KEEPING KIWIS IN THE KNOW.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NZME Limited

For the six months ended 30 June 2021

NZ ME.

NEW ZEALAND **MEDIA** AND **ENTERTAINMENT**


NZME.

CONTENTS.

Consolidated Interim Financial Statements

for the six months ended 30 June 2021 (unaudited)

* In an attempt to make these financial statements easier to read, the notes to the financial statements have been grouped into six sections; aimed at grouping items of a similar nature together. The Basis of Preparation section presents a summary of material information and general accounting policies that are necessary to understand the basis on which these consolidated interim financial statements have been prepared. A summary of the key judgments and estimates is also included under the Basis of Preparation section on page 13.

CHAIRMAN AND CHIEF EXECUTIVE REPORT.

Continued momentum as strategic digital growth delivers returns for shareholders.

Kia ora, and welcome to the New Zealand Media and Entertainment (NZME) interim report for the half year ended 30 June 2021.

The 2021 year has started strongly, but as with 2020, it is also proving to be a year of challenges associated with the ongoing impacts of COVID-19.

Your board, the Executive and senior leadership having made the difficult but necessary decisions to protect the business from the worst of the revenue impacts of Covid-19, have provided a strong platform for 2021 and beyond.

Across the economy, New Zealand's many commercial sectors are steadily rebuilding their investment in audience engagement, such that NZME's advertising revenues are now approaching the levels achieved in 2019.

H1 2021 Financial Results

We are pleased to report growth in Operating Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) to $30.1 million for the half year. This represents 4% growth in Operating EBITDA against the first half of 2020 despite 2020 including $8.6 million in government wage subsidies.

Operating revenue grew 9% in the half to $172.5 million from $157.8 million for the corresponding half in 2020.

NZME's Statutory Net Profit After Tax (NPAT) was $5.6 million, up 85% on the corresponding period in 2020.

Operating NPAT was $7.8 million an increase of 14% on the 2020 half year and Operating Earnings per Share is 3.9 cents per share, up from 3.5 cents per share in the 2020 half year.

We are also pleased to advise that NZME 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).

The sale is due to be completed no later than 31 October 2021, subject to satisfaction of the conditions, including GMP completing its funding arrangements. 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.

Capital Management

Rigorous commercial discipline and a continual focus on managing the cost base as business activity rebuilds has improved NZME's ongoing Capital Management performance. Net Debt was reduced by a further $15.2 million during the half year to $18.6 million and is now below our target leverage ratio.

NZME has been able to strengthen its Balance Sheet during such challenging times due to a relentless focus on its key strategic priorities supported by the guiding principles introduced by the Board during 2020.

You will see from the detail included in this report that growth across a number of NZME's digital platforms such as NZ Herald Premium, OneRoof digital classifieds and overall digital advertising have been the major drivers of performance to return NZME's earnings to growth.

NZME BUSINESS HAS PROVEN IT HAS THE RESILIENCE AND AGILITY TO PERFORM WELL.

The 2021 interim result once again reinforces NZME's position as a robust, resilient, and agile multi-media business.

With growing mass audiences across a broad mix of digital and traditional platforms, NZME continues to leverage off its loyal audience base to accelerate our digital transition across all NZME platforms.

The board is pleased to advise that given the significant reduction in debt and based on the business outlook and capital requirements the board has declared a fully imputed and fully franked dividend of 3.0 cps.

It is testimony to NZME's disciplined and rigorous approach to Capital Management, and a determined focus on our strategic priorities that while navigating the extraordinary and ongoing challenges posed by the impacts of the pandemic, NZME is in a position to return a dividend to its shareholders for the first time since 2018.

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.

We will update you on the Capital Management position further when market conditions become clearer and the sale of GrabOne has been concluded.

Outlook

While we remain cautiously optimistic, we should all be under no illusions that ongoing Covid-19 related issues will continue to impact the recovery.

Given that New Zealand has moved into Level 4 lockdown over the past week, we are conscious of the potential impacts of these events.

Our commercial partners remain wary of Covid-19 outbreaks, 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.

We acknowledge the ongoing support of our shareholders and thank you for the confidence you have shown as the business continues its positive trajectory.

We would also like to express our thanks and gratitude to all the people of NZME. Thank you for choosing NZME to share your talents and expertise.

And especially, thank you for your commitment to the Kiwi communities that we serve by delivering news, information and entertainment that is world class.

Barbara Chapman
Chairman

Michael Boggs
Chief Executive Officer

DIRECTORS' STATEMENT.

The Directors are pleased to present the consolidated interim financial statements of NZME Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 30 June 2021, incorporating the consolidated interim financial statements and the independent auditor's review report.

The Directors are responsible, on behalf of the Company, for presenting these consolidated interim financial statements in accordance with applicable New Zealand legislation and New Zealand equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting* and the NZX Listing Rules.

The consolidated interim financial statements for the Group as presented on pages 7 to 33 are signed on behalf of the Board of Directors, and are authorised for issue on the date below.

