



Shaping Tomorrow



**Dr. Wilfred D. Kiboro**  
*Group Chairman*



# Group Chairman's Statement

## Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Nation Media Group's ('the Group') business performance for the year ending December 31, 2023 and the Group's strategic direction going forward.

## Business Operating Environment

The global economy experienced a slowdown in 2023, with rising commodity prices, high inflation, tightening of global financial conditions, and geopolitical tensions in Europe, the Middle East and Africa.

East Africa showed great economic resilience, with Africa Development Bank's Economic Outlook indicating that the region was poised to register the highest economic growth performance on the continent in 2023 and 2024 at 5.1% and 5.8% respectively, driven by its services sector, renewed investor interest, infrastructure reforms, and growth in tourism numbers.

Tanzania's GDP growth rate was expected to reach 5.1% in 2023 on the strength of post-pandemic gains, buoyed by International Monetary Fund (IMF) and World Bank-driven structural reforms to improve the economy, grow investments, and reduce the regulatory burden. Uganda's economy also recovered from a sharp contraction occasioned by the Covid-19 pandemic that resulted in the country's slowest growth in over three decades. The recovery was led by agriculture, with government's commitment to industrialisation acting as a key enabler. Kenya registered a Gross Domestic Product (GDP) growth of 5.6% in the year.

The region was, however, not spared the effects of the global downturn with tightening of global financial conditions, high fuel and commodity prices, as well as high interest and inflation rates negatively affecting the economy and industries in turn.

A depreciation of the Kenyan shilling by almost 20% against the US dollar in



**We continue to hold true our belief that "the development of an informed perspective enables communities to fulfil their true potential" and remain dedicated to the fulfilment of the mandate for which NMG was established.**

2023 resulted in significant increases in the cost of newsprint and other raw materials. This, coupled with the high cost of fuel, further increased our production and distribution costs, and impacted operating margins substantially.

Relentless increases in the cost of living reduced the share of wallet available for content purchases, while overall advertising revenues in our largest market, Kenya, decreased by 7% compared to the preceding financial year. These factors, coupled with the battle for content across a myriad of platforms, affected our content and advertising revenues.

## Media Sector Environment

### Kenya

2023 proved to be a difficult year for the media in Kenya as a whole, with the industry experiencing attacks on press freedom, from arbitrary verbal threats and hostility to attacks and arrests during demonstrations by various protesting groups. Kenya's ranking on the Reporters Without Borders (RSF) *World Press Freedom Index* fell from position 69 in 2022, to 116 out of 180 in 2023, the third largest fall.

Notwithstanding these challenges, our commitment to our role or mission in society has not faltered. We continue to hold true our belief that "the development of an informed perspective enables communities to fulfil their true potential", and remain dedicated to the fulfilment of the mandate for which NMG was established.

## Uganda

In Uganda, the media industry made significant progress regarding press freedom, with several independent news outlets cropping up, especially in the digital space. The resulting increased competition has led to higher quality in reporting, growing media consumption backed by easy access to the internet, and improvement in technology-based broadcasts. However, criminalisation of media offences, which interferes with editorial independence, still poses a challenge.

## Tanzania

Positive amendments in the Media Services Act (2016) saw journalists and printers being indemnified from criminal defamation prosecution and removed the mandate of government advertising from newspaper regulators. The amendments are part of the ongoing efforts to create a conducive environment for journalists and media companies to undertake their mandate efficiently and effectively in the country.

## Our Mission

Over the years, every strategic decision and new initiative we have taken has been driven by our pursuit to bring about societal change and support the achievement of economic, political, and social emancipation of the societies we serve.

Since our inception, we have grown and expanded our reach from a single newspaper company to a regional media house with a physical footprint in four African countries, and a virtual global footprint. We intend to continue expanding the depth of our reach and influence through our digital products and thought leadership platforms.

Our role in society transcends record-keeping to include agenda-setting and advocacy for the good of society. Over the years, NMG, like many media houses across the globe, has faced a myriad of challenges, including business disrupting sanctions due to its independent editorial posture. Notwithstanding the challenges,

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### Group Chairman's Statement (continued)

we have continued to voice the concerns of the ordinary citizen, maintain the rule of law, applaud note-worthy people and events, and contribute towards the sustainability of the region - economically, socially, and politically. We are committed to doing this without malice and with an unequivocal focus on our editorial values - truth, accuracy, objectivity, balance, and fairness.

We remain guided by the values that we were founded on and commit to continually play our role in society in an independent and non-partisan manner.

