

26 April 2023
FOR IMMEDIATE RELEASE

2023 Annual Shareholders' Meeting Presentation and Addresses

AUCKLAND, 26 April 2023: NZME Limited (NZX: NZM, ASX: NZM) ("**NZME**") attaches the Chairman of the Meeting and the CEO's addresses, and presentation which will be delivered at the Annual Shareholders' Meeting being held in the NZME iHeart Lounge at 2 Graham Street, Auckland, and online today, commencing at 3:00pm (NZT).

ENDS

Authorised by the NZME Board

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CHAIRMAN OF MEETING'S ADDRESS: BARBARA CHAPMAN

Agenda

Today in my opening address I will go through some of our high-level financial results from the 2022 financial year, as well as speaking about NZME's guiding principles and some key updates under each. I'll then make some comments on the current economic environment and the media industry landscape in New Zealand.

Following that, I'll share some details of our capital management plan and our sustainability commitment. Michael Boggs, our Chief Executive, will cover the financial results in more detail, provide further information on our progress towards the targets we set out in our three-year strategy, and provide information as an outlook on the remainder of the year.

We will then proceed to voting on the resolutions as set out in the Notice of Meeting you will have received. We are proceeding on the basis that these have been read.

Finally, we will turn to the General Business section of the meeting.

Voting on all resolutions will be conducted by way of poll.

2022 Financial Results

Now two years into our three-year strategy, NZME delivered strong results in the 2022 financial year, despite another challenging year.

Overall operating revenue was up 7 percent on 2021 with a 16 percent growth in digital revenue, continuing to demonstrate that NZME's digital transformation and expansion of its digital offering across multiple platforms is having a positive impact.

NZME's Statutory Net Profit After Tax (NPAT) was \$22.7 million for the year. Operating Earnings Per Share (EPS) increased to 12.1 cents per share, which was 13% higher than 2021.

Michael will provide further information on the financial results and an outlook for 2023.

Strategic Priorities

When sharing our three-year strategic priorities, shareholders may remember we also shared with you a set of guiding principles that underpin NZME's strategy.

These guiding principles were developed to provide the business with a clear and defined framework to work within, and to ensure business activity is focused on shareholder value creation.

The principle of **Customer First** – puts an emphasis on doing as it says, putting our customers first, and providing unique, personalised experiences wherever possible. We have engaged with several global companies that are leading in this space, and we look forward to continually adapting and improving in this area.

Win with Quality – means that NZME is committed to delivering world class, premium content and experiences, and that a high-quality lens is applied to everything we do both internally and externally.

Last year the Board supported a significant focus on quality and trust in our newsroom with codes and principles that make up NZME's editorial Code of Conduct and Ethics. The rise of misinformation across other platforms continues, so the importance of providing our audiences with quality, trusted news content is more important than ever before.

With **Digital Acceleration** – we are committed to driving growth across our digital platforms to ensure we deliver on customers' expectations, delivering a world class digital business.

We know that digital initiatives are drivers of future growth for NZME, as last year showed, with digital revenue growing 16 percent. We've accelerated our digital content offering over the past year, including with the introduction of Viva Premium. We also continued to expand our digital audio offering through iHeartRadio, significantly expanding our podcast network, and we continue to grow and develop our OneRoof digital real estate platform.

Through **Audience Expansion** – we are prioritising growing audiences across all NZME's platforms and becoming indispensable to more people, engaging with audiences we are not currently reaching.

For example, we are looking at how we connect with a younger generation, encouraging them to engage with our platforms with the type of content they want to see and the experiences they desire. The recent launch of the NZ Herald's new digital youth brand '*What the Actual*', targeting a younger generation, aims to expand our audience – retaining that generation as lifelong readers or listeners.

Being a Top Performer – is a guiding principle that recognises we expect to continually be measured against global competitors, as well as against the performance of other publicly listed companies. We will continue to set new standards and benchmarks for top performance across the business.

2023 Strategic Priorities

Michael will speak in more detail about progress towards NZME's strategic priorities, as we are now in the last year of our three-year strategy.

As a reminder, our three strategic priorities are:

- To be New Zealand's Leading Audio Company
- For The New Zealand Herald to be New Zealand's Herald by becoming the number one news brand for all New Zealanders and
- For OneRoof to be the country's Complete Property Destination.

