



NEW ZEALAND
MEDIA AND
ENTERTAINMENT

NZME LIMITED 2022 HALF YEAR RESULTS

**KEEPING
KIWIS
IN THE
KNOW**

SIX MONTHS TO 30 JUNE 2022



NZME.

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* 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 pages 14 to 16.



CHAIRMAN AND CHIEF EXECUTIVE REPORT

Kia ora. We are pleased to present New Zealand Media and Entertainment's (NZME) Interim Report for the half year ended 30 June 2022.

Having set our strategic priorities in 2020 with very clear targets across our three strategic pillars of Audio, Publishing and OneRoof, we are now halfway through our three-year target period. The business is delivering on its transformation objectives with revenue and growth supported by total digital revenues up 24 percent year on year. We continue to assess our performance against the strategic targets that we set, remaining agile and adapting as needed.

The year has started strongly with advertising revenues for the first half above the pre-Covid levels of 2019 and 2022's revenue and profitability above last year's. The operating environment has continued to be challenging with the Covid pandemic impacting activity in the first half of the year. This combined with supply chain challenges, inflationary pressures and labour shortages for businesses has resulted in overall business confidence falling to levels as low as have been seen in recent years.

Financial Results

We are pleased to report growth in Operating Revenue of five percent compared to the first half of 2022. Total revenue increased across all strategic pillars: Audio, Publishing and OneRoof, and total digital revenue was up by 24 percent compared to the same period last year.

NZME's Operating Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)¹ grew by three percent to \$28.1 million on the previous corresponding period.

NZME's Statutory Net Profit After Tax (NPAT) was \$8.5 million for the first half of 2022, 37 percent higher than the first half of 2021.

NZME completed half of the planned \$30 million capital return through the buyback of \$5.3 million of shares, and the payment of a special dividend of 5.0 cents per share which was paid to shareholders on 12 July 2022. The on-market buyback will recommence on 24 August 2022.

In addition, given the strong operating performance and capital position of the company, the NZME Board is pleased to have declared a fully imputed interim dividend of 3 cents per share.

Key achievements

In June NZME celebrated reaching 100,000 paid digital only subscriptions - a significant milestone driven by our continued focus on digital transformation. Publishing subscriptions across digital and print have now increased to 206,000 - an exceptional achievement in challenging economic times. The number of paid digital subscriptions overtook print subscriptions for the first time ever, as well as digital advertising revenue for June 2022 being equal to print advertising revenue across the same period. This further demonstrates the strength of our digital platforms.

The transition to digital is ultimately ensuring NZME's trusted and quality content is available to a broader audience, in turn ensuring the long-term future and sustainability of our newsrooms and our news platforms.

In January 2022, the acquisition of BusinessDesk was completed, further bolstering NZME's reputation as New Zealand's pre-eminent business news provider, supporting the country's business community with trusted, quality reporting and analysis, opinion and journalism.

NZME also expanded its reach into regional radio markets including in Central Otago with the purchase of Radio Wānaka in February 2022, which joins NZME's existing stable of stations in the Southern Lakes region - Newstalk ZB, The Hits and ZM.

We also celebrated our largest ever cumulative audience in the latest GfK Commercial Radio Survey² in July 2022, reaching more than two million people across our radio platforms. This is further complemented by our digital audio platform - iHeartRadio, which reaches one million devices and boasted 6.4 million listening hours in June 2022³. NZME is the country's top podcast network, representing eight out of the ten top podcasts⁴ in New Zealand, with more than 4.5 million podcast downloads. This further demonstrates the strength of our digital audio platform.

We have also seen strong growth in digital audio revenue through our digital audio platform iHeartRadio, up 56 percent this half compared to the previous corresponding period. This further demonstrates the positive impact our digital transformation and diversification of our audio platforms is having on revenue growth.

¹ Operating 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. H1 2021 has been restated to exclude the impact of GrabOne (sold October 2021) and the adjustments necessary from the change in accounting policy relating to SaaS arrangements adopted retrospectively. Please refer to pages 37-38 of this results presentation for a detailed reconciliation.

² GfK Commercial RAM, S2/22, Total NZ, Cume, AP10+, M-S 12mn-12mn (unless otherwise stated), Historical data available on request

³ Adswizz June 2022.

⁴ Triton NZ Podcast Ranker June 2022.



OneRoof has achieved significant growth in key areas, including a substantial increase in audience and continued growth in digital listings upgrades across both Auckland, and other regions. This helped drive a 53 percent increase in digital revenue year-on-year, against a cooling housing market.

In June we announced that we reached agreement with Google to support a number of digital transformation initiatives. The new partnership will see NZME supplying content to Google News Showcase when it officially launches in New Zealand, with selected material from our national, regional and community publications being published.

