

DISCLOSURE DOCUMENT

17 December 2021

Dear Shareholder(s)

NZME Limited Share Buyback

On 16 November 2021, NZME Limited (**NZME**, or the **Company**) announced that it intended to undertake an on-market buyback of NZME ordinary shares (**Shares**) of up to \$30 million to commence in early 2022.

A rigorous commercial discipline and a continual focus on managing the cost base as business activity recovers has supported the continued strengthening of NZME's balance sheet. Following the repayment of debt over the last three years and the completion of the sale of GrabOne, NZME's balance sheet is in a strong position and net debt well below its target net debt range.

Based on these factors, the NZME board of directors (**Board**) determined that it would commence a share buyback programme, with the most effective method being an on-market buyback of Shares. This disclosure document explains the nature and implications of the buyback for NZME and its shareholders.

The Company will effect the buyback by purchasing Shares through the NZX and ASX order matching markets at the prevailing market price from time to time, up to a maximum aggregate purchase price of NZ\$30 million (**Buyback**).

NZME will not begin the Buyback of Shares on-market until after its annual results announcement in February 2022 (in line with NZME's Securities Trading Policy). It will give shareholders at least three business days' notice prior to the commencement of the Buyback, through announcements on NZX and ASX. No shareholder is obliged to sell any Shares to the Company during the Buyback, and NZME may decide to suspend or terminate the Buyback programme at any time.

The Buyback programme may run for up to 12 months from the date this disclosure document is sent to shareholders.

The Board believes that the Buyback is in the best interests of the Company and its shareholders.

Shareholders who wish to participate in the Buyback and sell their Shares should contact their broker. If you do not wish to sell your Shares, you do not need to do anything.



Barbara Chapman
Independent Chairman

SUMMARY OF THE BUYBACK

Terms of the Buyback

NZME is implementing a programme to buyback up to 21,428,571 Shares (representing approximately 11% of the Company's issued capital as at 17 December 2021) for an aggregate purchase price of up to NZ\$30 million, pursuant to section 63 of the Companies Act 1993 (**Companies Act**).

Shares will be acquired by the Company by way of ongoing purchases on NZX and ASX. NZME will pay the prevailing market price for the Shares at the time of purchase. Shares purchased by NZME under the Buyback programme will be cancelled upon acquisition, and the number of Shares on issue will reduce accordingly.

NZME will not begin the Buyback of Shares on-market until after its annual results announcement in February 2022 (in line with NZME's Securities Trading Policy). NZME will also give shareholders three business days' notice prior to the commencement of the Buyback programme through announcements on NZX and ASX.

The number of Shares purchased under the Buyback will be notified to shareholders by way of an announcement to NZX and ASX on the business day following the date on which NZME purchases any Shares under the Buyback.

Throughout the Buyback, NZME will continue to assess market conditions, NZME's prevailing Share price, and all other relevant considerations. NZME is not obliged to make offers and reserves the right to cease or suspend the Buyback programme at any time.

Rationale for the Buyback

The Board has decided to implement the on-market Buyback programme because:

- ❖ The Company recently completed the sale of GrabOne, generating gross proceeds of \$NZ17.5 million;
- ❖ Having regard to the Company's target leverage ratio (which it currently remains below), and the forecast cash flows for the next 12 months, the Board has determined that the Company is in a position to distribute funds to shareholders;
- ❖ Participation in the Buyback programme is voluntary for shareholders; and
- ❖ An on-market buyback is a flexible and efficient means by which to return capital to shareholders.

Shareholders should seek their own tax advice before participating in the Buyback.

NZME has authorised the Buyback

In authorising the Buyback, the Board resolved and certified under the Companies Act, that:

- ❖ The Buyback is in the best interests of NZME and its shareholders.
- ❖ The terms of the Buyback and the consideration offered for the Shares are fair and reasonable to NZME and its shareholders.
- ❖ It is not aware of any information that will not be disclosed to shareholders prior to the offer being made to shareholders:
 - which is material to an assessment of the value of the Shares; and
 - as a result of which the terms of the offer and consideration offered for the Shares are unfair to shareholders accepting the offer.

The Board has also certified that NZME will satisfy the solvency test set out in the Companies Act immediately after the Buyback, based on reasonable grounds.

