



# Interim Report

FINANCIAL YEAR 2024



tvnz+

Re:





# Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 (UNAUDITED)



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# Chief Executive's Overview

TVNZ announces an interim loss as it responds to challenging economic conditions and market disruption

TVNZ has reported an EBITDAF of \$0.1 million and an operating loss of \$4.6 million for the six-month period ended 31 December 2023. Additionally, TVNZ has booked an impairment of \$12.2 million, which is reflected in today's NPAT result, a loss of \$16.8 million. This loss is supported by a strong balance sheet and cash reserves.

This result recognises the impact declines in the local advertising market are having on the business and on the sector as a whole.

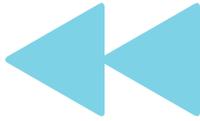
Total revenue of \$155.9 million represents a 13.5% decrease from last year. A challenging trading environment has seen a significant reduction in television advertising revenue, while digital revenue continues to increase year-on-year.

Operational expenses of \$155.7 million were \$10.7 million lower than the same period last year, as the business adjusted its cost profile in response to falling revenue. This was achieved primarily through a reduction in content expenditure, as well as savings in marketing spend and other overheads.

Jodi O'Donnell, TVNZ's Chief Executive says, "Digital generates nearly a quarter of TVNZ's advertising revenue, and this percentage is increasing year-on-year. The challenge we're facing into is growing these digital revenues at a faster pace than TV revenues are declining. TVNZ is building a future beyond broadcast television and today's results show the need for us to make this transition faster."

While the revenue position remains tough, TVNZ's audience reach will help the business make this shift. In the last six months, TVNZ delivered record breaking General Election coverage and brought New Zealand cricket back to free-to-view. From critically acclaimed dramas like After The Party, to favourites including Celebrity Treasure Island and Taskmaster NZ, our channels and platforms had content for all New Zealanders."





## Digital Focus

Over 1.25 million New Zealanders are using TVNZ+ every week, and in the first half of FY24 the platform recorded more than 186 million streams. Inews.co.nz has also grown in the past six months, now reaching around one million unique browsers weekly.

“TVNZ+ has provided us with a strong foundation for securing a digitally led future. Our focus is now on increasing our scale and expanding our offering with new products and services to better meet the audiences of tomorrow,” says O’Donnell.

“TVNZ is part way through an all-of-business digital transformation. This multi-year project will move TVNZ from a broadcast organisation with digital bolted on, to a future-focused media entity with digital at its core.”

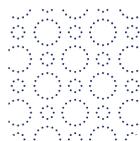
TVNZ’s aspiration is to be the number one streamer of news and entertainment content in Aotearoa. The organisation’s 5-year business plans sets out three key objectives for achieving this; to double TVNZ+’s 18-54 audience, triple digital advertising revenue across the same period and create a sustainable operational model for a digital-first media entity. To deliver on its roadmap, TVNZ will imminently appoint a Master Systems Integrator to work alongside the business to implement a new IP platform. This work will replace legacy broadcast technologies with a more modern and flexible base.

## Outlook for 2024

“We expect the challenging economic conditions we faced in the first half of the financial year to continue into the second half of the year. We will need to make further changes to our cost base to navigate through this uncertainty.

While we hope to see some improvement in the advertising sector in late 2024, we anticipate market disruption from global streaming services and social media platforms to continue, and this means standing still is not an option. Ultimately, we need to get our organisation into the right shape and the right size to compete in a digital world,” says O’Donnell.

**Jodi O’Donnell**



# Highlights

FOR THE PERIOD

## AFTER THE PARTY

Critically acclaimed After the Party streamed 1.1 million times and reached a linear audience of 1.4 million.



## TVNZ+ SPORTS HUB

Since its launch in July, the TVNZ+ Sports Hub has had 5 million streams.



## BLUEY

The most streamed title on TVNZ+ was Bluey with 23.4 million total streams.



## SUMMER OF CRICKET

The start of TVNZ's Summer of Cricket was a hit in December, with 530,526 streams of BLACKCAPS v Bangladesh content.



TVNZ+ reached 1.9 million registered users.



## SHORTLAND STREET

Shortland Street was a winner with online audiences, with 10.5 million streams.

## 1NEWS' 2023 ELECTION

The culmination of 1News' 2023 Election coverage reached 1.4 million broadcast viewers on election night.



