



Group financial statements

to the quarter ended 31 December 2024

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Introduction

Here is the Year to date to December report for InternetNZ Group for the 2024/2025 financial year. We continue our work on the funding model from quarters one and two 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) 31 December 2024

Notes	Group YTD	Group Budget	+/- \$	+/- %	Parent YTD	Parent Budget	+/- \$	+/- %
Income - Operating								
Registry Fees	10,078,737	10,147,435	(68,698)	-1%	10,078,737	10,147,435	(68,698)	-1%
Broadband Map	31,534	41,751	(10,217)	-24%	31,534	41,751	(10,217)	-24%
Sundry Income	120,530	535,345	(414,815)	-77%	325,645	738,152	(412,507)	-56%
Total Operating Income	10,230,801	10,724,531	(493,730)	-5%	10,435,916	10,927,338	(491,422)	-4%
Income - Investments								
Interest	171,036	270,290	(99,254)	-37%	148,913	248,060	(99,147)	-40%
Total Investment Income	171,036	270,290	(99,254)	-37%	148,913	248,060	(99,147)	-40%
Less Direct Expenses								
Domain Name Commission Fee	-	-	-	-	1,237,500	1,237,500	-	0%
.nz Costs	1,522,823	1,621,621	98,798	6%	1,522,823	1,621,621	98,798	6%
Other	57,081	63,360	6,279	10%	57,081	63,360	6,279	10%
Total Direct Expenses	1,579,904	1,684,981	105,077	6%	2,817,404	2,922,481	105,077	4%
Less Other Expenses								
Audit	2,605	-	(2,605)	-	2,605.00	-	(2,605)	-
Amortisation & Depreciation	249,646	268,455	18,809	7%	200,735	219,219	18,484	8%
Registrar Engagement	13,880	58,750	44,870	76%	8,379.78	48,750	40,370	-
Communications	43,145	47,691	4,546	10%	-	5,000	5,000	-
Community Engagement	241,953	669,631	427,678	64%	241,953	669,631	427,678	64%
Domain Name Commission	89,172	97,104	7,932	8%	-	-	-	-
Employment	5,741,906	5,866,523	124,617	2%	5,142,027	5,254,328	112,301	2%
Governance	277,359	337,303	59,944	18%	244,056	303,894	59,838	20%
International	292,417	288,784	(3,633)	-1%	245,490	240,993	(4,497)	-2%
Legal	69,875	51,750	(18,125)	-35%	42,966	24,750	(18,216)	-74%
Operational	1,393,687	1,526,926	133,240	9%	1,355,984	1,472,242	116,258	8%
Projects	-	-	-	0%	-	-	-	-
Security	2,138	67,050	64,913	97%	2,138	67,050	64,913	97%
Total Expenses	8,417,782	9,279,967	862,185	9%	7,486,334	8,305,857	819,523	10%
Net Operating Profit (Loss) Before Tax	\$404,151	\$29,873	\$374,278	1253%	\$281,091	(\$52,940)	\$334,031	-631%

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 (\$233,915) to INZ

2 (a) The DNCL fee paid by INZ (\$1,237,500) to DNCL.

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

INZ Group Consolidated Income Statement – Operational - By Function

Internet New Zealand Group									
Consolidated Income Statement - Function Based									
Year to date (YTD) 31 December 2024									
	Notes	Group	Group	+/-	+/-	Parent	Parent	+/-	+/-
		YTD	Budget	\$	%	YTD	Budget	\$	%
Income - Operating									
Domain Name Commission - Sundry		50,923	53,333	(2,410)	-5%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product)		10,125,626	10,358,109	(232,483)	-2%	10,125,626	10,358,109	(232,483)	-2%
Te Puni Whiria (Public Impact)		72,547	335,019	(262,472)	-78%	86,722	349,194	(262,472)	-75%
Te Puni Raupa (Organisational Performance)		152,741	248,360	(95,619)	0%	372,481	468,095	(95,614)	-20%
Total Operating Income		10,401,837	10,994,821	(592,984)	-5%	10,584,829	11,175,398	(590,569)	-5%
Less Activity Expenditure									
Domain Name Commission	2 (a)	931,448	974,110	42,662	4%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product)	1 (a)	3,920,765	4,217,061	296,296	7%	5,158,265	5,454,561	296,296	5%
Te Puni Whiria (Public Impact)	3 (a)	1,759,624	2,206,517	446,893	20%	1,759,624	2,206,517	446,893	20%
Te Puni Māori		485,163	490,149	4,986	1%	485,163	490,149	4,986	1%
Te Puni Raupa (Organisational Performance)		2,900,685	3,077,111	176,426	6%	2,900,685	3,077,111	176,426	6%
Total Expenses		9,997,686	10,964,948	967,262	9%	10,303,738	11,228,338	924,600	8%
Net Operating Profit (Loss) Before Tax		\$404,151	\$29,873	\$374,278	1253%	\$281,091	(\$52,940)	\$334,031	-631%

