



**NZ
ME.**

NEW ZEALAND
MEDIA AND
ENTERTAINMENT

NZME LIMITED ANNUAL REPORT

**KEEPING
KIWIS
IN THE
KNOW**

For the year ended 31 December 2021

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This annual report is dated 22 February 2022 and is signed on behalf of the Board of Directors by:



Barbara Chapman
Chairman



Carol Campbell
Director



2021 FINANCIAL RESULTS SUMMARY

\$349.2m

Operating Revenue¹

2020 \$331.2m ▲ 5%

\$66.0m

Operating EBITDA¹

2020 \$66.0m

\$34.4m

Statutory NPAT¹

2020 \$14.5m ▲ 138%

\$23.6m

Operating NPAT¹

2020 \$22.2m ▲ 6%

11.9cps

Operating EPS¹

2020 11.3cps ▲ 6%

5.0 cps

Final Dividend

Payable on 23 March 2022

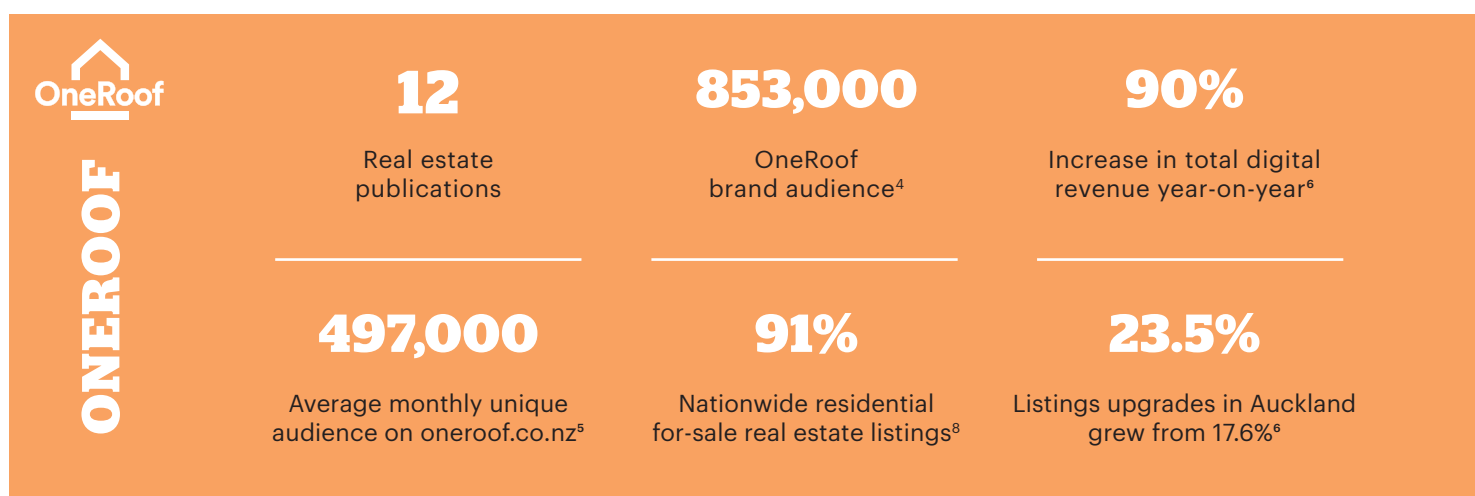
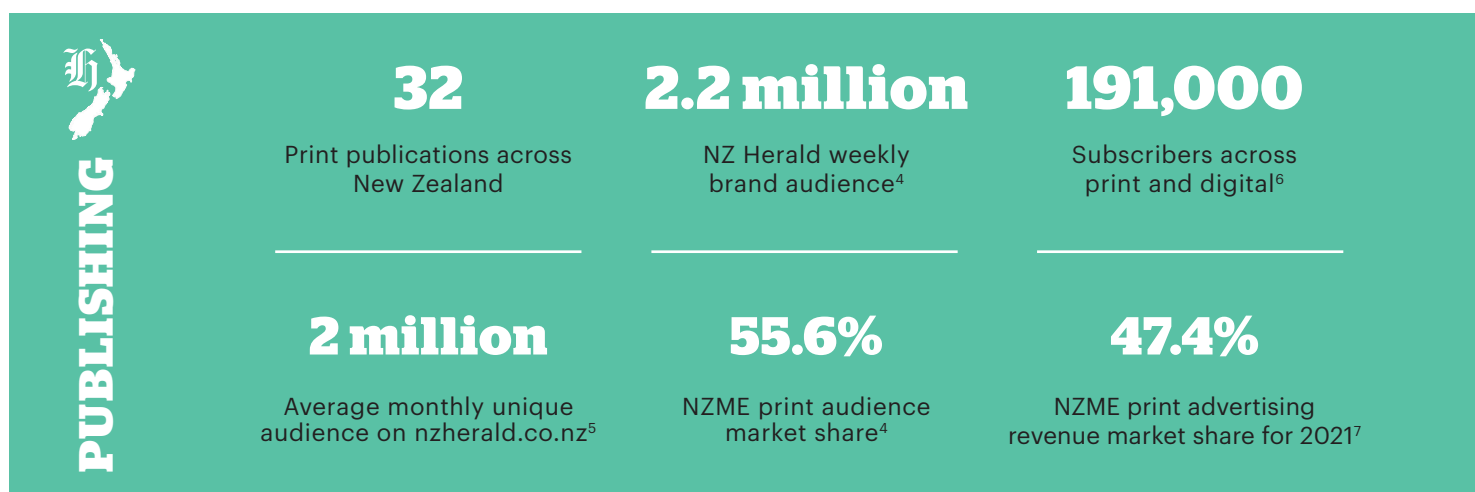
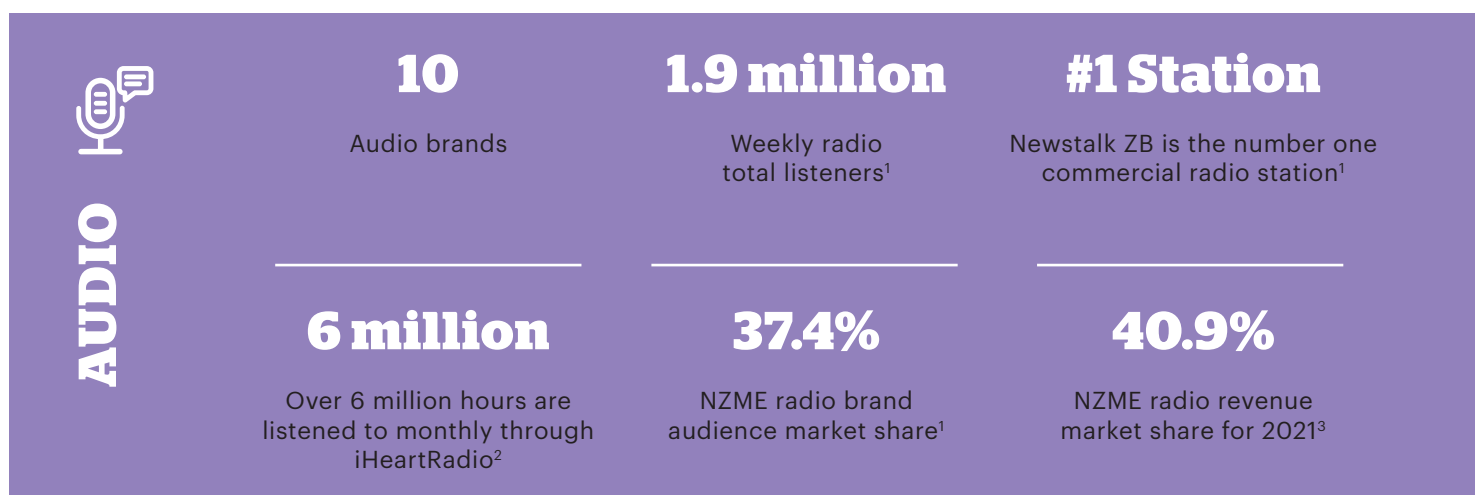
\$13.5m

Net Cash

Movement ▲ \$47.4m

¹ Operating results presented are non-GAAP measures that include the impact of NZ IFRS 16 and the IFRIC agenda decision on Software-as-a-Service (SaaS) arrangements, however, exclude exceptional items to allow for a like for like comparison between 2020 and 2021 financial years. For the avoidance of doubt, 2020 has been restated to include the impact of the IFRIC agenda decision on SaaS arrangements. Please refer to pages 38-39 of this results presentation for a detailed reconciliation. The 2020 operating and statutory results include \$8.6 million (net) of Covid-19 government wage subsidy received in H1 2020.

BUSINESS SNAPSHOT



¹ GfK RAM, Commercial Radio, Total NZ 4/2021, M-S 12mn-12mn, M-F 6am-9am, Share %, Cume 000, AP10+ ² Adswizz Jul-Dec 2021 TLH averaged

³ PwC Radio advertising market benchmark report, Q1 2021 – Q4 2021. Note: report excludes independent broadcasters and contra revenue. ⁴ Nielsen CMI Q4 20 – Q3 21 Fused Nov 2021 AP15+ Note: OneRoof includes weekly print and monthly digital. ⁵ Nielsen Online Ratings Q4 2021 AP15+ (excludes APP)

⁶ NZME Analysis ⁷ PwC NPA quarterly performance comparison report, Q1 2021 – Q4 2021. Note: report excludes any publishers that are not part of the NPA.

⁸ OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz. Note: From June 2021 onwards lifestyle properties and sections were added to the OneRoof count.







CHAIRMAN'S REPORT

Kia ora and welcome to the New Zealand Media and Entertainment Annual Report for the year ended 31 December 2021.

New Zealand experienced another difficult year in 2021 with COVID-19 re-emerging in the community in August, resulting in full lockdowns and intra-country border restrictions effectively isolating our largest city – Auckland. As I reflect on 2021, I am very proud of what NZME has been able to achieve in what has been an incredibly challenging and uncertain trading and operating environment for our customers and our people.

Through The 90% Project we evidenced how seriously we take our responsibility to be a trusted voice for New Zealand and effectively use the influence we have through our platforms to make a positive impact for all Kiwis.

In 2020, NZME softened the impact of the initial COVID-19 outbreak by responding quickly and effectively. We prioritised the health and safety of our people, made some difficult restructuring decisions and reduced costs where we could. With this preparation, in 2021 the management team were able to continue their commitment to NZME's 2023 strategy and continue steering the business back to pre-pandemic levels and a growth trajectory.

Overall Operating Revenue¹ was solid at \$349.2 million, up 5% higher on 2020. This included a significant recovery in advertising revenue, up 13% on the

previous year. It has been pleasing to see NZME's continued digital transformation in 2021 with 37% growth in digital revenue across the business.

Statutory Net Profit After Tax in 2021 was up \$20 million to \$34.4 million, partly as a result of the gain on sale of GrabOne of \$15.4 million. Operating NPAT¹ was \$23.6 million – an improvement of 6% on the year prior.

I was incredibly proud of the important role NZME played in keeping Kiwis in the know, particularly given the challenges New Zealand faced with the emergence of COVID-19 in our communities. A particular highlight was taking the lead to initiate "The 90% Project", a NZ Herald campaign to drive the double vaccination of New Zealand's eligible population to 90% by Christmas 2021. NZME also ran an internal campaign, #RollUpYourSleevesNZ, to encourage our staff to support the important vaccination message.

The initiative was a huge success, with 90% of the eligible population receiving two doses of the vaccine by 16 December,

helping Kiwis stay safe against COVID-19 and go about their daily lives. Through this campaign we evidenced how seriously we take our responsibility to be a trusted voice for New Zealand and effectively use the influence we have through our platforms to make a positive impact for all Kiwis.

In 2021, NZME kept a close eye on the legislation passed by the Australian government requiring Google and Facebook ("Global Digital Platforms") to negotiate with news publishers to pay for their content. In the absence of similar legislation in New Zealand we are actively engaging with the New Zealand Commerce Commission and the Global Digital Platforms to arrive at a satisfactory outcome for NZME.

Just over three years ago the company's net debt position was around \$100 million, which led the Board to focus strongly on debt reduction as part of its capital management plan. I am very pleased to report that over the past three years NZME has repaid all its debt and was in a net cash position of \$13.5 million as at 31 December 2021.

Continued strong cash flows during 2021 enabled NZME to re-commence dividend payments to shareholders with a fully imputed and fully franked 3.0 cents per share interim dividend declared in August 2021. Based on the business outlook and capital requirements, the Board has declared a fully imputed and fully franked final dividend of 5.0 cents per share bringing the total dividends declared in relation to the 2021 year to 8.0 cents per share.

¹ Operating results presented include the impact of NZ IFRS 16 and the IFRIC agenda decision on Software-as-a-Service (SaaS) arrangements, however, exclude exceptional items to allow for a like for like comparison between 2020 and 2021 financial years. For the avoidance of doubt, 2020 has been restated to include the impact of the IFRIC agenda decision on SaaS arrangements. Please refer to pages 38-39 of this results presentation for a detailed reconciliation. The 2020 operating and statutory results include \$8.6 million (net) of COVID-19 government wage subsidy received in H1 2020.

KEEPING KIWIS IN THE KNOW



The 90% Project

An audacious bid by the NZ Herald team to see 90% of the eligible population immunised by Christmas, helping Kiwis reach the target by 16 December 2021.



Myth-busting in an age of misinformation

NZME used its news and social platforms to ensure audiences were delivered accurate facts, and fair and balanced journalism.



KICK

NZME's new digital brand, KICK, developed by youth and focused on content formats and strategies for New Zealand's youth audience, broadcast across multiple platforms.



Kāhu and Te Rito

NZME launched Kāhu in 2021, NZ Herald's digital platform showcasing Māori journalism across Aotearoa. Te Rito is a collaboration to train twenty-five new cadets, to help future-proof journalism as a career pathway and enhance content diversity.



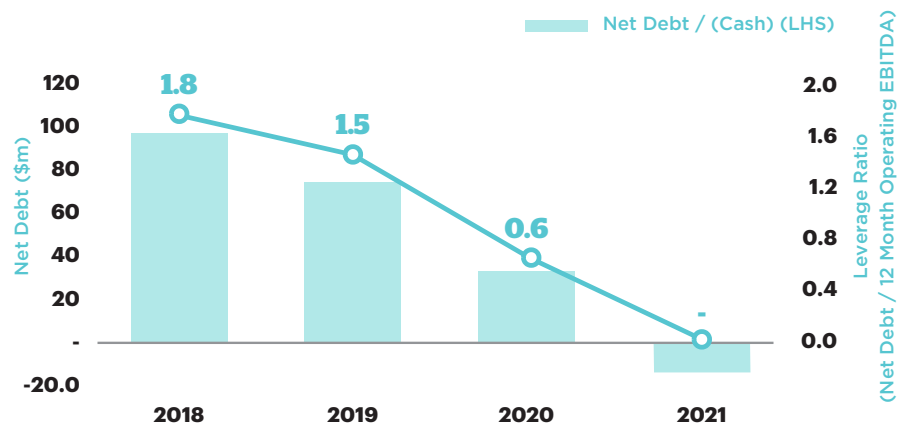
Impact of COVID-19 on business

Deep dives into how businesses are coping during COVID-19, including the self-isolation business trial campaign

Following the settlement of the GrabOne sale in October 2021 and the repayment of debt, NZME's balance sheet is in a strong position. With these factors in mind, the Board determined that it would commence a \$30 million on-market share buyback programme. The disclosure document was issued on 17 December 2021 with the buyback of up to 21,428,571 shares. A further announcement will be made ahead of the on-market share buyback to confirm the commencement.

NZME is committed to delivering shareholder value by focusing on our guiding principles, our key strategic priorities and achieving the targets we have set for 2023. Alongside resuming the payment of dividends and the expected execution of the on-market buyback, we remain in a strong position to make future capital investments that align with our strategic priorities and fuel NZME for growth.

Net Debt Reduction



On behalf of the Board, I would like to express our sincere thanks to our people, our customers, partners and shareholders for your commitment and ongoing support during what has been another disrupted and challenging year.

Barbara Chapman
Chairman



CHIEF EXECUTIVE OFFICER'S REPORT

New Zealand Media and Entertainment remained steadfast in its goal of keeping Kiwis in the know, despite significant uncertainty in 2021 due to COVID-19.

Our people have continued to demonstrate an outstanding commitment to our purpose, ensuring we are delivering quality journalism and entertainment for our audiences.

The 2021 year started with promising signs of recovery, with June 2021 revenues returning to 2019 levels. However, the reintroduction of restrictions across the nation in August reduced overall business confidence and momentum, impacting NZME's advertising revenues through until the end of October. Throughout this time the business remained agile, ensuring we continued to service our audiences and our advertising customers whilst keeping Kiwis in the know.

The Operating EBITDA¹ for 2021 of \$66.0 million, was in line with last year's result. This is pleasing given the impact of COVID-19 restrictions on revenue in the second half of the year, particularly without the benefit of the government wage subsidies that helped offset impacts in 2020.

NZME's Key Strategic Priorities

I am pleased to report that we continued to make strong progress across NZME's three strategic pillars: Audio, Publishing and OneRoof.

NZME's share of total radio audience grew nearly two percentage points to 37.4% in 2021 compared to 35.6% in 2020². We worked hard to provide Kiwis with the best local audio content and we are extremely proud that Newstalk ZB has the number one breakfast show³ and is New Zealand's number one radio station for the 14th year running^{3,5}. We also announced exciting line-up changes to NZME's radio brands Flava, The Hits and ZM.

Radio revenue share grew 0.5% in 2021 to 40.9%⁴ and NZME radio advertising revenue grew 10% year-on-year. Revenue from iHeartRadio, New Zealand's leading digital audio platform, increased 51% year-on-year. iHeartRadio broadens our audio reach across both terrestrial radio and digital audio, positioning NZME as New Zealand's leading audio company.

The NZ Herald remained the number one daily newspaper in New Zealand⁶ as NZME continued to engage audiences across both print and digital news publications. The execution of the publishing division's digital media strategy continued to perform strongly, resulting in strong digital subscription and advertising revenue growth. NZME reached 191,000 total subscribers, up 13% compared to 2020. 83,000 of those subscribers were paid digital-only subscribers, an increase of 54% year-on-year. This was supported by strong growth in total monthly digital users in 2021⁶.

Digital and print publishing advertising revenue grew 26% and 5% respectively compared to 2020, with digital making up 46% of total publishing advertising revenue in 2021.

We were pleased to acquire BusinessDesk in 2022 and welcome their team to NZME. The acquisition is strongly aligned with NZME's strategic priorities and we are excited to accelerate the digital growth of BusinessDesk and further cement NZME as the home of New Zealand's premier business offerings.

OneRoof grew digital national residential listings penetration⁷ to 90.5% compared to

88.6% in 2020. Residential for-sale listings upgrade conversion rates for Auckland and Regional markets increased to 23.5% and 5.4% respectively. This resulted in OneRoof's digital revenue increasing 90% year-on-year as NZME's digital real estate platform continues to show strong growth. OneRoof's print advertising revenue remained flat year-on-year, impacted by the reintroduction of COVID-19 restrictions in the second half of 2021. We continue investment to increase brand awareness and monetisation, striving to become 'Your Complete Property Destination'.

The GrabOne sale was completed on 29 October 2021. The business and assets were sold for \$17.5 million which, after settling merchant liabilities and sale costs, resulted in a net cash inflow of \$13.1 million.

During the year Jason Winstanley was appointed as the new Chief Radio Officer and Paul Hancox as the new Chief Commercial Officer. Both were internal appointments, exhibiting the talent of our people and the wealth of experience that they bring. In addition, Carolyn Luey was appointed Chief Digital and Publishing Officer. Carolyn has significant experience across telecommunications, technology and media.

2021 Financial Results

The first half of 2021 showed positive signs of recovery compared to 2019 revenue levels. By June 2021, monthly advertising revenue exceeded the corresponding period in 2019. The reintroduction of COVID-19 restrictions across the country in Q3 2021 impacted advertising revenue and print retail sales. Despite these challenges, NZME

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² GfK Radio Audience Measurement, Commercial Stations, NZME excl. Partners, M-S 12mn-12mn, Market Share %, S4 2020 – S4 2021, AP10+.³ GfK RAM, Commercial Radio, Total NZ 4/2021, M-F 6am-9am, Share %, AP10+.^{3,5} GfK RAM, Commercial Radio, Total NZ S1 2016 - S4 2021, M-S 12mn-12mn, Share %, AP10+ Note: TNS Radios survey 2008-2015.⁴ PwC Radio advertising market benchmark report, Q1 2020 – Q4 2021. Note: report excludes independent broadcasters and contra revenue.⁵ Nielsen CMI Q4 20 – Q3 21 Fused Nov 2021 AP15+.⁶ Nielsen Online Ratings monthly average Jan-Dec 2021 compared to Jan-Dec 2020.⁷ OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz. Note: From June 2021 onwards lifestyle properties and sections were added to the OneRoof count.



NEW ZEALAND'S LEADING AUDIO COMPANY



**Create New Zealand's
best local audio content**



**Grow broadcast and
digital reach**



**Grow market revenue
share and digital revenue**



NEW ZEALAND'S HERALD



**The #1 News brand for
all New Zealanders**



**Subscriber
first**



**Be a safe, scalable
destination for advertisers**



YOUR COMPLETE PROPERTY DESTINATION



**Strengthen core residential
listings business**



**Be indispensable
to agents**



Expand the portfolio

ended the year strongly with both November and December advertising revenue exceeding 2019 levels.

2021 operating revenue¹ was \$349.2 million, up 5% compared to 2020. Excluding the government wage subsidies received in 2020 of \$8.6 million (net), the growth year-on-year was 8%.

NZME's revenue mix shifted with a higher proportion of digital revenue in 2021. Digital revenue grew \$21.6 million to \$79.5 million 2021 or 37% compared to 2020. It was very pleasing to deliver this growth as we execute our digital transformation strategy.

Advertising revenue grew 13% to \$248.5 million in 2021 compared to \$220.1 million in 2020. Radio advertising revenue was 10% higher than 2020 with the first half of the year up 17% on the same period in 2020. Print advertising revenue recovered marginally year-on-year, with the majority of advertising revenue growth coming from a 26% lift in publishing digital advertising revenue. We are positioned exceptionally well to offer our customers one of the broadest integrated media offerings in the country and our teams have done a great job catering to our customers' advertising needs across NZME's platforms.

The continued growth in digital subscriptions revenue more than offset the decline in print retail sales to deliver a 3% growth in publishing reader revenue for the year.

Operating expenses¹ were 7% higher in 2021 in line with increased volumes and higher revenue, but pleasingly remain well below 2019 as a result of the initiatives implemented in 2020 to permanently reduce the cost base by \$20 million. We remain focused on ensuring that our cost base remains efficient and appropriate.

Conclusion

The positive results achieved in 2021 have been made possible by the dedication of our team of people, and through the support of our customers and business partners.

I would also like to thank the millions of Kiwis who choose to engage with our news and entertainment platforms every day.

On behalf of myself and the executive team, I would like to thank the NZME Board for their ongoing support and guidance, which has been particularly valuable as we have navigated our way through the challenges of recent years.

Michael Boggs
Chief Executive Officer

FINANCIAL COMMENTARY

Financial Results

Statutory NPAT¹ for 2021 was \$34.4 million, compared to \$14.5 million in 2020. 2021 Statutory NPAT included a \$15.4 million gain on sale of GrabOne. Operating EBITDA¹ was \$66.0 million in 2021, flat year-on-year.

Operating Revenue² was \$349.2 million in 2021, up 5% compared to \$333.2 million in 2020. Operating revenue in 2020 included \$8.6 million (net) of government wage subsidies received in first half of 2020.

Operating Expenses¹ increased 7% to \$283.2 million, largely due to increased agency commission and marketing costs in line with an increase in revenue. In addition, there were higher selling costs associated with the growing OneRoof business. Print and distribution costs¹ increased 11% compared to 2020 with 2020 including temporary cost savings in response to the COVID-19 impacts. Content expenses increased by 9%, as a result of increased music royalties and digital content costs which supported higher revenue.

Depreciation and amortisation¹ on owned assets decreased by \$1.1 million for the year as the overall asset base reduced and some assets became fully amortised.

Finance costs¹ were 12% lower at \$7.3 million as a result of lower average interest bearing debt, with the majority of this cost relating to the interest expense on leases.

Exceptional items¹ in 2021 totalled net \$10.8 million gains which included the \$15.4 million profit on the sale of GrabOne, offset by \$2.0 million relating to workforce restructuring costs, and \$1.7 million of one-off projects and other exceptional costs.

In 2020, exceptional items totalled a net cost of \$8.0 million, predominately made up of workforce restructuring costs in response to COVID-19.

NZME's Operating NPAT¹ for 2021 was \$23.6 million, up 6% year-on-year resulting in an operating earnings per share of 11.9 cents versus 11.3 cents in 2020.

In 2021 the company reviewed the accounting treatment of configuration and customisation costs in relation to Software as a Service (SaaS) arrangements as a result of IFRS Interpretations Committee's (IFRIC's) agenda decision in April 2021. As a result, the company has changed its accounting policy in regard to the capitalisation of these costs. The change in policy has resulted in an increase in expenses of \$1.7 million in 2021 and \$1.4 million in 2020, together with corresponding adjustments to the balance sheet. 2021 financial results have been prepared to reflect the changed policy and 2020 financial results have been restated. Further detail has been provided in note 1.2.3 of the financial statements for the restatement of the 2020 balance sheet and page 38 and 39 of the NZME 2021 Full Year Results Presentation for a detail reconciliation of the operating results.

