MetService
TE RATONGA TIRORANGI

Half Year Report 2022

Highlights

Wellington office modernisation project almost complete

MetService prepare to move headquarters

After more than 50 years atop Wellington's Botanic Garden, MetService has been preparing to temporarily move the Head Office and the National Forecasting Centre into the Wellington CBD for over 18 months. This move comes into effect in January 2022.

Part of the preparation saw the distinctive satellite dishes on the roof of the MetService building permanently relocated to the MetService Paraparaumu office, which is home to the team of engineers and technicians that maintain and monitor the Automatic Weather Stations and Weather Radar across New Zealand. One of the two satellite receivers moved is New Zealand's primary source of weather satellite imagery, which comes from the billion-dollar Himawari-8 satellite operated by the Japan Meteorological Agency.

2022 is a new chapter for MetService, with Wellington based staff to embrace choice-based working, with most staff not having a fixed desk, instead working in neighbourhoods with the teams they collaborate closest with.

The temporary relocation is due to the Kelburn building requiring earthquake strengthening.

Improved forecasts for aviation sector

New charts better highlight icing and turbulence risks

MetService improved icing and turbulence hazard forecasts in aviation significant weather (SIGWX) charts in October.

Aircraft icing is a serious aviation hazard. The possible range of effects on an aircraft include a reduction in aerodynamic and flight performance, an increase in weight and in severe icing situations, a loss of control. The new charts provide airlines with forecasts of the location and severity of icing and turbulence using a new hazard dataset issued by World Area Forecast Centres.

The new icing and turbulence hazard forecasts contribute to enhanced safety, providing airlines additional information during flight planning to assess the risk of icing and turbulence to aircraft.

The SIGWX charts are issued every six hours and are now in full colour. The charts show significant weather, icing and turbulence on a single chart. A new index for both icing and turbulence is also provided, showing the severity of both phenomena, indicated as moderate or severe.

The charts show other phenomena including embedded cumulonimbus clouds, jet stream locations and heights, volcanic eruptions, tropical cyclones, radioactive events, widespread dust, and sandstorms.

Collaboration to reduce health impacts from heat events

Multi-agency pilot highlights health impacts from hot weather

A new heat alert pilot project started in December, and is a first step towards supporting communities at the greatest risk of health impacts from climate change.

The trial is a first in New Zealand, and was developed and produced in partnership by MetService, the Climate Change Research Institute at Victoria University, and the Institute of Environmental Science and Research.

As part of the three-month pilot, MetService will monitor heat alerts for 22 locations across New Zealand. When a significant heat event is forecast for one of the locations for two consecutive days, a heat alert banner for the affected area will appear on the respective forecast page on metservice.com. Forecasts have highlighted the event as "Significantly Hot" when thresholds have been met or exceeded. Media outlets are also using that terminology when thresholds are met.

Importantly, The Canterbury District Health Board is trialling the use of these heat alerts, to take effective action to help reduce the health-related risks of heat events to those most vulnerable.

The intent is to take the learnings from the three-month trial to refine and improve the service, while working with other District Health Boards for the 2022/23 summer period.

Growing awareness of the weather in social media

164,900

4.7% growth in Facebook followers in the six months to December 31 2021

20,876

5.2% increase in Instagram followers in the six months to December 31 2021

82,522

6.6% increase in Twitter followers in the six months to December 31 2021

3,784

MetService appeared in 3,784 media articles in the six months from 1 July – 31 December 2021. MetService spokespeople were quoted in almost a quarter of them!

12.2%

Total 1,464,406 MetService NZ Weather App installs at 31 December. A 12.2% increase since 1 July 2021

New safety-critical content on MetService platforms

Integrated partnership with Fire & Emergency NZ

The delivery of a strategic partnership with Fire and Emergency New Zealand (FENZ) came into effect in October, with fire danger and fire season data integrated on metservice.com and the MetService App.

Fire danger information and fire season data is visible on all town, city, and rural pages of metservice.com. Fire data updates daily, capturing maximum risk times for each day and the day after, while also outlining activities which require a fire permit.

Aside from generating revenue, the partnership aligns MetService with FENZ, a safety critical organisation awarded New Zealand's most trusted public sector brand for the past five years.

This partnership continues the work of MetService with other safety critical organisations, particularly those in the marine sector, to integrate safety led content onto MetService platforms.

Heavy swell warnings available for wider Wellington region

Aim to introduce national swell warning service

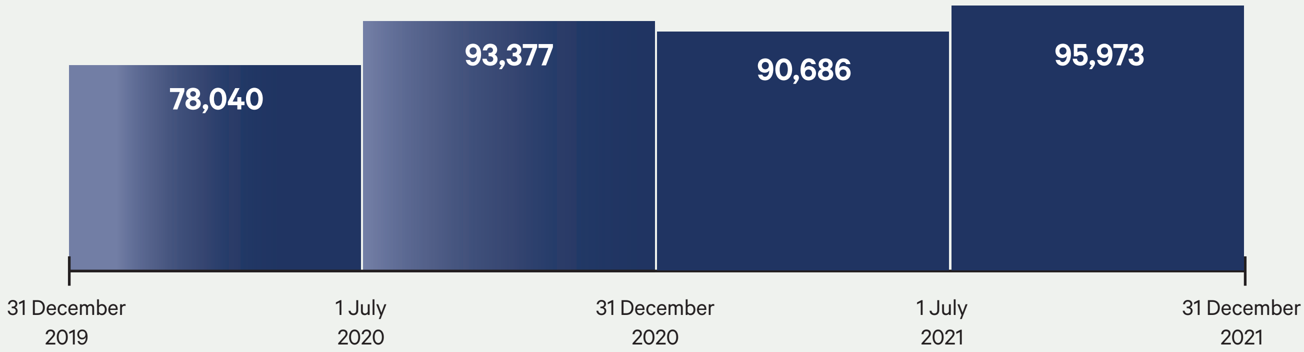
MetService introduced heavy swell warnings for the Greater Wellington region (Kāpiti, Wellington and Wairarapa), on metservice.com and the MetService App in November.