Under each of these priorities sit clearly defined and measurable targets, and Michael will share more on NZME's pleasing progress towards these shortly.

We will be looking to extend our strategic targets into the future, and we will look forward to updating shareholders at our Investor Day, planned for November this year.

State of economy

We are currently operating in very challenging economic conditions, with inflation contributing to rising prices and cost pressures, with overall business confidence levels being very low.

This has an impact on advertising revenue, and the impacts this has had on the wider media landscape has been the subject of much media attention lately, with companies tightening their cost bases and, in many cases, undertaking downsizing and restructuring measures to reduce costs. For example, two large media players in New Zealand have recently made significant staff reductions.

For NZME, the significantly quieter real estate market, with fewer new listings, has had a real impact on our OneRoof business and plays a key role in some of the challenges we are experiencing.

NZME has been continuously managing costs in response to these ongoing pressures. Michael will share more on this in his address.

Low Leverage and Strong Returns to Shareholders

As a Board we remain focused on returning excess capital to shareholders. Since 2019 the company has significantly reduced debt and recommenced dividend payments.

We are pleased to have made significant capital and dividend returns to shareholders over the last year, with more than \$43 million distributed to shareholders in 2022.

As shareholders will be aware, we undertook to review our capital and dividend policy settings over the second half of 2022. Due to NZME's strong cashflows, the Board announced an increase in the dividend payout ratio from 30 to 50 percent to 50 to 80 percent of free cash flow. This is subject to being within its target leverage ratio range of 0.5 to 1 times EBITDA and having regard to NZME's capital requirements, operating performance and financial position.

As we have communicated to shareholders previously, the Board has a desire to operate at the lower end of the target leverage ratio in the current environment. Capital Management remains a key focus of the Board. It is committed to returning excess capital to shareholders, subject to the operating environment and investment opportunities. The Board will review commencing a further on-market share buyback as part of the half year results announcement in August 2023.

Strong Sustainability Commitment

I'd like to turn now to NZME's Sustainability Commitment. NZME is committed to ensuring we have a sustainable business that supports the wellbeing of our community, people and the environment.

NZME's current commitment was initiated in 2019 and aligns with UN Sustainable Development Goals.

Within our framework we currently report against 27 measurable objectives each year in our Annual Report.

We are in the process of refreshing our Sustainability Commitment as part of a programme of work to prepare for making our first climate-related disclosures as part of our Annual Report to be issued in February 2024.

Campaigns that supported the community pillar of our sustainability commitment included the launch of a major wellbeing and mental health campaign 'Great Minds' – the search for happiness. The campaign has been named as a finalist in the upcoming Voyager Media Awards. As well as this, the Herald and NZME backed a New Zealand Red Cross fundraiser for Cyclone Gabrielle relief, which raised more than \$13 million in its first two weeks.

New Zealanders look to our platforms for quality news they can trust. We take our responsibility seriously to ensure our journalism is fair, accurate and balanced, and we aim to connect and empower our communities. A recent media bias survey reported that the NZ Herald is the most politically balanced publisher.

Our people are a priority under our Sustainability Commitment, as we provide a workplace that fosters innovation, engagement, diversity and inclusion.

In 2023 NZME is continuing the Te Rito cadetship programme – an industry collaboration to train and develop new journalism cadets, including those from Māori, Pasifika and other communities traditionally under-represented in the media.

In terms of our commitment to our environment, we take our responsibility seriously and continue to collaborate with our suppliers and partners to ensure best practice sustainable operations. We are in the process of finalising a Responsible Sourcing Policy to ensure we partner with suppliers who align with our Sustainability Commitment.

In 2022, NZME's print operations in Ellerslie, Auckland were awarded the Toitū Enviromark gold certification. We are gold standard at reducing waste, working efficiently, and minimising harm to the environment and our people.

The Board and management are strongly committed to a sustainable future.

NZME Board Reflections

Reflecting on 2022, the Board is pleased with the progress the company is making towards its 2023 strategic priority targets, despite continuing to operate in a difficult economic environment. While the market continues to evolve, so too does NZME as it rises to the challenges faced by its audience and its customers.

