



Annual Shareholders' Meeting

Auckland
18 April 2024

▶ New Zealand's Exchange
Te Paehoko O Aotearoa

Today's meeting

- Welcome and strategic overview – John McMahon, Chair
- Report on financial and business performance – Mark Peterson, CEO
- Strategic issues and growth options
- Resolutions
 - Audit fees
 - Election of John McMahon
 - Re-election of Lindsay Wright
 - Director fees
- Voting
- Questions



Voting and asking questions



HELP NUMBER
0800 200 220

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NZX

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📄 Notice of meeting

📄 Annual report

Welcome and strategic overview

John McMahon, Chair

Director changes

- Dame Paula Rebstock was appointed onto the NZX Board effective 1 February 2023
- Rob Hamilton resigned from the Board effective 20 March 2023
- John McMahon was appointed onto the NZX Board effective 10 May 2023
- James Miller retired as Chair and from the Board effective 17 May 2023
- John McMahon was appointed Chair effective 17 May 2023
- Sarah Miller completed her tenure on the NZX Board as our fifth Future Director, effective 31 December 2023





Leadership continuity

- The NZX Board amended the Chief Executive's contract to open-ended from fixed term
- Greater transparency of the Chief Executive's remuneration was provided in the 2023 Annual Report
- The 2023 Remuneration report format was guided by output from the Corporate Governance Institute (including input from the New Zealand Shareholders Association)



Report on financial and business performance

Mark Peterson, CEO

Performance and results

- NZX produced a solid operating financial result in what was another challenging year for global markets
- Normalised operating earnings (EBITDA), excluding acquisition, integration and restructuring costs, of \$40.1 million – up 9.6% on 2022
- Trading and clearing volumes down 9.7% – the lowest level of activity in nine years
- Operating revenue increased \$12.7 million to \$108.4 million. Driven by:
 - Acquisition of QuayStreet
 - Smartshares' organic growth
 - Information Services (data)
 - Dairy Derivatives