#### Financial Performance

Against the business and operating environment set out earlier, the Group posted a turnover of Shs7.1 billion and a loss before tax of Shs0.4 billion compared to a turnover of Shs 7.2 billion and a profit before tax of Shs0.5 billion in 2022. The steep rise in the cost of doing business against a muted revenue base and an exceptional, one-off write-down of the printing press in Kenya, collectively contributed to the unfavorable results.

The decision to fully depreciate the printing press was informed by a clear determination of the Group to step up its development of the digital business to offset the declining prospects of the print publishing business. The Group's performance is discussed more broadly in the Chief Executive Officer's report.

#### Transformation

The media industry has experienced significant changes and upheavals over the years, with print circulation and consumption declining globally, and the advent of new technology and the proliferation of media and content platforms resulting in a highly fragmented industry and ever-changing consumption patterns.

Our greatest asset is our ability to research, collate, analyse and deliver unique and quality content that resonates with our audiences and supports individuals, businesses and economies to make decisions and act. We firmly believe



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that these core strengths remain critical to our future success and will ensure that they are maintained even as we acquire and build new skills that are fundamental to thriving in the new digital environment. We expect to continue to evolve not only our product offerings but also in the skill sets and organisation necessary to retain our lead in pursuit of our vision.

#### Dividends

Given the prevailing economic environment and the Group's investment plans, the Directors do not recommend payment of dividends in the year.

#### Share Buyback

Following the approval of a Share Buyback by the Shareholders at the AGM held in 2023, 14.3 million shares (75.3% of the approved target) have been bought back by the company as at 31 December 2023. The Buyback offer closed on 12 June, 2024 with the company having acquired 19 million shares, achieving 100% success rate.

#### Kusi Ideas Festival

The Group hosted the fifth edition of the *Kusi Ideas Festival* in Gaborone, Botswana, in partnership with the Government of Botswana, led by H.E. Dr. Mokgweetsi Masisi. This edition continued its legacy as a beacon of intellectual discourse in Africa, and brought together a diverse array of Africa's most brilliant minds, attracting two Heads of State - H.E. Dr. Mokgweetsi Masisi, President of the Republic of Botswana, and H.E. Emmerson Mnangagwa, President of the Republic of Zimbabwe, two Prime Ministers - Rt. Hon. Dr. Edouard Ngirente,

Prime Minister of Rwanda, and Hon. Dr. Doto Biteko, Deputy Prime Minister of Tanzania, 32 speakers from 13 countries, 1,374 in-person delegates and 2,888 virtual participants.

Hosted under the theme "*Africa's Agenda 2063: Making the Dream Come True*", Kusi V explored the ideas, innovations and partnerships that will propel Africa towards the realisation of its dream - to be a united, prosperous, healthy, respected and democratic continent.

The *Kusi Ideas Festival* has, year after year, advocated for open borders and the free movement of people and goods to bolster economic performance and create opportunities for individuals and businesses.

Over the years, we have witnessed deliberations at the *Kusi Ideas Festival* take root and translated to action. Amid the Covid-19 pandemic in 2021, the Festival in Ghana focused on the importance of enhancing intra-African trade to drive the continent's self-reliance following an economic slump. We are happy to note that a 2023 AfDB report on intra-African trade showed a growth of 18.6% in 2022, boosted by the implementation of the African Continental Free Trade Agreement (AfCFTA).

Discussions on visa -free travel to facilitate trade and travel between Botswana and Zimbabwe, were initiated during the 2023 Kusi Presidential Panel. This bilateral agreement was not an isolated incident, with Rwanda and Kenya having earlier followed the example of Benin, The Gambia and Seychelles, to open their borders for visa-free travel for fellow Africans.

This is the purpose for which Kusi was created - to drive the conversations that matter, and subsequently transform the continent into the global powerhouse it is destined to be. We look forward to witnessing and reporting more developments linked to the conversations held at Kusi.

## Group Chairman's Statement (continued)

### Sustainability

In 2023, we formally unveiled and operationalised *The Nation Media Foundation* (NMF) as NMG's social impact arm to, among other objectives, support the attainment of the United Nation's Sustainable Development Goals. The foundation will also serve as the nexus between business and development, identifying and expanding the connection between socio-environmental and economic progress.

I am glad to report that in its first year, the foundation made significant traction in its Education and Literacy pillar with its signature initiative set to impact hundreds of thousands of students and their families, through access to learning material, digital tools and education programmes housed in community libraries, initially in Kenya, and later spread across the region.

### Climate Change

In our quest to contribute to the climate adaptation and mitigation agenda on the continent, the Group launched the Earthwise Summit in the second half of the year. The event, held at the Nairobi National Park, created an avenue for industry players to share ideas, knowledge and experiences on the climate challenges facing the African continent. Nature-based solutions, energy transition, and integration of climate change into national and regional policies were also explored, ahead of COP-28 which was held in Dubai. This is set to become an annual event that seeks



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to set the agenda of the East African region at every COP meeting.

