

23 February 2022

FOR IMMEDIATE RELEASE

NZME LIMITED 2021 FULL YEAR FINANCIAL RESULTS

Revenue growth through digital transformation outpaced the impact of COVID-19 in 2021

AUCKLAND, 23 February 2022: NZME Limited (NZX: NZM, ASX: NZM) (“**NZME**”) has announced its financial results for the full year ended 31 December 2021, reporting 5% Operating Revenue growth to \$349.2 million, Statutory Net Profit After Tax (“NPAT”) of \$34.4 million and Operating Earnings Before Interest Tax Depreciation and Amortisation (“Operating EBITDA”)¹ of \$66.0 million. Operating Earnings Per Share (“EPS”) increased to 11.9 cents per share, compared to 11.3 cents per share in 2020¹.

NZME Chief Executive Michael Boggs says he’s proud of what the business achieved in 2021, despite the challenges of COVID-19.

“As I reflect on 2021, I am very proud of what we achieved, especially in what has been a difficult and uncertain trading environment with the reintroduction of COVID-19 restrictions across the country. We grew our audience reach to 3.5 million² across our platforms and achieved strong financial results, growing revenue across NZME’s three strategic pillars: Audio, Publishing and OneRoof.

“I am also incredibly proud of the important role NZME played in keeping Kiwis in the know with the launch of The 90% Project and the business-wide #RollUpYourSleevesNZ campaign. By 16 December, 90% of the eligible population had received two doses of the vaccine, helping Kiwis stay safe against COVID-19 and go about their daily lives. We recognise the responsibility that comes with acting as a voice of record for New Zealand and we continued to use our platforms and reach to make a positive impact to our community in 2021,” he says.

NZME demonstrated progress in its digital transformation, reporting a 37% increase in total digital revenue compared to the 2020 financial year.

“NZME’s ability to generate advertising revenue has remained resilient against COVID-19 related headwinds in 2021, growing 13% compared to 2020 despite nationwide COVID-19 restrictions in the second half of 2021. Our commitment to putting customers first, especially through these challenging times resulted in a strong finish to the year with November and December 2021 advertising revenue exceeding 2019 levels as customers utilised NZME’s platforms to build their own brands,” says Boggs.

¹ Operating results presented are non-GAAP measures that include the impact of NZ IFRS 16 and the IFRIC agenda decision on Software-as-a-Service (SaaS) arrangements, however, exclude exceptional items to allow for a like for like comparison between 2020 and 2021 financial years. For the avoidance of doubt, 2020 has been restated to include the impact of the IFRIC agenda decision on SaaS arrangements. Please refer to pages 38-39 of this results presentation for a detailed reconciliation. The 2020 operating and statutory results include \$8.6 million (net) of Covid-19 government wage subsidy received in H1 2020.

² Nielsen CMI Fused Q4 20 – Q3 21 November 2021 AP15+.

2021 Full Year Results at a glance:

- Statutory NPAT of \$34.4 million, up from \$14.5 million in 2020. 2021 Statutory NPAT includes \$15.4 million gain on sale of GrabOne.
- Operating NPAT¹ of \$23.6 million and Operating EPS¹ of 11.9 cents per share, an increase of 6% compared to 2020.
- 2021 Operating EBITDA¹ of \$66.0 million, in line with 2020.
- Operating Revenue¹ of \$349.2 million, up from \$331.2 million. 2020 Operating Revenue¹ included a net \$8.6 million government wage subsidy received in the first half of 2020.
- Total digital revenue grew 37% to \$79.5 million in 2021.
- Overall audience increased from 3.3 million to 3.5 million in 2021² and digital users per month grew to 2.8 million, up from 2.6 million in 2020³.
- Audio advertising revenue increased 11% year-on-year to \$101 million and total radio audience market share increased 1.8 percentage points to 37.4%⁴.
- Over 191,000 subscribers across print and digital, including 83,000 paid digital-only subscribers, driving a 75% increase in digital subscription revenue.
- Growth in advertising revenue market share was achieved across all three key channels in 2021; to 40.9%⁵ in radio advertising, 47.4%⁶ in print advertising and 24.3%⁷ in digital display advertising.
- Operating Expenses¹ were 7% higher at \$283.2 million, reflecting the permanent savings achieved in 2020, offset by higher volumes and activity. 2020 Operating Expenses¹ also included temporary cost savings related to cost initiatives in response to Covid-19.
- Achieved a net cash position of \$13.5 million, an improvement of \$47.4 million compared to the 2020 net debt position.
- Fully imputed and fully franked final dividend declared of 5.0 cents per share, taking total dividends for the year to 8.0 cents per share.