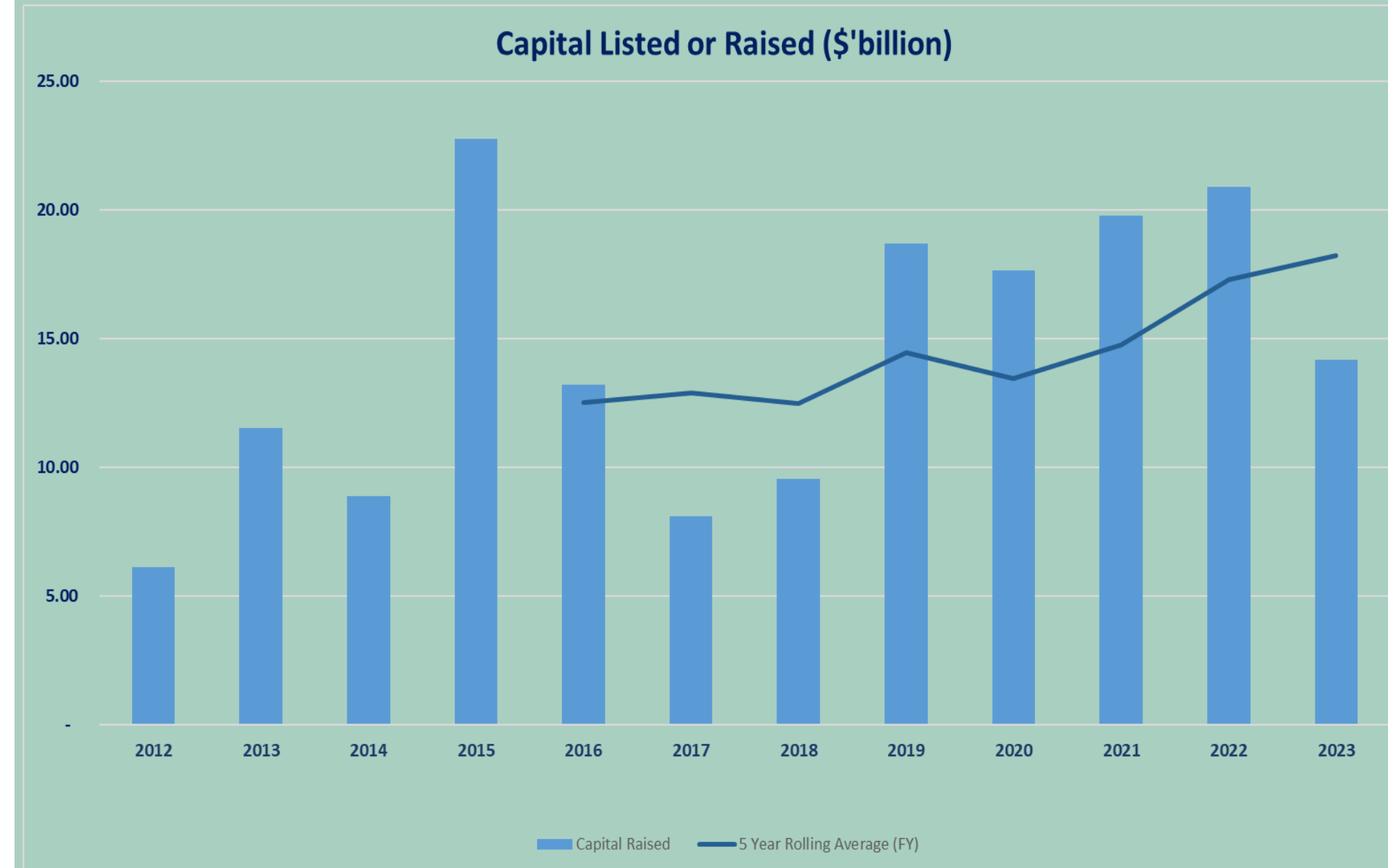
Performance relative to 2023 Targets

	FY23 Targets	FY23 Actual	5 Yr Targets Progress ⁴
Operating earnings²	\$36.0m-\$40.5m	\$40.1m <i>(excluding integration / restructuring costs)</i> <i>(\$38.9m after integration / restructuring costs)</i>	✓
Capital listed and raised	\$16.0bn	\$14.2bn	✗ \$18.2bn average p.a. ✓
Total value traded	\$40.0bn	\$33.8bn	✗ \$43.0bn average p.a. ✓
Information Services revenue	6.9% avg. growth	1.5% growth (excl. connectivity)	✗ 7.5% CAGR growth (excl. connectivity) ✓
Funds under Mgmt.	14% avg. growth (excl. acquired FUM)	13.4% growth (excl. QS acquired FUM) (net cash flows +3.3% and market return +10.1%)	✗ 21.3% CAGR growth (excl. ASB SMT and QS acquired FUM) ✓
Funds under Admin.	Migrate new clients and OE clients onto the platform	15.8% growth (net cash flows +4.3% and market return +11.5%)	✗ 42.1% CAGR growth ✗
Dairy derivatives lots traded	0.55m – 0.65m lots	0.579m lots traded	✓ 10.8% CAGR growth ✗

NZX Full Year 2023 Results

Capital markets activity

- In 2023, \$14.2 billion of capital was listed or raised on market
- \$6.8 billion of new debt issuance was raised through the market
- ESG and green designated bonds remain in favour, accounting for more than 29% of the NZDX
- Engagement with Government to encourage changes to market settings to accelerate growth in public markets
- NZX remains confident that as economic conditions improve, equity market activity levels should increase



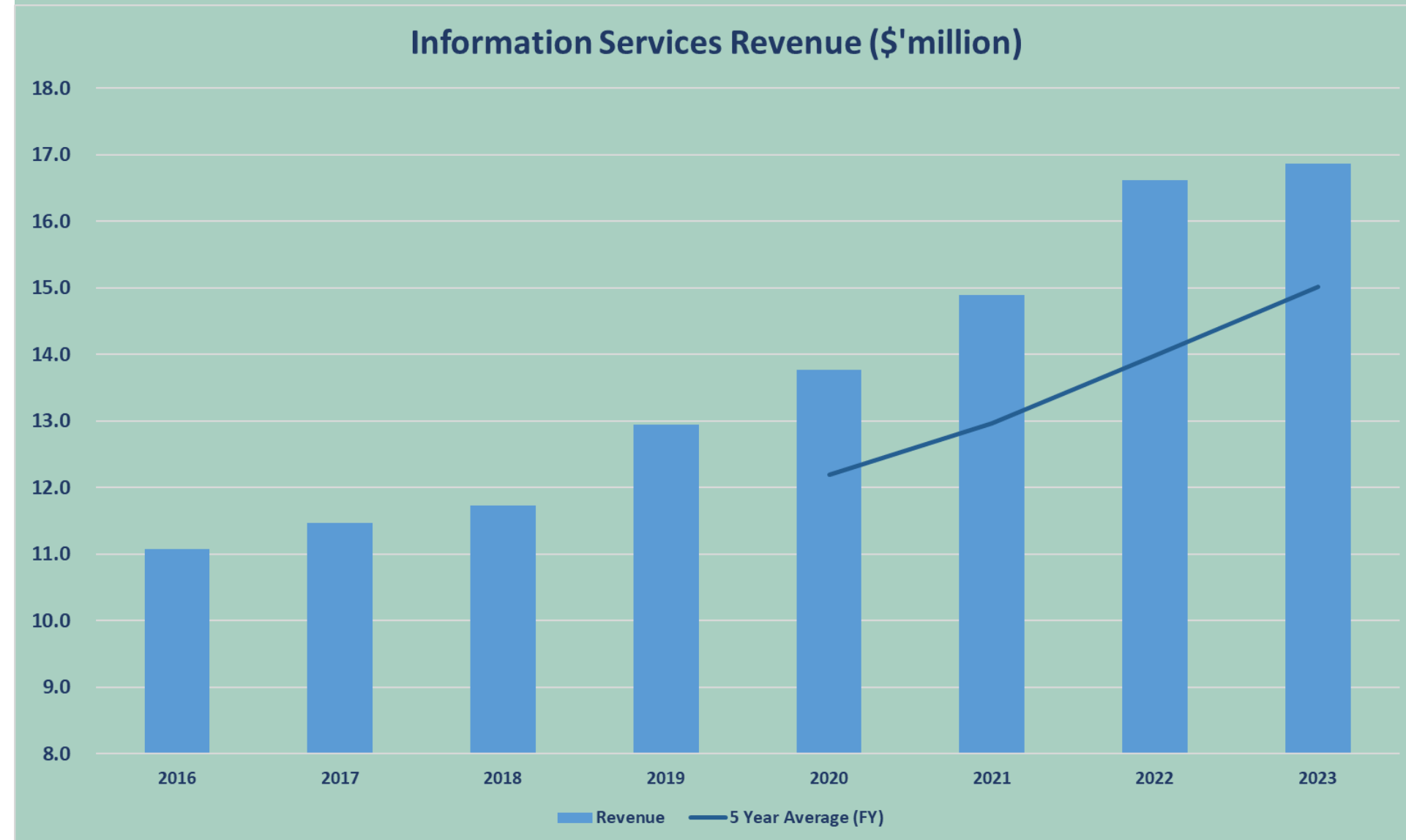
Market development

- Our strategy to grow capital market activity includes developing and launching new products
- Our anonymous midpoint trading venue, NZX Dark, will be ready for participants to connect to next month
- NZX20 index futures product is intended for launch later this year or early 2025
- Depository assets in custody grew to \$7.9 billion – up 25.5% in the last year

