



Interim Report Pūrongo Taupua

For the period ended 31 December 2023



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Chair & Chief Executive Report

Te pūrongo a te Tiamana me te Tumu Whakarae

A good start to the 2023/24 financial year, despite challenging economic conditions.

Te toka tū moana The resilient rock of the sea

The breadth of QV's work is wide – we operate across many sectors and provide critical foundational elements of the property ecosystem to support an efficient economy.

Our business is underpinned by a network of property experts, operating in all regions of New Zealand Aotearoa and in Sydney, New South Wales, utilising QV's market-leading technology to drive quality real-time property information and insights.

We have reached the midway point of the 2023/24 financial year with our results ahead of budget and our business in a sound position. We credit this to the performance within the core rating valuation part of our business producing above budget revenues, with an improvement in quality and the timeliness of delivery to provide the equitable valuation base that underpins Council finances.

Operational and technological improvements across other key parts of our business have also enabled us to help support New Zealand Aotearoa's storm-affected communities as they continue to rebuild following severe weather events last year. We have completed more than 1,000 land valuations relating to insurance claims so far and provided property management services to the crown's Temporary Accommodation Services in support of those displaced by the weather events.

Although economic conditions remain challenging, with a weaker property market adversely affecting our commercial and digital revenues, prudent cost control and our ongoing focus on achieving the strategic initiatives outlined in our Statement of Corporate Intent means that we continue to deliver on our core purpose — helping people and business prosper.

Financial performance

The QV Group has achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of \$2m for the six months ended 31 December 2023, 49% ahead of our Statement of Corporate Intent (SCI). Our revenue is 4% ahead of budget and Profit is 89% ahead of budget, driven by the higher revenues and savings in overhead costs.

We have been successful in recruiting key people over the period, lifting the level of resources available to deliver an increased workload. The increase in people costs is more than offset by the resulting higher revenue. Nevertheless, resource levels will continue to be carefully managed against forecast revenues over the remainder of the financial year.

Financial position

Following our strong financial performance in the previous financial year, we were delighted to pay a dividend of \$548,000, 14% above the SCI target. Our balance sheet remains healthy, to continue funding both our capital investment and to be able to withstand increasing economic risks. Our working capital position is also stable with a current ratio of 204%.

Last but certainly not least, we wish to acknowledge the hard work/mahi and dedication/manawanui of our QV whānau, who have delivered another good half-year result.

Together, we will succeed.

Mā tōu rourou, mā tōku rourou ka ora tātou.



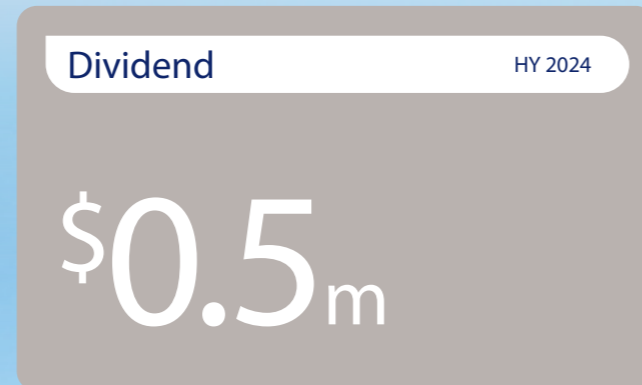
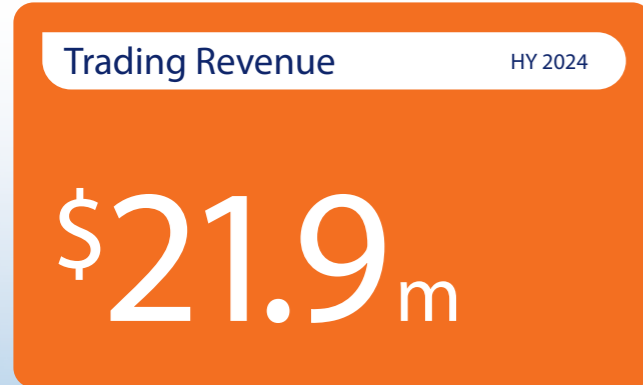
Gregory Fortuin
Chair