On behalf of the Board and NZME, thank you to our shareholders for your support and confidence in NZME. We remain committed to creating value for our shareholders and we will continue to engage with you to ensure you have a thorough understanding of our priorities and strategy moving forward. Thank you for your feedback and support throughout the year.

I'd also like to thank the Board for their support and for their strong leadership, commitment, innovative thinking and creativity throughout the year. It's been a pleasure working with you all once again, overseeing another strong year of progress for NZME.

Closing remarks

Finally, I'd like to thank Michael, the executive team and the wider NZME team for their commitment to the strategic priorities and further progressing towards the company's 2023 targets. And to our customers and commercial partners – thank you for your ongoing support.

I will now pass on to Michael to deliver his Chief Executive Address discussing progress towards our strategic goals.

CHIEF EXECUTIVE OFFICER'S ADDRESS – MICHAEL BOGGS

Welcome

Thank you Barbara and Kia ora, welcome everyone. It's great to be able to hold this meeting in person this year, and we also welcome those who are joining us online today.

Results summary

Firstly, I will take you through a topline summary of our 2022 financial results, before going into more detail on each of our strategic priorities a bit later in my presentation.

As Barbara mentioned, we have been operating in what has been a challenging economic environment, with inflation leading to increases in operating costs across the business. This is not unique to NZME and is affecting most businesses across the country. Despite the challenges, we were pleased to deliver a strong earnings result.

Our Operating Revenue grew 7 percent to \$364.6 million and Operating EBITDA was up 4 percent to \$64.7 million. Statutory Net Profit After Tax was \$22.7 million. This was ahead of the year prior, after excluding the gain on sale of GrabOne of \$15.4 million that boosted last year's net profit after tax. Our Operating net profit for 2022 after tax was \$23.3 million, up 10 percent on the year prior, which was really pleasing to see.

As Barbara mentioned, during 2022 we distributed \$43 million to shareholders – a reflection of the strength of NZME's balance sheet. These distributions were made through an on-market share buyback programme of \$17.6 million, the 2021 final dividend and a 2022 interim dividend of \$15.7 million and a further special dividend of \$9.7 million.

For the 2022 financial year, the Board declared interim and final dividends totalling 9 cents per share, up 1 cent per share on the year prior.

Given these distributions, NZME's net debt increased by \$31 million and was \$17.5 million at the end of 2022.

These results once again demonstrate that despite a challenging economic environment, NZME continues to be adaptable and flexible, delivering strong earnings growth, making significant progress to meet the targets we set for the business, as we come into the last year of our three-year strategy.

Compelling Platforms for Audiences and Advertisers

NZME is proud to be one of the country's leading media and entertainment companies, with multiple platforms across audio, publishing and real estate. Through those platforms we reach more than 3.6 million New Zealanders – whether that's across our print publications, our radio or digital audio brands, our various online platforms, or through our many real estate publications nationwide.

The strength and prominence of our brands sees us having phenomenal reach across the country, engaging with Kiwis while they're at home, when they're at work, while they're travelling and when they're out and about in their communities. NZME's brands are everywhere, from the top of the North Island to the bottom of the South, and we are proud of the role we play in our local communities.

Our audio platforms include an impressive nationwide broadcast network with 10 radio stations that span multiple communities and demographics, as well as our high-performing digital audio platform iHeartRadio. We reach 2 million people each week across our audio network, and 1.2 million digital audio listeners each month. We have the country's top radio station in Newstalk ZB, and our iHeartRadio podcast network also takes out top spot with 800,000 monthly listeners.

We also reach 2.7 million people each month through our publishing platforms, which includes New Zealand's number one daily newspaper – The New Zealand Herald. We had 209,000 print and digital subscribers at December 2022, which as well as our regional and community publications, includes NZ Herald Premium and BusinessDesk.

Our OneRoof real estate products – print and digital - reach more than 820,000 people per month. OneRoof is the most read property newspaper section in New Zealand. Hosting 89% of all real estate listings nationwide, 564,000 Kiwis per month are visiting our OneRoof website.

NZME's impressive audience reach and continued digital growth means we offer a vast array of opportunities for advertisers to get their message across effectively to their target audiences, via these multiple platforms. We continue to be an extremely strong player in New Zealand's media industry and we are leaders in innovation, digital transformation and developing multi-functional brands and channels to reach 3.6 million Kiwis.