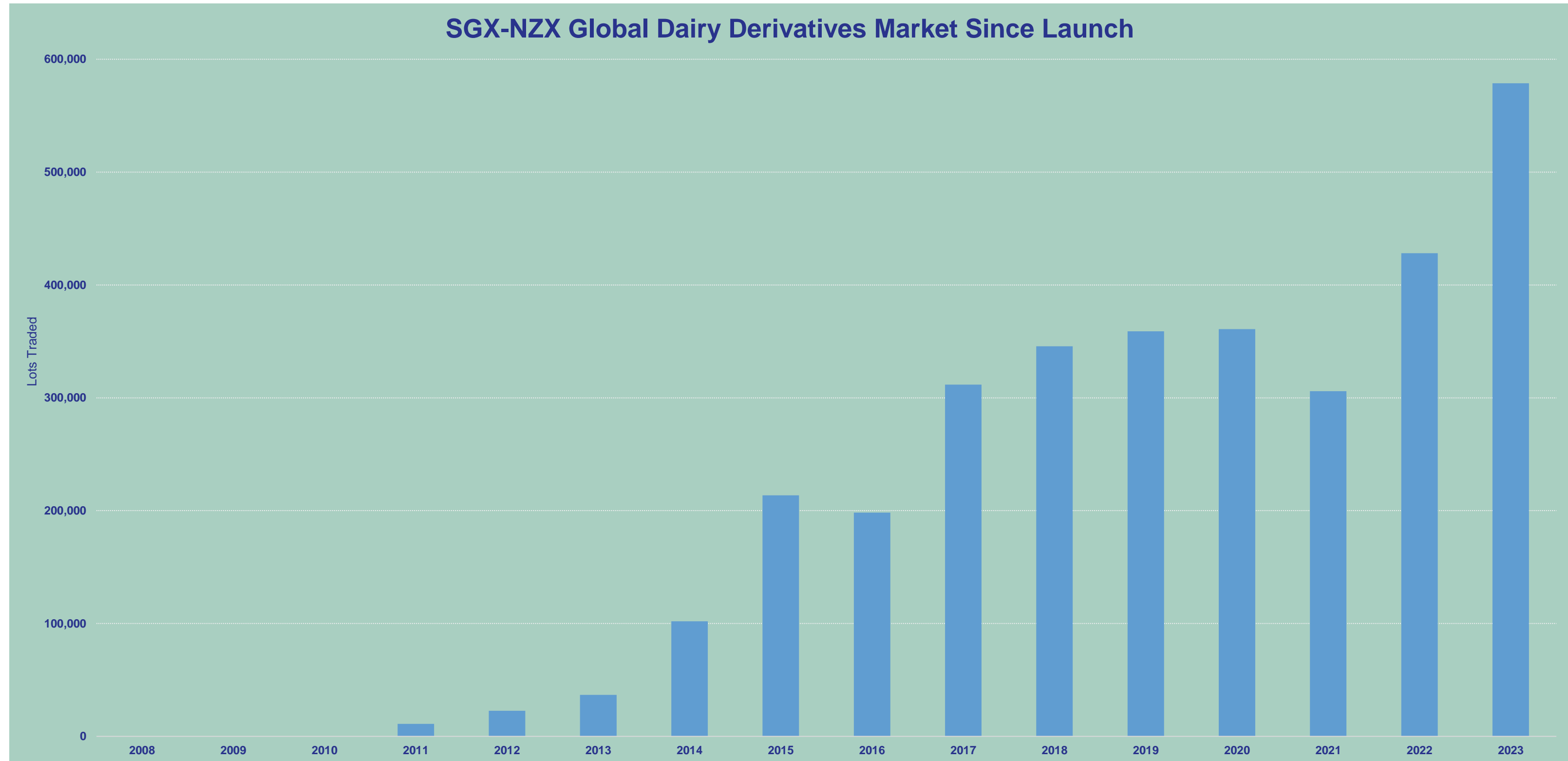


Information Services

- Information Services continued its steady growth trajectory, with a compound average growth rate of 7.5% since 2018
- Subscriptions and license revenues grew 7.1% in 2023, reflecting the continued growth in data usage
- We have invested in our data and website infrastructure, giving us the opportunity to create a wider range of data products through modern technology delivery mechanisms

