



Group financial statements

to the quarter ended 30 September 2024

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Introduction

Here is the Year to date to September report for InternetNZ Group for the 2024/2025 financial year. We continue our work on the funding model from quarter one and have prepared the financials in two separate areas.

1. Operational - Income Statement and Balance sheet
2. Funding Model - Income statement and Balance sheet.

The purpose of this is to show the position of both areas clearly and to also give the Council a full view of the financial position of InternetNZ group.

INZ Group Consolidated Income Statement - Operational

Internet New Zealand Group Consolidated Income Statement Year to date (YTD) 30 September 2024

Notes	Group YTD	Group Budget	+/- \$	+/- %	Parent YTD	Parent Budget	+/- \$	+/- %
Income - Operating								
	6,699,005	6,711,673	(12,668)	0%	6,699,005	6,711,673	(12,668)	0%
	21,533	25,750	(4,217)	-16%	21,533	25,750	(4,217)	-16%
1 (a)	99,151	272,484	(173,333)	-64%	231,294	399,424	(168,130)	-42%
Total Operating Income	6,819,690	7,009,907	(190,217)	-3%	6,951,833	7,136,847	(185,014)	-3%
Income - Investments								
	106,867	117,275	(10,408)	-9%	102,443	113,080	(10,617)	-9%
Total Investment Income	106,867	117,275	(10,408)	-9%	102,443	113,080	(10,617)	-9%
Less Direct Expenses								
	-	-	-	-	825,000	825,000	0	0%
2 (a)	1,017,679	1,062,962	45,284	4%	1,017,679	1,062,962	45,284	4%
	38,746	42,240	3,494	8%	38,746	42,240	3,494	8%
Total Direct Expenses	1,056,424	1,105,202	48,778	4%	1,881,424	1,930,202	48,778	3%
Less Other Expenses								
	2,605	-	(2,605)	-	2,605.00	-	(2,605)	-
	167,356	174,714	7,358	4%	134,588	141,690	7,102	5%
	9,104	32,500	23,396	72%	9,104.41	32,500	23,396	-
	28,475	28,885	410	1%	-	-	-	-
	178,496	382,181	203,685	53%	178,496	382,181	203,685	53%
	54,399	68,935	14,536	21%	-	-	-	-
	3,742,111	3,777,326	35,215	1%	3,354,553	3,399,518	44,965	1%
	171,729	217,445	45,716	21%	153,603	194,772	41,169	21%
	157,078	159,387	2,309	1%	140,431	142,387	1,956	1%
	28,030	39,700	11,670	29%	13,485	19,700	6,215	32%
	849,444	970,730	121,286	12%	822,395	928,291	105,896	11%
	10,000	10,000	0	0%	-	-	-	-
	2,063	2,000	(63)	-3%	2,063	2,000	(63)	-3%
Total Expenses	5,400,891	5,863,803	462,912	8%	4,811,323	5,243,039	431,716	8%
Net Operating Profit (Loss) Before Tax	\$469,242	\$158,177	\$311,065	197%	\$361,529	\$76,666	\$284,863	372%

Notes:

The income and expenditure lines for the individual entities

Do not add to the Group totals due to the following intra-group entries being eliminated.

1 (a) GSE paid by DNCL (\$155,943) to INZ

2 (a) The DNCL fee paid by INZ (\$825,000) to DNCL.