In partnership with Wellington South Coast community groups, MetService successfully trialled a localised warning system in 2020. However, the new product developed in conjunction with Greater Wellington Regional Council and the Wellington Regional Emergency Management Office, covers significantly more coastline.

Coastal community members are encouraged to sign up to receive email alerts when thresholds are met.

The impact of large waves and heavy swell events can be considerable on coastal communities. Following the introduction of heavy swell warnings in the Wellington region, MetService is working closely with coastal hazards specialists at Regional Councils and emergency management providers throughout New Zealand, with the intent to introduce a national wave warning service by late 2022.

MetService operate one of New Zealand’s most visited websites, metservice.com



Total website user sessions (each encounter between a user and the website) over a six-month period (000s)

Data Centre migration project complete

Long-term data resilience and capacity enhanced

MetService data centre migration project is due to be completed in March 2022.

Highlights of the project included building new cloud environments and migrating over 270 servers from the Kelburn data centre either to new cloud environments in Amazon Web Services or to a local all of Government cloud provider. The project involved decommissioning multiple legacy products and over 600 servers.

Completing the migration project positions MetService to take advantage of future capabilities of new hybrid cloud environments, and to better maintain and further enhance application and infrastructure resilience and capabilities for customers.

Historic Antarctic logbook found

Explorers’ treasures found in the basement

During preparation to move out of the Kelburn premises of MetService, several historical treasures were uncovered in the basement archive. One of those was a meteorological logbook recording the conditions during the rescue mission to save members of Ernest Shackleton’s 1914-16 Trans-Antarctic Expedition from Ross Island in Antarctica. The discovery of the logbook generated significant media attention, particularly in the United Kingdom and Ireland, with stories running in The Guardian, The BBC, and Irish Times.

Other historical documentation discovered included two logbooks (1910 and 1911) from Terra Nova, the ship that carried Captain Robert Falcon Scott and his team on the tragic mission to be the first people to reach the South Pole.

Wild Weather Book released

18-month project generates strong sales and media coverage

The book New Zealand's Wild Weather - Explained by the experts at MetService was released in November. It showcases the talent and experience of MetService meteorologists in forecasting New Zealand’s weather.

The coffee table-style book provides explainers of the intricacies of the science of meteorology while giving the reader a greater understanding of the impacts of New Zealand’s weather in a changing climate, and the vital safety role MetService play in keeping New Zealanders safe.

Each chapter deals with a different weather phenomenon, and recounts eye-witness reports of the impact of that weather.

Business Performance & Outlook

The Directors announce an operating loss after significant items of $1.251 million for the six-month period ended 31 December 2021.

The significant items relate to one-off costs associated with the move of the MetService head office from Kelburn to Featherston Street, Wellington, totaling $1.528 million.

The COVID-19 pandemic continues to constrain profitability mainly due to reduced Aviation revenue. Operating profit for the six months from normal trading excluding significant items was $277,000, exceeding Statement of Corporate Intent expectations, but well below historical pre-COVID-19 levels of performance.

Revenue increased by $1.692 million (5.9%) over the same period in the last financial year, mainly due to MetService receiving Ministry of Transport Essential Transport Connectivity funding ($1.006 million) to support aviation sector services that are reliant on flight activity.

Costs before significant items increased by $2.677 million over the same period in the last financial year, linked predominately with an increase in cloud-based costs associated with the data centre move, and personnel costs.

The gearing ratio at 31 December 2021 was 19.4%, up from 14.8% at 31 December 2020, mainly due to funding the one-off costs described above.

Accuracy of Severe Weather Warnings, measured by Probability of Detection and False Alarm ratios, continue to exceed or be in alignment with the targets set out in the MetService Statement of Corporate Intent (SCI). However, the organisation consistently seeks improvement given the increase in severity of weather events.

Concluding statement

As an essential service, MetService continues to deliver on its mandate of keeping people safe, while creating wealth from the weather intelligence it provides to stakeholders.

On behalf of the Board.

Sophie Haslem
Chair

92%

Probability of Detection (POD) of severe gales. Target >90%

88%

Probability of Detection (POD) of heavy snow. Target >90%

95%

Probability of Detection (POD) of heavy rain. Target >90%

Number Crunch

Statements of Profit or Loss and Other Comprehensive Income
for the six months ended 31 December 2021