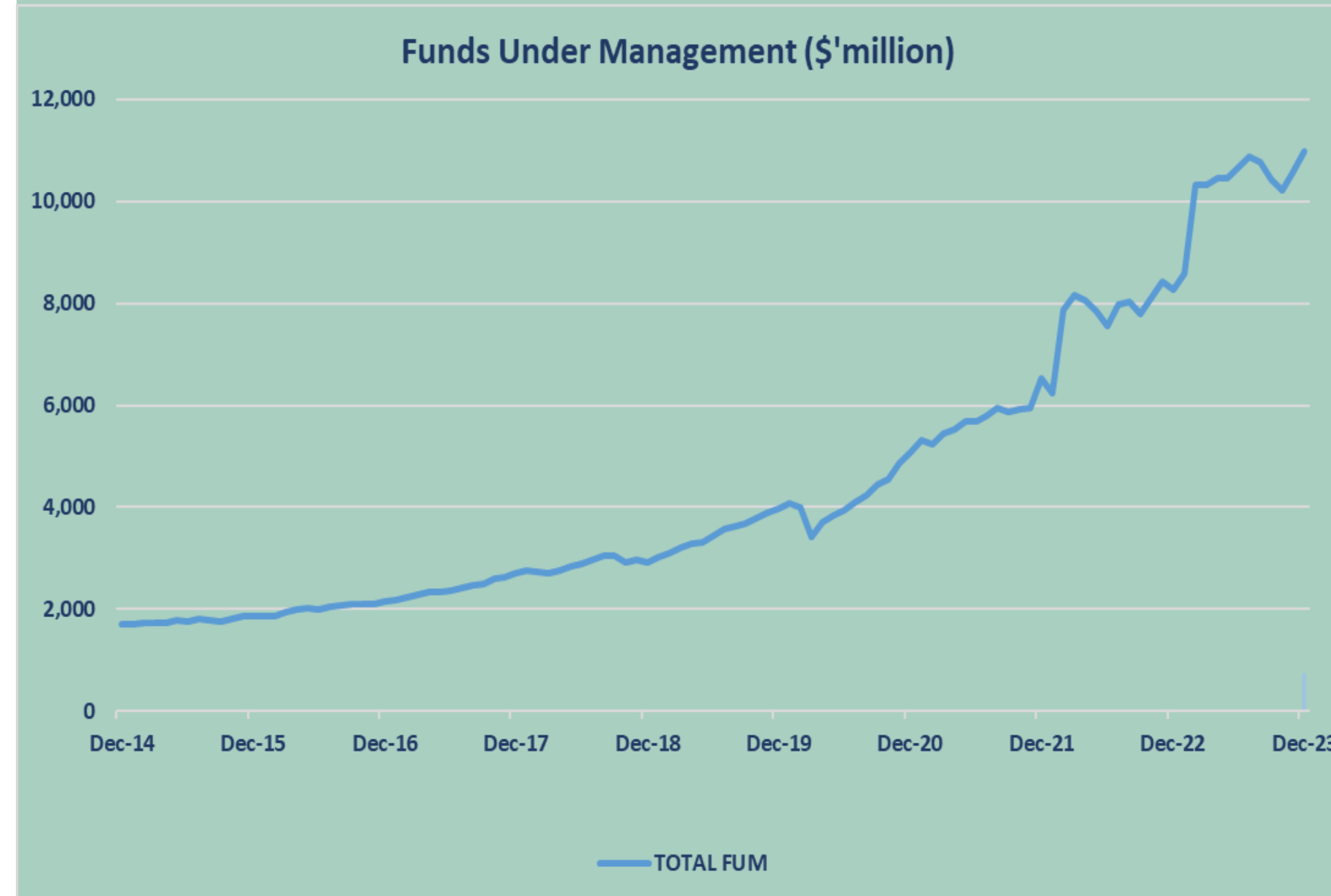


Dairy – exciting area of growth



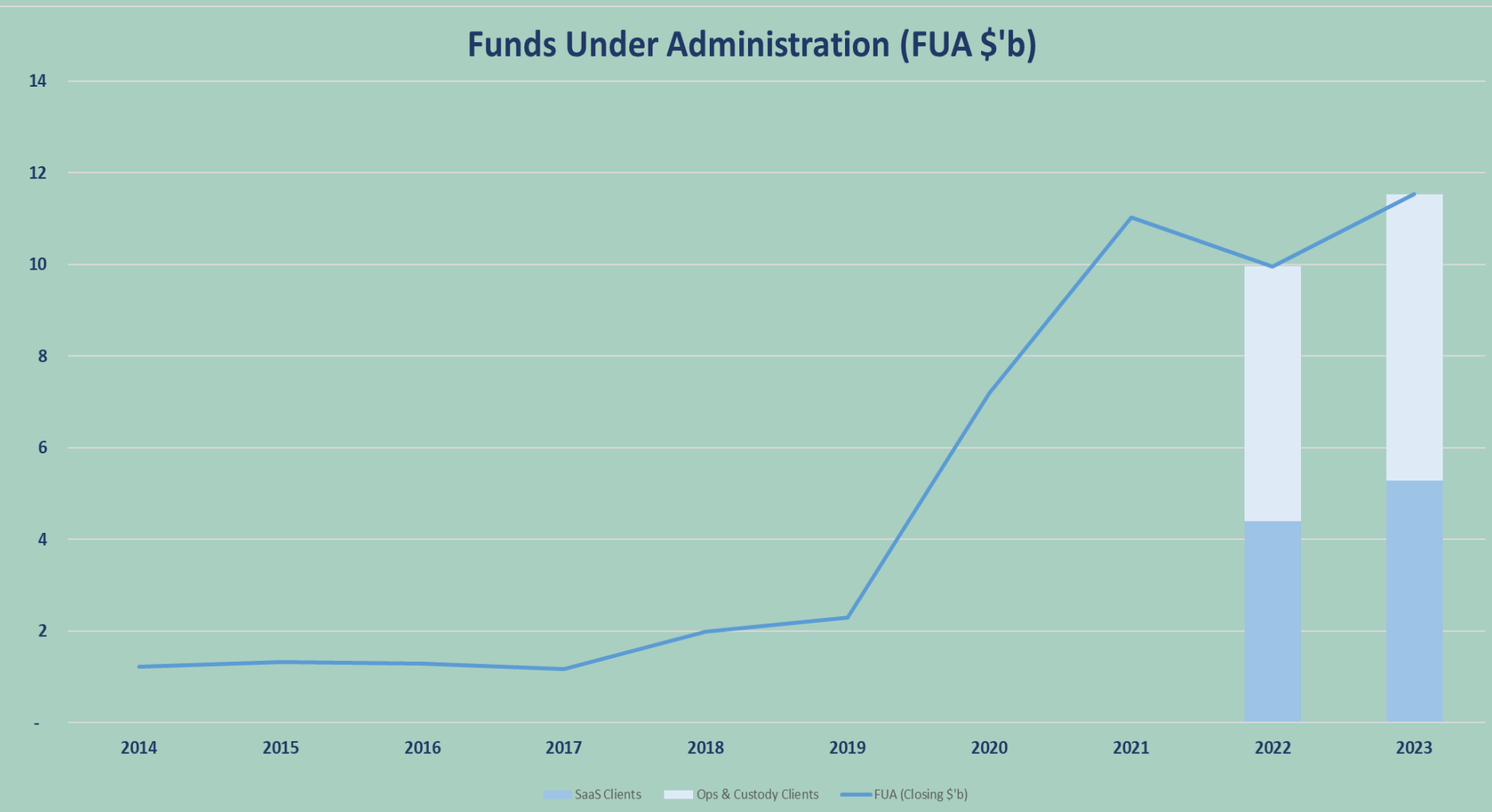
Smartshares

- Funds under management (FUM) as at 31 December 2023 was \$11 billion – up nearly 33% from 31 December 2022
- In August we delivered the integration of the ASB Superannuation Master Trust business onto the Smartshares platform
- Anna Scott joined the team as Chief Executive
- Anna is focused on balancing growth opportunities while increasing our efforts to improve operational efficiency
