

NZX – Annual Shareholders’ Meeting

31 March 2020

JAMES MILLER

[SLIDE: 2020 Annual Shareholders’ Meeting]

[SLIDE: Welcome and strategic overview]

Ladies and gentlemen, welcome and thank you for joining us for NZX’s 2020 Annual Shareholders’ Meeting.

My name is James Miller and I am Chair of NZX.

On behalf of your Directors, the Chief Executive, our leadership team and all of our people at NZX... a very warm welcome to our shareholders online.

This may be our 17th Annual Meeting for NZX but it’s also a first – and, in my view, hopefully our last fully “virtual meeting”.

Shareholders will be able to cast their vote online using the electronic voting card received when your registration is validated using your shareholder or proxy number.

Please refer to the virtual meeting online portal guide or contact the team at Link on 0800 200 220 if you require any assistance.

Shareholders participating online through the virtual meeting website will be able to ask questions. I encourage shareholders who have questions relating to the business of the meeting, to send their questions through as soon as possible. Please note that only shareholders, proxy holders or shareholder company representatives may vote.

I do ask for your patience through the course of today’s online meeting. With the restrictions currently in place around COVID-19, all of us – including your Board – are logging-in from different locations here in New Zealand and offshore.

We are very much reliant on the technology we have to hand, so that means the audio and video quality may be a bit variable without the usual specialists broadcasting our webcast.

Before we kick-off today, let me give you some insights into what’s happening right now in large-scale corporates listed on the New Zealand Exchange.

[SLIDE: COVID-19 requires broad collaboration]

Key points:

- Firstly... the phone has stopped ringing for many businesses, sales have dried-up, creating an income sheet crisis – thereby significantly damaging their balance sheets
- Secondly... the Boards and Management of these companies are responding with extremely tight control of opex and capex

- Thirdly... over the past few weeks these companies have been locking-in liquidity and new debt lines with their banks to fix the debt side of their balance sheets.
- Finally, and very relevant to NZX. We believe the next step is for these companies to recapitalise the equity side and repair their balance sheets, which means we expect to see secondary issuance coming to the market – as happened post the Global Financial Crisis.

We have taken a pragmatic and facilitative approach to dealing with the current market volatility and financial challenges being faced by our listed issuers and market participants.

NZX Regulation has led collaborative efforts with the FMA and Takeovers Panel, granting class relief to:

- Enable increased capacity for issuers to raise equity to support their working capital needs
- Allow issuers to use offer types not previously used in the NZ markets, but which are particularly effective in periods of market volatility
- ... and, we have removed procedural and timing requirements that might otherwise have proved a barrier to accessing much-needed capital, or been a distraction for issuers focusing on supporting their people and their ongoing businesses
- The work we have been progressing to make direct listings a more efficient and cost-effective option, could also have benefits in time.

My one ask, my plea today... to everyone across the New Zealand capital markets ecosystem – the Institutions, stock brokers, retail clients, the equity capital markets teams, and regulators including NZX... is to put aside our natural competitive instincts...

... and work collaboratively and co-operatively, to get the deals done.

What is happening in front of us is too urgent, and too important, for rivalry to hold us back.

We all pulled together in the GFC, and we can do it again now.

This is an absolute priority.

Now to the introductions.

[SLIDE: Your Directors]

I am pleased to introduce to you the NZX Board... Frank Aldridge, Nigel Babbage, Richard Bodman, Elaine Campbell, Jon Macdonald, John McMahon and Lindsay Wright.

We have also welcomed Hayley Buckley as our Future Director for 2020.

Also, online with us – are our Company Secretary, Hamish Macdonald, our CEO Mark Peterson, and CFO Graham Law.

I am pleased to confirm that we have a quorum and therefore declare the 2020 Annual Shareholders' Meeting of NZX Limited open.

[SLIDE: Milestone year of performance and purpose]

Reflecting on 2019 for a moment.

The results we released in February showed encouraging earnings growth, assisted by a stellar performance from our local market.

Our Board declared a final dividend of 3.1 cents per share – which was paid to our shareholders on 20 March, taking the FY2019 dividend to 6.1 cents per share, fully imputed.

