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FOR IMMEDIATE RELEASE

NZME LIMITED 2022 FULL YEAR FINANCIAL RESULTS

Strong earnings result with digital revenue growth despite challenging operating environment

AUCKLAND, 22 February 2023: NZME Limited (NZX: NZM, ASX: NZM) (“NZME”) has announced its financial results for the full year ended 31 December 2022 reporting a Statutory Net Profit After Tax (NPAT) of \$22.7 million for the year.

The company also reported Operating Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)¹ of \$64.7 million – 4% higher than the comparative result for 2021, and Operating Revenue¹ growth of 7% year on year to \$364.6 million

NZME is two years into its three year strategy and has delivered strong financial results, despite another challenging year.

Key Highlights:

- Operating Earnings Per Share (EPS)¹ increased to 12.1 cents per share, 13% higher than 2021.
- Total revenue increased across all three strategic pillars: Audio, Publishing and OneRoof, with total digital revenue up 16% on 2021.
- Radio market revenue share² reached 41.4% - the highest it has been since 2016.
- Audio’s digital revenue overall also grew to \$6.8 million from \$4.5 million in 2021.
- Publishing subscriptions increased to 209,000³, including 113,000 paid digital subscriptions.
- OneRoof celebrated a 30% increase in digital revenue compared to 2021.

Michael Boggs, NZME Chief Executive Officer, says like most companies across New Zealand, and globally, NZME experienced an extremely challenging operating environment in 2022 but proved to be adaptable and flexible.

“We remain largely on track to achieve the targets we set out in our 2020 three year strategy, which shows the strength and flexibility of our business and our team to get through difficult times. We made significant progress and delivered strong earnings results despite business confidence falling to historic lows, supply chain challenges, labour shortages, higher interest rates and inflationary pressures,” says Boggs.

Boggs says the focus on digital transformation and diversification of NZME’s platforms continues to have a positive influence on business performance, with digital revenues becoming a more significant part of NZME’s total revenues.

“Digital revenue’s share of total advertising revenue has nearly doubled over the last three years and now represents 27% of total advertising revenue. Our digital transformation efforts continue to come to fruition with record audiences across radio and digital audio platforms, as well as strong growth in publishing and digital platforms, including OneRoof,” says Boggs.

NZME grew its overall audience to 3.6 million people in 2022⁴, as well as celebrating its highest ever radio audience⁵ with more than two million Kiwis listening to NZME’s broadcast radio stations every week. The NZ Herald also celebrated its highest weekly brand audience in its 158-year history reaching more than 2.2 million⁴, and publishing subscriptions also increased to 209,000³, including 113,000 paid digital subscriptions.

OneRoof has also grown its audience to 564,000⁶ and has 89% of residential for sale listings nationwide⁷, continuing to close the gap with its closest competitor.

NZME continued to elevate its premium digital offering, formally acquiring esteemed business news, opinion and analysis website BusinessDesk on 17 January 2022 and accelerating growth in the platform throughout the year. Viva Premium also launched in November 2022 – an online subscription in addition to NZ Herald’s premium content, giving subscribers access to Viva’s first-class fashion, food, beauty, culture and design content.

Digital audio platform iHeartRadio performed strongly once again celebrating reaching the significant milestone of more than 50 million podcast downloads⁸, and now reaching more than 1.2 million Kiwis⁹.

Barbara Chapman, NZME Board Chairman, says having a very clear and targeted strategy has ensured a strong focus on the initiatives that drive growth and transformation, in turn ensuring the long-term success of the business.

“NZME’s progress in digital transformation has been instrumental in continuing to drive growth across the business, and thanks to the hard work of a very talented, committed team the business has delivered very good results amidst a tough economic climate. I am very much looking forward to seeing some of the innovative new products and customer experiences come to life in the short to medium-term future, and we remain committed to delivering value for our shareholders,” she says.

The total of distributions to shareholders was \$43 million during the year comprising:

- 2021 final dividend of 5 cents per share, totalling \$9.9 million;
- Interim dividend of 3 cents per share, totalling \$5.8 million;
- Special dividend of 5 cents per share, totalling \$9.7 million; and
- Share buyback totalling \$17.6 million.

Given these distributions, net debt increased \$31.0 million during the year from a net cash position at the end of 2021 to a net debt position of \$17.5 million. This represents a leverage ratio of 0.4 times EBITDA (pre IFRS) and remains below the bottom of the company’s target leverage range of 0.5 to 1.0 times.

Based on the business outlook, capital requirements and continued strong cash flows the Board has declared a fully imputed final dividend of 6.0 cents per share bringing the total normal dividends declared in relation to the 2022 year to 9.0 cents per share.

As part of today’s 2022 Full Year Results presentation to shareholders, NZME also provided the following outlook for 2023:

Operating Environment

It has been a soft start to 2023, especially given the subdued real estate market. However, March 2023 is tracking to deliver growth over 2022.

Cost pressures remain across the business and we continue to be focused on substantially mitigating these through disciplined cost controls.

There is uncertainty across the economy and the market, and we will update shareholders further at the Annual Shareholders’ Meeting on 26 April 2023.

Capital Management

We are pleased to have made significant distributions to shareholders over the past year.

The Board has a desire to operate at the lower end of the target leverage ratio in the current environment, but will continue to return excess capital to shareholders, subject to the operating environment and investment opportunities.

Please note the full set of 2022 Full Year Results materials can be found at: <https://www.nzx.com/companies/NZM/announcements>

ENDS

Authorised by Michael Boggs, Chief Executive Officer.

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¹Operating results presented are non-GAAP measures that include the impact of NZ IFRS 16, however, exclude exceptional items to allow for a like-for-like comparison between 2021 and 2022 financial years. 2021 has been restated to exclude the impact of GrabOne (sold October 2021). Please refer to pages 38-39 of the Investor Presentation for a detailed reconciliation. ²PwC Radio Advertising Market Benchmark Report, rolling 12-month average to 31 Dec 2022. FY 2020 and 2021 figures as previously stated in FY 2021 results announced on 23 February 2022. Note: report excludes independent broadcasters, contra revenue and digital audio. ³Includes the impact of the BusinessDesk acquisition. ⁴Nielsen CMI Q4 21 – Q3 22 November 22 Fused AP15+. Monthly coverage for Daily & Community titles, Weekly coverage for Newspaper Inserted Magazines, Monthly UA for Digital, Weekly Reach for Radio (GfK RAM S3 22). Note: Fused data has potential for duplication. ⁵GfK RAM, Commercial Radio, Total NZ S3, S4 2022, M-S 12mn-12mn, M-F 6am-9am, Share %, Cume 000, AP10+. ⁶Nielsen Online Ratings monthly average Q4 2022 AP15+ (excludes APP). ⁷OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz. Dec 2022 monthly average. Excluding private listings. FY 2020 and 2021 figures as previously stated in 2021 FY results announced on 23 February 2022. ⁸Triton NZ Podranker Jan – Dec 2022 – total downloads. ⁹Adswizz monthly reach Jan-Dec 2022 (monthly average).