F.21

RESILIENCE.

CONNECTIVITY CLOUD CYBER SECURITY COMMUNICATIONS

KORDIA GROUP ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

kordia®

KORDIA: DRIVING TECHNOLOGY, INNOVATION AND RESILIENCE FOR NEW ZEALAND FOR OVER 60 YEARS

1965

Large lattice towers, including Sugarloaf in Canterbury and Waiatarua in West Auckland, are completed and begin providing television broadcasts across the nation. These towers still operate as key network sites today, carrying a wide range of services including Digital Terrestrial Television (DTT), Digital Microwave Radio (DMR) and other critical communications.

1982

Stereo radio revolutionises the mass music experience with the introduction of Frequency Modulated (FM) broadcasts.

Kordia's tower network is used to transmit these radio services throughout the country.

1993

Kordia wins the contract to deliver New Zealand's maritime safety of life at sea radio communications and the first Maritime Operations Centre is established in Wellington.

Kordia will go on to build additional radio sites and take on the monitoring and maintenance of the maritime VHF network.

2011

Full services maintained during the Christchurch earthquake.
In the same year Kordia faultlessly delivers all 48 games of the Rugby World cup.

2013

Kordia helps New Zealand complete its transition to digital TV. The last analogue TV signals in New Zealand are switched off at Kordia's Waiatarua site.

2013

Kordia's 'Best Connected' strategy to ensure direct connectivity for businesses to major public & private clouds begins.

Kordia is the first in NZ to connect to AWS and Linux, followed by ExpressRoute, Google and Azure over subsequent years.

2019

The 5G rollout begins, promising to revolutionise the way we connect, work and live. Kordia play a critical role helping businesses leverage 5G, particularly with their in-building coverage.

2020

Kordia boosts its cloud capability and begins offering specialist services to assist customers with digital transformation and cloud technologies.

2021

Kordia expands its managed cyber security services. This sees Kordia open a Cyber Defence Operations centre in Auckland, a 24/7 x 365 operations centre that is ISO27001 certified.

1993

Kordia assists with the rollout of 2G Cellular networks in New Zealand.

2002

Kordia is contracted by the Australian Maritime Safety Authority to deliver radio safety of life communications services for Australia, and opens a Maritime Operations Centre in Canberra.

2009

Kordia enters a new era, moving from wholesale, broadcast and telecommunications to serving NZ businesses directly.

2015

Kordia enters the cyber security market with the acquisition of Aura Information Security.

2017

Kordia launches "TKE" (the Kordia Experience), our customer experience programme to deliver better customer outcomes.

2019

Kordia builds critical AM radio infrastructure in the Pacific for the ABC, including replacing corroded masts in Samoa and Vanuatu to restore radio networks.

2021

Kordia grows its capabilities in Managed IT and Modern Workplace through acquisition of an IT service provider.

2022

Kordia consolidates its recently acquired businesses under a single brand. Kordia now becomes known in the market as a cloud, cyber security and connectivity brand, in addition to its legacy infrastructure services.

2023

Extreme weather events ravage NZ, particularly in Auckland, Gisborne and Hawke's Bay. High sites and infrastructure withstand the major impacts of the storms. Kordia leverages its Digital Microwave Radio (DMR) infrastructure to support other telcos.

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PERFORMANCE AT A GLANCE

FOR THE YEAR ENDED 30 JUNE 2024

KORDIA'S VISION IS BEING THE LEADING PROVIDER OF MISSION-CRITICAL TECHNOLOGY, WEAVING OUR EXPERTISE ACROSS CYBER SECURITY, CLOUD, CONNECTIVITY AND INFRASTRUCTURE TO MAKE OUR DIGITAL WORLD MORE SECURE, RELIABLE AND RESILIENT.

From the networks trusted to deliver critical services across the country, to 24/7 operations centres that provide urgent support and eyes on glass, we're 100% focussed on delivering the best support and service for our customers.

77%
EMPLOYEE ENGAGEMENT

1448
CALLS FOR ASSISTANCE AT SEA RESPONDED TO BY OUR MARITIME OPERATIONS CENTRES

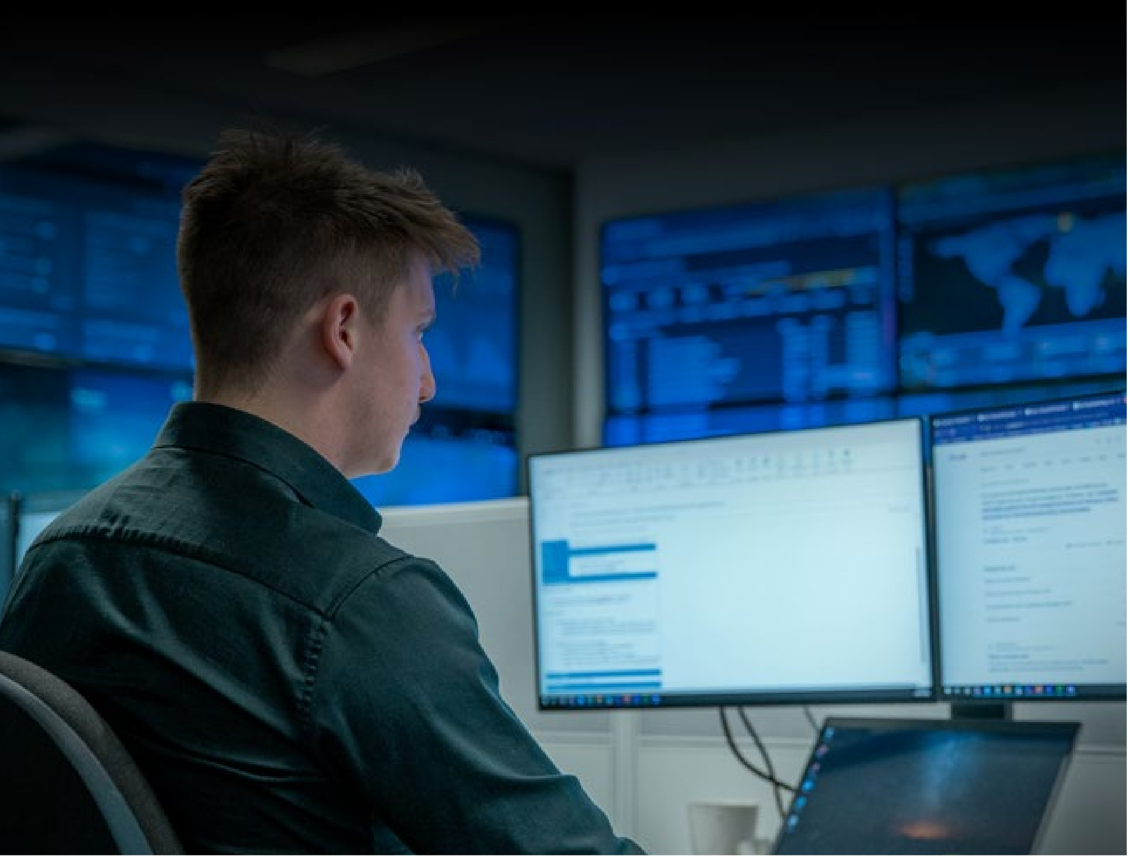
99.99%
DIGITAL TERRESTRIAL TELEVISION (DTT) NETWORK AVAILABILITY

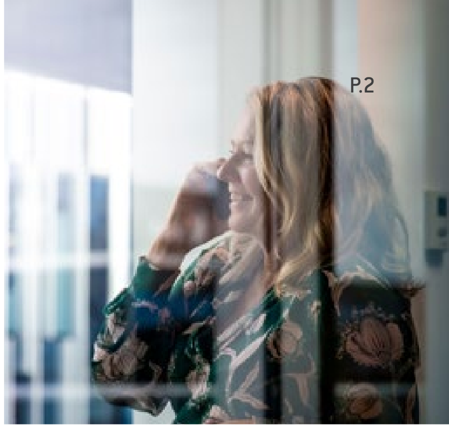
+52
NET PROMOTER SCORE

$163M
TOTAL ASSETS

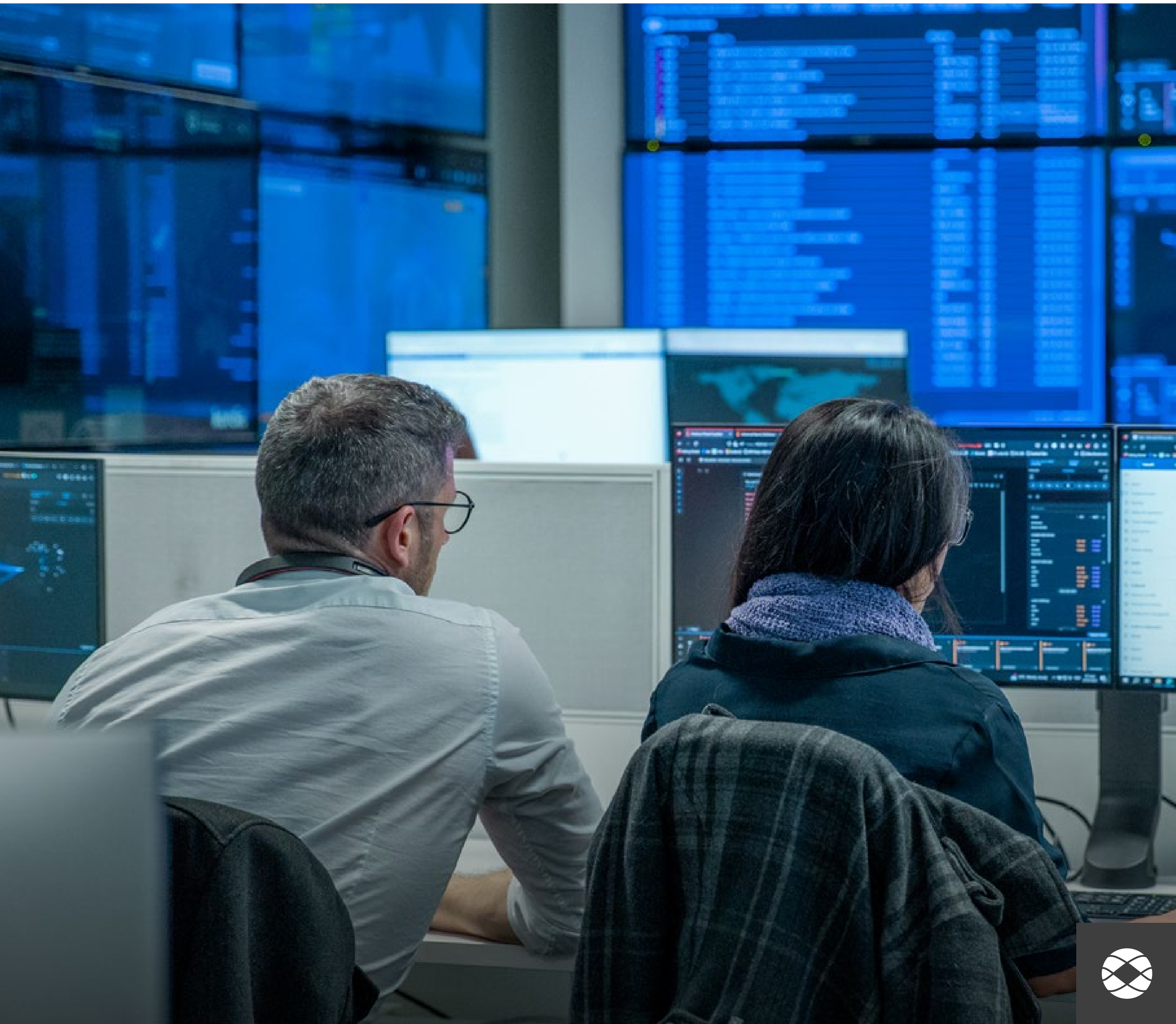
TRIFR 3.99
(GOAL < 5)

99.97%
MARITIME NETWORK AVAILABILITY






AUTHORISED PERSONNEL ONLY
CYBER DEFENCE OPERATIONS (CDO).



CHAIR'S REPORT

FOR KORDIA GROUP AS AT 30 JUNE 2024

AGAINST A BACKDROP OF ECONOMIC CHALLENGES, THE KORDIA GROUP HAS PERSEVERED IN ITS STRATEGY TO GROW ITS MISSION-CRITICAL BUSINESSES, SUPPORTING CUSTOMERS ACROSS A BROAD SPECTRUM OF DIGITAL, INFRASTRUCTURE AND CONNECTIVITY SERVICES AND SOLUTIONS.