Jacquie Barker
Chief Executive Officer

Our Business Overview

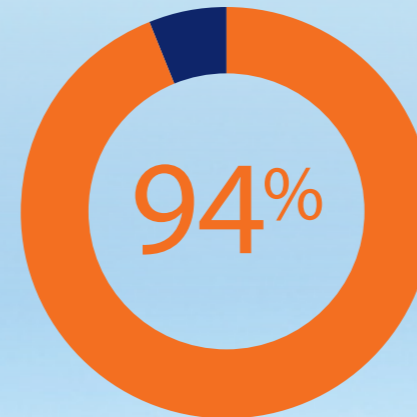
A Tātou Mahi



Customer NPS



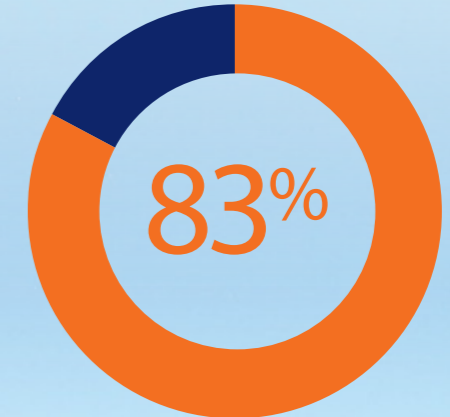
Council Brand Trust



Employee NPS



QV.co.nz Brand Trust



A team of over **300**
based in New Zealand
Aotearoa and NSW, Australia



The largest property
graduate programme
in New Zealand Aotearoa



Responsible for valuing
2.4 million properties in
New Zealand Aotearoa and
NSW, with a combined value of

\$2.9 trillion



Our Scope of Activities:

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 New Zealand Aotearoa and NSW, Australia.

Property Management

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

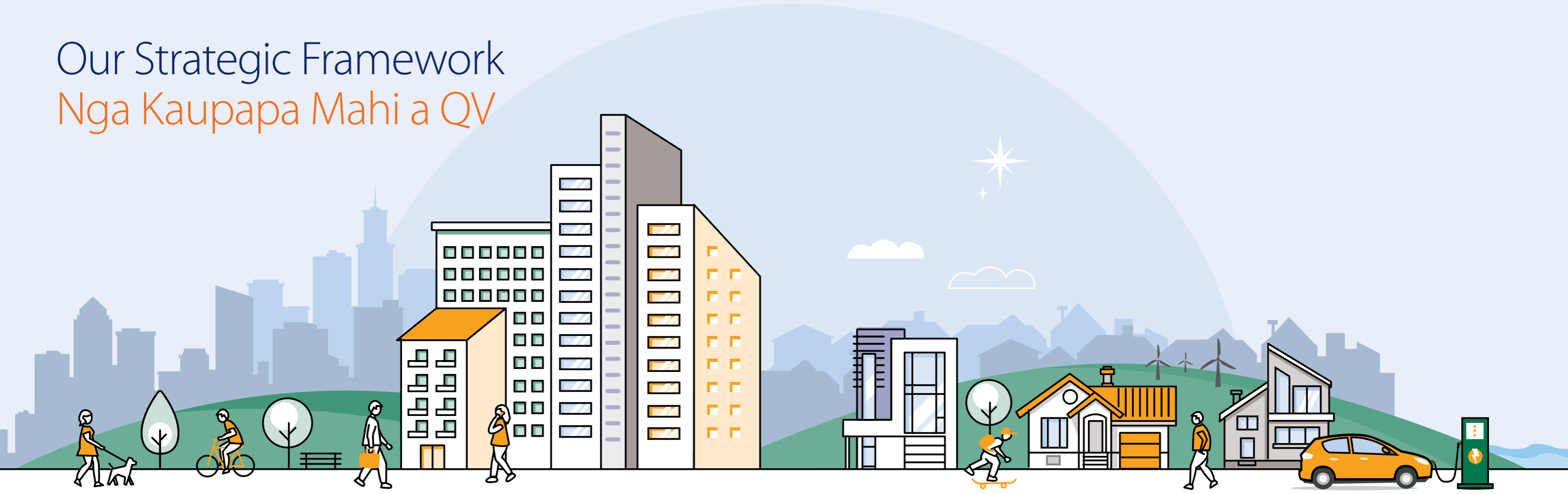
Property Intelligence and Tools

Providing market intelligence, data analytics, tools and solutions to meet our customer's needs.