For and on behalf of the Board of Directors

Barbara Chapman
Chairman

Carol Campbell
Director

Date: 23 August 2021

CONSOLIDATED INTERIM INCOME STATEMENT.

for the six months ended 30 June 2021 (unaudited)

	Note	**June 2021 $'000**	June 2020 $'000
Revenue	2.1	**172,283**	149,039
Finance and other income	2.1	**752**	11,669
Total revenue and other income	2.1	**173,035**	160,708
Expenses from operations before finance costs, depreciation and amortisation		**(143,091)**	(137,500)
Depreciation and amortisation	2.3.2	**(15,288)**	(14,997)
Finance costs	2.3.2	**(3,884)**	(4,024)
Share of joint ventures and associates net loss after tax		**(354)**	-
Impairment of assets	2.3.2	**(2,582)**	-
Profit before income tax expense		**7,836**	4,187
Income tax expense		**(2,272)**	(1,176)
Net profit after tax		**5,564**	3,011
Profit for the period is attributable to:			
Owners of the Company		**5,719**	3,217
Non-controlling interests		**(155)**	(206)
		5,564	3,011

		Cents	Cents
Earnings per share attributable to the ordinary shareholders of the Company			
Basic earnings per share (cents per share)	2.2	**2.89**	1.64
Diluted earnings per share (cents per share)	2.2	**2.82**	1.61

The above Consolidated Interim Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME.

for the six months ended 30 June 2021 (unaudited)

	June 2021 $'000	June 2020 $'000
Net profit after tax	**5,564**	3,011
Other comprehensive income		
Items that may be reclassified to profit or loss		
Effective gain / (loss) on hedging instruments	**260**	(810)
Reclassification to profit or loss	**129**	(25)
Tax impact of hedging transactions	**-**	234
Net gain / (loss) on hedging instruments	**389**	(601)
Exchange differences on translation of foreign operations	**(26)**	(40)
Other comprehensive income / (loss) net of taxation	**363**	(641)
Total comprehensive income	**5,927**	2,370
Total comprehensive income attributable to:		
Owners of the Company	**6,082**	2,576
Non-controlling interests	**(155)**	(206)
	5,927	2,370

The above Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM BALANCE SHEET.

as at 30 June 2021

	Note	June 2021 (unaudited) $'000	December 2020 (audited) $'000
Current assets			
Cash and cash equivalents		**10,948**	11,560
Trade and other receivables		**43,226**	43,882
Inventories	3.5	**2,377**	1,480
Derivative financial instruments		**34**	-
		56,585	56,922
Assets classified as held for sale	5.3.1	**1,354**	2,165
Total current assets		**57,939**	59,087
Non-current assets			
Intangible assets	3.1	**146,890**	150,478
Property, plant and equipment	3.2	**29,623**	34,978
Right-of-use assets	3.3	**77,831**	85,382
Capital work in progress	3.4	**2,656**	2,275
Other financial assets		**815**	815
Equity accounted investments	5.2.2	**3,747**	4,162
Other receivables and prepayments		**955**	1,079
Derivative financial instruments		**29**	-
Deferred tax assets		**1,148**	-
Total non-current assets		**263,694**	279,169
Total assets		**321,633**	338,256
Current liabilities			
Trade and other payables		**45,774**	43,838
Current lease liabilities	4.2.2	**11,077**	10,931
Derivative financial instruments		**-**	16
Current tax provision		**1,609**	1,575
		58,460	56,360
Liabilities directly associated with assets classified as held for sale	5.3.1	**5,080**	7,338
Total current liabilities		**63,540**	63,698
Non-current liabilities			
Non-current lease liabilities	4.2.2	**90,281**	96,521
Interest bearing liabilities	4.2.1	**29,503**	45,379
Derivative financial instruments		**-**	310
Deferred tax liabilities		**-**	260
Total non-current liabilities		**119,784**	142,470
Total liabilities		**183,324**	206,168
Net assets		**138,309**	132,088
Equity			
Share capital		**361,758**	361,758
Reserves		**4,142**	3,485
Retained earnings		**(227,561)**	(233,280)
Total Company interest		**138,339**	131,963
Non-controlling interests		**(30)**	125
Total equity		**138,309**	132,088

The above Consolidated Interim Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY.

for the six months ended 30 June 2021 (unaudited)

	Attributable to owners of the company					
	Share capital $'000	Reserves $'000	Retained earnings $'000	**Total $'000**	Non-controlling interests $'000	**Total Equity $'000**
Balance at 1 January 2020	360,768	2,984	(247,712)	**116,040**	430	**116,470**
Profit / (loss) for the period	-	-	3,217	**3,217**	(206)	**3,011**
Other comprehensive (loss)	-	(641)	-	**(641)**	-	**(641)**
Total comprehensive (loss) / income	-	(641)	3,217	**2,576**	(206)	**2,370**
Share based payments	-	212	-	**212**	-	**212**
Balance at 30 June 2020	360,768	2,555	(244,495)	**118,828**	224	**119,052**
Balance at 1 January 2021	361,758	3,485	(233,280)	**131,963**	125	**132,088**
Profit / (loss) for the period	-	-	5,719	**5,719**	(155)	**5,564**
Other comprehensive income	-	363	-	**363**	-	**363**
Total comprehensive income / (loss)	-	363	5,719	**6,082**	(155)	**5,927**
Share based payments	-	294	-	**294**	-	**294**
Balance at 30 June 2021	361,758	4,142	(227,561)	**138,339**	(30)	**138,309**

The above Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS.

for the six months ended 30 June 2021 (unaudited)

	Note	**June 2021 $'000**	June 2020 $'000
Cash flows from operating activities			
Receipts from customers		**170,681**	158,514
Payments to suppliers and employees		**(140,290)**	(136,198)
Government grants		**-**	10,235
Dividends received		**61**	-
Interest received		**20**	50
Interest paid on bank facilities		**(1,263)**	(1,450)
Interest paid on leases		**(2,604)**	(2,302)
Income taxes paid		**(4,720)**	(1,175)
Net cash inflows from operating activities	4.3	**21,885**	27,674
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets (including work in progress)		**(2,734)**	(3,300)
Proceeds from sale of property, plant and equipment		**1,853**	-
Net cash (outflows) from investing activities		**(881)**	(3,300)
Cash flows from financing activities			
Proceeds from borrowings		**10,500**	4,000
Repayments of borrowings		**(26,500)**	(13,000)
Payments for lease liability principal		**(5,616)**	(4,777)
Net cash (outflows) from financing activities		**(21,616)**	(13,777)
Net (decrease) / increase in cash and cash equivalents		**(612)**	10,597
Cash and cash equivalents at beginning of the period		**11,560**	14,416
Cash and cash equivalents at end of the period		**10,948**	25,013

The above Consolidated Interim Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED).