We delivered record operating earnings of \$31.4 million, and made significant progress on our long-term goal to become a more vibrant and diverse capital raising centre as part of New Zealand’s capital markets ecosystem. We also continued to develop additional options for future growth.

We have also kept an unwavering focus on costs – in line with the commitment made to shareholders at last year’s Annual Meeting. This has supported our positive lift in operating margins.

[SLIDE: 150th Celebration, vision for the future]

You will see a few photos on the screen from our 150th anniversary events. I want to make a few comments on the celebration of this milestone.

Not because of the past century and a half, but because of the significance for the now and the future.

In commemorating the foundation of NZX at events across the country, and in engaging with contributors to produce our 150th anniversary commemorative book *“Stories from the Marketplace...”* what was really clear to me is the level of endorsement of the vital importance of capital formation in New Zealand and the role played by NZX.

We take an inter-generational view of the New Zealand’s capital markets and the NZX. This extends well beyond our business operations to the many linked parts of our capital markets ecosystem.

That has never been more important than today.

Healthy capital markets deliver mutual benefits for participants and investors, and for our country as an integral component of a well-functioning, sustainable economy.

Last year saw the release of the *“Capital Markets 2029”* report – an industry developed blueprint outlining a 10-year vision and strategy to grow New Zealand’s capital markets that has the support of the FMA.

The report outlines forty-two recommendations – and provides alignment on what needs to be done.

The next important phase of Capital Markets 2029 is to ensure steady progress in implementing the broad range of recommendations from the report.

This will keep our capital markets healthy – driving industry, infrastructure and moving our country forward.

[SLIDE: Review of regulatory model – NZXR]

First-class regulation is a central tenet of healthy and well-functioning capital markets.

Today we are announcing a fundamental change to NZX's regulatory function that will separate the Exchange's commercial and regulatory roles.

From your perspective – as a shareholder of NZX – this model will enable our Board increased capacity to focus on NZX's commercial mandate and initiatives, to deliver shareholder value.

The proposal we are announcing today is ground-breaking in the 150-year history of New Zealand's capital markets, aligned with global best practice – in terms of the structure, governance and operating model for NZX Regulation.

Our recommendations came out of a full review of NZX's regulatory operating model, which was prompted by the increasing complexity of the governance arrangements we have in place.

[SLIDE: Proposed regulatory model]

The NZX Board is proposing to adopt a new regulatory operating and governance model, similar to models used by a number of other international exchanges such as the Singapore Stock Exchange (SGX).

A wholly-owned operating subsidiary of the Exchange will perform all frontline regulatory functions in support of the NZX's obligations as a market operator and as operator of the designated settlement system.

The proposed entity will be:

- Structurally separate from the NZX's commercial and operational activities
- Governed by a separate board, with an independent Chair (and the majority of members independent of the NZX Group)
- NZX is targeting the new entity to operate on a cost-neutral basis. It will not be expected to generate profit for the Exchange.

As part of the announcement today, we have named the Establishment Board chaired by Trevor Janes, along with Elaine Campbell and Mike Heron QC – with a fourth member still to be confirmed.

We believe this proposal and the calibre of the Establishment Board give a good sense of the significance of this change, as a positive evolution of NZX and our role in New Zealand capital markets.

Implementation of the proposed model requires amendments to be made to NZX's market rules, as well as to the designation order in place for the NZX Clearing settlement system.

So, there's plenty of work to do.

We are working towards implementation as soon as possible this calendar year.

However, with the current period under Alert Level 4 restrictions, there is likely to be a delay of several months with NZX Regulation continuing under the status quo – exactly as they are now – to provide full regulatory services in support of NZX’s listed markets.

This delay reflects the additional pressures on issuers and broader market participants along with the NZX Regulation team – due to the current market volatility.

This is a fundamental change to a new regulatory operating and governance model, so I want to acknowledge the positive engagement that we have had from the Financial Markets Authority and the Reserve Bank.

I am also grateful to Elaine Campbell for her hard work and the expertise she has applied to the development of this proposal.

Finally, we would not have this proposal on the table without the outstanding work and effort over a number of years from our Head of Market Supervision, Joost van Amelsfort, together with the support we have in the wider NZX Regulation team.

