



Group financial statements

to the quarter ended 30 June 2024

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Introduction

Welcome to the first financial report for 2024/25. The decision in March by Council to ring fence \$11m from INZ retained earnings to create a new funding model that will assist in sustaining future funding has led to some changes to the quarterly reporting.

We have prepared the financials into 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 June 2024									
	Notes	Group YTD	Group Budget	+/- \$	+/- %	Parent YTD	Parent Budget	+/- \$	+/- %
Income – Operating									
Registry Fees		3,324,289	3,331,352	(7,063)	0%	3,324,289	3,331,352	(7,063)	0%
Broadband Map		10,700	10,749	(49)	0%	10,700	10,749	(49)	0%
Sundry Income	1 (a)	56,413	62,589	(6,177)	-10%	124,384	125,561	(1,177)	-1%
Total Operating Income		3,391,402	3,404,690	(13,289)	0%	3,459,373	3,467,662	(8,289)	0%
Income – Investments									
Interest		1,486	475	1,011	213%	1,070	60	1,010	1683%
Total Investment Income		1,486	475	1,011	213%	1,070	60	1,010	1683%
Less Direct Expenses									
Domain Name Commission Fee	2 (a)	-	-	-	-	412,500	412,500	0	0%
.nz Costs		504,348	538,902	34,554	6%	504,348	538,902	34,554	6%
Other		20,006	21,120	1,114	5%	20,006	21,120	1,114	5%
Total Direct Expenses		524,353	560,022	35,669	6%	936,853	972,522	35,669	4%
Less Other Expenses									
Audit		-	-	-	-	-	-	-	-
Amortisation & Depreciation		86,434	87,357	923	1%	70,041	70,845	804	1%
Registrar Engagement		2,294	2,435	141	6%	-	-	-	-
Communications		15,604	14,809	(795)	-5%	-	-	-	-
Community Engagement		120,853	130,977	10,124	8%	120,853	130,977	10,124	8%
Domain Name Commission		19,887	25,643	5,756	22%	-	-	-	-
Employment		1,681,849	1,702,971	21,122	1%	1,511,508	1,536,697	25,189	2%
Governance		48,812	64,502	15,690	24%	42,535	53,765	11,230	21%
International		84,180	85,537	1,357	2%	81,035	82,537	1,502	2%
Legal		5,593	32,450	26,857	83%	5,593	12,450	6,857	55%
Operational		429,628	504,373	74,745	15%	418,738	489,483	70,745	14%
Projects		0	0	0	0%	-	-	-	-
Security		1,900	1,950	50	3%	1,900	1,950	50	3%
Total Expenses		2,497,034	2,653,004	155,970	6%	2,252,203	2,378,704	126,501	5%
Net Operating Profit (Loss) Before Tax		371,501	192,139	179,361	93%	271,387	116,496	154,891	133%
Net Operating Profit (Loss) Before Tax		\$371,501	\$192,139	\$179,361	93%	\$271,387	\$116,496	\$154,891	133%

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 (\$77,972) to INZ

2 (a) The DNCL fee paid by INZ (\$412,500) to DNCL.

Reference:

Details on the DNCL results are available in the Quarterly DNCL report to Council dated 16th July 2024.

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 Year to date (YTD) 30 June 2024

