

NZX/ASX RELEASE

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NZME LIMITED 2021 HALF YEAR FINANCIAL RESULTS

Continued momentum as strategic digital growth delivers returns for shareholders.

Auckland, 24 August 2021: NZME Limited (NZX: NZM, ASX: NZM) ("**NZME**") has today announced its financial results for the half year ended 30 June 2021, reporting Statutory Net Profit After Tax ("NPAT") of \$5.6 million, up 85% on the corresponding period in 2020.

NZME also announced growth in Operating Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)¹ to \$30.1 million for the half year, representing 4% growth in Operating EBITDA against the first half of 2020. Operating revenue¹ was \$172.5m which was 9% higher than the first half of 2020.

"NZME is delighted to share a set of results that feature earnings growth and a further reduction in net debt," said NZME CEO Michael Boggs.

"Emerging from the significant disruption encountered in 2020 NZME has maintained a steadfast focus on key strategic priorities. This has meant that as New Zealand's many commercial sectors are steadily rebuilding their investment in audience engagement, NZME's advertising revenues continue to approach the levels achieved in 2019, before the pandemic struck," said Boggs.

NZME's Net Debt was reduced by a further \$15.2 million during the half year to \$18.6 million and is now below NZME's target leverage ratio.

"A rigorous commercial discipline and a continual focus on managing the cost base as business activity recovers has improved NZME's ongoing Capital Management performance and has supported the continued strengthening of NZME's Balance Sheet," said NZME Chairman Barbara Chapman.

NZME today announced that given the significant reduction in debt and based on the business outlook and NZME's capital requirements the NZME board has declared a fully imputed and fully franked dividend of 3.0 cps.

"That NZME is in a position to return a dividend to its shareholders, while navigating the extraordinary and ongoing challenges posed by the impacts of the pandemic reinforces NZME's position as a robust, resilient, and agile multi-media business," said Chapman.

The board was in a position to approve and announce a capital return to shareholders. However, given the Covid-19 uncertainties that have emerged in the past week, the board has chosen to pause at this time.

NZME 2021 Half Year Results at a glance:

- Statutory Net Profit After Tax of \$5.6 million, up 85% on HY 2020.
- Operating EBITDA¹ of \$30.1 million, up 4% on HY 2020.
- Operating Revenue¹ of \$172.5 million, up 9% on HY 2020.

¹ Operating Results exclude exceptional items to allow for a like-for-like comparison between 2020 and 2021 Half Years. Please refer to pages 33-34 of the 2021 Half Year Results presentation for a detailed reconciliation.

- Operating NPAT¹ of \$7.8 million, up 14% on HY 2020.
- Operating Earnings per Share¹ of 3.9 cents per share, up from 3.5 cents per share in HY 2020.
- Net Debt of \$18.6 million, down by \$15.2 million on FY 2020.
- Achieved continued growth in NZME's Radio revenue market share.
- New Zealand Herald subscriber base growth continues to 178,000 subscribers. Including 67,000 paid digital NZ Herald Premium subscribers.
- Grown OneRoof digital revenue by 145% with OneRoof total revenue up 30%.
- nzherald.co.nz, has now been New Zealanders' preferred digital news provider for 11 months in a row.
- Maintained growth in revenue market share achieved across all key channels.

"It's been very pleasing to see growth across a number of NZME's digital platforms such as NZ Herald Premium, OneRoof digital classifieds and overall digital advertising being the major drivers of performance that have supported NZME's ongoing return to earnings growth," said Boggs.

With advertising adversely impacted by COVID-19 in 2020, NZME's focus has been on returning advertising revenue to 2019 levels.

"Our commercial partners are rebuilding their investment in advertising after the challenges in 2020".

"In the first 3 months of this year, advertising revenue was 5.5% down on 2019, in the second quarter we were down just 1% on the same quarter in 2019. And, in June advertising revenue was actually higher than June 2019 which is very pleasing," said Boggs.

Sale of GrabOne

NZME has also announced it has reached a conditional agreement to sell its GrabOne business to Global Marketplace New Zealand Limited (GMP) for NZD\$17.5 million (payable in cash on completion). NZME retains the net liabilities to settle as they fall due.

The sale is not subject to any regulatory conditions. It is conditional on no material adverse change to the performance of GrabOne occurring prior to completion, and on GMP completing funding arrangements by 15 October 2021. The sale is expected to be completed no later than 31 October 2021.

The agreement follows NZME's announcement in November 2020 that GrabOne was not a core strategic focus and that opportunities to divest the ecommerce platform would be explored.

(Note: a separate announcement regarding the sale of GrabOne has been provided to NZX/ASX).

NZME 2021 Outlook Update:

NZME has advised shareholders its outlook is one of cautious optimism.

"We should all be under no illusions that ongoing Covid-19 related issues, such as the nationwide lockdown currently in place, will continue to impact the recovery," said Chapman.

"Our commercial partners remain wary of Covid-19 cases, uncertainty over international travel bubbles and the more recent challenges of labour force shortages and inflationary pressures on their cost bases.

"However, it is in this environment that the NZME business has proven it has the resilience and agility to perform well," said Chapman.

NZME's 2021 Half Year Results Investor Presentation includes the following Outlook statements:

- Given that New Zealand has moved into Level 4 lockdown over the past week, we are wary of the potential impacts of this outbreak.
- We have been pleased to see advertising revenues track closer to 2019 levels. Q3 2021 had been tracking to be in line with 2019 levels prior to the outbreak.
- Real Estate markets have been active and provide an opportunity for OneRoof to grow.
- On the basis of the trends to date and on New Zealand containing any outbreaks quickly, we would expect profit growth over 2020 for the full year 2021. However, this may become challenging depending on the duration of the lockdowns.
- Google has announced that it will bring Google News Showcase to New Zealand by the end of 2021. We look forward to discussing with both Google and Facebook arrangements in regard to accessing and supporting editorial content.
- We will update NZME's Capital Management position further when market conditions become clearer and the sale of GrabOne has been concluded.

"Maintaining NZME's growth momentum will require a continual focus on delivering great content for New Zealand audiences and on a relentless dedication to supporting our commercial partners.

"I'd like to thank our people and our commercial partners for their ongoing loyalty and their commitment to NZME," said Boggs.

Results materials can be found at: <https://www.nzx.com/companies/NZM/announcements>

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Authorised by the Board of NZME Limited.

For investor queries:

David Mackrell
Chief Financial Officer
T: +64 21 311 911
Email: david.mackrell@nzme.co.nz

For media queries:

Cliff Joiner
GM Communications
T: +64 21 270 9995
Email: cliff.joiner@nzme.co.nz

About NZME

New Zealand Media and Entertainment (NZME) is an integrated media company, with a portfolio of market leading news, entertainment and real estate brands strategically positioned across a network of digital, print and audio platforms.

With an audience of 3.4 million New Zealanders², NZME supports commercial partners to grow customer engagement with a data driven, audience and customer centric approach.

² SOURCE: Nielsen CMI Fused Q2 20 – Q1 21 June 2021 AP15+