Our Strategic Framework

Nga Kaupapa Mahi a QV



Our Purpose

Delivering trusted property intelligence and expertise to help people, business, and local government prosper

Our North Star

To revalue every property in New Zealand Aotearoa every day

Our Strategic Objectives

1

We grow the value we deliver

Focus area 1:

Creating greater value for customers

Focus area 2:

Achieving operational excellence

2

We are the most trusted property expert

Focus area 3:

Connecting people to the information we need

Focus area 4:

Being recognised for property expertise

Our Values



In sync

We're one tight team with a shared purpose

Whiria te taura kia ita
Plait the binding to hold firm



Rock solid

We're seriously good at what we do

Te toka tū moana
The resilient rock of the sea



Future fit

We're driving change and disrupting the game

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

Our Capitals



Intellectual



People



Social



Natural



Financial

Our Brands



Our Strategic Highlights

Ō tātou rautaki whakahirahira



Creating greater value for customers

We grow the value we deliver.

This is a transformative year for our core business with the refinement of how we operate. This evolution, which harnesses the collective expertise of our people, in combination with cutting edge technology and advanced datasets, has already enhanced our capability and delivery. It has created greater value for our Council customers in particular, with smoother, more consistent delivery of rating roll maintenance work with a dedicated team, leading to a marked improvement in the percentage of building consents and subdivisions our teams have processed nationwide. In addition to this, ongoing improvements to our reporting tools and communication with these key customers is providing even greater transparency and collaboration.

We have been duly rewarded with the results of our latest cNPS survey also representing a marked improvement on the same time last year. The overall score was 63 (on a scale of -100 to +100), with 95% of respondents rating our customer service as very good. Customer feedback derived from this survey will be implemented during the second half of the financial year as we continue to enrich our customer experience.

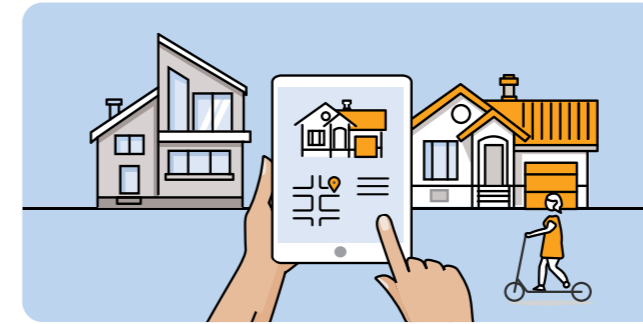


Achieving operational excellence

Operational improvement is in our DNA.

To further support the delivery of our core rating valuation services, we have established a new Quality Assurance team, which is led by highly experienced rating valuers and former auditors who have worked for the Office of the Valuer General. They provide an excellent framework for the provision of high quality rating revaluations, while also providing ongoing training and mentoring to our QV whānau.

In a further boost to our intellectual capital in this area, we are driving operational process improvements through the application of advanced technology. A number of operational improvements have been completed with a focus on automation, including the improved automation of sales data, automated testing and software releasing, product automation and AI enhanced development. These advancements provide the basis of productivity, efficiency and quality improvements for our customers.



Connecting people to the information they need

Helping New Zealanders make better decisions every day.

In this changing property market, it is more important that New Zealanders have access to trusted property intelligence that reflects what is happening today. We have continued to make good progress in our market-leading programme of work, delivering real-time values for residential, rural, and lifestyle properties. These innovative real-time enhancements are delivered through QV.co.nz and via our products and services.

To support our customers, we have also continued to invest in wider, deeper, more timely datasets and improve our reporting tools. As part of this work, we have begun consultation on the wider utilisation of technologies to further streamline the exchange of data with our customers to ensure they have the most up to date information as soon as possible.