	Notes	Group YTD	Group Budget	+/- \$	+/- %	Parent YTD	Parent Budget	+/- \$	+/- %
Income - Operating									
Registry Fees		3,324,289	3,331,352	(7,063)	0%	3,324,289	3,331,352	(7,063)	0%
Broadband Map		10,700	10,749	(49)	0%	10,700	10,749	(49)	0%
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Interest		1,486	475	1,011	213%	1,070	60	1,010	1683%
Total Investment Income		1,486	475	1,011	213%	1,070	60	1,010	1683%
Less Direct Expenses									
Domain Name Commission Fee	2 (a)	-	-	-	-	412,500	412,500	0	0%
.nz Costs		504,348	538,902	34,554	6%	504,348	538,902	34,554	6%
Other		20,006	21,120	1,114	5%	20,006	21,120	1,114	5%
Total Direct Expenses		524,353	560,022	35,669	6%	936,853	972,522	35,669	4%
Less Other Expenses									
Audit		-	-	-	-	-	-	-	-
Amortisation & Depreciation		86,434	87,357	923	1%	70,041	70,845	804	1%
Registrar Engagement		2,294	2,435	141	6%	-	-	-	-
Communications		15,604	14,809	(795)	-5%	-	-	-	-
Community Engagement		120,853	130,977	10,124	8%	120,853	130,977	10,124	8%
Domain Name Commission		19,887	25,643	5,756	22%	-	-	-	-
Employment		1,681,849	1,702,971	21,122	1%	1,511,508	1,536,697	25,189	2%
Governance		48,812	64,502	15,690	24%	42,535	53,765	11,230	21%
International		84,180	85,537	1,357	2%	81,035	82,537	1,502	2%
Legal		5,593	32,450	26,857	83%	5,593	12,450	6,857	55%
Operational		429,628	504,373	74,745	15%	418,738	489,483	70,745	14%
Projects		0	0	0	0%	-	-	-	-
Security		1,900	1,950	50	3%	1,900	1,950	50	3%
Total Expenses		2,497,034	2,653,004	155,970	6%	2,252,203	2,378,704	126,501	5%
Net Operating Profit (Loss) Before Tax		371,501	192,139	179,361	93%	271,387	116,496	154,891	133%
Net Operating Profit (Loss) Before Tax		\$371,501	\$192,139	\$179,361	93%	\$271,387	\$116,496	\$154,891	133%

Notes:

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

1 (a) GSE paid by DNCL (\$77,972) to INZ

2 (a) The DNCL fee paid by INZ (\$412,500) to DNCL.

Funding

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

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INZ Consolidated Movements in Equity – Operational

Internet New Zealand Group
Statement of Movements in Equity
Year to date (YTD) 30 June 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	371,501	271,387	100,114
Equity at end of period	\$1,302,876	\$816,915	\$1,065,960

Notes:

4 (a) A decision was made at the March Council Meeting (**RN16/24**) to ring fence \$11m from INZ retained earnings to sustain a new funding model that will assist in sustaining future funding.

It was also 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 \$545,529.

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

INZ Consolidated Balance Sheet – Operational

Internet New Zealand Group**Balance Sheet****As at 30 June 2024**

		GROUP	INZ	DNCL
Current Assets	Notes			
Cash and Cash Equivalents		7,901,282	6,959,541	941,740
Managed Funds		-	-	-
Other Current Assets		1,792,571	1,703,416	89,155
Total Current Assets		9,693,853	8,662,957	1,030,896
Non-current Assets				
Property, Equipment & Software		2,919,495	2,548,675	370,821
less: Accumulated Depreciation		(1,196,077)	(968,672)	(227,405)
Intangible Assets		4,052,482	4,052,482	-
less: Amortisation		(1,314,742)	(1,314,742)	-
Investments		-	-	-
Shares and Loans	5 (a)	-	580,000	-
Total Assets		14,155,011	13,560,700	1,174,312
Less Liabilities:				
Deferred Income		11,615,441	11,615,441	-
Trade and Other Payables		1,236,695	1,128,343	108,351
Total Liabilities		12,852,136	12,743,784	108,351
Net Assets		\$1,302,876	\$816,915	\$1,065,960
Represented By:				
Current Year Earnings		371,501	271,387	100,114
Retained Earnings	4 (a)	931,375	545,528	385,847
Share Capital	5 (a)	-	-	580,000
Total Equity		\$1,302,876	\$816,915	\$1,065,960

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 June 2024

Consolidated Revenue	Actual	Budget	Variance	% of Total Sales
Registry Fees	3,324,289	3,331,352	(7,063)	98.0%
BBM	10,700	10,749	(49)	0.3%
Sundry - Membership	603	421	182	0.0%
Sundry - Misc.	57,297	62,645	(5,349)	1.7%
Total Operating Revenue	3,392,889	3,405,167	(12,278)	100%

- The accounts report Total Operating revenue of \$3.4M for the quarter, down by \$54k from the same period last year.