NZME also announced an agreement with Meta (the company that owns Facebook) to secure their support for a number of projects over the next year to drive subscriber growth and retention across NZME.

The partnerships further support NZME's focus on digital transformation and will bolster digital growth, increase audience reach across our platforms as well as growing digital revenue and enhancing our digital subscriptions.

Finally, the Board has been pleased to support a strong and renewed focus on our newsroom Quality and Trust principles and initiatives this year, and these principles are captured in our updated Editorial Code of Conduct and Ethics, available on NZME's website. The focus is on ensuring that our journalism is of a world class standard and that our audiences are reading, listening to, or watching our news more frequently. This will be supported by improved customer experiences across the NZ Herald website and app. NZME is committed to cementing ourselves as the home of New Zealand's best journalism.

We continue to focus on making NZME a great place to work. Insights from NZME's HearMe employee survey from May 2022 saw NZME in the top quartile globally for employee engagement - approaching the top ten percent of companies worldwide.

Outlook

Despite the challenges that came with New Zealand moving through the peaks of its Omicron outbreak in the first half of 2022, we were pleased to see advertising revenue for the half recovering to pre-pandemic levels.

Whilst advertisers are exercising caution and there is some unease in the market, as reported in business and consumer confidence metrics, pleasingly, bookings for quarter three are currently tracking five percent above the previous corresponding period.

NZME is not immune to the challenging macro-economic environment in New Zealand and globally, and there continues to be cost pressures across the business. However, we continue to carefully manage costs to ensure current business momentum continues into the second half of 2022.

Based on the above trends, NZME reconfirms its guidance of 2022 EBITDA in the range of \$67-\$72 million.

NZME remains in a very strong capital position and will recommence the on-market buy-back on 24 August 2022. The Board remains committed to returning excess capital to shareholders and will review capital and dividend policy settings over the second half of 2022.

We would like to thank our valued shareholders for your ongoing support during challenging and difficult economic times. We are committed to ensuring that NZME continues to deliver shareholder value through its business transformation.

We'd also like to acknowledge everyone at NZME for their hard work and dedication to their roles and for playing their part in serving our valued audiences, customers and our fantastic business.

Ngā mihi nui,

**Barbara Chapman
and Michael Boggs**

NZME LIMITED

**2022
HALF YEAR
FINANCIAL
RESULTS**





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 2022, 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 9 to 35 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: 22 August 2022

CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Note	June 2022 \$'000	June 2021 Restated \$'000
Revenue	2.1	173,342	172,283
Finance and other income	2.1	3,594	752
Total revenue and other income	2.1	176,936	173,035
Expenses from operations before finance costs, depreciation and amortisation		(149,294)	(143,507)
Depreciation and amortisation	2.3.2	(12,998)	(14,019)
Finance costs	2.3.2	(2,874)	(3,884)
Share of joint ventures and associates net profit / (loss) after tax		13	(354)
Impairment of assets	2.3.2	-	(2,582)
Profit before income tax expense		11,783	8,689
Income tax expense		(3,326)	(2,511)
Net profit after tax		8,457	6,178
Profit for the period is attributable to:			
Owners of the Company		8,735	6,333
Non-controlling interests		(278)	(155)
		8,457	6,178
		Cents	Cents
Earnings per share attributable to the ordinary shareholders of the Company			
Basic earnings per share (cents per share)	2.2	4.44	3.21
Diluted earnings per share (cents per share)	2.2	4.27	3.13

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 2022 (UNAUDITED)

	June 2022 \$'000	June 2021 Restated \$'000
Net profit after tax	8,457	6,178
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Effective gain on hedging instruments	110	260
Hedging reclassification to profit or loss	(23)	129
Net gain on hedging instruments	87	389
Net exchange differences on translation of foreign operations	3	(26)
Other comprehensive income net of taxation	90	363
Total comprehensive income	8,547	6,541
Total comprehensive income attributable to:		
Owners of the Company	8,825	6,696
Non-controlling interests	(278)	(155)
	8,547	6,541

CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2022

	Note	June 2022 (unaudited) \$'000	December 2021 (audited) \$'000
Current assets			
Cash and cash equivalents		6,847	13,538
Trade and other receivables	3.5	50,729	45,176
Inventories	3.6	1,223	1,909
Derivative financial instruments		87	25
Income tax receivable		142	-
Total current assets		59,028	60,648
Non-current assets			
Intangible assets	3.1	142,671	138,195
Property, plant and equipment	3.2	23,298	26,976
Right-of-use assets	3.3	62,609	67,513
Capital work in progress	3.4	4,869	4,006
Other financial assets		815	815
Equity accounted investments	5.2.2	3,589	3,623
Other receivables and prepayments	3.5	6,413	6,879
Derivative financial instruments		312	228
Deferred tax assets		4,476	3,485
Total non-current assets		249,052	251,720
Total assets		308,080	312,368
Current liabilities			
Trade and other payables		54,770	53,780
Gross dividend payable	4.2.1	9,678	-
Current lease liabilities	4.3.2	11,329	11,340
Income tax payable		-	4,689
Total current liabilities		75,777	69,809
Non-current liabilities			
Other payables	3.8	1,137	-
Non-current lease liabilities	4.3.2	80,193	85,445
Interest bearing liabilities	4.3.1	9,752	-
Total non-current liabilities		91,082	85,445
Total liabilities		166,859	155,254
Net assets		141,221	157,114
EQUITY			
Share capital		356,499	361,758
Reserves		5,126	4,920
Retained earnings		(220,040)	(209,478)
Total Company interest		141,585	157,200
Non-controlling interests		(364)	(86)
Total equity		141,221	157,114

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 2022 (UNAUDITED)

	Note	Attributable to owners of the company			Total \$'000	Non- controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Reserves \$'000	Retained earnings \$'000			
Balance at 1 January 2021		361,758	3,485	(233,280)	131,963	125	132,088
Change in accounting policy	1.2.1	-	-	(5,587)	(5,587)	-	(5,587)
Restated balance at 1 January 2021		361,758	3,485	(238,867)	126,376	125	126,501
Profit / (loss) for the period restated		-	-	6,333	6,333	(155)	6,178
Other comprehensive income		-	363	-	363	-	363
Total comprehensive income / (loss)		-	363	6,333	6,696	(155)	6,541
Share based payments		-	294	-	294	-	294
Balance at 30 June 2021		361,758	4,142	(232,534)	133,366	(30)	133,336
Balance at 1 January 2022		361,758	4,920	(209,478)	157,200	(86)	157,114
Profit / (loss) for the period		-	-	8,735	8,735	(278)	8,457
Other comprehensive income		-	90	-	90	-	90
Total comprehensive income / (loss)		-	90	8,735	8,825	(278)	8,547
Dividends paid or declared	4.2.1	-	-	(19,556)	(19,556)	-	(19,556)
Supplementary dividends paid or declared	4.2.1	-	-	(2,354)	(2,354)	-	(2,354)
Tax credit on supplementary dividends		-	-	2,354	2,354	-	2,354
Repurchase of shares	4.1	(5,259)	-	-	(5,259)	-	(5,259)
Transfer of associates revaluation reserve		-	(259)	259	-	-	-
Share based payments		-	375	-	375	-	375
Balance at 30 June 2022		356,499	5,126	(220,040)	141,585	(364)	141,221

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 2022 (UNAUDITED)

	Note	June 2022 \$'000	June 2021 Restated \$'000
Cash flows from operating activities			
Receipts from customers		168,133	170,681
Payments to suppliers and employees		(147,789)	(140,706)
Government grants		2,095	-
Dividends received		47	61
Interest received on bank facilities		47	20
Interest received on leases	3.5.1	151	-
Interest paid on bank facilities		(475)	(1,263)
Interest paid on leases	4.3.2	(2,393)	(2,604)
Income taxes paid		(7,959)	(4,720)
Net cash inflows from operating activities	4.4	11,857	21,469
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets (including work in progress)		(4,109)	(2,318)
Acquisition of BusinessDesk	3.8	(2,717)	-
Acquisition of Radio Wanaka assets		(892)	-
Proceeds from sale of property, plant and equipment		8	1,853
Net cash outflows from investing activities		(7,710)	(465)
Cash flows from financing activities			
Proceeds from borrowings		17,000	10,500
Repayments of borrowings		(7,000)	(26,500)
Repurchase of shares	4.1	(5,259)	-
Dividends paid to Company's shareholders	4.2.1	(9,878)	-
Payments for lease liability principal	4.3.2	(5,701)	(5,616)
Net cash outflows from financing activities		(10,838)	(21,616)
Net decrease in cash and cash equivalents	4.3.1	(6,691)	(612)
Cash and cash equivalents at beginning of the period		13,538	11,560
Cash and cash equivalents at end of the period		6,847	10,948

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.

consider it necessary to disclose an accounting policy in these consolidated interim financial statements, accounting policies have been included in the relevant note.

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 2021. These consolidated interim financial statements are presented for the Group.

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 22 August 2022.

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 2021. Where there have been changes to accounting policies or the Directors

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*. The 30 June 2022 and 30 June 2021 figures and narrative are unaudited while those for 31 December 2021 are audited figures and narrative.