Balance Sheet and Cash Flow

The company finished the year with a net cash position of \$13.5 million representing an improvement of \$47.7 million compared to the \$33.8 million net debt position at the end of 2020.

Net working capital excluding cash continued to be a net liability with increases in tax payable, deferred revenue and other accruals offsetting the reduction in merchant liabilities as a result of the sale of GrabOne.

Plant property and equipment, intangibles and other non-current assets decreased due to depreciation and amortisation exceeding capital expenditure. Right of use assets declined in line with the

reduced term of the lease liabilities.

A portion of the right of use asset related to the sub-leased part of the Auckland and Whangarei offices was reclassified to finance lease receivables.

Operating cash flow was \$51.8 million in 2021, \$3.8 million lower than 2020 primarily due to higher income tax paid in the year.

Capital expenditure was \$6.5 million in 2021 which was \$1.5 million higher than 2020 given the pause on investment in 2020 in response to the initial outbreak of COVID-19. Taking into consideration the impact of the change in accounting policy in relation to SaaS related arrangements, future capital expenditure is expected to be between \$8 million and \$10 million per annum.

Divisional Performance

NZME is an integrated multi-channel media business focused on engaging audience and customers with top quality content across multiple verticals, brands and products. The key divisions of the business align with the company's strategic priorities: Audio (broadcast and digital audio), Publishing (print and digital news and journalism) and OneRoof (real estate print and the OneRoof digital platforms). To understand the performance of each division, a framework has been developed to allocate various shared cost pools on an appropriate basis.

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AUDIO

The audio division includes NZME's radio brands and digital audio platform iHeartRadio.

Total audio revenue was \$105.7 million in 2021, up 6% year-on-year. Audio revenue in 2020 included \$3.7 million of government wage subsidy received in the first half.

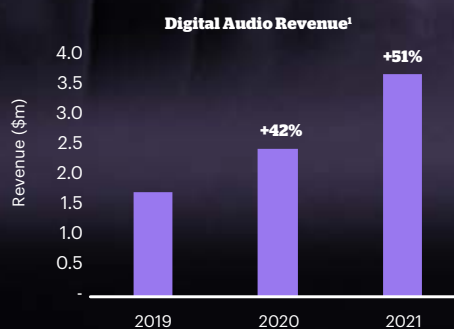
Radio advertising revenue grew 10% to \$101.0 million, with the first half of the year showing signs of recovery with 17% growth compared to the first half of 2020. Revenue for the second half of 2021 was impacted by the reintroduction of COVID-19 restrictions but was still 4% higher than the second half 2020.

NZME's share of total audience grew to 37.4% in 2021 compared to 35.6% in 2020² as optimisation initiatives, talent and content changes made in 2020 led to audience engagement in 2021. This was accompanied by an increase in radio revenue market share to 40.9% compared to 40.4% in 2020³.

We are extremely pleased to have received recognition at the NZ Radio Awards with Newstalk ZB the number one radio station and breakfast talk show in New Zealand⁴.

Our digital audio platform, iHeartRadio, celebrated a continued growth trajectory in 2021 with revenue increasing 51% year-on-year.

The growth in revenue was supported by average monthly listening hours increasing to over 6 million⁵. NZME holds a leading position in the podcast market and has the leading commercial podcast network in New Zealand⁶.



¹ NZME Analysis. ² GfK Radio Audience Measurement, Commercial Stations, M-S 12mn - 12mn, NZME excl. Partners, Market Share %, S4 2020 - S4 2021, AP10+. ³ PwC Radio advertising market benchmark report, Q1 2019 - Q4 2021. Rolling 4-quarter average for market share. Note: report excludes independent broadcasters and contra revenue. ⁴ GfK RAM, Commercial Radio, Total NZ 4/2021, M-S 12mn-12mn, M-F 6am-9am, Share %, AP10+. ⁵ Adswizz Jul-Dec 2021 TLH averaged. ⁶ Triton NZ Podranker December 2021.



PUBLISHING

The publishing division includes NZME's print and digital news and journalism products.

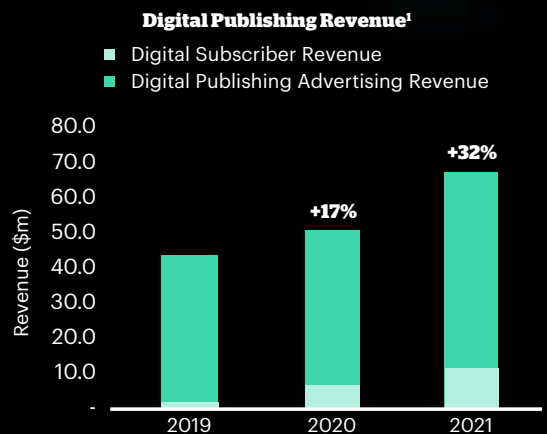
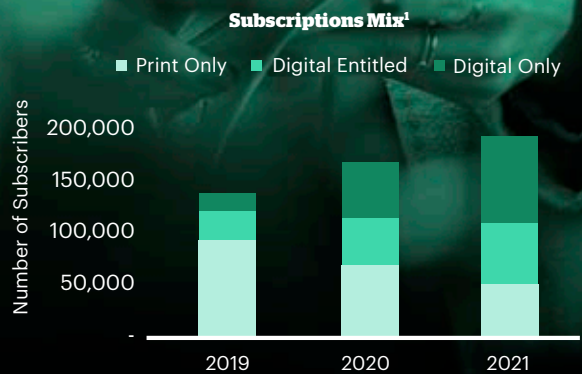
Total publishing revenue was \$212.0 million in 2021, up 5% compared to 2020. Publishing revenue in 2020 included \$4.5 million government wage subsidy received in the first half.

Overall, reader revenue increased by 3% with digital subscription revenue growing 75%. This more than offset a 12% decline in print retail sales revenue and a 1% reduction in print subscriber revenue. Total subscribers across print and digital grew to 191,000, up from 169,000 in 2020, including 83,000 digital-only subscribers.

NZ Herald Daily and Weekly Brand audience was 11.8% and 15.1% higher respectively compared to the prior corresponding period². Monthly digital users grew 8% to 2.8 million and the unique audience of nzherald.co.nz also increased 10% to 2.1 million³. The increase in brand audience across NZME's publishing platforms was pleasing, as we deliver on being New Zealand's most trusted publisher.

Print advertising revenue grew 5% to \$65.0 million in 2021. Although print advertising revenue remained lower than 2019 levels, NZME ended the year maintaining its strong print revenue market share position at 47.4%⁴, up from 47.1% in 2020⁴.

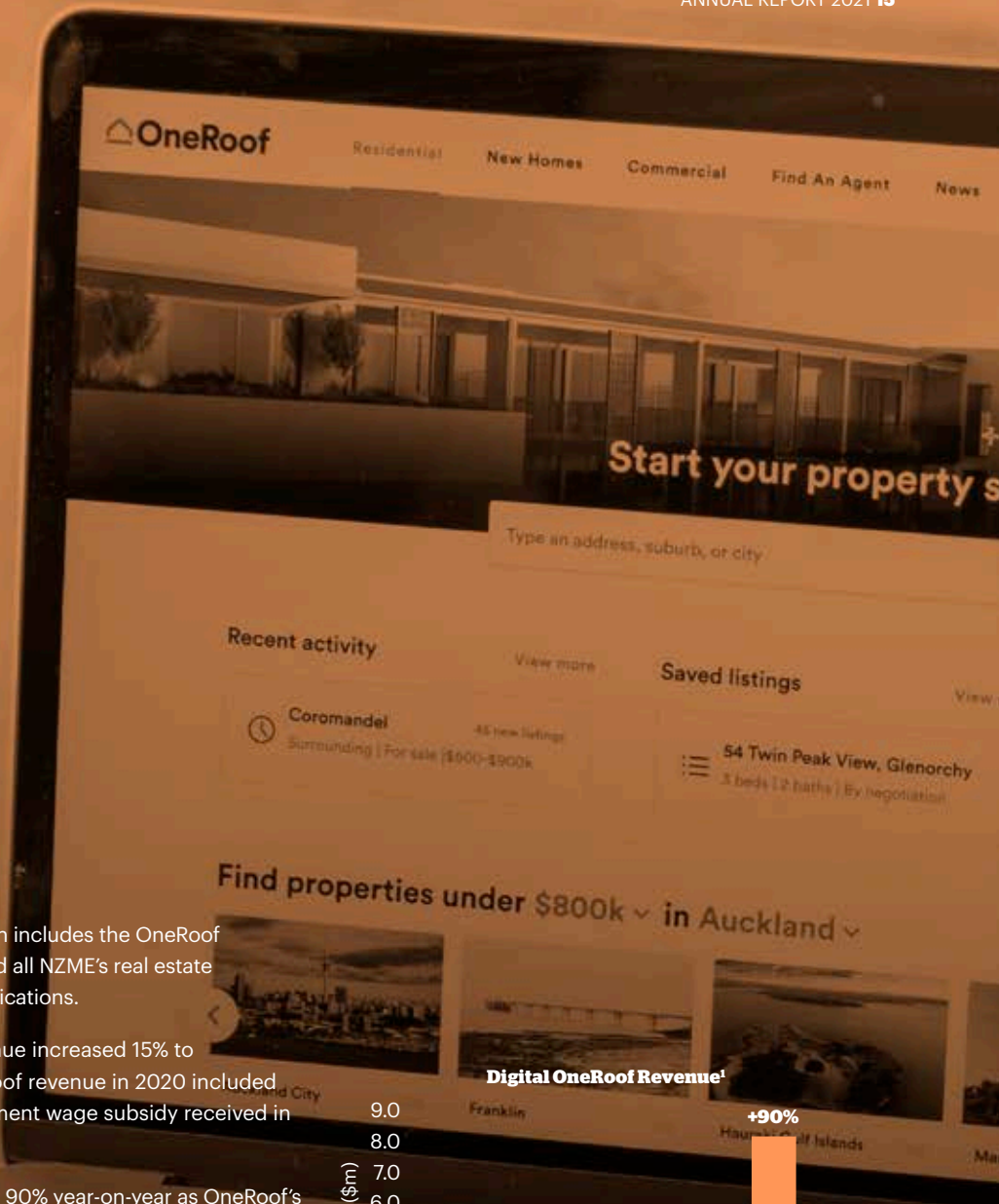
Digital advertising revenue grew 26% to \$56.1 million in 2021 with strong demand from advertising customers.



¹ NZME Analysis. ² Nielsen CMI Q4 20 – Q3 21 AP15+ compared to Q4 19 – Q3 20. ³ Nielsen CMI fused Q4 20 – Q3 21, Nov 2021, AP 15+ Note: Dec is not released until March 2021. ⁴ PwC NPA quarterly performance comparison report, Q1 2020 – Q4 2021. Note: report excludes any publishers that are not part of the NPA.



ONEROOF



The OneRoof division includes the OneRoof property website and all NZME's real estate dedicated print publications.

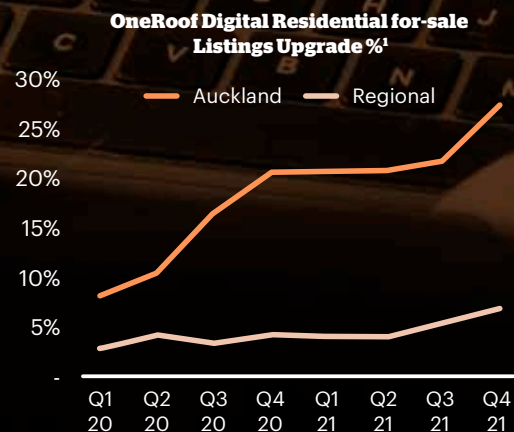
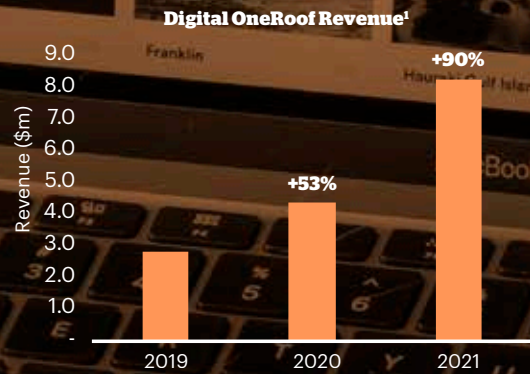
Total OneRoof revenue increased 15% to \$21.5 million. OneRoof revenue in 2020 included \$0.7 million government wage subsidy received in the first half.

Digital revenue grew 90% year-on-year as OneRoof's digital platform continued to grow. This year saw a continued focus on using a data led approach to provide agents with valuable tools and insights to engage with their customers and the audience.

OneRoof's digital platform has its highest listings penetration in Auckland and showed strong growth in other parts of New Zealand, ending the year with a nationwide listings penetration of 91%, up approximately two percentage points on 2020².

OneRoof's growing ecosystem and engaged audience led to an increase in listing upgrade conversions, with Auckland listings conversion increasing from 20.9% in Q4 2020 to 27.7% in Q4 2021. Other regions ended the year strongly with upgrades increasing to 7.0% in Q4 2021, up from 4.3% in the prior corresponding period.

Leveraging OneRoof's print publications across 19 local markets, the focus is on fuelling OneRoof's growth through continued investment in brand awareness and engagement with relevant audience.



¹ NZME Analysis. ² OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz. Note: From June 2021 onwards lifestyle properties and sections were added to the OneRoof count.



The New Zealand Herald
Te Herora o Aotearoa

WE DID IT NZ!

90%

WE'RE AT THE POINTY END

FULLY VAXXED

OUR SUSTAINABILITY COMMITMENT

Keeping Kiwis in the know requires a commitment to sustainable practices and the well-being of our community, people and environment.

We are committed to protecting the craft of journalism and broadcasting to keep Kiwis in the know. In 2021, again impacted by the ongoing impacts of COVID-19, we felt this more keenly than ever, with a pandemic that required an accelerated need for the business to share its platforms to ensure our communities were connected, and our people kept safe.

The 90% Project – a bold initiative driven by the NZ Herald and supported across the entire business - successfully drove a call to action to see 90% of our eligible population

immunised in Aotearoa by Christmas 2021. The 90% Project and supporting #RollUpYourSleevesNZ activation is one of NZME's proudest achievements.

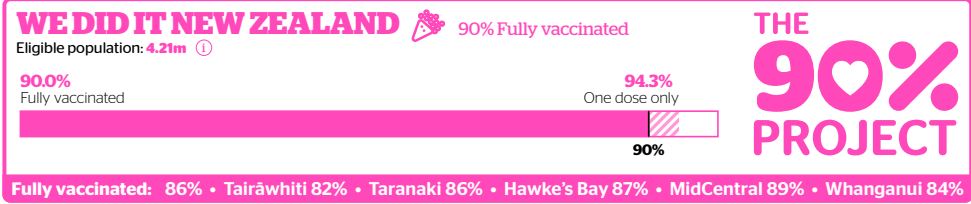
Our people were supported throughout lockdowns and alert levels with an increased focus on Wellbeing and Engagement. This work continues into 2022 where a number of the initiatives planned will be brought to life as restrictions ease. The following tables outline the progress we've made to date on these, as well as our environmental initiatives.

We continue our sustainability journey and look forward to the development of initiatives to ensure we have meaningful, sustainable practices for the wider community, the wellbeing of our people and the environment.

Due to the ongoing impacts of COVID-19 in 2021, progress is likely to be affected when compared to other years.

We are committed to protecting the craft of journalism and broadcasting to keep Kiwis in the know.

OUR COMMUNITIES	OUR PEOPLE	OUR ENVIRONMENT
<p>We connect and empower our communities.</p> <div data-bbox="193 1234 480 1440">  <p>Responsible reporting</p> </div> <div data-bbox="193 1451 480 1657">  <p>Connecting communities</p> </div> <div data-bbox="193 1668 480 1843">  <p>Sharing our platforms</p> </div>	<p>We provide a workplace that fosters innovation, engagement and inclusion.</p> <div data-bbox="651 1234 938 1440">  <p>Promoting a healthy, diverse and safe workplace</p> </div> <div data-bbox="651 1451 938 1657">  <p>Championing the craft</p> </div> <div data-bbox="651 1668 938 1843">  <p>Equipping our people</p> </div>	<p>We take our responsibility to the environment seriously.</p> <div data-bbox="1109 1234 1396 1440">  <p>Recycling</p> </div> <div data-bbox="1109 1451 1396 1657">  <p>Best practice</p> </div> <div data-bbox="1109 1668 1396 1843">  <p>Responsibility</p> </div>
<div data-bbox="181 1895 331 2033"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  </div> <div data-bbox="347 1895 497 2033"> <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>  </div>	<div data-bbox="639 1895 790 2033"> <p>5 GENDER EQUALITY</p>  </div> <div data-bbox="805 1895 956 2033"> <p>10 REDUCED INEQUALITIES</p>  </div>	<div data-bbox="1098 1895 1248 2033"> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  </div> <div data-bbox="1264 1895 1414 2033"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div>
<p>NZME's sustainability programme is aligned to the guidelines set out in the UN Sustainable Development Goals – an international blueprint to achieve a better and more sustainable future for everyone.</p>		



OUR COMMUNITIES

We connect and empower our communities.

With the presence of COVID-19 in New Zealand during 2021, NZME (as an essential service) had a critical role to play to keep Kiwis informed and connected. In 2021 NZME used its extensive range of publications, radio networks and digital platforms to connect and support communities across New Zealand. Three significant campaigns were undertaken - The 90% Project, #RollUpYourSleevesNZ, and a partnership with World Vision to raise money for India to deliver aid.

The NZ Herald launched The 90% Project in September 2021 in an audacious bid to see 90% of the eligible population

immunised in Aotearoa by Christmas. NZME utilised all platforms to reach as many people as possible, to encourage vaccination, and drive vaccination knowledge and understanding. By 16 December, 90% of the eligible population in NZ were fully vaccinated having had received two doses of the vaccine. With the live NZ Vaccine Tracker at the top of print and digital NZ Herald platforms, Kiwis were able to see the nation's target in real time. The tracker would refresh daily, gathering data direct from a Ministry of Health data feed.

#RollUpYourSleevesNZ launched simultaneously with The 90% Project and was a NZME-wide campaign using the power of our platforms to keep Kiwis in the know, sharing our platforms with our wider community to support the message to get vaccinated. NZME staff were encouraged to participate by showing their rolled-up sleeves and using the hashtag #RollUpYourSleevesNZ on their own social media accounts.

NZME recognises the responsibility that comes with acting as a voice of record for New Zealand and, in addition to the activity driven out of COVID-19, we continued to use our reach to address key topics and conversations important to New Zealanders, as well as partner with several organisations to champion charitable causes.



Case Study: Launched in 2021, Kāhu applies a cultural lens to stories affecting Māori and is establishing meaningful connections with iwi and Māori communities. The intention is to launch a Pasifika section in the future.

INITIATIVE

PROGRESS



RESPONSIBLE REPORTING AND BROADCASTING

Through best practice broadcasting and journalism, we will provide a diverse and balanced reporting platform, promoting the law and holding the powerful to account.

Where justified in the interests of freedom of expression, open justice and holding the powerful to account, NZME invests in legal challenges to suppression, take down orders, access to court files and other media law challenges. In 2021 NZME participated in more than 30 legal challenges, some of which involved continued investment in opposing or appealing to the High Court, Court of Appeal and the Supreme Court. In 2021 NZME was involved and will continue its involvement with the Open Justice Project, which provides NZME with additional funding for court reporting through Public Interest Journalism funding.

NZME strives to adhere to our Editorial Code of Ethics and the principles and standards of the NZ Media Council and the Broadcasting Standards Authority (BSA).

The table below shows a decrease in 2021 from 2020, of the number of complaints upheld by regulators.

Regulator	Number of Upholds	
	2020	2021
BSA	One	Nil
Media Council	Four	One uphold and one partial uphold



CONNECTING COMMUNITIES

We are deeply involved in our communities and as one of New Zealand's largest media platforms we will facilitate conversations about the topics that matter to Kiwis.

We have maintained our commitment to our communities through the presence of local journalists and broadcasters. We employ 550 journalists and broadcasters nationwide, up from 526 in 2020.

We increased diversity of content and contributors across our platforms. Initiatives in 2021 included:

- The launch of Kāhu, NZ Herald's digital platform showcasing Māori journalism from our newsrooms across Aotearoa.
- The Herald, E-Tangata and Tawera Productions joined forces to bring together 'Waka', a six-part online video series which traces the cultural revival of the craft through four teams across the Pacific.
- NZME confirmed a media partnership with Auckland Unlimited across four major summer cultural festivals – Diwali, Lantern Festival, Tāmaki Herenga Waka Festival and Pasifika.
- Basic te reo Māori pronunciation and pepeha sessions.
- Cultural workshops and site visits for our journalists, including Sikh Temple visit and cultural workshops with different communities in NZ, such as the NZ Jewish Council and members of the Fijian Indian community.

We continue to participate in and support Local Democracy Reporters (NZ On Air funded journalists), hosting two (of eight) democracy reporters in our newsrooms in 2021.



SHARING OUR PLATFORMS

We will use our wide reach across New Zealand to provide a range of opinion and ensure a diversity of voices.

We have utilised our platforms to fight for New Zealanders including the disadvantaged, facilitating conversations that matter and holding the powerful to account. Refer to example case studies on page 20.

In 2021 we have championed and supported charitable causes, providing support to:

Attitude Trust, Cure Kids, Himalayan Trust – Everest Day, Prostate Cancer Foundation of New Zealand, Ronald McDonald House, Rotorua Community Hospice, Variety Warm Hearts Appeal and World Vision.

The New Zealand Herald | Monday 30 March 2021

The Country wants you to 'kick off your boots' for rural mental health

Instead of simply talking about the rural mental health problem, Jarmar, Rowena, Lashes and the team at The Country radio station want to be part of the solution.

The Country

In farming, you are exposed to a unique set of challenges that often are beyond your control. No matter how prepared you are or how hard you work, no matter how adaptable or resilient you become, unavoidable factors like climate events, fluctuations in commodity prices or worldwide events such as Covid-19 have huge impacts.

Sometimes, it all becomes a bit overwhelming. Along with external factors come the day-to-day challenges of running a business. And in farming, as opposed to most other businesses, you don't always have a boss around you to shoulder the pressure and share the load.

We at The Country know that while farmers are great at looking after their farms, their workers, their stock and their equipment, too often they forget about themselves and their own wellbeing.

With this in mind, we have become acutely aware that the mental health of our audience is a subject that warrants our focus.

Each day, we talk to rural New Zealanders through the radios in their tractors or in their sheds, or in their farm kitchens as they stop for a late before they head back out. We have built an over-riding drive to be part of the conversation around rural mental health.

The Country has Jarmar, Rowena, Lashes and the team at The Country radio station want to be part of the solution.

By wearing gumboots, you symbolise your support for rural mental health. It's about connecting with your family and your workers at the end of the day, and taking the time for our families to relax and recharge.

Leading into Gumboot Day, we at The Country are launching the Rural Mental Health Awareness Campaign. It's about connecting with your family and your workers at the end of the day, and taking the time for our families to relax and recharge.

Kick Off Your Boots is a serious issue. It's about connecting with your family and your workers at the end of the day, and taking the time for our families to relax and recharge.

Taking off your boots and your work and your workers at the end of the day, and taking the time for our families to relax and recharge.

Todd Muller has seen the effects of rural mental health. "They can see the pain in their eyes, and they can see that he's going through." "But the acute stress and the partner or wife to try to help them through that is often the hardest part."



ROLL UP YOUR SLEEVES AOTEAROA

LET'S GET VACCINATED!
#rollupyoursleevesNZ

Case Study: Red Nose Day is Cure Kids' biggest annual appeal where Kiwis come together to help fund high-impact, New Zealand-based medical research to save, extend and improve the lives of children diagnosed with serious life-impacting and life-limiting health conditions.

Case Study: When the Delta strain of COVID-19 overwhelmed India, The NZ Herald and World Vision responded immediately. Building on our experience of working together in the past, a successful fundraising campaign was instigated, inspiring our audience to give generously. The India COVID-19 campaign raised a record \$606,000, which was used for oxygen, medical supplies and other urgently needed essential services.

Case Study: 'The Country' (radio, print and digital) has over many years been a companion to farmers and families and had a mission to use that privileged position to focus on mental health. 'The Country' launched Rural Mental Health Week, aimed at getting more Kiwis from New Zealand's rural communities talking about mental health.

Case Study: #RollUpYourSleevesNZ was a NZME-wide campaign using the power of our platforms to keep Kiwis in the know and support the message to get vaccinated.

Case Study: Te Wiki o te Reo Māori highlights included the launch of Te Reo advocate and the Flava radio host Stacey Morrison's new podcast series called 'Up to Speed with Te Reo Māori' on iHeartRadio.



Case Study: Seven graduates of the New Zealand Broadcasting School in Canterbury have designed and built 'KICK', a youth-focused digital audio network that lives on iHeartRadio, extending across all major digital platforms. The KICK team have support from across the NZME business and are a breeding ground for the future of radio, content by 'youth,' for 'youth.'



OUR PEOPLE

We provide a workplace that fosters innovation, engagement and inclusion.