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 (\$233,915) to INZ

2 (a) The DNCL fee paid by INZ (\$1,237,500) 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) 31 December 2024

	GROUP	INZ	DNCL
Equity at start of period			
Opening Retained Earnings	931,375	545,528	385,847
Shares Subscribed	-	-	580,000
	931,375	545,528	965,847
Net Profit (Loss) After Tax	404,152	281,091	123,061
Equity at end of period	\$1,335,527	\$826,619	\$1,088,907

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 \$545,528.

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 31 December 2024			
Notes	GROUP	INZ	DNCL
Current Assets			
Cash and Cash Equivalents	8,599,083	7,519,918	1,079,165
Managed Funds	-	-	-
Other Current Assets	1,234,612	1,193,166	41,446
Total Current Assets	9,833,694	8,713,084	1,120,610
Non-current Assets			
Property, Equipment & Software	3,090,868	2,719,179	371,690
less: Accumulated Depreciation	(1,367,356)	(1,107,433)	(259,923)
Intangible Assets	4,085,921	4,085,921	-
less: Amortisation	(1,594,647)	(1,594,647)	-
Investments	-	-	-
Shares and Loans	-	580,000	-
Total Assets	14,048,482	13,396,104	1,232,377
Less Liabilities:			
Deferred Income	11,429,194	11,429,194	-
Trade and Other Payables	1,283,762	1,140,291	143,470
Total Liabilities	12,712,955	12,569,485	143,470
Net Assets	\$1,335,527	\$826,619	\$1,088,907
Represented By:			
Current Year Earnings	404,152	281,091	123,061
Retained Earnings	931,375	545,528	385,847
Share Capital	-	-	580,000
Total Equity	\$1,335,527	\$826,619	\$1,088,907

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 31 December 2024

Consolidated Revenue	Actual	Budget	Variance	% of Total Sales
Registry Fees	10,078,737	10,147,435	(68,698)	96.9%
BBM	31,534	41,751	(10,217)	0.3%
Sundry - Membership	2,773	4,560	(1,787)	0.0%
Sundry - Misc.	288,793	801,075	(512,282)	2.8%
Total Operating Revenue	10,401,837	10,994,821	(592,984)	100%

- The accounts report Total Operating revenue of \$10,401,837 YTD December, up by \$81,569 from the same period last year. Revenue from Registry fees has declined by \$68k but overall, our operating revenue has increased. This includes \$171k of interest from this financial year.
- Several key factors have contributed to the year-to-date negative variance of \$592,000. Notably, the Nethui project has been postponed, and we had budgeted \$260,000 for it. Other contributing factors include \$10,000 for Broadband Map funding, \$111,000 for the .tk project (which has not materialized due to delays), \$12,000 for the Registry lock, and \$30,000 for ComCom.

INZ Group Expenditure Analysis by Function to the Period ending 31 December 2024

Consolidated Expenditure by Function	Actual	Budget	Variance	% of Total Expenditure
Domain Name Commission (a)	931,448	974,110	42,662	9.3%
Te Puni Whakawhanake Rawa/Cust & Prod	3,920,765	4,217,061	296,296	39.2%
Te Puni Whiria/Public Impact	1,759,624	2,206,517	446,893	17.6%
Te Puni Maori	485,163	490,149	4,986	4.9%
Te Puni Raua/Organisational Performance	2,900,685	3,077,111	176,426	29.0%
Total Operating Expenditure	9,997,686	10,964,948	967,262	100.0%

Notes:

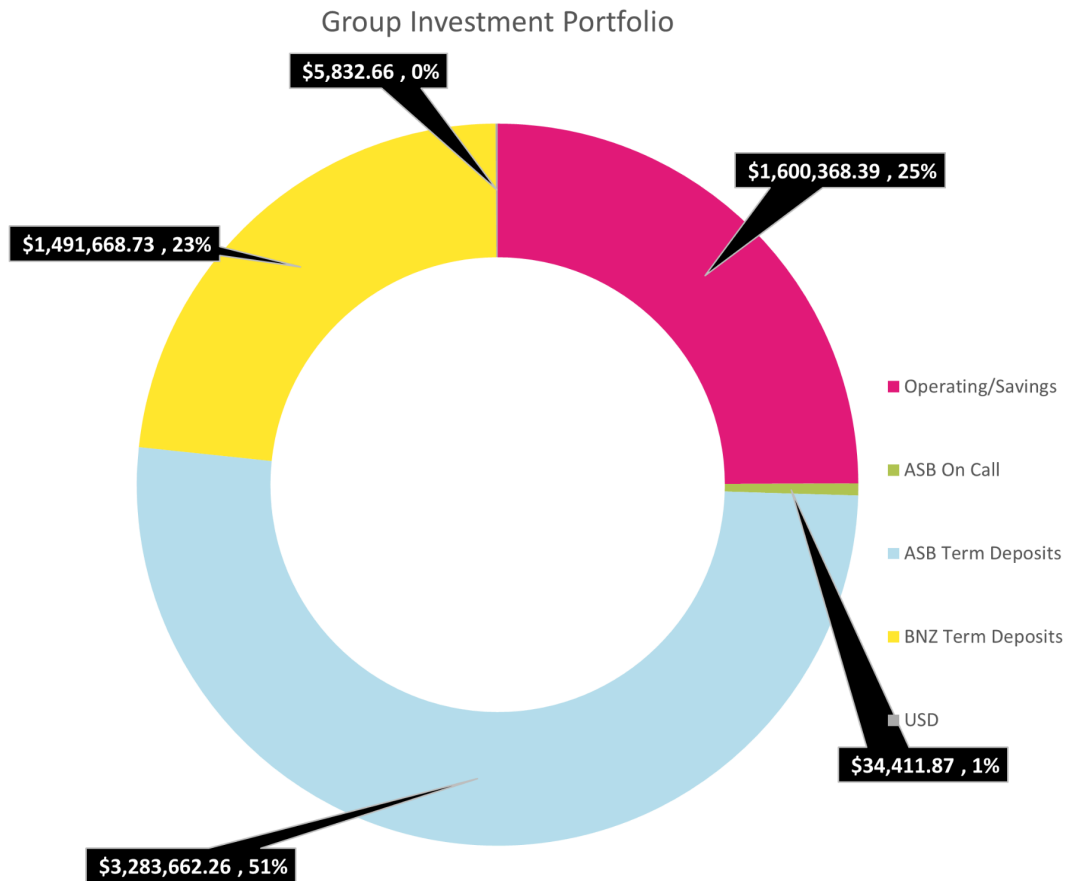
DNCL expenditure excludes

1 (a) GSE paid by DNCL (\$233,915) to INZ

Underspend variances arise from several factors, with key contributor being Nethui at \$390k (postponed). Additionally, delays in Marketing and Registrar Engagement have resulted in phasing variance of \$122k, while HSM IRS costs also contributed \$91k to this phasing. The remaining underspent amounts attributed to additional savings in other areas.

INZ Group Investments as of 31 December 2024 (Operational)

The chart below shows the percentage spread of INZ Operating funds invested (**\$6,415,943.91**) across all institutions as of 31 December 2024.



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 December.

Funding Reporting

INZ Funding Income Statement

INZ Funding Profit & Loss	Actual	Budget	Variance	%
Interest Received	204,028	205,000	(972)	-0.5%
Fair Value Gains/(Losses) on Managed Funds	339,020	340,000	(980)	-0.3%
Total Funding Investment Returns	543,049	545,000	(1,951)	-0.4%
Funding Rounds	302,022	300,000	(2,022)	-0.7%
Strategic Partners	326,000	250,000	(76,000)	-30.4%
Total Funding Expenditure	628,022	550,000	(78,022)	-14.2%
Net Funding Profit (Loss)	(84,973)	(5,000)	(79,973)	1599.5%

INZ Funding Movements in Equity

Internet New Zealand
Statement of Movements in Equity - Funding
Year to date (YTD) 31 December 2024

	2024
Equity at start of period	
Opening Retained Earnings	10,974,161
	10,974,161
Net Profit (Loss) After Tax	(84,973)
Equity at end of period	\$10,889,188