As our primary channel for allowing consumers to access our free and paid-for products and services, we have also continued to enhance the user experience of our QV.co.nz website. New and improved functionality has allowed us to help people find what they are looking for more easily, with an improved conversion rate of visitors to sales.



Being recognised for our property expertise

We are trusted property experts.

Our people are our greatest asset. Their insights, talents, and expert local knowledge form the essential bedrock of our business. They are also the main reason why our popular QV House Price Index and other property market insights are so sought after in the media today. Recent media releases have been amongst our most successful ever, as we help New Zealanders understand and navigate the complexities of the market today.

Our expertise and the value we bring to our customers, has been recognised in the results of our latest QV cNPS and brand trust surveys. Scores of 83% and 94% from QV.co.nz and Council customers respectively, an increase on our already good results last financial year.

To protect and grow our human capital, we have also continued to invest heavily in our QV whānau's ongoing growth, support and development. This includes the recent rollout of a new market-leading safety and wellbeing solution provider to offer them additional support, the mapping and preparation of a new Valuation Assistant accreditation programme, and the launch of a year-long development programme for leaders in our operations.

We are also proud to be home to the largest property graduate programme of its kind in New Zealand Aotearoa. More than 40 graduate valuers are being guided towards achieving their registration.

Together, we help all New Zealanders prosper.

Mā tā mātou mahi ngātahi i a Aotearoa whānui ka ora.

Financial Statements

For the six months ended 31 December 2023

Statement of comprehensive income

For the six months ended 31 December 2023

	Notes	6 months Dec 2023 (unaudited) NZ\$'000	6 months Dec 2022 (unaudited) NZ\$'000	12 months June 2023 (audited) NZ\$'000
Trading revenue	A.1	21,925	20,027	40,190
Service delivery and administration	B.1	(16,936)	(14,436)	(29,063)
Other expenses	B.1	(3,907)	(3,884)	(8,332)
Operating profit		1,082	1,707	2,795
Finance costs		(41)	(46)	(85)
Finance income		169	71	171
Finance costs – net		128	25	86
Profit before tax		1,210	1,732	2,881
Income tax expense		(321)	(464)	(773)
Profit for the period		889	1,268	2,108
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Exchange difference on translation of foreign operations		(17)	(77)	(42)
Total comprehensive income for the period		872	1,191	2,066

Statement of financial position

As at 31 December 2023

	Dec 2023 (unaudited) NZ\$'000	Dec 2022 (unaudited) NZ\$'000	June 2023 (audited) NZ\$'000
Current assets			
Cash and cash equivalents	9,193	6,382	6,506
Trade and other receivables	5,385	5,491	9,467
Contract assets	3,167	2,978	1,904
Tax receivable	478	629	405
Total current assets	18,223	15,480	18,282
Non-current assets			
Property and equipment assets	333	280	246
Goodwill	659	659	659
Intangible assets	5,542	5,649	5,437
Deferred tax	-	-	79
Right-of-use-assets	2,695	3,142	3,015
Total non-current assets	9,229	9,730	9,436
Total assets	27,452	25,210	27,718
Current liabilities			
Contract liabilities	3,594	2,106	2,857
Trade and other payables	2,343	1,582	2,247
Employee entitlements	2,301	3,005	3,350
Lease liabilities	685	601	639
Total current liabilities	8,923	7,294	9,093
Non-current liabilities			
Employee entitlements	222	221	223
Provisions	166	151	166
Lease liabilities	2,135	2,617	2,476
Deferred tax	516	636	594
Total non-current liabilities	3,039	3,625	3,459
Total liabilities	11,962	10,919	12,552
Net assets	15,490	14,291	15,166
Equity			
Issued capital	4,600	4,600	4,600
Foreign currency translation reserve	313	295	330
Retained earnings	10,577	9,396	10,236
Total Shareholders' funds	15,490	14,291	15,166

For and behalf of the Board who authorised the issue of these financial statements on 28 February 2024.



