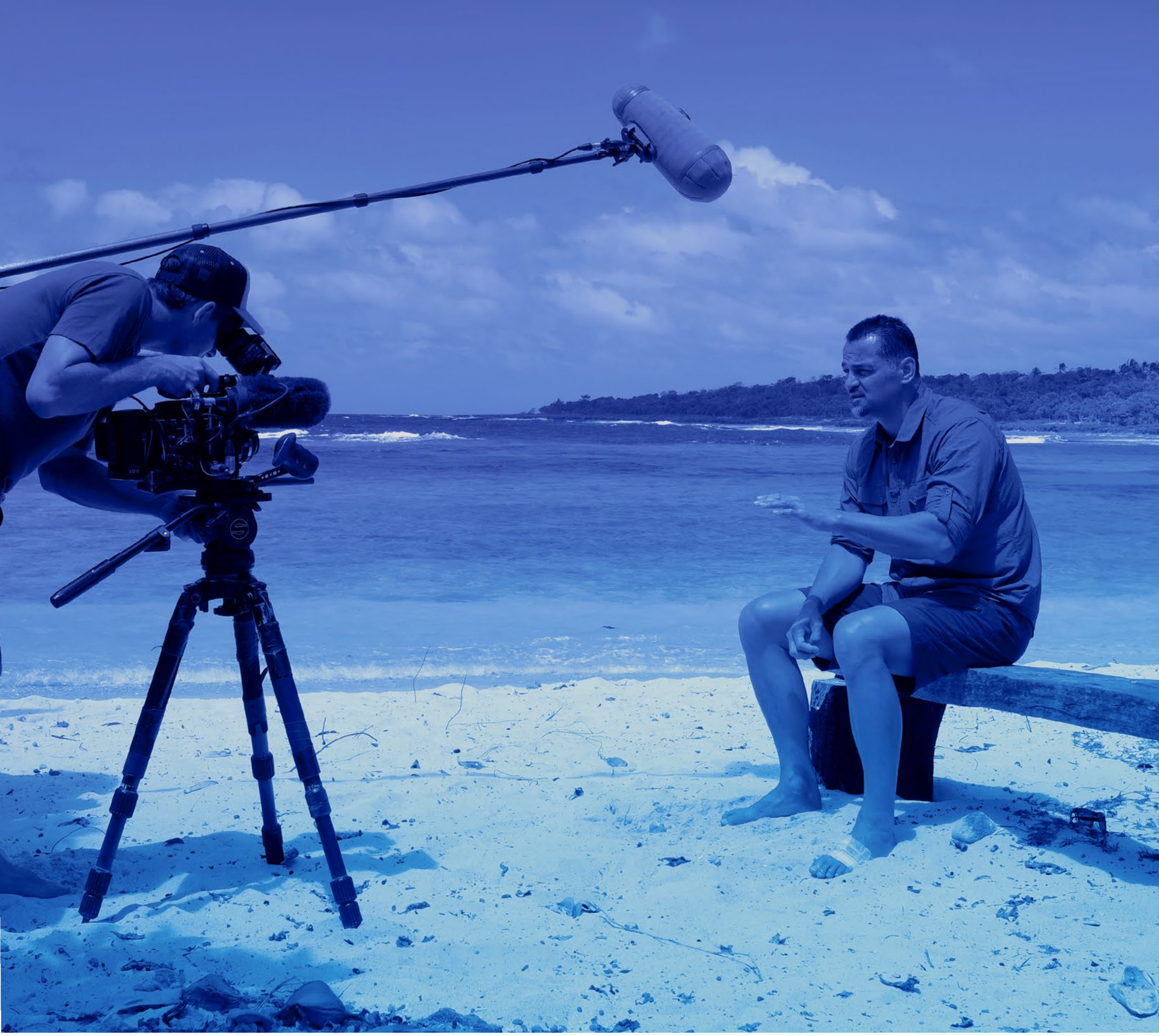
Interim Report

FINANCIAL YEAR 2022



Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)

Contents

Chief Executive's Overview

TVNZ half year tracking strongly with robust revenues, digital growth, and increased local content spending

TVNZ reported EBITDAF of $29.4 million for the six months to 31 December 2021, $26.3 million below the prior year, but in line with trends seen pre-Covid in the six months to December 2019.