- We remain focused on achieving \$15–20 billion of FUM by the end of 2027



NZX Wealth Technologies

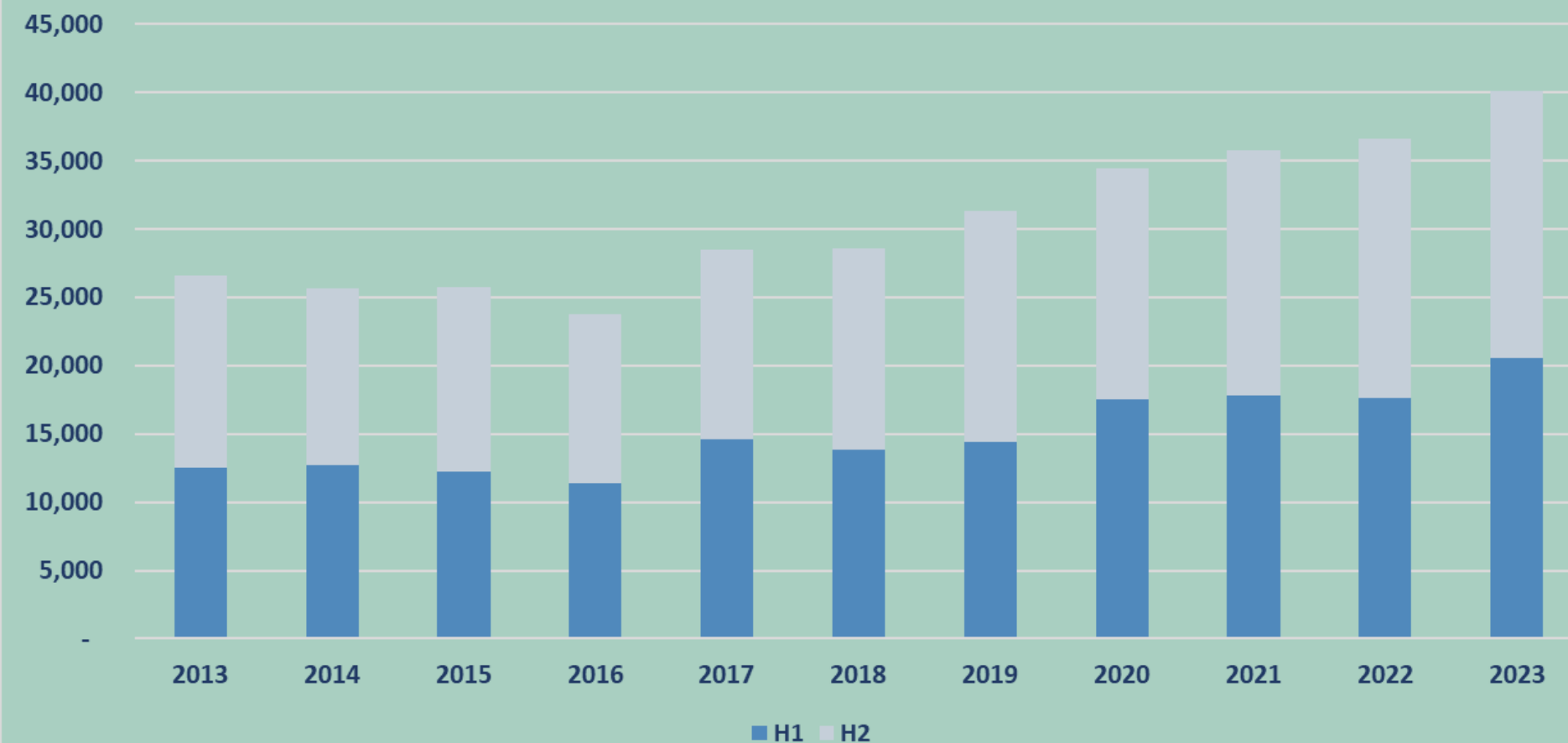
- NZX Wealth Technologies won 12 new clients and transitioned three clients onto the platform in 2023
- Funds Under Administration (FUA) as at 31 December 2023 was \$11.5 billion – up from \$2 billion in 2018
- As at 31 March 2024 FUA totalled \$13.8 billion
- We have more confidence than ever in achieving our target funds under administration levels
- We also remain confident about achieving cashflow breakeven by the end of 2024