### Governance and Risk Management

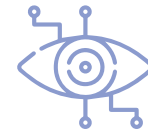
The Board is committed to carrying out its fiduciary duty to stakeholders and as such, it has remained steadfast in driving and supporting the organisation's strategic direction, establishing proper governance structures, controls, and guidance, to secure the business' future.

As a content company, our Editorial Board Committee (EBC) plays a crucial role in overseeing the Group's print, digital and broadcast activities, which form the core of our business. The EBC acts as the custodian of our Editorial Policy Guidelines and Objectives, which have been updated to reflect the changing digital landscape, and has oversight on matters of quality. It also provides an independent voice on controversial content, serves as a sounding board for sensitive matters, and works with the management team to guide the Group's editorial direction.

The nature of our industry exposes us to a unique set of risks that require a proactive management approach to ensure that we are able to anticipate, prepare for, and adequately respond to changes in the environment. The Board's Audit, Risk and Compliance (ARC) Committee takes lead on these matters, including compliance to regulations and best practices within the industry and the region.

The ARC assists the Board in discharging its corporate governance responsibilities in relation to risk management, internal controls, statutory compliance and audit functions. Through the ARC, the Board establishes and oversees independent, objective, and competent risk management, compliance, and internal audit functions. The ARC responsibilities are detailed in the ARC Charter.

The Board, through the ARC, approved an Enterprise Risk Management Framework and Policy (ERM) to guide NMG's approach to risk and risk management. The Framework is



**We are making bold choices for our future and accelerating our transformation.**

anchored on leading international risk management standards, including ISO 31000:2018 that provides the principles, framework, and guidelines for the risk management process, as well as the Committee of Sponsoring Organizations (COSO) ERM Framework which provides a comprehensive approach to managing risks in line with the business strategic objectives.

### Board Changes

In 2023, Prof. Lee Huebner, Professor at the School of Media and Public Affairs at The George Washington University in Washington, D.C. (USA) retired from the NMG Board of Directors. Prof. Huebner served NMG diligently as a non-executive director for 28 years, bringing a wealth of knowledge and experience as a global corporate executive in media and academia. The Board and Management of NMG thank him for his selfless and invaluable service over the years.

It gives me great pleasure to introduce three new members, who joined the NMG Board of Directors in May 2024. They are: Mr. Sultan Ali Akbar Allana - Head of Financial Institutions Group of the Aga Khan Fund for Economic Development (AKFED), Mr. Fayyaz Nurmohamed - Director of Communications for His Highness, the Aga Khan, and the Aga Khan Development Network (AKDN), and Ms. Nancy Matimu - CEO, Serrari Group. They collectively bring a wealth of experience and diversity of perspectives that will further enrich the contribution of the Board in the Group's continuing development.

### Looking Ahead

The past 65 years have been both challenging and exciting in equal measure, but the one thing that has stood the test of time is NMG's resilience in the face of change. We have built a



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### Group Chairman's Statement (continued)

robust organisation that has weathered political storms, economic upheavals, and technological changes. We believe that we have gone through the worst of times and emerged victorious.

We are cognisant that while print is our history and the backbone of our legacy, digital is the current future. Therefore, even as we continue to offer our content across all our existing platforms, we are making bold choices for our future and accelerating our transformation journey to meet our audience needs and create avenues for new revenue streams through subscriptions, partnerships, sponsorships, and events.

While technology has been our greatest disruptor, it is also our greatest enabler for the achievement of our vision. The advent of Artificial Intelligence (AI) technology has brought about changes in the media industry, with better data analysis and fact checking, optimised content creation, enhanced personalisation of user experiences, and so much more. We believe that its adoption will have exponential benefits to our business offerings and outcomes.

We are positive that we are well on the path to the achievement of our dream to be the *Media of Africa for Africa* and have no doubt that our continued investment will bear fruit.

We look forward to the day that the politician in Senegal, the university student in Egypt, the business mogul in Tanzania, and the artist in Namibia



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will access *Nation.Africa* to keep up with the development of Africa and use the content to advocate for the continent's agenda. The Board, management and staff are optimistic about this dream and confident on its delivery to catalyse the growth of Africa, whilst enhancing the NMG's shareholder value as well.

My appreciation goes to our staff, management, and my fellow Board members, who have dedicated their time, passion, and expertise over the course of the year to enrich and solidify our purpose during this period of transformation.

To our audiences, advertisers, other business partners, and shareholders, we thank you for continually trusting us to play our role in ensuring that we see an Africa that is leading the charge on the global stage.

Thank You.

**Dr. Wilfred D. Kiboro**

Group Chairman