	Note	6 Mths 31 Dec 21 (unaudited) $000s	6 Mths 31 Dec 20 (unaudited) $000s	12 Mths 30 Jun 21 (audited) $000s
Contracts with Customers - revenue recognised over time		29,243	27,980	57,609
Contracts with Customers - revenue recognised at a point in time		325	879	931
Grant Income	3	1,006	–	713
Other		37	60	190
Total Operating Revenue		**30,611**	**28,919**	**59,443**
Operating Expenses				
Collaboration / Subcontractor Costs		1,655	1,366	3,150
Employee Benefits Expense		16,524	14,987	30,701
Communication Costs		330	299	633
Network Observing Costs		1,096	1,039	2,351
IT Costs		2,670	3,277	5,828
Data Transformation		2,324	1,644	3,547
Marketing Costs		100	158	593
Occupancy Costs		309	571	787
Office Expenses		148	164	342
Professional Expenses		676	620	1,182
Other Costs		1,715	833	2,106
Depreciation and Amortisation Expense		4,315	4,473	8,438
Total Operating Expenses		**31,862**	**29,431**	**59,658**
Operating Profit	4	**(1,251)**	**(512)**	**(215)**
Financial Costs	5	215	291	541
Profit Before Taxation		**(1,466)**	**(803)**	**(756)**
Taxation Expense	6	(410)	–	(160)
Net Profit Attributable to Equity Holders		**(1,056)**	**(803)**	**(596)**
Other Comprehensive Income				
Items that may be reclassified to profit or loss				
Movement in Foreign Currency Translation Reserve		–	3	51
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(1,056)**	**(800)**	**(545)**

The accompanying notes to the financial statements form part of these financial statements.

Statements of Financial Position
as at 31 December 2021

	6 Mths 31 Dec 21 (unaudited) $000s	6 Mths 31 Dec 20 (unaudited) $000s	12 Mths 30 Jun 21 (audited) $000s
Equity			
Issued Capital	5,000	5,000	5,000
Foreign Currency Translation Reserve	(503)	(551)	(503)
Retained Earnings	17,350	18,199	18,406
Total Equity	**21,847**	**22,648**	**22,903**
Liabilities			
Trade and Other Payables	5,772	6,269	8,189
Other Financial Liabilities	12	31	4
Income Taxation Payable	–	114	–
Employee Benefits	2,032	2,255	2,047
Lease Liabilities	1,016	444	526
Total Current Liabilities	**8,832**	**9,113**	**10,766**
Deferred Taxation	–	(152)	–
Provisions	616	590	586
Employee Benefits	42	71	42
Borrowings	10,500	13,000	10,500
Lease Liabilities	2,592	2,325	2,188
Total Non Current Liabilities	**13,750**	**15,834**	**13,316**
Total Liabilities and Equity	**44,429**	**47,595**	**46,985**
Assets			
Cash and Cash Equivalents	5,240	9,055	8,746
Trade and Other Receivables	5,387	5,809	5,579
Income Taxation Receivables	635	–	413
Inventories	399	417	307
Total Current Assets	**11,661**	**15,281**	**15,045**
Trade and Other Receivables	446	–	401
Deferred Taxation	371	–	125
Property Plant and Equipment	13,151	14,288	14,138
Intangible Assets	15,385	15,498	14,753
Right-of-Use Asset	3,415	2,528	2,523
Total Non Current Assets	**32,768**	**32,314**	**31,940**
Total Assets	**44,429**	**47,595**	**46,985**

The accompanying notes to the financial statements form part of these financial statements.

Statements of Changes in Equity
for the six months ended 31 December 2021

31 December 2021 (unaudited)	Fully Paid Ordinary Shares $000s	Retained Earnings $000s	Foreign Currency Translation Reserve $000s	Total $000s
Equity as at 1 July 2021	**5,000**	**18,406**	**(503)**	**22,903**
Comprehensive Income				
Net Profit	–	(1,056)	–	(1,056)
Currency Translation Differences	–	–	–	–
Total Comprehensive Income	**–**	**(1,056)**	–	**(1,056)**
Equity as at 31 December 2021	**5,000**	**17,350**	**(503)**	**21,847**

31 December 2020 (unaudited)				
Equity as at 1 July 2020	**5,000**	**19,002**	**(554)**	**23,448**
Comprehensive Income				
Net Profit	–	(803)	–	(803)
Currency Translation Differences	–	–	3	3
Total Comprehensive Income	**–**	**(803)**	**3**	**(800)**
Equity as at 31 December 2020	**5,000**	**18,199**	**(551)**	**22,648**

The accompanying notes to the financial statements form part of these financial statements.

30 June 2021 (audited)	Fully Paid Ordinary Shares $000s	Retained Earnings $000s	Foreign Currency Translation Reserve $000s	Total $000s
Equity as at 1 July 2020	**5,000**	**19,002**	**(554)**	**23,448**
Net Profit	–	(596)	–	(596)
Currency Translation Differences	–	–	51	51
Total Comprehensive Income	**–**	**(596)**	**51**	**(545)**
Equity as at 30 June 2021	**5,000**	**18,406**	**(503)**	**22,903**

The accompanying notes to the financial statements form part of these financial statements.

