



Shaping Tomorrow

Mr. Stephen Gitagama
Group CEO



Group CEO's Statement

2023 Overview

2023 was a challenging year for the region's economies and businesses, as highlighted in the Chairman's statement. Particularly, the media industry faced significant hardships, with reduced advertising spend, impacting our financial performance. Despite these headwinds, the Group focused on its digital transformation strategy achieving significant progress in audience acquisition and engagement, with the aim of growing its digital footprint.

Strategic Focus on Digital Transformation

In 2023, we accelerated the implementation of initiatives aligned to our 2022-2027 strategic plan. This included building a strong organisational culture, improving our customer lifecycle, enhancing data and tech capabilities, and diversifying revenue streams. We also fostered a collaborative approach to developing products and solutions that cater to evolving consumer needs.

Financial Performance and Growth Strategies

The Group registered a loss before tax of Shs 0.4 billion which was lower than the previous year. The business environment during the year was relatively depressed marked by weakened consumer spending, rising prices of basic commodities, increase in fuel prices and rising interest rates. The depreciation of the Kenya Shilling against the US Dollar aggravated the economic slowdown.

The Group continued to focus on innovation to develop products that resonate with audiences through an experiment-driven development approach, aimed at accelerating monetisation of our expansive digital footprint. The niche products - *Business Daily*, *The EastAfrican* and *Taifa Leo* - registered growth as a result of insightful content and partnership initiatives.

Group profitability was also adversely impacted by increased direct costs attributable to the drastic rise in the cost of imported raw materials, particularly newsprint. This adverse impact was partially mitigated by reduced operating

costs resulting from improved operational efficiency and increased productivity.

Thriving through Challenges

During the year under review, NMG revamped its digital platform, *Nation Africa*, enhancing user experience and revenue diversification. Key features included improved navigation, analytics-driven content enhancement, and the introduction of premium, ad-free subscriptions.

Valuable insights gleaned from these upgrades facilitated better audience understanding and tailored product development.

Mwananchi Communications Limited (MCL) in Tanzania and *Daily Monitor* in Uganda followed suit with website revamps and the introduction of a paywall. These efforts were aimed at providing a superior digital experience while fostering digital journalism excellence.

During the same period, the Group intensified its *ePaper* awareness campaign to onboard new customers and support its sustainability agenda. The campaigns involved increased advertising, engagement activities and free trial periods for users to showcase value and push for subscriptions.

NMG also took advantage of its regional and national logistics network to support homegrown and international authors to reach wider audiences. Through the *Nation Courier Services*, NMG piloted a book-selling platform known as the *Nation Virtual Bookstore* that provided authors an opportunity to sell their publications. So far, we hold 16 titles, with a total of 130 books being sold between October and December 2023.

Content Strategy

Recognizing the shift towards digital content consumption, NMG adopted a digital-first and audience-led content strategy. We conducted in-depth research to better understand audience needs and deliver content that is factual, contextual, emotionally engaging, and action-

oriented. Our editorial teams continued to prioritise high-quality stories, investigative pieces, special reports and agenda-setting articles. During the year under review, impactful content spanned a wide range, from in-depth investigations and systemic industry changes to historical retrospectives such as the "*Kenya at 60*" project.

Building Communities and Content through Events

The Group's diverse event portfolio serves multiple purposes: brand awareness, audience engagement, stakeholder communication, content generation and niche community building. Some of our 2023 highlight events included *Mancave* (that focused on men's empowerment), the *Mental Wellness and Counselling Conference*, the *Nation Shopping Festival*, and the *Rising Woman Initiative* (held in Uganda and Tanzania), each catering to specific audience segments while providing content opportunities.

Enhancing Social Impact and Embracing ESG Principles

In an age of increased scrutiny from stakeholders, there has been a rising need for brands and organisations to be more conscientious about how they integrate with their environment and the larger community interests. As NMG journeys towards becoming a more agile, customer-centric and data driven organization, sustainability has increasingly become a key enabler for business continuity and societal good as enshrined in the principle of shared value. As a result, Environmental, Social and Governance (ESG) has fast become an integral part of our business strategy.

2023 therebysaw NMG lay the groundwork for its long-term sustainability agenda and the responsible practices to be adopted in line with the United Nations Sustainable Development Goals (SDGs). We made an intentional decision to integrate and adopt 8 of the SDGs into the core of our business strategy. These 8 goals will seek to drive our environmental and social impact and support value creation, while simultaneously enhancing

Group CEO's Statement (continued)



1998

- Set up of the first online desk



2006

- Appointment of the first Managing Editor, Media Convergence
- Introduction of NationMobile SMS platform



2017

- Digital division posted a 42% financial growth
- Launch of Nation Leadership Forum



2018

- Acceleration of the adoption of the digital strategy
- Shift from desktop focus to mobile focus
- 19% growth in our digital footprint
- 12% growth in ePaper subscribers



2019

- The Group established TAG Brand Studio
- Launch of Habari Hub (Tanzania), a digital innovation and incubation hub
- Launch of Kusi Ideas Festival



2020

- Launch of Nation.Africa
- Introduction of Nation Puzzles and Nation Audio



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stakeholders trust and supporting strategy achievement.