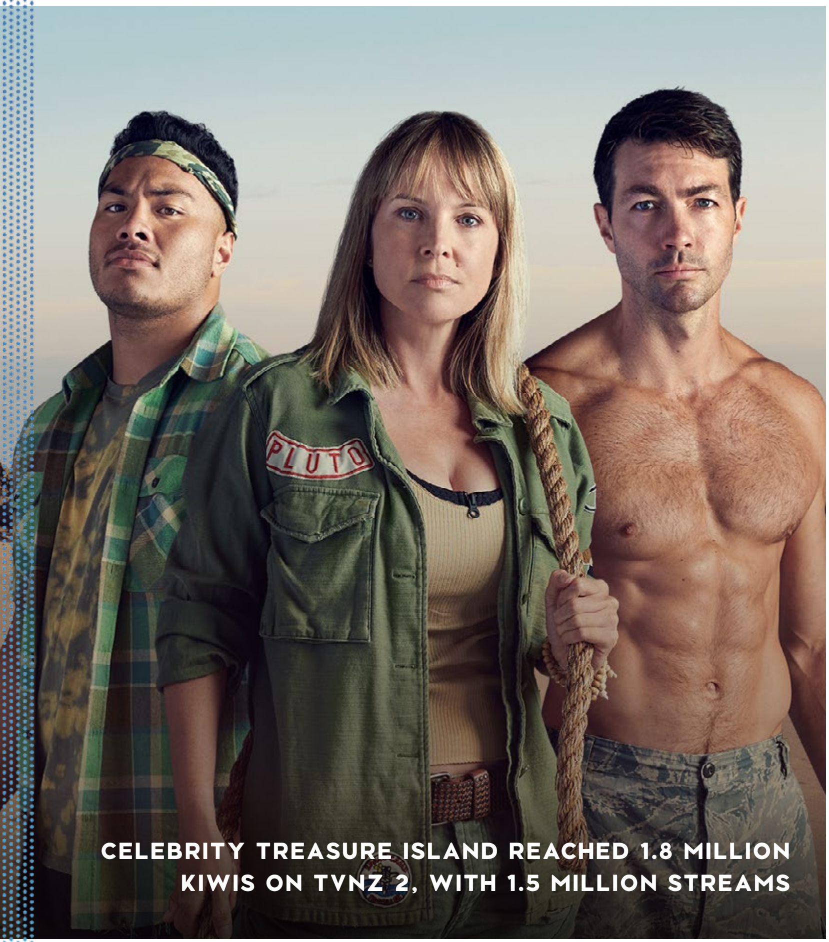
Total revenue was up $8.0 million to $183.7 million. Revenue has steadily improved as the year has progressed, driven by strong growth in digital advertising and market leading share of television advertising.

Operational expenses of $154.2 million are $34.3 million higher than last year. $26.9 million of this increase is due to greater spend on content. Local and international production pipelines have picked up, boosting supply and enabling TVNZ to return to pre-Covid levels of programming across channels and platforms. Non-content expenditure of $59.3m, up $7.6 million year-on-year, reflects an increased investment in people and digital capabilities as TVNZ's operations have rebuilt momentum following restrictions imposed in the year prior.

TVNZ reported a FY22 interim Net Profit After Tax of $15.2 million, down $18.7 million year on year, after accounting for a $5.9 million tax expense.

Kevin Kenrick, TVNZ Chief Executive says the results are a positive start to what's set to be an exciting period of change for TVNZ.