Statements of Cash Flows
for the six months ended 31 December 2021

	Note	6 Mths 31 Dec 21 (unaudited) $000s	6 Mths 31 Dec 20 (unaudited) $000s	12 Mths 30 Jun 21 (audited) $000s
Cash Flow from Operating Activities				
Cash was Provided from:				
Receipts from Customers		30,609	29,151	59,284
Interest Received		4	3	6
Cash was Applied to:				
Payments to Suppliers and Employees		(29,019)	(25,000)	(49,063)
Interest Paid		(219)	(294)	(547)
Income Taxation Paid		(73)	(54)	(332)
Net Cash Generated by Operating Activities	8	**1,302**	**3,806**	**9,348**
Cash Flow from Investing Activities				
Cash was Provided from:				
Proceeds from Disposal of Property, Plant and Equipment		4	3	6
Cash was Applied to:				
Purchase of Property, Plant and Equipment		(2,160)	(1,594)	(2,805)
Labour Capitalisation (Assets)		(2,322)	(2,081)	(3,990)
Net Cash Used by Investing Activities		**(4,478)**	**(3,672)**	**(6,789)**
Cash Flow from Financing Activities				
Cash was Applied to:				
Repayment of Borrowings		–	–	(2,500)
Lease Liability - Principal Payments		(330)	(250)	(484)
Net Cash Generated by Financing Activities		**(330)**	**(250)**	**(2,984)**
Net (Decrease) in Cash and Cash Equivalents		**(3,506)**	**(116)**	**(425)**
Add Cash and Cash Equivalents at the beginning of the period		8,746	9,171	9,171
Cash and Cash Equivalents at the end of the Period		**5,240**	**9,055**	**8,746**

The accompanying notes to the financial statements form part of these financial statements.

Notes to the Financial Statements
for the six months ended 31 December 2021

1. GENERAL INFORMATION

The financial statements presented here are for the reporting entity of Meteorological Service of New Zealand Limited and its subsidiaries ('Group'). These financial statements were authorised for issue by the Board of Directors on 15 February 2021.

Meteorological Service of New Zealand Limited ('Parent') is a for-profit entity incorporated and domiciled in New Zealand. The address of its registered office is L2 / 110 Featherston Street, Wellington. Its primary service is to provide weather and presentation services to customers around the globe.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).
The Group is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards (IFRS). The financial statements are prepared in accordance with the Companies Act 1993, the Financial Reporting Act 2013, and the State-Owned Enterprises Act 1986.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments), and certain classes of property and plant and equipment.

Standards adopted for the first time

None.

Standards that are not yet effective and have not been early adopted by the Group

None.

New Interpretations

Configuration or customisation costs in a cloud computing arrangement: In March 2019, the IFRS Interpretations Committee ("IFRIC") released guidance concluding that software-as-a-service ("SaaS") arrangements are likely to be service arrangements rather than intangible assets. In April 2021, the IFRIC released further guidance concluding that customisation and configuration costs in SaaS arrangements would not create an intangible asset because the software isn't controlled and these activities don't create a separate resource. The guidance applies retrospectively.
Customisation and configuration costs are described in the guidance as costs involved in:

- modifying the software code in the application or writing additional code.
- the setting of various 'flags' or 'switches' within the application software, or defining values or parameters, to set up the software's existing code to function in a specified way.

Management has performed an assessment of the impact on historical SaaS projects and has concluded that the impact of the guidance is not material to the financial statements.

Principles of consolidation

Subsidiaries

The financial statements are prepared from the financial statements of the Parent and its subsidiaries as at 31 December 2021. Subsidiaries are all entities over which the Group has control. Control is achieved where the Parent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of any subsidiary acquired or disposed of during the year are included in the Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition or disposal. All transactions between Group companies are eliminated on consolidation.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

A business combination in which all of the combining entities or businesses are ultimately controlled by the Group both before and after the business combination is a common control acquisition. Common control acquisitions within the Group are accounted for using the predecessor values method. Predecessor values are the carrying values of the assets and liabilities of an entity from the financial statements of the Group.

Revenue

The Group derives revenue from delivering a range of weather services that directly support the safety of life and property.
Revenue is recognised when control of a good or service transfers to the customer. The Group has segregated its revenue streams into the following portfolios:

- Forecasting data and licence
- Interactive
- Marine
- One-off hardware sales
- Grants and consultancy projects

Sales are made with a standard term of 30 days.
For each contract portfolio the five-step method was applied to assess the impact on revenue recognition. The following accounting policies have been adopted:

Forecasting data and licence

Revenue for the provision of forecasting data is recognised over the period the data is provided. Revenue for licences is recognised over the defined term that access is granted.
Timing of recognition – Over time

Interactive

Revenue is recognised over the period of time in which the advertising space is made available on our website.
Timing of recognition – Over time

Marine Consultancy

Revenue is recognised at the time the service is delivered.
Timing of recognition – Point in time

One-off hardware sales

Revenue for hardware sold is recognised when the customer obtains control of the hardware.
Timing of recognition – Point in time

Grants and consultancy projects

Revenue is recognised over the period of the project, measuring progress towards completion based on costs incurred to date.
Timing of recognition – Over time

Interest income

Interest income is accounted for using the effective interest rate method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Government grants

Contestable government grants are treated as revenue from customer contracts and recognised using the five-step revenue model.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Research & Development tax credits are reported in the profit or loss statement based on 15% of the eligible expenditure.

Inventories

Inventories are valued at the lower of cost, on a weighted average cost basis of inventory on hand calculated at the time of the last purchase, and net realisable value. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale.

Property, plant and equipment

The cost of purchased property, plant and equipment is valued at the consideration given to acquire the assets plus other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for the intended service.
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The costs of assets constructed by the Group include the costs of all materials used in construction and direct labour on the project. Costs are not capitalised until available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged as expenses in the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation

Depreciation of property, plant and equipment, other than freehold land, is calculated using the straight-line method to allocate the historical cost over the estimated useful life of the asset, after due allowance has been made for the expected residual value.