This is a strong platform for a seamless transition for our issuer and participant customers.

[SLIDE: FY2020 Earnings Guidance]

Turning to FY2020 earnings guidance.

As we announced at our results in mid-February, we had a strong base for FY2020 with operating earnings guidance expected to be in the range of \$30.0 million to \$33.5 million, subject to market outcomes.

A lot has changed over the past six weeks...

In a moment Mark Peterson will provide some detail on how well our business is tracking – in particular I’d like to highlight the record trading volumes achieved during this period. There is, however, an increased level of uncertainty.

This means, while we are confirming today that currently our earnings guidance remains unchanged at this time. We are now formally adding an additional proviso that our reforecast indicates a much wider range of potential market outcomes for our 2020 financial results...

... particularly with respect to market capitalisation, total capital raised, secondary market trading value and derivatives volumes traded, and growth in Funds Under Management and Funds Under Administration.

I will now hand over to our Chief Executive, Mark Peterson.

MARK PETERSON

[SLIDE: Report on financial and business performance]

Kia ora koutou katoa. Good morning ladies and gentlemen, and thank you for joining us.

My name is Mark Peterson and I am Chief Executive of NZX.

I am very pleased to address you, our owners, today.

[SLIDE: Our Leadership Team]

It's great to have our leadership team online with us today.

I would like to mention Sarah Minhinnick who has also recently joined us as Head of Issuer Relationships. It's wonderful to have another experienced and highly motivated leader on our Senior Leadership Team who shares our vision to grow New Zealand's capital markets

This role spearheads our efforts around attracting new listings and supporting current listed companies accessing New Zealand's equity, debt and funds markets.

Even in these extraordinary times, while difficult, new listed products remain a core strategic focus.

However, we must also support our existing issuers as they work through the impacts of COVID-19 – to help them ensure the financial stability of their businesses.

[SLIDE: COVID-19: Our Game-plan]

Over the past three years we have been focused on delivering on the clear goals set out in our strategy.

To say that we have had a jolt recently is an enormous understatement. COVID-19 has taken us into uncharted waters.

This virus is testing the resilience of our markets, throwing huge tasks in front of our issuers and the New Zealand economy generally. It is also asking questions of us as employers, leaders, and people.

I am pleased to say that from NZX's perspective – while this has been a time of uncertainty and huge demand on the team – we have been able to keep operations running smoothly while handling record levels of activity.

We have seen the ability of our people to adapt and find new ways of working, and we have quickly flexed to this as the "new normal".

Following the Government's announcement on New Zealand COVID-19 Alert Levels, we have confirmed that the capital markets – as an essential service to New Zealand – will remain fully operational.

As with many of our capital markets participants, at NZX we have been operating in a split-team mode over recent weeks. Trading and settlement of all activity has performed well, including under the pressure of very heavy trading.

We have effectively traded four months' worth of traded value in the first three months of 2020, with the number of trades up more than 160%.

We have communicated our business continuity status with all Participants, Issuers and Regulators in recent days, and assured stakeholders that we expect to be able to perform all essential functions – even with the Alert Level in New Zealand at the maximum Level 4.

We have split our core markets operational, technology and regulation teams, with cohorts rotating weekly from home and work – and all others working remotely.

This means we have limited the physical contact, which reduces the risk of cross-transmission between the teams or spread into the community.

I have also been impressed by the level of preparedness of Participants and the wider capital markets community. The levels of communication, connection and engagement across the market, including the regulators, has been excellent.

All of us are continuing to closely monitor and follow Government and Ministry of Health advice.

[SLIDE: Our performance in 2019]

Returning to our performance in 2019, and a brief recap of those key deliverables in our plan.

All of our goals in FY19 were driven by our strategic reset three years ago, when we committed to creating a more robust NZX, to deliver improving results and shareholder value over the long-term – and in turn, greater value for our customers and for New Zealand.

Our results in 2019 are the evidence that our changes are delivering gains.

We have demonstrated the benefit of refocusing on our core business, building deeper relationships with our customers, simplifying listing and capital-raising, and creating additional options for ongoing growth.

Looking at the numbers.