Gregory Fortuin – Chair



Alex Skinner – Director

Statement of changes in equity

For the six months ended 31 December 2023

	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 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
Profit for the period	-	840	-	840
Other comprehensive income, net of tax	-	-	35	35
Total comprehensive income for the period	-	840	35	875
Dividends	-	-	-	-
Balance as at 30 June 2023 (audited)	4,600	10,236	330	15,166
Profit for the period	-	889	-	889
Other comprehensive income, net of tax	-	-	(17)	(17)
Total comprehensive income for the period	-	889	(17)	872
Dividends	-	(548)	-	(548)
Balance as at 31 December 2023 (unaudited)	4,600	10,577	313	15,490

Statement of cash flows

For the six months ended 31 December 2023

	6 months Dec 2023 (unaudited) NZ\$'000	6 months Dec 2022 (unaudited) NZ\$'000	12 months June 2023 (audited) NZ\$'000
Cash flows from operating activities			
Cash was provided from:			
Revenues from services provided	28,534	18,905	37,081
Interest received	169	71	171
	28,703	18,976	37,252
Cash was applied to:			
Payments to employees and suppliers	23,897	17,410	34,411
Income tax paid	395	604	942
	24,292	18,014	35,353
Net cash flows from operations	4,411	962	1,899
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property and equipment assets	-	-	10
	-	-	10
Cash was applied to:			
Purchase of property and equipment assets & Intangible assets	(802)	(591)	(986)
	(802)	(591)	(986)
Net cash from investing activities	(802)	(591)	(976)
Cash flows from financing activities			
Cash was applied to:			
Dividends paid	(548)	(523)	(523)
Repayment of lease liabilities	(357)	(302)	(696)
	(905)	(825)	(1,219)
Net cash flows from financing activities	(905)	(825)	(1,219)
Net increase/(decrease) in cash and cash equivalents	2,704	(454)	(296)
Cash and cash equivalents opening position	6,506	6,849	6,849
Exchange (losses)/gains on cash and cash equivalents	(17)	(13)	(47)
Cash at the end of the period	9,193	6,382	6,506

Notes to the financial statements

Reporting entity

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

- Quotable Value Limited (Parent), which is registered and domiciled in New Zealand Aotearoa and is registered under the Companies Act 1993; and
- Quotable Value Australia Pty Limited (Subsidiary of Quotable Value Limited), which is registered and domiciled in Australia and is registered under the Corporations Act 2001.

Quotable Value Limited 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 Aotearoa (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 2023, 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 2023 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.

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2023.

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 2023 (unaudited) NZ\$'000	6 months Dec 2022 (unaudited) NZ\$'000	12 months June 2023 (audited) NZ\$'000
Rating services: Over time	13,368	13,135	25,105
Consultancy services: Over time	6,493	5,707	12,414
Other trading revenue			
• Over time	1,969	1,089	2,449
• At a point in time	95	96	222
	21,925	20,027	40,190

B. Expenses

B.1 Service Delivery and administration/other expenses

	6 months Dec 2023 (unaudited) NZ\$'000	6 months Dec 2022 (unaudited) NZ\$'000	12 months June 2023 (audited) NZ\$'000
Service delivery and administration			
Employee benefits expenses	15,891	13,577	27,767
Other valuation costs	1,045	859	1,296
	16,936	14,436	29,063
Other expenses			
Depreciation and amortisation	960	918	1,891
Occupancy costs	279	320	635
Computer operating expenses	1,475	1,601	3,125
Audit fees	157	91	230
Other	1,036	954	2,451
	3,907	3,884	8,332

C. Related party information

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

		6 months Dec 2023 (unaudited) NZ\$'000	6 months Dec 2022 (unaudited) NZ\$'000	12 months June 2023 (audited) NZ\$'000
Gregory Fortuin	Director's fees	23	23	47
	Accounts payable	4	4	4
Alex Skinner Limited	Director's fees	12	12	23
	Accounts payable	2	2	4
Alma Hong Consultancy	Director's fees	12	12	23
	Accounts payable	-	2	2
Multorum Limited	Director's fees	12	12	23
	Accounts payable	-	2	6
Burton Partners	Director's fees	12	12	23
	Accounts payable	-	2	2
Suzanne Tindal	Director's fees	15	12	24
	Accounts payable	-	2	2
Urban Outcomes Limited	Director's fees	12	12	23
	Accounts payable	-	2	2
Sharon Henderson (appointed 1 July 2023)	Director's fees	7	-	-
	Accounts payable	5	-	-
Driller Holdings Pty Limited	Director's fees	-	-	4
PJ Consulting (resigned 30 April 2023)	Director's fees	-	15	24

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

Outstanding balances for the period are unsecured, interest free and settlement occurs in cash. There are no guarantees provided or received for any related party receivables or payables.