The costs of improvements to leasehold property are capitalised, disclosed as leasehold property and amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

The annual depreciation rates are shown below for each classification of asset:

Buildings	2.5% – 10.0%
Buildings on Leasehold Land	3.1% – 33.3%
Meteorological Equipment	2.5% – 33.3%
Plant & Equipment	4.0% – 33.3%
Computer Hardware & Software Equipment	20.0% – 33.3%
Furniture & Fittings	8.0% – 33.3%
Motor Vehicles	10.0% – 22.0%
Office Equipment	10.0% – 33.3%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are recognised as profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets of the acquired investment at the date of acquisition. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units (CGU) or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill recognised as expenses in the Statement of Profit or Loss and Other Comprehensive Income are not reversed. Gains and losses on the disposal of a CGU or portion of a CGU include the carrying amount of goodwill relating to the CGU or portion of a CGU sold.

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives of between three and ten years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Internally-generated intangible assets - computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

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

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged as expenses in the Statement of Profit or Loss and Other Comprehensive Income in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Research and development costs

Research expenditure is incurred by the Group and is recognised as expenses in the Statement of Profit or Loss and Other Comprehensive Income in the period in which it is incurred.

Development costs are capitalised when they meet the requirements for capitalisation of NZ IAS 38 Intangible Assets.

Notes to the Financial Statements
for the six months ended 31 December 2021 (cont.)

Leases NZ IFRS 16

The Group adopted NZ IFRS 16 on 1 July 2019. The Group leases various land and building sites and IT equipment under lease arrangements. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to the Profit or Loss Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease extension options were taken into consideration as a result of the adoption of NZ IFRS 16. When the Group recognises a lease as a lessee, it assesses the lease term based on the conditions of the lease and determines whether it is reasonably certain that it will exercise any extension or termination options. It then uses the expected modified term under such options if it is reasonably certain that it will be exercised. As such, a change in the assumption used could result in a significant impact in the amount recognised as a right-of-use asset and lease liability, as well as in the amount of depreciation of right-of-use asset and interest expense on lease liability.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restoration provision

Restoration costs include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas. The restoration costs are based on management's best estimate of the amount required to settle the obligation. Reestimates of the restoration provision are capitalised as part of the Right-of-Use Asset. Other movements are recognised as profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

Employee benefits

Remuneration

The Board and management are committed to remuneration practices that are fair, transparent and appropriate, and which contribute to strong governance, shareholder value and company performance. This starts with MetService's Remuneration Policy which is developed under the supervision of the Board's People, Culture & Remuneration Committee and approved by the Board.

MetService's Remuneration Policy sets out the remuneration principles applying to all employees and is designed to ensure that MetService meets the strategic policy objective of attracting, rewarding and retaining staff with the requisite skills and capabilities to ensure our successful business outcomes.

The People, Culture and Remuneration Committee oversees the implementation of our Remuneration Policy, including recommending to the Board remuneration for the position of Chief Executive Officer and other senior leaders, and budget parameters for the annual pay review. Employee fixed remuneration comprises a base salary, Employer Kiwisaver contributions (for participating employees), Group Income Continuance insurance as well as other work-related benefits such as a broadband allowance and on-site parking. Remuneration is reviewed yearly for employees, with any changes based on market movement and performance, effective from 1 July.

MetService does not offer a Long-Term Incentive scheme however members of the Senior Leadership Team and sales employees are invited to join a Short-Term Incentive (STI) scheme which forms part of the employment agreement. Any benefits from the STI scheme are in addition to the salary and other benefits agreed with the employee. The terms of the STI scheme set out the performance criteria to be met before any payments are made under the STI scheme.

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long-service leave and alternative days leave expected to be settled within 12 months of the reporting date, are recognised in payables in respect of employees' service up to the reporting date and are measured at the amounts expected to be paid when it is probable that the liabilities will be settled.

Termination leave

The liability for termination leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Profit or Loss and Other Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of MetraWeather (Australia) Pty Limited and MetraWeather (Thailand) Limited is New Zealand dollars and the functional currency of MetraWeather (UK) Limited is British pounds. These financial statements are presented in New Zealand dollars, which is the Group's presentation currency.

Transactions and balances

Transactions denominated in foreign currency are converted to New Zealand dollars using the exchange rate at the date of the transaction.

At balance date, foreign monetary assets and liabilities are recorded at the closing exchange rate.

Gains or losses due to currency fluctuations, both realised and unrealised, are recognised as profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position.
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income. On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the time of creation.

Financial instruments

Financial instruments carried on the Statement of Financial Position include cash and cash equivalents, trade and other receivables, trade and other payables, borrowings, employee entitlements, forward contracts and lease liabilities.

Management determined the classification of financial instruments at the initial recognition and re-evaluates the designation at each reporting date.

Financial assets
Trade and other receivables and cash and cash equivalents are initially measured at fair value plus transaction costs. Subsequently they are measured at amortised cost, including any expected credit loss allowance provisions. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current.

Impairment of financial assets
Collectability of trade receivables is reviewed on an ongoing basis and uncollectable debt is written off. A provision for impairment losses is recognised where there is objective evidence that the Group may not be able to collect some or all amounts due according to the original terms.

In addition to this, consideration is also given to other economic factors which could contribute to further expected credit losses.

The amount of the provision is recognised in profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

While cash and cash equivalents are subject to the impairment requirements of NZ IFRS 9, the identified impairment loss was deemed immaterial.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities
Financial liabilities, including trade and other payables, employee benefits and borrowings, are initially measured at fair value, net of transaction costs.