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

Consolidated Expenditure by Function	Actual	Budget	Variance	% of Total Expenditure
Domain Name Commission 1 (a)	244,831	274,300	29,469	8.1%
Te Puni Whakawhanake Rawa/Cust & Prod	1,235,053	1,338,563	103,510	40.9%
Te Puni Whiria/Public Impact	585,484	611,504	26,020	19.4%
Te Puni Maori	123,097	134,550	11,453	4.1%
Te Puni Raupa/Organisational Performance	832,922	854,111	21,189	27.6%
Total Operating Expenditure	3,021,386	3,213,028	191,642	100.0%

Notes:

DNCL expenditure excludes

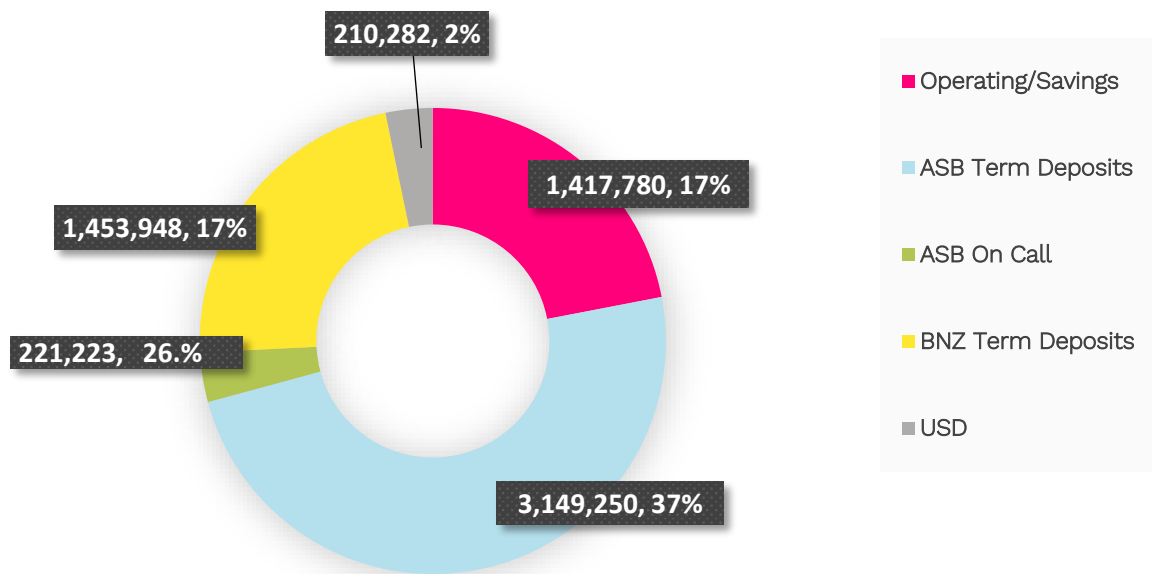
1 (a) GSE paid by DNCL (\$77,972) to INZ

Underspend variances are attributable to several factors, including recruitment delays, actual underspends (that will be reallocated to future work) and budget phasing.

INZ Group Investments as of 30 June 2024 (Operational)

The chart below shows the percentage spread of INZ Operating funds invested (\$6,452,484) across all institutions as of 30 June 2024.

Group Investment Portfolio



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

Introduction to the New Funding Model

InternetNZ's strategy is experiencing two core tensions: maximising our public impact investments and/or investment in business growth.

The Council noted that public impact work is a core part of InternetNZ's values and value proposition. However, funds available for public impact are limited by available income.