Operating costs

- Cost control remains a priority. However, in 2023 our headline operating expenses increased by 15.5%
- Prior to the integration of the ASB Superannuation Master Trust into Smartshares, the operational support of the business paid to ASB came out of the revenue line
- We will have something similar occur when the final steps of the QuayStreet integration are completed
- The remainder of the Group's cost changes related largely to inflation driven employee, compliance and technology costs
- We don't expect any major cost surprises in 2024

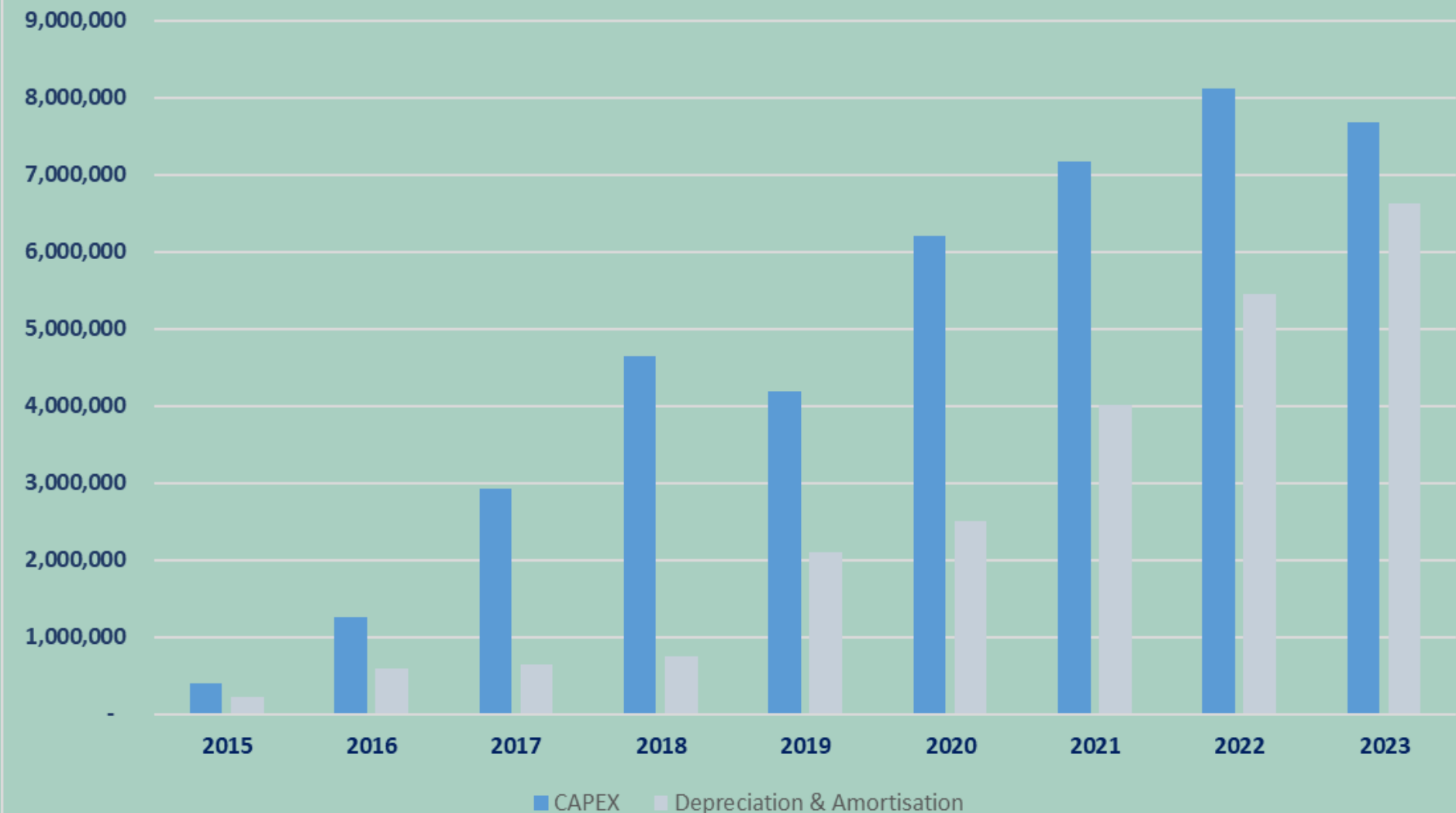
Operating Earnings (excl. acquisition, integration & restructure costs)
(\$'000)



Depreciation & amortisation

- NZX's three largest costs are Employees (60%), Technology (28%) and Amortisation (\$13.3 million per annum)
- Amortisation of capitalised NZX Wealth Technologies costs accounts for around 48% of the total amortisation charge
- NZX Wealth Technologies capitalises the staff cost and a portion of its overhead relating to client transitions
- Investment into NZX Wealth Technologies and the associated amortisation over time is the "cost" of building this business. It is an investment into the future

NZX Wealth Technologies (CAPEX/Depreciation & Amortisation)



