



Half-Year Report

FOR THE PERIOD ENDED 31 DECEMBER 2022



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Chair and Chief Executive report

OUR HALF-YEAR FINANCIAL RESULTS ARE SOLID DESPITE THE ONGOING CHALLENGES OF OPERATING IN THE CURRENT ECONOMIC ENVIRONMENT.

Whakamaua te ihu kia tika
Steer the bow to take the right path

We are pleased to present the half year to 31 December 2022, with our results well above last year's half year, despite the increasing strength of economic, commercial, and regulatory headwinds.

Even more pleasing are the many great strategic initiatives that we have accomplished against this complex and highly challenging backdrop, characterised by falling house prices and business confidence, increased costs and competition, and an endemic shortage of registered valuers in Aotearoa. These factors and many others have affected our business, but they have not distracted us from our core purpose – helping people and businesses in Aotearoa prosper.

In these times of economic uncertainty, QV's independent property intelligence and expertise is needed now more than ever, and so our commitment to delivering for our customers remains unwavering.

Financial performance

For the first half, QV Group achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of \$2.6m. Although 7% below our SCI target, very satisfyingly it is 51% ahead of prior year.

Increased regulatory requirements and rapidly changing market conditions, with fewer sales and falling house prices, have greatly added to the challenge and complexity of our core valuation work, increasing the cost of delivery and delaying revenue in some instances.

In addition, the scarcity of registered valuers has had a negative impact on our revenue, as we continue to be capacity constrained for the provision of valuation and property services, notwithstanding the slowing

market. Lower revenues have been offset to some degree by lower people costs due to vacancies and prudent management of operating costs.

We continue to redress these challenges, adding additional operational resources and bolstering our people and processes, with ongoing technological advancements improving our capability and efficiency. These targeted investments are set out in our Statement of Corporate Intent.

Financial position

Following our strong performance in the 2022 financial year, we were delighted to pay a dividend of \$523,000, 38% above the SCI target. Our balance sheet remains strong, both to fund our capital investment programme and to withstand the increasing economic pressures. Our working capital position is also strong with a current ratio of 212% (prior year 202%).

Finally, a heartfelt ngā mihi maioha/thank you with appreciation to our dedicated and hardworking QV whānau, who have delivered a good half-year result against increasingly difficult circumstances. We value you and look forward to successfully navigating through the next six months of FY2023 together.

Whiria te taura kia ita.
Plait the binding to hold firm.



Gregory Fortuin – Chair



Jacquie Barker – CEO



Strategic highlights

WE ARE PROUD OF THE SIGNIFICANT PROGRESS WE HAVE MADE THROUGHOUT THE FIRST HALF OF THE YEAR IN THE FOLLOWING KEY FOCUS AREAS.

CREATING GREATER VALUE FOR CUSTOMERS

We strive to be a better partner to our customers and keep in sync with their strategic objectives. That is why we have continued to place greater emphasis on building closer relationships through open and honest two-way communication. We aim to better understand and alleviate our customers' pain points, and build even better property intelligence solutions for the future.

This work continues with an ongoing program of improvements across the operational and technical aspects of our customer interactions. Specific attention has also been paid to the very valuable

feedback gained from recent customer surveys and a comprehensive series of customer workshops, which resulted in a major update to our monthly report to Councils – among a number of other technological and process changes.

We also continue to enrich our customers' experience through mutually beneficial partnerships across business, media, and government organisations for the supply of property data and expertise. This includes a new partnership with Stuff this year to provide real time property values on its website, as well as several other partnerships that are expected to result in positive outcomes in the future.

ACHIEVING OPERATIONAL EXCELLENCE

Seven triennial Council rating revaluations have already gained accreditation across Aotearoa during the first half of this financial year, with more than a dozen others on track to be completed in the coming weeks and months. This is on top of the almost one million properties revalued across the ditch this year by QV Australia, which, following the successful tender for a new contract area, is now the largest provider of rating and taxation services in New South Wales.

