

31 March 2025

Dear Shareholders,

We want to provide you an update on NZME's upcoming Annual Shareholders' Meeting and the proposals received from Mr Grenon to replace the Board at that meeting.

Change of date of Annual Shareholders' Meeting

As announced today, NZME will now hold its Annual Shareholders' Meeting on Tuesday 3 June 2025. The time and other details in relation to attending the meeting will be advised in the Notice of Meeting to be sent in due course.

NZME previously announced on 25 February 2025 that its Annual Shareholders' Meeting was to be held on Tuesday 29 April 2025. However, new information has been received from Mr Grenon in his 26 March 2025 letter to shareholders and his 30 March 2025 correspondence to the Board regarding the potential composition of the NZME Board following the Annual Shareholders' Meeting (if Mr Grenon's proposals were to succeed). The Company and the NZME Board have taken external legal advice and the NZME Board has determined that it is appropriate and in the best interests of the Company to reschedule the Annual Shareholders' Meeting to Tuesday 3 June 2025. This will provide an opportunity to engage with shareholders in respect of the new information and to allow shareholders to consider such information and whether they wish to put forward any other director nominations.

Further correspondence from Mr Grenon

NZME has previously released through NZX a copy of Mr Grenon's original letter of 6 March 2025 and his subsequent letter dated 26 March 2025.

The NZME Board has received further correspondence in writing from Mr Grenon on 30 March 2025 which included a more modified proposal regarding governance for consideration by the Board, including the following:

"1) The One Roof board be made more active and formalized. It would also be focussed on all other "classified" opportunities. Its members would be Nigel Jeffries, Guy Horrocks and Simon West.

2) The NZME board would have 7 people: Guy (one of Sussan, Carol or Barbara, tbd after further discussions), Michael Boggs, Nigel, me, Philip and Des (Troy Bowker would be authorized as an alternate to Des, if Des occasionally isn't available). I would be chair.

3) The reconstituted board would pre-agree certain broad themes, including: i) improved disclosure; ii) editorial policy will be acknowledged as the responsibility of the NZME board, including processes to ensure compliance; and iii) there will be a thorough cost review, with me being very involved at an operational level. Simon will assist me on a time intensive basis of perhaps 20 hours per week. Of course Michael will be very involved in this as well.

4) A small editorial board will be established with an attempt at a diversity of views. Philip would be the chair. They will also be responsible for raising standards, including a bit of a brain trust to raise the level of insight. They would report to the NZME board."

Concerns with Mr Grenon's proposals

At this juncture, we want to provide you with a summary of our initial concerns as to whether Mr Grenon's proposals are in the best interests of the Company and its shareholders.

1. The risks of no alternative plan

A core role as the Board is to act in the best interests of the Company so as to protect and grow shareholder value and our clear focus is on the drivers to increase such value. The two key value drivers for NZME are:

Digital Growth. As outlined in many of our investor day presentations, a central value driver has been growing our digital business, particularly digital subscribers at the Herald who are replacing the print volume decline. We have been very successful in this mission with now nearly 200,000 digital subscribers across our platforms.

OneRoof. OneRoof is an important value driver of NZME. We have invested in this business and are tremendously excited by its performance trajectory. OneRoof has the potential to exponentially grow shareholder value.

Our recent announcement of the independent strategic review is designed to surface the value of OneRoof for shareholders. We have also been exploring opportunities in the past two years centred around gaining scale and synergies from consolidation, some of which have been disrupted by the current process.

We strongly refute Mr Grenon's assertions that NZME has not performed well financially in recent years. The media industry both locally and globally has been in turmoil, facing major disruption from global tech competitors and also a depressed economic backdrop. Our local competitors have felt this, and many have been in financial difficulty. Within this context NZME has been a standout performer. On a total shareholder return basis, measured across both the last 1 and 5 years, NZME has outperformed every listed competitor in the Australasian market. External analysts have been publicly positive around company performance.

Dividends have been a core part of our total return. Some shareholders have previously asked for greater dividends but we have sought to navigate the right balance between supporting returns to shareholders while retaining sufficient financial flexibility to absorb economic shocks and allow investment in our businesses, especially OneRoof.

Outside of quality, Mr Grenon's key concerns around the existing business plans are over costs, including CEO compensation. We point out that a large part of the CEO compensation in the past year

has been TIP (Total Incentive Plan) which aligns with the increase in shareholder value that has occurred in the last three years.

In FY24 the salary and benefits for the CEO was \$899,045¹ with a further \$992,428 of shares issued under the Total Incentive Plan and short term incentive plan, as a result of meeting performance targets. In FY23 the ratio of salary, benefits and cash bonuses to shares received by the CEO was similar. This ensures that the CEO is incentivised with shares in the company he leads, and aligns his remuneration to shareholder outcomes.