Operating responsibly

- In 2023 NZX achieved net carbon zero certification for the third year in a row from Toitū Envirocare
- Under the new mandatory climate-related disclosures framework, NZX has reported our climate change obligations regarding governance, strategy, risk management, and metrics and targets.
- In 2023 we undertook a stakeholder and materiality assessment that will support and further inform NZX strategy execution, and guide future ESG prioritisation, targets, and reporting.
- Public markets will continue to play an important role in facilitating the flow of capital towards decarbonising New Zealand's economy



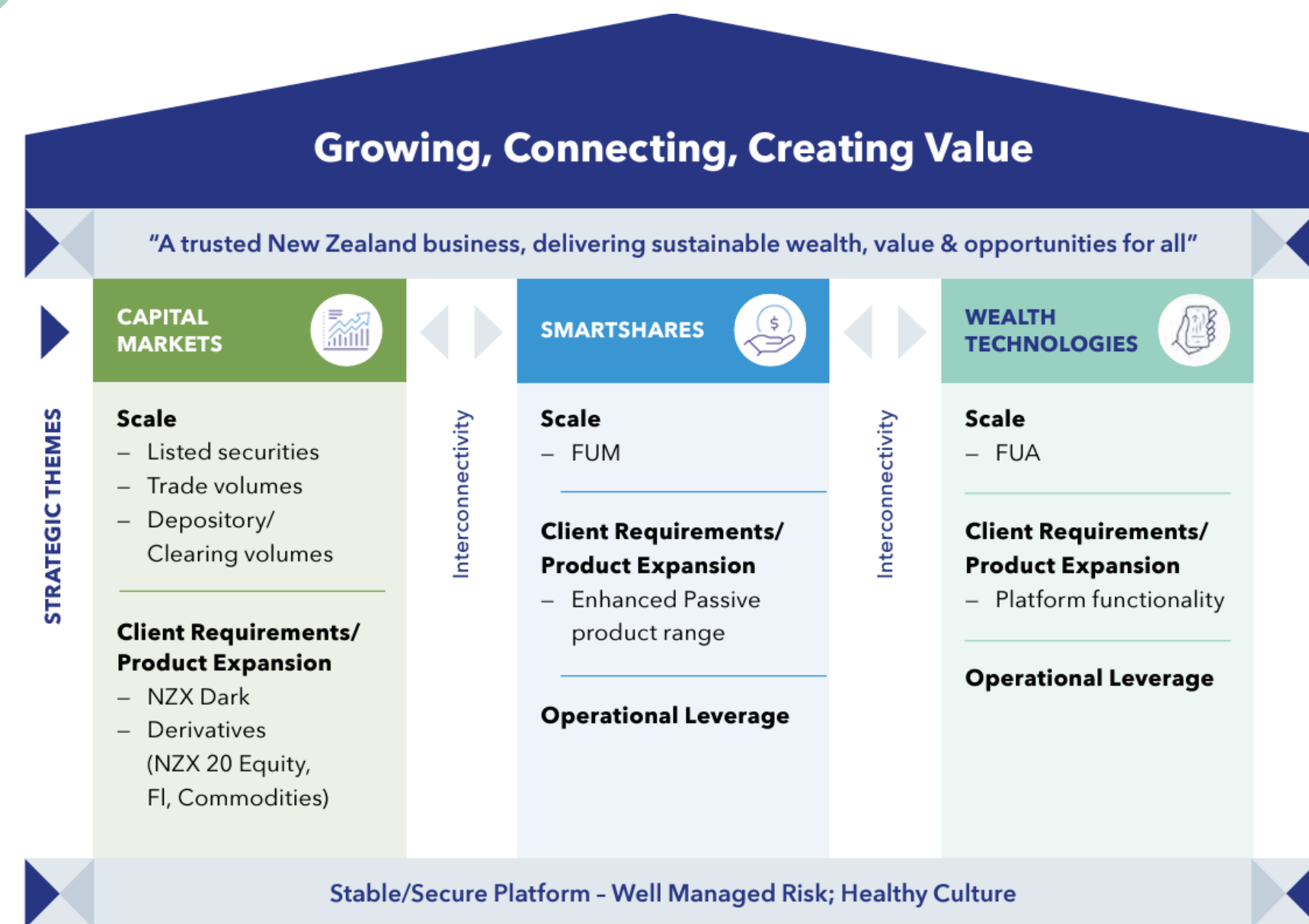
Our People

- We continue to take seriously the operating culture we have at NZX
- Our people continue to show huge commitment to the business and the opportunities in front of us
- The Financial Markets Authority's annual NZX market operator obligations review showed positive progress across all areas
- Our gender pay gap is 16.6%. We are focused on improving this, while ensuring we hire the best skills in those roles



Delivering to our growth strategy

- NZX is now a more integrated and resilient financial markets infrastructure and services business
- Growing markets is fundamental to what we do – helping businesses to access capital and providing investors opportunities to grow their wealth
- We are globalising our footprint across a number of our businesses – as evidenced by partnerships with dairy derivatives, carbon auctions and GlobalDairyTrade
- Our group strategy to 2027 is clear: round out our product offering in capital markets and drive scale and operating leverage across the broader business to increase our revenue base



Dividends

- The NZX Board declared a final dividend of 3.1 cents per share contributing to a FY2023 dividend of 6.1 cents per share fully imputed
- NZX's dividend policy is to pay 80% to 110% of adjusted net profit after tax over time (subject to regulatory capital requirements)
- The increase in amortisation relating to investment in NZX Wealth Technologies has been a significant factor in constraining NPAT
- Global economic conditions mean market trading volumes and capital raisings are running below long-term averages
- While the dividend is above the payout ratio, NZX Directors have an expectation that, subject to market risks, earnings growth will support the dividend and allow for future dividend growth
- Current free cash flows, after the ongoing investment in Wealth Technologies, remain positive and support the dividend NZX has paid out