NZME strives to maintain its position as an employer of choice in the media industry. Our people, policies and practices provide our people with opportunities for learning and development, the ability to choose how to manage a healthy work-life balance, a focus on diversity and inclusion and a commitment to health, safety and wellness. We are proud of the quality and speed of delivery to ensure our people were safe and able to contribute and support government initiatives as an essential service, through COVID-19 lockdowns and restriction periods regionally and nationwide.

In 2021 we introduced a new employee engagement tool. Our people were surveyed frequently with greater levels of engagement after each survey, and it aided us to understand how our actions and communications were resonating with our people.

The Wellbeing Advocates initiative was launched in 2021 with 41 of our people established as Wellbeing Advocates,

volunteering to provide guidance and support to anyone that is facing a challenging time either at home or work. These advocates are trained on how to support team members and provide information regarding our relevant NZME policies and guidance and where to seek professional advice and support.

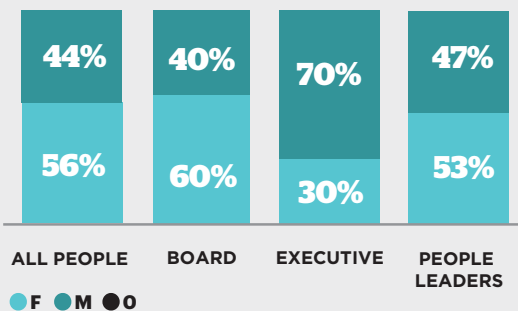
NZME continued to support a diverse range of lifestyle choices (including parenting and caring for others) through enabling flexible working options for our people. During and post lockdowns and restrictions, our people were equipped with resources and skills needed to work from home. The mental health of our people during lockdowns and restriction periods was critical and we had professional external support, training, and regular email communication from our CEO.

NZME has recognised the need to focus on improving ethnic and cultural diversity in our people and the content we produce. The efforts of our Diversity

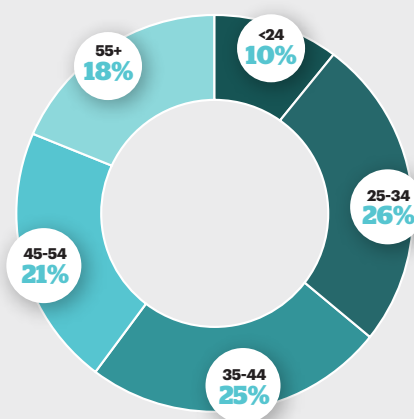
and Inclusion Committee in 2021 are outlined on the table on page 23. We have established a Head of Cultural Partnerships in our newsroom to continue to promote cultural (including content) partnerships and support the newsroom to improve cultural diversity and awareness.

We are working on initiatives across NZME to improve representation of Māori and Pasifika, including our intern programmes. A ground-breaking initiative was announced in 2021, with the formation of Te Rito, an industry collaboration to train and develop 25 new journalism cadets – including those from Māori, Pasifika, LGBTQ and other communities traditionally under-represented in media.

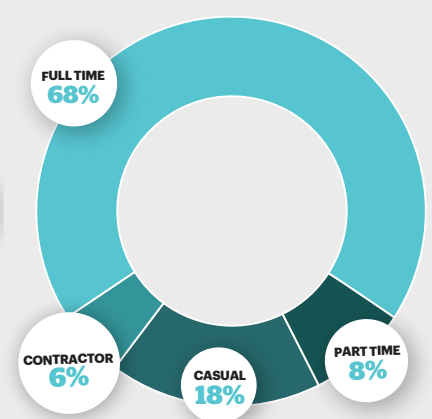
GENDER / LEVEL



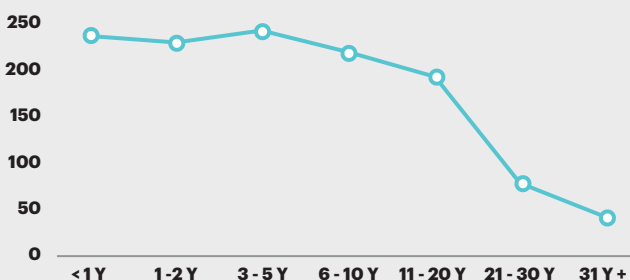
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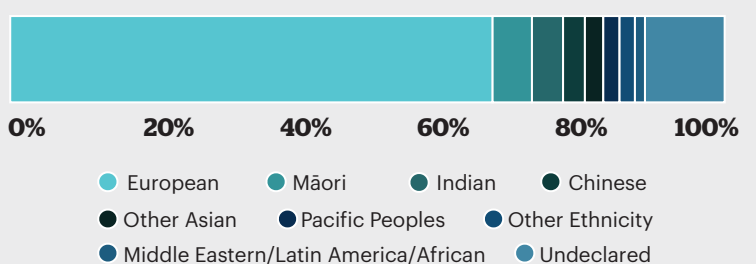
CONTRACT TYPE



LENGTH OF SERVICE



ETHNICITY



INITIATIVE**PROMOTING A HEALTHY, DIVERSE AND SAFE WORKPLACE**

We will embed a high performing health and safety culture and will regularly report on our performance. We will strive for a collaborative and welcoming place to work that celebrates diversity. We will adopt and strengthen policies for the promotion of gender equality.

PROGRESS

We have been highly focused on safety engagement in 2021, and have seen an increase in the number of employees proactively reporting incidents. Please refer to page 41 for further detail. We have been focused on engaging our leadership team in health, safety and wellbeing and stepping in and taking preventative actions as soon as an issue is identified.

The Diversity and Inclusion Committee hosted a calendar of events including:

- Chinese New Year and the Chinese Moon Festival
- International Women's Day panel event
- Rainbow Diversity, supporting the Rainbow Pride Parade
- Samoan Language Week - celebrating Samoan independence
- Matariki Event
- Te Wiki o te Reo Māori
- Diwali – Festival of Lights
- Wellbeing Week

NZME has maintained the Rainbow Tick certification mark (awarded to organisations that demonstrate diversity and inclusion, measured through a thorough assessment process).

NZME supports initiatives that reduce the gender pay gap across the business.

We are striving for diversity at Board, Executive and People Leader levels.

In 2021, for gender, we have at Board level F60%:M40%, at Executive level F30%:M70% and for our People Leaders F53%:M47%.

For ethnicity, we have at Board level all members identifying as European and at Executive level 9% identifying as Chinese and 91% as European, and for our People Leaders we have 89.9% European, 6.8% Māori, 2.4% Indian, and 0.9% identifying as Other.

Cultural and ethnic diversity remains a focus and we have engaged with a cultural consultant to commence cultural strategy work in 2022. We have mandated at least 20% of interns be non-European and have collaborated with other media outlets to form the Te Rito partnership to train cadets. We are focused on diversity within our recruitment process.

NZME supports flexible working for diverse needs and/or shared responsibility in the household. Policies and initiatives in 2021 to support this included surveying our people to understand what was important to them.

**CHAMPIONING THE CRAFT**

We will ensure we are mentoring the next generation of journalists and broadcasters. We will develop our people to maintain and grow the craft.

NZME was voted Top Graduate Employer in the media and communications category and the second best-reviewed company in the country in the Top 100 Graduate Employers in GradNewZealand's 2021 Student Survey. 19 interns and cadets were employed at NZME in 2021.

We highlighted our broadcast and journalistic talent through a series of campaigns.

NZME grew its digital audio brand KICK with the intention of incubating new, youth focused content formats and strategies. Refer to case study on page 21.

A total of 115 hours of media law and regulation training was undertaken by our journalists and broadcasters at NZME in 2021. In addition, the Board of Directors undertook Media Law training to assist in their knowledge and understanding of the legal issues encountered in journalism.

Refer to page 27 for our Awards list celebrating the talent and commitment of our people.

**EQUIPPING OUR PEOPLE**

We will commit to offering our staff relevant and impactful training to create new opportunities for growth and innovation.

Our people undertook a total of 136,011 hours of training in 2021 which is a significant increase. This increase is due to several training initiatives that did not occur in 2020 and a greater ability to capture this information within NZME. Learning and development continued through our Editorial Learning and Development programme, health and safety training, creative and production training, people training (leadership, effective communication, and recruitment for example) finance, digital and sales operation training.



Case Study: NZ Herald Science Reporter Jamie Morton answered our questions on what COP26 meant for New Zealanders. NZ Herald ran explainers, features and stories in the lead-up to, and during, the COP26 climate summit in Glasgow.

OUR ENVIRONMENT

We take our responsibility to the environment seriously.

NZME continues to review the actual and potential impact its business practices have on the environment. NZME has put in place policies and methods to enable it to measure this impact. This has, and will continue to enable NZME to reduce environmental impacts through recycling, reduction of greenhouse gas emissions and sustainable procurement policies.

Some of our environmental initiatives were positively impacted by COVID-19 lockdowns (for example, less travel) in 2020 which created a low baseline and consequently in 2021 we have seen increases in travel around New Zealand due to reactivation of our client loyalty programme events. Similarly, production was reduced in 2020 due to COVID-19 restrictions and the higher production in 2021 lead to small increases in plastic and general waste. Initiatives to reduce plastic and general waste were implemented in the second half of 2021 and will deliver benefits in 2022. It is pleasing to see a reduction in electricity usage through improved efficiency at the Ellerslie print plant. We look to expand these initiatives further in 2022.

NZME is closely monitoring and reviewing the development of the climate-related disclosures framework enacted in October 2021 through the Financial Sector (Climate-related Disclosure and Other Matters) Act. NZME notes the Xternal Reporting Board intends to issue its first climate standard by the end of 2022 and NZME will be required to commence reporting for the full year ending 31 December 2023. NZME is preparing for this by engaging in the consultation process for development of the climate standards and undertaking an assessment of climate-related risks to the business throughout 2022.

Kiwis' concern over environmental issues continued to increase in 2021 and as a media organisation we are cognisant of our responsibility to demonstrate leadership and use our platforms to inform, raise awareness of the issues and participate in the debate.

We will continue to seek ways to reduce our environmental footprint through 2022 and beyond.

Case Study: Covering Climate Now: NZ Herald Science Reporter Jamie Morton, asked how can we make New Zealand's energy sector greener?



INITIATIVE

PROGRESS

**RECYCLING**

We will separate our internal waste streams – including paper, food and green waste, and recyclables – to optimise value and reduce environmental impacts.

In 2021, NZME continued to identify and initiate the recycling of batteries, ink and toner cartridges at more of our offices. NZME supported Plastic-Free July and Recycling Week in October throughout the organisation.

The Eilerslie print plant launched a Plastic Reduction Project in 2020 across both its production and distribution teams, to reduce plastic usage. This is a phased project which is expected to lead to a decline in plastic used in the production process in the future. 2021 saw a year-on-year increase in plastic usage at the plant from 49 tonnes (restated) to 52 tonnes reflecting normalised production levels (yet showing a reduction from 77 tonnes in 2019). The team continues to work towards identifying a practical alternative for the plastic used to protect the bundles of papers. Consultation with suppliers is continuing with a goal of finding a more environmentally friendly alternative. The team continues to work to improve our processes and minimise the volumes directed to landfill. Refer to the case study on page 26 as an example of where we removed plastic wrap.

A Waste Committee chaired by the Eilerslie plant's General Manager was formed in 2020 to reduce the general waste from the print plant. In 2021 36.5 tonnes of general waste was from the plant, a slight reduction from 37 tonnes in 2020. This Committee is tasked with a number of actions to ensure an annual decline in general waste from the plant. In 2021 this began with a waste audit which presented the site with a number of actions and waste reduction goals.

The COVID-19 lock-downs in 2021 restricted progress towards our waste reduction goals. We were successful in removing and replacing the waste compactor with an open bin. That allowed for constant surveillance of the contents directed to landfill and for any recyclable items to be redirected. It also provided an opportunity to trace the source and modify the behaviour.

At the Eilerslie plant the number of general waste bins has been reduced and recycling stations have been ordered. Bulk cages are in place in the production areas to capture recyclable waste streams.

**BEST PRACTICE**

We will maintain our print operation's Environmental Management System.

We will collaborate with our suppliers and partners to ensure best practice sustainable operations.

NZME's print operations were again awarded the Toitu Enviromark Gold certificate in 2021.

We are continuing to evolve a responsible sourcing policy and work with a number of sustainable suppliers.

Employees travelled 3.5 million kms within NZ in 2021, this is up from 3.3 million kms (restated number) in 2020, due to reintroducing our client travel reward programme in 2021 (no programme was completed in 2020).

Encouragingly there was a reduction of more than 40 motor vehicles from the NZME motor vehicle fleet and we continue to look for ways to further maximise efficiencies in this area. In 2021 carbon emissions from our motor vehicle fleet were 372 tCO₂e down from 544 tCO₂e in 2020.

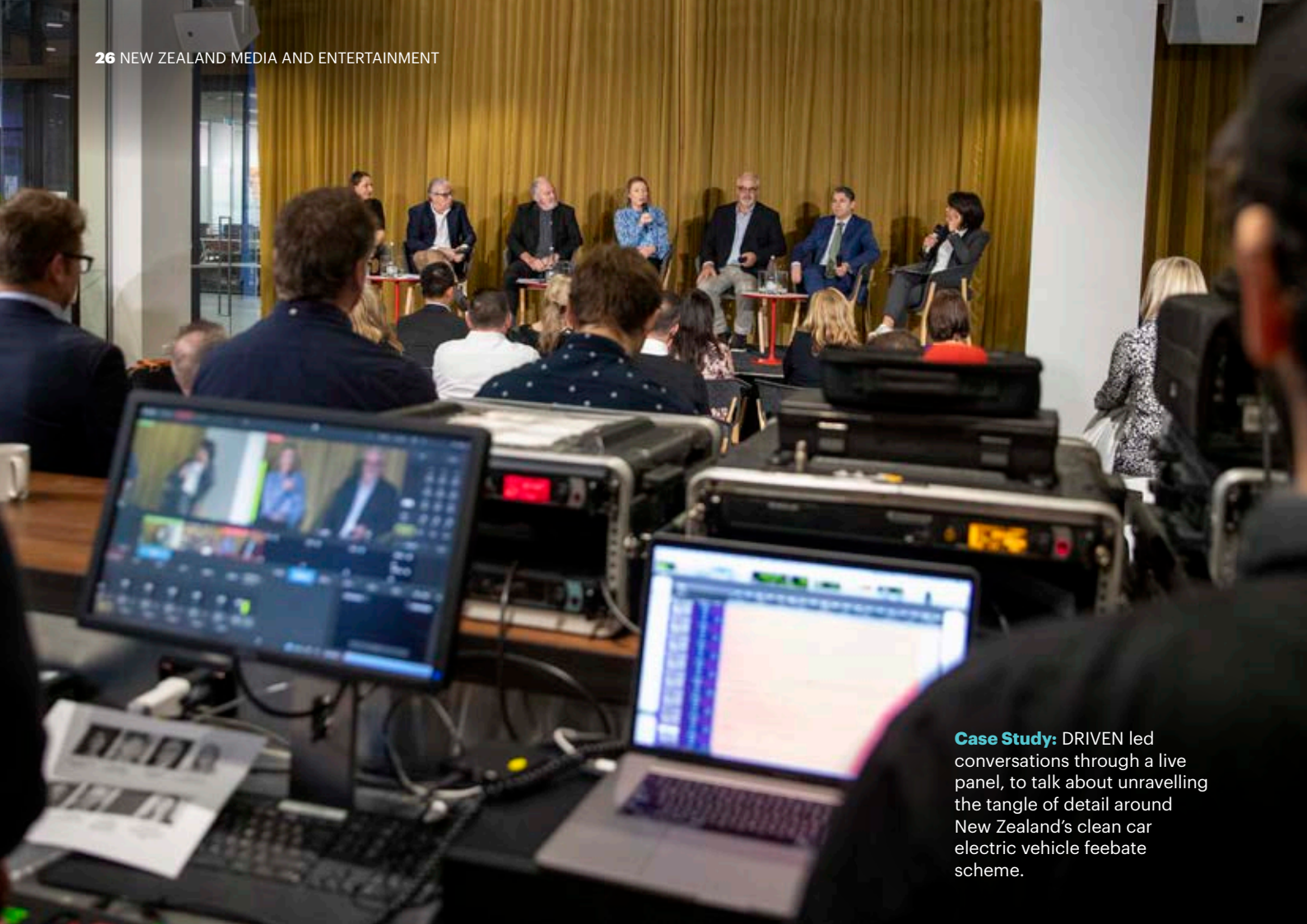
Our newspaper distribution network generated 2,423 tCO₂e in 2021, this decreased by 12% from 2020.

**RESPONSIBILITY**

We will share our platform to promote environmental issues impacting Kiwis including carbon emissions and climate change.

The NZ Herald continued to take part in the annual Covering Climate Now – a global news media initiative highlighting the need for action against climate change. Refer to the case study on page 24 as an example of the coverage of COP26 in Glasgow.

DRIVEN (driven.co.nz) assembled automotive leaders and industry representatives to discuss the clean car feebate scheme with the government. See case study on page 26.



Case Study: DRIVEN led conversations through a live panel, to talk about unravelling the tangle of detail around New Zealand's clean car electric vehicle feebate scheme.



Case Study: In 2021, our Ellerslie team worked to reduce the amount of plastic used to protect our newspapers as they are delivered. NZ Herald subscribers in Auckland were offered newspaper boxes as shown below, made of polyethylene, to ensure newspapers were kept dry and reducing the use of plastic wrap.



2021 AWARDS

We are proud of our people and their achievements. In 2021 we celebrated the craft of broadcasting and journalism with the following award wins:

INMA

Categories won by NZME:

- Best Brand Awareness Campaign, National Brad, 1st Place: NZ Herald - 'Headspace'
- Best Use of Print, Groups, 1st Place: NZME 'Viva Magazine'
- Best Use of Data to Automate or Personalise: Groups, 1st Place: NZME 'Corona Surf Reports'

Voyager Media Awards

Categories won by NZME:

- News App of the Year
- News Website of the Year
- Best Feature Writing - General: (Canvas, NZ Herald) Greg Bruce: Goodwill Hunting
- Feature Writer of the Year - (Short-form): NZ Herald Nicholas Jones
- Best Newspaper Magazine: Travel, NZ Herald
- Regional Newspaper of the Year: Rotorua Daily Post
- Best Photographer - News: Brett Phibbs
- Best Photographer - Sport: Brett Phibbs
- Photographer of the Year: Brett Phibbs
- Best Reporting - Crime and Justice: Kurt Bayer

- Best Reporting - General: Tom Dillane
- Best Reporting - Personal Finance: Tamsyn Parker
- Political Journalist of the Year: Matt Nippert
- Regional Journalist of the Year: Kurt Bayer

Pride in Print Awards

Categories won by NZME:

- Gold Award - Coldset Publications category for the NZ Herald Compact

GradNewZealand

Categories won by NZME:

- Top Grad Employer in the media and communications category

NZ Radio Awards

Categories won by NZME:

- Network Station of the Year: Newstalk ZB
- Sir Paul Holmes Broadcaster of the Year: Mike Hosking, Newstalk ZB
- Best Music Breakfast Show - Network: ZM's Fletch, Vaughan & Megan
- Best Music Breakfast Show - Local: The Hits Dunedin (Callum Procter, Patrina Roche)
- Best Music Host - Local: The Hits Bay of Plenty (Will Johnston)
- Best Talk Presenter - Other: Marcus Lush, Nights Newstalk ZB
- 'The Blackie Award': The Hits 'The Siri Prank'
- Outstanding Contribution to Broadcasting: Phil Gifford - Newstalk ZB

- Best News or Sports Journalist: Barry Soper, Newstalk ZB
- Best Sports Reader, Presenter or Commentator: The Alternative Commentary Collective
- Best Sports Story - Team Coverage: The America's Cup World Series Auckland
- Best New Broadcaster - Journalist: Aaron Dahmen - Newstalk ZB
- Best New Broadcaster - Off-Air: Alex Lansdown - The Hits Network
- Best Station Imaging: ZM Network (Alistair Cockburn, Brynee Wilson)
- Best Station Trailer: ZM's \$100k Secret Sound
- The Johnny Douglas Award: Joel Harrison - ZM and Static 88.1
- Sales Team of the Year: NZME Auckland
- Best Single Commercial: Taupo Violence Intervention

New York Festival

Categories won by NZME:

- World's Best Radio Programmes: Silver Award

2021 NZ Marketing Awards

Categories won by NZME:

- Media/Publishing Sector Award: Flava Old School Hip Hop & RnB Monique Hodgson, Megan Sagar, John Pelasio

THE NZME BOARD



Barbara Chapman **Independent Chairman**

Barbara Chapman served as Chief Executive and Managing Director of ASB Bank Limited from 2011 until February 2018. She has extensive business experience gained through a successful career in banking and insurance. During her career she has held a number of senior and executive roles in retail banking, marketing, communications, human resources and life insurance. Barbara is passionate about people and culture, and promoting best practice in community, governance and sustainability. She is the Chairman of Genesis Energy Limited and holds an independent directorship on the board of Fletcher Building Limited and Bank of New Zealand. She is also Deputy Chair of The New Zealand Initiative and Patron of the New Zealand Rainbow Tick Excellence Awards. Barbara was appointed Chairman of the NZME Board in June 2020.



Carol Campbell **Independent Director**

Carol Campbell is a Chartered Accountant and Fellow of CAANZ, and Chartered member of the Institute of Directors. Carol was a partner at Ernst & Young for over 25 years and has been a professional director for the last 10 years. Carol has extensive financial experience and a sound understanding of efficient board governance and chairs NZME's Audit and Risk Committee. Carol is a director of NZ Post Limited, Kiwibank Limited, T&G Global Limited, Asset Plus Limited, Chubb Insurance Limited and a number of other private companies.



David Gibson

Independent Director

David Gibson has a strong background in strategy and finance with over 20 years investment banking experience, including as Co-Head of Investment Banking in New Zealand for Deutsche Bank and Deutsche Craigs. During his finance career David has advised on many of New Zealand's largest capital market transactions, including within the media industry. David is director of Trustpower Limited, Goodman (NZ) Limited and Rangatira Limited.



Sussan Turner

Independent Director

For the past 25 years Sussan has held senior leadership roles across media companies, including Group CEO of MediaWorks, Managing Director of Radio Otago and CEO of RadioWorks. She is currently Group CEO and Director of Aspire2 Group Limited, one of the leading private tertiary education groups in New Zealand and is passionate about building executive teams and company cultures. Sussan has extensive experience as a director and is currently Pro-chancellor of Auckland University of Technology.



Guy Horrocks

Independent Director

Guy established himself as an early pioneer of the mobile app industry co-founding the world's first commercial iPhone app company in 2007, Polar Bear Farm. He is one of a number of high powered, experienced New Zealand entrepreneurs who've built internationally successful digital enterprises – only to return to New Zealand to escape the worst of the impacts of COVID-19 on their adopted homes. With clients including Expedia, DreamWorks, HBO, OREO, CNN, Time Magazine as well as NZ Herald, Horrocks helped launch over 100 mobile apps with his award winning mobile agency Carnival Labs, many of which were featured by Apple. Guy Horrocks has since launched a new real-time data warehouse called SOLVE.

THE NZME EXECUTIVE TEAM

Michael Boggs Chief Executive Officer



Michael was appointed CEO of NZME in March 2016. Prior to that he held the Chief Financial Officer position at NZME. Michael's core focus at NZME has been to develop and implement a group wide strategy to accelerate growth across NZME's brands particularly in the areas of subscription and classified offerings, digital and video content, while ensuring the sustainable growth of the company's print and radio platforms.

Michael has extensive senior executive experience including as Chief Financial Officer at leading insurance company Tower Limited. While at Tower, Michael managed the company's multibillion-dollar assets, its Pacific Islands operations, earthquake recovery programme and the sale of Tower's life insurance, health insurance and investment management businesses. This industry leading work was recognised in 2014 when Michael was awarded CFO of the year at the annual New Zealand CFO Awards. Michael also has significant background in the telecommunications and technology sectors with executive roles in the finance, commercial and business functions of major organisations including Telstra's New Zealand operations.

Shayne Currie Managing Editor



Shayne was appointed Managing Editor in 2015 and is responsible for NZME's 300-plus journalists and the company's editorial and news strategy. His role includes overseeing NZME's unique mix of digital, print, audio and visual storytelling across the NZ Herald, nzherald.co.nz, Newstalk ZB, NZME's five regional daily newspapers and more than 17 community titles. In 2019, Shayne helped oversee the successful launch of NZ Herald Premium digital subscriptions and he has helped lead some of the most significant projects at the Herald in the past 15 years including the launch of the Herald on Sunday in 2004 and the Herald's move to compact format in 2012.

In 2019, Shayne celebrated his 30th year in journalism, including two decades in senior editorial leadership roles across New Zealand. In 2016 he was awarded the Wolfson Scholarship at Cambridge University in the UK, studying audience patterns in the digital age.

Paul Hancox Chief Commercial Officer



Paul was appointed as Chief Commercial Officer in 2021. Prior to this, Paul was part of the NZME Executive Team as Chief Revenue Officer, where he was accountable for agency and key customer revenues, including programmatic, trading and integration performance. In his new role, he continues to oversee his existing portfolio in addition to direct clients, and is accountable for revenue growth across NZME platforms.

Prior to joining the Executive team, Paul led a significant commercial portfolio at NZME as Head of Agency, Enterprise, Events, Partnerships, Government and Rural, a role he took up in January 2018.

Paul previously spent 9 years in various senior roles at MediaWorks including as Group Head of Revenue where he successfully designed, implemented and managed the integration of the TV and radio sales teams. Paul brings with him 25 years of experience in the media industry including a 9-year stint with The Radio Network early in his career, operating in a variety of roles including as Newstalk ZB and Radio Sport Sales and Marketing Manager.