Exciting recent advancements to our core valuation system – including refinements to our real-time valuation technology and improved rural sales analysis with rural property datasets – allows our valuers to perform their work with an even greater understanding of the latest property data. The addition of a new cohort of Valuation Assistants to assist with ongoing roll maintenance and data quality projects has also boosted our rating teams' capacity.

Other improvements to our operating model have received good feedback from stakeholders so far this year, ensuring that we continue to have the right capability to continue to deliver for our customers and remain rock solid, in spite of ongoing economic and regulatory challenges.

That same strong commitment to our financial governance has also seen us receive the top rating for Environment, Systems and Controls (ESCO) of "very good" from Audit NZ for the second year in a row.

CONNECTING PEOPLE TO THE INFORMATION THEY NEED

One of the key feedback areas from our customers was around extending access for our advanced technology. We have made available mapping tools to Councils and also improved the user experience of ratepayers when updating their property data and

raising rating valuation objections online. We have also made it easier for our people to access property analytics and present them in a way that supports their workflow, thereby helping to improve our outputs and transparency to customers.

BEING RECOGNISED FOR PROPERTY EXPERTISE

Our trusted property experts remain highly sought after in the media for their insights. From the Far North to Invercargill, targeted media releases about our core rating valuation work and our popular QV House Price Index continue to provide timely market intelligence to all Kiwis.

With our total number of media mentions currently tracking above the previous financial year as we continue to look to lift our brand and voice, even in a falling market.

We also freely share this property intelligence on social media, where we maintain an industry-leading engagement rate, and on QV.co.nz, where more than tens of thousands of people have viewed our interactive home value data in the last six months. These channels also remain an important recruitment tool, which we have continued to utilise with a refreshed employee brand proposition that spotlights the best of many benefits of working at QV.

Pleasingly, our QV whānau has grown to over 260 throughout the first half of this financial year, with more set to join us as we continue to build and bolster our expertise to remain future fit. The 2023 graduate valuer cohort are the future of our profession, and so it is our responsibility to ensure their careers get off to the best possible start at QV as we continue on our mission to deliver trusted property intelligence and expertise to help people and businesses prosper.



Our scope of activities

WE PROVIDE EXPERT VALUATION AND PROPERTY INFORMATION SERVICES TO THE RESIDENTIAL, RURAL, GOVERNMENTAL AND COMMERCIAL SECTORS



CONSULTANCY

Specialist property valuations and consultancy for the residential, commercial and rural sectors. Independent, specialist asset valuations for financial reporting purposes.



RATING VALUATIONS

Council property valuations to assess an equitable rating base to ensure ratepayers pay fairly for the services they receive. We are the largest supplier in both Aotearoa New Zealand and NSW, Australia.



PROPERTY MANAGEMENT

Property portfolio management for public sector organisations, balancing commercial drivers against public good outcomes.



PROPERTY INTELLIGENCE AND TOOLS

Providing market intelligence, data analytics, tools and customised solutions through:

[QV.co.nz](#)

[QV CostBuilder](#)

[QV House Price Index](#)

[QV Quartile Index](#)

[Database Management](#)

[SalesDirect](#)

Our people

OUR MOST IMPORTANT ASSET IS, AND WILL ALWAYS BE, OUR PEOPLE

Our QV whānau means the world to us. They are our strength, our expertise, our past, present and future. Stretched to every corner of Aotearoa New Zealand and in NSW, Australia. Our highly skilled team of over 260 enables us to keep creating property information solutions and deliver to our customers every day.

We would not be a successful valuation and property services company without our QV whānau, which is why we remain so resolute in our commitment to their ongoing career growth and development, ensuring we support their mental and physical wellbeing, and provide a varied, flexible work environment with a diverse gender mix.