INZ Group Consolidated Income Statement – Operational - By Function

Internet New Zealand Group Consolidated Income Statement - Function Based Year to date (YTD) 30 September 2024									
	Notes	Group	Group	+/-	+/-	Parent	Parent	+/-	+/-
		YTD	Budget	\$	%	YTD	Budget	\$	%
Income - Operating									
Domain Name Commission - Sundry		28,224	33,215	(4,991)	-15%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product)		6,720,538	6,772,097	(51,559)	-1%	6,720,538	6,772,097	(51,559)	-1%
Te Puni Whiria (Public Impact)		71,523	208,510	(136,987)	-66%	80,973	217,960	(136,987)	-63%
Te Puni Raua (Organisational Performance)		106,272	113,360	(7,088)	0%	252,765	259,850	(7,085)	-3%
Total Operating Income		6,926,557	7,127,182	(200,625)	-3%	7,054,276	7,249,907	(195,631)	-3%
Less Activity Expenditure									
Domain Name Commission	2 (a)	589,568	620,764	31,196	5%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product)	1 (a)	2,566,222	2,747,847	181,625	7%	3,391,222	3,572,847	181,625	5%
Te Puni Whiria (Public Impact)	3 (a)	1,130,065	1,371,120	241,055	18%	1,130,065	1,371,120	241,055	18%
Te Puni Māori		302,144	306,007	3,863	1%	302,144	306,007	3,863	1%
Te Puni Raua (Organisational Performance)		1,869,317	1,923,267	53,950	3%	1,869,317	1,923,267	53,950	3%
Total Expenses		6,457,315	6,969,005	511,690	7%	6,692,747	7,173,241	480,494	7%
Net Operating Profit (Loss) Before Tax		469,242	158,177	311,065	197%	361,529	76,666	284,863	372%
Net Operating Profit (Loss) Before Tax		\$469,242	\$158,177	\$311,065	197%	\$361,529	\$76,666	\$284,863	372%

Notes:

The income and expenditure lines for the individual entities

Do not add to the Group totals due to the following intra-group entries being eliminated.

1 (a) GSE paid by DNCL (\$155,943) to INZ

2 (a) The DNCL fee paid by INZ (\$825,000) to DNCL.

Funding

3 (a) Te Puni Whiria - Funding is now reported separately below

INZ Consolidated Movements in Equity – Operational

Internet New Zealand Group
Statement of Movements in Equity
Year to date (YTD) 30 September 2024

	GROUP	INZ	DNCL
Equity at start of period			
Opening Retained Earnings	931,374	545,527	385,847
Shares Subscribed	-	-	580,000
	931,374	545,527	965,847
Net Profit (Loss) After Tax	469,242	361,529	107,713
Equity at end of period	\$1,400,616	\$907,056	\$1,073,560

Notes:

4 (a) As we have ring fenced \$11m from INZ retained earnings to sustain a new funding model that will assist in sustaining future funding and we have decided to report funding separately from INZ Operational activities. Funding reports are on page 8 of this report.

Due to this decision the INZ Operating Retained Earnings reduced by \$10,974,161, being the amount now reported under the funding retained earnings. INZ Operating retained earnings opening balance reduced to \$545,527.

This change is also reflected in the Balance Sheet on the following page, which excludes the managed funds and funding.

INZ Consolidated Balance Sheet – Operational

Internet New Zealand Group
Balance Sheet
As at 30 September 2024

	Notes	GROUP	INZ	DNCL
Current Assets				
Cash and Cash Equivalents		8,102,803	7,081,893	1,020,910
Managed Funds		-	-	-
Other Current Assets		1,977,794	1,913,994	63,800
Total Current Assets		10,080,597	8,995,887	1,084,710
Non-current Assets				
Property, Equipment & Software		3,017,895	2,647,075	370,821
less: Accumulated Depreciation		(1,282,427)	(1,038,646)	(243,781)
Intangible Assets		4,052,482	4,052,482	-
less: Amortisation		(1,453,419)	(1,453,419)	-
Investments		-	-	-
Shares and Loans	5 (a)	-	580,000	-
Total Assets		14,415,130	13,783,380	1,211,750
Less Liabilities:				
Deferred Income		11,776,520	11,776,520	-
Trade and Other Payables		1,237,994	1,099,803	138,191
Total Liabilities		13,014,513	12,876,322	138,191
Net Assets		\$1,400,616	\$907,057	\$1,073,559
Represented By:				
Current Year Earnings		469,242	361,529	107,713
Retained Earnings	4 (a)	931,375	545,528	385,847
Share Capital	5 (a)	-	-	580,000
Total Equity		\$1,400,616	\$907,057	\$1,073,560

Notes:

The following items have been removed upon consolidation.

5 (a) Share in DNCL wholly owned by InternetNZ.

Share subscription with respect to shares issued to InternetNZ by DNCL

Outlined below is a summary of each function.

