

TVNZ prepares for the future, with solid revenues enabling its strategic investment

TVNZ's vital role in informing and entertaining New Zealanders continued to drive its revenue performance in FY22. In more challenging market conditions, TVNZ delivered solid revenues, retaining the growth seen in FY21. Costs also increased, informing the full year result, as TVNZ pursued renewed investment in its strategic pillars, including a substantial increase in local content and digital transformation investment.

CEO Simon Power said the financial results reflect investment levels over and above those seen prior to the Covid-19 pandemic, with TVNZ embarking on an exciting year ahead, joining Aotearoa New Zealand Public Media (ANZPM) and continuing to deliver its ambitious digital strategy.

"TVNZ achieved a record financial result in FY21 due to very strong revenues, a lack of content availability and cost constraints designed to preserve cash. We're now exceeding our pre-pandemic levels of expenditure and the FY22 result reflects a significant investment in the business. This year we've seen the continuation of revenue momentum secured in FY21. The strong support of our advertising partners has allowed TVNZ to achieve its short-term goals while making significant progress towards long-term ones. We have invested heavily in the best local and international content alongside our digital future, ensuring we can showcase content in the ways New Zealanders want to watch. This result demonstrates that TVNZ is ready to positively contribute to the new public media entity while continuing to deliver for audiences around Aotearoa."

Operational earnings (EBITDAF) of \$26.1 million for the financial year ending 30 June 2022 were down \$60.6 million year-on-year. Net Profit After Tax (NPAT) of \$7.9 million for the period was a decrease of \$51.3 million from the year prior.

Total revenue was \$341.7 million, an increase of \$1.7 million year-on-year. Total advertising revenue was \$321.0 million, \$1.3 million lower than the previous year. Total operating expenses increased by \$62.3 million to \$315.6 million as TVNZ undertook strong investment in its strategic pillars. Similarly, content costs of \$189.5 million increased 33.6% year-on-year as content production resumed in full swing after experiencing delays in FY21.

FY22 was a significant year of investment, and TVNZ continues to reinvest strongly in a digital future and premium content, to ensure it is meeting the expectations and needs of an ever-changing audience. The 22% year-on-year growth in digital revenue further strengthens TVNZ's aim to migrate viewers from broadcast to digital streaming in a financially sustainable way.

TVNZ continues to leverage broadcast audiences, while ensuring a strong digital offering, giving New Zealanders ultimate choice and control over their viewing experience. This past financial year, the 20 most watched shows on TV across networks all appeared on TVNZ. Eight of the top 10 shows were also locally made productions. 1 NEWS delivered record audiences once again, with the 6pm bulletin the most watched programme across linear and TVNZ+. The power of free live sport once again

featured. TVNZ 1's Tokyo Olympics 2020 coverage, in partnership with Sky, reached nearly 3 million New Zealanders, with over 4.5m streams on TVNZ+.

FY22 saw the successful rebrand of TVNZ OnDemand to TVNZ+. This rebrand signified a step-change in how TVNZ+ is perceived by the market and viewers alike. It firmly positions the platform as a streaming destination, evolving from the catch-up service launched 15 years ago.

TVNZ+ continues to grow its audiences and its offering. Partnerships announced in FY22 with Paramount, NBCUniversal and Sony Pictures Television have exponentially increased the content offering. The addition of over 300 movies has also helped to make TVNZ+ New Zealand's BVOD platform of choice, with 355 million total streams achieved in the financial year (up 32% YoY).

TVNZ's ongoing investment in its digital future displays a focus on meeting audience needs today, and tomorrow. Key discovery work for the signalled new IP Platform was completed in FY22, ensuring TVNZ will support the ambitions of the future, while being agile enough to incorporate the needs of any new public media entity.

"We know the future is digitally delivered – the shift in audience behaviour is clear. The new media entity will need to place emerging platforms at the heart of its design, while continuing to deliver TV and Radio, if it is to succeed.

"In the last financial year, more than 2 million Kiwis engaged with TVNZ+. But to successfully compete with global streaming giants, significant and sustained investment is needed.

"The work on a new IP Platform is a multi-year project, and we see this as wholly consistent with what the new media entity is seeking to deliver. This platform has the potential to serve the new entity while collaborating with the local media sector." said Power.

TVNZ will not pay a dividend for FY22.

FY22 Snapshot

Earnings: EBITDAF of \$26.1 million – down \$60.6 million YOY

Net Profit: \$7.9 million – down \$51.3 million YOY

Total Revenue: \$341.7 million – increase of \$1.7 million YOY

Costs: \$315.6 million – increase of \$62.3 million YOY

Financial Highlights Summary:

Year Ended 30 June 2022

	FY2022 \$'000	FY2021 \$'000
Revenue and income	341,689	339,957
<i>Advertising revenue</i>	321,037	322,283
Operating expenses	(315,600)	(253,302)
EBITDAF	26,089	86,655
Depreciation and amortisation	(15,986)	(17,795)
Interest income	1,244	667
Interest expense	(198)	(133)
Financial instruments/foreign currency gains	(72)	125
Income tax expense	(3,161)	(10,327)
Net Profit after tax	7,916	59,192