Operating earnings from continuing activities of \$31.4 million was up 9.8% on FY2018 with operating margin improving to 45.1%.

Revenue growth has come from across all areas of our business – Core Markets, Funds Management and Wealth Technologies.

Costs have been carefully managed and remain a key focus. We have had a focus on creating operating leverage in our core markets business, while investing in our growth areas of Funds and Wealth Technologies

Capital expenditure has largely been directed into our upgrade of the NZX trading system and Wealth Technologies.

The new trading system, scheduled to go live in mid-2020, will be delayed as we focus on absolutely essential activity in the context of COVID-19. But we look forward to this coming on-stream in due course to assist on-market liquidity with the delivery of NZX's mid-point order book.

We continue to invest in NZX Wealth Technologies to transition the new customers onto our platform, and that work will continue.

Looking at the achievements of our core business through 2019.

[SLIDE: Our performance in 2019 – Napier Port]

One of the standouts of 2019 was the total value of capital raised, up \$9.2 billion to \$18.7 billion, driven heavily by growth in the number and value of retail and wholesale debt listings, along with secondary equity, debt and fund issuance.

We see liquidity as a primary measure of market integrity and price transparency, so it was positive to have on-market trading up 5.3% for the year to 54.3%. This trend has continued into Q1, where on-market trading now exceeds 57%.

Adding participants and lifting access to the markets has always been a focus and we welcomed Sharesies as a trading and clearing participant in the middle of the 2019 – highlighting how technology is also breaking down some of the traditional barriers to investment, and helping attract a new generation of investors.

We also welcomed BNP Paribas Securities as an accredited depository participant – the first global custodian to join NZX Clearing's Depository since it was founded in 2010.

This is reflected in a 383% increase in our assets held in the depository to nearly \$3.5 billion at 2019 year-end.

Our Dairy Derivatives business has been the fastest-growing globally of its type, setting growth records over the last few years.

However, a lack of price volatility in the underlying physical market saw a relatively soft second half. With volatility coming back in the first quarter of 2020, this has triggered higher levels of growth back into our derivatives market. First quarter growth was approximately 30%.

Energy consulting and development revenues lifted through 2019 to more than \$1 million with the completion of some significant one-off contracts for the New Zealand Electricity Authority.

We have also announced a Co-operation Agreement with the European Energy Exchange (EEX) with the aim of securing new opportunities in the New Zealand carbon market.

Data & Insights revenue increased 10.4% to \$12.8 million, with an ongoing focus on complementing royalties from terminals with additional subscription and licence revenue. The provision of market information and data remains an important opportunity for us.

Smartshares had a very strong year.

[SLIDE: Our performance in 2019 – Ka Uruora]

Funds Under Management (FUM) increased to \$3.97 billion – growth of 36% over the 2019 year. Our efforts focused on lifting sales across our product range, launching innovative products – which includes the launch of the Pacific Island series, our Iwi superannuation products and a range of ESG-related Exchange Traded Funds, alongside improving efficiency, scalability and capability within the team.

We achieved excellent progress across all these areas.

Within Wealth Technologies our Funds Under Administration grew strongly to \$2.3 billion, up 15.6% for the year.

But more importantly we announced further customer wins, with Hobson Wealth Partners, Saturn Advice and one other unnamed client selecting our market-leading platform.

We also continue to work alongside our existing customer, Craigs Investment Partners. Transitioning these clients onto our platform through 2020 is a major focus of the team and work continues on these projects despite the environment we all face.

As the Chair mentioned, NZX actively supported the independent Capital Markets 2029 review, and we believe the resulting recommendations will assist market efficiency and result in better long-term investment outcomes.

This created a 10-year vision and growth agenda that will develop more opportunities for Kiwis and New Zealand businesses.

We have also had a sharp focus on further capital markets development.

During the year we contributed extensively to reform discussions around the settings for capital markets. These included sustainable financing, the Overseas Investment Act, KiwiSaver default provider settings, and banking capital adequacy.

[SLIDE: The year ahead]

Right now, there is an important role for the capital markets ecosystem to play.

At NZX, along with focusing on the wellbeing of our people and the resilience of our business, we have been doing everything we can to support our issuers to achieve balance sheet strength.