Te Puni Whakawhanake Rawa/ Customer and Product

- Running of the .nz registry and Broadband Map services.
- Data insights and analytics
- IT infrastructure and product technology

Te Puni Whiria/Public Impact

- Public policy, internet governance, including international
- Community Engagement, including membership, Communications – External and brand and Events Management

Te Puni Māori

- Māori sector partnership and relationships
- Rautaki Māori
- Māori cultural intelligence and cultural capability

Te Puni Raupa/Organisation Performance

- Governance, Strategy, planning, and performance.
- Security, compliance (including legal) and Privacy.
- HR and Finance, Technology Strategy, and Internal IT

Summary reporting by functional areas of expenditure - Operational
 INZ Group Revenue Analysis to the Period ending 30 September 2024

Consolidated Revenue	Actual	Budget	Variance	% of Total Sales
Registry Fees	6,699,005	6,711,673	(12,668)	96.7%
BBM	21,533	25,750	(4,217)	0.3%
Sundry - Membership	2,773	4,560	(1,787)	0.0%
Sundry - Misc.	203,246	385,199	(181,953)	2.9%
Total Operating Revenue	6,926,557	7,127,182	(200,625)	100%

- The accounts report Total Operating revenue of \$6,926,557.00 YTD September, up by \$81,879.00 from the same period last year. Revenue from Registry fees has declined but overall our operating revenue has increased. This includes \$100k of interest from this financial year.
- Nethui \$135k, Broadband Map funding shortfall \$30k are major factors contributing towards the \$201k negative variance YTD.

INZ Group Expenditure Analysis by Function to the Period ending 30 September 2024

Consolidated Expenditure by Function	Actual	Budget	Variance	% of Total Expenditure
Domain Name Commission 1 (a)	589,568	620,764	31,196	9.1%
Te Puni Whakawhanake Rawa/Cust & Prod	2,566,024	2,747,847	181,823	39.7%
Te Puni Whiria/Public Impact	1,130,065	1,371,120	241,055	17.5%
Te Puni Maori	302,144	306,007	3,863	4.7%
Te Puni Raupa/Organisational Performance	1,869,317	1,923,267	53,950	28.9%
Total Operating Expenditure	6,457,118	6,969,005	511,887	100.0%

Notes:

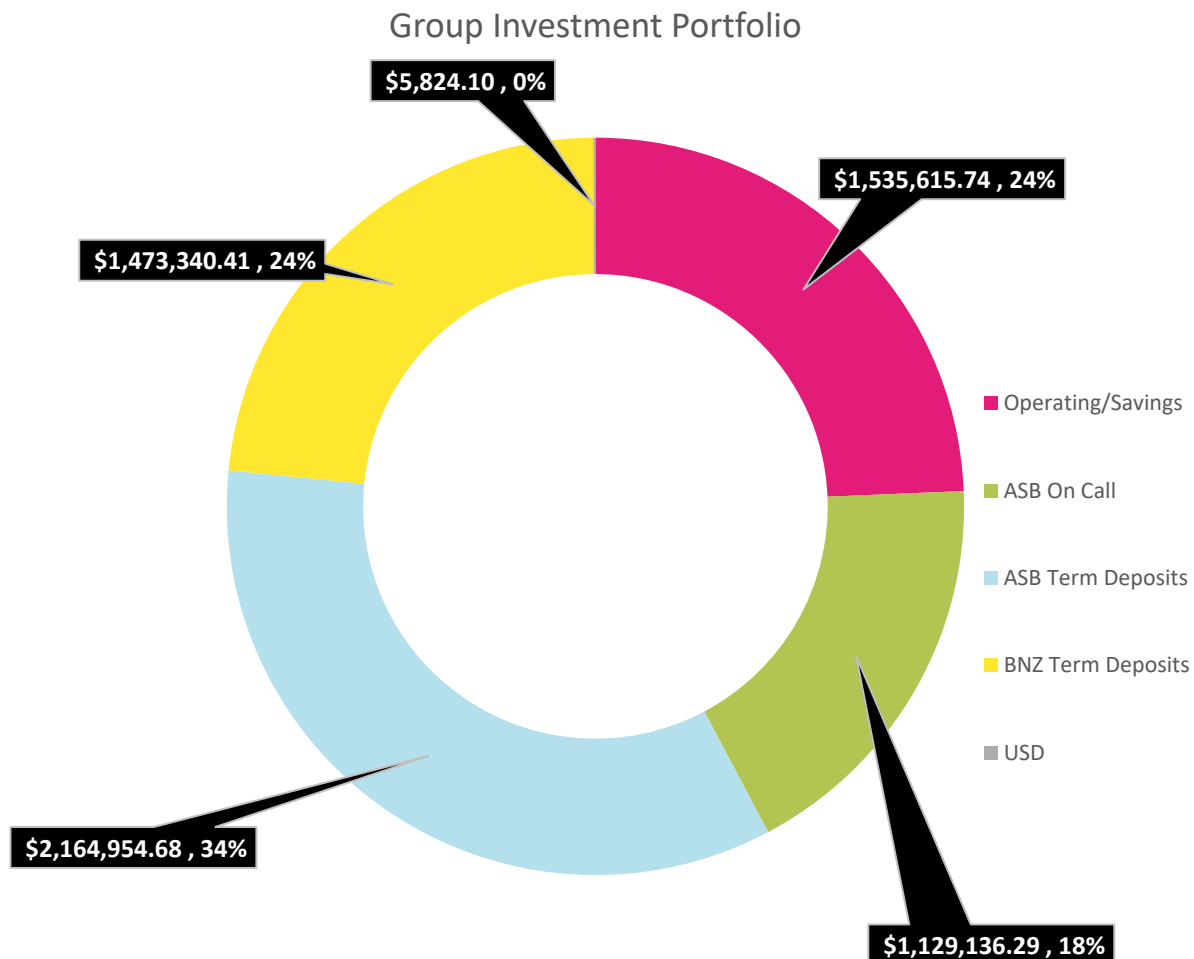
DNCL expenditure excludes

1 (a) GSE paid by DNCL (\$155,943) to INZ

Underspend variances are attributable to several factors, but key factors are Nethui \$175k (postponed) and Marketing \$99k (phasing) with other factors such as savings and phasing making up the balance.

INZ Group Investments as of 30 September 2024 (Operational)

The chart below shows the percentage spread of INZ Operating funds invested (**\$6,308,871.22**) across all institutions as of 30 September 2024.



Due to rounding of cents, numbers presented throughout this report may not add up precisely to the totals provided in dollars.

Reporting on New Funding Model

To ensure funding for public impact, a fund has been created where interest generated from the fund will support public impact grants and strategic partnerships.

Approved budget included:

- Setting the size of the initial fund contribution at \$11M,
- Setting public impact funding for 2024/25 at \$1M.

Ring-fencing the funds within the Balance Sheet was introduced to formally reserve the Funds. The following reporting provides transparency of the ring-fenced funding performance YTD September.

Funding Reporting

INZ Funding Income Statement

INZ Funding Profit & Loss	Actual	Budget	Variance	%
Interest Received	132,580	135,000	(2,420)	- 1.8%
Fair Value Gains/(Losses) on Managed Funds	178,819	180,000	(1,181)	- 0.7%
Total Funding Investment Returns	311,399	315,000	(3,601)	- 1.1%
Funding Rounds	243,012	245,000	1,988	0.8%
Strategic Partners	251,250	250,000	(1,250)	- 0.5%
Total Funding Expenditure	494,262	495,000	738	0.1%
Net Funding Profit (Loss)	(182,863)	(180,000)	(2,863)	1.6%

INZ Funding Movements in Equity

Internet New Zealand
Statement of Movements in Equity - Funding
Year to date (YTD) 30 September 2024

	2024
Equity at start of period	
Opening Retained Earnings	10,974,161
	10,974,161
Net Profit (Loss) After Tax	(182,863)
Equity at end of period	\$10,791,299