Carolyn Luey Chief Digital and Publishing Officer



Carolyn was appointed Chief Digital and Publishing Officer in August 2021.

After 5 years at NZME, Carolyn left as Chief Operating Officer in December 2016. She then went on to senior transformational roles at MYOB and Vodafone where she was Chief Consumer Officer.

With extensive experience as a strategic business leader in large New Zealand telecommunications, technology and media companies, Carolyn brings a wealth of knowledge and understanding of how best NZME can deliver growing digital audience engagement for our commercial partners.



David Mackrell

Chief Financial Officer

David was appointed Chief Financial Officer of NZME in March 2019, leading NZME's Finance, Technology and Strategy functions. He moved to NZME from Heartland Bank where he was Chief Financial Officer. David started his professional career at Ernst & Young as an Auditor before joining Air New Zealand in 1992.

His career at Air New Zealand spanned 25 years and a large gamut of senior financial and commercial roles, and was the Deputy Chief Financial Officer for 12 years.

Paul Maher

Chief of OneRoof

Paul was appointed to the newly created Chief of OneRoof role in February 2021. OneRoof is New Zealand's fastest growing multi-channel real estate and property platform, and Paul's appointment reflects the continued growth of OneRoof as a key pillar in NZME's strategy. Paul has extensive commercial leadership experience in numerous senior roles in New Zealand's leading media companies including Commercial Director and Business Strategy Director at TVNZ and Chief Executive of MediaWorks Television.

His commercial media experience includes establishing media communications agency Starcom MediaVest Group in New Zealand and leading the group's business as CEO of Canada, China and then the North Asia region. Paul has over thirty years business experience and has previously served on the board of Freeview New Zealand and Chair of the Kiwi Premium Media Exchange (KPEX) and Think TV New Zealand.



Katie Mills

Chief Marketing Officer

Katie joined the NZME Executive Team in December 2018 assuming leadership of the company's Marketing and Communications functions. She is also responsible for the creative function of NZME including Sound, Vision and Creative departments. Prior to joining NZME, Katie held the role of Group Marketing Director at Aspire2 Group Limited and was previously General Manager (Global) Marketing & Communications at Opus International Consultants.

Along with Katie's wide marketing industry experience, she also brings to her role, more than 20 years of media-specific experience. 15 of those years were spent at MediaWorks in senior leadership positions including as Head of Marketing, successfully developing, and delivering marketing and brand strategies for a portfolio of radio, digital, event and television ventures.



Allison Whitney

General Counsel and Company Secretary

Allison joined NZME in 2013. As General Counsel she heads up the legal team and manages the provision of legal advice and company secretarial services across NZME; and leading NZME's Culture & Performance function. Prior to commencing her role at NZME, Allison held roles both in-house and in private practice, including five years as Legal Counsel at Westpac, six years as Group Legal Advisor to a London-based international media group and three years in private practice at Kensington Swan.

Allison brings over 20 years of legal experience to her role spanning areas from corporate and commercial to intellectual property, consumer, and media law.



Matthew Wilson

Chief Operations Officer

Matt was appointed Chief Operations Officer in December 2016. In this role, Matt is responsible for NZME's print product performance; driving NZME's Operations functions including print, distribution, print and digital subscriptions and advertising production. Prior to that, Matt's role was GM Print Operations for NZME. His passion for media has resulted in over two decades of experience working across NZME's newspaper brands, including finance roles in print, commercial, content and corporate through to leading the Newspaper Sales, Print and Herald product functions.

During his time, Matt has led the consolidation of newspaper sales and distribution functions across NZME, the development of NZME's highly successful distribution services business, and customer streams for the launch of Herald on Sunday and NZH Premium digital subscribers. Matt's focus on operating performance has driven a strong passion for NZME's people, their engagement and the culture fostered in the company.



Jason Winstanley

Chief Radio Officer

Jason was appointed as Chief Radio Officer in October 2021. Jason is one of New Zealand's most experienced audio executives with extensive experience across music and talk radio. He has led high profile and successful music radio brands including 7 years as Assistant Content Director at ZM and 5 years as Content Director of The Hits. He also led the successful transition of 'Classic Hits' to the 'The Hits' brand in 2014.

In his most recent role as Head of Talk for NZME, Jason has led Newstalk ZB to record audience growth and continued commercial success.

Jason's role includes responsibility for the radio business and the content delivery to support audience and revenue growth across NZME's radio networks.



CORPORATE GOVERNANCE

GOVERNANCE FRAMEWORK

The Company is listed on the NZX Main Board and has a Foreign Exempt Listing on the ASX (both under the ticker code "NZM"). The ASX Foreign Exempt Listing category is based on a principle of substituted compliance recognising that, for secondary listings, the primary regulatory role and oversight rests with the home exchange and the supervisory regulator in that jurisdiction. As such, NZME is required to comply with a limited set of ASX Listing Rules.

The Company's corporate governance framework, as described in this section, therefore primarily takes into consideration contemporary standards in New Zealand, incorporating the NZX Corporate Governance Code ("NZX Code").

The Group is committed to having a strong governance framework and therefore complies with the recommendations of the NZX Code (unless specifically stated otherwise). The corporate governance policies referred to in this section reflect the Group's governance framework as at 31 December 2021 (unless otherwise stated) and are available on the Company's website. The Board of NZME has approved this corporate governance statement.

PRINCIPLE 1 - CODE OF ETHICAL BEHAVIOUR

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Code of Conduct & Ethics

The Company's Code of Conduct & Ethics governs the Company and its subsidiaries' commercial operations and the conduct of directors, employees, consultants and all other people when they represent the Company and its subsidiaries. The Code of Conduct & Ethics comprises certain fundamental principles and demonstrates the high standards of conduct expected of us. The current Code of Conduct & Ethics was updated on 11 April 2019. Reporting of breaches of the Code is encouraged and steps for doing so are set out in the Code of Conduct & Ethics and the Whistleblower Policy.

The Company has provided training on the Code of Conduct & Ethics in the form of a video series on key points relevant to employees.

The Company also has an Editorial Code of Ethics highlighting that our principal responsibilities are to the community and the truth and our undertaking to maintain the highest ethical standards in our journalism while balancing the right of the individual with the public's right to know.

Securities Trading Policy

The Securities Trading Policy details the Company's trading policy and guidelines, including trading restrictions on dealing in the Company's quoted financial products. This policy applies to the directors and all employees. The Securities Trading Policy places additional trading restrictions on the directors, the Chief Executive Officer ("CEO") and his direct reports (and employees reporting directly to them) and all participants in the NZME Incentive Plans.

PRINCIPLE 2 - BOARD COMPOSITION & PERFORMANCE

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Role of the Board and Board Charter

The business and affairs of the Company is managed under the direction and supervision of the Board currently comprised (and as at 31 December 2021 was comprised) of independent Chairman, Barbara Chapman, and independent directors; Carol Campbell, David Gibson, Sussan Turner and Guy Horrocks. The directors acknowledge their duty to act in good faith and in the best interests of the Company. The objective of the Company is to generate growth, corporate profit and shareholder gain from the activities of the Group. In pursuing this objective, the role of the Board is to assume accountability for the success of the Company by taking overall responsibility for the strategic direction and monitoring of operational management of the Group in accordance with good corporate governance principles. More details regarding the main functions of the Board and the distinction from the roles of management can be found in the Board Charter available on the Company's website. No person ceased to be a director of the Company during the financial year ended 31 December 2021.

Director Nomination and Appointment

Directors are appointed by the Company's shareholders, with rotation and retirement being determined by the Constitution. The Board may appoint directors to fill casual vacancies. Directors appointed to fill casual vacancies are required to retire and stand for election at the first annual shareholders' meeting after their appointment. The Governance & Remuneration Committee recommends to the Board potential candidates for appointment as directors. The Committee follows the nomination and appointment processes set out in the Governance & Remuneration Committee Charter available on the Company's website. The Company enters into written agreements with each newly appointed director establishing the terms of their appointment.

Director Independence and Profiles

All of the Company's directors, including the Chair, are independent directors for the purposes of the NZX Listing Rules as none of them are executives of the Company or have direct or indirect interests or relationships that could reasonably influence, or could reasonably be perceived to influence, in a material way, their decisions in relation to the Company. The profile for each director is available on the Company's website and on page 28-29 of the Annual Report. Information about director attendance at meetings and ownership interests is set out on pages 34 and 44 of the Annual Report.

Diversity and Inclusion

The Group believes that a diverse and inclusive workforce is essential for it to be able to deliver its strategic objectives and continue to meet its responsibilities to its customers, its employees, the communities in which it works, and its shareholders.

The Group is currently operating in accordance with, and applying the principles of, its Diversity and Inclusion Policy which is available on the Company's website.

The Our People section on pages 22 and 23 of the Annual Report sets out more detail about our diversity and inclusion objectives and progress towards achieving them. In accordance with the Diversity and Inclusion Policy, the Board assesses those objectives and NZME's progress towards achieving them on an annual basis. The Board is comfortable with the Company's 2021 performance with respect to its Diversity and Inclusion Policy and objectives but notes the ongoing nature of efforts to meet those objectives.

The table below includes the quantitative breakdown as to the gender composition of NZME's Board and Officers as at the balance date.

As at	Board		Officers ¹	
	Male	Female	Male	Female
31 December 2021	2	3	7	3
31 December 2020	1	3	5	4

Director Access to Training, Information and Advice

On appointment the Company's directors are offered induction training as to the responsibilities of the directors and to enable the director to become familiar with the Company's operations and sites. Further training on pertinent topics is provided to the Board during the year. All directors have access to the advice and assistance of the General Counsel on the Board's affairs and governance matters. In addition, all directors may access such information and seek independent advice as they consider necessary to fulfil their duties and responsibilities.

Performance Review

The Chair meets annually with directors of the Company to discuss their performances. The Board reviews its performance as a whole, and the performance of its committees, on an annual basis. The Board may choose to use external facilitators, where appropriate, to assist with reviewing the performance of directors, the Board and its committees.

¹ The term 'Officer' is defined in the NZX Listing Rules as a person, however designated, who is concerned or takes part in the management of the Issuer's business, but excludes (i) a person who does not report directly to the Board or (ii) a person who does not report directly to a person who reports to the Board. NZME has interpreted this to mean the Chief Executive and any person reporting to the Chief Executive or the Board directly. The numbers above therefore include the CEO and other members of the Group Executive Team.

CORPORATE GOVERNANCE

CONTINUED

PRINCIPLE 3 - BOARD COMMITTEES

The Board should use committees where this will enhance its effectiveness in key areas, while retaining Board responsibility.

The Board has two standing Committees; the Audit & Risk Committee and the Governance & Remuneration Committee, to assist in carrying out its responsibilities. The Committees operate under Board approved charters which are available on the Company's website.

The Board may establish other committees from time to time to deal with specific projects or matters relating to the Company's various activities.

The Board does not have a separate Health and Safety Committee, but Health and Safety is considered by the full Board. The Board did not identify a need for any other standing Board committees.

The Company also has an NZME Takeover Response Manual (not publicly available) as recommended by Recommendation 3.6 of the NZX Code.

Audit & Risk Committee

The Committee consists of three independent directors (one of whom has an accounting and financial background). The functions of the Committee are to:

- Review, consider and if necessary, investigate any reports or findings arising from any audit function either internally or externally;
- Evaluate financial information submitted to it, along with relevant policies and procedures; and
- Assess the effectiveness of risk management throughout the Group.

The Committee is also responsible for communicating and engaging with the external auditors and for oversight and review of the risk management framework. For further information, also refer to the Committee's charter which is available on the Company's website.

As at 31 December 2021, directors Barbara Chapman and David Gibson were members of the Audit & Risk Committee and it was chaired by Carol Campbell. Employees and external parties may attend meetings of the Audit & Risk Committee at the invitation of the Audit & Risk Committee.

Governance & Remuneration Committee

The Governance & Remuneration Committee ensures that remuneration policies and practices are consistent with the strategic goals of the Group and are relevant to the achievement of those goals. The Committee also reviews the remuneration of the CEO and, in consultation with the CEO, the remuneration packages of executives reporting directly to the CEO.

The Governance & Remuneration Committee also makes recommendations to the full Board regarding the composition of the Board, filling of vacancies, appointing additional directors to the Board, and to review and adopt corporate governance policies and practices which reflect contemporary standards in New Zealand, incorporating principles and guidelines issued by the Financial Markets Authority and the NZX. For further information, refer to the Committee's charter available on the Company's website.

As at 31 December 2021, director Sussan Turner was a member of the Governance & Remuneration Committee and it was chaired by David Gibson. Employees and external parties may attend meetings of the Governance & Remuneration Committee at the invitation of the Governance & Remuneration Committee.

Board & Committee Attendance 1 January 2021 to 31 December 2021

Director	Board	Audit & Risk	Governance & Remuneration
Barbara Chapman	15 of 15	3 of 4	N/A
Carol Campbell	15 of 15	4 of 4	N/A
David Gibson	15 of 15	4 of 4	6 of 6
Guy Horrocks	15 of 15	N/A	N/A
Sussan Turner	14 of 15	N/A	6 of 6

PRINCIPLE 4 - REPORTING & DISCLOSURE

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

Market Disclosure Policy

The Board has policies and procedures in place to keep investors and staff informed of material information about the Company and to ensure compliance with the continuous disclosure obligations under the Financial Markets Conduct Act 2013 and the NZX Listing Rules.

The Market Disclosure Policy (available on the Company's website) is designed to ensure that:

- There is full and timely disclosure of the Company's activities and price sensitive information to shareholders and the market; and
- All stakeholders (including shareholders, the market and other interested parties) have an equal opportunity to receive and obtain externally available information issued by the Company.

The Company will immediately notify the market of any material information concerning the Company in accordance with legislative and regulatory disclosure requirements.

Corporate governance documents

The following documents have been adopted by the Company and are available on the Company's website under the Corporate Governance section:

- NZME Constitution
- Board Charter
- Code of Conduct & Ethics
- Remuneration Policy
- Diversity and Inclusion Policy
- Editorial Code of Ethics
- Fraud Policy
- Market Disclosure Policy
- Whistleblower Policy
- Securities Trading Policy
- Audit & Risk Committee Charter
- Governance & Remuneration Committee Charter
- Risk Management Policy

Financial Reporting and Disclosure

The Company is committed to providing financial reporting that is balanced, clear and objective. The Audit & Risk Committee oversees the quality, integrity and timeliness of external reporting. The Group's Consolidated Financial Statements for the year ended 31 December 2021 are set out on pages 48 to 103 of the Annual Report. Also refer to the reports from the Chair and the CEO in this Annual Report and the NZME Full Year 2021 Results Presentation (available on the Company's website) for additional information.

Non-Financial Reporting and Disclosure

The Company provides non-financial disclosures relating to Health and Safety, Risk Management, our interaction with our communities, people and our environment – see our Sustainability Commitment. We also include information about our performance against our operational priorities during the year.

NZME's Sustainability Commitment aligns with the UN Sustainability Development Goals – an international blueprint to achieve a better and more sustainable future for everyone. Combined with our promise to keep Kiwis in the know, NZME's commitment to sustainable practices contributes to the prosperity of our business and our communities, people and the environment.

In 2021 we measured our progress against key initiatives and objectives for each of the three pillars of our Sustainability Commitment: Our Communities, Our People and Our Environment. This is discussed on pages 17 to 27 of the Annual Report.

NZME intends to continue to develop its Sustainability Commitment with the guidance of the Board.

Chief Executive Officer's Remuneration

	Salary (\$) ^A	Bonus (\$) ^B	TIP (\$) ^C	Benefits (\$) ^D	Total (\$)
Michael Boggs	847,147	478,164	-	39,759	1,365,070

^A Salary includes normal basic salary and paid leave. ^B Bonus payments are those paid during the current accounting period and excludes any bonus accrual not yet paid. ^C TIP relates to the value of shares issued during the year under the Group's Total Incentive Plan. ^D Benefits relate to company contributions for KiwiSaver.

Michael Boggs held 1,079,866 shares in the company as at 31 December 2021. In addition to the remuneration disclosed above as at 22 February 2022, Michael Boggs held 1,814,448 performance rights issued to him under the Group's Total Incentive Plan ("TIP"). Please refer to note 4.3 of the Consolidated Financial Statements for a summary of the TIP and the performance criteria used to determine performance based payments.

Employee Remuneration

The Group paid remuneration including benefits in excess of \$100,000 to employees (other than directors) during the year ended 31 December 2021. The salary banding for these employees are disclosed in the following table (bands with zero number of employees have been excluded).

Remuneration Amount	Employees	Remuneration Amount	Employees
\$100,000 - \$110,000	72	\$280,001 - \$290,000	5
\$110,001 - \$120,000	60	\$290,001 - \$300,000	6
\$120,001 - \$130,000	42	\$300,001 - \$310,000	3
\$130,001 - \$140,000	43	\$330,001 - \$340,000	1
\$140,001 - \$150,000	35	\$350,001 - \$360,000	1
\$150,001 - \$160,000	15	\$360,001 - \$370,000	1
\$160,001 - \$170,000	14	\$390,001 - \$400,000	2
\$170,001 - \$180,000	16	\$400,001 - \$410,000	1
\$180,001 - \$190,000	8	\$410,001 - \$420,000	1
\$190,001 - \$200,000	9	\$420,001 - \$430,000	3
\$200,001 - \$210,000	7	\$440,001 - \$450,000	2
\$210,001 - \$220,000	9	\$450,001 - \$460,000	1
\$220,001 - \$230,000	10	\$460,001 - \$470,000	2
\$230,001 - \$240,000	4	\$570,001 - \$580,000	1
\$240,001 - \$250,000	7	\$680,001 - \$690,000	1
\$250,001 - \$260,000	7	\$690,001 - \$700,000	1
\$270,001 - \$280,000	3	\$1,360,001 - \$1,370,000	1
Total number of employees that were paid remuneration of \$100,000+			394

The remuneration above includes all remuneration paid to permanent employees, including fixed remuneration, employer KiwiSaver contributions, medical aid contributions, bonuses, commission, settlements and redundancies.

CORPORATE GOVERNANCE

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Review of Total Incentive Plan

In FY21 the Governance & Remuneration Committee undertook a review of executive remuneration incentives and, in particular, the Company's Total Incentive Plan (TIP), which has been in place since the Company listed in 2016. In light of the significant change in the business since 2016, the objective of this review was to be consistent with Australasian best practice by re-balancing the cash and share rights components of the TIP and introducing a true long-term incentive component to the TIP, increasing share ownership for executives and better aligning executive awards

with NZME's performance and value creation for shareholders over both the long and short term.

The Governance & Remuneration Committee engaged an independent remuneration specialist to review the TIP and related components of executive remuneration and this resulted in an updated TIP framework being put in place for the 2022 financial year.

The table below summarises the key changes adopted in the updated TIP framework:

Change	Detail	Rationale and Outcome
Introduction of long-term incentive (LTI) component.	<p>The LTI component measures performance conditions over three financial years with executives receiving share rights at the start of that period. The number of share rights each executive will receive is based on the volume weighted average sale price of NZME shares for the 20 consecutive NZX trading days after the date of release of NZME's FY21 annual financial results.</p> <p>The LTI performance conditions are based on earnings per share (EPS) and total shareholder return (TSR) targets, with each condition given equal weighting.</p> <p>If a performance condition is met, then each share right allocated to that condition will vest and the executive will receive one share following the end of the three-year performance period, subject to them remaining employed by the Company at the end of the performance period.</p>	Previously the TIP measured performance conditions over one financial year. The addition of a three-year performance period introduces a true long-term incentive component to executive remuneration.
Re-balancing the mix between short-term incentive (STI) and LTI components.	<p>Both the STI and LTI may confer share rights with the STI also including a cash bonus.</p> <p>The total TIP opportunity for each executive is split into:</p> <ul style="list-style-type: none"> - STI: 60% of TIP opportunity – 35% cash and 25% share rights - LTI: 40% of TIP opportunity as share rights 	<p>Previously, the TIP mix was set at 50% in cash, payable following the end of the relevant financial year, and 50% in share rights that were exercisable after a three-year restricted period.</p> <p>The TIP now delivers an increased proportion of incentives in share rights, rather than cash, further aligning executive remuneration with shareholder returns.</p>

Change	Detail	Rationale and Outcome
Reduced deferral period for STI share rights issued under the TIP.	The STI component has a deferral period of one year which commences at the end of the STI performance period. If an executive remains an employee at the end of this deferral period, share rights issued to them under the STI will vest and they will receive shares.	With the introduction of the LTI component measured over a three-year performance period, the Board considered a deferral period for the STI share rights component of one year was appropriate. Executives must remain employed during the performance period and the deferral period in order to be eligible to receive their STI share rights. If they cease to be an employee during the deferral period, their STI share rights will not vest.
Introduction of a conditional performance gateway – minimum financial earnings performance condition.	For the STI component a minimum financial earnings performance condition, measured by group EBITDA, must be achieved in order for an award outcome to be considered. If this performance condition is not met, executives will not receive any STI award outcome.	EBITDA was previously only one element of the TIP calculation. It is now a minimum threshold which must be met, ensuring that STI payouts are dependent upon Company performance.
Introduction of new performance conditions.	<p>For the STI component, the performance conditions include role specific KPIs and may be based on group, divisional and/or individual performance aligned to NZME's strategic priorities. Each KPI will be measured for a potential award pro rata between 50% -150%.</p> <p>For the LTI component, as noted above, the performance conditions are based on EPS and TSR targets set by the Board at the beginning of the three-year performance period and measured on a cumulative basis.</p>	Introduction of these performance conditions ensures alignment to delivery of strategic priorities for NZME and shareholder returns.
Increased total reward opportunity based on NZME's performance and shareholder returns.	The total on-target TIP opportunity for executives is set as a percentage of their base remuneration. The range for the FY22 Offer is between 60% and 130% of base remuneration (with the opportunity for up to 150% of the STI award) and varies according to their role in the Company.	Previously the TIP opportunity was set at between 50% and 100% of base remuneration for each executive. The Board considers that with the splitting of the incentive between a STI and LTI and the lengthening of the performance period and the service period, an increased total TIP opportunity is appropriate in the circumstances.

CORPORATE GOVERNANCE

CONTINUED

PRINCIPLE 6 - RISK MANAGEMENT

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Risk Management Framework

The Audit & Risk Committee is responsible for the oversight and independent review of the Group's risk management framework, including:

- Review and approval of the risk management policy;
- Receiving and considering reports on risk management;
- Assessing the effectiveness of the Group's responses to risk; and
- Providing the Board with regular reports on risk management.

The Group has a formal Risk Management Policy (available on its website) and is committed to the consistent, proactive and effective monitoring and management of risk throughout the organisation, in accordance with best practice and the NZME Risk Management Framework and Guidelines.

The Board is ultimately responsible for the effectiveness, oversight and implementation of the Group's approach to risk management.

The CEO is responsible for:

- The management of strategic, operational and financial risk of the Group;
- Continually monitoring the Group's progress against financial and operational performance targets;
- The day-to-day identification, assessment and management of risks applicable to the Group;
- Implementation of risk management controls, processes and policies and procedures appropriate for the Group; and
- Driving a culture of risk management throughout the Group.

The Company's Risk Committee (a management committee) acts as a governance forum to assist the CEO and the Executive Team in fulfilling their corporate governance responsibilities.

This committee provides assurance that the following aspects are managed appropriately:

- Strategic and operational risk management;
- Workplace Health and Safety matters;
- Legal, regulatory and policy compliance;
- Technology and security matters; and
- Business continuity planning.

The Group is a diversified media company and is subject to diverse types of risk including, but not limited to cyber security, legal and regulatory compliance, financial and market, government policy and political, reputation and brand, operational risks and trading conditions.

The Group recognises that in order to achieve its strategic objectives it must be willing to take and accept informed risks. Risks relating to innovation, attracting and retaining talent, and content to drive audiences and address the needs of advertisers are encouraged within defined parameters. However, in doing so, it is not acceptable to trade off financial or strategic returns by compromising compliance with the law, the safety of our people, or our reputation as a responsible corporate citizen and provider of news, sport and entertainment.

When setting the appetite for taking and accepting risk, the Group also considers the risk posed by inaction in what is a fast-paced and disrupted market.

The Group's approach to risk management is assessed at least annually by the Audit & Risk Committee of the Board in order to make a recommendation to the full Board on the appropriateness of the Company's Risk Management Framework and Guidelines.

For additional information on financial risks, please also refer to Note 4.7 of the Consolidated Financial Statements.

Health and Safety

The NZME Board Charter states that the role of the Board includes ensuring that the Group health and safety, environmental practices and culture comply with legal requirements, reflect best practice and are recognised by employees and contractors as key priorities for the Group. As noted earlier, NZME does not have a separate Board-level Health and Safety Committee as Health and Safety is dealt with by the full Board.

Health and Safety is included on the Company's Risk Register. The Company's Annual Health and Safety Plan captures the projects and objectives for the year to respond to the identified risks.

The Company records and monitors critical health and safety risks in a separate Health and Safety Risk Register. Currently that register is reviewed and monitored by the Risk Committee, who meet monthly and receive and review reporting on health and safety performance, trends and updates, with key matters and progress against the annual plan being reported to the Board. In 2021, areas of focus included continuing to manage the ongoing risks associated with the Covid-19 pandemic, continuing to engage leaders in health and safety, introducing further automation of safety processes at the print site and installing GPS into a greater number of vehicles to promote and monitor safer driving. We also focused on managing mental health risks associated with bullying and harassment, harmful comments and material and Covid-19.