You may have seen some of the support measures we have put in place – designed to address the unprecedented impacts arising from the spread of COVID-19, and the challenges being experienced by issuers and other capital markets participants.

Over recent days, our Regulation team announced three separate sets of class waivers that offer greater flexibility to issuers in this current environment.

The first was to allow a lift in equity capital raising capacity via placements and share purchase plans.

The second was to allow greater flexibility in the timeframes for financial reporting for debt, equity and fund issuers. And the third was to make available to the New Zealand market the Accelerated Non-Renounceable Entitlement Offer structure, and to enable downside price protection to be a feature of certain offers to retail investors given the market volatility being experienced.

It is clear that there are constraints on some issuers' reporting timeframes and working capital positions, and therefore at NZX we want to do everything we can to ensure Kiwi companies can access equity or debt capital quickly, in order to protect their businesses and save jobs.

The impacts of COVID-19 are being felt in real-time.

To help, we have been in constant contact with issuers, participants, investment banks and other corporate advisors – to understand the current situation and environment they face and determine what we can do to assist.

Currently across our business, we are seeing heavy trading and clearing volumes.

We are also seeing a big lift in the activity in our dairy derivatives markets.

Most of the equity and debt listings are on ice at present, however we are hearing there is likely to be a round of equity capital raising for a number of businesses as a result of the environment our companies now face. Our views on our data and energy businesses have not changed for 2020.

Our Smartshares business has been impacted through the fall in market valuations, and we are seeing significant switching between funds.

Smartshares revenue may well be less than we had planned, and as a result we will spend less than we planned in the discretionary areas of product development, branding and marketing.

As previously stated, our NZX Wealth Technologies client transition activities continue as planned.

In this environment, we are managing our costs particularly carefully. Discretionary spending has been reduced and many of our projects have been paused. We do have a strong balance sheet due to the strategic changes we made in 2018 with the implementation of the mutualised default fund and the issuance of the subordinated note, alongside the cash balances and unused liquidity facilities we have in place. While the outcomes of COVID-19 pose increased variability of outcomes, we do feel well-positioned going into these uncertain times.

Finally, let me express my thanks and confidence in our team at NZX.

These unprecedented times are where we will see the pay-back from the investment we have made in building a quality organisation – with the right culture and people focused in the right areas, capable of delivering our future plans.

This gives us depth and the organisational capability to be fast on our feet – seizing the opportunities and dealing with the risks and challenges that are thrown at us along the way.

That's going to be important in the coming weeks and months.

Before I hand back to James. Thank you, our owners, for your strong support and confidence in NZX.

I look forward to updating you at our half-year results in August.

Stay healthy and look after each other.

He waka eke noa – we are all in this together.

Thank you.

JAMES MILLER

[SLIDE: Resolutions]

We now move on to the formal business of the day.

All items of business are ordinary resolutions and are required to be passed by a simple majority – being more than 50% – of the eligible votes cast.

The resolutions that we will be voting on today are as follows:

Resolution 1: Auditor's fees

Resolution 2: Election of John McMahon as a director of NZX

Resolution 3: Re-election of Richard Bodman as a director of NZX

Resolution 4: Re-election of Frank Aldridge as a director of NZX

As stated in the Voting/Proxy Form, all voting at today's meeting will be by way of poll and, accordingly, in my capacity as Chair I require that a poll be held for each of the resolutions.

Shareholders on Link's virtual meeting platform will be able to cast their vote using the electronic voting card received when online registration is validated – voting will be open until the close of the meeting. Please refer to the virtual meeting portal guide or use the helpline 0800 200 220.

To vote, you will need to click "Get Voting Card" within the online meeting platform.

You will be asked to enter your Shareholder or Proxy Number to validate. Please then mark your voting card in the way you wish to vote by clicking "FOR", "AGAINST" or "ABSTAIN" on the voting card. Once you have made your selection please click "Submit Vote" on the bottom of the card to lodge your vote. Voting will remain open until five minutes after the conclusion of the meeting and the results of the vote will be announced via a market announcement on nzx.com.

Your Board supports each of the resolutions and intends to vote undirected proxies in favour of these four resolutions.

I will now introduce each of the resolutions in turn for discussion.