Our Digital Transformation Journey: Milestones and Achievements

With the profound changes brought about by technology in how media content is created, distributed, consumed, and monetised, the Group has undertaken strategic changes over the years to meet evolving consumer preferences.

Our current digital transformation journey dates back to 2016 when the Group adopted a digital-first strategy. NMG redefined itself as a modern digital content company underpinned by the key pillars of growing our content business and creating new value. The strategy entailed embracing a digital and mobile-first approach; using appropriate technology to support this, and offering the consumer a 360-degree

Group CEO's Statement (continued)



2008

- Establishment of Nation Digital Division



2009

- Launch of ePaper
- Launch of N-Soko



2012

- Launch of NationHela
- 13% growth in online advertising



2016

- Adoption of a digital-first strategy
- Convergence of print and broadcasting operations
- Setup of a video hub and multiplatform business, international and sports desks
- Acquired lifestyle information magazines- KenyaBuzz and UgandaBuzz



2013

- Launch of nairobinews.co.ke



2021

- Launch of Nation. Africa paywall in Kenya
- Launch of Nation Digital Summit



2022

- Growth in our digital footprint-with a total reach of 59.8 Million users
- Launch of the Group's Digital Strategy dubbed, "The North Star"
- Kickoff of the Newsroom Integration project
- Launch of East African Entrepreneurship Conference & Expo
- Relaunch of ntvkenya.co.ke



2023

- Launch of Paywall in Uganda and Tanzania
- Relaunch of Paywall on Nation.Africa
- Completion of the Newsroom Integration Project
- 30 Podcasts
- Introduction of Artificial Intelligence (AI) Framework

communication solution for obtaining real-time information.

In embedding the online first opportunity, we converged our print and broadcasting newsroom operations, set-up a video hub and multiplatform business, international and sports desks.

In the same year (2016), the Group acquired lifestyle information magazines

KenyaBuzz and UgandaBuzz. The acquisition was one of the steps the Group took to broaden its content focus beyond news and ensure a strong and diversified menu for lifestyle audiences.

Similarly, in 2019, we established *TAG Brand Studio*, an in-house digital marketing agency as one of the initiatives for creating new revenue streams in digital. Today, the platform is building

key partnerships and developing new products and experiences, such as the *Nation Digital Summit*, that create unique market positioning opportunities.

In 2020, the Group launched its anchor digital platform - *Nation.Africa*. The site is dynamic, modern, user friendly and offers our readers access to multimedia content from across the continent. This platform marked the Group's transformation from

Group CEO's Statement (continued)

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Today, our digital transformation journey has seen remarkable growth with a total of 30 podcasts, the introduction of Paywalls across the regions, and our promise to always deliver digital-first content.

a legacy media house to a digital content company, and enabled us to assume leadership in the digital media space through in-depth reporting, expanded African content and premium paid news.

This launch enabled the Group to further create multiple content verticals such as *Nation Puzzles and Nation.Audio*, a podcast service that responds to the ever-growing, new-age consumer needs for on-demand audio content while enhancing how our audiences discover, enjoy and engage with African stories. The Group is also keen on onboarding younger audiences by providing the best in experimental and creative audio experiences while creating niche audience segmentation for our advertisers.

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Organisation Transformation

In 2023, the Group intensified its digital transformation with the Newsroom Integration Project, streamlining workflows for digital-first and customer-centric content production. Emphasis on performance tracking and upskilling facilitated shared decision-making and operational efficiencies.

Recognitions

NMG employees from across the region were recognized by various institutions for exemplary performance in their various roles - 47 employees were feted in Kenya, 12 in Uganda and 9 in Tanzania.

Notably, our Group Managing Editor Pamella Sittoni, an accomplished journalist, and Senior Sports Reporter and veteran golf journalist, Larry Ngala, both won the prestigious Annual Journalism Excellence Awards (AJEA) 2023, "Lifetime Achievement Award".

Looking Forward

2024 presents an opportunity for us to maximise our strengths and grow our business portfolio. The Group aims to capitalise on its strengths by investing in human resource development, prioritising digital-first content production, and accelerating revenue growth through product monetization and diversified revenue streams. Embracing technology, cost optimization, and appreciation for stakeholders' support remain cornerstones of the Group's strategy for sustainable growth and profitability.

Appreciation

I recognize that we did not sail through these uncertain times alone and would therefore like to share my deepest gratitude to our esteemed partners, consumers, advertisers and suppliers for your unwavering support. Thank you for trusting us to not only deliver content you love but also to carry your brand messages on our platforms.

To our staff across Africa, I thank you for continually embodying the values of teamwork, continuous improvement and innovation, consumer focus, drive for performance, integrity and trust in your work.

I would also like to thank the NMG Board of Directors and shareholders for their

unwavering support. We are confident that with the growth strategies we have put in place, the business will return to profitability in 2024. We commit to continue living by tenets of integrity, transparency, and balance in journalism that we have publicly committed ourselves to.

Stephen Gitagama
Group Chief Executive Officer