



NZX Limited – H1 2024 Results & Interim Report

Dear Shareholder,

I am pleased to share with you our 2024 Interim Report and Financial Results, which were released today and are available to read online [here].

NZX Limited today announced operating earnings (EBITDA)¹ of \$22.4 million for the six months ended 30 June 2024, up 12% on H1 2023, demonstrating positive momentum in delivering to its growth strategy. Excluding acquisition, integration and restructure costs, Group operating earnings (EBITDA) for the same period were \$22.9 million – up 11.5%.

In an ongoing challenging environment for global markets, NZX's earning result shows the benefit of having interrelated businesses and a diverse range of offerings available for companies to access capital.

Operating revenue increased 7.3% to \$57.9 million and operating expenses, excluding acquisition, integration and restructure costs, increased 4.7% to \$35.0 million.

NZX has a strong focus on cost management and extracting efficiencies in its funds management business. Comparing H1 2024 expenses against the H2 2023 cost base, operating costs rose only 0.2%. NZX's cost management initiatives effectively absorbed the annual pay rise round that was effective from 1 January 2024.

NZX produced an underlying net profit after tax (NPAT) of \$8.0 million for the 2024 half year (H1 2023 \$7.2 million), a year-on-year increase of 10.9%. Including an accounting adjustment of \$7.3 million relating to the fair value of the QuayStreet Asset Management (QuayStreet) earnout provision, NPAT was \$15.3 million, up 119.0%.

NZX's growth strategy is to expand its product range in capital markets and drive scale and operating leverage across our financial markets' businesses. Despite economic and financial market conditions, the first half of 2024 saw ongoing progress in delivering our strategic goals.

While the macroeconomic environment remains challenging for equity raising and trading activity – affecting new issuance and market liquidity – NZX expects to see activity levels rise as interest rates begin to fall. Secondary and debt issuance have remained solid, reinforcing the value of being NZX-listed as a platform for access to capital.

The remaining parts of our business continued to perform strongly. Key features of NZX's H1 2024 result include:

¹ Operating earnings (EBITDA) are before net finance expenses, income tax, depreciation, amortisation, gain on lease modification, loss on disposal of assets, change in fair value of contingent consideration and share of profit/loss of associate. Operating earnings is not a defined performance measure in NZ IFRS. NZX Group's definition of operating earnings may not be comparable with similarly titled performance measures and disclosures by other entities. Refer to note 2 of NZX Group's financial statements for a reconciliation of EBITDA to NZ IFRS profit for the period.

- The successful launch of NZX Dark in June – New Zealand’s first midpoint order book – providing an additional trading mechanism to execute client orders and leading to price improvement.
- Continued Dairy Market volume growth in our derivatives partnership with Singapore Exchange.
- Smartshares launched new funds and QuayStreet won 2024 Morningstar KiwiSaver and Fund Manager of the Year awards. Funds under Management (FUM) as at 30 June 2024 was \$11.9 billion, up 11.3% on last year. FUM movement is a combination of positive market returns and net cash flows.

When Smartshares acquired QuayStreet in February 2023 from Craigs Investment Partners (CIP), it agreed potential earnout consideration of up to \$18.75 million. This was based on expected net FUM inflows from the CIP network over a three-year period to November 2025.

QuayStreet net FUM inflows post-acquisition have been slower than expected to this point, but the size of the opportunity remains. Consequently, NZX’s reassessment of the probability of achieving the net FUM inflow target by November 2024 has reduced, resulting in a \$7.3 million reduction of the QuayStreet earnout provision. While earnout-related net FUM inflows are lower than expected, QuayStreet is nevertheless performing strongly with net inflows building and revenue ahead of the acquisition business case.

- NZX Wealth Technologies (NZXWT) transitioned five new clients on to its platform with annual recurring revenue increasing from \$7.2 million in December 2023 to \$8.9 million at the end of H1 2024, making strong progress on its path to becoming cash flow positive.

These results highlight the resilience and strength of NZX as a market operator, funds manager and funds administration platform provider. When equity market conditions turn more favourable, we would expect to see further upside for NZX.

In market development, work is progressing to relaunch the S&P/NZX20 Index Futures later this year or in early 2025. Go live timing will be dependent on a number of factors, including regulatory approvals.

The NZX Board has declared a fully imputed interim dividend of 3.0 cents per share (H1 2023 3.0 cents) to be paid on 3 October 2024 to shareholders registered as at the record date of 19 September 2024.

The Dividend Reinvestment Plan is available and the document can be viewed [\[here\]](#). Shares issued under the dividend reinvestment plan will be issued at a 1% discount. As a current Dividend Reinvestment Plan participant your dividend will be reinvested, whether partially or in full, in accordance with your election.

NZX’s full-year 2024 operating earnings are tracking towards the upper end of the \$40 million to \$44.5 million guidance range. The guidance is subject to market risks and outcomes.

Mark Peterson

Chief Executive