[SLIDE: Resolution 1]

Resolution one relates to the Board being authorised to fix the fees and expenses of KPMG as the company's auditor for the 2020 financial year. KPMG is the current auditor of NZX.

I move, as an ordinary resolution, that the Board be authorised to determine the auditor's fees and expenses for the 2020 financial year. Is there any discussion on this resolution?

There appears to be no [further] discussion.

[SLIDE: Resolution 2]

Resolution two relates to the election of John McMahon.

Under our Constitution and the Listing Rules, any person who is appointed as a director must retire from office at the next Annual Meeting, but shall be eligible for election at that meeting.

John McMahon was appointed to the Board in June 2019. John retires in accordance with the Constitution, and offers himself for election.

The Board recommends John McMahon to you as a director of NZX and unanimously supports his election.

I invite John to address the meeting on his proposed election.

JOHN MCMAHON

[Address from John McMahon]

JAMES MILLER

Thank you, John.

I move, as an ordinary resolution, that John McMahon be elected as a director. Is there any discussion on this resolution?

There appears to be no [further] discussion.

[SLIDE: Resolution 3]

Resolution three relates to the re-election of Richard Bodman.

Richard Bodman was appointed a director of NZX in April 2017. Richard retires by rotation in accordance with Listing Rules, and offers himself for re-election.

The Board recommends Richard Bodman to you as a director of NZX and unanimously supports his re-election.

Being eligible, Richard has confirmed he is available for re-election. I invite Richard to address the meeting on his proposed re-election.

RICHARD BODMAN

[Address from Richard Bodman]

JAMES MILLER

Thank you, Richard.

I move, as an ordinary resolution, that Richard Bodman be re-elected as a director. Is there any discussion on this resolution?

There appears to be no [further] discussion.

[SLIDE: Resolution 4]

Resolution four relates to the re-election of Frank Aldridge.

Frank Aldridge was appointed a director of NZX in May 2017. Frank retires by rotation in accordance with Listing Rules, and offers himself for re-election.

The Board recommends Frank Aldridge to you as a director of NZX and unanimously supports his re-election.

Being eligible, Frank has confirmed he is available for re-election. I invite Frank to address the meeting on his proposed re-election.

FRANK ALDRIDGE

[Address from Frank Aldridge]

JAMES MILLER

Thank you, Frank.

I move, as an ordinary resolution, that Frank Aldridge be re-elected as a director. Is there any discussion on this resolution?

There appears to be no [further] discussion.

[SLIDE: Voting]

We will now turn to voting, for any shareholders who have not already cast a postal or proxy vote.

Shareholders should now submit their votes – select “for”, “against” or “abstain”, alongside each resolution. Voting will be open until the close of the meeting.

Once all the votes have been cast, they will be counted by the Company’s share registrar, Link Market Services, and scrutinised by the company’s auditor. The results of today’s meeting will be released to the market on the completion of verification of voting.

Please complete your voting while we take questions.

[SLIDE: Questions]

At this point we will open up to any questions on the financial results, the business update or any other matters you would like to raise.

Are there any items of general business to be discussed?

There appears to be no further business for discussion. That brings this meeting to a close.

Ladies and gentlemen, that brings us to the end of formal business for NZX’s 2020 Annual Shareholders’ Meeting.

[SLIDE: 2020 Annual Shareholders’ Meeting]

Once again, it is wonderful to have your support as the owners of NZX.

A few final messages for you to take away today:

- As NZX companies recapitalise their balance sheets in the coming weeks and months, the one thing I ask is that everyone in the capital markets works constructively and collegially together
- We've announced the separation of the Exchange's commercial and regulatory roles. This will bring us into line with international standards. It also enables a sharper focus on long-term shareholder value.
- 2020 Earnings Guidance remains unchanged. But, we've added an additional proviso around the heightened uncertainty in the external environment.

I would also like to take this opportunity to say that I am incredibly proud of the team in ensuring the markets have operated smoothly through these difficult times.

This environment is challenging for everyone. I understand the significant increased pressure on our team at NZX and how this is being felt across their wider families, given the remote working environment we currently face.

The focus and dedication has been nothing short of exemplary.

Thank you.