1.0 BASIS OF PREPARATION

1.1 REPORTING ENTITY AND STATUTORY BASE

NZME Limited (NZX:NZM, ASX:NZM) is a for-profit company limited by ordinary shares which are publicly traded on the NZX Main Board and the Australian Securities Exchange as a Foreign Exempt Listing. NZME Limited is incorporated and domiciled in New Zealand. It is registered under the Companies Act 1993 and is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The entity's registered office is 2 Graham Street, Auckland, 1010, New Zealand.

NZME Limited (the "Company" or "Parent") and its subsidiaries' (together the "Group") principal activity during the financial period was the operation of an integrated media and entertainment business.

1.2 GENERAL ACCOUNTING POLICIES

These consolidated interim financial statements have been prepared in accordance with New Zealand equivalent to International Accounting Standard 34: *Interim Financial Reporting*, International Accounting Standard 34: *Interim Financial Reporting* and the NZX Listing Rules.

The consolidated interim financial statements do not include all notes of the type normally included in an annual financial report. Accordingly, these consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2020. These consolidated interim financial statements are presented for the Group.

The material accounting policies used in the preparation of these consolidated interim financial statements are generally consistent with those used in the audited consolidated financial statements for the year ended 31 December 2020. Where there have been changes to accounting policies or the Directors consider it necessary to disclose an accounting policy in these consolidated interim financial statements, accounting policies have been included in the relevant note.

These consolidated interim financial statements are presented in New Zealand dollars, which is the Company's functional and the Group's presentation currency, and rounded to the nearest thousand, except where otherwise stated.

These consolidated interim financial statements were approved for issue by the Board of Directors on 23 August 2021. These consolidated interim financial statements have not been audited, but have been reviewed in accordance with New Zealand Standard on Review Engagement 2410: *Review of Financial Statements Performed by the Independent Auditor of the Entity.*

1.2.1 Comparatives

Certain prior period information has been re-presented to ensure consistency with current year disclosures and to provide more meaningful comparison. The prior period information that has been re-presented is:

- In note 2.1 $1,318,795 of print other revenue has been reclassified to external printing and distribution.
- In note 2.1 net $2,594,855 of digital advertising revenue has been reclassified to other revenue.
- The total wage subsidy included in finance and other income is $9,966,184 of which $1,406,715 was offset against redundancy costs for the period ended 30 June 2020 with the remaining $8,559,469 recorded as other income. This presentation was changed for the consolidated financial statements for the year ended 31 December 2020 with the total wage subsidy restated as other income. The comparatives information for 30 June 2020 has been restated to be consistent with the presentation in the annual financial statements. Note 2.1 has also been restated to reflect this change.

1.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated interim financial statements requires the use of certain significant judgments, accounting estimates and assumptions, including judgments, estimates and assumptions concerning the future. The estimates and assumptions are based on historical experiences and other factors that are considered to be relevant. The resulting accounting estimates will by definition, seldom equal the related actual results and are reviewed on an ongoing basis. Significant areas of estimation and judgment in these consolidated interim financial statements are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2020 and are as follows:

Areas of significant accounting estimates or judgments	Note
Determination of the number of reportable segments	2.3.1
Assumptions and judgments used in the impairment review of indefinite life intangible assets	3.1.1

1.4 NEW STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT PERIOD

There have been no changes to accounting policies or new standards adopted during the period.

1.5 COVID-19

The global pandemic that was declared by the World Health Organisation on 11 March 2020 continues to impact the world while New Zealand remains relatively isolated with closed borders. In the 6 months to 30 June 2021 New Zealand has experienced three regional lockdowns, although these had little impact on the Group's results.

The following items and amounts are included in the 2020 comparatives in relation to Government assistance received by NZME in response to the pandemic:

- Government wage subsidy: the total received was $10,235,441 which is included in the cash flow, with $9,966,184 included in the income statement in finance and other income. Note 2.3.2 (footnote A) provides further detail of the treatment of the total amount received.
- Rent concessions of $1,452,480 are included in finance and other income in the income statement and comprise $994,325 in respect of transmission tower rental savings under the Government's Media Relief package and $458,155 from various landlords. The gain recognised in the income statement resulted from the Group's adoption of the practical expedient to NZ IFRS 16 where the reduction in lease liabilities from rent concessions could be recognised as a gain in the income statement.

The risks and uncertainty faced by the Group relate to (and are not limited to):

- the impact of wider economic pressures in New Zealand and globally; and
- a potential outbreak at one of the Group's facilities warranting closure may significantly affect operations.

On 18 August 2021 New Zealand was placed at level 4* lockdown in response to a community Covid-19 outbreak. NZME’s core news and broadcast media business is an essential service and continues to operate safely under level 4* lockdown with all staff able to, working from home. This development highlights the uncertainty of Covid-19 impacts into the future, but at this stage does not change the company’s judgments or estimates.

*These levels are defined at covid19.govt.nz

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED) CONTINUED.