"TVNZ achieved a record result in FY21 largely due to a lack of content availability and cost constraints designed to preserve cash. We're now seeing a return to pre-pandemic levels of



CELEBRITY TREASURE ISLAND REACHED 1.8 MILLION KIWIS ON TVNZ 2, WITH 1.5 MILLION STREAMS

expenditure, and this is powering double-digit growth in digital and growth in total revenue.

TVNZ is focused on ensuring digital growth outpaces any declines in broadcast. This has been achieved again in the last six months and TVNZ's market leading share of TV combined with accelerating digital audiences and revenues provides confidence this momentum will be sustained."

TVNZ generated $18.5 million cash flow from operating activities for the six-month period and is well placed to fund continued investment in building digital capabilities and to absorb potential financial volatility resulting from the uncertain market environment.

TVNZ's interim result coincides with government consideration being given to the creation of a new public media entity comprised of crown-owned media assets.

"TVNZ awaits cabinet's announcement and will proactively support whatever future option is determined by our shareholder.

In the meantime, we are focused on delivering compelling content, supporting our viewers migration to online streaming and maintaining robust financial performance to ensure TVNZ's continued success in the year ahead." said Kenrick.

Kevin Kenrick

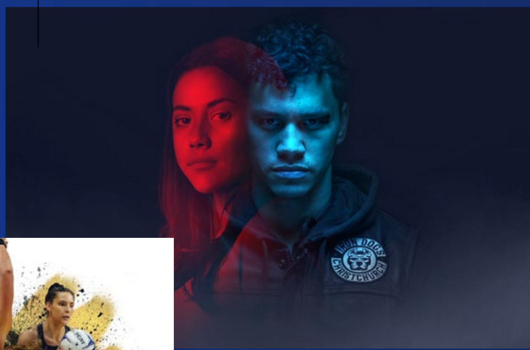
Highlights

FOR THE PERIOD

THE PANTHERS
debuted simultaneously as a boxset OnDemand and a weekly release on TVNZ 1

CELEBRITY TREASURE ISLAND
reached 40% of Kiwis

ONDEMAND SUMMER SERIES
Shortland Street: Retribution was streamed 871,267 times



LIVE
International Netball landed on TVNZ 2

2.9M NEW ZEALANDERS
watched the Tokyo 2020 Olympics on TVNZ 1, with more than 4.5m live streams

EARNINGS (EBITDAF)
$29.4m

TOTAL REVENUE
$183.7m

ONDEMAND VIDEO STREAMS
Total streams
171,238,000
↑ 43% YOY

NET PROFIT
$15.2m

TV AUDIENCE SHARE
45.7%
↑ HIGHEST SINCE 2010

TOTAL ONDEMAND VIDEO STREAMS
Average Weekly Audience Reach
583,077
↑ 25% YOY

Source: Google Analytics, 13+, Jul-Dec 21, Freeview data up to June 2021
Source: Nielsen TAM, Consolidated, 05+, All day, Jul-Dec 21

Consolidated Income Statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)

	Notes	Six Months Ended 31/12/21 $000	Six Months Ended 31/12/20 $000
Operating revenue	3	**183,697**	175,710
Expenses			
Programming	4	**(94,932)**	(68,216)
Employee benefits		**(28,361)**	(26,464)
Transmission, technology and telecommunications		**(10,860)**	(10,908)
Premises and occupancy		**(1,717)**	(1,515)
Marketing		**(5,452)**	(3,263)
Other		**(12,927)**	(9,556)
	5	**(154,249)**	(119,922)
Earnings before interest, tax, depreciation, amortisation and financial instruments (EBITDAF)		**29,448**	55,788
Depreciation and amortisation		**(8,125)**	(8,900)
Interest income		**433**	179
Interest expense		**(72)**	(46)
Financial instruments/foreign currency (losses)/gains		**(570)**	121
Profit for the period before tax		**21,114**	47,142
Income tax expense		**(5,912)**	(13,200)
Profit for the period		**15,202**	33,942