Trade and other payables and borrowings are subsequently measured at amortised cost using the effective interest method.

The Group enters into forward exchange contracts, with gains or losses recognised in the Statement of Profit or Loss and Other Comprehensive Income. The classification within profit or loss depends on the purpose for which contracts were acquired.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Statement of Cash Flows

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, and investments in money market instruments with original maturities of three months or less, net of outstanding bank overdrafts. The following terms are used in the Statement of Cash Flows:

Operating activities: are the principal revenue-producing activities of the Group, including interest received and paid and other activities that are not investing or financing activities.

Investing activities: are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities: are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity, including dividends paid.

Goods and Services Tax

All items included in the financial statements are reported exclusive of Goods and Services Tax (GST), except for accounts payable and accounts receivable, which include GST invoiced.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Impairment of tangible and intangible assets excluding goodwill

At each balance date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.
If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax

discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

COVID-19 Pandemic
While still affected by the impacts of COVID-19, particularly in the aviation sector, our financial performance for the year for the underlying business remained positive due to a number of cost saving initiatives.

The Group continues to place restrictions on discretionary spending in areas such as entertainment, travel, conference attendance and training.

The scale and duration of impacts of COVID-19 is expected to continue to evolve after the date of this report.

Notes to the Financial Statements
for the six months ended 31 December 2021 (cont.)

3. REVENUE AND OTHER INCOME

Aviation revenue has been significantly impacted by COVID-19 in 2020, 2021 and 2022, however full services have continued to be provided on an as needed basis. MetService has received a contribution towards a portion of the costs incurred in maintaining essential transport connectivity. Total received for the current year is $1.006 million. (June 2021: $500,000)

4. OPERATING EXPENSES

4(i) Significant Items

During the 2020 financial year, Management commissioned a seismic assessment of the Kelburn facility to assess the building against the latest building code standards which were updated in 2017. The assessed seismic capacity is in the earthquake risk category. Based on this assessment there is no legal requirement for seismic strengthening to take place.

However, MetService has been investigating alternative options for seismic strengthening versus moving facilities. As part of this process, and to continue the company's resilience project, one off costs have been incurred during the year to move the company's data centre off premise.

As a result of the proposed seismic strengthening work on its Kelburn premises, a 36 month lease has been signed for Level 2 / 110 Featherston Street, Wellington. Commencement date was 1 November 2021 and the business moved effective from 10 January 2022.

Operating Profit for the half-year includes the one off spend of $1.5m relating to the move of the data centre offsite (IT Costs) and the work completed to date on the move to Featherston Street (Building Maintenance) and Kelburn asset impairment (Other Expenses).

	6 Mths 31 Dec 21 (unaudited) $000s	6 Mths 31 Dec 20 (unaudited) $000s	6 Mths 31 Dec 21 (unaudited) $000s
Operating profit	(1,251)	(512)	(215)
Data Centre move, Koru (decant project), Kelburn asset impairment	1,528	1,774	2,533
Operating profit excluding one off significant items	**277**	1,262	**2,318**

5. FINANCE COSTS – NET	6 Mths 31 Dec 21 (unaudited) $000s	6 Mths 31 Dec 20 (unaudited) $000s	12 Mths 30 Jun 21 (audited) $000s
Interest Revenue			
Bank Deposits	4	3	6
Other	–	–	–
Total Finance Income	**4**	**3**	**6**
Interest on Bank Overdrafts and Loans	162	236	433
Interest Expense - Lease Liability	57	58	114
Use of Money Interest	–	–	–
Total Finance Costs	**219**	**294**	**547**
Finance Costs – Net	**215**	**291**	**541**

6. TAXATION

	6 Mths 31 Dec 21 (unaudited) $000s	6 Mths 31 Dec 20 (unaudited) $000s	12 Mths 30 Jun 21 (audited) $000s
Net Profit Before Taxation	(1,466)	(803)	(756)
Prima Facie Taxation Thereon at 28 percent	(411)	–	(212)
Non-Deductible Expenditure	4	3	8
Non-Deductible Legal Fees	4	4	16
Prior Period Adjustment	–	–	50
Effect of Different Tax Rates in Other Jurisdictions	–	–	(10)
Reinstatement of tax depreciation on buildings	–	–	–
Re-recognise Deferred Tax Asset - MetraWeather (UK) Limited	–	–	8
Other	(7)	(7)	(20)
Taxation Expense	**(410)**	**–**	**(160)**
Current Taxation	(166)	117	95
Prior Year Adjustment - Current Taxation	–	–	62
Deferred Taxation	(244)	(117)	(315)
Prior Year Adjustment - Deferred Taxation	–	–	(2)
Taxation Expense	**(410)**	**–**	**(160)**

7. SUBSIDIARIES

Details of the Group's 100% owned subsidiaries at 31 December 2021 are as follows:

Names	MetraWeather (Australia) Pty Limited	MetraWeather (UK) Limited
Place of Incorporation and Operation	Australia	United Kingdom
Balance Date	30 June	30 June
Principal Activity	Forecasting, Marketing and Promotion of Weather and Information Presentation Services	Forecasting, Marketing and Promotion of Weather and Information Presentation Services

Names	MetraWeather (Thailand) Limited	MetOcean Solutions Limited
Place of Incorporation and Operation	Thailand	New Zealand
Balance Date	30 June	30 June
Principal Activity	Marketing and Promotion of Weather and Information Presentation Services	Non-trading - Name Protection Purposes

MetOcean Solutions Limited was amalgamated with Meteorological Service of New Zealand (Parent) on 1 July 2018.