However, softening markets, rising interest rates, and costs associated with a major contract have resulted in a net profit below expectations.

For the financial year ended 30th June 2024, Kordia delivered revenue of $149m, EBITDA of $17m and a net profit after tax of $0.3m.

Revenue has lifted by $4m year-on-year, with the Cyber and Cloud divisions standing out as high performers. Net profit after tax is down $7m year-on-year.

Excluding the Public Safety Network (PSN) stream of work, performance across the group has been solid and in line with budget.

While the financial performance of Kordia's involvement in the Public Safety Network to date has been disappointing, the business has since refined the commercials and the scope of Kordia's engagement, and as such the Board expects this project will provide a much better commercial result for Kordia in FY25.

Looking forward, the focus of the business will be to continue growing its Maritime, Media and Networks business, while also investing in its high growth Cloud and Cyber offerings.

In light of the year's performance, the Board declared no final dividend.

PUBLIC SAFETY NETWORK

Kordia has played a critical role in delivering the Public Safety Network Te Kupenga Marutau's Land Mobile Radio network, alongside Joint Venture partner Tait Communications.

This is a network of immense importance to New Zealand, providing frontline emergency services with resilient communications that can be relied on even in the event of a natural disaster.

Despite initial delays, the project has made good progress this year, with the final design approved in late 2023, and several sites completed for the pilot in South Canterbury. Testing by the Next Generation Critical Communications (NGCC) entity is well underway, as we look forward to the next phase which will see the emergency services testing new radios from late 2024.

In July 2024, Kordia and Tait agreed to reset the project and its commercials, to simplify the vendor's operational and governance decisions. Kordia divested its shares in the Joint Venture company and Tait assumed 100% ownership of the entity contracted to lead the project. As part of the reset, Kordia agreed to reduce the value of the contract work in progress by $8.5m.

The new approach sees Tait taking a leading role in delivery, while scaling up resources by onboarding additional parties to speed up the build of the network.

Sophie Haslem, Chair and Neil Livingston, Interim Group CEO

Kordia will continue working on the PSN project as a subcontractor, with a revised scope better suited to the Group's core strengths – providing mission-critical build, design, and co-location services.

Kordia looks forward to continuing to play an important role in this project of national significance, utilising our experience and expertise in building critical networks.

PERFORMANCE HIGHLIGHTS

Kordia's ongoing focus on growth markets continued to drive positive results in FY24. The Cyber and Cloud divisions are firmly cemented as industry leaders, providing best-in-class solutions.

With the rapid rise of AI and new technologies in FY24, there was a surge in demand of New Zealand organisations seeking technology solutions and advice to keep pace with the modern world.

This was paired with the rising cyber threat landscape. Kordia's 2024 NZ Business Cyber Security Report revealed one in three large Kiwi organisations impacted by cyber-attacks suffered operational disruption, highlighting the risks facing businesses in a digital world.

Kordia's Cloud and Cyber experts are well positioned to support businesses to mitigate risks by providing defensive solutions to guard against breaches, while building resilience in the form of robust incident recovery strategies. The Group successfully captured market demand, onboarding new customers and maximising cross-selling opportunities within the existing customer base. Revenues lifted across our managed security services by 17% year-on-year, however there was a degree of softness in the Cyber consultancy space due to challenging economic conditions and public sector cutbacks on external spending.

Connectivity continued to present challenges in FY24. Revenues were flat in a highly competitive market where renewing contracts proved difficult. However, Kordia continued to evolve its product portfolio, introducing business-grade Starlink and the AI powered voice platform Dialpad into its solutions.

In FY24, our Net Promoter Score was +52, an excellent result by industry standards and demonstration of our commitment to exceptional customer service.

STABILITY IN MISSION-CRITICAL BUSINESS DIVISIONS

Kordia's Solutions business had a strong FY24 driven by new mission-critical projects, including work building AM infrastructure for Radio NZ, and the installation of a new antenna at Warkworth Satellite Station.

The Maritime business traded in line with expectations, reflecting the solid underpinning of contracted work. Kordia is responsible for monitoring safety of life communications for almost a quarter of the world's oceans, and we're proud of the reliable and robust service we provide on behalf of our partners Maritime NZ and the Australian Maritime Safety Authority.

This year, our Martime Operations Centre (MOC) in Wellington celebrated 30 years of operations. Three current employees who joined Kordia as some of our first MOC operators are still working within the business, and a celebration was held in October last year to acknowledge these team members, and the wider contribution of the entire Wellington MOC. We look forward to strengthening our partnership with Maritime New Zealand, with contract renewals underway for FY25.

Our Media division achieved some pleasing business wins in FY24. A robust schedule of sporting events such as the Summer of Cricket and the FIFA Women's World Cup led to an active year for Kordia's Mobile Media division, providing linking services for local and international broadcasters. We're proud to have played a crucial role in delivering top-class broadcast services for live events to audiences in New Zealand and abroad.

After several years' hiatus from free-to-air TV, Kordia's Media team partnered with Entain, the operators of Trackside, to broadcast two new channels over our Digital Terrestrial Television (DTT) network.

MANAGEMENT

On 1 April 2024, following leave due to an injury, Kordia's Chief Executive Shaun Rendell resigned for medical reasons. Shaun was an immensely valuable part of Kordia for more than a decade. We're grateful for his service and wish him the very best.

The Board enacted succession plans and appointed Neil Livingston as interim Group CEO from 1 April 2024.

Neil is an executive and independent director with over thirty years' experience in the technology industry internationally, and he was well prepared having served on the Board of Kordia over the previous two years. He resigned his Board position to step into the Group CEO role.

He has previously held a number of Corporate Officer roles at leading organisations, including Ericsson, Vend, Foodcap, Endace, and Provenco Cadmus. Most recently he was CEO at Pingar.

We have great confidence in Neil's ability to lead Kordia forward and have been more than impressed with his first five months in the role.

OUR PEOPLE

Kordia's reputation as a leading provider of innovative technology solutions can be attributed to our incredible team of close to 500 people.

Our staff engagement score of 77% is strong and well above the New Zealand company average of 64%.

Safety continues to be the top priority for the Group, with the principals of zero harm embedded across all layers of the business. This year, Kordia exceeded its health and safety objectives, with TRIFR comfortably under the goal of 5.

Kordia's people received significant recognition at recent industry awards, securing notable wins at the Reseller News Innovation Awards and the Women in Security Awards. A senior cyber professional was also named a finalist in the iSANZ awards, recognising excellence in the information security industry.

CREATING VALUE

Developing home grown talent is not only essential for Kordia, but for New Zealand's tech industry, which will play a central role in the country's economic growth over the coming years.

This year we were proud to renew our popular Cyber Academy initiative, designed to develop new talent for an industry in need of a highly skilled workforce to protect public and private organisations from the ever-increasing threat of cyber-attacks.

We were thrilled to have seven budding professionals from the Cyber Academy placed into internships within Kordia's Cyber Security division.

At Kordia, we pride ourselves on having a diverse and inclusive workplace. This is something we constantly work on, to ensure we're offering the right support to our staff.

On 1 July 2023, we introduced new parental benefits to support employees as they embark on their parenthood journey.

This includes salary top ups of parental leave payments, additional leave for primary and secondary carers, and continuity of KiwiSaver contributions while on parental leave.

These are important steps towards our commitment to achieving the GenderTick accreditation, which Kordia is on track to achieving in FY25.

Sustainability continues to be an important part of Kordia's strategy. While plans to further reduce carbon emissions are underway, initiatives such as the implementation of solar at the Wither Hills site in the Tasman region are providing a blueprint for exploring more sustainable energy options into FY25.

OUTLOOK

The past year's performance was framed against a backdrop of economic uncertainty, which directly impacted how customers and prospects spent their budgets. As the constrained environment continues to present challenges for all businesses, Kordia will continue to refine and assess its strategy to best respond to market conditions. The reset of our role in the delivery of the PSN will free up our resources, giving us more flexibility to pursue new lines of business as well as investing in our existing operations.

Over the next twelve months, the Group will continue to leverage our core strengths and infrastructure expertise to deliver value for our customers, while seeking growth opportunities across all business divisions. Kordia is well-resourced and trusted by our customers to provide best-in-class solutions and services in these key areas of business.

We are encouraged by the FY25 outlook and look forward to exemplifying what makes Kordia the provider of choice for public and private organisations across the country, as an expert mission-critical technology partner.

For the Board,
SOPHIE HASLEM
CHAIR - KORDIA GROUP

BOARD MEMBERS
FOR KORDIA GROUP AS AT 30 JUNE 2024

SOPHIE HASLEM
CHAIR OF THE BOARD

Sophie is a chartered member of the NZ Institute of Directors and has a BCom and Post-Graduate Diploma in Management from The University of Melbourne. Over her executive career, Sophie has worked with a diverse range of companies across New Zealand and Australia developing extensive M&A, innovation and growth strategy experience.

She held senior positions at Citibank NA, ANZ Investment Bank, Ernst & Young and New Zealand Post. Sophie is also Deputy Chair of CentrePort and an Independent Director of Livestock Improvement Corporation (NZX:LIC), Rangatira Investments, nib NZ and Payments NZ. Sophie is a member of Kordia's Audit, Risk & Environment and the People, Wellbeing & Safety Committees.

BEN KEPES
DEPUTY CHAIR OF THE BOARD

Ben is a globally recognised expert in cloud computing, enterprise technology and digital transformation.

Ben has consulted to many large technology vendors internationally and been called upon as a technology and business adviser to a variety of organisations. A recipient of the Sir Peter Blake leadership award, Ben currently sits on the boards of a number of organisations in New Zealand including Pegasus Health, Paenga Kupenga, Cactus Outdoor, Corde Ltd and the Royal Forest and Bird Protection Society. In addition, he is Deputy Chair of Unimed. Ben is a member of Kordia's Audit, Risk & Environment and the People, Wellbeing & Safety Committees.

LINDA ROBERTSON
BOARD MEMBER

Linda is a professional company Director with over 25 years governance experience, combined with 30 years senior financial management experience having worked in both the banking and energy sectors in New Zealand.

Linda has been a full-time company Director since 2015. Linda's governance experience spans many industries such as banking, funds management, electricity generation retail and distribution, broadcasting services, co-operatives, local authority owned and state-owned entities and charities. She has a Bachelor of Commerce Degree and a Diploma in Banking. Linda also holds a Sustainability and ESG Designation; and a Climate and Biodiversity Certificate. Linda is a Distinguished Fellow of the Institute of Finance Professionals New Zealand (INFINZ), a Graduate Member of the Australian Institute of Company Directors, a Chartered Governance Professional and a Certified Fellow of the NZ Institute of Directors. Linda is the Chair of Kordia's Audit, Risk & Environment Committee.

NICOLA RIORDAN

BOARD MEMBER

Nicola has over two decades of executive experience in scaling global, high-growth technology businesses including Xero, Skype and Tweetdeck. Nicola brings a strategic focus on innovation, a drive to deliver commercial results and a strong empathy for customers. She holds an M.A. in Strategic Marketing Management, a Post-Graduate Diploma in Public Relations, a BBS in Business and IT, and is a Chartered Member of the NZ Institute of Directors.

Nicola is a Director of the Real Estate Institute of NZ, realestate.co.nz, Diabetes NZ, NZ Financial Services Group. Nicola is the Chair of Kordia's People, Wellbeing & Safety Committee and a member of Kordia's Audit, Risk & Environment committee.

KENT POHIO

BOARD MEMBER

Kent is an executive and Independent Director with over 15 years' experience across the energy and agriculture sectors working with a wide range of multinational companies. He is currently a National Operations Manager for Assets at Fonterra. Kent brings strategic focus and expertise in asset and risk management to the Kordia Board. He is an authentic and strategic leader focused on developing high performing teams and boards. Kent is of Ngāi Tahu Ngāti Pikiao and Ngāti Kahungunu descent. He holds a Bachelor of Chemical and Process Engineering as well as a Master of Engineering Management from the University of Canterbury. Kent is a member of Kordia's People, Wellbeing & Safety Committee.

MARTIN MATTHEWS

BOARD MEMBER

Martin is a Director of MetService and Experience Wellington, the Independent Chair of Greater Wellington Regional Council's Finance, Risk and Assurance Committee and a member of the Audit and Risk Committee's for Auckland Council and Whaikaha.

Martin has previously held executive roles as Controller and Auditor-General, Secretary for Transport and CEO of the Ministry for Culture and Heritage. He has a B.A (hons) in Economics, is a Fellow of Chartered Accountants Australia and New Zealand and a member of the NZ Institute of Directors. Martin is a member of Kordia's Audit, Risk & Environment Committee.