Market Share Growth across all platforms

The graphs you can see on screen now show the changes in total market revenue across our Radio, Print and Digital platforms. The black lines represent NZME's market share and as you can see, pleasingly, we have continually grown our market share across each of these platforms since 2019.

Radio revenue market share reached 41.4 percent in December 2022 - the highest it has been since 2016.

Digital transformation delivering growth

Across all three of our strategic pillars – Audio, Publishing and OneRoof – we delivered increased digital revenue in 2022, with total digital revenue up 16 percent on the year prior.

The left-hand graph on this page shows that once again we have seen significant growth in our digital audio revenue through iHeartRadio – up 54 percent to \$6.8 million in 2022. Digital audio is a platform that has significant potential and that we are committed to growing. I will speak more about that when I go into more detail about our strategic priority areas.

Digital publishing revenue grew by 12 percent in 2022, and I will speak shortly about some of the new products we introduced in the online space, to help us grow our digital publishing revenue further.

Our OneRoof digital revenue grew 30 percent year on year, which was a significant achievement considering the slowing real estate market during the year.

Our ongoing focus on digital transformation and diversification of our platforms continues to have a positive influence on business performance, with digital revenues becoming a more significant part of our total revenues.

Digital revenue's share of total advertising revenue has nearly doubled over the last three years and in 2022 represented 27 percent of total advertising revenue and that's coincided with us having record audiences across radio and digital audio platforms, as well as strong growth in publishing and digital platforms, including OneRoof.

Strategic Priorities

Let me now update you on progress against each of our strategic priorities.

New Zealand's Leading Audio Company

Turning now to our first strategic priority, which is to be New Zealand's leading audio company. This priority is supported by the three key pillars you can see on the left-hand side. We continue to make progress towards our 2023 targets for audio.

With audience share for 2022 at 37.7 percent we are ahead of our goal to grow our share of the market by one percentage point per annum.

As well as continuing to grow our reach through acquiring new frequencies, we have also expanded our audience appeal through our focus on our iHeartRadio digital audio platform. This has included significant growth in our NZME podcast network, which has remained the number one podcast network in the country since the New Zealand Triton Podcast Ranker was introduced. The introduction of a number of new podcasts with high profile hosts, as well as our news and music radio stations adding digital content for listeners to enjoy, sees digital audio expanding rapidly.

On top of this, we have grown youth audio and our sports entertainment offerings with the Alternative Commentary Collective. Our music radio stations are also well positioned for growth both terrestrially and digitally.

Our radio revenue market share grew half a percentage point in 2022 which is short of our target growth. We have been working together with the Radio Broadcasters Association and other industry players to improve audio advocacy, with the objective of growing New Zealand's overall radio market.

In 2022, we achieved the 2023 target we set as part of our three-year strategy to grow digital audio. This saw digital audio revenue represent 5.1 percent of total audio revenue in 2022.

New Zealand's Herald

We have made significant progress towards becoming New Zealand's Herald, already meeting some of the 2023 targets we set as part of our three-year strategy in 2020.

Total subscribers increased to 209,000, with more than half of these being paid digital subscribers. In 2022 we acquired business news website BusinessDesk and launched Viva Premium - an online subscription for access to Viva's first-class fashion, food, beauty, culture and design content. Both of these provide us with significant opportunities for growth.

With the increase in digital advertising revenue, it now represents 48 percent of total publishing advertising revenue.

In 2023 we will be introducing a number of new products that will allow us to continue to offer more personalised experiences for our audiences, grow our engagement and audience numbers, and deliver new opportunities for advertisers.

Your Complete Property Destination

Now we turn to OneRoof – our real estate platform, where we are progressing our position with OneRoof becoming your complete property destination.

Once again, OneRoof has grown its website audience, significantly reducing the gap to the number one player in New Zealand's real estate market.

The percentage of listings upgraded has continued its impressive growth in Auckland and last year we saw a large improvement in listings upgraded outside of Auckland, reflecting NZME's increased recognition of OneRoof around New Zealand.

With listings outside of Auckland representing nearly two thirds of total new listings, this remains a key opportunity for growth.