On 24 September 2018, the Meteorological Service of New Zealand Limited opened a Representative Office in Bangkok, Thailand. Closure proceedings have begun for MetraWeather (Thailand) Limited. The Asian business operations remain the same.

8. RECONCILIATION OF NET SURPLUS WITH CASH FLOW FROM OPERATING ACTIVITIES

	6 Mths 31 Dec 21 (unaudited) $000s	6 Mths 31 Dec 20 (unaudited) $000s	12 Mths 30 Jun 21 (audited) $000s
Net Surplus for the Period	**(1,056)**	**(803)**	**(596)**
Non Cash/Non-Operating Items			
Depreciation and Amortisation	4,315	4,473	8,438
Loss on Foreign Exchange Contracts	–	–	4
(Increase)/Decrease in Deferred Tax	(246)	(333)	(305)
Impairment losses on PPE and Intangibles	809	–	310
(Gain)/Loss on Sale of Fixed Assets	–	(20)	57
Increase Restoration Provision	31	30	78
Less Restoration Provision unwound	–	–	(52)
Other Non Cash Operating Items	48	278	(114)
Increase in Non-Cash Items	**4,957**	**4,428**	**8,416**
Movements in Working Capital			
Decrease/(Increase) in Receivables	147	(528)	(663)
(Decrease)/Increase in Accounts Payable and Accruals	(2,432)	501	2,218
(Increase)/Decrease in Income Taxation Receivable	(222)	299	(228)
(Increase)/Decrease in Inventories	(92)	(91)	201
Total Movement in Working Capital	**(2,599)**	**181**	**1,528**
Net Cash Generated by Operating Activities	**1,302**	**3,806**	**9,348**

9. RELATED PARTY TRANSACTIONS

Compensation of Key Management Personnel

Key management personnel are paid in their capacity as employees and receive salary and bonus.
Key management personnel includes Directors and the Executive Team.

	6 Mths 31 Dec 21 (unaudited) $000s	6 Mths 31 Dec 20 (unaudited) $000s	12 Mths 30 Jun 21 (audited) $000s
Total Senior Leadership Team (short-term benefits)***	795	965	3,028
Directors' Remuneration	103	82	162
	898	**1,047**	**3,190**

Compensation of the Chief Executive Officer*

Total Chief Executive Officer (CEO)*	199	188	421
Performance Pay Paid Relating to Prior Year**	51	–	–
Kiwisaver / Superannuation Contributions	15	6	13
	265	**194**	**434**

*On the 24 July 2020, the CEO resigned. The Acting CEO covered the period 25 July 2020 to 17 January 2021 inclusive.

**Bonus payments are approved and paid after balance date and are therefore reported here on a “cash paid” basis.

***A change in leadership roles decreased the Executive Leadership Team from ten positions to six effective 1 July 2021. Short-term benefits includes remuneration and bonus payments approved and paid after balance date, and therefore reported here on a “cash paid” basis.

Key Performance Indicators
Financial

	Statement of Corporate Intent Target (Full Year)	Actual 6 Months to 31 December 2021
1. Shareholder Returns		
Total Shareholder Return	0.0%	0.0%
Dividend Yield	0.0%	0.0%
Dividend Payout	0.0%	0.0%
Return on Equity (ROE)	-4.5%	-9.5%
Return on Funds Employed	0.3%	-7.4%
2. Profitability/Efficiency		
NPAT ($000s)	-1,018	-1,056
Normal Trading EBIT ($000s)	133	277
EBIT ($000s)	-437	-1,251
EBITDA ($000s)	8,283	3,064
Asset Turnover	1.22	1.35
Operating Margin (EBITDA)	13.6%	10.0%
Operating Margin (Normal Trading)	0.2%	0.9%
Operating Margin (EBIT)	-0.7%	-4.1%
3. Leverage/Solvency		
Gearing Ratio (net)	41.5%	19.4%
Interest Cover	13.9	14.25
Solvency	1.11	1.24
Debt Coverage Ratio	–	–
4. Bank Covenants		
Interest Cover ratio*(>3)	16.44	14.25
Total Leverage ratio (<3)	2.29	0.58
5. Growth/Investment		
Revenue Growth	3.0%	5.9%
EBITDAF Growth	-24.7%	-22.6%
NPAT Growth	-100.1%	-31.5%
Capital Renewal	2.35	2.05

*Interest Cover ratio for the Bank Covenants is calculated using debt interest only and excludes IFRS 16 Lease interest costs.