Additionally, there is a constant drive to reduce general overheads to maintain margins.

Mr Grenon's letter provides no clear plan or new initiatives that will significantly improve the Company's performance or increase value compared to the current plan being implemented by the existing Board.

2. The risks around Mr Grenon gaining editorial control

We acknowledge the importance of quality journalism, which is central to NZME's long term sustainability.

NZME has a broad audience and to maximise revenue we must produce content which appeals to a diverse range of perspectives. Internally we call that the "Business of Journalism". There is a trade-off between the Business of Journalism and the content.

Trust levels are generally low across all journalism in New Zealand, and the world. Many readers would like to see fewer articles that they consider to be "click bait" and more articles on topics that are important to them.

The Board accepts this feedback and since 2022 has embarked on three initiatives to relentlessly focus on the quality of our product.

Quality Control – We have introduced article and journalist performance score cards which rank every article and every journalist based on performance metrics – such as growing subscriptions and audience engagement.

Operating model – The newsroom has been recently restructured to ensure we have the right focus to drive quality and revenue.

Tech Solutions – Audiences are requesting more personalisation, so they are in control of what they read, listen and view and we are now delivering to this through tech solutions.

These initiatives are ongoing.

The quality of journalism debate is very different from the choice of political leaning. With over 2 million readers, NZ Herald takes a deliberate position of being as broad as possible. We do this to maximise audience and revenue. We believe some supporters of Mr Grenon are motivated by supporting certain political perspectives. An example of this is that Mr Grenon, in his most recent correspondence to the Board dated 30 March 2025, has suggested that Mr Troy Bowker be appointed as Mr Gittings' alternate director – Mr Bowker being an individual who has been reported as having

¹ Salary includes normal basic salary and paid leave. Benefits relate to company contributions to KiwiSaver.

made comments that are against appealing to a wide range of perspectives.² We worry what this might do to maintaining a broad audience and its impact on staff and revenue.

Mr Grenon has been open in the media about what he sees as the Board's role in actively managing media. In his latest correspondence, Mr Grenon has stated that editorial policy will be acknowledged as the responsibility of the NZME board, including processes to ensure compliance. As you will see in the extract from his latest correspondence above, he further states a small editorial board will be established in order to raise standards and to be "a bit of a brains trust to raise the level of insight".

Whilst we acknowledge that ultimately the Board is responsible for quality, we are also very against the Board interfering with editorial independence. To attract the right talent and create the best content, the current Board believes the journalists in the newsroom need to be independent. The Board and CEO's role is about selecting the best people to lead the newsroom and monitoring the processes to track and improve quality and revenue, and not to control the news.

There are clear global examples of politically-driven or high net worth individual ownership resulting in adverse financial outcomes for media businesses.

We are concerned that the proposal is a play by Mr Grenon to exercise control over a newsroom, rather than anything else. Mr Grenon has previously owned Centrist and shown an interest in Stuff. We are concerned this will have an adverse effect on the Company.

3. The risks around minority shareholder control of the boardroom

Mr Grenon currently owns around 10% of NZME yet is proposing that he will be Chairman and, as a result, under NZME's Constitution, and under some of the proposed board structures, will have a casting vote on Board decisions.

We are concerned that the Board structure will result in Mr Grenon and his proposed Directors controlling the decision making of the Company. All shareholders views need to be considered when important decisions are made, not just the views of a few.

There is a risk that Mr Grenon prioritises his own agenda at the expense of the best interests of the Company and all its shareholders.

We see significant risk that Mr Grenon's proposal will deprive the Company of the benefit of a Board which represents the voices of all shareholders.

4. The risks of poor governance

Three proposed board structures have been received from Mr Grenon so far, giving uncertainty to shareholders. Those are summarised as follows:

² For example, in BusinessDesk, *Analysis: What we know about NZME's new shareholder*, Patrick Smellie, 6 March 2025: "...[Troy] Bowker is likely to have been forthright in expressing his opinions, asserting to this reporter on one occasion that publishing a diversity of views was not how modern news media worked. "With subscription services that claim to be a business news site, I don't want to read any stories that piss me off," he texted back in July 2023."