GOVERNANCE OVERVIEW

THE DIRECTORS ARE PLEASED TO PRESENT AN OVERVIEW OF THE MAIN GOVERNANCE PRACTICES OF KORDIA.

SHAREHOLDERS

Kordia was established under the State-Owned Enterprises Act 1986 (SOE Act) and incorporated under the Companies Act 1993. As a State-Owned Enterprise (SOE), Kordia is wholly owned by the Crown, which is represented by two Shareholding Ministers – the Minister of Finance and the Minister for State-Owned Enterprises. The Treasury, through the Commercial Operations Group, provides the administrative support to the Ministers. The Kordia Board is responsible to the Shareholding Ministers for ensuring effective corporate governance across the group. The Ministers' expectations are stated in the Owner's Expectations Manual (published on the Treasury's website) and in the letters of expectations sent to every SOE each year.

Kordia provides the Shareholding Ministers with quarterly reports outlining performance against the objectives set out in the Statement of Corporate Intent (SCI), half-yearly financial statements, annual business plan and annual report including audited annual accounts. The SCI, half-year report and annual report are tabled in Parliament annually. Shareholding Ministers are also kept up-to-date on a regular basis by management and the Board as part of a 'no surprises' policy.

As a SOE, Kordia's principal objective is to operate as a successful business. Kordia intends to:

- Provide high quality services and products at market competitive prices;
- Manage its financial assets and liabilities on a prudent basis;
- Make investment and business decisions that protect and add Shareholder value;
- Operate an efficient, effective and profitable business and provide to the owners a commercial return on the capital employed;
- Be a great employer and procurer enabling safe workplaces and supply chains, and creating an environment where people can thrive.

THE BOARD

The Board is appointed by the Shareholding Ministers and is currently comprised of 6 non-executive directors. Each director is considered to be independent, in that each is independent of the management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of the directors' unfettered and independent judgement. In accordance with the Board Charter, the Chair takes the leadership role in the conduct of the Board and its relationship with the Shareholding Ministers and other stakeholders. The Chair also has a strong working relationship with the Chief Executive.

The only change to the Board composition of Kordia during the 2023/24 financial year was the resignation of Neil Livingston as a director effective 1 April 2024 in order for Neil to commence as interim Group CEO of Kordia Group effective 1 April 2024.

The Board supports the Future Directors programme and its second Future Director, Angela Nash, completed her two year engagement on 31 January 2024. The Board will consider further appointments in the future.

The Board is responsible to the Shareholding Ministers for guiding and overseeing Kordia's operations. The Shareholding Ministers and the Treasury advise the Board on expectations and performance, with the Board Charter setting out how the Board discharges its responsibilities and powers.

The Board plays a critical role in helping to guide and test company strategy, by engaging in an ongoing conversation with the Executive around key strategic decisions. These decisions are in relation to the long-term strategic planning and direction of the business, including non-financial performance and our ability to create value in the medium and long term. The Board has oversight of Kordia's financials and the annual and three-year planning processes. Board members engage in robust discussions with management around the strategic direction of the business to test and ensure investment is going towards the things that will deliver the best outcomes for the company and shareholders. The Board has delegated day-to-day management to the Chief Executive.

SKILLS MATRIX SUMMARY

CRITICAL SKILLS	**Directors with Primary skills:** Recognised experts with deep practising experience	**Directors with Secondary skills:** Consistent ability to identify complex oversights	**Directors with Tertiary skills:** Broad and general knowledge of subject area
Physical technology infrastructure oversight	-	1 (17%)	5 (83%)
Digital, cloud and cyber security oversight	2 (33%)	1 (17%)	-
Enterprise technology (customer facing) oversight	1 (17%)	1 (17%)	2 (33%)
Strategy oversight	3 (50%)	2 (33%)	1 (17%)
Corporate governance experience	3 50%)	1 (17%)	-
Risk management oversight	4 (67%)	-	2 (33%)
Major projects oversight	2 (33%)	1 (17%)	2 (33%)
Innovation and disruption oversight	2 (33%)	2 (33%)	-

GENERAL SKILLS			
Government engagement oversight	1 (17%)	1 (17%)	3 (50%)
Safety oversight	2 (33%)	1 (17%)	3 (50%)
Talent and leadership oversight	1 (17%)	2 (33%)	3 (50%)
Accounting and financial reporting oversight	3 (50%)	-	2 (33%)
Mergers, acquisitions and divestments oversight	2 (33%)	1 (17%)	-
Sustainability oversight	1 (17%)	1 (17%)	4 (67%)
Culture, diversity and inclusion oversight	-	2 (33%)	4 (67%)

UNDERLYING SKILL DETAILS

Physical technology infrastructure oversight - Including: Network, media and broadcast technology, critical communications and infrastructure connectivity, maritime communications and monitoring technology and asset maintenance and planning (including for climate change, sustainability and resilience).

Digital, cloud and cyber security oversight - Including: Digital strategy and transformation, cyber security risks, mitigations and emerging trends and cloud infrastructure and transformation.

Enterprise technology (customer facing) oversight - Including: Leadership roles within medium to large corporates, buying key CIO/CTO/CISO technology or selling to CIO/CTO/CISO buyers and working with significant to large enterprises.

Strategy oversight - Including: The strategic process, broad portfolio-based capital allocation, business planning and budgeting and implementation of strategic measurement / accountability.

Corporate governance experience - Including: Relevant board experience, board / committee leadership, understanding of board processes and procedures and Health and Safety governance.

GOVERNANCE OVERVIEW CONT.

Risk management oversight - Including: Risk management systems, risk reporting to the board, contract governance and risk management, regulatory risk management and HR, people and safety risks.

Major projects oversight - Including: Substantial and relevant major projects, project based governance, project based risk governance and project based stakeholder management (including government).

Innovation and disruption oversight - Including: Substantial and relevant disruption / industry transformation, emerging technology and skill implications, leading new venture development and changes to value models and industry structure.

Government engagement oversight - Including: Government relations, understanding of the political, policy and regulatory process, communication of policy positions and key government relationships.

Safety oversight - Including: Safety reporting oversight, safety culture oversight, root cause analysis and linkage of safety to KPIs.

Talent and leadership oversight - Including: Leadership development, succession and talent management, organisational culture and diversity initiatives.

Accounting and financial reporting oversight - Including: External and internal audit, the process and preparation of financial statements, the mechanics of financial control and scale appropriate financial systems / processes.

Mergers, acquisitions and divestments oversight - Including: Substantial mergers, acquisitions, and divestments, transaction structuring and deal execution and integration.

Sustainability oversight - Including: Sustainability governance, including strategy, risk and oversight mechanisms, climate change and emissions, human rights and modern slavery and community and social responsibility.

Culture, diversity and inclusion oversight - Including: Organisational culture, early-stage cultural interventions, establishing positive organisational culture, substantial and relevant diversity and inclusion initiatives, diversity and inclusion measurement, reporting, intervention and advocacy and building a culturally safe workspace.

BOARD COMMITTEES

Under the Charter, the Board may establish committees from time-to-time to help the Board focus on specific governance responsibilities in more detail, assist with reporting and make recommendations as appropriate. The Board currently has two committees:

The Audit, Risk & Environment Committee assists the Board in discharging its risk management, accounting and financial reporting responsibilities, including:

- Financial reporting, appointment of auditors, compliance process and controls;
- The risk management framework, and in assessing its effectiveness;
- Strategic risk, and an assessment of the Group's risks and risk appetite;
- Disaster recovery and business contingency plans;
- Environmental impact strategy including reporting of carbon-reduction initiatives and achievement.

The People, Wellbeing & Safety Committee assists the Board in fulfilling its resource governance responsibilities and obligations as an employer, with a particular emphasis on:

- The health, safety and wellbeing of people, and the health and safety strategy;
- The people and culture strategy, including the employee value proposition and organisational culture;
- The employment conditions, remuneration and performance assessment of the Chief Executive.

MEETINGS

In the last financial year, the Board met 10 times as scheduled (with additional meetings as required). The Chief Executive attends all Board meetings. Other managers may attend Board meetings in relation to matters specific to their areas of responsibility. Directors have other opportunities, including site visits, for contact with employees.

Board and committee meetings for the year ending 30 June 2024 are set out in the following table.

	Board meetings	People, Wellbeing & Safety Committee	Audit, Risk & Environment Committee
NUMBER OF MEETINGS	**10**	**4**	**4**
Sophie Haslem	10	4	4
Ben Kepes	10	4	4
Linda Robertson	9	1	4
Nicola Riordan	10	2	4
Martin Matthews	10	1	4
Kent Pohio	10	4	2
Neil Livingston (Resigned as Director in April 2024)	7	3	-

RISK MANAGEMENT

Risk management is a key focus for the Board. The Board has overall responsibility for the company's risk management framework. This includes ensuring that the executive risk management policies and procedures are appropriate and that they appropriately identify and manage risks affecting Kordia's business. The company operates under a detailed delegated financial authority structure. KPMG is Kordia's external auditor appointed by the Office of Auditor-General for the current financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2024

The Directors have pleasure in presenting their report, together with the audited Financial Statements of the Group for the year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The Group's principal activity during the year was the provision of telecommunications services (transmission, linking of telecommunications and broadcasting signals as well as design, build, operations and maintenance of transmission networks), cyber security, cloud solutions and maritime safety services.

The Directors regard the state of the Group's affairs as satisfactory.

SHAREHOLDING

The Group is wholly owned by His Majesty the King in right of New Zealand (the 'Crown').

The Shareholding Ministers (being Ministers of the Crown who hold the shares in Kordia Group Limited on behalf of the Crown) at balance date were:

Minister of Finance: Hon Nicola Willis

Minister of State Owned Enterprises: Hon Paul Goldsmith

RESULTS FOR THE YEAR

The Group's consolidated net profit after taxation from continuing operations for the year was $339,000 (2023: $7,274,000).

DIVIDEND

The Directors recommend that no final dividend be declared for the year ended 30 June 2024 (2023: $1m). In September 2023 the final dividend declared for year ended June 2023 of $1m was paid. Taking into account no interim dividend (2023: nil), the total dividend for the year will be nil (2023: $1m).

AUDITOR

The Controller and Auditor-General is the auditor of the Group in accordance with Section 19 of the State-Owned Enterprises Act 1986 and has appointed Geoff Lewis of KPMG to act for and on behalf of the Auditor-General, as auditor in respect of the year ended 30 June 2024.

On behalf of the Board

S Haslem
Chair

L M Robertson
Director

30 August 2024

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2024

The Board and management of Kordia Group Limited are responsible for:

- The preparation of these financial statements and the judgments used in them.
- Establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management these financial statements fairly reflect the financial position, operations and cashflows of Kordia Group Limited for the year ended 30 June 2024.

S Haslem Chair	L M Robertson Director	30 August 2024

OUR OPERATIONS

OPERATING **CRITICAL TECHNOLOGY** FOR OVER 60 YEARS

KORDIA PROVIDES MISSION-CRITICAL INFRASTRUCTURE AND COMMUNICATIONS SOLUTIONS FOR SOME OF NEW ZEALAND'S MOST IMPORTANT BUSINESS AND GOVERNMENT ORGANISATIONS.

WE ALSO LEVERAGE OUR EXPERTISE IN TECHNOLOGY AND INNOVATION TO ADVISE AND PROVIDE MANAGED SERVICES TO BUSINESSES OF ALL SIZES ACROSS CYBER SECURITY, CLOUD, MANAGED IT AND CONNECTIVITY.

Our resilient and reliable infrastructure enables us to provide our core services – broadcast transmission, maritime safety of life communications, and DMR linking and connectivity services, to virtually any location in New Zealand. We also provide co-location services to a range of entities, including frontline emergency services and other telecommunications and utilities companies. With over 60 years of experience, we have developed an unparalleled understanding of building, managing and operating critical networks – and leverage this knowledge to provide additional solutions and consulting services in the market.

We ensure excellent performance and service through four operations centres, that are managed 24x7, 365 days a week. From here, our team of expert engineers, analysts and radio operators provide managed services to meet our customers' needs – from swiftly identifying and resolving faults and ensuring uninterrupted broadcasts for radio and TV, through to responding to distress calls from seafarers and monitoring incoming cyber threats.

Over the past 24 months, we've provided excellent standards of reliability and resilience for our customers with the Digital Terrestrial Television (DTT) and Maritime networks operating at over 99.9% and 99.7% availability respectively.

