

Television New Zealand Limited and
subsidiaries

Statement of Performance Expectations

For Year Ending 30 June 2026



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This Statement of Performance Expectations is submitted by the Board of Directors of Television New Zealand Limited (TVNZ), pursuant to the Crown Entities Act 2004.

This Statement of Performance Expectations sets out the forecast performance of the Company for the period from 1 July 2025 to 30 June 2026.

The Company's financial reports have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) and its audited accounts comply with the Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards as appropriate to profit-oriented public benefit entities.

Alastair Carruthers CNZM
Chair



Ripeka Evans
Deputy Chair



Introduction

This Statement of Performance Expectations is required to provide a range of performance measures for services delivered on behalf of the government by TVNZ and its subsidiaries for the year ending 30 June 2026.

TVNZ is not directly funded to provide any service. Almost all of TVNZ's revenue comes from advertising and non-Crown commercial sources. A small percentage comes from securing contestable funding from Crown-owned funding agencies. Consequently, TVNZ does not have any reportable output classes under the Crown Entities Act 2004.

Who we are and what we do

TVNZ is a Crown Entity Company and has a Board of Directors appointed by the Minister of Finance and the Minister of Media and Communications.

The Chief Executive has responsibility for the day-to-day management of the company and is TVNZ's Editor in Chief.

The Television New Zealand Act 2003 provides the company editorial independence of which freedom from political influence is a fundamental principle. TVNZ's operations are governed by:

- Television New Zealand Act 2003.
- Broadcasting Act 1989.
- Companies Act 1993.
- Crown Entities Act 2004.
- Owner's Expectations document published by the Treasury.
- The Broadcasting Minister's annual Letter of Expectation to TVNZ.
- Compliance with the current Free-to-Air Code of Broadcasting Practice regulated by the Broadcasting Standards Authority.
- Compliance with advertising codes regulated by the Advertising Standards Authority.
- Compliance with Principles regulated by the New Zealand Media Council.

Under its Act, TVNZ is required to be a successful national television and digital media company providing a range of content and services on a choice of delivery platforms while maintaining a strong commercial performance.¹

In carrying out its functions, TVNZ must provide high quality content that:

- is relevant to, and enjoyed and valued by, New Zealand audiences; and
- encompasses both New Zealand and international content and reflects Māori perspectives.²

¹ Section 12(1), Television New Zealand Act 2003

² Section 12(2), Television New Zealand Act 2003

The scope of functions and intended operations of TVNZ are:

- The commissioning, production, purchasing and archiving of video content, either independently or with others.
- The provision of video production facilities (field, studio and postproduction).
- The programming and scheduling of video content for on-air and online distribution.
- The provision of advertising and sponsorship services and related marketing activities.
- The publishing and distribution of video content on a broad range of relevant platforms and devices.
- The provision of audio-visual footage, programming, programme listing information, channel packaging and all other content related services and materials.
- To undertake other media related activities, as determined by the Board.

Statement of Forecast Performance

TVNZ does not have any reportable output classes under the Crown Entities Act 2004.

Capability

In response to the changing nature of the New Zealand media industry, TVNZ will continue to review all areas of its business to identify efficiencies and take actions as necessary to ensure a sustainable business.

At 31st May 2025, TVNZ employs 530.3 FTE in its Auckland, Wellington, Christchurch and Dunedin offices, and those working remotely in New Zealand and overseas.

In FY2026 TVNZ will continue to:

- Provide a healthy and safe work environment and develop policies in this area in line with legislation and expectations.
- Provide a modern, inclusive and diverse environment, incorporating flexible working conditions where possible and commercially sustainable.
- Ensure recruitment process enables the impartial selection of suitable candidates.
- Demonstrate equal opportunity practices which firmly discourage discrimination.
- Remunerate fairly and consistently in relation to performance, position in salary bands and to the external market.
- Provide appropriate learning and development opportunities.
- Operate a fair, transparent and regular performance appraisal system that allows employees full participation in their own performance reviews.
- Manage change with transparency, respect and support for individuals to meet the changing needs of the company.