2.0 GROUP PERFORMANCE

2.1 DISAGGREGATION OF REVENUE AND OTHER INCOME

	Print $'000	Radio $'000	Digital & e-Commerce $'000	**Total $'000**
For the six months ended 30 June 2021				
Advertising	40,270	51,168	30,584	**122,022**
Circulation and subscription	35,007	-	5,148	**40,155**
External printing and distribution	2,359	-	-	**2,359**
Other	1,165	397	4,514	**6,076**
Segment revenue from integrated media and entertainment activities	78,801	51,565	40,246	**170,612**
Shared services centre				**694**
Events				**977**
Total revenue from external customers				**172,283**
Rental income from sub-leases				**190**
Gain on disposal of property, plant and equipment				**(23)**
Lease adjustments				**100**
Gain on sale of transmission site				**465**
Other income				**732**
Finance income				**20**
Total finance and other income				**752**
Total revenue and other income				**173,035**

	Print $'000	Radio $'000	Digital & e-Commerce $'000	**Total $'000**
For the six months ended 30 June 2020				
Advertising	35,285	43,296	21,724	**100,305**
Circulation and subscription	36,473	-	2,437	**38,910**
External printing and distribution	2,351	-	-	**2,351**
Other	1,227	445	4,106	**5,778**
Segment revenue from integrated media and entertainment activities	75,336	43,741	28,267	**147,344**
Shared services centre				**1,694**
Events				**1**
Total revenue from external customers				**149,039**
Government grants				**9,966**
Rental income from sub-leases				**201**
Lease rent concession				**1,452**
Other income				**11,619**
Finance income				**50**
Total finance and other income				**11,669**
Total revenue and other income				**160,708**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED) CONTINUED.

2.2 EARNINGS PER SHARE

	June 2021 $'000	June 2020 $'000
Reconciliation of earnings used in calculating basic / diluted earnings per share ("EPS")		
Profit attributable to owners of the parent entity	**5,719**	3,217
Profit attributable to owners of the parent entity used in calculating EPS	**5,719**	3,217

	June 2021 Number	June 2020 Number
Weighted average number of shares		
Weighted average number of shares for calculating basic EPS	**197,570,061**	196,555,998
Adjusted for calculation of diluted EPS	**5,006,966**	3,024,181
Weighted average number of shares in the denominator in calculating diluted EPS	**202,577,027**	199,580,179

	June 2021 Cents	June 2020 Cents
Basic / diluted earnings per share		
Basic earnings per share (cents per share)	**2.89**	1.64
Diluted earnings per share (cents per share)	**2.82**	1.61

2.3 SEGMENT INFORMATION

2.3.1 Determination and description of segments

Significant judgment: The Group has one reportable segment – being "Integrated Media and Entertainment". All significant operating decisions are based upon analysis of NZME as one operating segment. The Executive Team and the Board of Directors have been identified as the Chief Operating Decision Maker. The Group's major products and services are split by channel only at the revenue level into Print, Radio and Digital & e-Commerce which is the way in which revenue is reported to the Chief Operating Decision Maker. Although the Group operates in many different markets within New Zealand, for management reporting purposes the Group operates in one principal geographical area being New Zealand as a whole.

Integrated Media and Entertainment incorporates the sale of advertising, goods and services generated from the audiences attached to the Group's media platforms.

2.3.2 Segment revenues and results

The segment information provided to the Directors and Executive Team for the six months ended 30 June 2021 is as follows:

	June 2021 $'000	June 2020 $'000
Revenue from external customers by channel		
Print	**78,801**	75,336
Radio	**51,565**	43,741
Digital and e-Commerce	**40,246**	28,267
Segment revenue from integrated media and entertainment activities	**170,612**	147,344
Revenue from shared services centre	**694**	1,694
Events	**977**	1
Total revenues from external customers	**172,283**	149,039
Government grants[A]	**-**	8,559
Rental income from sub-leases[B]	**190**	201
Gain on disposal of property, plant and equipment	**(23)**	-
Expenses from operations before finance costs, depreciation, amortisation and exceptional items	**(142,390)**	(128,888)
Total segment adjusted EBITDA[C]	**30,060**	28,911
Depreciation and amortisation on owned assets	**(9,345)**	(8,658)
Depreciation on right-of-use assets	**(5,943)**	(6,339)
Total depreciation and amortisation	**(15,288)**	(14,997)
Interest expense on bank facilities	**(1,280)**	(1,699)
Interest expense on leases	**(2,604)**	(2,325)
Total finance cost	**(3,884)**	(4,024)
Impairment of right-of-use asset[D]	**(1,230)**	-
Impairment of property plant and equipment[D]	**(1,352)**	-
Total impairment of assets	**(2,582)**	-

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED) CONTINUED.

	June 2021 $'000	June 2020 $'000
Interest income	**20**	50
Other lease adjustments [E]	**100**	1,452
Share of joint ventures and associates net loss after tax	**(354)**	-
Exceptional items:		
Gain on disposal of transmission site	**465**	-
Redundancies and associated costs [F]	**(292)**	(7,017)
Costs in relation to one-off projects [G]	**(409)**	(188)
Profit before tax	**7,836**	4,187

[A] 2020 Government grants relate to the wage subsidy received from the Government in response to the effect of Covid-19 on businesses. The total received was $10,235,441 of which $9,966,184 is included in finance and other income in the consolidated income statement and in trade and other payables on the balance sheet ($269,256) where the amount received was in respect of employees who subsequently left the company. For segment reporting the wage subsidy is allocated to other income ($8,559,469), where it related to employees who continued to work in the business, and exceptional costs ($1,406,715), where the subsidy related to employees who were made redundant and who were given extended notice period, and is offset against redundancies and associated costs.

[B] Rental income of $125,621 was received from the sub lease of right-of-use assets (2020: $122,036).