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)

	Six Months Ended 31/12/21 $000	Six Months Ended 31/12/20 $000
Profit for the period	**15,202**	33,942
Other comprehensive income reclassifiable to profit or loss in subsequent periods		
Revaluation land and buildings	**0**	0
Income tax effect	**0**	0
Revaluation of land and buildings, net of tax	**0**	0
Total comprehensive income for the period	**15,202**	33,942

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021 (UNAUDITED)

	Notes	As at 31/12/21 $000	As at 30/06/21 $000
ASSETS			
Current Assets			
Cash and cash equivalents		**45,139**	23,539
Short term investments		**65,000**	85,000
Trade and other receivables		**51,922**	64,902
Programme rights		**39,071**	36,957
Derivatives		**163**	421
Total current assets		**201,295**	210,819
Non-current assets			
Property, plant and equipment		**154,812**	159,393
Right-of-use assets		**300**	453
Other intangibles		**3,701**	5,395
Derivatives		**53**	54
Total non-current assets		**158,866**	165,295
Total assets		**360,161**	376,114
LIABILITIES			
Current Liabilities			
Trade and other payables		**46,284**	66,488
Employee entitlements		**4,502**	4,357
Deferred income		**1,552**	2,638
Income tax payable		**5,541**	0
Lease liabilities		**227**	412
Derivatives		**1**	0
Provisions	6	**859**	1,233
Total current liabilities		**58,966**	75,128
Non-current liabilities			
Employee entitlements		**908**	929
Derivatives		**0**	1
Lease liabilities		**84**	55
Deferred tax liability		**1,724**	1,724
Total non-current liabilities		**2,716**	2,709
Total liabilities		**61,682**	77,837
Equity			
Contributed equity		**140,000**	140,000
Revaluation reserves		**72,999**	72,999
Retained earnings		**85,480**	85,278
Total equity		**298,479**	298,277
Total equity and liabilities		**360,161**	376,114

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)

	Share capital $000	Revaluation reserve $000	Retained earnings $000	Total $000
At 1 July 2021	**140,000**	**72,999**	**85,278**	**298,277**
Total comprehensive income	0	0	15,202	15,202
Dividend paid in the period	0	0	(15,000)	(15,000)
At 31 December 2021	**140,000**	**72,999**	**85,480**	**298,479**
At 1 July 2020	**140,000**	**64,205**	**26,086**	**230,291**
Total comprehensive income	0	0	33,942	33,942
Dividend paid in the period	0	0	0	0
At 31 December 2020	**140,000**	**64,205**	**60,028**	**264,233**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)

	Notes	Six Months Ended 31/12/21 $000	Six Months Ended 31/12/20 $000
Cash flows from/(used in) operating activities			
Receipts from customers		**192,027**	164,972
Receipt of programme funding		**1,994**	1,321
Interest received		**457**	179
Payments to suppliers and employees		**(164,453)**	(117,370)
Interest paid		**(72)**	(46)
Income tax received / (paid)		**(11,500)**	0
Net cash flows from/(used in) operating activities		**18,453**	49,056
Cash flows from/(used in) investing activities			
Purchase of property, plant and equipment		**(1,643)**	(579)
Maturing short term investments		**20,000**	0
Net cash flows from/(used in) investing activities		**18,357**	(579)
Cash flows from/(used in) financing activities			
Lease liability payments		**(210)**	(310)
Dividends paid		**(15,000)**	0
Net cash flows from/(used in) financing activities		**(15,210)**	(310)
Net increase/(decrease) in cash and cash equivalents		**21,600**	48,167
Cash and cash equivalents at the beginning of the period		**23,539**	52,541
Cash and cash equivalents at the end of the period		**45,139**	100,708

In the six-month period to 31 December 2020, term deposits held for a period of more than three months and less than six months, were included with cash and cash equivalents for cash flow reporting purposes.