- Ensure that any restructuring is communicated clearly to all staff, handled with fairness and respects those involved.
- Conduct good faith collective bargaining with the PSA and E tū unions, as appropriate.

TVNZ is committed to treating people fairly and with respect, ensuring equality of access to opportunities and understanding, appreciating and realising the benefits of individual differences.

Commercial Valuation

The estimate of the commercial value of the Crown's investment in TVNZ at 30 June 2024 was \$200.6m, being the enterprise value of \$109.4m plus forecast net cash of \$91.2m.

A number of valuation methodologies including market EBITDA multiples, discounted cash flow (DCF) and assessment of the asset or breakup value were considered.

The Board concluded that the DCF methodology with the terminal value based on a notional liquidation of the company is the most appropriate methodology.

The current estimate of the commercial value of the Crown's investment in TVNZ of \$200.6m was a \$39.9m decrease to the estimate of commercial value at 30 June 2023 of \$240.1m due to a reduction in the value of land and buildings and lower forecast operating cashflows. The prior year (2023) valuation of \$240.1 was based on an enterprise value of \$140.5m plus net cash of \$99.6m.

An updated valuation will be provided in July 2025.

Financial Performance Measures

For FY2026 the relevant financial measures are:

Measurement ³	FY2024	FY2025	FY2026
	Actual	Forecast ⁴	Budget
EBITDAF ⁵	-\$14.8m	\$16.4m	-\$39.6m
NPAT (underlying)	-\$22.9m	\$8.7m	-\$48.5m
NPAT (after impairment)	-\$85.0m		
Return on average equity (%)	-8.2%	3.2%	-19.5%
Dividend Yield	0.0%	0.0%	0.0%
Dividend Payout (% of Free Cash flow) ⁶	0.0%	0.0%	0.0%
ROE adjusted for IFRS fair value movements	-11.1%	4.3%	-26.8%
Return on Capital Employed	-13.7%	2.0%	-28.4%
Total Shareholder Return (TSR) ⁷	-16.4%	0.0%	0.0%
Gearing Ratio	0.0%	0.0%	0.0%
Interest Cover (times) ⁸	-58	61	-301
Solvency	3.61	4.64	3.56
Return on Programme Investment (operating margin)	37.0%	47.5%	45.1%

Reporting against these financial performance measures will be included in the Annual Report.

Non-Financial Performance Measures

TVNZ has several key performance measures and metrics that demonstrate efficiency and productivity that will be included in the Annual Report.

Non-financial key performance indicators include but are not limited to weekly digital audience reach, weekly linear television (terrestrial and satellite) audience reach, total TVNZ share of audience across television, and trust in news.

Business efficiency – non-content-costs

TVNZ will calculate total non-content costs as a percentage of total revenue. Current year actual performance will be reported versus budget, and prior year results. This will provide a multi- year performance trend.

³ The Commercial Valuation for FY25 is yet to be completed so the FY24 Valuation of \$200.6m has been used in these financial measures and will be updated in the Final version of the Statement of Performance Expectations.

⁴ FY25 10+2 forecast

⁵ Refer the FY26-FY30 Business Plan for assumptions around FY25 F'cast & FY26 Budget

⁶ No provision has been made for payment of a dividend in these numbers. Dividend assessment to be completed at 6 month and full year reporting period

⁷ The valuation has been held flat across FY25 and FY26 (as FY25 is still to be confirmed) resulting in total shareholder return being zero in FY25 and FY26

⁸ Calculated as EBITDAF / Interest expense.

Dividends and capital structure

Historically where applicable, the company has returned to the shareholder any funds surplus to TVNZ's investment and operating requirements on or around 30 September each year.

The company's current dividend policy is to pay 70 – 90% of the annual operating free cash flow (on average over time) as operating dividends.