EARNINGS (EBITDAF)

**\$0.1m**

ADVERTISING REVENUE

**\$146.8m**

TVNZ + TOTAL VIDEO STREAMS

**186 million**

NET LOSS

**(\$16.8m)**

TOTAL REVENUE

**\$155.9m**

TVNZ DAILY CHANNEL REACH

**1.6 million**

# Consolidated Income Statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 (UNAUDITED)

	Notes	Six Months Ended 31/12/23 \$000	Six Months Ended 31/12/22 \$000
<b>Operating revenue</b>	4	<b>155,854</b>	180,258
<b>Expenses</b>			
Programming	5	<b>(87,888)</b>	(96,718)
Employee benefits		<b>(32,492)</b>	(31,816)
Transmission, technology and telecommunications		<b>(14,326)</b>	(12,984)
Premises and occupancy		<b>(1,678)</b>	(1,723)
Marketing		<b>(6,690)</b>	(8,598)
Other		<b>(12,670)</b>	(14,591)
	6	<b>(155,744)</b>	(166,430)
<b>Earnings before interest, tax, depreciation, amortisation, financial instruments and impairment (EBITDAF)</b>		<b>110</b>	13,828
Depreciation and amortisation		<b>(6,939)</b>	(6,944)
Interest income		<b>2,866</b>	1,726
Interest expense		<b>(131)</b>	(125)
Financial instruments/foreign currency (losses)/gains		<b>(462)</b>	(1,808)
<b>(Loss)/Profit for the period before tax and impairment</b>		<b>(4,556)</b>	6,677
Impairment		<b>(12,234)</b>	0
<b>(Loss)/Profit for the period before tax</b>		<b>(16,790)</b>	6,677
Income tax expense		<b>0</b>	(1,871)
<b>(Loss)/Profit for the period</b>		<b>(16,790)</b>	4,806

# Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 (UNAUDITED)

	Six Months Ended 31/12/23 \$000	Six Months Ended 31/12/22 \$000
<b>(Loss)/Profit for the period</b>	<b>(16,790)</b>	4,806
<b>Other comprehensive income reclassifiable to profit or loss in subsequent periods</b>		
Revaluation land and buildings	0	0
Income tax effect	0	0
<b>Revaluation of land and buildings, net of tax</b>	<b>0</b>	0
<b>Total comprehensive (loss)/income for the period</b>	<b>(16,790)</b>	4,806

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2023 (UNAUDITED)

Notes	As at 31/12/23 \$000	As at 30/06/23 \$000
<b>ASSETS</b>		
<b>Current Assets</b>		
	31,816	33,668
	75,000	65,000
	61,042	74,416
	23,204	24,885
	0	106
	680	680
	<b>191,742</b>	198,755
<b>Non-current assets</b>		
	132,301	138,341
	2,578	2,943
	2,672	3,839
	1,024	1,024
	0	14
	<b>138,575</b>	146,161
	<b>330,317</b>	344,916
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
	49,759	47,101
	3,866	3,944
	1,884	1,803
	807	784
	325	386
	<b>56,641</b>	54,018
<b>Non-current liabilities</b>		
	733	782
	39	12
	1,840	2,250
	794	794
	<b>3,406</b>	3,838
	<b>60,047</b>	57,856
<b>Equity</b>		
	140,000	140,000
	67,148	67,148
	63,122	79,912
	<b>270,270</b>	287,060
	<b>330,317</b>	344,916

# Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 (UNAUDITED)

	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
<b>At 1 July 2023</b>	<b>140,000</b>	<b>67,148</b>	<b>79,912</b>	<b>287,060</b>
Total comprehensive income	0	0	(16,790)	(16,790)
Dividend paid in the period	0	0	0	0
<b>At 31 December 2023</b>	<b>140,000</b>	<b>67,148</b>	<b>63,122</b>	<b>270,270</b>
<b>At 1 July 2022</b>	<b>140,000</b>	<b>77,625</b>	<b>78,194</b>	<b>295,819</b>
Total comprehensive income	0	0	4,806	4,806
Dividend paid in the period	0	0	0	0
<b>At 31 December 2022</b>	<b>140,000</b>	<b>77,625</b>	<b>83,000</b>	<b>300,625</b>

# Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 (UNAUDITED)

Notes	Six Months Ended 31/12/23 \$000	Six Months Ended 31/12/22 \$000
<b>Cash flows from/(used in) operating activities</b>		
Receipts from customers	162,791	183,915
Receipt of programme funding	1,480	1,222
Interest received	2,867	1,081
Payments to suppliers and employees	(156,777)	(168,368)
Interest paid	(58)	(125)
Income tax received / (paid)	0	(6,400)
<b>Net cash flows from/(used in) operating activities</b>	<b>10,303</b>	11,326
<b>Cash flows from/(used in) investing activities</b>		
Purchase of property, plant and equipment	(1,501)	(3,487)
Purchase of intangibles	(267)	0
(Purchase)/sale of short term investments	(10,000)	0
<b>Net cash flows from/(used in) investing activities</b>	<b>(11,768)</b>	(3,487)
<b>Cash flows from/(used in) financing activities</b>		
Lease liability payments	(387)	(267)
<b>Net cash flows from/(used in) financing activities</b>	<b>(387)</b>	(267)
Net increase/(decrease) in cash and cash equivalents	(1,852)	7,573
Cash and cash equivalents at the beginning of the period	33,668	24,389
<b>Cash and cash equivalents at the end of the period</b>	<b>31,816</b>	31,962

# Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 (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 28 February 2024.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation

The unaudited interim financial statements for the six months ended 31 December 2023 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 2023.