TVNZ's financial statements for the year ended 30 June 2021 recorded all term deposits held for a period of more than three months as short-term investments, so these amounts are not included in cash and cash equivalents in the six months ending 31 December 2021.

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)

1. CORPORATE INFORMATION

Television New Zealand Limited and its subsidiaries (together "TVNZ") operate as a multi-channel television and digital media broadcasting and production company in New Zealand.

TVNZ is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is wholly owned by the Crown. TVNZ is bound by the requirements of the Television New Zealand Act 2003. The Crown does not guarantee the liabilities of TVNZ in any way.

These consolidated financial statements were approved for issue by the Board of Directors on 24 February 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The unaudited interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and the requirements of the Television New Zealand Act 2003.

The unaudited interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with TVNZ's annual financial statements as at 30 June 2021.

The financial statements are presented in New Zealand dollars, which is the TVNZ's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

b) Strong Public Media

A review of the public media industry is in progress with a goal of ensuring public media is fit for the future and able to thrive and adapt amid the changing media landscape.

The Government is currently considering the business case prepared for this purpose, which could result in the creation of a new public media entity.

These financial statements have been prepared on a going concern basis but at the time of publishing, there is not enough information available to determine the outcome of the business case, or ultimately how the Government will advance strong public media objectives. Accordingly, there remains some uncertainty as to the future structure of the public media landscape and TVNZ's role therein.

c) Covid-19 Pandemic

TVNZ has considered the ongoing impact of the Covid-19 pandemic and associated market volatility when preparing these financial statements. There remains a heightened level of uncertainty around the impact of the pandemic on TVNZ and the New Zealand economy.

d) Accounting policies

The accounting policies used in the preparation of the unaudited interim financial statements are consistent with those used in the preparation of TVNZ's annual financial statements for the year ended 30 June 2021.

e) Accounting standards and interpretations adopted in the current period

There are no new standards or amendments to existing standards which have or are expected to have a material impact on TVNZ in the current or future reporting periods.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)

3) OPERATING REVENUE

	Six Months Ended 31/12/21 $000	Six Months Ended 31/12/20 $000
Advertising revenue	**172,142**	163,814
Programme funding	**3,614**	3,036
Other trading revenue	**7,941**	8,860
	183,697	175,710

Accounting policy

TVNZ derives revenue from the transfer of goods and services. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer at an amount that reflects the consideration to which TVNZ expects to be entitled in exchange for those services.

Revenue is stated exclusive of goods and services tax (GST).

Key classes of revenue are recognised on the following basis:

Advertising

TVNZ is in the business of providing advertising services on its free to air television and OnDemand digital streaming channels. Advertising revenue is recognised as income at the time the performance obligation has been met. Advertising revenue includes revenue from advertising, sponsorship and programme production funding on TVNZ 1, TVNZ 2, TVNZ DUKE, TVNZ OnDemand and tvnz.co.nz. Where TVNZ provides advertising for non-cash consideration, revenue is recognised at the fair value of the consideration received, unless TVNZ 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.

TVNZ provides retrospective volume bonuses to certain customers once the quantity of advertising services purchased during the period exceeds a threshold specified in the contract. Volume bonuses are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, TVNZ applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. TVNZ then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future bonuses.

Programme funding

Programme 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.

Other trading revenue

Other trading revenue is recognised when the service 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 and multi feed service.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)

3) OPERATING REVENUE *(continued)*

Significant financing component

TVNZ does not expect, at contract inception, that the period between the transfer of 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. TVNZ applies the practical expedient in NZ IFRS 15 to not adjust the promised amount of consideration for the effects of a significant financing component.

Incremental cost of obtaining a contract

TVNZ has elected to apply the optional practical expedient in NZ IFRS 15 for costs to obtain a contract which allows TVNZ to immediately expense sales commissions (included under employee benefits) because the amortisation period of the asset that TVNZ otherwise would have used is one year or less.