<p align="center">Mr Grenon’s letter to Shareholders of 6 March 2025</p> <p align="center">(released by NZME 21 March 2025)</p>	<p align="center">Mr Grenon’s letter to Shareholders of 26 March 2025</p> <p align="center">(released by NZME 26 March 2025)</p>	<p align="center">Mr Grenon’s correspondence to the Board of 30 March 2025</p>
<p><u>Proposed composition:</u></p> <p>4-5 Directors comprising:</p> <p><i>Appointment by Shareholders at the Annual Shareholders’ Meeting, having effect from conclusion of the Annual Shareholders’ Meeting:</i></p> <ul style="list-style-type: none"> James (Jim) Grenon (Chair) Desmond (Des) Gittings Philip Crump Simon West <p align="center">PLUS</p> <p><i>Appointment by the new Board above, having effect following the new Board’s decision following conclusion the Annual Shareholders’ Meeting:</i></p> <ul style="list-style-type: none"> One existing Board member to be appointed following the Annual Shareholders’ Meeting 	<p><u>Proposed composition:</u></p> <p>Up to 8 Directors comprising:</p> <p><i>Appointment by Shareholders at the Annual Shareholders’ Meeting, having effect from conclusion of the Annual Shareholders’ Meeting:</i></p> <ul style="list-style-type: none"> James (Jim) Grenon (Chair) Desmond (Des) Gittings Philip Crump Simon West <p align="center">PLUS</p> <p><i>Appointment by the new Board above, having effect following the new Board’s decision following conclusion the Annual Shareholders’ Meeting:</i></p> <p>Up to four additional Board members including from:</p> <ul style="list-style-type: none"> The current Board The advisory boards of one of NZME’s businesses NZME senior management, most likely CEO Michael Boggs A nominee from Osmium Partners (subject to owning at least 5% of NZME shares) 	<p><u>Proposed composition:</u></p> <p>7 Directors comprising:</p> <ul style="list-style-type: none"> James (Jim) Grenon (Chair) Desmond (Des) Gittings (with Troy Bowker appointed as Mr Gitting’s alternate director) Philip Crump <p align="center">PLUS</p> <ul style="list-style-type: none"> Guy Horrocks (existing Board member) One of Sussan Turner, Carol Campbell and Barbara Chapman (existing Board members) Michael Boggs Nigel Jeffries <p>It is unclear whether the above appointments would be achieved at the Annual Shareholders’ Meeting, or by appointments by the new Board following the Annual Shareholders’ Meeting, or a combination.</p> <p><u>Other governance changes:</u></p> <p>In addition, Mr Grenon has outlined other governance proposals as outlined in points 1), 3) and 4) of his statement copied above.</p>

We have many concerns around the various proposals for the Board structure provided by Mr Grenon. as they do not satisfy the requirements of the NZME Board Charter or reflect good corporate governance. For example:

- The current Board is 100% independent. The new Board would not be. It is widely recognised that independence is an important consideration for public company boards and that

independent views add value to boards. The 30 March proposal includes Mr Troy Bowker being an alternate director of Mr Gittings. The Board has not had the opportunity to determine whether Mr Troy Bowker is independent.

- The Company will not have an Independent Chair as recommended by the NZX Corporate Governance Code. Under some of the proposed board structures, Mr Grenon as non-independent Chair will have a casting vote under NZME's constitution, increasing his voting power where Board opinions are evenly split, further eroding Board independence.
- Mr Grenon's nominees in his letter to shareholders of 6 March 2025 have minimal New Zealand public company governance experience and little board committee experience. Mr Grenon's latest proposal of 30 March 2025 continues to have each of these nominees as either a director of the Company or its subsidiary OneRoof.
- If all existing Board members are removed, there would be insufficient continuity, risking a loss of momentum on value enhancing initiatives. Replacing the full Board with no transition proposed is extremely destabilising for NZME and could have a large negative impact on shareholder value.
- The Board is already actively considering Board renewal and succession matters, and recently announced a proposal to find a new Board member, and also to reconstitute the board of directors of its subsidiary OneRoof. The Board intends to continue its renewal process over a period of time, ensuring that directors have the right mix of skills needed to support NZME's evolving strategic goals and that succession would occur in a staggered manner to minimise disruption.
- There is limited media and radio sector expertise among Mr Grenon's nominees and in some of the proposed Board constructs, there is limited digital transformation or property market expertise. NZME's Board Charter states that the Board should at all times comprise members whose skills, experience and attributes together reflect diversity, balance, cohesion and match the demands facing the NZME Group.
- In some of Mr Grenon's proposed board structures, all directors are male – clearly lacking gender diversity. The current Board has 60% female and 40% male members.

In summary we think there are numerous governance issues with the proposed Board constructs and that they would not be in the best interests of the Company or its shareholders.

Enclosed with this letter is a presentation providing further information for shareholders regarding the above matters.

The Board will continue to act in the best interests of the Company to maximise shareholder value, including by further discussions with shareholders.

The decisions that our shareholders ultimately make in relation to the Board composition are critical not only for NZME's future but also for the future of media in New Zealand.

Barbara Chapman

NZME Board Chairman, on behalf of the NZME Board