The company's dividend is reviewed six monthly by TVNZ's Directors who take into account:

- Solvency requirements of the Companies Act 1993.
- Working capital requirements and the medium-term capital investment programme.
- Funds required for investment in new business activities.
- A sustainable financial structure having regard to the risks from predicted short- and medium-term changes to the forecast operating environment including economic conditions, competition, changing consumer behaviour and technology developments.

TVNZ acknowledges the Crown's expectation to have distributions where possible, and the Board will consider this following when the financial position and performance of the company for FY2026 are clear.

In addition to this and reflecting TVNZ's improved cash position due to the improved FY25 financial performance, TVNZ will continue to review its balance sheet to ensure the optimal capital structure is maintained along with reviewing the ownership model & optimal use of the TVNZ building.

Reporting

TVNZ will report on key performance indicators, including:

Audiences

TVNZ will report on its progress with respect to its digital and linear audience KPI's, with an emphasis on its FY30 target to double audiences on TVNZ+ to enable its digital revenue objectives, and to maintain its market share in broadcast television.

Local Content

TVNZ will provide relevant reporting on its commitment to local video content as the key pillar that sets TVNZ apart from its local and global competition. This will include reporting on News & Current Affairs investment and the growth of its digital presence on TVNZ+. This will also include TVNZ's contribution to the local production sector.

Value of Content to Audiences

TVNZ will continue to report on the value of content to audiences in the Annual Report including relevant information about audiences across its platforms.

Digital Advertising Revenue

TVNZ will report on the progress of its strategy to triple digital advertising revenue through the monetisation of our data and digital products.

Trusted News Outlet

The Government has reinforced its continuing expectation that TVNZ has clear and ambitious targets for increasing the level of public trust in TVNZ. TVNZ has developed a range of measures that it will monitor and report on. These are included for clarity in Appendix V.

Reflecting Māori Perspectives

TVNZ will provide relevant reporting on our Māori programming to illustrate it is meeting its statutory mandate to reflect Māori perspectives. This will include audience data and reference to the Rautaki Māori enacted in FY21.

Sustainability

TVNZ will report on progress against its target to reduce emissions by 38% by 2030 and other corporate social responsibility initiatives in the Annual Report.

People

TVNZ will provide reporting on any pay gender pay gap for permanent employees, as well as data on diversity and engagement across various levels of the business.

Content Standards

TVNZ will report on the level of complaints received during FY26, and the proportion of those upheld both internally and by external regulators.

Remuneration

The Annual Report will include a full breakdown of the CEO's remuneration during FY26, including any incentive payments paid in that year.

Digital Transformation Strategy

TVNZ will keep officials updated on its five-year transformation programme (including its Core Media Systems Investment Programme (CMSIP)), which will enable TVNZ to deliver on its aspiration to be a digital-first media entity with a modern technology architecture.

Collaboration with Radio New Zealand

TVNZ will report on initiatives that demonstrate a closer working relationship with RNZ, in line with the government's expectation.

Other Reporting

TVNZ's statutory reporting and consultation requirements are set out in APPENDICES III and IV.

TVNZ operates a "no surprises" policy with Shareholding Ministers and will communicate in advance any issues that are controversial or likely to be of wider public interest.

It is important to note, however, that this approach takes into account the Television New Zealand Act 2003 regarding editorial independence, which guarantees News and Current Affairs, programming and complaints are dealt with free from political direction.

TVNZ notes the requirement to consult with Shareholding Ministers on a timely basis regarding major transactions and significant strategic shifts.

APPENDIX I – Board of Directors – Governance and Committees

The Board operates under three Acts of Parliament – the Companies Act 1993, the Crown Entities Act 2004 and the Television New Zealand Act 2003.

Under Section 92 of the Crown Entities Act 2004 the Board is obliged to ensure TVNZ acts in a manner consistent with this Statement of Performance Expectations.

These obligations and how it carries out its governance role and conducts its meetings are contained in the Board Governance Manual.