In 2021 there was a continued focus on ensuring our people were aware of how to raise issues relating to bullying, harassment or unacceptable behaviour in the workplace. Reporting was improved and Wellbeing Advocates were introduced to support our people and provide guidance. A best practice review of health and safety policies was commenced.

The Company intends to build on the effectiveness of health, safety and wellbeing across the business, by following the following five key priorities over 2022 – 2023:

1. Our Leaders will be actively involved in supporting the health, safety and wellbeing of the business.

Proactive Safety Leadership

2. We will have a consistent approach to managing health, safety and wellbeing across locations. **Consistency Across Sites**

3. We will maintain safety excellence within our Print Plant.

Print Safety Excellence

4. Our vehicle fleet will be managed and operated in a manner that significantly reduces risk to people and property.

Proactive Vehicle Safety

5. We will actively manage risk to mental health and provide a work environment that is mentally healthy, supportive of our people and does not tolerate bullying, harassment or unacceptable behaviour in the workplace.

Mental Health Support

Health and Safety advice and direction are overseen by the Culture and Performance team and a full-time Health, Safety and Compliance Manager. The Company utilises the online safety management system "Damstra" as the framework for how safety is managed within the business. Damstra is used for incident reporting, contractor management, hazard and risk management, management of hazardous substances, risk monitoring and reporting. Worker engagement and involvement is recognised as an important part of growing a positive workplace health and safety culture.

At NZME, being actively involved in and contributing to health and safety is included in the GuideMe performance review template as a KPI for all employees and reviewed as part of the performance review process. Health and safety training forms part of induction and ongoing training schedules to ensure awareness of NZME's health and safety obligations, critical risks and the resources available to satisfy these. NZME maintains a Wellness and Safety page on its intranet with sections for safety at NZME (which includes training manuals, emergency procedures and safety induction documents) and a Wellness section (which includes information about our Employee Assistance Programme, wellness videos and wellness success stories).

To ensure effective worker involvement, NZME has multiple Health and Safety Committees in place across New Zealand that actively contribute to the management of risk and the effectiveness of controls in place around the business. Health and safety performance is communicated throughout all levels of NZME through regular leadership team meetings and internal business communications.

Embedding a high performing health and safety culture and regularly reporting on our performance is a key initiative forming part of our Sustainability Commitment.

Lost Time Injuries have remained flat at 2 incidents year-on-year. Total reported incidents have increased from 21 to 33 year-on-year (but are down on the 48 reported in 2019), with this increase being largely in the 'no treatment' category and for minor injuries treated solely with first aid measures.

CORPORATE GOVERNANCE

CONTINUED

PRINCIPLE 7 - AUDITORS

The Board should ensure the quality and independence of the external audit process.

Refer to note 2.2.5 of the Consolidated Financial Statements for fees paid to the auditors, PriceWaterhouseCoopers, for the year ended 31 December 2021.

The Audit & Risk Committee Charter requires the Committee to assess the following:

- The independence of the auditors;
- The ability of the auditors to provide additional services which may be occasionally required;
- The competency and reputation of the auditors;
- The projected audit fees; and
- Review the appointment, performance and remuneration of external auditors.

The Audit & Risk Committee also monitors and approves any services provided by the auditors other than in their statutory role and receives confirmation from the auditors as to their independence from the Company. This is undertaken on a service by service basis and assesses whether the service is permissible under Professional and Ethical Standard 1 (“PES 1”) issued by the New Zealand Auditing and Assurance Standards Board, ensuring that any potential threat to independence is identified and appropriate safeguards to eliminate the threat or reduce the threat to an acceptable level are established. The Audit & Risk Committee receives an annual confirmation from the auditor as to their independence from the Group. The auditor is also required to provide the Audit & Risk Committee with a detailed analysis

of fees relating to non-audit services provided during the year, including a description of potential threats to their independence and the applicable safeguards implemented by the auditor and the Company to either mitigate those threats or reduce them to an acceptable level as required by PES 1. The Audit & Risk Committee takes the nature of the services provided, the quantum of the fee, the reason for the additional services and whether the services are likely to be one-off or repetitive in nature into consideration when evaluating and concluding on auditor independence.

For the year ended 31 December 2021, given the nature of the services provided and based on the Committee’s continuous monitoring of auditor independence, the Audit & Risk Committee do not believe that the non-audit services provided by the auditors compromised their objectivity and independence.

The Company requires the external auditor to attend the Annual Shareholders’ Meeting (“ASM”) to answer questions from shareholders in relation to the audit. The Group’s auditor, PricewaterhouseCoopers, attended the last ASM on 16 April 2021.

Internal Audit

The Audit & Risk Committee is responsible for reviewing the integrity and effectiveness of the internal audit function. NZME operates a co-sourced internal audit programme that utilises a mix of self-certifications, scheduled control testing by Group Financial Services, ad hoc assignments, investigations by risk and compliance personnel and a structured internal audit programme executed by an external firm.

Any reporting from external parties is presented to the Audit & Risk Committee and any significant findings from other internal activities are reported to the Audit & Risk Committee.

PRINCIPLE 8 - SHAREHOLDER RIGHTS & RELATIONS

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

In addition to holding its Annual Shareholders' Meeting, NZME seeks to regularly engage with shareholders to ensure they are informed about our activities and our progress against our stated priorities. NZME engages an Investor Relations Manager to ensure any questions or feedback from shareholders are responded to promptly.

The NZME website has a dedicated Investor Relations section containing NZX / ASX announcements, presentations and webcasts, financial reports, frequently asked questions and other information that might be useful to our shareholders. The share registry is maintained by Link Market Services and their contact details are available under the Investor Relations section of the Company's website. Shareholders can elect to receive communications electronically.

Following each results announcement, NZME holds an investor call to present the results and to allow investors to ask questions. This is usually followed by an investor roadshow during which the CEO and other members of the Executive aim to meet with as many shareholders as possible. However, in 2021, as in 2020, such post-result meetings were held virtually. In 2021 NZME also held a virtual Investor Day.

Shareholders are entitled to exercise their voting rights as provided for under the applicable legislation and listing rules.

In order for shareholders to fully participate in shareholder meetings, the Board will endeavour where possible, to distribute a notice of shareholder meeting as soon as possible and in any event at least 20 working days prior to any shareholder meeting. During the financial year ended 31 December 2021, shareholders were given 20 working days' notice of the annual shareholder meeting of the Company held on 16 April 2021.

STATUTORY DISCLOSURES

INTEREST REGISTER ENTRIES

In accordance with section 211(1)(e) of the Companies Act 1993, particulars of general disclosures of interest in the Interest Register of NZME for current directors are set out in the table below. Disclosures during 2021 are noted in italics.

Director	Position	Company
Barbara Chapman	Chairman	Genesis Energy Limited
	Deputy Chair	The New Zealand Initiative
	Patron	New Zealand Rainbow Tick Excellence Awards
	Director	Fletcher Building Limited
Carol Campbell	Director	<i>Bank of New Zealand</i>
	Director	T&G Global Limited
	Director	Asset Plus Limited
	Director	NZ Post Limited
	Director	Chubb Insurance New Zealand Limited
David Gibson	Director	Kiwibank Limited
	Director and shareholder	DG Advisory Limited
	Director and shareholder	Sidehustle Ecommerce Limited
	Director	Rangatira Limited
	Director	Biostrategy Holdings Limited
Guy Horrocks	Director	Trustpower Limited
	Director	Goodman (NZ) Limited
	Shareholder	Solve Data, Inc.
Sussan Turner	Director and shareholder	Aspire2 Group Limited
	Shareholder	Organic Initiative Limited
	Pro-Chancellor	Auckland University of Technology (AUT)

Disclosures of Directors' interests in share transactions

During 2021, no disclosures were made in the Interests Register by Directors as to the acquisition of relevant interests in Company shares under section 148 of the Companies Act 1993.

Directors' interests in shares

Ordinary shares held by directors and parties associated with them are as follows:

Director	Number of shares as at 31 December 2021
Barbara Chapman	73,000
Carol Campbell	150,000
David Gibson	50,000

Use of Company information

No notices have been received by the Board under section 145 of the Companies Act 1993 with regard to the use of Company information received by the Directors in their capacities as Directors of the Company or its subsidiary companies.

Indemnities or insurance effected for directors

In accordance with Section 162 of the Companies Act 1993 and the Company's Constitution, the Company has indemnified and arranged insurance for all directors and executive officers to the extent permitted by law for liabilities arising out of the performance of their normal duties as directors and officers. The total amount of insurance for directors and officers contract premiums for the period was \$730,000.

SUBSIDIARY COMPANY INFORMATION

NZME's subsidiary companies are listed at Note 6.1 of the Consolidated Financial Statements.

Directors of Subsidiary Companies

As at 31 December 2021, Michael Boggs (CEO) and David Mackrell (CFO) were directors of the wholly owned subsidiaries listed in Note 6.1 of the Consolidated Financial Statements, other than NZME Australia Pty Limited. Michael Boggs and Mark O'Sullivan (a professional director resident in Australia) were directors of NZME Australia Pty Limited as at 31 December 2021. Michael Boggs, David Mackrell, Paul Maher and Peng Yin (director representing OneRoof's minority shareholder) were directors of the subsidiary OneRoof Limited, in which an 80% interest was held, as detailed in Note 6.1 of the Consolidated Financial Statements.

Other than Mark O'Sullivan who received A\$15,400 for his services as a director of NZME Australia Pty Limited, these directors did not receive any fees or other benefit for their services as directors to any of these companies. Michael Boggs, David Mackrell and Paul Maher receive remuneration as employees of the Company which are not related to their duties as directors of these companies. Peng Yin receives remuneration through his company, Hougarden.com Limited, which provides services to OneRoof Limited. Laura Maxwell ceased to be a Director of OneRoof Limited on 15 February 2021.

Entries in interest registers of Subsidiary Companies

For each subsidiary company in which they act as a director Michael Boggs and David Mackrell have made general disclosures of interests in all other subsidiary companies as a result of their executive positions at the Company and their positions as directors of the other subsidiary companies. Peng Yin has made a general disclosure of interest in the OneRoof Limited Interest Register arising from his position as director and shareholder of Hougarden.com Limited and Hougarden Motors Limited.

SHAREHOLDER INFORMATION

Substantial Shareholders

The following information is given pursuant to Sub-Part 5 of Part 5 of the Financial Markets Conduct Act 2013. According to notices given to the Company, the substantial product holders in the Company as at 7 January 2022 are noted below:

Shareholder	Number of shares held	% of shares held
Osmium Partners LLC	33,013,889	16.71%
Auscap Asset Management Ltd.	18,976,962	9.61%
Spheria Asset Management Pty Ltd	17,844,175	9.03%
UBS Securities Australia Ltd (Collateral Account)	13,928,980	7.05%

The total number of ordinary shares issued by the Company as at 31 December 2021 was 197,570,061. The Company did not have any other quoted voting products.

STATUTORY DISCLOSURES

CONTINUED

Top 20 shareholders

As at 18 February 2022

Rank	Investor Name	Total Units	% Issued Capital
1	Citicorp Nominees Pty Limited	38,726,983	19.60
2	Bnp Paribas Nominees Pty Ltd Acf Clearstream	32,336,739	16.37
3	Bnp Paribas Nominees Pty Ltd	14,806,565	7.49
4	Brispot Nominees Pty Ltd	13,923,766	7.05
5	HSBC Custody Nominees (Australia) Limited	9,592,694	4.86
6	J P Morgan Nominees Australia Pty Limited	8,825,456	4.47
7	Accident Compensation Corporation	8,384,051	4.24
8	FNZ Custodians Limited	8,059,925	4.08
9	Forsyth Barr Custodians Limited	4,020,558	2.04
10	Pax Pasha Pty Ltd	3,147,959	1.59
11	Merrill Lynch (Australia) Nominees Pty Limited	2,604,299	1.32
12	HSBC Custody Nominees (Australia) Limited	2,537,815	1.28
13	Bnp Paribas Noms Pty Ltd	1,682,938	0.85
14	Goudy Park Capital Lp	1,550,999	0.79
15	JBWERE (Nz) Nominees Limited	1,492,860	0.76
16	HSBC Nominees (New Zealand) Limited	1,434,114	0.73
17	Leh Soon Yong	1,323,982	0.67
18	Pax Pasha Pty Ltd	1,123,173	0.57
19	Michael Raymond Boggs	1,079,866	0.55
20	Timothy John Eakin	1,070,138	0.54
Total		157,724,880	79.85

Spread of Quoted Security Holders

As at 18 February 2022

Range of Securities Held	Holders	Holders %	Issued Capital	Issued Capital %
1-1,000	3,413	67.96	848,749	0.43
1,001-5,000	876	17.44	2,087,960	1.06
5,001-10,000	262	5.22	2,004,167	1.01
10,001-50,000	325	6.47	7,497,536	3.79
50,001-100,000	52	1.04	3,654,826	1.85
Greater than 100,000	94	1.87	181,476,823	91.85
Total	5,022	100.00	197,570,061	100.00

OTHER INFORMATION

Waivers from NZX

During the financial year ended 31 December 2021, the Company was not granted any waivers from any of the NZX Listing Rules, nor did the Company rely on any previously granted or published waiver from the NZX Listing Rules.

Donations

In accordance with section 211(1)(h) of the Companies Act 1993, NZME notes that the Group made donations of \$14,313 during the year ended 31 December 2021.

Credit rating

As at the date of this Annual Report NZME does not have a credit rating.

Exercise of NZX disciplinary powers

During the financial year ended 31 December 2021, NZX exercised its powers under Listing Rule 9.9.3 to refer two matters concerning the conduct of NZME Limited to the NZ Markets Disciplinary Tribunal. In particular:

- (a) NZX found that NZME breached Listing Rules 3.1.1 and 3.2.1 by not disclosing material information in relation to the possible purchase of Stuff, omitting material information from two market announcements made by NZME on 11 May 2020, and failing to release material information to prevent the development or subsistence of a false market that had been materially influenced by misleading information emanating from NZME in the 11 May 2020 market announcements.

- (b) NZX found that NZME had breached Listing Rules 3.1.1 and 3.2.0.1 by failing to release material information and information about a decision to change a director to the market promptly and without delay in relation to the resignation on 11 June 2020 of NZME's former chair.

In each case, NZME entered into a settlement agreement with NZX and, amongst other things, agreed to pay a financial penalty for the listing rule breaches, and to pay costs to NZX and the NZ Markets Disciplinary Tribunal. Each settlement agreement was approved by the NZ Markets Disciplinary Tribunal and on 20 April 2021 the Tribunal issued a public censure for the breaches referred to above. Copies of the public censure documents issued by the Tribunal are available on the NZX website at www.nzx.com under NZME's market announcements tab.

Direct director appointments under the Company's Constitution

Rule 2.4.1 of the NZX Listing Rules allows a company to include in its Constitution a right for a product holder to appoint a director to the Board under certain circumstances. As at 31 December 2021, none of the Directors were appointed pursuant to Rule 2.4.1.

NZME LIMITED

**CONSOLIDATED
FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2021**



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* The notes to the financial statements have been grouped into nine 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 financial statements have been prepared. Accounting policies specific to a particular note are included in that note and are boxed for ease of reference. Key judgments and estimates relevant to a particular note are also included in the relevant note, and are clearly marked as such. A summary of the key judgments and estimates is also included under the Basis of Preparation section on pages 57 to 61.

DIRECTORS' STATEMENT

The Directors are pleased to present the consolidated financial statements of NZME Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2021, incorporating the consolidated financial statements and the auditor's report.

The Directors are responsible, on behalf of the Company, for presenting these consolidated financial statements in accordance with applicable New Zealand legislation and generally acceptable accounting practices in New Zealand in order to present consolidated financial statements that present fairly, in all material respects, the financial position of the Group as at 31 December 2021 and the results of the Group's operations and cash flows for the year then ended.

The consolidated financial statements for the Group as presented on pages 52 to 103 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 February 2022

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$'000	2020 Restated ^A \$'000
Revenue	2.1	348,559	322,139
Finance and other income	2.1	17,075	13,061
Total revenue and other income	2.1	365,634	335,200
Expenses from operations before finance costs, depreciation, amortisation	2.2.1	(286,854)	(275,301)
Depreciation and amortisation	2.2.2	(26,319)	(28,548)
Profit before finance costs, income tax and impairment of assets^B		52,461	31,351
Finance costs	2.2.3	(7,282)	(8,253)
Share of joint ventures and associates net loss after tax	6.2.2	(450)	(417)
Impairment of assets	2.2.4	(2,477)	(3,470)
Profit before income tax expense		42,252	19,211
Income tax expense	5.1	(7,818)	(4,729)
Net profit after tax		34,434	14,482
Profit for the year is attributable to:			
Owners of the Company		34,645	14,787
Non-controlling interests		(211)	(305)
		34,434	14,482

^A Refer to note 1.2.3 for details of the restatement.

^B This is a non-GAAP measure refer to note 1.2.

		Cents	Cents
Earnings per share attributable to the ordinary shareholders of the Company			
Basic earnings per share	2.3	17.54	7.48
Diluted earnings per share	2.3	16.93	7.29

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$'000	2020 Restated ^A \$'000
Net profit after tax		34,434	14,482
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Effective gain / (loss) on hedging instruments	4.2	396	(656)
Hedging reclassification to profit or loss	4.2	168	82
Tax impact of hedging transactions	4.2	-	70
Net gain / (loss) on hedging instruments		564	(504)
Net exchange differences on translation of foreign operations	4.2	(17)	(21)
<i>Items that will not be reclassified to profit or loss</i>			
Share of revaluation of joint ventures' and associates' assets	4.2	-	1,271
Other comprehensive income, net of tax		547	746
Total comprehensive income		34,981	15,228
Total comprehensive income attributable to:			
Owners of the Company		35,192	15,533
Non-controlling interests		(211)	(305)
		34,981	15,228

^A Refer to note 1.2.3 for details of the restatement.

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

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	2021 \$'000	31 December 2020 Restated ^A \$'000	1 January 2020 Restated ^A \$'000
Current assets				
Cash and cash equivalents	4.6	13,538	11,560	14,416
Trade and other receivables	3.5	45,176	43,882	52,449
Inventories	3.6	1,909	1,480	1,943
Derivative financial instruments	3.9	25	-	-
		60,648	56,922	68,808
Assets classified as held for sale	6.3.1	-	2,165	-
Total current assets		60,648	59,087	68,808
Non-current assets				
Intangible assets	3.1	138,195	142,773	146,029
Property, plant and equipment	3.2	26,976	34,978	39,902
Right-of-use assets	3.3	67,513	85,382	75,538
Capital work in progress	3.4	4,006	2,220	9,774
Other financial assets		815	815	815
Equity accounted investments	6.2.2	3,623	4,162	3,308
Other receivables and prepayments	3.5	6,879	1,079	1,329
Derivative financial instruments	3.9	228	-	248
Deferred tax asset	5.2	3,485	1,913	1,661
Total non-current assets		251,720	273,322	278,604
Total assets		312,368	332,409	347,412
Current liabilities				
Trade and other payables	3.7	53,780	43,838	51,483
Current lease liabilities	4.5.2	11,340	10,931	11,076
Derivative financial instruments	3.9	-	16	-
Current tax provision		4,689	1,575	254
		69,809	56,360	62,813
Liabilities directly associated with assets classified as held for sale	6.3.1	-	7,338	-
Total current liabilities		69,809	63,698	62,813
Non-current liabilities				
Non-current lease liabilities	4.5.2	85,445	96,521	84,807
Interest bearing liabilities	4.5.1	-	45,379	89,149
Derivative financial instruments	3.9	-	310	-
Total non-current liabilities		85,445	142,210	173,956
Total liabilities		155,254	205,908	236,769
Net assets		157,114	126,501	110,643
EQUITY				
Share capital	4.1	361,758	361,758	360,768
Reserves	4.2	4,920	3,485	2,984
Retained earnings		(209,478)	(238,867)	(253,539)
Total Company interest		157,200	126,376	110,213
Non-controlling interests		(86)	125	430
Total equity		157,114	126,501	110,643

^A Refer to note 1.2.3 for details of the restatement.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	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 2020		360,768	2,984	(247,712)	116,040	430	116,470
Change in accounting policy	1.2.2			(5,827)	(5,827)	-	(5,827)
Restated balance at 1 January 2020		360,768	2,984	(253,539)	110,213	430	110,643
Net profit / (loss) after tax		-	-	14,787	14,787	(305)	14,482
Other comprehensive income		-	746	-	746	-	746
Total comprehensive income		-	746	14,787	15,533	(305)	15,228
Deferred tax on share based payments		-	-	(115)	(115)	-	(115)
Share based payments expense	4.2	-	1,095	-	1,095	-	1,095
2017 TIP settlement		990	(1,340)	-	(350)	-	(350)
Balance at 31 December 2020		361,758	3,485	(238,867)	126,376	125	126,501
Balance at 1 January 2021		361,758	3,485	(238,867)	126,376	125	126,501
Net profit / (loss) after tax		-	-	34,645	34,645	(211)	34,434
Other comprehensive income		-	547	-	547	-	547
Total comprehensive income		-	547	34,645	35,192	(211)	34,981
Dividends paid	4.4.2	-	-	(5,927)	(5,927)	-	(5,927)
Supplementary dividends paid	4.4.2	-	-	(678)	(678)	-	(678)
Tax credit on supplementary dividends paid		-	-	678	678	-	678
Transfer from revaluation reserve	4.2	-	(671)	671	-	-	-
Share based payments expense	4.2	-	1,559	-	1,559	-	1,559
Balance at 31 December 2021		361,758	4,920	(209,478)	157,200	(86)	157,114

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$'000	2020 Restated ^A \$'000
Cash flows from operating activities			
Receipts from customers		346,859	324,146
Payments to suppliers and employees		(281,074)	(267,857)
Government grants		328	9,900
Dividends received		89	2
Interest received on bank facilities		43	67
Interest received on leases	3.5.4	102	-
Interest paid on bank facilities		(2,100)	(3,175)
Interest paid on leases	4.5.2	(5,097)	(4,833)
Income taxes paid		(7,308)	(2,674)
Net cash inflows from operating activities	4.6	51,842	55,576
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets (including work in progress)		(6,505)	(4,997)
Proceeds from sale of GrabOne Limited's assets and certain liabilities	6.3.1	17,500	-
Proceeds from sale of property, plant and equipment		1,853	30
Net cash inflows / (outflows) from investing activities		12,848	(4,967)
Cash flows from financing activities			
Proceeds from borrowings	4.5.1	37,000	10,000
Repayments of borrowings	4.5.1	(83,000)	(53,500)
Payments for borrowing cost	4.5.1	-	(490)
Dividends paid to Company's shareholders	4.4.2	(5,927)	-
Payments for lease liability principal	4.5.2	(10,785)	(9,475)
Net cash outflows from financing activities		(62,712)	(53,465)
Net increase / (decrease) in cash and cash equivalents		1,978	(2,856)
Cash and cash equivalents at beginning of the year		11,560	14,416
Cash and cash equivalents at end of the year	4.6	13,538	11,560

^A Refer to note 1.2.3 for details of the restatement.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.0 BASIS OF PREPARATION

1.1 REPORTING ENTITY AND STATUTORY BASE

NZME Limited (NZX:NZM and 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 year was the operation of an integrated media and entertainment business.

1.2 GENERAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for for-profit entities. The consolidated financial statements also comply with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have also been prepared in accordance with Part 7 of the Financial Markets Conduct Act 2013 and the NZX Listing Rules.

The Group has used non-GAAP measures which are not prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS) in relation to the following:

- profit before finance costs, income tax and impairment of assets (income statement);
- total segment adjusted EBITDA (note 2.4.2); and
- net tangible assets (note 3.8).

These measures should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies.

The principal accounting policies adopted in the preparation of the financial statements are either set out below, or in the relevant note. These policies have been consistently applied to all the years presented, unless otherwise stated. These consolidated financial statements are presented for the Group and were approved for issue by the Board of Directors on 22 February 2022.

1.2.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention with the exception of certain items for which specific accounting policies are identified.

1.2.2 Change in accounting policy

In March 2021 the IFRS Interpretations Committee (IFRIC), which is responsible for interpreting the application of IFRS, published an agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (ratified by the International Accounting Standards Board (IASB) in April 2021). The ratified decision is that costs are to be expensed, as incurred, unless they relate to activities that create an intangible asset that the Group controls, and the intangible asset meets the recognition criteria. Costs to be expensed that are paid to the suppliers (or contractors of the supplier) of the cloud-based supplier can, under certain circumstances, be recorded as prepayments for services and amortised over the expected terms of the cloud computing arrangement.

Prior to the agenda decision the Group capitalised costs incurred in configuring or customising certain suppliers' application software in cloud computing arrangements as intangible assets as the Group considered that it would benefit from those costs over the expected terms of the arrangements. Prior to a project's completion, costs to be capitalised were held in capital work in progress. Following the publication of the agenda decision the Group has reconsidered its accounting treatment, adopted the principles set out in the IFRIC agenda decision and has changed its accounting policy in relation to Software-as-a-Service (SaaS) arrangements, see note 3.1.