We have appointed a OneRoof advisory board which has members with digital start-up, property portal and user experience expertise.

We remain focused on growing overall digital OneRoof revenue, while also maintaining the print revenue.

With continued growth of product penetration, and with the real estate market returning back to a more normal state in the future, OneRoof is well positioned to deliver to EBITDA targets in 2024 and beyond.

NZME Executive Team

Now turning to our NZME Executive team, who are all here with us in person today. Can I please ask you to all stand up so our shareholders who join us here in the room can see you.

During this year NZME Managing Editor Shayne Currie has moved into a new role as NZME Editor at Large. I'm sure many of you will have seen the quality and engaging content that Shayne has been producing in his new role over recent weeks.

I am proud to lead an Executive team that has such a depth of talent and skills, as well as strength in leadership. We are committed as a team to our strategic priorities and delivering for you as shareholders of NZME.

Our People

In 2022, NZME launched a new employer brand promise, 'This Could Lead Anywhere', which highlights the endless possibilities available to team members at NZME.

Utilising the breadth of our many platforms, this external recruitment campaign promotes the company's promise to future employees by profiling various NZME team members. This includes long-standing

NZME'ers Mike Hosking and Kerre Woodham, and numerous people across our business. I'll share a short video from this campaign with you all shortly.

In addition to being an external campaign to attract new talent to NZME, the campaign involves new initiatives to help inspire NZME's internal team. This includes a new leadership programme called 'Develop Me' to accelerate leadership capabilities across the business. We also have a special induction for new starters in our business, and ongoing reward and engagement activities.

I'm delighted that NZME's employee engagement, measured through our employee feedback platform, is continuing to show high and improving levels of engagement.

Business and Consumer Confidence Impacts Market

As I noted earlier in the presentation, NZME has been increasing market share across each of our platforms. However, both business and consumer confidence have had an impact on the overall market since the back end of 2022.

On the screen, the left-hand chart shows NZME's overall advertising revenue by month, back to January 2022. The black line compares to the prior year and the orange line compares to 2019.

As you'll see, Quarter 4 2022 was below the levels achieved in Quarter 4 2021. This trend has continued into 2023, with Quarter 1 2023 below the levels achieved in Quarter 1 2022. We are seeing an improving trend with the bookings we are currently recording for May 2023.

In relation to real estate listings, the right-hand chart highlights the total market change in new residential for sale listings by month, back to January 2022.

Once again, you'll see that Quarter 4 2022, has seen a significant reduction in new listings, from those listed in Quarter 4 2021. This trend has also continued into the first quarter of 2023. We expect it may be some time before we see an improvement in this trend.

Market and Outlook

Now moving to how we are tracking for 2023, and our outlook for the year.

As I just noted, the operating environment continues to be uncertain.

Advertising revenue has been weaker in the first quarter of 2023 compared to 2022.

NZME advertising revenue would be in growth year-on-year if we adjusted for advertising spend by the Ministry of Health in 2022 and Real Estate customer declines this year.

It is worth noting that the first quarter 2022 included advertising spend by the Ministry of Health regarding Covid-19 information.

In addition, given the current decline in the real estate market, real estate customer revenue across all of our platforms has contributed to 60% of the revenue reduction in the first quarter of 2023.

May 2023 advertising revenue bookings to date reflect an improving trend for NZME.

We are mitigating cost pressure through disciplined cost management across the business.

Despite the weaker economic environment and lower business confidence, NZME expects 2023 EBITDA in the range of \$59-\$64 million.

Conclusion

Finally, I would like to say a big thanks on behalf of myself and the Executive Team to our fantastic team of people across NZME. We've achieved some really positive results in what has certainly been challenging times, and it's been our team who have made that possible.

I'd also like to say a big thank you to our audiences, our customers and business partners, and you, our shareholders for your ongoing support.

Thank you also to Barbara Chapman and the NZME Board for their ongoing support and guidance – it is much appreciated.

I look forward to answering any questions you have before the end of today's meeting.

I'll hand you back to Barbara, but before she joins again, let me leave you with a one of the 'This Could Lead Anywhere' videos I mentioned earlier. I'd like you to meet one of our fabulous team members Kiran.