There are three Board sub committees, the Audit and Risk (ARC) Committee, the Remuneration, People and Culture (RPC) Committee and the Strategy & Technology Committee (S&T).

The Audit and Risk Committee makes recommendations and gives counsel and information to the Board concerning its accounting and reporting responsibilities and establishes risk management policies and practice. It also oversees Internal Audit.

The Remuneration, People and Culture Committee monitors the Company's people planning and the remuneration of the company's senior executives and employees paid over an identified threshold. The Chief Executive Officer's remuneration and the structure and operation of the Short-Term Incentive Scheme are also recommended by this Committee to the Board for approval.

The Strategy & Technology Committee monitors the progress of, and makes recommendations to the Board, in respect of long-term strategic direction and TVNZ transformation, including technology enablement via the Core Media Systems Investment Programme (CMSIP), future technologies and innovation, and cyber security.

Wellbeing & Safety is overseen by the entire Board rather than delegated to one of the Committees.

APPENDIX II – Forecast Financial Statements

The following forecast financial information is a forecast based on assumptions which TVNZ reasonably expects to occur.

The significant assumptions underlying the forecast financial information including market shares and sales revenue are commercially sensitive and are included in the FY26 Business Plan provided to Shareholding Ministers. For this reason, strict compliance with PBE FRS 42 (Prospective Financial Information) cannot be achieved. The assumptions used are considered to be reasonable, supportable and consistent with the Business Plan and applied consistently.

The actual results achieved for the period covered are likely to vary from the information presented, and the variations may be material. The purpose of the forecast financial information is to enable compliance with the Crown Entities Act 2004 (Section 149G). The information as presented may not be appropriate for purposes other than that described.

Forecast Statement of Comprehensive Income for the twelve months ending 30 June 2026 (\$m)

Operating Revenue	272.5
Operating Expenses ⁹	(312.1)
<i>EBITDAF</i>	(39.6)
Depreciation and Amortisation	(11.9)
Interest received	3.1
Interest expense	(0.1)
Profit before tax	(48.5)
<i>Net surplus/(loss) for the year</i>	(48.5)

Statement of Forecast Changes in Equity for the twelve months ending 30 June 2026 (\$m)

Net surplus for the year	(48.5)
Distributions to the shareholder	0.0
Movements in equity for the year	(48.5)
Equity at start of the year	273.8
Equity at end of the year	225.2

⁹ FY26 includes significant investment in TVNZ's digital technologies with further investment required in FY27 to complete the project utilising available cashflows

**Statement of Forecast Financial Position
as at 30 June 2026 (\$m)**

Share Capital	140.0
Revaluation Reserve	68.0
Retained Earnings	17.4
<i>Total Equity</i>	225.2
Current Liabilities	41.5
Non-current liabilities	3.2
<i>Total funds employed</i>	269.8
Current assets	147.5
Non-current assets	122.2
<i>Total assets employed</i>	269.8

**Statement of Forecast Cash Flows
for the twelve months ending 30 June 2026 (\$m)**

Net cash flows from/(to):

Operating activities ¹⁰ (excluding interest, tax and dividends)	(36.2)
Net Interest paid / received	3.1
Income Tax paid	0.0
Investing activities	(5.9)
Financing activities	(0.9)
<i>Net increase in Cash held</i>	(39.9)
Cash at start of the year	108.0
Cash at end of the year	68.1

¹⁰ FY26 includes significant investment in TVNZ's digital technologies with further investment required in FY27 to complete the project utilising available cashflows

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the prospective financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The prospective financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Television New Zealand Act 2003, Financial Reporting Act 2013 and the Companies Act 1993. For the purposes of complying with NZ GAAP the entity is a for-profit entity. The prospective consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments that have been measured at fair value, and assets and liabilities that are designated in a fair value hedge relationship.

All prospective consolidated financial statements are presented in New Zealand dollars (\$), which is TVNZ's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest \$100,000 unless otherwise stated.