OUR SPECIALIST CAPABILITIES

MARITIME COMMUNICATIONS AND SAFETY OF LIFE

MEDIA AND BROADCAST SERVICES

MANAGED CYBER SECURITY SERVICES

CYBER SECURITY ADVISORY AND TESTING

CONNECTIVITY SOLUTIONS

CLOUD AND DIGITAL TRANSFORMATION

FIELD SERVICES AND ENGINEERING

MANAGED IT AND MODERN WORKPLACE

200+
NETWORK SITES
INCLUDING 50 LARGE LATTICE TOWERS

OVER
475
EMPLOYEES

MONITORING ALMOST
A QUARTER
OF THE WORLD'S OCEANS

60+
GENERATOR AND
POWER BACKUP SITES

DIGITAL TERRESTRIAL TELEVISION (DTT)
COVERAGE FOR
87%
OF NEW ZEALAND

FOUR CRITICAL
OPERATIONS CENTRES:
NETWORK OPERATIONS CENTRE (NOC),
CYBER DEFENCE OPERATIONS (CDO)
AND MARITIME OPERATIONS CENTRES (MOC).

99.99%
COVERAGE
FOR SATELLITE TV ACROSS NZ

DIRECT CONNECTIONS TO
ALL
MAJOR PUBLIC CLOUDS

THE KORDIA ECOSYSTEM

OUR CAPITAL INPUTS

OUR EXPERTISE
(Intellectual capital)

We have specialist telecommunications and technological knowledge, built up over more than 60 years.

OUR NETWORKS AND PLATFORMS
(Manufactured capital)

Our network comprises over 200 sites including 50 large towers up to 121m. The reliability, capacity, capability and efficiency of our network helps us make the digital world work.

OUR PARTNERSHIPS
(Social capital)

Strong, collaborative and valuable partnerships with customers, suppliers, contractors, landowners, and communities across New Zealand, Australia and the rest of the world.

OUR PEOPLE
(Human capital)

A proud, diverse and capable team of experts where people thrive in a safe environment.

OUR ENVIRONMENT
(Natural capital)

We take a kaitiaki (guardian) approach to the network, and the land, air and water in which we operate.

OUR FINANCES
(Financial capital)

We rely on a strong financial base to operate and invest for the future and we employ capital from our shareholder and from debt.

OUR BUSINESS MODEL SEES US HARMONISING OUR STRENGTHS AND ASSETS TO DELIVER TANGIBLE BENEFITS TO OUR WIDER COMMUNITY, THE SHAREHOLDER AND BACK INTO OUR BUSINESS.

IT'S THROUGH THIS MODEL THAT WE FIND OUR PURPOSE AND CREATE VALUE.

OUR OUTPUTS

CONNECTED AND SECURE CUSTOMERS

Support our customers in their value creation for New Zealand. Foster continuous performance and improvement, and champion innovation.

ENHANCED NETWORKS AND PLATFORMS

Enhance the productivity of our network and platform through efficiency. Use digitisation, standardisation and automation to drive performance.

VALUABLE PARTNERSHIPS

Be the first choice for customers, suppliers and partners. Take a kaitiakitanga (guardianship) approach to the communities in which we operate.

ENGAGED AND INCLUSIVE TEAMS

Commitment to diversity, inclusion, mental health and wellbeing initiatives. Adopt best practice health and safety to ensure our people get home safely (zero harm).

ENVIRONMENTAL IMPACT

Striving towards our ambitions of zero waste and harm to the environment. Deliver year-on-year improvement of our carbon emissions to achieve carbon neutrality.

FINANCIAL RETURNS

Maximise returns and value to the shareholder. Ensure capital is allocated to high earning activities through appropriate investment strategies.

OUR VISION

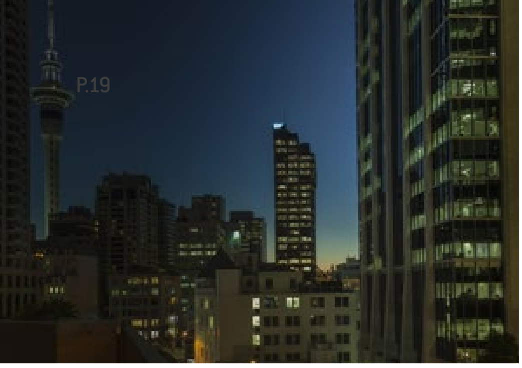
Being the leading provider of mission-critical technology.

OUR PURPOSE

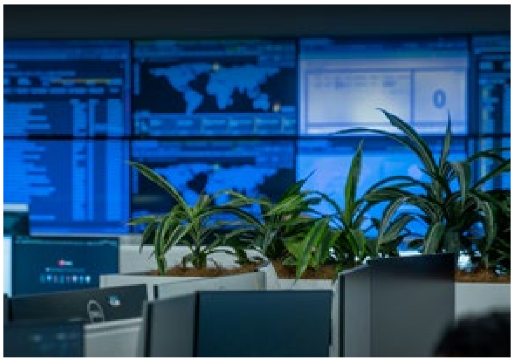
To make our digital world more secure, reliable and resilient.

OUR VALUES

Collaborative | Expert | Humble | Trustworthy | Courageous






RESILIENT NETWORKS FOR CONNECTED COMMUNITIES AND BUSINESSES

KORDIA'S NETWORK INFRASTRUCTURE IS THE BACKBONE OF MANY OF OUR SERVICES, WITH OVER 200 SITES ACROSS THE COUNTRY, INCLUDING 50 DISTINCTIVE LATTICE TOWERS.

Kordia's towers are examples of some of New Zealand's most resilient infrastructure, standing the test of time, through adverse weather conditions and even natural disasters, to deliver connectivity and transmission services to communities and businesses.

Our towers help communities get access to free to air Digital Terrestrial Television (DTT) coverage for news, entertainment and for broadcasts in emergency situations. Our DTT transmissions reach approximately 87% of the country and provides equity of access to free to air TV content, especially for rural communities.

Our infrastructure and sites also support a number of other critical services, including the Maritime safety of life radio network, and co-location services for customers such as air traffic control, FM radio, emergency services, and mobile networks.

Kordia invests heavily in the maintenance of our infrastructure and associated technology platforms, to ensure continuity of service for the critical communications networks and customers that rely on us.

This year, as part of our ongoing maintenance plan to ensure the structural integrity of our towers, we've undertaken a series of remedial works, such as replacing the anchors at our Hedgehope site, painting and remediation work at Mt Kaukau and ground reinforcement work at Waiatarua.

Our Digital Microwave Radio (DMR) trunk network, which has been in service for more than 20 years, transports much of our mission-critical traffic through Kordia's high sites – including DTT, FM Radio, and customer traffic. DMR complements the fibre capacity that Kordia has in place between major centres, and provides resiliency in cases of extreme weather conditions or other natural disasters, where fibre networks are susceptible to damage and loss of connectivity.

In 2019, we embarked on a project to upgrade our DMR platform, systematically replacing segments of the network to ensure ongoing stability of our DMR linking, as well as making upgrades to a new cloud-based network management software. We have completed approximately 75% of sites, and through this approach have realised heightened capacity and reliability. This work, projected for completion in FY25, sets a solid foundation for future growth and ensures the experience for customers relying on our network remains high.

We operate over 60 generators across our sites, as well as battery banks – meaning services can continue, withstanding outages to mains power and fibre. We are also working with the major New Zealand telecommunications companies on installing additional generators on sites identified as important for telco networks, to help our partners bolster their own resilience.

MARITIME SAFETY THOUGH **CRITICAL COMMUNICATION**

OUR MARITIME BUSINESS PROVIDES AN IMPORTANT SERVICE TO SUPPORT THE SAFETY OF SEAFARERS ACROSS ALMOST A QUARTER OF THE WORLD'S OCEANS. FROM OUR OPERATIONS CENTRES IN WELLINGTON AND CANBERRA, KORDIA'S HIGHLY TRAINED RADIO OPERATORS PROVIDE WEATHER AND SAFETY INFORMATION AND RESPOND TO DISTRESS CALLS OVER THE MARITIME VHF NETWORK, 365 DAYS A YEAR, 24 X 7.

Over the past 12 months, our two Maritime Operation Centres (MOC's) have collectively responded to 1,448 calls for assistance including 286 distress incidents. This included critical safety of life events, such as handling initial communications during the grounding of the Aratere ferry in Picton, New Zealand.

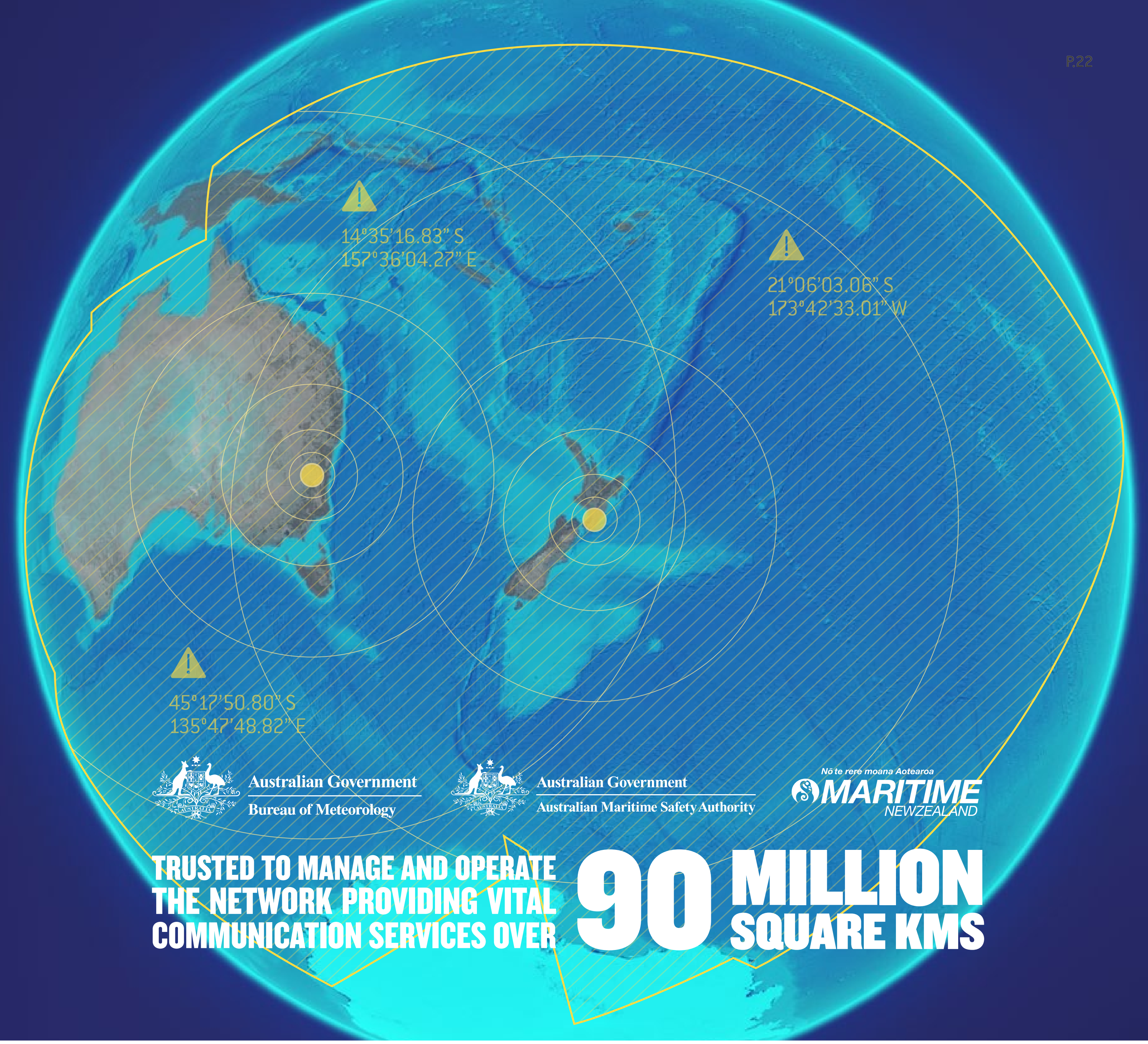
Our commitment to excellence and specialist expertise has seen us further expand our services, with the selection of Kordia by the Australian Maritime Safety Authority to deliver technical and logistics support for the Australian regional network of aids to navigation.