NZME Chairman, Barbara Chapman says despite 2021 being another disrupted and challenging year due to COVID-19, NZME's guiding principles and strategic priorities remained relevant and robust.

³ Nielsen CMI Fused Q4 20 – Q3 21, Nov 2021, AP 15+ compared to fused Nov 2020. Note: Dec is not released until March 2022.

⁴ GfK Radio Audience Measurement, Commercial Stations, NZME excl. Partners, M-S 12mn-12mn, Market Share %, S4 2020 – S4 2021, AP10+.

⁵ PwC Radio advertising market benchmark report, Q1 2021 – Q4 2021. Note: report excludes independent broadcasters and contra revenue.

⁶ PwC NPA quarterly performance comparison report, Q1 2021 – Q4 2021. Note: report excludes any publishers that are not part of the NPA.

⁷ IAB NZ Digital advertising revenue report – Total Display, Q1 2021 – Q2 2021. *only up until Q2 2021, Q3/Q4 report not available yet. Note: excludes digital audio and is display only.

“NZME’s guiding principles provided the foundation for the business to remain focused and further progress our strategic priorities. We continued to execute strongly in our digital media strategy, guided by the principle of Digital Acceleration. We are extremely pleased to have achieved strong digital revenue growth across each of the three strategic pillars and will continue to maximise the opportunities we have across all digital platforms,” she says.

NZME’s digital audio platform, iHeartRadio, further cemented its position of being New Zealand’s leading podcaster⁸ and increased digital listening hours by 25% in 2021⁹.

The NZ Herald Premium news subscription service grew to 140,000 subscribers, including digital-only subscribers increasing to 83,000, up 54% year-on-year.

OneRoof’s penetration of New Zealand’s residential for-sale real estate listings increased to 91%¹⁰ and revenue generating listing upgrades grew to 23.5%, compared to 17.6% in 2020.

Advertising Market revenue share increased in 2021¹¹ across NZME’s key channels: Radio, Print and Digital Display.

NZME executed on its capital management goals in 2021, including fully paying down debt to end the year in a net cash position of \$13.5 million, an improvement of \$47.4 million throughout 2021.

“The reduction of net debt provided the Board with options on how best to deliver value to our shareholders and we are pleased to have previously announced an on-market share buyback programme expected to commence in March 2022 and a fully imputed and fully franked final dividend of 5.0 cents per share.

“In 2022, the Board continues to focus on delivering shareholder value through dividends and the on-market share buyback, but we also remain in a strong position to make investments that align with our strategic priorities and fuel NZME for growth,” says Chapman.

In 2021, the business continued to deliver on its 2023 strategy commitments, with a focus on steering NZME back to 2019 revenue levels and beyond.

The Audio team developed exciting new content to engage audiences, including the launch of a youth-focused digital audio network, KICK, and the appointment of Mike Lane to lead The Alternative Commentary Collective (“The ACC”) with a mandate to cement the The ACC as New Zealand’s leading sports entertainment brand.

⁸ Triton NZ Podranker December 2021.

⁹ Adswizz and StreamGuys, TLH, monthly average for the quarter.