Basis of consolidation

The prospective consolidated financial statements comprise the prospective financial statements of Television New Zealand Limited and its subsidiaries (together, "TVNZ") at 30 June 2026.

Subsidiaries are those entities controlled, directly or indirectly, by TVNZ. The prospective financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between TVNZ companies are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is obtained by TVNZ and cease to be consolidated from the date on which control is transferred out of TVNZ. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Operating revenue and Government funding

Revenue is stated exclusive of goods and services tax (GST) and consists of sales of goods and services to third parties. Revenue from the sale of goods and services is recognised to the extent that it is probable that the economic benefits will flow to TVNZ and the revenue can be reliably measured. Key classes of revenue are recognised on the following basis:

Advertising and sponsorship revenue is recognised as income at the time of transmission. Advertising revenue includes revenue from advertising, sponsorship and programme production funding on TVNZ 1, TVNZ 2, DUKE, TVNZ+, 1News.co.nz, and Re:.

Other trading revenue is recognised when the product has been delivered or in the accounting period in which the actual service has been provided. Other trading revenue includes revenue from production facilities, programme sales, commercial licensing and multi feed service.

Government funding is recognised initially as deferred income when there is reasonable assurance that it will be received and that TVNZ will comply with the conditions associated with the funding. Funding that compensates TVNZ for expenses incurred are recognised as income on a systematic basis in the same periods in which the expenses are recognised.

Foreign currency

Transactions in foreign currencies are translated to the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at balance date.

Differences arising on the translation of monetary assets and liabilities in foreign currencies are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax assets are recognised where realisation of the asset is probable.

Deferred tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on tax rates (and tax law) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount (including GST) and subsequently measured at amortised cost, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis and debts that are known to be uncollectible are written off immediately. An allowance for impairment is recognised when there is objective evidence that TVNZ will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment.

Property, plant and equipment

Items of property, plant and equipment (except for land and buildings) are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost to acquire the asset and other directly attributable costs incurred to bring the asset to the location and condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Items of work in progress are transferred to the appropriate class of property, plant and equipment on completion. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment

Land and buildings are measured at fair value less accumulated depreciation for buildings and impairments losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value

A revaluation surplus is recorded in other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the consolidated income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives. Land and work in progress is not depreciated.

The estimated useful lives for the current and comparable period are:

Buildings	up to 40 years
Plant and equipment	2 to 20 years
Motor vehicles	5 to 10 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit the asset belongs to. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Where an item of property, plant and equipment is derecognised, the gain or loss (calculated as the difference between the net proceeds and the carrying value of the item) is included in the income statement in the period the item is derecognized

Intangible assets

Programme rights

Television programmes which are available for use, including those acquired overseas, are recorded at cost less amounts charged to the income statement based on management's assessment of the useful life, which is regularly reviewed and additional write downs are made as considered necessary. Programmes produced internally for the purpose of broadcast are initially recognised as intangible assets at production cost. Production costs only include direct costs associated with the programme.

Programme rights are amortised on the following basis:

- Certain programme rights including news and current affairs, sports and locally commissioned programmes are amortised on transmission.
- All other programme rights (movie and non-movie programme rights) are amortised on a straight line basis such that all rights are amortised within a period not exceeding one year from the broadcast licence period start date.

Frequency licences

Frequency licences are recorded at cost less amortisation and impairment losses. Amortisation is calculated on a straight line basis over the period of the licence, 20 years.

Other intangible assets

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific asset. These costs are amortised on a straight line basis over their estimated useful economic lives of two to ten years.

Development costs

Development costs on internal projects are only capitalised by TVNZ when the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- its intention to complete and use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development.

Any development costs capitalised are amortised over the period of the estimated economic life of the asset to which they relate.

Where an intangible asset is derecognised, the gain or loss (calculated as the difference between the net proceeds and the carrying value of the item) is included in the income statement in the period the item is derecognised.

