



NZX Limited

H1 2023 Results

NZX Limited – H1 2023 Results & Interim Report

Dear Shareholder,

On behalf of the NZX Board, I am pleased to share with you our 2023 Interim Report and Financial Results, which were released today and are available to read online [here](#).

We have announced operating earnings (EBITDA) of \$20.0 million for the six months ended 30 June 2023, up 15.0% on H1 2022, demonstrating positive momentum in delivering to its growth strategy. Excluding acquisition, integration and integration costs, Group operating earnings (EBITDA) were \$20.6 million – up 16.8%.

The resilience and diversity of the NZX Group business and earnings base, and the breadth of offerings available for companies to access capital, are behind our strong financial result in the first half of 2023. This is despite the tight financial conditions and ongoing challenging environment for global markets.

Operating revenue increased 16.9% to \$54.0 million and operating expenses, excluding acquisition and integration costs, increased 16.9% to \$33.4 million.

NZX produced an unaudited net profit after tax (NPAT) of \$7.0 million for the 2023 half year (H1 2022 \$7.4 million), a year-on-year decrease of 5.6%, with the decline largely resulting from additional amortisation (including relating to NZX Wealth Technologies client migrations and Smartshares' acquisitions) along with higher funding costs on the Company's increased debt level.

NZX's growth strategy is to expand its product range in capital markets and drive scale and operating leverage across its Smartshares and NZX Wealth Technologies businesses. While the first half of 2023 has seen headwinds due to the market cycle, NZX continues to make steady progress towards these objectives.

As the NZX Group key performance results indicate, the macroeconomic environment continues to challenge equity capital raising and trading activity. However, at a time in the economic cycle where interest rates continue to rise, this has created a tailwind for debt market activity.

The move by corporates to issue green and sustainable financing products continues to accelerate, with \$2.2 billion listed and raised (66% of all debt issued) by Mercury, Genesis, Contact, Kiwi Property Group, Meridian and LGFA in H1 2023. The percentage of green bonds listed on the NZDX has increased to 30.1% of all outstanding debt issued.

The remaining parts of our business continued to perform strongly. This was particularly notable in:

- Dairy derivatives partnership with SGX Group (lots traded up 30.7% compared to H1 2022);



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- our Information Services (data) business (revenue of \$10.4 million – up 15.4% compared to H1 2022);
- Smartshares, which continues to go from strength to strength (at 30 June 2023, funds under management was \$10.67 billion, up 29.1% from 31 December 2022 due to combination of positive cashflows, positive market return and QuayStreet Asset Management acquired FUM). In June 2023, Smartshares launched five new ETFs giving investors more options; and
- NZX Wealth Technologies, which has won five clients in H1 2023 that will be transitioned onto the platform over the remainder of 2023 and 2024. The pipeline remains strong for H2 2023 and 2024 and we remain confident of being cashflow (and NPAT) positive by late 2024. In H2 2022 NZX did consider whether there was a strategic partner that could enhance the business. With NZX Wealth Technologies' long-term growth prospects continuing to strengthen, this is no longer a priority and discussions with a limited number of parties have concluded.

Our operating platform and corporate functions have continued to advance their capability, capacity and resilience, while being conscious of costs. It was also pleasing to note that NZX met all its market obligations in 2022 in the Financial Markets Authority's annual market obligations review published in June 2023.

In market development, work is progressing to deliver the midpoint orderbook (NZX Dark) for launch in H1 2024 and we intend to relaunch the S&P/NZX20 Index Futures later in 2024.

The NZX Board has declared a fully imputed interim dividend of 3.0 cents per share (H1 2022 3.0 cents) to be paid on 5 October 2023 to shareholders registered as at the record date of 21 September 2023.

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 2023 operating earnings are expected to be towards the upper end of the \$36.0 million to \$40.5 million guidance range. The guidance is subject to market risks and outcomes.

John McMahon

CHAIR