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) 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 2023.

### c) 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.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

### a) Impairment Assessment

Impairment assessments are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense in the consolidated income statement.

The Annual Report for the year ended 30 June 2023 disclosed the significant judgements, estimates, and assumptions that were made when preparing the 5-year forecast which was used to determine a commercial valuation of TVNZ under a Fair Value Less Costs of Disposal basis. This assessment resulted in there being no impairment required at that date.

Since then, there has been a material deterioration in market conditions and the corresponding financial forecasts of TVNZ, resulting in a review and update of the impairment assessment.

Significant judgements, estimates, and assumptions were made in the preparation of the updated forecast in line with the previous assessment.

The updated impairment assessment has resulted in the recognition of an impairment at balance date. See Note 7 Impairment for further details.

# Notes to the Consolidated Financial Statements *(continued)*

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 (UNAUDITED)

## 4) OPERATING REVENUE

	Six Months Ended 31/12/23 \$000	Six Months Ended 31/12/22 \$000
Advertising revenue	146,801	171,278
Programme funding	2,984	2,421
Other trading revenue	6,069	6,559
	<b>155,854</b>	180,258

### 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 TVNZ+ 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+ 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 2023 (UNAUDITED)

## 4) 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.

## 5) PROGRAMMING

	Six Months Ended 31/12/23 \$000	Six Months Ended 31/12/22 \$000
Programme utilisation	87,888	96,340
Onerous Contract	0	378
	<b>87,888</b>	<b>96,718</b>

In the prior period, a programme rights contract was assessed as onerous and an impairment of \$0.4m was recognised 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.

## 6) EXPENSES

Other expenses include central overhead expenses, industry levies, contractors, and multi-feed event expenses.

# Notes to the Consolidated Financial Statements *(continued)*

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 (UNAUDITED)

## 7) IMPAIRMENT

Due to the deterioration of market conditions since the last balance date, an update of the 5-year financial forecast was undertaken in order to assess the fair value of TVNZ and determine if an impairment was required.

The previous assessment was highly sensitive to any adverse changes and the update to the forecast included the latest estimates of revenue (linear and digital growth rates), operating expenses, and capital expenditure.

The updated forecast established that the fair value of TVNZ's net assets is lower than its carrying value, resulting in an impairment of \$12.2m which has been included in the consolidated income statement.

In accordance with NZ IAS-36 Impairment of Assets, the impairment has been apportioned across the following asset classes:

Asset Class	Recognition Basis	Value subject to impairment	Impairment	Closing Value
		\$000	\$000	\$000
Programme Rights	Amortised Cost	28,794	(5,590)	23,204
Prepaid Programme Rights*	Cost	21,858	(4,243)	17,615
Other Intangible Assets	Amortised Cost	3,315	(643)	2,672
Property, Plant & Equipment (excluding L&B held at fair value)	Cost less accumulated depreciation	9,059	(1,758)	7,301
		<b>63,026</b>	<b>(12,234)</b>	<b>50,792</b>

\*Included in Trade and other receivables

## 8) COMMITMENTS

	As at 31/12/23 \$000	As at 30/06/23 \$000
Programme rights	<b>174,527</b>	155,510
Property, plant and equipment and software	<b>218</b>	463
	<b>174,745</b>	155,973

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.

Several new commitments for programme rights were agreed during the period, including international content, local content and sports rights.

# Notes to the Consolidated Financial Statements *(continued)*

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 (UNAUDITED)

## 9) 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

	Make Good \$000	Total \$000
At 1 July 2023	794	794
<b>At 31 December 2023</b>	<b>794</b>	<b>794</b>
Current	0	0
Non-current	794	794
<b>At 31 December 2023</b>	<b>794</b>	<b>794</b>
Current 30 June 2023	0	0
Non-current 30 June 2023	794	794
<b>At 30 June 2023</b>	<b>794</b>	<b>794</b>

### Nature and timing of provision

#### ***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.

## 10) CONTINGENT LIABILITIES

In the normal course of business various litigation 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.

## 11) 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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## TVNZ

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## AUSTRALIA



## UNITED KINGDOM



## UNITED STATES OF AMERICA



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