LEADING DIVERSITY WITHIN THE INDUSTRY
45% FEMALE AND 55% MALE



7.8 YEARS AVERAGE SERVICE TENURE



DEEP PROPERTY EXPERTISE WITH OVER 100 REGISTERED VALUERS



HIGHLY RANKED EMPLOYEE ENGAGEMENT



LARGEST PROPERTY GRADUATE PROGRAMME IN AOTEAROA NEW ZEALAND



5 STAR HEALTH AND SAFETY RATING

Our customers

WE ARE TRUSTED TO DELIVER PROPERTY INTELLIGENCE ON AOTEAROA NEW ZEALAND'S LARGEST ASSET CLASS

As a State Owned Enterprise we work hard to add value for our customers.

Staying close to our customers' business is important to us. Over the last six months we have carried out a vast amount of customer research to ensure we are in sync with their changing requirements in this very dynamic market.

We invest in our people and their wellbeing as well our systems to ensure we remain relevant to meeting customer's needs.

RESIDENTIAL HOME OWNERS

- › Rating valuation assessments

LOCAL GOVERNMENT

- › Residential and rural market valuations

FINANCIAL SERVICE PROVIDERS, CORPORATES AND GOVERNMENT

- › Asset valuations for financial reporting purposes

RURAL SECTOR

- › Insurance valuations



CONSUMERS

- › Residential property information
- › Real-time property value estimates
- › Property education



BUILDING AND PROPERTY PROFESSIONALS

- › Comprehensive database of construction costs and information



STATE AND LOCAL GOVERNMENT

- › Rating and land tax valuations
- › Asset valuations for financial reporting
- › Compensation valuations



GOVERNMENT, FINANCIAL SERVICE PROVIDERS AND CORPORATES

- › Commercial property and asset valuations
- › Property management services



PRIVATE PROPERTY OWNERS

PROFESSIONALS

- › Online submission of property sale notices



Financial statements

For the six months ended 31 December 2022

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Notes	6 months Dec 2022 (unaudited) \$NZ'000	6 months Dec 2021 (unaudited) \$NZ'000	12 months June 2022 (audited) \$NZ'000
Revenue				
Trading revenue	A	20,027	17,436	34,908
Total revenue		20,027	17,436	34,908
Total operating costs and other expenses				
	B	17,401	15,695	31,378
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		2,626	1,741	3,530
Net interest income/(expense)				
Interest revenue		71	4	26
Finance and interest expense		46	51	98
Net interest income/(expense)		25	(47)	(72)
Profit before taxation				
Depreciation and amortisation		919	931	1,929
Profit before taxation		1,732	763	1,529
Income tax expense				
Income tax expense		464	182	379
Profit for the period		1,268	581	1,150
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Translation of foreign operations		(77)	(14)	62
Other comprehensive income for the year net of tax		(77)	(14)	62
Total comprehensive income for the year		1,191	567	1,212

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	6 months Dec 2022 (unaudited) \$NZ'000	6 months Dec 2021 (unaudited) \$NZ'000	12 months June 2022 (audited) \$NZ'000
Current assets			
Cash and cash equivalents	6,382	6,604	6,849
Trade and other receivables	5,491	3,740	6,267
Contract assets	2,978	3,082	2,652
Tax receivable	629	-	-
Total current assets	15,480	13,426	15,768
Non-current assets			
Property and equipment assets	280	102	285
Goodwill	659	659	659
Intangible assets	5,649	5,687	5,640
Right-of-use-assets	3,142	3,707	3,475
Total non-current assets	9,730	10,155	10,059
Total assets	25,210	23,581	25,827
Current liabilities			
Contract liabilities	2,106	2,100	3,612
Trade and other payables	1,582	1,662	1,487
Employee entitlements	3,005	2,209	3,079
Provisions	-	6	-
Tax payable	-	74	102
Lease liabilities	601	590	608
Total current liabilities	7,294	6,641	8,888
Non-current liabilities			
Employee entitlements	221	266	204
Provisions	151	145	151
Lease liabilities	2,617	3,039	2,913
Deferred tax	636	512	48
Total non-current liabilities	3,625	3,962	3,316
Total liabilities	10,919	10,603	12,204
Net assets	14,291	12,978	13,623
Equity			
Issued capital	4,600	4,600	4,600
Foreign currency translation reserve	295	296	372
Retained earnings	9,396	8,082	8,651
Total equity	14,291	12,978	13,623

For and on behalf of the Board who authorised the issue of these financial statements on 22 February 2023.