[C] Adjusted Earnings before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA) from continuing operations which excludes exceptional items, is a non-GAAP measure that represents the Group's total segment result which is regularly monitored by the Chief Operating Decision Maker. Exceptional items are those gains, losses, income and expense items that are not directly related to the primary business activities of the Group which are determined in accordance with the NZME Exceptional Items Recognition Framework adopted by the Board. Exceptional items include redundancies, impairment, one-off projects and the disposal of properties or businesses. These items are excluded from the segment result that is regularly reviewed by the Chief Operating Decision Maker.

[D] The Group has entered into an agreement to sub-lease part of 2 Graham Street. The portion to be sub let is 24.8% of the headlease which has resulted in an impairment to the Graham Street right-of-use asset and an impairment to property, plant and equipment in relation to the Graham Street building fitout costs.

[E] The 2021 lease adjustments primarily relate to changes in building leases. The 2020 amount is the rent concessions received by the group that reduced lease liabilities by $1,452,480 with a corresponding amount recognised within other income in the income statement as permitted by the practical expedient under NZ IFRS 16 in relation to Covid-19 rent concessions.

[F] The redundancies and associated costs relate to the restructuring and integration of the New Zealand operations. The 2020 costs include the wage subsidy offset for those employees who were given an extended notice period.

[G] The 2021 costs primarily relate to onerous contracts and the potential sale of GrabOne. The 2020 costs are primarily in relation to the Group's attempt to acquire Stuff Ltd.

As the Group has one operating segment, the assets and liabilities as reported on the consolidated balance sheet are also the segment assets and liabilities, and the income tax expense in the consolidated income statement is also the segment income tax.

3.0 OPERATING ASSETS & LIABILITIES

3.1 INTANGIBLE ASSETS

	Goodwill $'000	Software $'000	Masthead brands $'000	Radio licences $'000	Brands $'000	**Total $'000**
As at 31 December 2020						
Cost	166,397	77,809	146,976	78,479	59,019	**528,680**
Accumulated amortisation and impairment	(166,397)	(60,366)	(74,336)	(47,253)	(29,850)	**(378,202)**
Net book value	**-**	**17,443**	**72,640**	**31,226**	**29,169**	**150,478**
For the period ended 30 June 2021						
Opening net book amount	-	17,443	72,640	31,226	29,169	**150,478**
Additions	-	-	-	25	-	**25**
Disposals	-	(9)	-	-	-	**(9)**
Transfer to assets held for sale	-	343	-	-	-	**343**
Amortisation	-	(3,540)	-	(1,524)	-	**(5,064)**
Transfers from capitalised work in progress	-	1,116	-	1	-	**1,117**
Net book value	**-**	**15,353**	**72,640**	**29,728**	**29,169**	**146,890**
As at 30 June 2021						
Cost	166,397	78,260	146,976	78,505	59,019	**529,157**
Accumulated amortisation and impairment	(166,397)	(62,907)	(74,336)	(48,777)	(29,850)	**(382,267)**
Net book value	**-**	15,353	72,640	29,728	29,169	**146,890**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED) CONTINUED.

3.1.1 Half year impairment review

Significant judgment: As disclosed in note 2.3.1 the Group has one reportable segment - being "Integrated Media and Entertainment". The Directors have also determined that this is the only cash generating unit for the purposes of impairment testing. In the consolidated financial statements for the year ended 31 December 2020 it was stated by Management that there were no reasonably possible changes to key assumptions which could result in impairment. Management has conducted a review of possible impairment indicators as at 30 June 2021 and concluded that there are no such indicators which would require a full impairment assessment to be performed. Specifically, Management has considered the trading performance of the Group compared to forecasts used in the impairment assessment at 31 December 2020 as well as the market capitalisation of the Group at 30 June 2021, which has increased from 31 December 2020.

3.1.2 Software as a service

The Group has capitalised as intangible assets the costs incurred in configuring and customising certain suppliers' application software in cloud computing arrangements. The Group considered that it would benefit from the implementation costs incurred in relation to the cloud-based software over a number of years and has been amortising the capitalised costs over the years for which it believed the benefit would be derived.

Following the publication of IFRS Interpretations Committee (IFRIC) agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement in March 2021 (ratified by the International Accounting Standards Board (IASB) in April 2021), the Group has commenced a review of these capitalised costs to determine whether they may need to be expensed or reclassified as prepayments in line with the agenda decision.

The IFRIC concluded that costs incurred in configuring or customising software in a cloud computing arrangement can be recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred unless they meet certain criteria where they can be treated as a prepayment and expensed over the term of the cloud computing arrangement.

At the time of finalising the 30 June 2021 interim financial statements, the Group's review was still in progress due to limited time available from the IFRIC agenda decision to the reporting date and the complexity of the various arrangements. The initial review of the Group's cloud computing arrangements has identified intangible assets requiring re-assessment with a total cost and net book value of approximately $9.5 million and $5.9 million, respectively. While the final financial impact of the revised accounting policy is still being quantified, it may be material for financial reporting purposes. The Group expects to implement the updated accounting policy in the second half of the year with the full impact of the change in accounting policy, including retrospective restatement, reflected in the consolidated financial statements for the year ended 31 December 2021. The change in accounting policy may decrease intangible assets and its associated amortisation, increase operating expenses, and reclassify costs incurred from an investing to an operating cash flow. Prepayments may also be recognised as a result.

