picture story on his baby bonus policy? Also, after more than a decade on the Board, please address the John Howard question, are you intending to serve a full three-year term?

Peter Costello: Nice try, Stephen. I'm just seeking re-election for three years and I'll tell you what I do after that. From time to time, any public figure is reported in different media. Just as Rupert Murdoch is reported in our media and Kerry Stokes is reported in his media and from time to time, I'm reported in News Corp's media. The story that you're referring to was my drive to increase the birth rate in Australia, which was successful for a time. It was a story on what happened. Why wasn't it successful for longer? The original photograph for that, which I believe won a Walkley actually, was in the Herald Sun, so they reprised the photograph and I was only too happy to do it.

Catherine West: Thanks Peter. If they're all the questions, I'll now hand the chair back to Mr Costello for the next item on the agenda.

Peter Costello: Thank you, Catherine. Resolution 3 on the agenda is for the election of Mandy Pattinson as a director of the Company. Votes received on this item of business are shown on the screen. Details of Ms Pattinson's experience are set out in the explanatory statement which accompanied the notice of meeting. At this point, I'd like to invite Ms Pattinson to address the meeting and briefly speak to her election.

Mandy Pattinson: Thank you, Peter. Good morning, ladies and gentlemen, my name is Mandy Pattinson. I'm honoured to have been offered the privilege of joining the Board of Nine and look forward to working with you, to ensure our Company remains at the forefront of media in Australia. By way of background, I have spent nearly 30 years in the media industry both locally and overseas. I started my career as a lawyer working in entertainment and sports, negotiating broadcast rights deals, both in Australia and in the UK.

My most recent executive role was with US media company Discovery Networks, as Executive Vice President for the Australian and New Zealand television businesses. For the past five years through my own consultancy, I have been providing strategic advice to international streaming services and apps, seeking partnerships in Australia and New Zealand. I'm very passionate about content, brands, consumer engagement and the power of storytelling across all media, which of course aligns perfectly with Nine.

Since joining the Nine Board a few months ago, I've been very impressed with the Group's suite of assets across broadcasting, streaming, publishing, radio and marketplaces and how those assets work together. I'm tremendously excited about our future across all areas of the Company, particularly as the business continues to grow across multiple digital platforms. I look forward to working for you, our shareholders with my fellow directors, with Mike and the whole Nine team as our story continues to evolve.

Peter Costello: Are there any questions from the floor? Are there any questions online?

Rachel Launders: We do have one question online from Stephen Mayne. Could new director Mandy Pattinson and the Chair, comment on the recruitment process that led to her appointment to the Board? Was a head-hunter involved, did the full Board interview Mandy and did they interview any other candidates? Did Mandy know any of our Directors before engaging with the recruitment process?

Peter Costello: Well, I'll answer that. Yes, there was a head-hunter that was retained. The head-hunter spoke to a lot of other people and before the Board made its decision, I think all of the members of the Board had the opportunity meet Mandy. I don't believe she knew members of the Board before that process. All right?

Thank you. Resolution 4 on the agenda, is for the approval to grant 930,059 performance rights to the Chief Executive Officer, 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 the performance rights 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 these 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.

These performance rights will be tested over the three-year period to 30 June 2026. 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 on a point-to-point basis over the three year performance period are satisfied. For the remaining 20% of the rights, the Board will consider 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 2026. I will take questions from the floor of the meeting first.

Are there any questions? No. Yes sir.

Unidentified Participant: Okay, thank you. Is that what you meant by no retesting? You basically set the target, no retesting means in three years if he's met the target, that's it.

Peter Costello: That's it.

Unidentified Participant: But how come with long term incentive, how come there's not a five-year target as well?

Peter Costello: You can have a long-term incentive that goes for five years. We've chosen three years; I think that's pretty standard. It's basically to keep your people engaged and to lock them in there for long term goals. The reason for it is, you don't want somebody to focus on a one year result, right, which brings forward maybe revenues, pushes back costs, because they don't care about what's going to happen in the next year or the year after. You want them to have a longer-term focus.

Unidentified Participant: Then how come [inaudible] five years [inaudible].

Peter Costello: You could have five, you could have 50.

Unidentified Participant: [Inaudible] focus on the longer term or?

Peter Costello: No, it's not, it's not standard. I think three years is more common and we think it's about the right duration.

Unidentified Participant: Okay not a problem. Thanks for that, thanks for clarifying my explanation.

Peter Costello: Great pleasure. Are there any questions online?

Rachel Launder: We have one online question from Stephen Mayne. Could the CEO summarise his past LTI grants as to whether they have vested or lapsed. Also has he ever sold any ordinary shares in the

Company or bought any on market, without relying on an incentive scheme toward his equity position in the Company?

Mike Sneesby: Yes, so having taken on the role as Chief Executive from the last quarter of financial year 2021, those shares, as Peter outlined in the summary of the rem report, are vested this year. So if you refer to the annual report, it's around 258,000 shares which have vested since I've been in this role. The other shares are still sitting in plans which have not yet been tested. I do also have shares that I have purchased prior to taking on the role as Chief Executive. Alongside any vested, allocated or purchased shares, I haven't sold any shares since being CEO.

Peter Costello: Thanks Mike. Before I move into general business, I will summarise again, the proxies and direct votes that have been received for each resolution. These are shown on the screen. Screen working? Good. For shareholders in the room, we will now complete voting in the poll. All shareholders, proxyholders and authorised corporate representatives eligible to vote in this poll, have been issued with yellow voting cards. To vote on the resolutions, please now indicate your vote on the front of your yellow voting card, in relation to each resolution, by marking the for, against or the abstain box.