No related party balances have been written off or impaired during the period (2022: \$Nil).

c. Share ownership

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

d. Dividend

An interim dividend of \$548k (2022: \$523k) was declared and paid to the shareholders.

D. Contingent liabilities

The following contingent liabilities have been identified:

Performance and rental bonds

QV has combined contingent liabilities of \$0.7 million for performance and rental bonds (2022: \$0.7 million).

Professional indemnity claims

There are no outstanding professional indemnity claims. (2022: Nil)

Legal claims

There are no quantified outstanding legal claims. (2022: Nil).

E. Contingent assets

There are no contingent assets in the current year (2022: Nil).

F. Commitments

Intangible assets of \$5.5 million includes \$784k 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.

Statement of key performance indicators

For the six months ended 31 December 2023

	6 months Dec 2023 Actual	6 months Dec 2023 SCI Target	6 months Dec 2022 Actual	12 months June 2023 Actual
General				
Revenue	21,925	21,028	20,027	40,190
EBITDA	2,042	1,375	2,626	4,686
Profit after tax, impairment & amortisation before capital gains & dividend (\$000's)	889	471	1,268	2,108
Profit after taxation & impairment/revenue	4.0%	2.2%	6.3%	5.25%
Shareholders return				
Dividend yield	2.3%	2.0%	1.7%	2.05%
Return on equity	5.8%	3.2%	9.0%	14.64%
Total shareholder return	2.3%	2.0%	1.9%	(6.98%) ¹
Profitability and efficiency				
Return on capital employed (EBIT/ave debt + equity)	6.0%	2.6%	10.0%	16.10%
Operating margin (EBITDA/Revenue)	9.3%	6.5%	13.1%	11.66%
Leverage/solvency				
Net debt/net debt + equity ratio (max 30%) gearing ratio ²	(146.0%)	(76.9%)	(28.4%)	(75.13%)
Interest cover (EBITDA/interest) ³	NMF	NMF	NMF	NMF
Debt to EBITDA ⁴	(312.1%)	(280.4%)	(120.5%)	(72.38%)
Growth				
Capital replacement	83.5%	82.9%	64.7%	52.06%
Revenue growth	9.5%	5.0%	14.7% ⁵	15.13%
Underlying EBITDA growth	(21.8%)	(47.3%)	50.5% ⁵	32.79%

¹ The return is negative due to the reduction in the corporate valuation.

² The result is a negative ratio as the group did not have any outstanding loan-debt at balance date.

³ No meaningful measure as QV has no interest bearing debt and receives interest income.

⁴ The result is a negative ratio as the group did not have any outstanding loan-debt balance at balance date.

Directory

For the six months ended 31 December 2023

Gregory Fortuin	Chair
Suzanne Tindal	Deputy Chair, QVL and Director, QVA
Alex Skinner	Director
Alma Hong	Director
Hon. Mark Burton	Director
Mads Moller	Director
Natasha Possenniskie	Director
Sharon Henderson	Director (appointed 1 July 2023)
Ben Driller	Director, QVA
Jacque Barker	Chief Executive Officer and Director, QVA
Gary Obbes	Chief Financial Officer
Brendon Bodger	General Manager, Business Development and Partnering
Rochelle Clancy	Chief People Officer
David Nagel	Chief Operating Officer
Neil Cran	Chief Technology Officer
Nigel Dasler	Chief Revenue 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 of PricewaterhouseCoopers on behalf of the Controller and Auditor-General
Banker	Westpac Banking Corporation
Solicitor	DLA Piper NZ
Insurance Broker	Marsh Limited



QV.co.nz