3.2 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	**Total $'000**
As at 31 December 2020					
Cost or fair value	265	67	14,727	339,327	**354,386**
Accumulated depreciation and impairment	-	(7)	(8,645)	(310,756)	**(319,408)**
Net book amount	**265**	**60**	**6,082**	**28,571**	**34,978**
For the period ended 30 June 2021					
Opening net book amount	265	60	6,082	28,571	**34,978**
Additions	-	-	-	8	**8**
Disposals	-	-	(7)	(311)	**(318)**
Depreciation	-	(1)	(589)	(3,691)	**(4,281)**
Impairment	-	-	(1,076)	(276)	**(1,352)**
Transfers from capitalised work in progress	-	-	36	552	**588**
Net book amount	265	59	4,446	24,853	**29,623**
As at 30 June 2021					
Cost or fair value	265	67	14,750	338,277	**353,359**
Accumulated depreciation and impairment	-	(8)	(10,304)	(313,424)	**(323,736)**
Net book amount	265	59	4,446	24,853	**29,623**

3.3 RIGHT-OF-USE ASSETS

	Buildings $'000	Transmission $'000	Vehicles $'000	Other $'000	**Total $'000**
As at 31 December 2020					
Net book amount	58,399	25,985	994	4	**85,382**
For the period ended 30 June 2021					
Additions	-	-	217	-	**217**
Depreciation	(3,853)	(1,740)	(346)	(4)	**(5,943)**
Impairment of right-of-use assets	(1,230)	-	-	-	**(1,230)**
Changes in lease payments or lease terms	(611)	34	(18)	-	**(595)**
Net book amount	52,705	24,279	847	-	**77,831**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED) CONTINUED.

3.4 CAPITAL WORK IN PROGRESS

	June 2021 $'000
As at 31 December 2020	**2,275**
Additions	**2,155**
Disposals	**(69)**
Transfers to property, plant and equipment	**(588)**
Transfers to intangible assets	**(1,117)**
As at 30 June 2021	**2,656**

Capital work in progress is transferred to the relevant asset category once the project is completed. Capitalised work in progress is not depreciated or amortised prior to being transferred to the relevant asset category.

3.5 INVENTORIES

Inventories is predominantly the stock of newsprint held at the Ellerslie print plant and is valued at cost. The stock of newsprint held is, on average, ten to twelve weeks' supply. The longevity of the commodity, and the short period of time that stock is on hand, reduces the Group's risk of holding obsolete stock.

3.6 NET TANGIBLE ASSETS

Net tangible assets per share is a non-GAAP measure that is required to be disclosed by the NZX Listing Rules. The calculation of the Group's net tangible assets per share and its reconciliation to the consolidated balance sheet is presented below:

	June 2021 $'000	December 2020 $'000
Total assets	**321,633**	338,256
(Less): intangible assets	**(146,890)**	(150,478)
(Less): total liabilities	**(183,324)**	(206,168)
Net tangible assets / (liabilities)	**(8,581)**	(18,390)
Number of shares issued (in thousands)	**197,570**	197,570
Net tangible assets / (liabilities) per share	**($0.04)**	($0.09)

4.0 CAPITAL MANAGEMENT

4.1 DIVIDENDS

4.1.1 Dividends paid

No dividends were paid by NZME Limited during the six months ended 30 June 2021.

On 23 June 2021 an inter-company dividend was paid by NZME Investments Limited, with A$9,163,691 of franking credits attached, to NZME Limited.

4.1.2 Dividends declared after balance date

On 23 August 2021, the Board of Directors declared a fully imputed and franked dividend of 3 cents per share, to be paid on 22 September 2021 to registered shareholders as at 10 September 2021 (total amount to be paid $5,927,102). The dividend was approved by the Board to be paid out of profits from NZME Limited, as a standalone legal entity, which had been specifically earmarked as being available for the declaration of the dividend and had not been appropriated or earmarked for other purposes.

4.1.3 Franking and imputation credits

	June 2021 $'000	December 2020 $'000
Imputation credits available for subsequent reporting periods based on the New Zealand 28% tax rate for the Group	**NZ$ 20,081**	NZ$ 18,061
Franking credits available to the Company for subsequent reporting periods based on the Australia 30% tax rate for the Group	**A$ 9,164 [A]**	AU$ 0 [A]

[A] Franking credits of A$9,163,691 are now available for use by the Company following the payment of the inter-company dividend in June (see note 4.1.1). At 31 December 2020 the Company did not have any franking credits available for use although other entities within the Group had A$9,163,691 available that Directors expected to be available to the Company in future periods.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED) CONTINUED.

4.2 INTEREST BEARING LIABILITIES

4.2.1 Secured bank loans

	June 2021 $'000
Bank loans	
As at 31 December 2020	**45,379**
Cash flows	**(16,000)**
Amortisation of borrowing costs	**124**
As at 30 June 2021	**29,503**
Cash and cash equivalents	
As at 31 December 2020	**(11,560)**
Cash flows	**612**
Total debt less cash and cash equivalents as at 30 June 2021	**18,555**

Capitalised borrowing costs of $497,014 (31 December 2020: $621,268) are included in the secured bank loans balance at 30 June 2021. Capitalised borrowing costs are the costs incurred on acquiring the loan less accumulated amortisation to 30 June 2021 with the costs being amortised over the period of the loan.

The Group is funded from a combination of its own cash reserves and NZ$100 million bilateral bank loan facilities, which NZME refinanced on 21 November 2018 and 22 July 2020, of which $30.0 million (December 2020: $46.0 million) is drawn and $70.0 million (December 2020: $74.0 million) is undrawn as at 30 June 2021. The facility limit will step down by $10 million from 1 July 2022 and by a further $5 million from 1 January 2023. This facility expires on 1 July 2023.

The interest rate for the drawn facility is the BKBM plus credit margin.

The NZME bilateral facilities contain undertakings which are customary for facilities of this nature including, but not limited to, provision of information, negative pledge and restrictions on priority indebtedness and disposals of assets. The assets of the Group are collateral for the interest bearing liability.