Gregory Fortuin – Director



Alex Skinner – Director

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Issued capital \$NZ'000	Retained earnings \$NZ'000	Foreign currency translation reserve \$NZ'000	Total shareholder's funds \$NZ'000
Balance as at 1 July 2021 (audited)	4,600	8,121	310	13,031
Profit for the period	-	581	-	581
Other comprehensive income, net of tax	-	-	(14)	(14)
Total comprehensive income for the period	-	581	(14)	567
Dividends	-	(620)	-	(620)
Balance as at 31 December 2021 (unaudited)	4,600	8,082	296	12,978
Profit for the period	-	569	-	569
Other comprehensive income, net of tax	-	-	76	76
Total comprehensive income for the period	-	569	76	645
Dividends	-	-	-	-
Balance as at 30 June 2022 (audited)	4,600	8,651	372	13,623
Profit for the period	-	1,268	-	1,268
Other comprehensive income, net of tax	-	-	(77)	(77)
Total comprehensive income for the period	-	1,268	(77)	1,191
Dividends	-	(523)	-	(523)
Balance as at 31 December 2022 (unaudited)	4,600	9,396	295	14,291

STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	6 months Dec 2022 (unaudited) \$NZ'000	6 months Dec 2021 (unaudited) \$NZ'000	12 months June 2022 (audited) \$NZ'000
Cash flows from operating activities			
Cash was provided from:			
Revenues from operations	18,905	18,427	35,604
Interest received	71	4	26
	18,976	18,431	35,630
Cash was applied to:			
Payments to employees and suppliers	17,444	15,685	30,952
Net GST paid/(received)	(67)	(99)	(102)
Interest paid	46	51	98
Income tax paid	604	698	1,332
	18,027	16,335	32,280
Net cash flows from operations	949	2,096	3,350
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property and equipment assets	-	1	-
	-	1	-
Cash was applied to:			
Purchase of property and equipment assets & intangible assets	591	761	1,559
	591	761	1,559
Net cash flows from investing activities	(591)	(760)	(1,559)
Cash flows from financing activities			
Cash was applied to:			
Dividends paid	523	620	620
Repayment of lease liabilities	302	365	575
	825	985	1,195
Net cash flows from financing activities	(825)	(985)	(1,195)
Net increase (decrease) in cash and cash equivalents	(467)	351	596
Cash and cash equivalents opening position	6,849	6,253	6,253
Cash and cash equivalents at balance date	6,382	6,604	6,849

Notes to the financial statements

Reporting entity

These financial statements are for the Group ("QV"), consisting of:

- Quotable Value Limited (QVL), which is registered and domiciled in New Zealand and is registered under the Companies Act 1993; and
- Quotable Value Australia Pty Limited (QVA), which is registered and domiciled in Australia and is registered under the Corporations Act 2001. QVA is a wholly owned subsidiary of QVL.

QV is a State-Owned Enterprise in terms of the State-Owned Enterprises Act 1986 and is wholly owned by the Crown.

The principal activity of QV is the provision of property valuations and data. QV is a for profit entity for the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements were authorised for issue by the Directors on the date stated in the Statement of Financial Position.

QV's owners or others do not have the power to amend the financial statements after issue.

Basis of preparation

These financial statements have been prepared using historical cost and on a going concern basis in accordance with:

- generally accepted accounting practice in New Zealand (NZ GAAP) and NZ IAS 34 Interim Financial Reporting. The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Annual report of the Group for the year ended 30 June 2022, available at <https://www.qv.co.nz/about/corporate-documents/>; and
- the requirements of the Companies Act 1993 and the State-Owned Enterprises Act 1986.