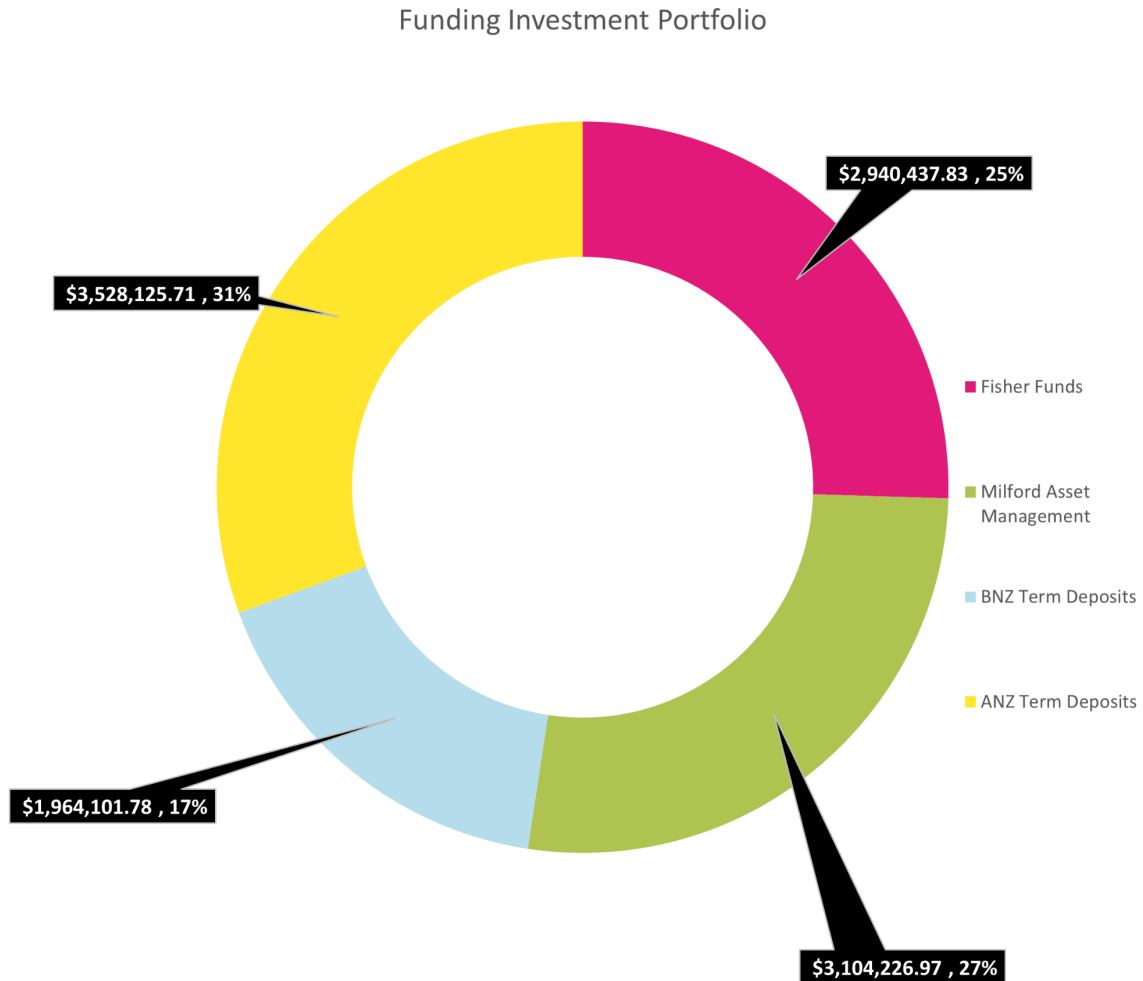
INZ Funding Balance Sheet

**Internet New Zealand
Funding Balance Sheet
As at 31 December 2024**

	INZ
Current Assets	
Cash and Cash Equivalents	4,844,523
Managed Funds	6,044,665
Total Current Assets	10,889,188
Non-current Assets	
Investments	-
Total Assets	10,889,188
Less Liabilities:	
Trade and Other Payables	-
Total Liabilities	-
Net Assets	\$10,889,188
Represented By:	
Current Year Earnings	(84,973)
Retained Earnings	10,974,161
Total Equity	\$10,889,188

INZ Funding Investments as of 31 December 2024

The chart below shows the percentage spread of funds invested (\$10,889,188) across all institutions as of 31 December 2024.



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