In addition, the Group must comply with financial covenants (a net debt to EBITDA ratio and an EBITDA to net interest expense ratio) for each 12 month period ending on 31 March, 30 June, 30 September and 31 December. The Group has complied with these covenants throughout the reporting period.

4.2.2 Lease liabilities

	June 2021 $'000
As at 31 December 2020	
Current lease liabilities	**10,931**
Non-current lease liabilities	**96,521**
Total lease liabilities	**107,452**
(Add): Interest on lease liabilities	**2,604**
(Add): New leases	**217**
(Less): Adjustments	**(695)**
Total lease liabilities before cash payments	**109,578**
(Less): Interest paid on leases	**(2,604)**
(Less): Principal payments	**(5,616)**
Total cash payments	**(8,220)**
Total lease liabilities at 30 June 2021	**101,358**
Current lease liabilities	**11,077**
Non-current lease liabilities	**90,281**
Total lease liabilities at 30 June 2021	**101,358**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED) CONTINUED.

4.3 CASH FLOW INFORMATION

	June 2021 $'000	June 2020 $'000
Reconciliation of cash		
Cash at end of the period, as shown in the statement of cash flows, comprises:		
Cash and cash equivalents	**10,948**	25,013
Reconciliation of net cash inflows / (outflows) from operating activities to profit for the period:		
Profit for the period	**5,564**	3,011
Depreciation and amortisation expense	**15,288**	14,997
Borrowing cost amortisation	**124**	96
Net loss on sale of non-current assets	**23**	-
Gain on sale of transmission site	**(465)**	-
Change in current / deferred tax payable	**(2,448)**	1
Lease adjustments	**(100)**	(1,452)
Interest accrual on leases	**-**	23
Impairment of property plant and equipment	**1,352**	-
Impairment of right-of-use asset	**1,230**	-
Group's share of retained losses in joint ventures and associates net of distributions received	**415**	-
Share based payment expense	**294**	212
Changes in assets and liabilities:		
Trade and other receivables	**1,013**	13,068
Inventories	**(897)**	272
Prepayments	**(222)**	490
Trade and other payables and employee benefits	**714**	(3,044)
Net cash inflows from operating activities	**21,885**	27,674

4.4 FAIR VALUE MEASUREMENT

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL);
- Land and buildings (excluding leasehold improvements).

4.4.1 Fair value hierarchy

NZ IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4.4.2 Recognised fair value measurements

	June 2021 $'000	December 2020 $'000
Recurring fair value measurements		
Financial assets (Level 2)		
Derivative financial instruments current assets / (current liabilities)	**34**	(16)
Derivative financial instruments non-current assets / (non-current liabilities)	**29**	(310)
Financial assets (Level 3)		
There are no financial assets carried at fair value.		
Total financial assets	**63**	(326)
Non-financial assets (Level 3)		
Freehold land and buildings		
Freehold land	**265**	265
Buildings (excluding leasehold improvements)	**59**	60
Total non-financial assets	**324**	325

All fair value measurements referred to above are either level 2 or level 3 of the fair value hierarchy and there were no transfers between levels.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED) CONTINUED.

4.4.3 Disclosed fair values

The Group also has a number of assets and liabilities which are not measured at fair value but for which fair values are disclosed in these notes.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The fair value of interest bearing liabilities disclosed in note 4.2 is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments. For the period ending 30 June 2021, the borrowing rates were determined to be between 3.0% and 3.3% (December 2020: between 2.5% and 4.0%), depending on the type of borrowing. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (level 2).

4.4.4 Valuation techniques used to derive at level 2 and 3 fair values

Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group obtains independent valuations for its freehold land and buildings (classified as property, plant and equipment in note 3.2), less subsequent depreciation for buildings, with sufficient regularity to ensure that the carrying value of the assets is materially consistent with their fair value. All resulting fair value estimates for properties are included as level 3.

5.0 GROUP STRUCTURE AND INVESTMENTS IN OTHER ENTITIES

5.1 CONTROLLED ENTITIES

The consolidated interim financial statements incorporate the assets, liabilities and results of the subsidiaries listed below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group. All entities are incorporated in, and operate in, New Zealand unless otherwise stated. There were no changes in control during the period ended 30 June 2021.

	June 2021 Ownership Interest	December 2020 Ownership Interest
Name of entity		
GrabOne Limited [A]	**100%**	100%
NZME Australia Pty Limited [B]	**100%**	100%
NZME Educational Media Limited	**100%**	100%
NZME Holdings Limited	**100%**	100%
NZME Investments Limited	**100%**	100%
NZME Print Limited	**100%**	100%
NZME Publishing Limited	**100%**	100%
NZME Radio Investments Limited	**100%**	100%
NZME Radio Limited [C]	**100%**	100%
NZME Specialist Limited	**100%**	100%
The Hive Online Limited	**100%**	100%
New Zealand Radio Network Limited	**100%**	100%
The Radio Bureau Limited	**100%**	100%
OneRoof Limited	**80%**	80%

[A] GrabOne Limited is classified as held for sale (see note 5.3).

[B] Incorporated in, and operates in, Australia.

[C] One "Kiwi Share" held by the Minister of Finance. The rights and obligations are set out in the NZME Radio constitution.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED) CONTINUED.