4) PROGRAMMING

	Six Months Ended 31/12/21 $000	Six Months Ended 31/12/20 $000
Programme utilisation	**91,140**	72,027
Programme rights impairment	**3,792**	1,039
Onerous contract	**0**	(4,850)
	94,932	68,216

Programme utilisation returned to pre-pandemic levels after the prior period experienced a significant reduction in programme utilisation driven by global and local delays and halts to production due to Covid-19.

A programme rights contract became loss making during the period and an impairment of $3.8m has been made for the net obligation under the contract at report date. The impairment is calculated as the net of estimated revenue and the estimate of programme purchase commitments, discounted to present values.

5) EXPENSES

Expenses for the period of $154.2m were $34.4m higher YoY mainly driven by $26.7m programming impact as explained in Note 4 above, as well as other increases to costs in line with programming and revenue increases, including industry levies, multi feed event expenses, and marketing.

The prior period was impacted by Covid-19 restrictions. Non-programming expenditure in the current period reflects an increased investment in digital capabilities, as operations have rebuilt to pre-pandemic levels.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)

6) PROVISIONS

Accounting policy

Provisions are recognised when TVNZ has a present legal or constructive obligation 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.

Movement in provisions

	Reorganisation $000	Make Good $000	Total $000
At 1 July 2021	474	759	1,233
Raised during the year	0	0	0
Utilised during the year	(374)	0	(374)
At 31 December 2021	100	759	859
Current	100	759	859
Non-current	0	0	0
At 31 December 2021	100	759	859
Current 30 June 2021			
Non-current 30 June 2021	474	759	1,233
At 30 June 2021	0	0	0
	474	759	1,233

Nature and timing of provision

Reorganisation

The reorganisation provision balance relates to the costs of redundancy, outplacement and other costs associated with changes in operational areas of the business as a result of changes in the media industry that were accelerated due to the economic impact of the Covid-19 pandemic.

Make good

At the expiration of property leases TVNZ is required to restore the property to a standard as specified in the lease agreement. The estimated costs to restore the property have been prepared by independent advisors.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)

7) COMMITMENTS

	As at 31/12/21 $000	As at 30/06/21 $000
Programme rights	**153,438**	135,648
Operating leases	**53**	2
Property, plant and equipment and software	**910**	910
	154,401	136,560

Commitments for programme rights denominated in Australian dollars and are converted at the exchange rate ruling at the date of transaction and revalued at the end of the period. The commitments are determined with reference to the licence period start dates.

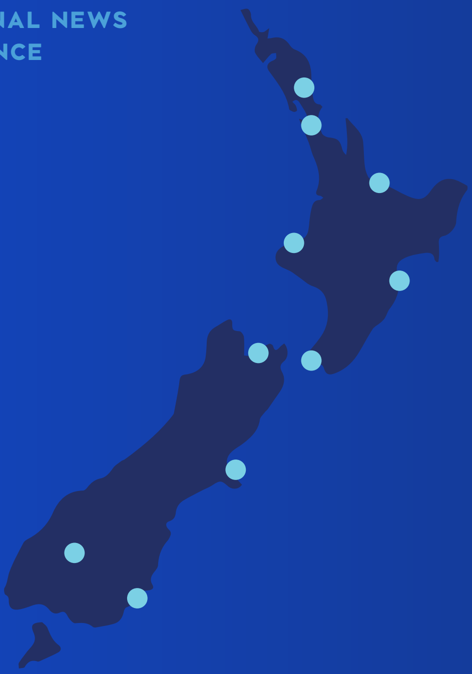
8) CONTINGENT LIABILITIES

In the normal course of business various defamation claims have been made against TVNZ. Given the absence of quantified claims in these proceedings, and uncertainty as to the outcomes of these claims, no estimate of the financial effect can be made and no provision for any potential liability has been made in the financial statements.

9) EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurring since balance date requiring disclosure.

NATIONAL NEWS PRESENCE



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