2024 KPIs

- In the year ahead, our organisational priorities, or key performance indicators are to:
 - Deliver earning guidance
 - Deliver initiatives to grow core Capital Markets (NZX Dark, NZX20 Index Futures)
 - NZX Wealth Technologies to be cash flow breakeven by end of 2024
 - More scale and efficiency in our Settlement and Clearing business
 - Deliver operating efficiencies across Smartshares and its acquisitions and invest in technology platform for improved scalability



Director fees

- NZX received a refreshed independent director fee benchmarking report from PwC, identifying:
 - Market median Board Chair fee is \$166,000
 - Market median non-executive Director fee of \$88,000
 - 21 out of 22 comparator companies pay a committee fee to the Chair of the Audit and Risk Committee (median \$15,300).

NZX Limited

Non-executive directors' fees benchmarking Summary report

18 March 2024



Director fees (cont)

- To attract and retain talent for the Board and ensure strong governance of the NZX Group, it is essential NZX pays market rates for fees
- Based on the independent benchmarking information undertaken in 2024, and subject to shareholder approval, the Board proposes:
 - Increase Director fees to \$88,000 (35.4%)
 - Increase Chair fees to \$166,000 (27.7%)
 - The Chair of the Audit & Risk Committee would receive a fee of \$15,000 and the Chairs of other committees (excluding the Nominations Committee) receive a fee of \$10,000
- The resolution will result in a total Directors' fee pool of \$779,000

NZX Limited

Non-executive directors' fees benchmarking Summary report

18 March 2024



Outlook for 2024

- First quarter revenue reached \$28.8 million – up 14.8% and first quarter EBITDA* (including one-off costs) was \$11.4m - up 23.5%, both assisted by a one-off audit fee item of around \$0.9m.
- We are seeing the benefits of FUM growth and synergies of the QuayStreet and ASB Superannuation Master Trust acquisitions
- NZX Wealth Technologies continues to track against its forecast increase in annual recurring revenue as new clients transition onto the platform
- NZX today reaffirms the business should deliver Operating Earnings (EBITDA)* that will comfortably be in the range of \$40.0 million to \$44.5 million

* This statement and our current operating earnings guidance range is always subject to the usual market risks and outcomes.



Resolutions

Shareholders voting online

- Shareholders will be able to cast your vote using the electronic voting card received when online registration is validated
- To vote, you will need to click “Get Voting Card” within the 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
- The meeting and the results of the vote will be announced via a market announcement on nzx.com
- The NZX Board supports each of the resolutions and intends to vote undirected proxies in favour of these five resolutions (noting the voting restrictions in relation to resolution five)
- Link helpline: 0800 200 220



Resolution 1: Auditor

That the Board be authorised to determine the auditor's fees and expenses for the 2024 financial year.



Resolution 2: Election of John McMahon

To elect John McMahon as a director of NZX Limited.

John has extensive industry experience in the finance sector, including a background in technology, company turnarounds and transformation, and entrepreneurial small cap governance.

He has spent more than 30 years in the Australasian equity markets, predominantly as an equity analyst (covering a broad range of industries), and was Head of Equities at ABN AMRO. John has worked for CS First Boston, BZW, Morgan Stanley, ABN AMRO, and Walker Capital, and was Managing Director of ASB Securities for three years.

He now manages his own investment portfolio. John is a director of several small cap NZX-listed companies: Solution Dynamics (Chair), AoFrio (Chair of Audit Committee) and Vital (Chair). He has a Bachelor of Commerce (Honours), an MBA and is a CFA (Chartered Financial Analyst) charterholder.



Resolution 3: Re-election of Lindsay Wright

To re-elect Lindsay Wright as a director of NZX Limited.

Lindsay was appointed as a director in February 2018. She has more than 30 years' financial services and funds management experience locally and globally. Lindsay is CEO of the Funds Management unit at HKEX listed Sun Hung Kai & Co (resigned effective 21 May 2024).

She has held a range of senior roles in the funds management sector both globally and regionally (APAC) for Matthews Asia, BNY Mellon Investment Management, Invesco Hong Kong, Harvest Funds and Deutsche Asset Management. Lindsay started her career with Bankers Trust, becoming CFO/COO before moving to Deutsche Asset Management.

From a governance perspective Lindsay is a director of Milford Asset Management and Chair of the Audit and Risk Committee and is a director of ASX listed Navigator Global Investments. She has served as Deputy Chair of the Board and Chair of the Audit and Risk Committee of the Guardians of the NZ Super Fund, and as a director of Kiwibank. Lindsay has a Bachelor of Commerce from the University of Auckland and is a Fellow of the Hong Kong Institute of Directors.



Resolution 4: Director fees

That the annual remuneration payable to each director of NZX Limited be set at \$88,000, the Chair's annual remuneration be set at \$166,000, with the Chair of the Audit & Risk Committee to receive an additional annual fee of \$15,000, the Chairs of each of the Clearing, Human Resources & Remuneration and Technology Committees to receive an additional annual fee of \$10,000, for any NZX Directors who are appointed to the board of NZX Regulation Limited to receive an additional annual fee of \$20,000 and for any non-executive Directors appointed to the board of NZX Wealth Technologies Limited to receive an annual fee of \$20,000, all with effect from 1 July 2024.



Voting

Questions

Thank you

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