1.2.1 Basis of measurement

In the second half of 2021 the Group reconsidered its accounting treatment in relation to Software-as-a-Service (SaaS) arrangements, as a result of an agenda decision issued by the IFRS Interpretations Committee (IFRIC) on Configuration or Customisation Costs in a Cloud Computing Arrangement, and has changed its accounting policy. The Group determined certain intangible assets should be de-recognised as the costs did not create separate intangible assets controlled by the Group.

The consolidated financial statements for the year ended 31 December 2021 contain further details in relation to the change in accounting policy for SaaS arrangements. The change in accounting policy was applied retrospectively and the comparative equity position has been restated. This retrospective restatement requires a similar restatement of the 1 January 2021 and 30 June 2021 comparative balances contained in these consolidated interim financial statements for the six months ended 30 June 2022 where applicable.

The restatement adjustments are detailed in the following tables:

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Previously reported \$'000	SaaS adjustment (note 1.2.1) \$'000	Restated \$'000
Expenses from operations before finance costs, depreciation and amortisation	(143,091)	(416)	(143,507)
Depreciation and amortisation	(15,288)	1,269	(14,019)
Profit before income tax	7,836	853	8,689
Income tax expense	(2,272)	(239)	(2,511)
Net profit after tax	5,564	614	6,178

	Previously reported Cents	SaaS adjustment (note 1.2.1) Cents	Restated Cents
Earnings per share attributable to the ordinary shareholders of the Company			
Basic earnings per share	2.89	0.32	3.21
Diluted earnings per share	2.82	0.31	3.13

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Previously reported \$'000	SaaS adjustment (note 1.2.1) \$'000	Restated \$'000
Payments to suppliers and employees	(140,290)	(416)	(140,706)
Net cash inflows from operating activities	21,885	(416)	21,469
Payments for property, plant and equipment and intangible assets (including work in progress)	(2,734)	416	(2,318)
Net cash outflows from investing activities	(881)	416	(465)

1.2.2 Comparatives

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONTINUED

1.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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 2021 and are as follows:

Areas of significant accounting estimates or judgements	Note
<i>Determination of the number of reportable segments</i>	2.3.1
<i>Assumptions and judgments used in the impairment review of indefinite life intangible assets</i>	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 and New Zealand as new variants continue to evolve. In the six months to 30 June 2022 New Zealand has re-opened its borders to returning citizens and international travellers.

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.

1.6 WORKING CAPITAL

As at 30 June 2022 the Group had negative working capital of \$16.7 million compared to \$9.2 million as at 31 December 2021. The Group's level of negative working capital is primarily due to deferred revenue of \$18.6 million (31 December 2021: \$16.9 million) and

dividends payable of \$9.7 million (31 December 2021: \$nil). The Directors are satisfied that there will be adequate cash flows generated from operating and financing activities to meet the obligations of the Group over the next 12 months.

2.0 GROUP PERFORMANCE

2.1 DISAGGREGATION OF REVENUE AND OTHER INCOME

	Print \$'000	Radio \$'000	Digital ^A \$'000	Total \$'000
For the six months ended 30 June 2022				
Advertising	37,442	53,575	35,363	126,380
Circulation & subscription	33,848	-	7,929	41,777
External printing & distribution	2,257	-	-	2,257
Other	1,590	481	485	2,556
Segment revenue from integrated media and entertainment activities	75,137	54,056	43,777	172,970
Shared services centre				372
Total revenue from external customers				173,342
Other income ^B				3,396
Finance income				198
Total finance and other income				3,594
Total revenue and other income				176,936

^A Following the sale of the GrabOne business in 2021, the Group has no e-Commerce revenue.

^B Other income includes Government grants of \$2,094,530 received from the Ministry of Culture and New Zealand On Air for the production of content, journalism training & creating greater cultural awareness.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONTINUED

	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 & subscription	35,007	-	5,148	40,155
External printing & 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
Other income				732
Finance income				20
Total finance and other income				752
Total revenue and other income				173,035

2.2 EARNINGS PER SHARE

	June 2022 \$'000	June 2021 Restated \$'000
Reconciliation of earnings used in calculating basic / diluted earnings per share (EPS)		
Profit attributable to owners of the parent entity	8,735	6,333

	June 2022 '000	June 2021 '000
Weighted average number of shares		
Weighted average number of shares for calculating basic EPS	196,698,866	197,570,061
Adjusted for calculation of diluted EPS	7,716,996	5,007,950
Weighted average number of shares in the denominator in calculating diluted EPS	204,415,862	202,578,011
	June 2022 Cents	June 2021 Restated Cents
Basic / diluted earnings per share		
Basic earnings per share (cents per share)	4.44	3.21
Diluted earnings per share (cents per share)	4.27	3.13

2.3 SEGMENT INFORMATION

2.3.1 Determination and description of segments

Significant judgements: 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONTINUED

2.3.2 Segment revenue and results

The segment information provided to the Directors and Executive Team for the six months ended 30 June 2022 is as follows:

	June 2022 \$'000	June 2021 Restated \$'000
Revenue from external customers by channel		
Print	75,137	78,801
Radio	54,056	51,565
Digital & e-Commerce	43,777	40,246
Segment revenue from integrated media and entertainment activities	172,970	170,612
Shared services centre	372	694
Events	-	977
Total revenue from external customers	173,342	172,283
Other income ^A	3,396	167
Expenses from operations before finance costs, depreciation, amortisation and exceptional items	(148,603)	(142,806)
Total segment adjusted EBITDA ^B	28,135	29,644
Depreciation and amortisation on owned assets	(7,656)	(8,076)
Depreciation on right-of-use assets	(5,342)	(5,943)
Total depreciation and amortisation	(12,998)	(14,019)
Interest expense on bank facilities	(452)	(1,028)
Interest rate swaps	36	(128)
Fair value adjustment on interest rate swaps	59	-
Borrowing cost amortisation	(124)	(124)
Interest expense on leases	(2,393)	(2,604)
Total finance cost	(2,874)	(3,884)
Impairment of right-of-use asset ^C	-	(1,230)
Impairment of property plant and equipment ^C	-	(1,352)
Total impairment of assets	-	(2,582)
Interest income	198	20
Other lease adjustments ^D	(29)	100
Share of joint ventures and associates net profit / (loss) after tax	13	(354)
<i>Exceptional items:</i>		
Gain on disposal of transmission site	-	465
Redundancies and associated costs ^E	(146)	(292)
Costs in relation to one-off projects ^F	(516)	(409)
Profit before tax	11,783	8,689

- ^A Other income includes rental income of \$102,361 relating to operating sub-leases of right-of-use assets (2021: \$125,621).
- ^B Adjusted Earnings before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA) 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.
- ^C In 2021 the Group entered into an agreement to sub-lease part of 2 Graham Street. The portion sub-leased was 24.8% of the headlease which 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.
- ^D The 2022 lease adjustment relates to the sub-lease of Graham Street and reflects the rent concession provided to the sub-tenant in response to Covid-19. The 2021 lease adjustments primarily relate to changes in building leases.
- ^E The redundancies and associated costs relate to the restructuring of the Group's operations.
- ^F The 2022 costs primarily relate to the sub-lease of Graham Street and the disposal of assets in relation to the Wellington office space. The 2021 costs primarily relate to onerous contracts and the sale of GrabOne Limited.

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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONTINUED

3.0 OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS

	Goodwill \$'000	Software \$'000	Masthead brands \$'000	Radio licences \$'000	Brands \$'000	Total \$'000
As at 31 December 2021						
Cost	166,397	53,909	146,976	79,059	59,019	505,360
Accumulated amortisation and impairment	(166,397)	(46,273)	(74,336)	(50,309)	(29,850)	(367,165)
Net book value	-	7,636	72,640	28,750	29,169	138,195
For the period ended 30 June 2022						
Opening net book value	-	7,636	72,640	28,750	29,169	138,195
Additions	3,830	120	-	889	603	5,442
Amortisation	-	(1,899)	-	(1,587)	-	(3,486)
Transfers from capitalised work in progress	-	2,520	-	-	-	2,520
Net book value	3,830	8,377	72,640	28,052	29,772	142,671
As at 30 June 2022						
Cost	170,227	56,534	146,976	79,948	59,622	513,307
Accumulated amortisation and impairment	(166,397)	(48,157)	(74,336)	(51,896)	(29,850)	(370,636)
Net book value	3,830	8,377	72,640	28,052	29,772	142,671

3.1.1 Half year impairment review

Significant judgement: 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 2021 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 2022 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 2021 as well as the market capitalisation of the Group at 30 June 2022.

3.2 PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
As at 31 December 2021					
Cost or fair value	265	67	14,854	264,070	279,256
Accumulated depreciation and impairment	-	(14)	(10,722)	(241,544)	(252,280)
Net book value	265	53	4,132	22,526	26,976
For the period ended 30 June 2022					
Opening net book value	265	53	4,132	22,526	26,976
Additions	-	-	-	28	28
Disposals	-	-	(184)	(54)	(238)
Depreciation	-	(1)	(430)	(3,739)	(4,170)
Transfers from capitalised work in progress	-	5	18	679	702
Net book value	265	57	3,536	19,440	23,298
As at 30 June 2022					
Cost or fair value	265	67	14,410	257,308	272,050
Accumulated depreciation and impairment	-	(10)	(10,874)	(237,868)	(248,752)
Net book value	265	57	3,536	19,440	23,298