The accounting policies set out in the Annual report for the year ended 30 June 2022 have been applied consistently to all periods presented in these unaudited condensed financial statements. Where required, prior period comparatives have been reclassified to comply with current year disclosure.

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST.

Functional and presentation currency

These financial statements are presented in New Zealand dollars, which is the Parent's functional currency, and all financial information has been shown in thousands and is rounded to the nearest thousand dollars.

A. SUMMARY OF REVENUE

	6 months Dec 2022 (unaudited) \$NZ'000	6 months Dec 2021 (unaudited) \$NZ'000	12 months June 2022 (audited) \$NZ'000
Rating services	13,135	10,176	19,685
Consultancy services	5,707	5,795	13,005
Other trading revenue	1,185	1,465	2,218
	20,027	17,436	34,908

B. SUMMARY OF OPERATING COSTS AND OTHER EXPENSES

	6 months Dec 2022 (unaudited) \$NZ'000	6 months Dec 2021 (unaudited) \$NZ'000	12 months June 2022 (audited) \$NZ'000
Administration	105	117	227
Accounting, legal and consulting	111	97	135
Marketing	94	135	249
Occupancy	320	163	498
Operating	2,114	1,746	3,491
Other	1,079	1,119	1,987
Personnel	13,578	12,318	24,791
	17,401	15,695	31,378

C. RELATED PARTY INFORMATION

a) Related party transactions with entities related to key management personnel and directors

Entity	Type	6 months Dec 2022 (unaudited) \$NZ'000	6 months Dec 2021 (unaudited) \$NZ'000	12 months June 2022 (audited) \$NZ'000
Gregory Fortuin	Director's fees	23	23	47
	Accounts payable	4	-	4
PJ Consulting	Director's fees	15	15	29
	Accounts payable	2	2	2
Alex Skinner Limited	Director's fees	12	12	23
	Accounts payable	2	2	2
Alma Hong Consultancy (appointed 1 October 2021)	Director's fees	12	6	18
	Accounts payable	2	-	2
Multorum Limited	Director's fees	12	12	23
	Accounts payable	2	2	-
Burton Partners	Director's fees	12	12	23
	Accounts payable	2	2	-
Suzanne Tindal	Director's fees	12	12	23
	Accounts payable	2	-	-

Entity	Type	6 months Dec 2022 (unaudited) \$NZ'000	6 months Dec 2021 (unaudited) \$NZ'000	12 months June 2022 (audited) \$NZ'000
Urban Outcomes Limited <i>(appointed 1 October 2021)</i>	Director's fees	12	6	18
	Accounts payable	2	-	-
Driller Holdings Pty Limited	Director's fees	-	-	4
	Accounts payable	-	-	-
Egan National Valuers	Service fees	-	9	17
	Accounts payable	-	-	-
Agribusiness NZ Limited <i>(resigned 31 July 21)</i>	Director's fees	-	2	2
	Accounts payable	-	-	-
Marcon Holdings Limited <i>(resigned 30 September 2021)</i>	Director's fees	-	6	6
	Accounts payable	-	-	-

There are no guarantees to or from any related parties. All transactions with parties related to directors were in relation to directors' fees and the performance of directors' duties.

b) Balances arising from sales/purchases of goods and services

Purchases from related parties are made at terms equivalent to those that prevail on commercial terms. Outstanding balances are unsecured, interest free and settlement occurs in cash. There are no guarantees provided or received for any related party receivable or payable.

At reporting date Quotable Value Australia Pty Limited had a balance payable to Quotable Value Limited of \$74k (2021: \$337k) for expenses recharged by Quotable Value Limited. All transactions were at market prices and on normal commercial terms.

No related party balances have been written off or impaired during the period (2021: \$Nil).

c) Share ownership

QV is a State Owned Enterprise as all shares are owned by the Crown.

d) Dividend

An interim dividend of \$523k was declared and paid to the shareholders.

