



NZX LIMITED

# H1 2021 Results

## NZX Limited – H1 2021 Results & Interim Report

Dear Shareholder,

On behalf of the NZX Board, I am pleased to share with you our 2021 Interim Report and Financial Results, which were released today and are available to read online [here](#).

We have announced operating earnings of \$16.9 million for the six months ended 30 June 2021, down 3.5% on the prior period, with market activity remaining near the record levels seen during 2020.

NZX is continuing to make good progress in building a diversified financial markets infrastructure and services business. Our achievements and results for the half-year 2021 reflect this ambition, with strength across our businesses.

Alongside strong growth in NZX's funds business, Smartshares, and the further expansion of NZX Wealth Technologies, there were increases in the number of listed securities, the amount of primary capital raised and the level of trading activity. This is particularly encouraging when you consider this performance against the extraordinary levels of activity in the prior period. The COVID pandemic materially stimulated and accelerated activity through 2020.

From the emerging signs of underlying growth two years ago, we are now seeing ongoing benefits from the changes we made under our strategy – our businesses are operating at a structurally higher level of activity.

### FINANCIAL PERFORMANCE

Group revenues were up 10.6% to \$42.5 million for the six months. Operating margin at 39.9% was lower, due to investment in growth activity alongside increased spend in people and technology costs.

Capital expenditure continues to be focused on investing in IT capacity, resilience and security, growth opportunities within Smartshares and NZX Wealth Technologies and, in 2021, creating a fitting home for New Zealand's Capital Markets in Auckland.

Net profit after tax for the period (NPAT) declined 16% to \$7.6 million.

Your Board has declared a fully-imputed interim dividend of 3.0 cents per share to be paid on 24 September 2021. Note that dividends are now paid by direct credit only, please take this opportunity to check that your bank account details are up to date.

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

NZX is maintaining its full year 2021 operating earnings guidance to be in the range of \$32.0 million to \$35.5 million.

The guidance is subject to market outcomes, particularly with respect to market capitalisation, total capital raised, secondary market value and derivatives volumes traded, funds under management and administration growth and technology costs. Additionally, NZX notes the global health environment remains volatile and this guidance assumes no material adverse events, significant one-off expenses, major accounting adjustments, other unforeseeable circumstances, or future acquisitions or divestments.

## STRENGTHENING OUR MARKETS

The COVID crisis has demonstrated the clear value of being listed on NZX – providing ready access to capital. We believe this is a factor, along with NZX's origination activity, in the growth we are seeing in new listings.

Total capital raised was \$7.3 billion, down 10.6%. However, while there was a sharp drop in equity recapitalisations compared with the COVID-related activity in 2020, primary capital raised was up 46.9% to \$3.4 billion – driving a strong increase in primary listing fees and helping offset the fall in secondary issuance fees.

The near-record total traded value of \$27.1 billion during H1 2021, and more than eight million trades, reflects heightened interest from all investor segments and engagement in NZX's markets across different forms of investments and asset classes. With both retail and institutional investors looking for a wider range of investment opportunities and ready to back NZX-listed companies, we are optimistic about the potential for further listings through the remainder of FY2021.

## GROWING SYNERGIES AND A MORE DIVERSIFIED BUSINESS

Smartshares has continued its strong growth, with Funds Under Management up 44.3% on June 2020 to \$5.69 billion – achieving continued growth in member numbers and unitholders, with positive cash inflows of \$383 million for the six months to June 2021, compared with \$213 million in the prior period. A significant win for Smartshares was the selection of SuperLife as one of New Zealand's six default KiwiSaver providers from 1 December 2021. This is a huge endorsement for what we offer and will initially more than double the number of members in the SuperLife KiwiSaver scheme, and is expected to add around 10,000 new members each year of the seven-year term.

NZX Wealth Technologies also grew strongly with new clients contributing to Funds Under Administration increasing by 151.1% on the same time last year to \$7.73 billion.

To support growth, NZX has continued to invest in the NZX Wealth Technologies' platform technology and staffing capability to onboard and service our growing client base – with Public Trust, Hobson Wealth, Saturn Advice, JBWere and Craigs Investment Partners on the platform. We have also signed contracts with three new large-scale clients and onboarding is underway with two of these, and this is expected to increase FUA to around \$10 billion by the end of 2021.

We see our Funds Management and NZX Wealth Technologies businesses as offering the potential for powerful synergies alongside our core market business. We will also continue to build upon the strategic partnerships in place for our dairy derivatives and carbon businesses to pursue growth.

A key element of NZX's overall strategy is to build a more diversified financial services business to deliver long-term sustainable value to our shareholders. Thank you for your continued support as we continue to drive performance in the core business, and explore and leverage opportunities for growth.

James Miller

CHAIR