5.2 INTERESTS IN OTHER ENTITIES

5.2.1 Associates, joint ventures and joint operations

The Group has the following associates, joint ventures and joint operations:

	June 2021 Ownership Interest	December 2020 Ownership Interest
Eveve New Zealand Limited [A]	**40%**	40%
New Zealand Press Association Limited [A]	**38.82%**	38.82%
Restaurant Hub Limited [A]	**38%**	38%
The Beacon Printing & Publishing Company Limited [A]	**21%**	21%
The Gisborne Herald Company Limited (held through Essex Castle Limited as a trust company for NZME Publishing Limited) [A]	**49%**	49%
The Radio Bureau [B]	**50%**	50%
The Wairoa Star Limited [A]	**40.41%**	40.41%
The Newspaper Publishers Association of New Zealand Incorporated [C]		
Online Media Association [C]		
New Zealand Media Council [C]		
Radio Broadcasters Association Incorporated [C]		

[A] These entities are classified as joint ventures or associates and are accounted for using the equity method in the consolidated financial statements.

[B] The Radio Bureau is classified as a joint operation and the Group has included its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses in these consolidated financial statements.

[C] These are bodies with which entities in the Group have memberships, but no ownership interest.

5.2.2 Equity accounted investments

	June 2021 $'000
As at 31 December 2020	**4,162**
Share of losses in joint ventures and associates	**(354)**
Dividends received	**(61)**
As at 30 June 2021	**3,747**

The equity accounted investments are not considered to be material to the Group's operations or results and therefore no disclosures of the summarised financial information for these investments have been made.

5.3 ASSETS HELD FOR SALE

At 30 June 2021 GrabOne Limited is classified as held for sale and for information purposes additional disclosures in respect of GrabOne Limited's performance are shown in note 5.3.2.

Subsequent to the balance date NZME reached a conditional agreement to sell GrabOne. See note 6.3 for details.

5.3.1 Carrying values of net assets held for sale

	June 2021 $'000
Trade and other receivables	**112**
Intangible assets	**1,007**
Property, plant and equipment	**189**
Deferred tax asset	**46**
Assets classified as held for sale	**1,354**
Trade and other payables	**5,080**
Liabilities directly associated with assets classified as held for sale	**5,080**
Net liabilities held for sale	**3,726**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED) CONTINUED.

5.3.2 Income statement for GrabOne Limited

	June 2021 $'000
Revenue and other income	4,415
Expenses from operations before finance costs, depreciation and amortisation	(1,999)
Depreciation and amortisation	(343)
Profit before income tax expense	**2,073**
Income tax expense	(575)
Profit after tax	**1,498**

5.3.3 Cash flows from GrabOne Limited

	June 2021 $'000
Net cash inflows from operating activities	1,335
Reconciliation of net cash inflows / (outflows) from operating activities to profit for the year:	
Profit for the year	1,498
Depreciation and amortisation expense	343
Change in current / deferred tax payable	575
Changes in assets and liabilities:	
Trade and other receivables	46
Prepayments	71
Trade and other payables and employee benefits	(1,198)
Net cash inflows from operating activities	**1,335**

6.0 OTHER NOTES

6.1 RELATED PARTIES

The Beacon Printing & Publishing Company Limited purchased advertising from the Group during the six months ended 30 June 2021 totalling $624 (2020: $270) and reimbursed $1,493 (2020: $nil) for paper used.

The Group has commitments to provide future services (such as house advertising, occupancy space at NZME offices, business as usual finance and human resources support) to certain joint ventures and associates. During the period such services were provided to Eveve New Zealand Limited, valued at $13,996 (2020: $13,996) and Restaurant Hub Limited, valued at $6,004 (2020: $6,004). The outstanding balances for future services are included in the table below, along with other receivables and payables.

During the period the Group received advertising revenue from The Wairoa Star Limited totalling $2,874 (2020: $1,736). The Wairoa Star Limited also purchased other services totalling $810 (2020: $nil) from the Group. The Group purchased services from The Wairoa Star Limited totalling $723 (2020: $904) during the year.

	June 2021 Receivables $'000	December 2020 Receivables $'000	**June 2021 Payables $'000**	December 2020 Payables $'000
Balances with related party				
Restaurant Hub Limited	**20**	37	**44**	64
Total related party receivables and payables	**20**	37	**44**	64

6.2 CONTINGENT LIABILITIES

The Group did not have contingent liabilities as at 30 June 2021.

6.3 SUBSEQUENT EVENTS

On 23 August 2021 NZME entered into a conditional agreement to sell GrabOne to Global Marketplace New Zealand Limited (GMP) for $17.5 million (payable in cash on completion).

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

GMP will pay NZME a break fee of $1.0 million if the funding condition is not satisfied by 15 October 2021.

The sale is expected to be completed no later than 31 October 2021.

The change to New Zealand lockdown levels is discussed in note 1.5.

The Directors are not aware of any other material events subsequent to the reporting date.

Independent auditor's review report

To the shareholders of NZME Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of NZME Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated interim balance sheet as at 30 June 2021, and the consolidated interim income statement, the consolidated interim statement of comprehensive income, the consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the six months ended on that date, and significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 June 2021, and its financial performance and cash flows for the six months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibility is further described in the *Auditor's responsibility for the review of the consolidated interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in the areas of taxation advisory services, non-audit assurance in accordance with Rules and Circulation Audit Guidelines established by the Audit Bureau of Circulations Incorporated, agreed upon procedures for the benchmarking of market revenue data, and agreed upon procedures relating to the Group's return to the Broadcasting Standards Authority. In addition, certain partners and employees of our firm may subscribe to NZME services on normal terms within the ordinary course of the trading activities of the Group. These relationships and provision of other services have not impaired our independence.

Directors' responsibility for the consolidated interim financial statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

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T: +64 9 355 8000, www.pwc.co.nz

Auditor's responsibility for the review of the consolidated interim financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Who we report to

This report is made solely to the Company's, as a body. Our review work has been undertaken so that we might state to the Company's Shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Lisa Crooke.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
23 August 2021

Auckland