Representatives of Link Market Services will now collect your completed voting cards. Have all the yellow voting cards – no, they will now collect your yellow voting cards, Link please. All right, they're all collected. Good, thank you. You can still lodge your vote via the online platform, up until 15 minutes after the close of the meeting.

Rachel Launders: Five, five minutes.

Peter Costello: Five minutes from the close of the meeting, sorry. Only got five minutes after the close of the meeting. Thank you. Once I have received the scrutineer's report on the poll, the results will be announced by notice to the ASX.

Ladies and gentlemen, that completes the items on the agenda for the 2023 annual general meeting today. I will now allow an opportunity for questions or comments in relation to the management and or general business of the Company. All our Board members are available to answer questions posed by our shareholders.

We have received a number of questions from shareholders in advance of this meeting, the majority of which I believe have been covered by myself or Mike in our earlier comments. We had a question about future acquisitions relating primarily to our regional affiliate. Whilst I obviously can't talk specifically about future acquisitions, I think it is fair to say, we are constantly considering the strategy and profile of our business and looking at opportunities to expedite that strategy in terms of our regional affiliate. We have been working extremely well together and the operating performance of WIN and the subsequent returns to Nine have been very strong and well ahead of our previous affiliate arrangement.

We've also been asked about the use of electronic shareholder communications. Not only has our preference for electronic communications resulted in reduced printing and distribution costs over the past five years, we also believe it is in the interests of the environment, to minimise the amount of print communication that we send out as much as practical. Of course, if you want to receive a hard copy annual report, you can and there are some available at the Link desk as you walked into the studio.

I will now take questions from the floor of the meeting, first from anyone who is a shareholder. All right, last question.

Unidentified Participant: Basically as part of your technology [threats] you mentioned AI but what about the Metaverse? Do you see that as a threat or an opportunity?

Peter Costello: Well, do you want us to talk about that? I mean, we do have an agreement with Meta, the company Meta which reimburses us for news stories that are on its sites. We see that as a great opportunity. Would you like to say anymore?

Mike Sneesby: Probably, in terms of the broader metaverse which I think you're referring to, that we continue to track a range of different trends across the media landscape and the way that consumers are consuming media. We don't see a material immediate opportunity for Nine in that space today but like anything else, we continue to track the trends and assess opportunities.

Peter Costello: Are there any questions online?

Rachel Launders: Yes, we've got three from Stephen Mayne.

Peter Costello: Only three?

Rachel Launders: Only three. The first one, well done for backing your journalists in the Ben Roberts-Smith defamation matter. Is it correct that as much as \$25 million was swinging on the judge's decision? Please outline how involved the Board was in approving budget and tactics for the defence, as opposed to the management team and Nine's legal advisors. Where are things at with the appeal and are we confident of winning?

Peter Costello: Well look, I don't want to go into the actual costs but if you wanted to include damages and the claim, it would be a lot more than that. Remember this is a claim about damages as well as costs. The appeal will be heard next year and we await the decision. As I said earlier, we don't do this lightly but the Board was involved in making the commitment. Now, in a private company this comes at a cost. The cost is ultimately borne by the shareholders. In the ABC it's paid for by taxpayers. This is a very big difference, it's a much bigger thing for a private company. So, this was a big decision and I'm not going to comment any more on it, other than to say, it's going to go on appeal and we will be represented in the appeal.



Rachel Launders: Next question. Joe Aston took the AFR's Rear Window column to unprecedented levels providing savage but compelling insights across the political and corporate landscape for more than a decade. How important were his contributions to the AFR's profitability? How much grief did he cause the chair and the CEO and was it worth it? Have we locked Joe up on a suitable non-compete if News Corp wanted to poach him?

Peter Costello: Well, I don't think we can go into terms and conditions in relation to terminations - resignation as it was - of employment, other than to say obviously we would consider those things. It wouldn't pass our attention. In the arrangements of course that would have been discussed. Joe was a mercurial reporter, he did a lot of good, he was also the subject of a lot of defamation actions. We didn't win all of Joe's defamation actions. But I would pay tribute Joe on this, I think he did a great public service on the QANTAS issue. I don't think anybody was writing about QANTAS until Joe Aston was. I think he brought a lot of material to light that probably wouldn't have come to light otherwise. It's been a very big story.

I think you can hand it to him, that he was in that respect a - and in other respects - a real investigative journalist. Does it cause us grief? People often complained about his stories, I can assure you of that, but I think with QANTAS in particular, it was very much in the public interest.

Rachel Launders: Thank you. Last question. Under Chair Peter Costello, Nine has been excellent on AGM transparency, producing transcripts, embracing hybrids and now moving to early proxy disclosure. The final best practice reform to embrace is improved voting disclosure by advising the ASX how many shareholders voted for and against each item, similar to a scheme of arrangement. This provides a better gauge of retail shareholder sentiment and was a voluntary disclosure initiative adopted by ASX itself this year and QANTAS last Friday. Will you get with the program today?

Peter Costello: Look, I can see the argument for it, I don't have any strong objections but I'm not going to commit our Board until we've discussed it with our Board. I can see the sense in it, would be my answer. Thank you, Stephen. Are there any further questions? No. As there are no more questions, I declare the meeting closed. For shareholders participating online, you now have five more minutes to lodge your votes via the online system. The results of the poll will be announced to the ASX, as soon as they are available. Thank you all for your participation in our annual general meeting today, thank you for coming and for your very positive contributions, we appreciate it very much. We've very conscious of the fact that we're here for the shareholders, that's what a Board's here for. So we appreciate your interest and we appreciate your support. Thank you very much.

**[END OF TRANSCRIPT]**