NUMBER OF CALLS FOR ASSISTANCE

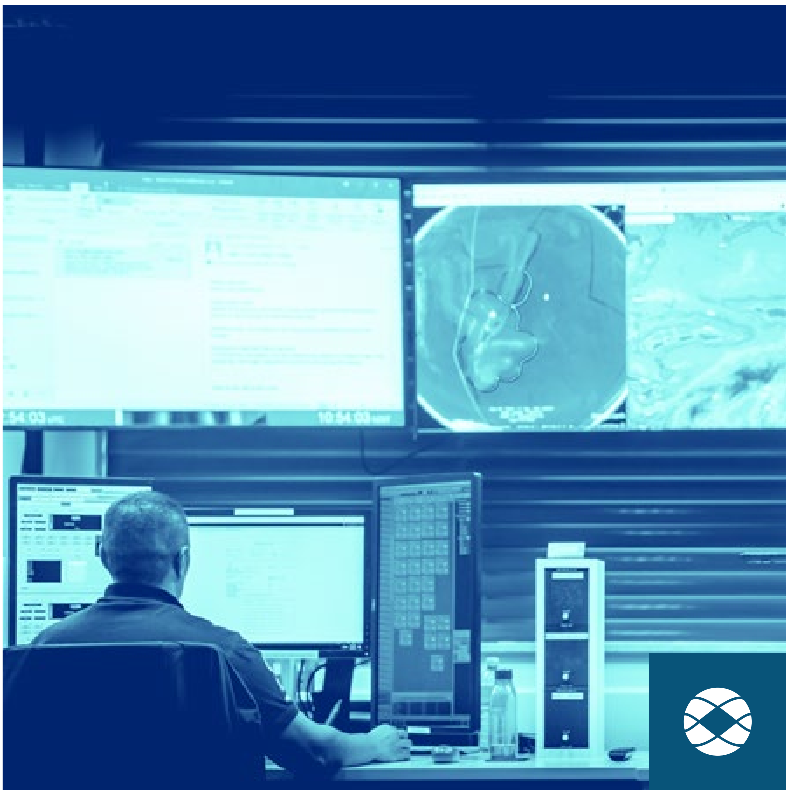
1448

NUMBER OF INCIDENTS RESPONDED TO

286



TRUSTED TO MANAGE AND OPERATE THE NETWORK PROVIDING VITAL COMMUNICATION SERVICES OVER 90 MILLION SQUARE KMS



ENHANCED NETWORKS AND PLATFORMS

EXPERTS IN **CRITICAL INFRASTRUCTURE** BUILDS

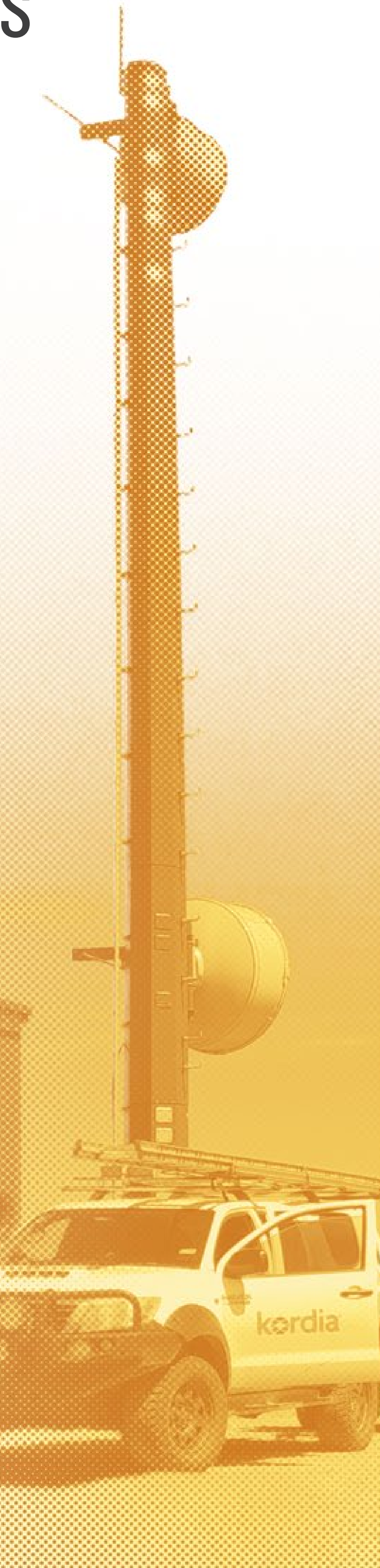
FOR OUR SOLUTIONS TEAM, MISSION-CRITICAL WORK COMPRISES OF A BLEND OF ENGINEERING, TECHNOLOGY AND TELECOMMUNICATIONS SERVICES COMING TOGETHER TO ENSURE CRITICAL INFRASTRUCTURE WORKS AS INTENDED FOR OUR CUSTOMERS.

Comprised of engineers, technicians and riggers located across the country, our solutions team has accumulated deep experience in building and maintaining networks and resolving faults. We've built up decades of knowledge specific to New Zealand, when the first parts of our network infrastructure were built along with the advent of television broadcasting in New Zealand.

Today, our team plays a critical role in ensuring the reliability of our assets, sites and hardware across over 200 sites in our network – as well as performing work at our customers' locations.

Our world-class, award-winning team have been entrusted to deliver major projects across the South Pacific – from AM infrastructure in Samoa and Vanuatu, to decommissioning TV towers in Australia, right through to designing and installing 5G inbuilding coverage for landmark sites such as Te Kaha Stadium in Christchurch and the ANZ Tower in Auckland.

This year, projects included build and installation work for the Public Safety Network (PSN) pilot in South Canterbury, installing a new Distributed Antenna System in the ANZ Tower and rebuilding AM radio infrastructure for Radio New Zealand and NIWA.



MISSION-CRITICAL CONNECTIVITY

IN THE FAST-PACED SPACE INDUSTRY, TECHNOLOGY PERFORMANCE IS A KEY ENABLER FOR INNOVATION. THAT'S WHY ROCKET LAB TURNED TO KORDIA TO SUPPORT THEIR UNIQUE CONNECTIVITY NEEDS FOR THEIR MAHIA PENINSULA LAUNCH SITE.

New Zealand based Rocket Lab are world leaders in the space industry. The company has launched well over 100 satellites into orbit for a wide range of customers across commercial, civil, defence and academic sectors – including NASA.

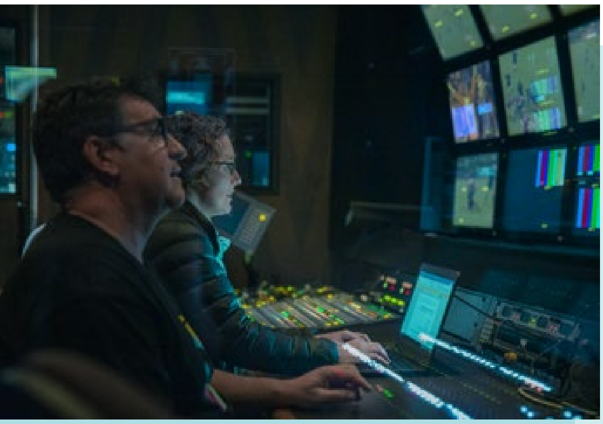
With launch controls, telemetry and camera systems controlled remotely, reliable, high-performance connectivity is essential for Rocket Lab's launch programme. However, the remoteness of the Mahia launch site presents some unique technical challenges, with wireless connections needing to traverse 63km over water.

Through complex and careful engineering, Kordia built a DMR solution for Rocket Lab, including a dish and linking to connect the launch site to Rocket Lab's Auckland headquarters and operations in the United States.

The new solution delivers 650Mbps burst performance and reduced latency, enabling Rocket Lab to utilise better imaging technology, capture more data from their sensors and implement telemetry as close to real time as possible.

ENABLING **MEDIA INNOVATION** THROUGH TECHNOLOGY SOLUTIONS

WE HAVE OVER 60 YEARS OF EXPERIENCE IN BROADCAST AND MEDIA TECHNOLOGY. OUR DTT (DIGITAL TERRESTRIAL TV) AND DTH (SATELLITE TV) SERVICES ENSURE FREE TO AIR TV CONTENT IS BROADCAST RELIABLY ACROSS THE COUNTRY. FROM DELIVERING FM RADIO TRANSMISSIONS, TO PRODUCING PARLIAMENT TV, TO PROVIDING FAULT-FREE COVERAGE OF LIVE SPORTING EVENTS, WE'RE PASSIONATE ABOUT LEVERAGING INNOVATIVE SOLUTIONS TO HELP BROADCASTERS ADAPT AND THRIVE IN A DISRUPTED INDUSTRY.



KORDIA'S MOBILE MEDIA ENABLES AN **INNOVATIVE NEW PRODUCTION** FOR CRICKET COVERAGE

Last year, New Zealand's top summer sport returned to free to air TV for the first time since 1998-99 and was a resounding success. The live cricket coverage reached 2.54 million people across TVNZ1 and Duke and an additional 460,000 accounts on TVNZ+.

Kordia's Mobile Media team and NEP were enlisted by Whisper to enable remote production – a first for live sport in New Zealand. Kordia's technology enabled a live feed back to the Whisper studio in Parnell, where the majority of the production team could work remotely and still create compelling live coverage.

Even in locations with limited access to good fibre connections, such as Molyneaux Park in Alexandria, Kordia's ability to provide end to end content distribution of real time video made capturing domestic cricket matches in the regions much more cost efficient and seamless.


kordia
CYBER SECURITY
CONNECTIVITY
CLOUD SOLUTIONS


kordia

ENABLING AI ADOPTION

New Zealand businesses can reap transformational benefits from AI, but the key to success is how well these new technologies are implemented. Without the right policies, tools, privacy considerations and measurement, AI cannot deliver its promised productivity returns.

Kordia is well placed to support businesses looking to harness the power of AI. From developing governance policies to protect data from AI misuse, to selecting the right tools and vendors to work with, our expert consultants in cyber security and cloud ensure customers adopt emerging technology in the best way to benefit their strategic goals.

Our Managed IT team are also helping customers integrate AI into everyday functions, particularly through Microsoft Copilot – from training to technical support, we guide businesses to leverage these tools, supporting the user experience while providing technical support to keep things on track.

BROADENING COVERAGE FOR MISSION-CRITICAL BUSINESS

Extreme weather conditions have demonstrated the value of additional access options to support business continuity. Many of our customers in the critical infrastructure and safety of life space, or with operations in rural areas, are eager to look at failover options that don't rely on UFB or cellular.

To meet this need, Kordia is able to offer Starlink to bring business-grade, high speed, low latency satellite communication services to customers, complementing Kordia's existing managed WAN services to provide better rural coverage and improve communication options for remote sites.

The addition of Starlink to our existing network options, encompassing UFB, Digital Microwave Radio and cellular data, means that Kordia customers now have access to unsurpassed coverage for business grade access, failover and diversity.

CYBER SECURITY INCIDENTS ARE ONE OF THE MOST CRITICAL RISKS FACING NEW ZEALAND BUSINESSES

RESEARCH BY KORDIA FOUND THAT 80% OF LARGE BUSINESSES FACED A CYBER-ATTACK OR INCIDENT WITHIN THE PAST YEAR*, WITH CONSEQUENCES RANGING FROM DATA LOSS AND PRIVACY BREACHES TO FINANCIAL IMPACTS AND REPUTATION DAMAGE.

As digital operations become more complex through cloud migrations, software supply chains and the introduction of new technologies like AI, businesses need to continually evolve and strengthen their cyber defences.

Kordia partners with businesses to help them mitigate cyber risk. Using internationally recognised strategic frameworks, we can help businesses review their security posture and risk appetite and build a roadmap that will support the organisation to stay secure.

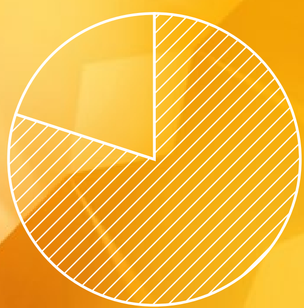
We operate a 24/7 x 365 Cyber Defence Operations (CDO), that is on hand to monitor IT environments, detect threats and identify vulnerabilities, as well as providing a range of solutions to deliver a robust defensive layer to protect our customers.

Our independent consultancy Aura Information Security brings together world class penetration testers (ethical hackers) and advisory consultants, who can test, review, prepare and advise our customers to support a more mature cyber security posture.

Finally, our Incident Response & Digital Forensics practice is on hand to help businesses respond to incoming cyber-attacks and recover swiftly with minimal damage.