As a result of this change in accounting policy, the Group has determined that certain intangible assets should be de-recognised as the costs did not create separate intangible assets controlled by the Group. The change in accounting policy has been applied retrospectively by restating the opening equity position (as at 1 January 2020) and the comparative financial statements. To determine the level of restatement required, the Group identified all SaaS arrangements for which configuration and customisation costs had been capitalised, but not fully amortised at 1 January 2020, to determine which no longer met the requirements for capitalisation under the Group's revised accounting policy. The Group has presented a balance sheet as at 1 January 2020 as the retrospective application had a material impact on the opening balance sheet of the preceding period. The impact of this change in accounting policy is presented below.

1.2.3 Comparatives

The change in the accounting policy for software has resulted in the restatement of the consolidated balance sheet as at 31 December 2020, the opening consolidated balance sheet at 1 January 2020, the consolidated income statement for the year ended 31 December 2020 and the consolidated statement of cash flows for the year ended 31 December 2020. The restatement adjustments are detailed in the following tables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

CONSOLIDATED BALANCE SHEET

	Previously reported \$'000	SaaS adjustment (note 1.2.2) \$'000	Reclassification of deferred tax \$'000	Restated \$'000
As at 31 December 2020				
Intangible assets	150,478	(7,705)	-	142,773
Capital work in progress	2,275	(55)	-	2,220
Deferred tax asset	-	2,173	(260)	1,913
Deferred tax liability	260	-	(260)	-
Net assets	132,088	(5,587)	-	126,501
Retained earnings	(233,280)	(5,587)	-	(238,867)
Total equity	132,088	(5,587)	-	126,501
As at 1 January 2020				
Intangible assets	150,263	(4,234)	-	146,029
Capital work in progress	13,633	(3,859)	-	9,774
Deferred tax asset	-	2,266	(605)	1,661
Deferred tax liability	605	-	(605)	-
Net assets	116,470	(5,827)	-	110,643
Retained earnings	(247,712)	(5,827)	-	(253,539)
Total equity	116,470	(5,827)	-	110,643

CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Previously reported \$'000	SaaS adjustment (note 1.2.2) \$'000	Reclassification of impairment \$'000	Restated \$'000
Expenses from operations before finance costs, depreciation, amortisation	(274,279)	(1,343)	321	(275,301)
Depreciation and amortisation	(30,224)	1,676	-	(28,548)
Profit before finance cost, income tax and impairment of assets	30,697	333	321	31,351
Impairment of assets	(3,149)	-	(321)	(3,470)
Profit before income tax expense	18,878	333	-	19,211
Income tax expense	(4,636)	(93)	-	(4,729)
Net profit after tax	14,242	240	-	14,482

	Previously reported Cents	SaaS adjustment (note 1.2.2) Cents	Restated Cents
Earnings per share attributable to the ordinary shareholders of the Company			
Basic earnings per share	7.36	0.12	7.48
Diluted earnings per share	7.17	0.12	7.29

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Previously reported \$'000	SaaS adjustment (note 1.2.2) \$'000	Restated \$'000
Payments to suppliers and employees	(266,514)	(1,343)	(267,857)
Net cash inflows from operating activities	56,919	(1,343)	55,576
Payments for property, plant and equipment and intangible assets (including work in progress)	(6,340)	1,343	(4,997)
Net cash outflows from investing activities	(6,310)	1,343	(4,967)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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In addition to the restatement of comparatives required as a result of the change in the software accounting policy some 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:

- The Income statement has been amended so that “impairment of software” is now “Impairment of assets”, the 2020 comparative now includes \$321,375 of impairment to right-of-use assets that was in the “Expenses from operations before finance costs, depreciation, amortisation” in 2020.
- In note 2.1 \$5,301,952 of digital advertising revenue has been reclassified to other revenue.
- The Impairment of right-of-use-assets has been moved from note 2.2.2 and included in the impairment of assets grouping in note 2.2.4.
- Other lease adjustments in note 4.5.2 have been included with “Changes in scope or lease terms and other adjustments”.

1.2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated 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.

1.2.5 Goods and Services Tax (‘GST’)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced. In the statement of cash flows, receipts from customers and payments to suppliers are shown exclusive of GST.

1.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the use of certain significant judgements, accounting estimates and assumptions, including judgements, 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. A list of those areas of significant estimation or judgement and a reference to the notes containing further information is provided below:

<i>Areas of significant accounting estimates or judgements</i>	<i>Note</i>
<i>Determination of the number of reportable segments</i>	2.4.1
<i>Intangible assets with indefinite useful lives</i>	3.1
<i>Identification of intangible assets in relation to the integration and customisation of SaaS arrangements</i>	3.1
<i>Assumptions used in testing for impairment of indefinite life intangible assets</i>	3.1.1
<i>Right-of-use assets; discount rates and lease terms</i>	3.3

1.4 NEW STANDARDS AND INTERPRETATIONS

As detailed in note 1.2.2 the Group changed its accounting policy for software intangible assets to ensure compliance with the IFRIC decisions for configuration and customisation costs incurred in relation to the implementation of SaaS arrangements. There have been no other changes to accounting policies and no other new standards adopted during the period.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 first half of the year New Zealand experienced three short regional lockdowns with little impact on the Group's results while the extensive lockdown in Auckland, and to a lesser degree various regional lockdowns, during the period from 18 August 2021 to 3 December 2021 has had a larger impact although the impact was significantly less than in 2020.

No Government assistance has been received in 2021. The 2020 comparatives include the following amounts in relation to Government assistance received by NZME in response to the pandemic:

- Government wage subsidy: \$9,899,738 which is included in the income statement in finance and other income. Note 2.4.2 (footnote B) provides a further detail of the treatment of the total amount received.

- Rent concessions of \$1,800,708 are included in finance and other income in the income statement of which \$1,377,300 is in respect of transmission tower rental savings under the Government's Media Relief package. 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.

There remains a heightened level of uncertainty given the continued presence of COVID-19.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2.0 GROUP PERFORMANCE

2.1 DISAGGREGATION OF REVENUE AND OTHER INCOME

	Print \$'000	Radio \$'000	Digital & e-Commerce \$'000	Total \$'000
For the year ended 31 December 2021				
Advertising	78,271	104,593	65,631	248,495
Circulation and subscription	70,323	-	11,598	81,921
External printing and distribution	4,655	-	-	4,655
Other	2,407	779	7,245	10,431
Segment revenue from integrated media and entertainment activities	155,656	105,372	84,474	345,502
Revenue from shared services centre				1,156
Events				1,901
Total revenue from external customers				348,559
Government grants				328
Rental income from owned and sub-leased property				317
Loss on disposal of property, plant and equipment				(23)
Lease rent concessions				361
Other lease adjustments				115
Gain on sale of transmission site				465
Gain on sale of GrabOne Limited's assets and certain liabilities				15,367
Other income				16,930
Finance income				145
Total finance and other income				17,075
Total revenue and other income				365,634

	Print \$'000	Radio \$'000	Digital & e-Commerce \$'000	Total \$'000
For the year ended 31 December 2020				
Advertising	75,451	94,037	50,612	220,100
Circulation and subscription	72,710	-	6,621	79,331
External printing and distribution	4,994	-	-	4,994
Other	2,628	873	9,414	12,915
Segment revenue from integrated media and entertainment activities	155,783	94,910	66,647	317,340
Revenue from shared services centre				3,409
Events				1,390
Total revenue from external customers				322,139
Dividends				2
Government grants ^A				9,900
Rental income from owned and sub-leased property				455
Gain on disposal of property, plant and equipment				22
Lease rent concessions ^A				1,801
Other lease adjustments				34
Compensation for franking credits				780
Other income				12,994
Finance income				67
Total finance and other income				13,061
Total revenue and other income				335,200

^A See the COVID-19 note (note 1.5) for further information.

Accounting policies

The Group applies the following accounting policies in relation to revenue:

Advertising

The Group operates an integrated media and entertainment business and contracts with customers to provide advertising on multiple platforms consisting of a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer. Advertising is often bundled to include print, radio and/or digital components. In most cases each component of the bundle is treated as a distinct performance obligation and the transaction price is allocated on a relative stand-alone selling price basis. Experiential campaigns are a type of bundling focused on providing an experience utilising a mix of traditional advertising mediums with bespoke elements like competitions, product sampling,

street performances etc. These activities are highly integrated and inter-dependent and are therefore a single performance obligation with revenue recognised over the period of the campaign. These campaigns often include elements that are provided by external parties and the Group acts as the principal in those instances. These campaigns are typically run over a short period of time and are typically completed and billed for in the same reporting or billing period. Where the Group provides advertising for non-cash consideration, revenue is recognised at the fair value of the consideration received, unless the Group cannot reasonably estimate the fair value of the non-cash consideration; in which case revenue is recognised by reference to the stand-alone selling price of the advertising promised to the customer. When advertising is exchanged for advertising, revenue is recognised on a gross basis as set out above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Subscriptions

The Group enters into contracts with customers to deliver a specified publication on specified days. The performance obligation is satisfied, and revenue is recognised, when the publication is delivered.

Circulation

The Group enters into contracts with customers to deliver specified publications on specified days which the customer will on-sell to the public. The performance obligation is satisfied when the publication is delivered. Certain customers have a right to return any unsold publications which is treated as variable consideration. Customers are required to report unsold publications using an online system on a weekly basis. The Group therefore includes in the transaction price an estimate of the unsold publications using the most likely amount method based on the weekly reporting from customers to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

External printing and distribution

The Group enters into contracts with customers to print their publications and, in certain cases, distribute those publications on their behalf; including maintaining a distribution network. The printing, delivery and maintenance of a distribution network are distinct performance obligations. The performance obligation to print a publication is satisfied when those publications are printed. Similarly, the performance obligation to deliver a publication is satisfied when it is delivered. The performance obligation to maintain a distribution network is a service that is largely the same on a monthly basis and is satisfied, and revenue recognised, in equal increments over the billing period.

e-Commerce (GrabOne)

The Group acts as an agent for merchants selling their products or services to the public using the GrabOne platform. The Group does not control the product or service before it is transferred to the purchaser. Revenue is recognised in the amount of any fees or commissions the Group expects to be entitled to in exchange for arranging for the product or service to be promoted on the GrabOne platform.

Shared services centre

The Group provides back-office support services to customers. These services consist of a number of functions that are largely consistent on a month-to-month basis. Revenue is therefore recognised in equal increments over the billing period.

Deferred revenue

When a customer pays for goods or services in advance, the Group recognises a deferred revenue liability which is reduced, and revenue recognised, as the Group satisfies each distinct performance obligation.

Government grants

Cash received from Government grants is recorded as "Other income".

Significant financing component

The Group does not expect, at contract inception, that the period between transferring the promised goods or services from contracts with customers and when the customer pays for those goods and services to be more than one year. The Group applies the practical expedient in NZ IFRS 15 to not adjust the promised amount of consideration it expects to receive for those goods or services for the effects of a significant financing component.

Incremental cost of obtaining a contract

The Group applies the practical expedient in NZ IFRS 15 to recognise the incremental cost of obtaining a contract (such as commission) when incurred if the amortisation period is one year or less. If material, the Group will recognise an asset for any incremental cost of obtaining a contract with a customer if the Group expects to recover those costs and the amortisation period is expected to be more than one year. Those costs will be amortised on a systematic basis that is consistent with the transfer of the good or service to which the asset relates.

Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are material and not within the scope of another standard, the Group recognises an asset from the costs incurred if all of the following criteria are met:

- the costs relate directly to the contract;
- the costs generate or enhance resources that the Group will use to satisfy the performance obligations in that contract; and
- the costs are expected to be recovered.

Those costs will be amortised on a systematic basis that is consistent with the transfer of the goods or services promised in that contract. Given the nature of the Group's activities, this is expected to be rare.

2.2 EXPENSES

	2021 \$'000	2020 Restated ^A \$'000
2.2.1 Expenses from operations before finance costs, depreciation, amortisation		
Employee benefits expense ^B	141,565	137,126
Production and distribution expense	60,427	55,194
Selling and marketing expense	48,040	38,637
Rental and occupancy expense	6,497	5,607
Costs in relation to one-off projects	1,673	519
Redundancies and associated costs	2,023	9,609
Repairs and maintenance costs	8,103	8,361
Travel and entertainment costs	1,625	1,339
Other	16,901	18,909
Total expenses from operations before finance costs, depreciation, amortisation	286,854	275,301

^A Refer to note 1.2.3 for details of the restatement.

^B The 2021 expense includes \$1.7m of expenses relating to configuration and customisation costs of SaaS arrangements that would have been capitalised under the prior software accounting policy. The 2020 number has been restated to reflect costs incurred for the configuration and customisation of SaaS arrangements that are now classed as operating expenses as opposed to being capitalised. (see note 1.2.3 for details).

2.2.2 Depreciation and amortisation		
Depreciation on owned assets	8,323	8,352
Depreciation on right-of-use assets	11,443	12,515
Amortisation	6,553	7,681
Total depreciation and amortisation	26,319	28,548

2.2.3 Finance costs		
Interest and finance charges on bank facilities	1,776	2,919
Interest expense on interest rate swaps	175	82
Interest expense on leases	5,097	5,032
Fair value adjustment on interest rate swaps	(15)	-
Borrowing cost amortisation	249	220
Total finance costs	7,282	8,253

2.2.4 Impairment of assets		
Impairment of right-of-use assets ^A	1,126	321
Impairment of property, plant and equipment ^B	1,351	-
Impairment of software ^C	-	3,149
Total impairment of assets	2,477	3,470

^A The impairment of right-of-use assets relates to the Graham Street and Whangarei offices with adjustments resulting from the sub-lease of office space in both buildings. The 2020 cost is in relation to the Whangarei office where business changes resulted in a floor being vacated with the available space being marketed for rent.

^B The impairment to property, plant and equipment is for the portion of Graham Street building fitout costs that relate to the area of the head lease that has been sub-leased.

^C 2020 costs relate to the impairment of the WideOrbit radio scheduling system.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2021 \$'000	2020 \$'000
2.2.5 Fees paid to auditors		
Fees paid to the Group's auditors, PricewaterhouseCoopers, consist of:		
Audit or review of financial statements^A	485	405
<i>Other services</i>		
Other assurance services ^B	7	-
Tax services ^C	8	-
Other services ^D	18	17
Total other services	33	17
Total fees paid to auditors	518	422

^A Fee for both the audit of the annual financial statements and the independent review of the interim financial statements.

^B Compliance engagement of NZME Publishing Limited with the Rules and Circulation Audit Guidelines established by the Audit Bureau of Circulations Incorporated for the year ended 31 March 2021.

^C Taxation services provided on the franked dividend declared to NZME's shareholders.

^D Agreed upon procedures performed for monthly market revenue benchmarking and the 2020 Broadcasting Standards Authority return.

2.3 EARNINGS PER SHARE

	2021 \$'000	2020 Restated ^A \$'000
Reconciliation of earnings used in calculating basic / diluted earnings per share ("EPS")		
Profit attributable to owners of the parent entity	34,645	14,787
Profit attributable to owners of the parent entity used in calculating EPS	34,645	14,787

^A Refer to note 1.2.3 for details of the restatement.

	2021 Number	2020 Number
Weighted average number of shares		
Weighted average number of shares in the denominator in calculating basic EPS	197,570,061	197,570,061
Adjusted for calculation of diluted EPS	7,126,686	5,235,314
Weighted average number of shares in the denominator in calculating diluted EPS	204,696,747	202,805,375
	2021 Cents	2020 Cents
Basic / diluted earnings per share		
Basic earnings per share	17.54	7.48
Diluted earnings per share	16.93	7.29

Accounting policies

Basic earnings per share

Basic earnings per share is determined by dividing:

- the profit or loss attributable to owners of the Company; by
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account:

- the after-tax effect of dividends, interest and other changes in income or expense associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.4 SEGMENT INFORMATION

2.4.1 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 FINANCIAL STATEMENTS

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2.4.2 Segment revenue and results

The segment information provided to the Directors and Executive Team for the year ended 31 December 2021 is as follows:

	2021 \$'000	2020 Restated ^A \$'000
Revenue from external customers by channel		
Print	155,656	155,783
Radio	105,372	94,910
Digital and e-Commerce	84,474	66,647
Segment revenue from integrated media and entertainment activities	345,502	317,340
Revenue from shared services centre	1,156	3,409
Events	1,901	1,390
Total revenue from external customers	348,559	322,139
Dividend income	-	2
Government grants ^B	328	8,554
Rental income from owned and sub-leased property ^C	317	455
(Loss) / gain on disposal of property, plant and equipment	(23)	22
Expenses from operations before finance costs, depreciation, amortisation and exceptional items	(283,158)	(265,173)
Total segment adjusted EBITDA ^P	66,023	65,999
Depreciation and amortisation on owned assets	(14,876)	(16,033)
Depreciation on right-of-use assets	(11,443)	(12,515)
Total depreciation and amortisation	(26,319)	(28,548)
Interest income	145	67
Finance costs	(7,282)	(8,253)
Impairment of assets	(2,477)	(3,470)
Share of joint ventures and associates net loss after tax	(450)	(417)
Gain on sale of transmission site	465	-
Gain on sale of GrabOne Limited's assets and certain liabilities	15,367	-
Other lease adjustments ^E	476	1,835
<i>Exceptional items</i>		
Compensation for franking credits ^F	-	780
Redundancies and associated costs ^G	(2,023)	(8,263)
Costs in relation to one-off projects ^H	(1,673)	(519)
Net profit before income tax expense	42,252	19,211

^A Refer to note 1.2.3 for details of the restatement.

^B Government grants in 2021 relate to amounts received from the Ministry of Culture and New Zealand On Air for the production of content, journalism training & creating greater cultural awareness. In 2020 the 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 \$9,899,738 which is included in finance and other income in the consolidated income statement. For segment reporting the wage subsidy is allocated to other income (\$8,554,198), where it related to employees who continued to work in the business, and exceptional costs (\$1,345,540), where the subsidy related to employees who were made redundant and who were given extended notice periods, and is offset against redundancies and associated costs.

^C Rental income of \$254,952 was received from the sub-lease of right-of-use assets (2020: \$310,213)

^D 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.

^E The Group adopted the practical expedient under NZ IFRS 16 in relation to COVID-19 rent concessions. The rent concessions received by the Group reduced lease liabilities by \$360,863 in 2021 (2020: \$1,800,680), a corresponding amount recognised within other income in the income statement with other adjustments and changes to leases contributing \$114,875 (2020: \$34,103).

^F NZME franking credits were utilised by HT&E as part of an ATO settlement and related to the 2016 demerger agreement.

^G The redundancies and associated costs relate to the restructuring and integration of the New Zealand operations and in 2020 includes the wage subsidy offset for those employees who were given an extended notice period.

^H 2021 costs include building costs for the Graham Street sub-lease, onerous contract costs and costs incurred in relation to the acquisition of BusinessDesk (see note 9). The 2020 costs are in relation to the final costs incurred in connection with trying to acquire Stuff Limited and some additional provisions for historical pay claims.

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 FINANCIAL STATEMENTS

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3.0 OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS

Significant judgement: The Directors have determined that masthead brands and brands have indefinite lives and are therefore not amortised. Refer to the accounting policies below for further information. The Directors have also determined that where the Group control identifiable assets in relation to the configuration and customisation costs of SaaS arrangements these costs will be capitalised and amortised over the life of the arrangement. Control exists where the Group determines that the asset could be transferred to an alternative supplier without incurring substantial additional costs.

	Goodwill \$'000	Software ^A \$'000	Masthead brands \$'000	Radio licences \$'000	Brands \$'000	Total \$'000
As at 1 January 2020						
Cost	166,397	67,762	146,976	77,547	59,079	517,761
Accumulated amortisation and impairment	(166,397)	(56,860)	(74,336)	(44,258)	(29,881)	(371,732)
Net book value	-	10,902	72,640	33,289	29,198	146,029
For the year ended 31 December 2020						
Opening net book amount	-	10,902	72,640	33,289	29,198	146,029
Amortisation	-	(4,686)	-	(2,995)	-	(7,681)
Impairment	-	(3,149)	-	-	-	(3,149)
Transfer to assets held for sale	-	(939)	-	-	(29)	(968)
Transfers from capital work in progress	-	7,610	-	932	-	8,542
Net book value	-	9,738	72,640	31,226	29,169	142,773
As at 31 December 2020						
Cost	166,397	66,437	146,976	78,479	59,019	517,308
Accumulated amortisation and impairment	(166,397)	(56,699)	(74,336)	(47,253)	(29,850)	(374,535)
Net book value	-	9,738	72,640	31,226	29,169	142,773
For the year ended 31 December 2021						
Opening net book amount	-	9,738	72,640	31,226	29,169	142,773
Additions	-	(55)	-	396	-	341
Disposals	-	(7)	-	-	-	(7)
Amortisation	-	(3,497)	-	(3,056)	-	(6,553)
Other transfers and adjustments	-	(82)	-	-	-	(82)
Transfers from capital work in progress	-	1,539	-	184	-	1,723
Net book value	-	7,636	72,640	28,750	29,169	138,195
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

^A The prior year numbers have been restated due to the change in accounting policy for software intangible assets (see note 1.2.3 for details).

Accounting policies

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of the acquisition. Goodwill is not amortised but rather is subject to periodic impairment testing (refer to note 3.1.1 below) with all goodwill now fully impaired.

Software

Costs incurred in developing systems, acquiring software and licences are capitalised to software where the activities create an intangible asset that the Group controls and the intangible asset meets the recognition criteria. Costs capitalised include materials, services, payroll and payroll related costs of employees involved in development. Costs incurred in acquiring software or licences and configuration and customisation of Software-as-a-Service systems that are not capitalised, are expensed as incurred unless they are paid to the suppliers (or subcontractors of the supplier) of the cloud-based software. In the latter case, the costs paid upfront are recorded as prepayments for services and expensed over the expected terms of the cloud computing arrangements. Amortisation of software assets is calculated on a straight-line basis over the useful life of the asset (typically 2 to 10 years).

Masthead brands

Masthead brands, being the titles, logo's and similar items of the integrated media assets of the Group are accounted for as identifiable assets and are initially recognised at cost and subsequently measured at cost less any accumulated impairment losses. The Directors believe the masthead brands have indefinite lives as there is no foreseeable limit over which they are expected to generate net cash inflows for the Group. Accordingly, masthead brands are not amortised but are tested for impairment each year (refer to note 3.1.1 below).

Radio licences

Commercial radio licences are accounted for as identifiable assets and are initially recognised at cost. The current New Zealand radio licences expire on 31 March 2031 and are being amortised on a straight line basis to that date.

Brands

Brands are accounted for as identifiable assets and are initially recognised at cost and subsequently measured at cost less any accumulated impairment losses. The Directors have considered the geographic location, legal, technical and other commercial factors likely to impact the assets' useful lives and consider that they have indefinite lives. Accordingly, brands are not amortised but are tested for impairment each year (refer to note 3.1.1 below).

3.1.1 Year-end impairment review

Significant judgement: As disclosed in note 2.4 the Directors have determined that the Group has one reportable segment – being “Integrated Media and Entertainment”. The Directors have also determined that this is the only cash generating unit (CGU) for impairment testing because this is the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Accordingly all assets and liabilities attributable to the operations of the Group are allocated to one CGU except for financing, assets held for sale and equity accounted investments. This note also includes details of certain key estimates and assumptions made during the impairment testing process. The Directors should assess, at each reporting date, whether there is any indication that an impairment loss for an asset, other than goodwill, either no longer exists or has decreased. The Directors have determined that, while there is improvement in the headroom since the last impairment was recognised, no reversal of the previous impairment to masthead brands and brands is required.

The recoverable amount of the CGU is determined based on the higher of fair value less costs to sell and value-in-use (VIU) calculations using management forecasts. The recoverable amount of the CGU is compared against the carrying value of the CGU to determine whether there has been impairment. Any impairment is recognised immediately as an expense and in relation to goodwill, is not subsequently reversed.

A comprehensive impairment review was conducted at 31 December 2021. The recoverable amount of the CGU has been determined based on VIU. Based on the assumptions below no impairment of indefinite life intangible assets has been recognised

in the income statement (2020: \$nil). The impairment review used a set of assumptions which are considered the most appropriate for impairment testing but are more conservative than the Group's medium term plans.

The VIU calculations use cash flow projections which cover a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rate, which is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. This assessment is required to be made based on events and knowledge as at 31 December 2021.

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Key estimates and assumptions used for the value-in-use (VIU) of the cash generating unit (CGU) are as follows:

Discount Rate

A post tax discount rate used of 9.0% (2020: 9.0%).

The discount rate represents the current market assessment of the risks specific to the CGU, taking into account the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

Terminal Value

The terminal value within the VIU assessment has been calculated using a terminal growth rate assumption of -1.2% (2020: -1.5%).

Forecasts prepared over the forecast period (2022-2026)

The forecasts used in impairment testing have been prepared by management, and approved by the Board, for that specific purpose. Actual results may differ materially from those forecast or implied. The forecasts used in the impairment assessment were prepared to comply with the requirements of IAS 36.

The forecasts are not, and should not be read as, a forecast of, or guidance as to, the future financial performance and earnings of the Group.

The forecasts used in impairment testing require assumptions and judgements about the future, such as discount rates, long term growth rates, forecasted revenues, to which the model is sensitive and which are inherently uncertain.

Revenue and operating cost forecasts are prepared based on management's current expectations, with consideration given to internal information and relevant external industry data and analysis. The business performance is forecast to be impacted by the forecast continuing decline of the print advertising market as indicated by market surveys. Management's assessment of cash flows and growth assumptions for the forecast periods take into account this uncertainty. Whilst there are further uncertainties around forecasting in a COVID-19 environment and the potential impact on revenue, it is considered that the forecast assumptions are reasonable.