3.3 RIGHT-OF-USE ASSETS

	Buildings \$'000	Transmission \$'000	Vehicles \$'000	Total \$'000
As at 31 December 2021				
Net book value	43,486	23,040	987	67,513
For the period ended 30 June 2022				
Additions	104	-	366	470
Depreciation	(3,438)	(1,619)	(285)	(5,342)
Changes in lease payments or lease terms	(33)	-	1	(32)
Net book value	40,119	21,421	1,069	62,609

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONTINUED

3.4 CAPITAL WORK IN PROGRESS

	\$'000
As at 31 December 2021	4,006
Additions	4,085
Transfers to property, plant and equipment	(702)
Transfers to intangible assets	(2,520)
As at 30 June 2022	4,869

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 TRADE AND OTHER RECEIVABLES

	Note	June 2022 \$'000	December 2021 \$'000
Trade receivables net of provisions		43,002	38,179
Amounts due from related companies	6.1	23	9
Finance lease receivables	3.5.1	380	356
Other receivables and prepayments		7,324	6,632
Total current trade and other receivables		50,729	45,176
Other receivables and prepayments		832	1,101
Finance lease receivables	3.5.1	5,581	5,778
Total non-current other receivables and prepayments		6,413	6,879

3.5.1 Finance lease receivables

	\$'000
As at 31 December 2021	
Current assets	356
Non-current assets	5,778
Net investment in lease receivables at 31 December 2021	6,134
Interest on lease receivables	151
Rent concession	(29)
Total lease receivables before cash payments	6,256
Interest received	(151)
Principal received	(144)
Net investment in lease receivables at 30 June 2022	5,961
Current assets	380
Non-current assets	5,581
Net investment in lease receivables at 30 June 2022	5,961

3.6 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, seven 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.

3.7 NET TANGIBLE ASSETS AND LIABILITIES

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 2022 \$'000	December 2021 \$'000
Total assets	308,080	312,368
Deferred tax asset	(4,476)	(3,485)
Intangible assets	(142,671)	(138,195)
Total liabilities	(166,859)	(155,254)
Net tangible (liabilities) / assets	(5,926)	15,434
Minority interest	364	86
Net tangible (liabilities) / assets for the owners of the company	(5,562)	15,520
Number of shares issued (in thousands)	193,558	197,570
Net tangible (liabilities) / assets per share (in \$)	(\$0.03)	\$0.08

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONTINUED

3.8 BUSINESSDESK ACQUISITION

On 17 January 2022 the Group acquired the assets, certain liabilities and business of BusinessDesk from Content Limited. The ultimate purchase price to be paid for the acquisition of BusinessDesk is still to be determined. In addition to the cash paid in January 2022 of \$2.7 million a maximum earn-out of \$1.5 million is payable on 31 December 2023 with the exact amount payable on that date to be determined in accordance with the terms of the sale and purchase agreement.

The assessment of the fair value of the identifiable assets and liabilities acquired is provisional as at 30 June 2022 and is expected to be finalised in the consolidated financial statements at 31 December 2022.

The purchase of BusinessDesk by the Group will assist BusinessDesk to reach its full potential by utilising the Group's strong digital publishing experience, subscription growth experience and international partnerships, and will enable the Group to provide BusinessDesk and NZ Herald Premium subscribers with comprehensive and trusted business news.

The following is a summary of the provisional purchase transaction that includes an estimation of the fair value of the earn-out payment of \$1,136,966. The goodwill generated in the acquisition is non-deductible for tax purposes.

	\$'000
Software	121
Goodwill	3,830
Brands	603
Total intangible assets	4,554
Minor assets	7
Deferred revenue	(647)
Employee entitlements	(53)
Total provisional purchase price	3,861

The goodwill of \$3,829,689 arising on acquisition is attributed to the business know-how and the premium paid for a proven business.

The results for the Group for the six months to 30 June 2022 include revenue of \$1,409,923 and a net loss before tax of \$121,622 from BusinessDesk with these amounts being \$1,573,132 and \$74,488 respectively if BusinessDesk had been owned for the entire period.

4.0 CAPITAL MANAGEMENT

4.1 SHARE CAPITAL

On 4 April 2022 the Group commenced a share buyback programme for up to 21,428,571 shares, approximately 11% of NZME's issued share capital as at 31 December 2021, and an aggregate purchase price of up to \$30.0 million. The share buyback programme will finish on 16 December 2022.

The shares purchased by the Group under the programme are cancelled upon repurchase.

The table below is a summary of the buyback programme in the period from 4 April 2022 to 30 June 2022.