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INZ Funding Balance Sheet

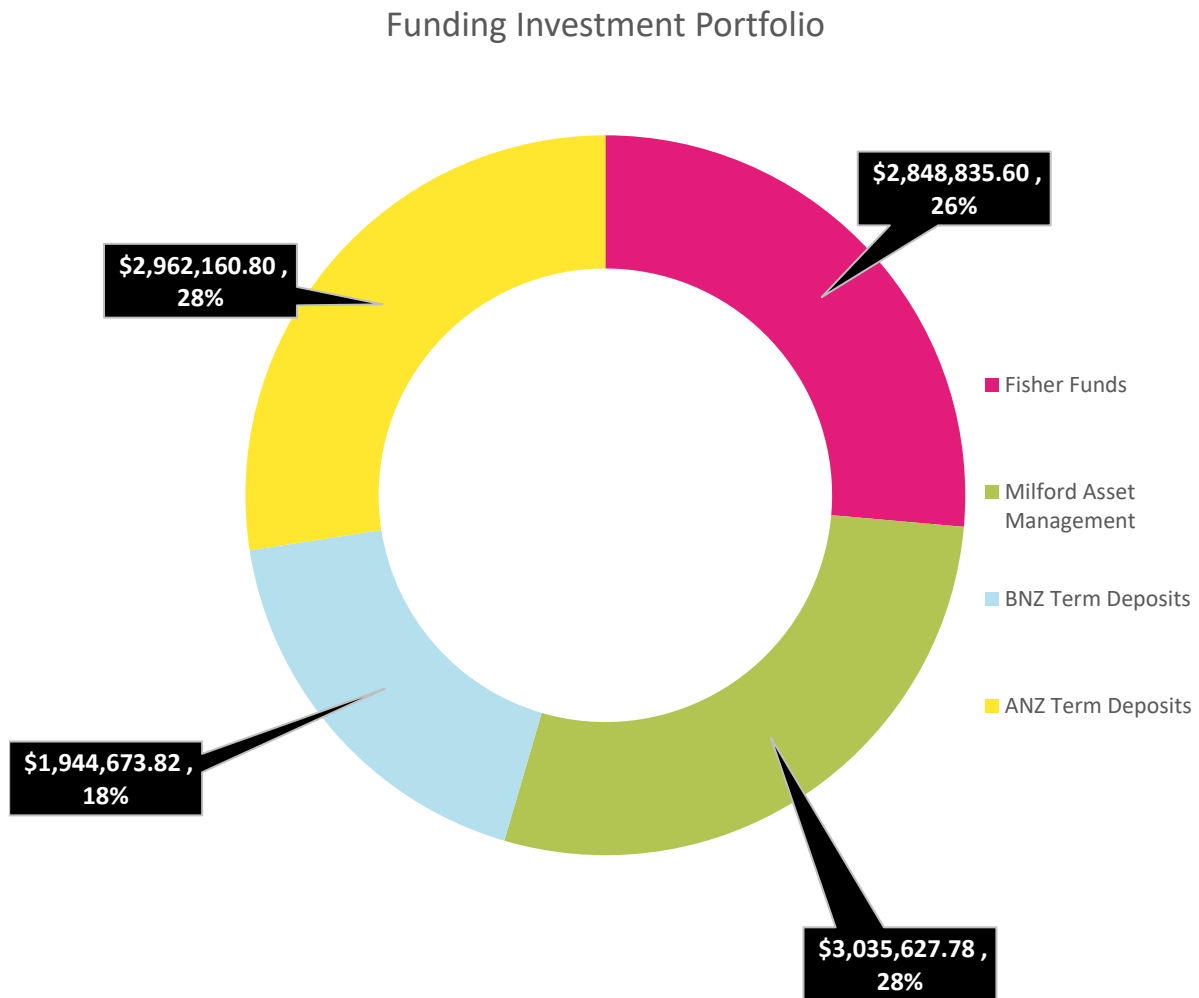
**Internet New Zealand
Funding Balance Sheet
As at 30 September 2024**

	INZ
Current Assets	
Cash and Cash Equivalents	4,906,835
Managed Funds	5,884,463
Total Current Assets	10,791,298
Non-current Assets	
Investments	-
Total Assets	10,791,298
Less Liabilities:	
Trade and Other Payables	-
Total Liabilities	0
Net Assets	\$10,791,298
Represented By:	
Current Year Earnings	(182,863)
Retained Earnings	10,974,161
Total Equity	\$10,791,298

Due to rounding of cents, numbers presented throughout this report may not add up precisely to the totals provided in dollars.

INZ Funding Investments as of 30 June 2024

The chart below shows the percentage spread of funds invested (**\$10,791,298.**) across all institutions as of 30 September 2024.



Due to rounding of cents, numbers presented throughout this report may not add up precisely to the totals provided in dollars.