¹⁰ OneRoof’s listings as a percentage of residential for-sale real estate listings on trademe.co.nz as of 31 Dec 2021. Excluding private listings

¹¹ PwC Radio advertising market benchmark report, Q1 2020 – Q4 2021. Note: report excludes independent broadcasters and contra revenue. PwC NPA quarterly performance comparison report, Q1 2020 – Q4 2021. Note: report excludes any publishers that are not part of the NPA. IAB NZ Digital advertising revenue report – Total Display, Q1 2020 – Q2 2021. *only up until Q2 2021, Q3/Q4 report not available yet. Note: excludes digital audio and is display only.

NZME's flagship news website nzherald.co.nz grew monthly digital users¹² with the introduction of new local sites, personalised homepage content and improved search functionalities. Digital subscriber growth was supported by enhancing the registration flows and engagement touchpoints, including subscriber commenting. The addition of BusinessDesk to the group in 2022 aligns with NZME's strategic priorities and reinforces our commitment to quality journalism.

The OneRoof brand continued to grow strongly, providing the most accurate valuations to its users¹³ and driving audience engagement.

Two new senior executive appointments were made in late 2021 with Jason Winstanley appointed as Chief Radio Officer and Paul Hancox as Chief Commercial Officer. Both were internal appointments, exhibiting the talent of NZME's people and in-depth industry knowledge.

"Jason is one of New Zealand's most experienced audio executives with extensive experience across music and talk radio. NZME is lucky to have had Jason in the business for over 20 years and help build and lead successful radio brands. We are very excited to have Jason join the executive team and look forward to seeing him grow the Audio strategic pillar.

"It was clear that Paul was the best person to lead the Commercial Team into the next phase of growth, having achieved many successful outcomes as Chief Revenue Officer. With over 25 years of experience in the media industry, we are confident that Paul will continue to add immense value as Chief Commercial Officer," says Boggs.

As part of the 2021 Full Year Results Presentation, NZME has also provided the following outlook for 2022:

- The impact of the Omicron variant outbreak continues to develop. The housing market is cooling and inflationary pressures are building. Given this, businesses are cautious in their marketing approach at this time.
- Despite the uncertainty, we are pleased to see advertising revenues continue to track above 2021, with Q1 2022 currently tracking 4% above 2021 levels. This revenue growth is offsetting the inflationary cost pressures.
- Based on the early trends to date, we would expect EBITDA growth over 2021 despite the loss of the GrabOne contribution from 2021.
- We continue to engage in dialogue with Google and Facebook regarding accessing and supporting NZME's editorial content. To date neither Google or Facebook have provided offers in line with those achieved by media businesses in Australia, once adjusted for New Zealand's smaller market and audience size. NZME anticipates a decision from the Commerce Commission regarding provisional authorisation to commence collective bargaining in the first week of March 2022.

¹² Nielsen Online Ratings monthly average Jan-Dec 2021 compared to Jan-Dec 2020.

¹³ ConsumerLink Omnijet Research 11-18 August 2021.

- Following this decision, NZME expects to commence the on-market buyback. A further announcement will be made ahead of the on-market buyback to confirm the commencement.
- We look forward to sharing with you further updates on our progress at our Annual Shareholders' Meeting, scheduled for 11 April 2022.

Please note the full set of results materials can be found at <https://www.nzx.com/companies/NZM/announcements>

ENDS

Authorised by: NZME Board

For investor queries:

David Mackrell

Chief Financial Officer

T: +64 21 311 911

Email: david.mackrell@nzme.co.nz

For media queries:

Kelly Gunn

GM Communications

T: +64 27 213 5625

Email: kelly.gunn@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 a combined audience of 3.5 million New Zealanders*, NZME supports commercial partners to grow customer engagement with a data driven, audience and customer centric approach. NZME is listed on the NZX Main Board (code NZM) with a foreign exempt listing on the ASX (code NZM).

*SOURCE: Nielsen CMI Fused Q4 20 – Q3 21 November 2021 AP15+