80%

OF LARGE BUSINESSES FACED A CYBER-ATTACK OR INCIDENT WITHIN THE PAST YEAR.*



* Kordia NZ Business Cyber Security Report, 2024

FINALIST ISANZ AWARDS

SENIOR CYBER PROFESSIONAL

WOMEN IN SECURITY AWARD WINNER

RESELLER NEWS INNOVATION AWARD

24/7/365 CYBER DEFENCE OPERATIONS

'BEST CONNECTED' TO ALL MAJOR PUBLIC CLOUD PROVIDERS

TENABLE APAC PARTNER OF THE YEAR

CONNECTED AND SECURE CUSTOMERS

CLOUD **SECURITY EXPERTS**

CLOUD BREACHES AND MISCONFIGURATIONS ARE THE NUMBER ONE CAUSE OF CYBER SECURITY INCIDENTS FOR LARGE BUSINESSES IN NEW ZEALAND.*

As the vulnerable cloud attack surface continues to grow and digital transformation continues on an upward trajectory, businesses need to factor in adequate security from the outset, with ongoing management and testing. However, due to the large technical skill gap in New Zealand, many businesses simply don't have the right inhouse capabilities to set up, monitor and protect their cloud environments.

With our expert cloud technical consultants, Kordia is helping businesses adopt cloud technologies in a secure way. By developing frameworks that make the most of the various services available from cloud providers in a secure, controlled and auditable manner, we ensure businesses reduce their exposure to unexpected cost, complexity and security risks. We are also experts in Zero Trust adoption and architecture, which mitigates the risk of hybrid and remote working by offering better control over who has access to their business-critical information.

* Kordia NZ Business Cyber Security Report, 2024


TO BECOME
THE LEADING
Dashboard
FORTINET
Pakistan

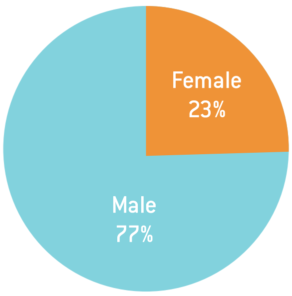
ENGAGED AND INCLUSIVE TEAMS

KORDIA – AN EMPLOYER OF **CHOICE**

KORDIA'S PEOPLE ARE OUR STRENGTH AND OUR LEADERSHIP TEAM STRIVES TO BUILD A HIGH PERFORMING, INCLUSIVE WORKPLACE.

From 30 year plus veterans, to newly onboarded interns, the tapestry of different perspectives, cultures, life experience and career journeys has culminated in a unique culture at Kordia – where teams work together to deliver to our customers.

Providing opportunities and career development for our people is a key strategy for retaining our experts and attracting outstanding new talent to join our ranks.



EMPLOYEE GENDER SPLIT

475
STAFF

ACROSS AU AND NZ

77%

EMPLOYEE ENGAGEMENT

SUPPORTING PARENTS **TO THRIVE**

Becoming a parent is incredibly special, but it goes without saying that a new baby in the family can have a big impact on work life. Not only that, becoming a parent often impacts females in a disproportionate way to male parents, both financially and in terms of career progression.

In July 2023, Kordia introduced new parental benefits to support employees as they embark on their parenthood journey, and provide a smooth transition back to work.

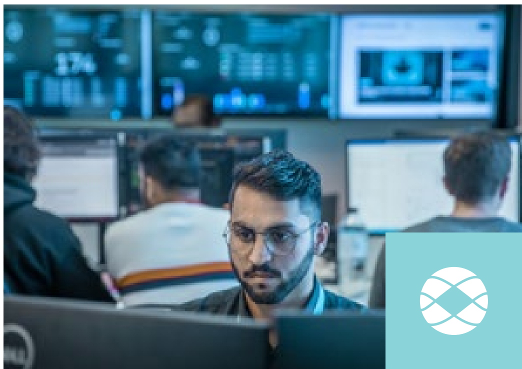
These include topping up base salaries to 100% for primary carers for the period of paid parental leave, continuing to match superannuation contributions, additional paid leave for secondary carers and flexible return to work options and coaching for primary carers returning to Kordia.











ENGAGED AND INCLUSIVE TEAMS

HEALTH **AND SAFETY**

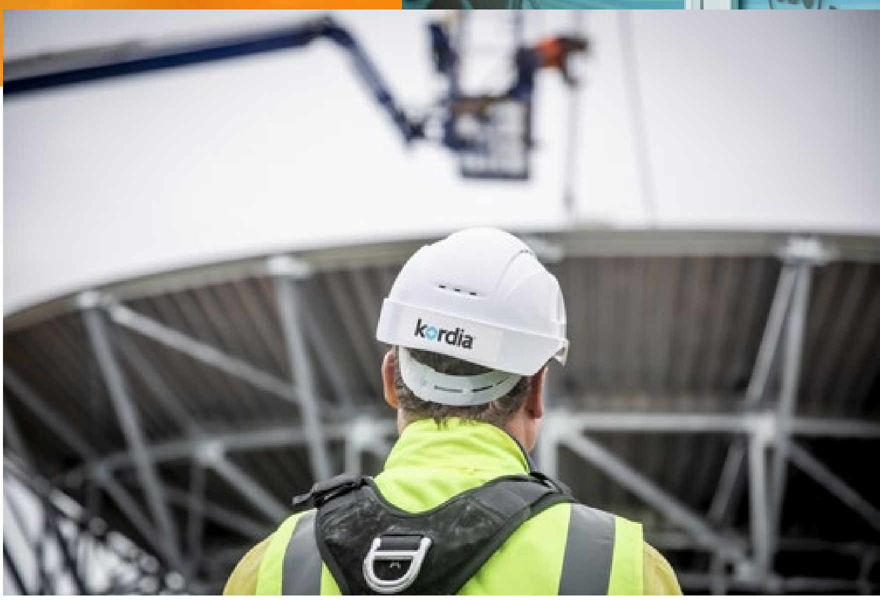
WORK AT KORDIA TAKES PLACE IN MANY DIFFERENT ENVIRONMENTS, FROM OUR HIGH SITES IN RURAL LOCATIONS, TO OUR CITY-BASED 24/7 OPERATION CENTRES. REGARDLESS OF WHERE OUR PEOPLE ARE WORKING, ONE THING IS CONSTANT – OUR COMMITMENT TO CREATING A ZERO-HARM WORKPLACE.

Building a culture of health and safety is an imperative part of our business, and Kordia places dedicated focus on ensuring everyone in the organisation understands what role they play in creating a safer environment for all. From the office based employees, to the field services team on the ground, taking a serious, always on approach to identifying, sharing and reporting health and safety risks builds awareness across the organisation, which in turn helps Kordia keep its people safe and secure, wherever work takes place.

GROUP TRIFR

3.99

(Goal <5)



VALUABLE PARTNERSHIPS

CELEBRATING 30 YEARS OF THE **MARITIME OPERATIONS CENTRE**

ONE OF OUR LONGEST AND MOST VALUED PARTNERSHIPS IS WITH MARITIME NZ, WHO HAVE ENTRUSTED KORDIA TO MAINTAIN AND OPERATE THE NETWORK THAT PROVIDES CRITICAL COMMUNICATIONS FOR THE MARITIME INDUSTRY.

The Wellington Maritime Operations Centre (MOC) first opened its doors in 1993 – after Kordia (then BCL) won a contract to deliver radio communications at sea for the newly formed Maritime Safety Authority, a forerunner to the organisation now known as Maritime NZ.

Since the early 1990s, the MOC has provided radio safety of life communications to seafarers across New Zealand – and as Kordia helped build out the VHF network, the MOC service evolved – covering a larger footprint, and harnessing new technologies to enhance its services.

Kordia has overseen the introduction of gold standard technology such as Automatic Identification System (AIS), platform refreshes and text to voice platforms – and continues to leverage the best technology to enhance the capabilities and resiliency of the service.

The Wellington MOC has been at the forefront of some of New Zealand's most memorable safety of life at sea incidents. The team have responded to over 25,000 incidents at sea, assisted over 85,000 people – and even helped 13 cats and 148 dogs!

"The people who work in our MOC are world class radio operators, remaining calm and professional even during major incidents. Our team will work around the clock, 365 days a year. On Christmas Day, New Years eve, even during Covid-19 lockdowns, there is always someone in the MOC ready to respond."

BRENDAN COMERFORD, MANAGER – WELLINGTON MOC

ENVIRONMENTAL IMPACT

FOCUS ON **SUSTAINABILITY**

AS A NEW ZEALAND OWNED AND OPERATED BUSINESS, WE'RE CONSCIOUS OF THE IMPACT WE HAVE ON THE ENVIRONMENT AND THE WIDER COMMUNITY.

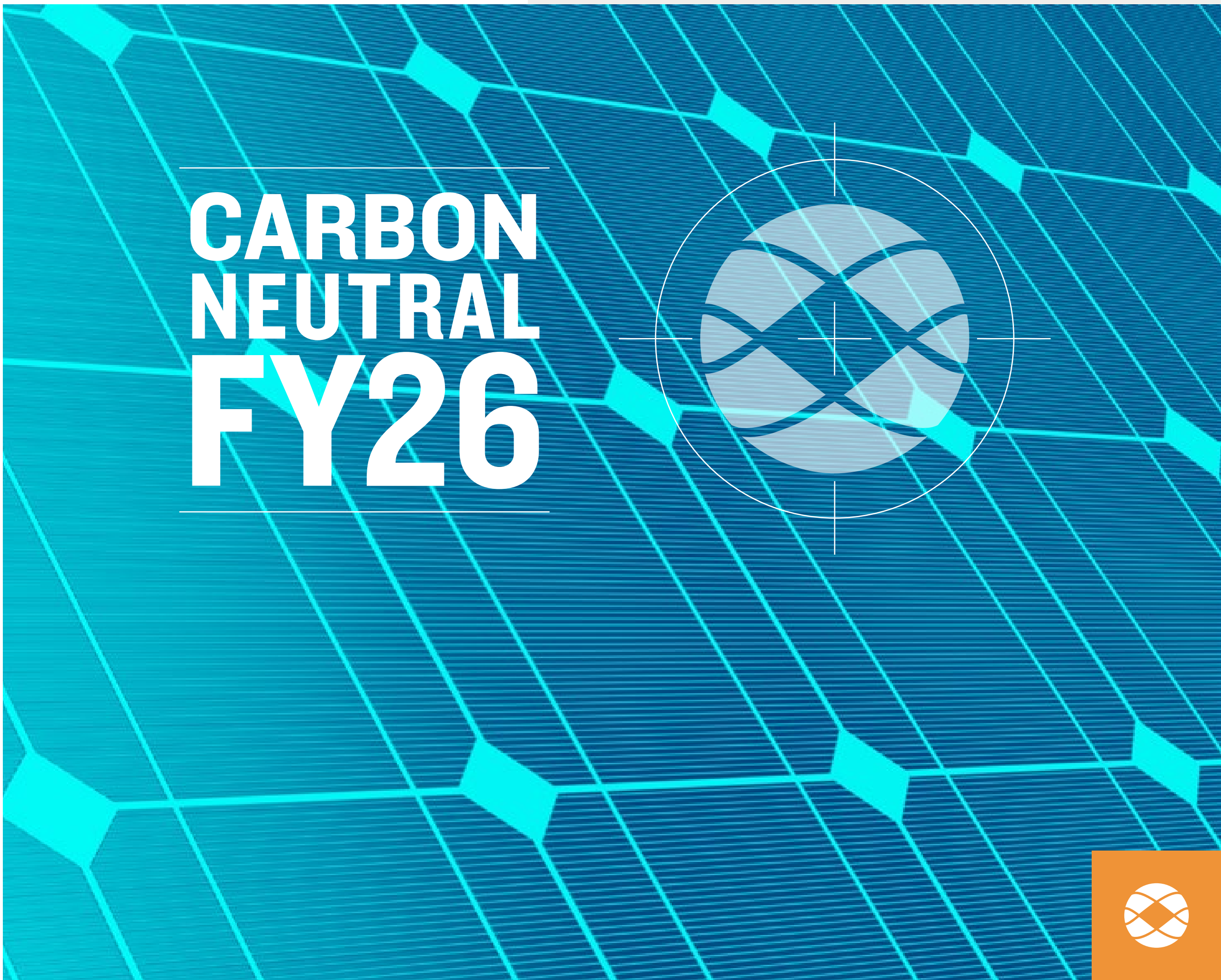
That's why we take our responsibility seriously when it comes to looking after our natural resources, taking a kaitiaki (guardian) approach to the network, land, sea and air that we operate in is one of our core strategic initiatives.