Future capex spend is estimated at historical replacement levels, and no incremental revenue or costs savings are assumed as a result of this expenditure.

The key forecast assumptions for compound annual growth rates used were:

	2021	2020
Print revenue	-4.92%	-6.50%
Radio revenue	1.55%	3.70%
Digital advertising revenue	4.47%	1.30%
Digital classifieds revenue	31.57%	26.00%
Digital subscriptions revenue	12.28%	28.00%
Operating expenses	0.77%	1.80%

Short term volatility may be experienced due to the impact of external environmental and economic conditions.

The Directors have reviewed the potential changes to the recoverable amount that could arise from changes in key assumptions and concluded that, at this time, there are no reasonably possible adverse changes in the key assumptions that would result in material impairment. The Directors determined that the increase in the headroom, since the impairment recognised as at 31 December 2019, is not directly attributable to the brands and as a result a reversal of previously recognised impairment of indefinite life intangible assets has not been recognised.

The Group compares the carrying amount of net assets with the market capitalisation value at each balance date. The share price at 31 December 2021 was \$1.43 equating to a market capitalisation of \$282.6 million. This market value excludes any control premium and may not reflect the value of 100% of NZME's net assets. The carrying amount of NZME's net assets at 31 December 2021 was \$157.1 million (\$0.80 per share).

Accounting policy

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and at the end of each reporting period if there is an indication that they may be impaired. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at

the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Currently, the Group has only one CGU, being Integrated Media and Entertainment. Intangible assets, other than goodwill, that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3.2 PROPERTY, PLANT AND EQUIPMENT

	Freehold land ^A \$'000	Buildings ^A \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
As at 1 January 2020					
Cost or fair value	1,165	157	14,540	337,165	353,027
Accumulated depreciation and impairment	-	(42)	(7,436)	(305,647)	(313,125)
Net book amount	1,165	115	7,104	31,518	39,902
Year ended 31 December 2020					
Opening net book amount	1,165	115	7,104	31,518	39,902
Additions	-	-	-	111	111
Disposals	-	-	-	(8)	(8)
Depreciation	-	(4)	(1,209)	(7,139)	(8,352)
Transfer to assets held for sale	(900)	(39)	-	-	(939)
Transfers from capital work in progress	-	(12)	187	4,089	4,264
Net book amount	265	60	6,082	28,571	34,978
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
Year ended 31 December 2021					
Opening net book amount	265	60	6,082	28,571	34,978
Additions	-	-	-	25	25
Disposals	-	-	(8)	(309)	(317)
Depreciation	-	(7)	(1,005)	(7,311)	(8,323)
Impairment	-	-	(1,076)	(275)	(1,351)
Other adjustments	-	-	(1)	61	60
Transfers from capital work in progress	-	-	140	1,764	1,904
Net book amount	265	53	4,132	22,526	26,976
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 amount	265	53	4,132	22,526	26,976

^A Freehold land and buildings are held at fair value based on independent valuations. If land and buildings were stated on the historical cost basis, the net book value of land would have been \$214,000 (2020: \$214,000) and the net book value of buildings would have been \$23,286 (2020: \$24,989). The last revaluation was performed for the year ended 31 December 2015.

Accounting policies

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Furniture and fittings • 3 to 25 years
- Buildings • 10 to 50 years
- Leasehold improvements • 2.5 to 50 years
- Motor vehicles • 5 to 10 years
- Plant & equipment • 1.5 to 29 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the income statement.

Land and buildings (excluding leasehold improvements) are recorded at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Independent valuations are performed on a periodic basis, as the Directors deem necessary, to ensure that the carrying value of assets is materially consistent with their fair value. At the end of each reporting period, the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to

revaluation reserves in equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first charged against the revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset. All other decreases are charged to the income statement.

Plant and equipment, furniture and fittings and motor vehicles are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Impairment of assets

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets that are subject to depreciation are tested for impairment whenever changes in circumstances indicate that the asset's carrying amount may exceed its recoverable amount. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Assets that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.3 RIGHT-OF-USE ASSETS

Significant judgments: Where a discount rate is not explicit in a lease the Group determines an applicable discount rate to use based on publicly available rates for Government Bonds, Bloomberg corporate bond spreads and yields and New Zealand swap rates and then applies an adjustment to these rates to apply a company specific credit risk. In determining the lease term the Group includes any periods covered by options to extend where the Group is reasonably certain to exercise that option.

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	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
Year ended 31 December 2021					
Additions	175	638	730	-	1,543
Depreciation	(7,411)	(3,359)	(667)	(6)	(11,443)
Impairment of right-of-use assets	(1,126)	-	-	-	(1,126)
Transfer to lease receivables	(5,898)	-	-	-	(5,898)
Changes in scope or lease terms	(653)	(224)	(70)	2	(945)
Net book amount	43,486	23,040	987	-	67,513

Accounting policies

The Group leases various offices, transmission towers, vehicles and other equipment which are all classified as operating leases.

Leases are recognised as a right-of-use asset and a corresponding lease liability. Each lease payment is allocated between the lease principal and finance costs. Finance costs are charged to profit or loss over the lease period and the right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

3.4 CAPITAL WORK IN PROGRESS

	2021 \$'000	2020 Restated ^A \$'000
As at 1 January	2,220	9,774
Additions	5,482	5,252
Disposals	(69)	-
Transfers to intangible assets	(1,723)	(8,542)
Transfers to property, plant and equipment	(1,904)	(4,264)
As at 31 December	4,006	2,220

^A Refer to note 1.2.3 for details of the restatement.

Capital work in progress is transferred to the relevant asset category once the project is completed. Capital work in progress is not depreciated or amortised prior to being transferred to the relevant asset category. Intangible assets not yet available for use, that are included in capital work in progress, are subject to annual impairment tests.

3.5 TRADE AND OTHER RECEIVABLES

	Note	2021 \$'000	2020 \$'000
Trade receivables		38,813	38,241
Provision for impairment		(634)	(717)
		38,179	37,524
Amounts due from related companies	7.2	9	37
Finance lease receivables	3.5.4	356	-
Other receivables and prepayments		6,632	6,321
Total current trade and other receivables		45,176	43,882
Movements in the provision for impairment are as follows:			
Balance at beginning of the year		717	632
Provision for impairment expense		51	721
Receivables written off		(134)	(636)
Provision for impairment		634	717
Other receivables and prepayments		1,101	1,079
Finance lease receivables	3.5.4	5,778	-
Total non-current trade and other receivables		6,879	1,079

3.5.1 Classification

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Receivables and other financial assets are classified and subsequently measured at amortised cost on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. If collection of the amounts is expected in one year or less they are classified as current assets. If collection is expected to be in greater than one year they are classified as non-current.

3.5.2 Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

3.5.3 Impairment and risk exposure

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each receivable. The Group does not hold any collateral as security. Refer to note 4.7.3 for credit risk and note 4.8 for fair value information.

Accounting policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Receivables are monitored on an individual basis and the Group considers the probability of default upon initial recognition of the receivable and throughout the period and provides for receivables expected to be impaired. The amount of loss is recognised in the income statement within other expenses. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement against the impairment losses on receivables.

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3.5.4 Finance lease receivables

Finance lease receivables relate to the sub-leases of parts of the Auckland and Whangarei right-of-use assets sub-let during the year.

	2021 \$'000
As at 1 January	-
Transfer from right-of-use assets	5,898
Other direct costs	338
Total additions for the year	6,236
Interest on lease receivables	102
Total lease receivables before cash payments	6,338
Interest received	(102)
Principal received	(102)
Net investment in lease receivables at 31 December ^A	6,134
Current assets	356
Non-current assets	5,778
Net investment in lease receivables at 31 December	6,134

^A Make good provisions are included in material sub-leases to ensure the Group's exposure to risk is minimised.

The table below details the Group's contractual undiscounted cash flows for the finance lease receivable assets to maturity.

	2021 \$'000
Less than 1 year	655
1 to 2 years	684
2 to 3 years	682
3 to 4 years	771
4 to 5 years	1,000
Greater than 5 years	3,980
Total lease payments receivable	7,772
Unearned finance income	(1,638)
Net investment in lease receivables at 31 December	6,134

Accounting policies

When the Group acts as a lessor in sub-leasing its right-of-use assets, it determines, at lease commencement date, whether each lease is a finance lease or an operating lease by assessing whether the lease transfers to the lessee substantially all the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case then the lease is a finance lease; if not then it is an operating lease. As part of this assessment the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

For the purposes of classifying the sub-lease, reference is to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Assets arising from a sub-lease are initially measured on a present value basis and include the following:

- initial direct costs incurred in acquiring the sub-lease;
- fixed payments (including in-substance fixed payments), less any lease incentives payable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be receivable under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The discount rate applied to calculate the present value of the lease receivable asset is the rate that was applied in calculating the right-of-use asset for the head lease to which the sub-lease relates.

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, six to eight 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.

During the year ended 31 December 2021 inventories totalling \$9,934,471 were expensed (2020: \$10,002,578).

Accounting policy

Inventories are measured at cost and are expensed as used. All paper stock is inspected on delivery and, if damaged returned to the supplier, with undamaged stock recorded in the stock system. Weekly stock takes are performed to ensure stock on hand agrees to the inventory system.

3.7 TRADE AND OTHER PAYABLES

	Note	2021 \$'000	2020 \$'000
Current payables			
Amounts due to related companies	7.2	24	64
Employee entitlements		5,664	4,605
Deferred revenue		16,882	13,400
Trade payables and accruals		31,210	25,769
Total current trade and other payables		53,780	43,838

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Accounting policies

Trade and other payables

Trade payables, including accruals not yet billed, are recognised when the Group becomes obliged to make future payments as a result of a purchase of assets or services. Trade payables are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received. Trade payables are unsecured and are generally settled within 30 to 45 days.

Employee entitlements

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months from the reporting date are recognised in payables and accruals in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Amounts to be settled more than 12 months after the reporting date are recognised as a non-current payable. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Short-term incentive plans

A liability for short-term incentives is recognised in trade payables when there is an expectation of settlement and at least one of the following conditions is met:

- there are contracted terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial statements; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for short-term incentives are expected to be settled within 12 months and are recognised at the amounts expected to be paid when they are settled.

Refer to note 4.3 for disclosures relating to share based payments and note 7.1 for key management compensation.

Deferred revenue

The accounting policy for deferred revenue is disclosed in note 2.1.

3.8 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:

	2021 \$'000	2020 Restated ^A \$'000
As at 31 December		
Total assets	312,368	332,409
Deferred tax asset	(3,485)	(1,913)
Intangible assets	(138,195)	(142,773)
Total liabilities	(155,254)	(205,908)
Net tangible assets	15,434	(18,185)
Number of shares issued (in thousands)	197,570	197,570
Net tangible assets per share (in \$)	0.08	(0.09)

^A Refer to note 1.2.3 for details of the restatement.

3.9 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policies

For each cash flow hedge relationship, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Gains or losses that are recognised in other comprehensive income are transferred to the income statement in the same period in which the hedged exposure affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement at the time hedge effectiveness is tested.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is kept in other comprehensive income until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is immediately transferred to the income statement.

The Group has invested \$25 million (2020: \$30 million) in four (2020: five) different interest rate swaps with maturity dates from February 2022 to August 2023 (2020: August 2021 to August 2023) to minimise the Group's interest rate risk. As at 31 December 2021 the Group had a current asset of \$25,054 (2020: \$16,400 current liability) and a non-current asset of \$228,242 (2020: \$309,692 non-current liability) and has recycled interest expense of \$168,113 (2020: \$82,121) through other comprehensive income. The hedges became ineffective in November 2021 resulting in \$15,789 of fair value adjustment being recognised directly in finance costs on the income statement.

4.0 CAPITAL MANAGEMENT

4.1 SHARE CAPITAL

	2021 '000	2020 '000	2021 \$'000	2020 \$'000
Authorised, issued and paid up share capital				
Balance at the beginning of the year	197,570	196,556	361,758	360,768
Shares issued during the year	-	1,014	-	990
Balance at the end of the year	197,570	197,570	361,758	361,758

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

On 17 December 2021 the Group announced that a share buyback programme is to commence in February 2022. The buyback programme will be for up to 21,428,571 shares, approximately 11% of NZME's issued share capital on 17 December 2021 for an aggregate purchase price of \$30.0 million. A further announcement will be made ahead of the on-market share buyback to confirm the commencement.

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4.2 RESERVES

	Note	2021 \$'000	2020 \$'000
Share based payments reserve			
Balance at the beginning of the year		1,501	1,746
Share based payment expense	7.1	1,559	1,095
2017 TIP settlement		-	(1,340)
Balance at end of the year		3,060	1,501
Cash flow hedge reserve			
Balance at the beginning of the year		(326)	178
Effective gain / (loss) on hedging instruments		396	(656)
Reclassification to profit or loss		168	82
Tax impact of hedging transactions		-	70
Balance at end of the year		238	(326)
Asset revaluation reserve			
Balance at beginning of the year		722	722
Transfer to retained earnings		(671)	-
Balance at end of the year		51	722
Equity investments revaluation reserve			
Balance at beginning of the year		1,271	-
Share of revaluation of joint ventures' and associates' assets		-	1,271
Balance at end of the year		1,271	1,271
Foreign currency translation reserve			
Balance at beginning of the year		317	338
Net exchange difference on translation of foreign operations		(17)	(21)
Balance at end of the year		300	317
Total reserves		4,920	3,485

4.2.1 Nature and purpose of reserves

Share based payments reserve

The share based payments reserve is used to recognise the fair value of the performance rights issued but not yet vested as described in note 4.3.

Cash flow hedge reserve

The cash flow reserve is used to record unrealised gains or losses on hedging instruments that are recognised directly in equity. The modified fair value method has now been applied to the interest rate swaps and therefore no tax adjustments are required.

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described

in note 3.2. In the event of the sale of an asset, the revaluation surplus is transferred to retained earnings.

Equity investments revaluation reserve

The equity investments revaluation reserve is used to record the Group's share of increments and decrements on the revaluation of assets owned by its joint ventures and associates. In the event of the sale of an asset, the revaluation surplus is transferred to retained earnings.

Foreign currency translation reserve

Exchange differences arising on translation of any foreign controlled entities are taken to the foreign currency translation reserve, as described in the basis of preparation.

4.3 SHARE BASED PAYMENTS

	Average price per right (\$)	2021 Number of rights	Average price per right (\$)	2020 Number of rights
As at 1 January	0.41	5,235,314	0.72	3,024,181
Granted (2019 TIP) ^A	0.95	89,916	-	-
Granted (2020 TIP) ^B	0.95	36,173	0.36	3,724,664
Granted (2021 TIP) ^C	0.72	1,765,283	-	-
Surrendered ^D	-	-	0.89	(499,468)
Issued ^E	-	-	0.89	(1,014,063)
As at 31 December	0.52	7,126,686	0.41	5,235,314

^A In 2021 the Board approved that under the 2019 TIP, participants will be entitled to additional shares when the rights are exercised (on 31 December 2022) for any dividends foregone during the period 1 January 2020 to 31 December 2021. For dividends declared during the period 1 January 2021 to 31 December 2021, this resulted in an additional 89,916 shares being issued to participants.

^B The number of performance rights granted in 2021 in respect of the 2020 TIP. The total of 36,173 comprises 263,537 rights issued in relation to dividends foregone in 2021 less an adjustment of 227,363 for rights actually awarded in 2021 for the 2020 TIP

compared to the estimated number reported at 31 December 2020.

^C The number of performance rights expected to be granted in 2022 in respect of the 2021 TIP.

^D The 2020 surrendered shares relate to the 2017 TIP with participants surrendering shares in lieu of PAYE owing on the issue of shares.

^E The rights granted under the 2017 TIP were exercised on 31 December 2020 with 1,014,063 shares being issued. The share price at the date of issue was \$0.70.

Share rights outstanding at the end of the year have the following exercise date and grant date price per right:

Grant date	Vesting date	Exercise date	Grant price per right (\$)	2021 Number of rights	2020 Number of rights
29 March 2019	31 Dec 2020	31 Dec 2022	0.55	1,600,566	1,510,650
5 March 2020	31 Dec 2021	31 Dec 2023	0.36	3,760,837	3,724,664
4 December 2020	31 Dec 2022	31 Dec 2024	0.71	1,131,675	-
10 December 2020	31 Dec 2022	31 Dec 2024	0.66	553,845	-
5 November 2021	31 Dec 2022	31 Dec 2024	1.25	79,763	-
As at 31 December				7,126,686	5,235,314

	2021	2020
Weighted average remaining time until rights outstanding at the end of the period automatically convert to ordinary shares	24 months	33 months

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4.3.1 Background

Total incentive plan ("TIP")

The TIP is designed to align the reward outcomes with the shareholders' interest and to support the achievement of the Group's business strategy and was approved by the Board on 20 December 2016. Under the TIP, and at the absolute discretion of the Board, the CEO and other executive key management personnel are eligible to participate in the TIP. Eligible participants have a target award opportunity, which varies between 50% and 100% of fixed remuneration, depending on the participant's role and responsibilities. A new TIP opportunity will be offered at the commencement of each financial year. The award is dependent on performance over a one year period ("performance period") and there is no opportunity for retesting. Performance is formally evaluated after the date that the full year financial performance is announced to the market.

4.3.2 2021, 2020 and 2019 TIP Schemes

Performance measures

- Financial performance conditions (50% to 75%): Performance will be measured against earnings before interest, tax, depreciation and amortisation ("EBITDA"). This portion is determined based on actual EBITDA against budgeted EBITDA on the following scale:

% of EBITDA	% of target opportunity awarded
< 95%	0%
> 95% to 100%	Pro-rata vesting between 25% and 100%
> 100% to 110%	Pro-rata vesting between 100% and 150%

- Business Unit Goals (0% to 25%): This portion is determined based on actual achievement against Business Unit ("BU") Goals on the following scale:

% of BU Goal achieved	% of target opportunity awarded
< 95%	25%
> 95% to 100%	Pro-rata vesting between 25% and 100%
> 100% to 110%	Pro-rata vesting between 100% and 150%

- Individual performance conditions (25%): This portion is determined against individual performance conditions, as determined for each participant. The TIP award is earned if all of the individual performance conditions have been achieved, although the Board has discretion to award less than a 100% of the target for partial performance and more than a 100% of the target for exceptional performance.

Awards under the TIP are granted to participants following the assessment of performance. To the extent that performance measures are met:

- 50% of awards are made in cash; and
- 50% of awards are granted in rights to acquire fully paid ordinary shares in the Company for nil consideration ("Rights").

The performance period for the awards is a twelve month period commencing on 1 January of the relevant year. Subject to remaining employed by the Company for a further one year period following the performance period ("service period"), rights will vest. The vested rights cannot be exercised for a further two years ("deferral period"). Vested rights will automatically convert into ordinary shares for nil consideration at the end of the deferral period without the requirement for the participant to exercise their rights. At the discretion of the Board, validly exercised rights may be satisfied in cash, rather than in shares. Participants are not entitled to receive any dividends for the rights they hold, but the Board may, at its sole discretion, allocate shares or make a cash payment to participants equal to the value of dividends that were payable whilst holding the unvested and / or vested rights. The Company may reduce unvested equity awards in certain circumstances such as gross misconduct, material misstatement or fraud. The Board may also reduce unvested awards to recover amounts where performance that led to payments being awarded is later determined to have been incorrectly measured or not sustained. Awards are normally forfeited if the participant leaves before the end of the performance period, except in limited circumstances that are approved by the Board on a case-by-case basis. If a participant leaves during the service period, the rights that will vest will be determined on a pro-rata basis based on when they leave during the service period. If a participant leaves during the deferral period, no rights will be forfeited, but rights will still only convert into ordinary shares at the end of the deferral period.

The fair value of the rights at grant date was estimated based on the NZME share price at that date, being the date after the Board approved the TIP and the terms were communicated to the eligible participants. The number of rights awarded are based on the Volume Weighted Average Price (VWAP) of the Company's shares for the first 5 trading days of each Performance Period.

Model inputs

The following is a summary of the key inputs in calculating the share-based payment expense under the 2021 TIP:

• Performance period	1 January 2021 to 31 December 2021
• Service period	1 January 2022 to 31 December 2022
• Vesting period (being the performance period and the service period)	1 January 2021 to 31 December 2022
• Deferral period	1 January 2023 to 31 December 2024
• Share price at grant date 4 December 2020	71 cents
• Share price at grant date 10 December 2020	66 cents
• Share price at grant date 5 November 2021	\$1.25
• VWAP	73.7 cents

The following is a summary of the key inputs in calculating the share-based payment expense under the 2020 TIP:

• Performance period	1 January 2020 to 31 December 2020
• Service period	1 January 2021 to 31 December 2021
• Vesting period (being the performance period and the service period)	1 January 2020 to 31 December 2021
• Deferral period	1 January 2022 to 31 December 2023
• Share price at grant date	36 cents
• VWAP	39.8 cents

The following is a summary of the key inputs in calculating the share-based payment expense under the 2019 TIP:

• Performance period	1 January 2019 to 31 December 2019
• Service period	1 January 2020 to 31 December 2020
• Vesting period (being the performance period and the service period)	1 January 2019 to 31 December 2020
• Deferral period	1 January 2021 to 31 December 2022
• Share price at grant date	55 cents
• VWAP	50.4 cents

It is assumed that all participating employees will remain employed with the Company until the end of the vesting period.

4.3.3 2018 TIP

No TIP was offered for the 2018 Financial Year.

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4.3.4 Total Incentive Plan (TIP) for 2022

In February 2022 the Board approved an updated framework for the Company's Total Incentive Plan (TIP). The TIP is designed to align reward outcomes with individual performance and the performance of the Company and value creation for shareholders over both the short and long term.

The updated TIP framework includes a short-term component that will be based on the performance of the Company for the financial year ending 31 December 2022 measured in terms of earnings and the achievement of various specific targets set for each individual participant that align with the Company's strategic goals. The short-term component includes both a cash bonus element and a share rights element. The cash payment would be payable following the end of the 2022 financial year period, with share rights issued at

the same time and deferred for an additional year before they vest, subject to continued employment over that extended period.

In addition, a new long-term incentive component has been added in the TIP framework, which is based on a three-year performance period commencing that would commence on 1 January 2022 with awards subject to both earnings per share (EPS) and total shareholder return (TSR) performance hurdles. The long-term component comprises an issue of share rights that may vest at the end of three years, subject to achievement of the EPS and TSR performance hurdles and continued employment by the Company.

Offers will be made to eligible executives in due course with further details provided in the 2022 financial statements.

Accounting policies

Total incentive plan (TIP)

The fair value of rights granted under the TIP plan is recognised as an employee benefits expense with a corresponding increase in equity over the vesting period, being the performance period and the service period. The fair value is measured at grant date and the number of rights are determined using the volume weighted average price of NZME's shares on the NZX over the first 5 trading days of the performance period.

The fair value at grant date is determined taking into account the share price, any market performance conditions and any non-vesting conditions, but excluding the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. At each reporting date, the Group revises its estimate of the number of rights that are expected to become exercisable.

The employee benefits expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, is recognised in profit or loss with a corresponding adjustment to equity.

4.4 DIVIDENDS

4.4.1 Dividend policy

The Group's dividend policy is to pay dividends of between 30-50% of free cash flow while having regard to the Company's capital requirements, operating performance and financial position. The payment of dividends is also subject to the Company being within the leverage ratio range of 0.5 to 1 times the rolling 12 month trading EBITDA.

4.4.2 Dividends paid and declared

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.

On 22 September 2021 a fully imputed and franked dividend of 3.0 cents per share was paid to registered shareholders as at 10 September 2021, the total amount paid was \$5,927,102. The Board also approved the payment of a supplementary dividend

of 0.00529412 cents per share to those shareholders who are not tax residents and who hold less than 10% of the shares in the Company. The total of the supplementary dividend paid, on 22 September 2021, was \$677,911.

On 21 February 2022, the Board of Directors declared a fully imputed and franked final dividend of 5.0 cents per share for the 2021 financial year. The dividend is to be paid on 23 March 2022 to registered shareholders as at 11 March 2022.

The dividends declared on 23 August 2021 and 21 February 2022 were 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 dividends and had not been appropriated or earmarked for other purposes.

4.4.3 Franking and imputation credits

	2021 \$'000	2020 \$'000
Imputation credits available for subsequent reporting periods based on the New Zealand 28% tax rate for the Group	NZ\$ 25,047	NZ\$ 18,061
Franking credits available to the Company for subsequent reporting periods based on the Australian 30% tax rate for the Group	A\$ 6,700 ^A	A\$ 0 ^A

^A Franking credits of A\$6,699,711 are available for use by the Company following the payment of the inter-company dividend in June 2021 (see note 4.4.2). 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.

4.5 INTEREST BEARING LIABILITIES

The following table details the Group's combined net debt at 31 December 2021.

The movements in these balances during the year are provided in notes 4.5.1 Secured bank loans and note 4.5.2 Lease liabilities.