Interest in joint ventures

TVNZ's interest in a joint venture is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity. Under the equity method, TVNZ's share of the profits or losses of the joint venture is recognised in the income statement and the share of movements in other comprehensive income is recognised in the statement of other comprehensive income. The cumulative movements are adjusted against the carrying amount of the investment.

Bank overdraft and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.

Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. Trade and other payables are recognised when TVNZ becomes obliged to make future payments resulting from the purchases of goods and services.

Provision is made for employee benefits accumulated as a result of employees rendering services up to balance date. The benefits include wages and salaries, incentives, compensated absences and retirement leave which are expensed in the income statement when services are provided or benefits vest with the employee. The provision for employee benefits is stated at the present value of the estimated future cash outflows to be incurred resulting from employees' services provided up to balance date.

Provisions

Provisions are recognised when TVNZ has present legal or constructive obligations as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Derivative financial instruments

TVNZ uses derivative financial instruments, within predetermined policies and limits, to manage its exposure to foreign currency exchange rate risk and interest rate risk. TVNZ also enters into programme supply contracts that contain a foreign currency embedded derivative.

Such derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative contract is designed to hedge a specific risk and qualifies for hedge accounting.

Each derivative that is designated as a hedge is classified as either:

- i. a fair value hedge when it hedges the exposure to changes in the fair value of a recognised asset or liability or a firm commitment; or
- ii. a cash flow hedge where it hedges the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement. Amounts accumulated are recycled in the income statement in the period when the hedged item affects profit or loss. When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting. At that point any cumulative gain or loss existing in equity remains in equity until the forecast transaction occurs. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss is immediately transferred to the income statement.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are recognised immediately in the income statement. The fair value of forward exchange contracts and embedded derivatives are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

In accordance with its treasury policy, TVNZ does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

APPENDIX III – Reporting requirements

TVNZ is required to publish a Statement of Intent at least every three years, and a Statement of Performance Expectations annually.

Within two months after the end of the first six months of each financial year, TVNZ must prepare financial statements on the business for that half-year in accordance with the Television New Zealand Act 2003.

This is in addition to any annual financial statements required to be prepared under Section 154 of the Crown Entities Act 2004.

TVNZ will also supply the Shareholding Ministers quarterly reports with provisional financial results and the information required under the Memorandum of Understanding with the Minister of Broadcasting.

Before the start of each financial year a Business Plan will be prepared for discussion with the Shareholding Ministers.

APPENDIX IV – Consultation, subsidiary and associated companies

TVNZ will in relation to any single or connected series of transactions, consult with Shareholding Ministers of TVNZ on substantial matters not contemplated in the business plan including:

- Any transactions, initiatives and projects with a value greater than \$5 million (except for content acquisition and commissioning deals where the deal is able to be accommodated within the relevant content budget for the financial year).
- Any capital investment where the value of the investment exceeds 5% of the book value of equity.
- Any substantial expansion of activities outside the scope of its core business into new business areas.
- The subscription for, or sale of, shares in any company or equity interests in any other organisation which are material, involve a significant overseas equity investment, or are outside the scope of its core business.
- The sale or other disposal of the whole or any substantial part of the business or undertaking of TVNZ.
- Where TVNZ holds 20 percent or more of the shares in any company or other body corporate (not being a subsidiary of TVNZ), the sale or disposal of any shares in that company.

TVNZ will ensure at all times that:

- Control of the affairs of every subsidiary of TVNZ is exercised by a majority of Directors appointed by TVNZ.
- A majority of the Directors of every subsidiary of TVNZ are persons who are also Directors or employees of TVNZ, or who have been approved by the Board of TVNZ for appointment as Directors of the subsidiary.