We've been on a journey to reduce our carbon emissions, measuring our Scope 1 and 2 emissions, with a goal of achieving carbon neutrality by FY26. This year, we've continued to improve in this area, in line with our targets.

We've identified solar as a cleaner energy source for our sites, and this year we completed another solar energy project on our Wither Hills site near Blenheim.

The solar panels will compensate the daylight AC mains being used at the site, helping to reduce our power spend and consumption.

We're also implementing practices to reduce, reuse and recycle our assets – like recycling site batteries and excess structural material used in our towers, as well as providing designated organic waste and recycling bins in our offices.



KORDIA GROUP LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2024

In thousands of New Zealand dollars	Notes	2024	2023
Continuing operations			
Revenue - New Zealand		**138,767**	136,520
Revenue - Australia		**8,873**	8,380
Other income		**1,410**	-
Total revenue	3	**149,050**	144,900
Direct costs and overheads	4	**63,430**	53,960
Employee and contractor costs	5	**68,408**	64,371
Earnings before interest, tax, depreciation and amortisation (EBITDA)	30	**17,212**	26,569
Finance income	6	**(339)**	(282)
Finance expense	6	**3,751**	2,876
Depreciation of property, plant and equipment	9	**9,067**	8,865
Depreciation and impairment losses of right of use assets	10	**4,079**	4,107
Amortisation of intangibles	12	**861**	943
Share of net loss / (profit) of associates and joint ventures accounted for using the equity method	23	**191**	(246)
(Loss) / Profit before income tax from continuing operations		**(398)**	10,306
Income tax (benefit) / expense	7	**(737)**	3,032
Profit for the year attributable to the equity holder		**339**	7,274
Other Comprehensive Income			
Foreign currency translation differences		**(25)**	(157)
Effective portion of changes in the fair value of cashflow hedges		**(121)**	33
Tax effect of the effective portion of changes in the fair value of cash flow hedges		**34**	(9)
Other comprehensive (loss) for the period		**(112)**	(133)
Total comprehensive income for the period		**227**	7,141

The accompanying notes set out on pages 47 - 77 are to be read as part of these financial statements.




STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

In thousands of New Zealand dollars	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Cashflow Hedge Reserve	Total Attributable to Owners
Balance 1 July 2022	**87,696**	**(35,338)**	**5,082**	**29**	**57,469**
Net profit for the year	-	7,274	-	-	7,274
Other comprehensive income					
Foreign currency translation differences	-	-	(157)	-	(157)
Fair value of cashflow hedges transferred to statement of financial performance, net of tax	-	-	-	24	24
Total other comprehensive income	-	-	(157)	24	(133)
Total comprehensive income	**-**	**7,274**	**(157)**	**24**	**7,141**
Transactions with owners					
Dividends	-	(2,000)	-	-	(2,000)
Balance 30 June 2023	**87,696**	**(30,064)**	**4,925**	**53**	**62,610**
Net profit for the year	-	339	-	-	339
Other comprehensive income					
Foreign currency translation differences	-	-	(25)	-	(25)
Fair value of cashflow hedges transferred to statement of financial performance, net of tax	-	-	-	(87)	(87)
Total other comprehensive income	-	-	(25)	(87)	(112)
Total comprehensive income / (loss)	**-**	**339**	**(25)**	**(87)**	**227**
Transactions with owners					
Dividends	-	(1,000)	-	-	(1,000)
Balance 30 June 2024	**87,696**	**(30,725)**	**4,900**	**(34)**	**61,837**

The accompanying notes set out on pages 47 - 77 are to be read as part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

In thousands of New Zealand dollars	Notes	2024	2023
Assets			
Property, plant and equipment	9	**58,183**	56,256
Right of use assets	10	**16,670**	16,399
Intangible assets and goodwill	12	**26,863**	26,803
Finance lease receivable	11	**-**	362
Deferred tax asset	14	**6,640**	5,898
Derivative assets		**-**	28
Investment accounted for using equity method	23	**-**	246
Trade and other receivables	16	**884**	901
Total non-current assets		**109,240**	106,893
Cash		**5,274**	7,432
Inventories	15	**1,542**	2,841
Trade and other receivables	16	**32,371**	25,263
Finance lease receivable	11	**362**	341
Taxation receivable		**1,398**	**607**
Loan to joint venture	23	**-**	**275**
Derivative assets		**3**	47
		40,950	36,806
Assets held for sale	24	12,538	-
Total current assets		**53,488**	36,806
Total assets		**162,728**	143,699
Equity and Liabilities			
Share capital	8	**87,696**	87,696
Foreign currency translation reserve		**4,900**	4,925
Cashflow hedge reserve		**(34)**	53
Retained earnings		**(30,725)**	(30,064)
Total equity attributable to the equity holder		**61,837**	62,610
Trade and other payables	17	**1,235**	1,185
Loans and advances	18	**43,199**	27,754
Derivative liabilities		**3**	-
Provisions	20	**7,731**	8,048
Lease liabilities	19	**14,016**	13,968
Total non-current liabilities		**66,184**	50,955
Trade and other payables	17	**29,831**	25,919
Derivative liabilities		**48**	-
Provisions	20	**569**	197
Lease liabilities	19	**4,259**	4,018
Total current liabilities		**34,707**	30,134
Total liabilities		**100,891**	81,089
Total equity and liabilities		**162,728**	143,699

The accompanying notes set out on pages 47 - 77 are to be read as part of these financial statements..

On behalf of the Board

S Haslem
Chair

L M Robertson
Director

30 August 2024

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

In thousands of New Zealand dollars	Notes	2024	2023
Cash flows from operating activities			
Receipts from customers		**139,947**	139,784
Payments to suppliers and employees		**(137,186)**	(125,980)
		2,761	13,804
Interest received		**105**	143
Interest paid		**(3,454)**	(2,503)
Taxes paid		**(460)**	(3,509)
Net cash (used in) / from operating activities	29	**(1,048)**	7,935
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		**589**	-
Proceeds from the sale of land rights		**1,410**	-
Acquisition of property, plant and equipment	9	**(11,455)**	(15,111)
Acquisition of intangibles	12	**(722)**	(1,059)
Acquisition of a business	13	**(1,250)**	(1,250)
Advance to joint venture		**(600)**	(275)
Proceeds from sale of business		-	7,451
Net cash used in investing activities		**(12,028)**	(10,244)
Cash flows from financing activities			
Proceeds of loans and advances		**15,445**	4,116
Proceeds from finance lease assets		**341**	322
Repayment of finance lease liabilities	19	**(3,871)**	(4,176)
Dividends paid		**(1,000)**	(2,000)
Net cash from/(used in) financing activities		**10,915**	(1,738)
Net (decrease) in cash and cash equivalents		**(2,161)**	(4,047)
Cash and cash equivalents at beginning of year		**7,432**	11,484
Effect of exchange rate fluctuations on cash		**3**	(5)
Cash and cash equivalents at end of year		**5,274**	7,432

The accompanying notes set out on pages 47 - 77 are to be read as part of these financial statements.




STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2024

1. ABOUT THIS REPORT

(A) REPORTING ENTITY

Kordia Group Limited (the 'Company') is a limited liability company incorporated and domiciled in New Zealand under the Companies Act 1993 and is wholly owned by the Crown. The registered office of the Company is Level 3, 162 Victoria Street, Auckland Central, Auckland 1010, New Zealand.

The financial statements presented here are for the consolidated financial statements of the Group ("the Group"), comprising the Company and its subsidiaries.

The financial statements of the Group have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the State Owned Enterprises Act 1986.

For the purposes of financial reporting, the Group is a for-profit public sector entity.

(B) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented public sector entities. These financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 30th August 2024.

The financial statements have been prepared on the basis of historical cost unless otherwise noted within the specific accounting policies below.

These financial statements are presented in New Zealand dollars ($), which is the Group's reporting currency and is also the Company's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

(C) ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about areas of estimation of uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes relating to:

- Measurement of the recoverable amounts of cash-generating units requires judgement in regard to future growth and WACC rates – Notes 9 and 12.
- Provisions are dependent on discount rates used and estimate of future costs – Note 20.
- Valuation of financial instruments rely on the estimation of future exchange and interest rates – Note 21.
- Deferred tax assets, management applies judgement is assessing the likelihood of future taxable profits and hence the recoverability of deferred tax assets. – Note 14.
- Useful life of property, plant, equipment and intangibles – Notes 9 and 12.
- Values of Lease liabilities and right of use assets are determined using a discount rates and term of lease, a decision on likelihood of renewal is based on judgement – Notes 10 and 19.
- Public Safety Network contract involves numerous judgements and estimates see Note 24.

In the opinion of management, all adjustments necessary for a fair presentation of the results of operations, financial position and cash flows have been reflected.

2.1 STATEMENT OF ACCOUNTING POLICIES

(A) BASIS OF PREPARING GROUP FINANCIAL STATEMENTS

Subsidiaries

Subsidiaries are those entities controlled, directly or indirectly, by the Group. Control exists when the Group has the power over investees, exposure or rights to variable returns and ability to use power to affect returns. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies are eliminated on consolidation. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

Joint Ventures

During the year ended 30 June 2023, the Group formed Tait Kordia JV CO Ltd (JV) in which it has a 50% interest. The contractual arrangement in place does not provide the Group with control but gives all parties collective control of the entity and all decisions regarding activities of the JV require unanimous consent, the rights to the assets and liabilities remains with the JV. The JV is classified as a joint venture and is being equity accounted by the Group.

(B) REVENUE

Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point or over time – requires judgement.

Sale of Goods

Revenue is recognised when the customer obtains control of the goods and services. This occurs at a point in time.

Rendering of Services

Services revenue is primarily generated from maintenance and other services supplied to infrastructure assets. Typically, under the performance obligations of service contract, the customer consumes and receives the benefit of the service as it is provided. As such, service revenue is recognised over time as the services are provided.

Revenue from variations and claims is recognised to the extent they are approved or enforceable under the contract. The amount of revenue is then recognised to the extent it is highly probable that a significant reversal of revenue will not occur.

Construction Revenue

The contractual terms and the way the Group operates its construction contracts is predominantly derived from projects containing multiple performance obligation. Under these performance obligations, our performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Therefore, contracted revenue is recognised over time based on stage of completion of a contract.

Variations, claims and incentives are only recognised to the extent they are approved and enforceable under the contract. The amount of revenue is then recognised to the extent that it is highly probable that a significant reversal of revenue will not occur.

Contract Modifications

Revenue in relation to modifications, such as a change in the scope of the contract, is included in the transaction price, when it is approved by the parties to the contract, the modification is enforceable and the amount becomes highly probable.

Revenue in relation to claims and variations, where the Group has an approved enforceable right to payment is only included in the transaction price when the amount claimable becomes highly probable. In making this assessment, the Group considers a number of factors including nature of the claim, formal or informal acceptance by the customer of the validity of the claim and stage of negotiations to determine whether the enforceable and "highly probable" threshold has been met.

CONTINUED

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2024

2.1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Performance Obligations and Contract Duration

Revenue is allocated to each performance obligation and recognised as the performance obligation is satisfied which may be at a point in time or over time.

NZ IFRS 15 requires a granular approach to identify the different revenue streams in a contract by identifying the different activities that are being undertaken and then aggregating only those where the different activities are significantly integrated or highly interdependent. Revenue will continue to be recognised, on certain contracts over time, as a single performance obligation when the services are part of a series of distinct goods and services that are substantially integrated with the same pattern of transfer.

NZ IFRS 15 provides guidance in respect of the term over which revenue may be recognised and is limited to the period for which the parties have enforceable rights and obligations. When the customer can terminate a contract for convenience, the contract term and related revenue is limited to the termination period.

The Group has elected to apply the practical expedient to not adjust the total consideration over the contract term for the effect of a financing component in the period between the transfer of services to the customer and the customer's payment for these services if expected to be one year or less.

Measure of Progress

The Group measures revenue using the measure of progress that best reflects the Group's performance in satisfying the performance obligation within the contracts over time. The different methods of measuring progress include an input method (e.g. costs incurred) or an output method (e.g. milestones reached). The same method of measuring progress is consistently applied to similar performance obligations.

Loss Making Contracts

Loss making contracts are recognised under NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets as onerous contracts.

(C) LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in NZ IFRS 16.

As a Lessee

At commencement, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or if the Group changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

(D) FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested, loans receivable, finance leases, dividend income, foreign currency gains and gains on hedging instruments that are recognised in the Statement of Financial Performance. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established.