	2021 \$'000	2020 \$'000
Bank loans	-	45,379
Cash and cash equivalents	(13,538)	(11,560)
Net (cash) / bank debt	(13,538)	33,819
Lease liabilities	96,785	107,452
Net debt at 31 December	83,247	141,271

4.5.1 Secured bank loans

	2021 \$'000	2020 \$'000
Bank loans		
As at 1 January	45,379	89,149
Net cash flows	(46,000)	(43,500)
Capitalised borrowing costs	-	(490)
Amortisation of borrowing costs	249	220
Reclassification of unamortised borrowing costs to prepayments	372	-
As at 31 December	-	45,379
Cash and cash equivalents		
As at 1 January	(11,560)	(14,416)
Cash flows	(1,978)	2,856
As at 31 December	(13,538)	(11,560)
Net (cash) / bank debt	(13,538)	33,819

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Capitalised borrowing costs of \$372,671 at 31 December 2021 have been reclassified as current prepayments (\$248,507) and non-current prepayments (\$124,254) as there were nil drawings on the loan facilities at this date. No change has been made to the comparative amounts with \$621,268 of borrowing costs included in the secured bank loans balance at 31 December 2020. Capitalised borrowing costs are the costs incurred on acquiring the loan less accumulated amortisation to 31 December 2021 with the costs being amortised over the period of the loan facility.

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 \$nil million (2020: \$46.0 million) is drawn and \$50.0 million (2020: \$74.0 million) is undrawn as at 31 December 2021. The facility limit will step down by a further \$10.0 million from 1 July 2022

and by a further \$5.0 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.

Accounting policy

Borrowings are initially recognised at fair value less attributable transaction costs and subsequently measured at amortised cost. Any difference between cost and redemption value is recognised in the income statement over the period of the borrowing on an effective interest basis.

Costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing. These costs are netted off against the carrying value of borrowings in the balance sheet.

4.5.2 Lease liabilities

	2021 \$'000	2020 \$'000
As at 1 January		
Current lease liabilities	10,931	11,076
Non-current lease liabilities	96,521	84,807
Total lease liabilities	107,452	95,883
Interest on lease liabilities	5,097	5,032
New leases	1,538	157
Rent concessions	(361)	(1,801)
Changes in scope, lease terms and other adjustments	(1,059)	22,489
Total lease liabilities before cash payments	112,667	121,760
Interest paid on leases	(5,097)	(4,833)
Principal payments	(10,785)	(9,475)
Total cash payments	(15,882)	(14,308)
Total lease liabilities at 31 December	96,785	107,452
Current lease liabilities	11,340	10,931
Non-current lease liabilities	85,445	96,521
Total lease liabilities at 31 December	96,785	107,452

4.6 CASH FLOW INFORMATION

	2021 \$'000	2020 Restated ^A \$'000
Reconciliation of cash		
<i>Cash at end of the year, as shown in the statement of cash flows, comprises:</i>		
Cash and cash equivalents	13,538	11,560
Reconciliation of net cash inflows from operating activities to profit for the year:		
Profit for the year	34,434	14,482
Depreciation and amortisation expense	26,319	28,548
Borrowing cost amortisation	249	220
Fair value movement on over hedged swaps	(15)	-
Change in current / deferred tax payable	510	2,056
Gain on sale of non-current assets	(15,809)	(22)
Group's share of retained losses in joint ventures and associates	539	417
Lease rent concessions and other lease adjustments	(476)	(1,835)
Interest accrual on leases	-	199
Impairment of property, plant and equipment	1,351	-
Impairment of software	-	3,149
Impairment of right-of-use assets	1,126	321
Share based payment expense	1,559	1,095
Changes in assets and liabilities net of effect of acquisitions:		
Trade and other receivables	(503)	7,718
Inventories	(429)	464
Prepayments	182	503
Trade and other payables and employee entitlements	2,805	(1,739)
Net cash inflows from operating activities	51,842	55,576

^A Refer to note 1.2.3 for details of the restatement.

Accounting policy

For the purposes of presentation on the statement of cash flows, cash and cash equivalents includes cash on hand and short term deposits held at call with finance institutions, net of bank overdrafts.

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4.7 FINANCIAL RISK MANAGEMENT

4.7.1 Capital and risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Refer to note 4.5 for undrawn facilities to which the Group has access to as well as the net debt calculation that is used by the group to manage capital requirements.

The Group's activities expose it to a variety of financial risks:

- market risk, including interest rate risk and price risk;
- credit risk; and
- liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Financial risk management is carried out by the Group Treasury function. The Group Treasury function meet regularly with the Group CFO to cover specific areas, such as interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. Due to the Group's limited operations in foreign jurisdictions, the Group does not have a significant foreign exchange exposure.

4.7.2 Market risk

Cash flow and fair value interest rate risk

Long term borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed interest rates expose the Group to fair value interest rate risk. The Group has undertaken hedging transactions to mitigate this risk (note 3.9). Current interest bearing debt is fixed for 30 days on a rolling basis.

NZME's interest rate risk is managed with interest rate derivatives. Hedge accounting is applied to derivatives that are effective in offsetting the changes in fair value or cash flows of the hedged items. The hedge relationship is documented and the effectiveness of such hedges is tested at regular intervals, at least on a semi-annual basis.

The Company had no debt at 31 December 2021 and therefore no sensitivity analysis on changes in interest rates has been performed. Based on the outstanding net floating debt at 31 December 2020 a change in interest rates of +/-1% per annum with all other variables being constant would have impacted post-tax profit and equity by \$0.2 million lower / higher.

Price risk

The Group is not exposed to significant price risk. There is some risk associated with other financial assets however this is not deemed to be significant.

4.7.3 Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, the creditworthiness is assessed prior to entering into arrangements and approved by the Board. For other customers, NZME's credit control department assesses the credit quality, taking into account financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and the Group does not normally obtain collateral from its customers.

The table below sets out additional information about the credit quality of trade receivables net of the provision for impairment.

	Current \$'000	Less than one month \$'000	Past due			Total \$'000
			One to three months \$'000	Three to six months \$'000	Over six months \$'000	
2021						
<i>Expected loss rate</i>	0.3%	1.4%	7.2%	25.9%	13.4%	
Trade receivables	29,464	5,828	1,516	580	1,425	38,813
Impaired receivables	(103)	(81)	(109)	(150)	(191)	(634)
	29,361	5,747	1,407	430	1,234	38,179

	Current \$'000	Less than one month \$'000	Past due			Total \$'000
			One to three months \$'000	Three to six months \$'000	Over six months \$'000	
2020						
<i>Expected loss rate</i>	0.7%	2.9%	7.7%	-145.2%	14.0%	
Trade receivables ^A	28,699	7,085	1,529	(32)	1,042	38,323
Impaired receivables	(205)	(203)	(117)	(46)	(146)	(717)
	28,494	6,882	1,412	(78)	896	37,606

^A Trade receivables includes \$82,326 of receivables in relation to GrabOne Limited that are classified as assets held for sale.

Trade receivables are generally settled within 30 to 45 days. The Directors consider the carrying amount of trade receivables approximates to their net fair value. Trade receivables are monitored on an individual basis and the company considers the probability of default upon initial recognition of the trade receivable and throughout the period and provides for trade receivables considered to be impaired.

As of 31 December 2021, trade receivables of \$3,071,000 (2020: \$2,230,000) were past due but not impaired.

The maximum exposure to credit risk at 31 December 2021 is equal to the carrying amount of cash and cash equivalents and trade and other receivables. The Group is not exposed to any concentrations of credit risk within cash and cash equivalents or trade and other receivables.

Credit risk further arises in relation to financial guarantees given to certain parties from time to time.

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4.7.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The tables below analyse the Group's financial liabilities including interest to maturity into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

	Less than one year \$'000	Between one and two years \$'000	Between two and five years \$'000	Over five years \$'000	Total cash flows \$'000
31 December 2021					
Trade payables and accruals	31,210	-	-	-	31,210
Lease liabilities	15,954	15,006	40,845	46,733	118,538
Bank loans	-	-	-	-	-
Gross liability	47,164	15,006	40,845	46,733	149,748
(Less): interest	-	-	-	-	-
Total financial liabilities	47,164	15,006	40,845	46,733	149,748
31 December 2020					
Trade payables and accruals ^A	31,688	-	-	-	31,688
Lease liabilities	16,241	15,829	42,411	59,511	133,992
Bank loans	3,001	3,001	49,001	-	55,003
Gross liability	50,930	18,830	91,412	59,511	220,683
(Less): interest	(3,001)	(3,001)	(3,001)	-	(9,003)
Total financial liabilities	47,929	15,829	88,411	59,511	211,680

^A Total includes \$5,918,262 of GrabOne Limited trade payables and accruals which are included in liabilities directly associated with assets classified as held for sale.

4.8 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).

4.8.1 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).

4.8.2 Recognised fair value measurements

	Note	2021 \$'000	2020 \$'000
<i>Recurring fair value measurements</i>			
Financial assets (Level 2)			
Derivative financial instruments: current assets / (current liabilities)	3.9	25	(16)
Derivative financial instruments: non-current assets / (non-current liabilities)	3.9	228	(310)
Financial assets (Level 3)			
There are no financial assets carried at fair value. Other financial assets of \$815,000 (2020: \$815,000) are measured at amortised cost and therefore have been excluded from this table.			
Total financial assets		253	(326)
Non-financial assets (Level 3)			
Freehold land	3.2	265	265
Buildings (excluding leasehold improvements)	3.2	53	60
Total non-financial assets		318	325

All fair value measurements referred to above are in either level 2 or level 3 of the fair value hierarchy and there were no transfers between levels. The Group's policy is to recognise transfers between fair value hierarchy levels as at the end of the reporting period.

4.8.3 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 current 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 4.5 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 year ended 31 December 2021, the borrowing rates were determined to be between 3.0% and 3.6% (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).

4.8.4 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 less subsequent depreciation for buildings, to ensure that the carrying value of the assets is materially consistent with their fair value. 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.

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5.0 TAXATION

5.1 INCOME TAX EXPENSE

	2021 \$'000	2020 Restated ^A \$'000
Reported income tax expense comprises:		
Current tax expense	9,416	5,789
Deferred tax benefit	(1,573)	(326)
Over provision in prior years	(25)	(734)
Income tax expense	7,818	4,729
Income tax is attributable to:		
Taxable profit from continuing operations	7,818	4,729
Total income tax expense	7,818	4,729
Income tax expense differs from the amount prima facie payable as follows:		
Profit before income tax expense	42,252	19,211
Prima facie income tax at 28%	11,831	5,379
Non-assessable asset sales and exempt distribution receipts	(4,446)	(2)
Non-assessable receipt	-	(218)
Non-assessable loss from equity accounting of investments in joint ventures and associates	126	117
Non-deductible expenses	332	220
Differences in international tax rates	-	(15)
Re-instatement of tax depreciation on buildings	-	(18)
Over provision in prior years	(25)	(734)
Income tax expense	7,818	4,729

^A Refer to note 1.2.3 for details of the restatement.

5.2 DEFERRED TAX

Deferred tax assets and liabilities are attributable to:

	Opening Balance \$'000	Recognised in income \$'000	Recognised in equity \$'000	Other movements \$'000	Closing Balance \$'000
2020					
Employee entitlements	1,485	(742)	-	(14)	729
Provision for impairment	177	24	-	-	201
Accruals / restructuring	119	49	-	-	168
Intangible assets	(418)	37	-	-	(381)
Property, plant and equipment ^A	173	190	-	(15)	348
Leases	(331)	758	-	-	427
Share schemes	526	10	(115)	-	421
Other	(70)	-	-	70	-
	1,661	326	(115)	41	1,913
2021					
Employee entitlements	729	293	-	(2)	1,020
Provision for impairment	201	(23)	-	-	178
Accruals / restructuring	168	184	-	1	353
Intangible assets	(381)	37	-	-	(344)
Property, plant and equipment	348	156	-	-	504
Leases	427	490	-	-	917
Share schemes	421	436	-	-	857
	1,913	1,573	-	(1)	3,485

^A The opening deferred tax balance and the movement during the year have been restated. Refer to note 1.2.3 for details.

There are unrecognised tax losses of \$1,852,045 (A\$1,744,812) (2020: \$1,859,348 (A\$1,744,812)) in an Australian subsidiary of the Company which have not been recognised as there is uncertainty as to their future recoverability. The deferred tax asset on these losses was not offset against the deferred tax liabilities of the rest of the Group because they are levied by a different tax authority.

The 2020 other movements in employee entitlements and property, plant and equipment are the transfer of the deferred tax assets of GrabOne Limited to assets held for sale (see note 6.3.1).

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Accounting policies

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects

neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

6.0 GROUP STRUCTURE AND INVESTMENTS IN OTHER ENTITIES

6.1 CONTROLLED ENTITIES

The consolidated 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 years ended 31 December 2020 and 2021.

	2021 Ownership interest	2020 Ownership interest
Name of entity		
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 (see note 6.3.1).

^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 FINANCIAL STATEMENTS

CONTINUED

Accounting policies

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

6.2 INTERESTS IN OTHER ENTITIES

6.2.1 Associates, joint ventures and joint operations

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

	2021 Ownership Interest	2020 Ownership Interest
Name of entity		
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%
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.

Accounting policies

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Interests in associates are accounted for in the consolidated financial statements using the equity method (see below), after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

Joint arrangements

Under IFRS 11: *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group recognises 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. These have been incorporated in the financial statements under the appropriate headings.

The Group's interests in joint ventures are accounted for using the equity method (see below) after initially being recognised at cost in the consolidated balance sheet.

Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

6.2.2 Equity accounted investments

	2021	2020
	\$'000	\$'000
Opening balance 1 January	4,162	3,308
Share of operating losses	(450)	(417)
Dividends received	(89)	-
Asset revaluation (Gisborne Herald)	-	1,271
Total equity accounted investments	3,623	4,162

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.

The 2020 revaluation of land owned by the Gisborne Herald was processed through the equity investments revaluation reserve (see note 4.2).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

6.3 ASSETS HELD FOR SALE

On 29 October 2021 the Group sold the assets and certain liabilities of GrabOne Limited and renamed the company as NZME Advisory Limited, (see note 6.3.1 for further details), and the Mt Victoria transmission site was sold on 30 April 2021. At 31 December 2020 the Group had net liabilities held for sale of \$5.2 million in respect of these assets.

Accounting policies

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount, and their fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

6.3.1 Sale of assets previously classed as held for sale

The sale of assets and certain liabilities by GrabOne Limited to Global Market Place was for \$17.5 million resulting in a gain on sale of \$15.4 million. GrabOne Limited was not considered to be a significant component of the Group, or separate major line of business, and is therefore not a discontinued operation. The Group is responsible for settling the outstanding merchant liabilities as at 29 October 2021 which were \$3.9 million and at balance date these outstanding merchant liabilities were \$1.1 million and are included in trade and other payables on the balance sheet.

For information purposes additional disclosures in respect of GrabOne Limited's performance are shown in note 6.3.2 and 6.3.3.

The Mt Victoria transmission site was sold on 30 April 2021 with a gain on sale of \$0.5 million.

6.3.2 Income statement for GrabOne Limited

	2021 ^A \$'000	2020 \$'000
Revenue	7,030	8,952
Other income ^B	15,367	-
Expenses from operations before finance costs, depreciation and amortisation	(3,396)	(4,574)
Depreciation and amortisation	-	(682)
Profit before income tax expense	19,001	3,696
Income tax expense	(1,173)	(1,039)
Profit after tax	17,828	2,657

^A For the period ended 29 October 2021.

^B Gain on sale of GrabOne Limited's assets and certain liabilities (see note 6.3.1)

6.3.3 Cash flows from GrabOne Limited

	2021 ^A \$'000	2020 \$'000
Net cash (outflows) / inflows from operating activities	(15)	4,187
Reconciliation of net cash inflows / (outflows) from operating activities to profit for the year:		
Profit for the year	17,828	2,657
Depreciation and amortisation expense	-	682
Change in current / deferred tax payable	1,173	(140)
Gain on sale of GrabOne Limited's assets and certain liabilities	(15,367)	-
Changes in assets and liabilities net of effect of acquisitions:		
Trade and other receivables	42	75
Prepayments	147	(112)
Trade and other payables and employee entitlements	(3,838)	1,025
Net cash (outflows) / inflows from operating activities	(15)	4,187

^A For the period ended 29 October 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

7.0 RELATED PARTIES

7.1 KEY MANAGEMENT COMPENSATION

	Note	2021 \$'000	2020 \$'000
Total remuneration for Directors and other key management personnel:			
Short term benefits		6,598	5,583
Termination benefits		306	-
Dividends (relating to shares held in the Company during the year)		56	-
Share-based payments	4.2	1,559	1,095
		8,519	6,678

The table above includes remuneration of the Board of Directors and the Executive Team, including amounts paid to members of the Executive Team who left during the year. Where a staff member was acting in a position on the Executive Team, that portion of their remuneration has been included in the table above.

7.2 OTHER TRANSACTIONS WITH RELATED PARTIES

The Beacon Printing & Publishing Company Limited purchased advertising from the Group during the year ended 31 December 2021 totalling \$666 (2020: \$559) and reimbursed \$1,493 for paper used in 2021 (2020: \$62,077).

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 year such services were provided to Evee New Zealand Limited, valued at \$27,992 (2020: \$27,992) and Restaurant Hub Limited, valued at \$12,008 (2020: \$12,008). The outstanding balances for future services are included in the table below, along with other receivables and payables.

During the year the Group received advertising revenue from The Wairoa Star Limited totalling \$9,322 (2020: \$8,288). The Wairoa Star Limited also purchased other services totalling \$1,176 (2020: \$1,177) from the Group. The Group purchased services from The Wairoa Star Limited totalling \$1,386 (2020: \$1,583) during the year.

The Group's transactions with the New Zealand Press Association Limited during the year were \$nil (2020: \$nil).

	2021 Receivables \$'000	2020 Receivables \$'000	2021 Payables \$'000	2020 Payables \$'000
Balances with related party				
Restaurant Hub Limited	9	37	24	64
Total related party receivables and payables	9	37	24	64

8.0 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.

9.0 SUBSEQUENT EVENTS

On 17 January 2022 the Group acquired BusinessDesk from Content Limited for the price of \$3.4 million. In addition to the purchase price 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.

In relation to net assets of the Group at 31 December 2021 the acquisition of BusinessDesk is not considered to be a material purchase for the Group.

The Group also acquired Radio Wanaka on 1 February 2022 and the financial impact from acquiring this radio station is not considered material to the Group.

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



Independent auditor's report

To the shareholders of NZME Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of NZME Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 December 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of taxation services, non-audit assurance in respect of the compliance with the Rules and Circulation Audit Guidelines established by the Audit Bureau of Circulations Incorporated, agreed upon procedures relating to 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 as auditor of the Group.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
<p>Intangible assets impairment assessment</p> <p>As at 31 December 2021 the total carrying amount of the Group's indefinite life intangible assets, comprising masthead brands and other brands (the brands), amounts to \$101.8 million. Annual impairment testing is required under NZ IFRS.</p> <p>The NZME business has been identified as a single cash generating unit (CGU) and the brands have therefore been tested for impairment at this level. The Group prepared a discounted cash flow model to assess the recoverable amount of the CGU on a Value-In-Use (VIU) basis.</p> <p>Impairment testing of the CGU is considered a key audit matter due to the significance of the carrying value of the brands, the inherent judgement involved in performing an impairment assessment and the inherent uncertainty in relation to the continuing impact of the forecast print industry decline.</p> <p>The recoverable amount of the CGU was determined to be greater than the carrying value of the CGU and that no reasonable adverse change in key assumptions will lead to further impairment.</p> <p>It was determined that the increase in the recoverable amount (and therefore headroom over carrying value) since the previous impairment assessment is not as a result of a change in the estimates used to calculate the recoverable amount at that time. As a result an impairment reversal has not been recognised. Key judgements and estimates included in the impairment assessment are:</p> <ul style="list-style-type: none"> the assessment that the NZME business continues to constitute one CGU; expected future trading results and cash flows of the CGU which include estimates 	<p>We performed the following audit procedures in relation to the impairment assessment and key management judgements:</p> <ul style="list-style-type: none"> considered the appropriateness of the one CGU assessment; gained an understanding of the forecast outlook for the industry and the strategic direction of the business; held discussions with management and understood the processes undertaken and basis for determining the key assumptions in preparing the impairment assessment; considered whether the methodologies applied were appropriate; compared the forecast cash flows used for 2022 to the Board approved budget; and performed lookback procedures, comparing actual results achieved against forecasts and industry performance and considered the impact on our assessment of forecast cash flows. <p>In relation to the recoverable amount determined, we:</p> <ul style="list-style-type: none"> tested the mathematical accuracy of the VIU model; assessed and challenged the reasonableness of key assumptions, including revenue and operating costs growth rates, with reference to historical performance and external market evidence; reperformed management's sensitivity assessment; engaged our auditor's valuation expert to assist us to assess and challenge the reasonableness of the discount rate and terminal growth rate; and



Description of the key audit matter	How our audit addressed the key audit matter
<p>and assumptions around print, radio and digital revenue forecasts, the continued sustainability of operating expense restructuring measures undertaken in the prior year and the reasonableness of a maintainable gross margin;</p> <ul style="list-style-type: none"> the discount rate of 9%; and the application of a negative long-term growth rate of 1.2%. <p>Refer to note 3.1.1 of the consolidated financial statements for further information.</p>	<ul style="list-style-type: none"> assessed and challenged the reasonableness of not recognising an impairment reversal. <p>We also considered the appropriateness of disclosures made.</p> <p>As a result of our procedures, we have no matters to report.</p>
<p>Recognition of revenue</p> <p>The recognition of revenue is a key area of focus for our audit.</p> <p>As set out in notes 2.1 and 2.4.2 to the consolidated financial statements, the Group has significant revenue from advertising, circulation and subscriptions. Other revenue earned consists of external printing, digital classifieds, shared service centre functions and events. Together, these form revenue from integrated media and entertainment activities totalling \$348.6 million for the year.</p> <p>Advertising arrangements are often customised and consist of multiple performance obligations and a series of distinct goods and services. It meets the definition for revenue recognition over time in accordance with IFRS 15.</p> <p>Circulation and subscription revenue is recognised at a point in time as single performance obligations.</p> <p>Other revenue is recognised over time in accordance with IFRS 15.</p> <p>Management judgment in the form of estimates are applied in the following areas:</p> <ul style="list-style-type: none"> measuring progress towards complete satisfaction of a performance obligation; allocating the transaction price to performance obligations; and determining the transaction price in respect of contracts with non-standard consideration. 	<p>Our audit approach for revenue is largely substantive. We performed the following procedures in responding to the management judgments involved in determining whether the revenue has been recognised in accordance with the relevant accounting standards:</p> <ul style="list-style-type: none"> updated our understanding of the systems, processes and controls in place over the recognition of revenue; performed disaggregated risk assessment analytics over all revenue streams; examined invoices and contracts with customers and ensured revenue recognition was appropriate based on the terms of the arrangements; validated that the payment and pricing arrangements supporting the recognition of revenue; tested the cut-off around the year end to check if revenue was recognised in the correct accounting period; tested the completeness of revenue by agreeing cash receipts to invoices raised. Additionally, we tested the completeness of advertising revenue by agreeing published and broadcasted advertisements to booking schedules and invoices; tested the classification of revenue into the disaggregation analysis presented in notes 2.1 and 2.4.2;



Description of the key audit matter	How our audit addressed the key audit matter
The recognition of revenue is a judgemental area requiring significant audit focus and attention. As a result, we consider it a key audit matter.	<ul style="list-style-type: none"> performed analytical procedures over revenue recognised through the Group's joint operation; recalculated commission earned from merchant advertising; and tested accounts receivables by reconciling cash payments received after year end against these receivables. <p>As a result of our procedures, we have no matters to report.</p>

Our audit approach

Overview



Overall Group materiality: \$1,742,500, which represents approximately 0.5% of total revenues.

We chose total revenues as the benchmark because, in our view, it is a key metric used in assessing the performance of the Group and is a generally accepted benchmark. In our judgement, revenue provides a more stable measure for establishing our materiality benchmark and best reflects performance of the Group. We chose 0.5% based on our professional judgement, noting that it is also within the range of commonly accepted thresholds for entities where revenue is considered the appropriate benchmark.

We performed a full scope audit over the consolidated information of the Group.

As reported above, we have two key audit matters, being:

- Intangible assets impairment assessment
- Recognition of revenue

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.



Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.



Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
22 February 2022

Auckland

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Principal Solicitors

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 The New Zealand Herald

THE COUNTRY

The Northern Advocate

THE HITS

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 travel

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HOROWHENUA CHRONICLE

ROTORUA

Daily Post

GOLD

Taupo & Turangi Weekender

 Herald on Sunday

Hawke's Bay TODAY

BusinessDesk.

 iHeartRADIO

Te Puke Times

 RADIO HAURAKI

HASTINGS Leader

HCPOST
HAURAKI-COBHAMDEEL POST

 nzherald.co.nz

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NEW ZEALAND Education Gazette
TOKIOTUKU KOREKO

ZM

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WatchMe.

 be well

ALTERNATIVE COMMENTARY COLLECTIVE

 Weekend Herald

ROTORUA Weekender

Waikato Herald

Bay of Plenty Times

Whanganui Chronicle

Te Awamutu Courier

essence

Manawatū GUARDIAN

flava

BUSHTELEGRAPH
Tararua

Katikati Advertiser

The Northland Age

CHB Mail

Kāpiti News

hokonui

NAPIER Courier

 TimeOut

nzheraldfocus

Stratford PRESS

Women's lifestyle expo

HOME & LIFESTYLE SHOW

WHANGANUI MIDWEEK

 RESTAURANT HUB

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