The Budget presented at the [March Council Meeting](#) was a three-year roadmap that balances short-term social impact and business needs with a long-term vision for how InternetNZ achieves a robust and sound domain name operation and also continues to invest in the Internet community of Aotearoa NZ. The longer-term funding roadmap supported a sustained effort in business-led growth as the preferred approach to financial sustainability.

To ensure funding for public impact, a fund was proposed to be created initially from the balance sheet and grown over time. Interest generated from the fund will support public impact grants and strategic partnerships.

Council approved.

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

Council further noted the importance of formally reserving the funds and that the Audit & Risk Committee plans to include a provision for this in the Treasury and Investment Policy, which will be brought to Council.

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.

Funding Reporting

INZ Funding Income Statement

Internet New Zealand
Funding Income Statement
Year to date (YTD) 30 June 2024

	Group	Group	+/-	+/-
	YTD	Budget	\$	%
Funding Investment Income				
Interest Received	66,744	80,251	(13,507)	(0)
Fair Value Gains/(Losses) on Managed Funds	(2,014)	84,847	(86,861)	-102%
Total Investment Income	64,730	165,098	(100,368)	-61%
Funding Rounds	141,622	150,000	8,378	6%
Strategic Partners	110,000	125,000	15,000	12%
Total Expenses	251,622	275,000	23,378	9%
Net Funding Profit (Loss)	(\$186,892)	(\$109,902)	(\$76,990)	70%

INZ Funding Movements in Equity

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

	2024	2023
Equity at start of period		
Opening Retained Earnings	10,974,161	10,974,161
	10,974,161	10,974,161
Net Profit (Loss) After Tax	(186,892)	
Equity at end of period	\$10,787,270	\$10,974,161

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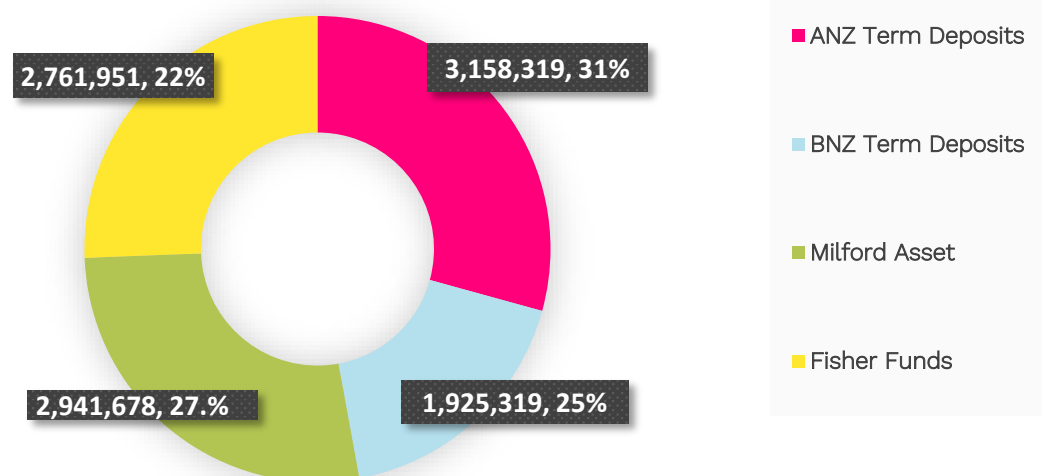
INZ Funding Balance Sheet

Internet New Zealand Funding Balance Sheet As at 30 June 2024	
	INZ
Current Assets	
Cash and Cash Equivalents	5,083,639
Managed Funds	5,703,630
Total Current Assets	10,787,269
Non-current Assets	
Investments	-
Total Assets	10,787,269
Less Liabilities:	
Trade and Other Payables	-
Total Liabilities	0
Net Assets	\$10,787,269
Represented By:	
Current Year Earnings	(186,892)
Retained Earnings	10,974,161
Total Equity	\$10,787,269

INZ Funding Investments as of 30 June 2024

The chart below shows the percentage spread of funds invested (\$10,787,269.) across all institutions as of 30 June 2024.

Funding Investment Portfolio



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