	Number of shares '000	Share capital \$'000
Balance at 31 December 2021	197,570	361,758
Repurchase of shares	(4,012)	(5,259)
Balance at 30 June 2022	193,558	356,499

On 20 June 2022 a special dividend was declared, see note 4.2.1 for details. This special dividend was declared due to the slower than anticipated progress of the buyback programme and, as a result, the

maximum aggregate purchase price for shares to be acquired by the Group through the buyback programme has been reduced to \$20.3 million including the \$5.3 million already purchased.

4.2 DIVIDENDS

4.2.1 Dividends paid and declared

On 21 February 2022 the Directors declared a fully imputed and franked dividend for the year ended 31 December 2021 of 5.0 cents per share paid on 23 March 2022 to registered shareholders as at 11 March 2022. The total amount paid was \$9,878,503. The Directors also declared a supplementary dividend of 0.882353 cents per share paid on 23 March 2022 to registered shareholders who were not tax residents in New Zealand and who held less than 10% of the shares in the Company. The total supplementary dividend paid was \$1,165,821.

On 20 June 2022 the Directors declared a special dividend of 5.0 cents per share, which was fully imputed and partially franked, to be paid on 12 July 2022 to registered shareholders as at 28 June 2022. The total amount to be paid was \$9,677,877. The Directors also declared a supplementary dividend of 0.882353 cents per share payable on 12 July 2022 to registered shareholders who were not tax residents in New Zealand and who held less than 10% of the shares in the Company. The total supplementary dividend paid was \$1,187,983.

4.2.2 Dividends declared after balance date

On 22 August 2022, the Directors declared a fully imputed dividend of 3.0 cents per share, to be paid on 27 September 2022 to registered shareholders as at 15 September 2022 (total amount to be paid \$5,806,726).

The dividends declared and paid were approved by the Directors 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONTINUED

4.2.3 Franking and imputation credits

	June 2022 \$'000	December 2021 \$'000
Imputation credits available for subsequent reporting periods based on the New Zealand 28% tax rate for the Group	NZ\$ 21,892	NZ\$ 25,047
Franking credits available to the Company for subsequent reporting periods based on the Australia 30% tax rate for the Group	\$ -^A	A\$ 6,700 ^A

^A Following the payment of the special dividend on 12 July 2022, there are no further franking credits available and the Company does not expect to frank any further dividends. At 31 December 2021, there were A\$6,699,711 of franking credits available for use by the Company.

4.3 INTEREST BEARING LIABILITIES

The following table details the Group's combined net debt at 30 June 2022. The movements in these balances during the year are provided in notes 4.3.1 Secured bank loans and note 4.3.2 Lease liabilities.

	\$'000
Bank loans	9,752
Cash and cash equivalents	(6,847)
Net bank debt	2,905
Lease liabilities	91,522
Net debt at 30 June 2022	94,427

4.3.1 Secured bank loans

	\$'000
Bank loans	
As at 31 December 2021	-
Cash flows	10,000
Amortisation of borrowing costs	124
Reclassification of unamortised borrowing costs from prepayments	(372)
As at 30 June 2022	9,752
Cash and cash equivalents	
As at 31 December 2021	(13,538)
Cash flows	6,691
Net bank debt at 30 June 2022	2,905

Capitalised borrowing costs of \$248,507 are included in the secured bank loans balance at 30 June 2022.

At 31 December 2021 capitalised borrowing costs of \$372,671 were reclassified as current prepayments (\$248,507) and non-current prepayments (\$124,254). Capitalised borrowing costs are the costs incurred on acquiring the loan less accumulated amortisation to 30 June 2022 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\$50.0 million bilateral bank loan facilities, which NZME refinanced on 21 November 2018 and 22 July 2020, of which \$10.0 million (31 December 2021: \$nil million) is drawn and \$40.0 million (31 December 2021: \$50.0 million) is undrawn as at 30 June 2022.

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.

This facility expires on 1 July 2023 and is expected to be renewed in the normal course of business.

4.3.2 Lease liabilities

	\$'000
As at 31 December 2021	
Current lease liabilities	11,340
Non-current lease liabilities	85,445
Total lease liabilities at 31 December 2021	96,785
Interest on lease liabilities	2,393
New leases	470
Changes in scope, lease terms and other adjustments	(32)
Total lease liabilities before cash payments	99,616
Interest paid on leases	(2,393)
Principal payments	(5,701)
Total cash payments	(8,094)
Total lease liabilities at 30 June 2022	91,522
Current lease liabilities	11,329
Non-current lease liabilities	80,193
Total lease liabilities at 30 June 2022	91,522