D. CONTINGENT LIABILITIES

The following contingent liabilities have been identified:

Performance and rental bond

QV has combined contingent liabilities of \$0.7 million for performance and rental bonds (2021: \$0.7 million).

Professional indemnity claims

There are no outstanding professional indemnity claims. (2021: 1 pending case).

Legal claims

There are no quantified outstanding legal claims. (2021: Nil).

E. CONTINGENT ASSETS

There are no contingent assets in the current year (2021: Nil).

F. COMMITMENTS

Intangible assets of \$5.6 million includes \$1,057k of work-in-progress (WIP). This WIP is part of Board approved capex projects.

G. EVENTS AFTER THE REPORTING PERIOD

There were no events after balance date which required adjustments or disclosures to be made in the financial statements. The impacts on QV's future operations following the severe weather events across Aotearoa New Zealand after the half year reporting date have not yet been assessed, however, QV is well placed to deal with challenges that may arise.

Statement of key performance indicators

For the six months ended 31 December 2022

	6 months Dec 2022	6 months Dec 2022	6 months Dec 2021	12 months June 2022
Specific financial performance	Actual	SCI Target	Actual	Actual
Revenue (\$000's)	20,027	20,540	17,436	34,908
EBITDA (\$000's)	2,626	2,829	1,741	3,530
Profit after taxation & impairment and before capital gains & dividends (\$000's)	1,268	1,367	581	1,150
Profit after taxation & impairment/revenue	6.3%	6.7%	3.3%	3.3%
Dividend yield	1.7%	1.4%	2.6%	2.4%
Return on equity	9.0%	9.7%	4.5%	8.6%
Total shareholder returns	1.9%	1.4%	4.7%	4.8%
Return on capital employed (EBIT/ave debt + equity)	10.0%	11.4%	6.2%	9.6%
Operating margin (EBITDA/Revenue)	13.1%	13.8%	10.0%	10.3%
Gearing ratio (net debt/net debt + equity) ¹	(28.4%)	(22.9%)	(29.7%)	(32.3%)
Interest cover (EBIT/net interest)	-	38.2	34.0	36.3
Debt to EBITDA ¹	(120.5%)	(155.6%)	(170.5%)	(190.7%)
Capital replacement ²	64.7%	95.5%	-	-
Revenue growth ³	14.7%	11.4%	-	-
Underlying EBITDA growth ⁴	50.5%	68.5%	-	-

¹ The result is a negative ratio as the group did not have any outstanding loan-debt balance at balance date.

² New measure from FY22.