Procedural safeguards

In undertaking the Buyback, the Board will adopt certain procedural safeguards which are aimed at ensuring that the Buyback does not distort the market price of Shares.

Shareholders must be fully informed

NZME will not purchase any Shares while it possesses information that is not generally available to the market, and which, if it were so available, would have a material effect on the price of the Shares. NZME will closely monitor compliance with its information disclosure obligations throughout the period of the Buyback. If NZME becomes aware of such price sensitive information, it will cease acquiring Shares until the information is publicly disclosed or ceases to be materially price sensitive.

Text of Board Resolutions

NZME is implementing a programme to buyback up to 21,428,571 Shares (representing approximately 11% of the Company's issued capital as at 17 December 2021) for an aggregate purchase price of up to NZ\$30 million.

To initiate the Buyback, the Board has resolved (amongst other things) that:

- (1) In accordance with sections 52 and 63 of the Companies Act 1993, the Company make on-market offers on NZX and / or ASX to all of the Company's shareholders to acquire no more than 21,428,571 shares in the Company for an aggregate price of no more than NZ\$30 million.
- (2) The proposed on-market acquisition of the shares is in the best interests of the Company and its shareholders.
- (3) The terms of the offer and the consideration offered for the Company's shares are fair and reasonable to the Company and its shareholders.
- (4) The Board is not aware of any information that will not be disclosed to shareholders prior to the offer being made to shareholders:
 - (a) which is material to an assessment of the value of the shares; and
 - (b) as a result of which, the terms of the offer and consideration offered for the shares are unfair to shareholders accepting the offer.
- (5) The directors' conclusions set out in resolutions (2) to (4) above are based on the following:
 - (a) having regard to the Company's target leverage ratio (which it currently remains below), expected debt repayments and forecast cash flows over the next 12 months, and following the completion of the GrabOne sale, the Company is in a position to distribute up to NZ\$30 million to shareholders;
 - (b) financial flexibility will still be maintained in the Company's balance sheet following the proposed share buyback programme due to the Company's expected cash flows and prudent capital structure;
 - (c) the terms of the proposed share buyback programme are acceptable to the directors;

- (d) the purchase price payable by the Company for shares under the share buyback programme will be equivalent to the market price of the Company's shares at the time of relevant acquisition, and the terms are therefore "arm's length" and are fair both from the perspective of shareholders who choose to sell and those who continue to hold their shares;
 - (e) shareholders have the choice of whether or not to participate in the share buyback programme and can seek independent advice as to whether to sell some or all of their shares, or continue to hold all of their shares;
 - (f) the tax consequences for shareholders participating in the share buyback programme are unlikely to be different from ordinary trading activity, therefore representing a tax effective means of managing the Company's capital; and
 - (g) the Company has in place reviews and procedures to ensure that it does not acquire shares during the period when material price sensitive information is known to the Company but is not available to shareholders.
- (6) The Board is satisfied that the Company will, immediately after completion of the share buyback programme, satisfy the solvency test as set out in section 4 of the Companies Act 1993 (as modified by section 52(4) of the Companies Act 1993).
- (7) Any one of the directors of the Company, the CEO or the CFO be and is hereby authorised to:
- (a) enter into, execute and deliver on behalf of the Company any deeds, agreements, instruments, announcements, certificates, notices or other documentation (**Documents**) contemplated by, or considered necessary or desirable under or in connection with the share buyback programme, in such offer as they may approve (execution by or on behalf of the Company to be conclusive evidence of such approval); and
 - (b) take such other actions on behalf of the Company as may be necessary or desirable under or in connection with the share buyback programme and/or the Documents.
- (8) Upon completion of the acquisition of shares by the Company, the shares will be cancelled and the share register of the Company updated accordingly.

Directors' interests

The Buyback offer is made to all shareholders of NZME. At the date of this disclosure document (17 December 2021), the directors of NZME have the following relevant interests in Shares subject to the Buyback offer:

Director	Number of Shares	Nature of relevant interest
Barbara Chapman	73,000	Beneficial interest in shares held by an associated person
Carol Campbell	150,000	Registered holder and beneficial owner
David Gibson	50,000	Registered holder and beneficial owner
Guy Horrocks	0	Not applicable
Sussan Turner	0	Not applicable

This disclosure document is provided pursuant to section 63(6) of the Companies Act and complies with section 64 of the Companies Act.