NOTES ON THE FINANCIAL KEY PERFORMANCE INDICATORS

Measure	Description	Calculation
1. Shareholder Returns		
Total Shareholder Return	Performance from an investor perspective – dividends and investment growth.	(Commercial value$_{end}$ less Commercial value$_{beg}$ plus dividends paid less equity injected)/ Commercial value$_{beg}$.
Dividend Yield	The cash return to the shareholder.	Dividends paid/Average commercial value.
Dividend Payout	Proportion of net operating cash flows less allowance for capital maintenance paid out as a dividend to the shareholder.	Dividends paid/Net cash flow from operating activities.
Return on Equity (ROE)	How much profit a company generates with the funds the shareholder has invested in the Company.	Net profit after tax/Average equity.
Return on Funds Employed (ROFE)		Ratio of EBIT to average debt plus equity over the period.
2. Profitability/Efficiency		
Asset Turnover	The amount of revenue generated for every dollar worth of assets.	Revenue/Assets.
Operating Margin (EBITDA)	The profitability of the Company per dollar of revenue.	EBITDA/Revenue.
Operating Margin (EBIT)	The profitability of the Company per dollar of revenue.	EBIT/Revenue.
3. Leverage/Solvency		
Gearing Ratio (net)	Measure of financial leverage – the ratio of debt (liabilities on which a company is required to pay interest) less cash, to debt less cash plus equity.	Net debt/Net debt plus equity.
Interest Cover	The number of times that earnings can cover interest.	EBITDAF/Interest paid.
Solvency	Ability of the Company to pay its debts as they fall due.	Current assets/Current liabilities.
Debt Coverage Ratio	Level of bank debt in relation to earnings.	Bank debt/EBIT.
4. Growth/Investment		
Revenue Growth	Measure of whether the Company is growing revenue.	% change in revenue.
EBITDA Growth	Measure of whether the Company is growing earnings.	% change in EBITDA.
NPAT Growth	Measure of whether the Company is growing profits.	% change in NPAT.
Capital Renewal	Measure of the level of capital investment being made by the Company.	Capital expenditure/Depreciation expense.

Key Performance Indicators
Non-Financial

	Statement of Corporate Intent Target (Full Year)	Dec 2021 Actual
1. Our Scientific Expertise		
Number of employees who are WMO-qualified meteorologists, or scientists with a postgraduate qualification in meteorology, oceanography, or a related discipline	>120	135
% uptime of weather observing systems (combined radar and Automated Weather Stations)	>99%	99%
POD Heavy Rain (12 months mean)	> 90%	95%
POD Severe Gales (24 months mean)	> 90%	92%
POD Heavy Snow (24 months mean)	> 90%	88%
FAR Heavy Rain (12 months mean)	< 15%	17%
FAR Severe Gales (24 months mean)	< 25%	14%
FAR Heavy Snow (24 months mean)	< 25%	13%
2. Our Digital Infrastructure		
Average number of monthly unique browsers across metservice.com and MetService mobile app	1.1 million	1.2 million
Number of MetService app downloads*	250,000	104,788
3. Our Relationships		
Number of effective and managed relationships with iwi, Māori businesses or community groups	6	3
Monetary value ($000) of social investment (free digital advertising to charity, environmental organisations and COVID-19 recovery initiatives)	250	42**
Number of employees who have contributed to WMO or ICAO constituent bodies (e.g., technical commissions, working groups and expert panels)	10	19
4. Our People		
Contribute to workplace Diversity and Inclusion through unconscious bias e-learning modules: % of employees who have completed training	75%	72%
Make progress towards our ideal company culture through annual culture surveys and action planning: percentage of employees who have participated in culture sessions	90%	10%***
5. Our Finances		
Cash flow from Operating Activities	7,204	1,302 (YTD)
EBIT ($000)	-437	-1,251 (YTD)
6. Our Environment		
External environmental impact: number of new services or initiatives that lead to a positive impact on the environment	3	1
Number of features on metservice.com website that encourage environmentally conscious decision-making	2	2

NOTES ON THE NON-FINANCIAL KEY PERFORMANCE INDICATORS

Measure

Probability of Detection (POD)
The ratio of correctly forecast severe weather events to actual events observed.

False Alarm Ratio (FAR)
The ratio of forecast severe weather events that did not occur (false alarms) to the number of events forecast.

The POD and FAR for heavy rain events is reported as a 12-month running mean; for heavy snow and high wind events the POD and FAR are reported as a 24-month running mean, reflecting the relative infrequency of these events.

Uptime of weather observing systems
The average of (a) percentage of time that radar data is available within MetService's Wellington Head Office, averaged over all radar sites; and (b) the percentage of time that Automated Weather Station data is available within MetService's Wellington Head Office, averaged over all Automated Weather Station sites.

Effective relationships with iwi, Māori businesses or community groups
Effective should reflect authenticity, collaboration, longevity, and MetService's Treaty responsibilities.

* FY2021/22 data is based on 12 month and 24 month averages.

**This result reflects the fact that during this period, Auckland was in lockdown and there were less charity campaigns in the market. It is expected that MetService will reach the 2021/22 SCI Target by the end of this financial year.

***MetService is undertaking a culture pulse survey in Q3 and following that survey, employees will be involved in culture sessions. It is expected that MetService will reach the 2021/22 SCI Target by the end of this financial year.

Company Directory

DIRECTORS

Sophie Haslem (Chair)
Tupara Morrison (Deputy Chair and Chair, Audit and Risk Assurance Committee)
Roanne Parker (Chair, People, Culture and Remuneration Committee)
Stephen Eaton (departed 31 October 2021)
Dave Moskovitz
Victoria Spackman (started 19 July 2021)
Alison Watters (started 19 July 2021)
Stephen Willis (started 19 July 2021)

EXECUTIVE

Chief Executive
Stephen Hunt

Chief of Science & Innovation
Norm Henry

Chief Financial Officer
Keith Hilligan

Chief of Customer & Commercial
Rob Harrison

Chief of People & Strategy
Natalie Lombe

Chief Digital Officer
Wyn Ackroyd (Acting July - 10 November 2021)
Sean Davidson (started 11 November 2021)

GM Strategy & Governance
Tina Dustdar (departed July 2021)

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On Behalf of:
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