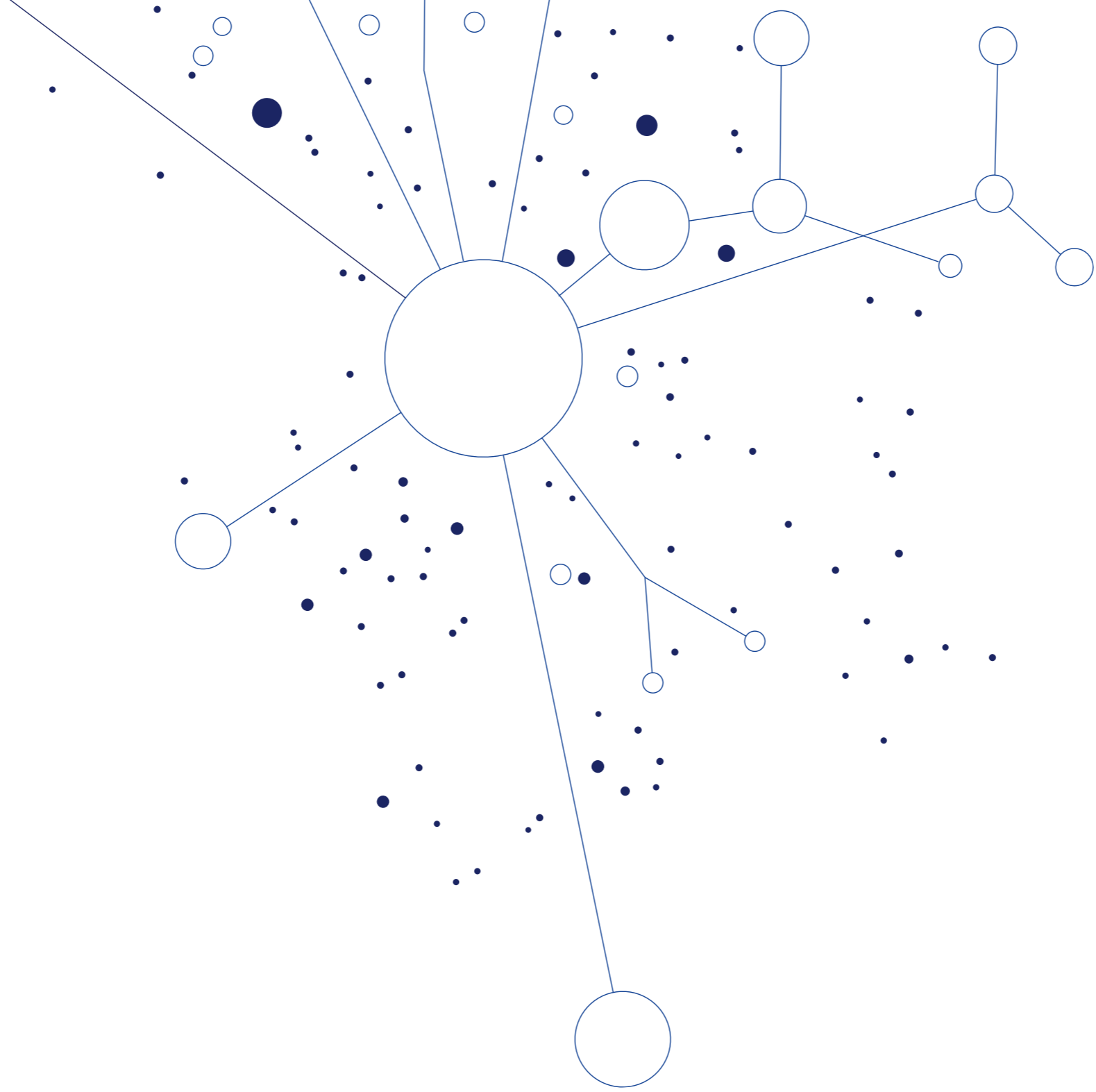
³ New measure from FY22.

⁴ New measure from FY22.

Directory

For the six months ended 31 December 2022

Gregory Fortuin	Director (Chair)
Paula Jackson	Director (Deputy Chair)
Alex Skinner	Director
Alma Hong	Director
Hon. Mark Burton	Director
Mads Moller	Director
Natasha Possenniskie	Director
Suzanne Tindal	Director (QVL and QVA)
Ben Driller	Director (QVA)
Jacque Barker	Chief Executive Officer and Director (QVA)
Gary Obbes	Chief Financial Officer
Brendon Bodger	General Manager, Whetū
Rochelle Clancy	Chief People Officer
David Nagel	Chief Operating Officer (Appointed 31 October 2022)
Melanie Lewis	Chief Operating Officer (Term ended 31 October 2022)
Neil Cran	Chief Technology Officer
Registered Office	QV House, 22 Nevis Street, Petone
Postal Address	Private Bag 39818, Wellington Mail Centre, Lower Hutt 5045
Telephone	0800 786 822
Website	QV.co.nz
Auditor	Troy Florence, with the assistance of PricewaterhouseCoopers, on behalf of the Auditor-General New Zealand
Banker	Westpac Banking Corporation
Solicitor	DLA Piper NZ
Insurance Broker	Marsh Limited



QV.co.nz