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONTINUED

4.4 CASH FLOW INFORMATION

	June 2022 \$'000	June 2021 Restated \$'000
Reconciliation of cash		
<i>Cash at end of the period, as shown in the statement of cash flows, comprises:</i>		
Cash and cash equivalents	6,847	10,948
Reconciliation of net cash inflows / (outflows) from operating activities to profit for the period:		
Profit for the period	8,457	6,178
Depreciation and amortisation expense	12,998	14,019
Borrowing cost amortisation	124	124
Fair value movement on over hedged swaps	(59)	-
Net loss / (gain) on sale of non-current assets	230	(442)
Change in current / deferred tax payable	(4,633)	(2,209)
Lease adjustments	29	(100)
Impairment of property plant and equipment	-	1,352
Impairment of right-of-use assets	-	1,230
Group's share of retained losses in joint ventures and associates net of distributions received	34	415
Share based payment expense	375	294
Changes in assets and liabilities:		
Trade and other receivables	(5,827)	1,013
Inventories	686	(897)
Prepayments	340	(222)
Trade and other payables and employee benefits	(897)	714
Net cash inflows from operating activities	11,857	21,469

4.5 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).

4.5.1 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).

4.5.2 Recognised fair value measurements

	June 2022 \$'000	December 2021 \$'000
<i>Recurring fair value measurements</i>		
Financial assets (Level 2)		
Derivative financial instruments current assets	87	25
Derivative financial instruments non-current assets	312	228
Financial assets (Level 3)		
There are no financial assets carried at fair value. Other financial assets of \$815,000 (2021: \$815,000) are measured at amortised cost and therefore have been excluded from this table.		
Total financial assets	399	253
Non-financial assets (Level 3)		
Freehold land and buildings		
Freehold land	265	265
Buildings (excluding leasehold improvements)	57	53
Total non-financial assets	322	318

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

4.5.3 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 the non-current trade receivables are assumed to approximate their carrying values as the balances comprise of prepayments in relation to cash already received by the Group and lease receivables where the carrying value has been calculated based on net present values of future cash inflows.

The fair value of interest bearing liabilities disclosed in note 4.3 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 2022, the borrowing rates were determined to be between 3.8% and 5.6% (31 December 2021: between 3.0% and 3.6%), 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).

4.5.4 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 carries freehold land and buildings at a Directors valuation less subsequent depreciation for buildings. The land and buildings owned by the Group are transmission sites and associated buildings, and as such are specialised and have limited saleability. The best evidence of fair value is current prices in an active market for similar properties; however, these are not readily available for such specialised sites in such locations. The Directors believe that the current carrying value of the assets equates to their fair value given the nature and location of the assets. 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 2022.

Name of entity	June 2022 Ownership Interest	December 2021 Ownership Interest
NZME Advisory Limited (previously 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's name was changed to NZME Advisory Limited on 29 October 2021 following the sale of GrabOne Limited's assets and certain liabilities to Global Market Place.

^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 2022 Ownership Interest	December 2021 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 Wairoa Star Limited ^A	40.41%	40.41%
The Radio Bureau ^B	50%	50%

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

5.2.2 Equity accounted investments

	\$'000
As at 31 December 2021	3,623
Share of profits in joint ventures and associates	13
Dividends received	(47)
As at 30 June 2022	3,589

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.

6.0 OTHER NOTES

6.1 RELATED PARTIES

The following table details the period end balances between the Group and its associates.

	June 2022 \$'000	December 2021 \$'000
Balances with associates		
Receivables	23	9
Payables	(6)	(24)

The following table details the transactions between the Group and its associates during the six months ended 30 June 2022.

	June 2022 \$'000	June 2021 \$'000
Transactions with associates		
Advertising revenue earned	6	4
Services provided by the Group	48	46
Paper usage reimbursed	46	1
Services received by the Group	(1)	(10)

6.2 COMMITMENTS AND CONTINGENT LIABILITIES

In 2021 the Group entered into an agreement to lease office space in Christchurch. The agreement is for an initial period of 10 years with two 5 year renewal periods. The lease commences in September 2022 and includes fixed rent increases of 1.5% on the anniversary of the commencement date. A market rent review will take place at each renewal date. The total amount payable over the initial 10 years is \$3.5 million.

The Group is subject to litigation incidental to the business, none of which is expected to be material.

No provision has been made in the consolidated financial statements in relation to its current litigation and the directors believe that such litigation will not have a significant effect on the Group's financial position, results of operations or cash flows.

6.3 SUBSEQUENT EVENTS

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 2022, 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 2022, 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 responsibilities are further described in the *Auditor's responsibilities 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 agreed upon procedures relating to the benchmarking of market revenue data, and agreed upon procedures relating to the Broadcasting Standards Authority. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of the trading activities of the Group. The provision of these other services has not impaired our independence.

Responsibilities of Directors for the consolidated interim financial statements

The Directors of the Company are responsible on behalf of the Group 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 the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities 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 Shareholders as a body. Our review work has been undertaken so that we might state 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
22 August 2022

Auckland

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