In accordance with Section 100 of the Crown Entities Act 2004, TVNZ will ensure that it does not:

1. Acquire shares in a company that gives TVNZ substantial influence in or over that company; or
2. Acquire an interest in any partnership, joint venture, or other association of persons, or an interest in a company other than its shares; or
3. Settle, or be, or appointed a trustee of, a trust, -

other than –

4. After written notice to its shareholding Ministers; and
5. In accordance with the consultation principles stated in the first paragraph above; and
6. For the purpose of TVNZ carrying out its functions, and acting consistently with its objectives under any Act and its constitution.

APPENDIX V – Trust in TVNZ Metrics

TVNZ has access to internal data (audience, complaints, market trackers) and monitors external, independent studies and reports that measure reputation, fairness and trust.

These are viewed collectively to inform TVNZ's trust position (for example, audience performance alone does not provide a clear indicator of trust, but it is relevant when viewed alongside the other factors). Where possible, TVNZ has provided quantitative objective metrics to inform progress on trust.

As outlined in the Strategic Issues Letter, in addition to the below, in FY2026 TVNZ will:

- commission an independent review of news looking at balance and bias;
- provide additional training for all editorial staff on trust;
- constantly monitor for the separation of fact and opinion, with additional signposting for viewers / readers;
- issue a full disclosure on corrections made, and of formal complaint statistics and upholds;

Measurement	FY2024	FY2025	FY2026
	Actual	YTD May	Target
Formal Complaints:			
Total complaints about TVNZ upheld by the Broadcasting Standards Authority and NZ Media Council	0.11% ¹¹	0.2%	< 1% of complaints received
Audience¹²:			
1 News at Six			
TVNZ1 average nightly audience (5+)	594k	588k	582k
TVNZ+ weekly streaming audience (5+)	166k	191k	220k
TVNZ+ average weekly news clips streamed (5+)	N/A	547k	630k
Independent Surveys:			
Kantar NZ Corporate Reputation Index ¹³	107 pts (#8)	108 pts (#4)	Top 5
NZ On Air "Where Are the Audiences?" Report (Most trusted news ¹⁴)	21% (1 st)	22% (1 st)	1 st
AUT Trust in News Report ¹⁵	4.8 pts (#3=)	5.6 pts (#3=)	6 pts (#1)

¹¹ 3 complaints upheld of 2,633 total complaints received

¹² As reported by TVNZ Insights team 23/6/25

¹³ Kantar results reported annually in June

¹⁴ NZOA WATA reported annually in August

¹⁵ AUT TiR reported annually in April

APPENDIX VI – Digital + Strategy Targets

By 2030, TVNZ will be a digital-first media organisation, and on its way to being fully digital. The Digital+ strategy is designed to speed up this transition. It provides the roadmap for TVNZ to continue as a vibrant, commercially sustainable media organisation that delivers trusted news, sport, and the best of international and local content to Aotearoa for generations to come.

There are 3 Strategic Pillars reflecting the key priorities with FY30 Targets

- **Audiences** - Deliver exceptional, digital-led content and experiences for viewers
 - Actively migrate linear audiences to TVNZ's digital platforms and attract new audiences by taking the best of broadcast over to digital and delivering new experiences for our viewers
 - **Target:** Double digital audiences by 2030¹⁶
- **Revenue** - Be the preferred digital platform for NZ advertisers
 - Increase digital advertising innovation and create new revenue streams outside of advertising, while maximising revenue from broadcast to support our digital transition.
 - **Target:** Triple digital revenue by 2030¹⁷
- **Future Business** - Realign our operating and cost models with a digital first focus
 - Profitably sunset broadcast TV and implement a digital-first operating model that automates and unlocks growth. Reduce operating costs to respond to our revenue challenge and enable investment in our future.
 - **Target:** Deliver sustained profitable earnings by 2030.

	FY2023	FY2024	FY2025	FY2030
	Actual	Actual	Forecast	Target
Digital Audiences <i>Ave Reach 18-54 ('000)</i>	405	461	482	1,000
Digital Revenue (\$)	55.6m	60.1m	67.7m	150.0m

¹⁶ verses FY23

¹⁷ verses FY23