Finance expenses comprise interest expense on borrowings and leases, unwinding of the discount on provisions, foreign currency losses and losses on hedging instruments that are recognised in the Statement of Financial Performance. All borrowing costs are recognised in the Statement of Financial Performance using the effective interest method.

(E) TAXATION

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Financial Performance except to the extent it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting dates.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

CONTINUED

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2024

2.1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(F) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment losses. Cost includes the cost to acquire the asset and other directly attributable costs incurred to bring the asset to the location and condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where an item of property, plant and equipment is disposed of, the gain or loss recognised in the Statement of Financial Performance is calculated as the difference between the sale price and the carrying value of the item of property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

Items of property, plant and equipment that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before reclassification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in the Statement of Financial Performance. Gains are not recognised in excess of cumulative impairment losses.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be reliably measured. The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Financial Performance as incurred.

Depreciation is provided for on a straight-line basis on all tangible items of property, plant and equipment other than freehold land and work in progress, over their estimated useful lives as follows:

Freehold buildings	10 - 40 years
Leasehold improvements	2 - 10 years
Masts and aerials	4 - 25 years
Transmission equipment	3 - 25 years
Furniture and fittings	5 - 10 years
Office equipment	4 - 10 years
Information systems	2.5 - 5 years
Leased information systems	3 - 5 years
Motor vehicles	7 years

(G) INTANGIBLES

Goodwill

Goodwill arises on the acquisition of subsidiaries and businesses and represents the excess of the purchase consideration over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. When the excess is negative (negative goodwill), it is recognised in the Statement of Financial Performance. Subsequently, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted associates, goodwill is included in the carrying amount of the investment.

Software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets and are amortised from the point at which the asset is ready for use.

Other Intangible Assets

Other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the asset to which it relates. All other expenditure is recognised in the Statement of Financial Performance as incurred.

Amortisation is recognised in the Statement of Financial Performance on a straight line basis over the estimated useful lives of the intangible assets, from the date they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Frequency licences	5-20 years
Software	3-5 years
Trademarks	5 years

(H) LOANS

Borrowings are classified as current liabilities unless the Group has a right to defer settlement of the liability for at least 12 months after the balance date pursuant to Amendment to NZ IAS 1 (Classification of liabilities as current or non-current) which the Group adopted early.

(I) FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and advances and trade and other payables. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantively all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

The Group uses derivative financial instruments within predetermined policies and limits in order to reduce its exposure to fluctuations in foreign currency exchange rates and interest rates. The Group does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

(J) INVENTORIES

Inventories comprise technical stores and customer premises equipment. All inventories are measured at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(K) CONTRACTS WORK IN PROGRESS

Contracts work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Contracts work in progress is presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

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CONTINUED

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2024

2.1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(L) IMPAIRMENT

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill relating to subsidiaries, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses reduce the carrying amount of assets and are recognised in the Statement of Financial Performance.

The recoverable amount of receivables carried at amortised cost is calculated with a forward looking "expected credit loss" (ECL) method. Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on number of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

The recoverable amount of a non-financial asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. 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.

Impairment losses are recognised in the Statement of Financial Performance. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(M) PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities. A make-good provision is recognised for the Group's obligation on making-good the leased premises on expiration of the contract. The provision is measured at the present value of the expected cost to be incurred.

(N) EMPLOYEE BENEFITS

A liability for annual leave, long service leave and retirement leave accruing to employees is recognised in the Statement of Financial Position. The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The liability for annual leave is measured on an undiscounted basis and expensed as the related service is provided.

(O) FOREIGN CURRENCIES

Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies at balance date are re-translated to the functional currency at the exchange rates ruling at balance date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Exchange differences arising on the translation of monetary assets and liabilities in foreign currencies are recognised in the Statement of Financial Performance, except as detailed below.

Translation of Foreign Group Entities

The assets and liabilities of foreign entities with functional currencies other than New Zealand dollars, including goodwill and fair value adjustments arising on acquisition, are translated at the rates of exchange ruling at the reporting date. The revenues and expenses of these entities are translated at rates approximating the exchange rates ruling at the date of transactions. Exchange differences arising on translation are taken directly to the foreign currency translation reserve (FCTR). When such an entity is disposed of in part or in full, the relevant amount in the FCTR is transferred to the Statement of Financial Performance.

(P) CONTINGENCIES

Where it is yet to be confirmed whether a present obligation exists, but the likelihood is possible, unless an outflow is deemed remote, a contingent liability is disclosed. Where an inflow of economic benefits is probable, a contingent asset is disclosed. Disclosure includes management's best estimate of the economic effect of the contingent asset or liability.

(Q) DETERMINATION OF FAIR VALUES

Fair values have been determined for measurement and/or disclosure purposes in Note 22 based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables, excluding contracts work in progress and trade prepayments, is estimated as the present value of future cash flows, at a rate that reflects the credit risk associated with the asset. Trade and other receivables are financial assets categorised at amortised cost.

Trade payables and accruals

The fair value of trade payables and accruals is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Payables are categorised as financial liabilities measured at amortised cost.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

CONTINUED

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2024

2.1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(R) ASSETS HELD FOR SALE

Assets of disposal groups are classified as held for sale if it is highly probable, they will be recovered through sale rather than continuing use.

Assets held for sale are measured at lower of their carrying amount and fair value less costs to sell. Classification as held for sale occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. .

2.2 IMPACT OF STANDARDS ISSUED NOT YET ADOPTED

The International Accounting Standards board has issued a number of amendments to standards that are effective from 1 January 2024. These include Amendment to IAS 1, regarding the disclosure of liabilities as current and non-current specifically where loans are covered by covenants, and Amendment to FRS-44 Disclosure of Fees for Audit Firms' Services. Both of these standard amendments have been adopted early and no further adjustments are anticipated.

There are no other new or amendments to the standards that are expected to impact the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

In thousands of New Zealand dollars	Notes	**2024**	2023

3. REVENUE:

In the current year, management have provided further disaggregation of revenue based on it's assessment of how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Where applicable, comparatives have been provided on the same basis.

Revenue is derived from the following business operations:			
Cyber Security and cloud solutions		**22,718**	21,555
Infrastructure build and maintenance		**22,113**	20,614
Telecommunications and broadcast services		**91,337**	91,658
Maritime services		**11,472**	11,073
Other income		**1,410**	-
		149,050	144,900

4. DIRECT COSTS AND OVERHEADS INCLUDE:

Fees incurred for services provided by audit firm			
- audit of financial statements		**256**	235
- other assurance services			
- reasonable assurance on Telecommunications Development Levy return		**15**	14
- reasonable assurance on Broadcasting Levy return		**12**	11
Directors' fees		**288**	243
(Gain)/loss on disposal of property, plant and equipment		**(455)**	139
(Gain) on surrender of leases		**(134)**	-
Impairment on trade receivables		**(103)**	(88)
Rental costs		**2,114**	1,997
Project material and subcontractor costs		**38,001**	29,815
Direct network costs		12,483	12,143

5. EMPLOYEE AND CONTRACTOR COSTS INCLUDE:

Severance payments		**898**	15
Defined contribution plan		**2,612**	2,556

6. FINANCE INCOME AND EXPENSE

Interest income on bank deposits and loan receivable		**73**	92
Interest income on finance leases		**32**	51
Realised foreign exchange gain		**144**	41
Unrealised foreign exchange gain		**90**	98
Finance income		**339**	282
Interest expense on loans and borrowings		**2,382**	1,640
Interest expense on lease liabilities		**1,072**	863
Unwind the discount on provisions	20	**297**	373
Finance expense		**3,751**	2,876
Net finance expense		**3,412**	2,594

CONTINUED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

In thousands of New Zealand dollars	Notes	2024	2023
7. INCOME TAX EXPENSE			
Current tax expense		**124**	1,847
Adjustment from prior periods		**(119)**	11
Deferred tax (benefit)		**(742)**	1,174
Total income tax (benefit)/expense		**(737)**	3,032
Reconciliation of effective tax rate			
Net (loss)/profit before taxation		**(398)**	10,306
Taxation at 28%		**(111)**	2,886
Adjusted for the tax effect of:			
Difference in subsidiary income tax rates		**(3)**	11
Non-deductible expenses		**656**	614
Non assessable income		**(395)**	-
(Over)/under provided in prior periods		**(119)**	11
Utilisation tax losses	14	**(765)**	(490)
Taxation (benefit)/expense		**(737)**	3,032
Imputation Credit Account			
Imputation credits available to shareholders in future periods		**31,607**	31,563

The Kordia Group Limited consolidated tax group was formed on 1 July 2003 in New Zealand.

8. CAPITAL AND RESERVES

Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign currency differences from the translation of the financial statements of foreign operations.

Share Capital	**2024**	2023
On issue at beginning and end of the year (number of shares)	**1,000**	1,000

All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Cashflow Hedge Reserve

The cashflow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedging transactions that have not yet occurred.

Dividends

For the year ended 30 June 2024 the Group paid no interim dividend (2023: nil) and a prior year final dividend of $1m (2023: $2m).

9. PROPERTY, PLANT AND EQUIPMENT

Work in Progress

Work in progress represents property, plant and equipment which is not yet in service as it is under construction. Property, plant and equipment takes, on average, 1-12 months to construct. The movement in work in progress between June 2023 and June 2024 is due to the capitalisation of transmission equipment which were under construction at June 2023.

Impairment of a Cash-Generating Unit

Given the structural changes that continue to occur in broadcast and media markets, the Directors continue to assess the recoverable amount of the Networks cash-generating unit on an annual basis using a value in use calculation based on a discounted cashflow model for five years from 2024. The cashflow projections are based on the financial budgets approved by management. The assumptions regarding revenue growth and cost increases are based on past experiences and management's expectations of changes in the market and performance of new products. The budgeted EBITDA growth over the 5 years is an average of 3.27% (2023: 4.02%). Management considers the budgets to be reasonable in the current trading environment. Beyond year five, a real growth rate of 0% (2023: 0%) was assumed. A real post tax discount rate of 7.0% (2023: 6.8%) was applied. Bancorp Corporate Finance Limited worked with the Group in determining the weighted average cost of capital.

Based on the assessment at 30 June 2024, the carrying amount of the Network property, plant and equipment was determined to be below the recoverable amount indicating that no impairment is required. This estimate is sensitive to a change in discount rate used, management estimate that an increase in discount rate by 1% from 7.0% to 8.0% would decrease headroom but not significantly enough to impair the asset.

Negative Pledge

A negative pledge in the Group's banking facility restricts the disposal of assets, other than in the ordinary course of business or within certain materiality thresholds.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In thousands of New Zealand dollars	Land & buildings	Leasehold improvements	Mast and aerials	Transmission equipment
Cost				
Balance at 1 July 2022	**33,971**	**7,257**	**72,985**	**265,216**
Additions	1,262	17	1,500	3,354
Transfers	24	-	175	957
Disposals/adjustments	(134)	(1,241)	-	(981)
Effect of movements in exchange rates	(15)	(21)	(30)	(290)
Balance at 30 June 2023	**35,108**	**6,012**	**74,630**	**268,256**
Additions	49	7	998	6,736
Transfers	95	-	97	1,840
Disposals/adjustments	(482)	(330)	(682)	(22,743)
Effect of movements in exchange rates	4	3	6	59
Balance at 30 June 2024	**34,774**	**5,692**	**75,049**	**254,148**
Depreciation and Impairment Losses				
Balance at 1 July 2022	**(27,976)**	**(4,255)**	**(65,114)**	**(234,186)**
Depreciation for the year	(643)	(112)	(914)	(6,298)
Disposals / adjustments	134	228	-	847
Effect of movements in exchange rates	15	21	26	299
Balance as at 30 June 2023	**(28,470)**	**(4,118)**	**(66,002)**	**(239,338)**
Depreciation for the year	(540)	(121)	(904)	(6,373)
Disposals / adjustments	422	188	673	22,707
Effect of movements in exchange rates	(4)	(4)	(6)	(57)
Balance as at 30 June 2024	**(28,592)**	**(4,055)**	**(66,239)**	**(223,061)**
Carrying amounts				
At 30 June 2023	**6,638**	**1,894**	**8,628**	**28,918**
At 30 June 2024	**6,182**	**1,637**	**8,810**	**31,087**

Furniture & fittings	Office equipment	Motor vehicles	Information systems	Work in progress	Total
1,364	**1,891**	**1,977**	**17,084**	**531**	**402,276**
46	(7)	526	1,205	7,208	15,111
3	8	-	211	(1,477)	(99)
(135)	(3)	-	(21)	-	(2,515)
(2)	(1)	(3)	(127)	-	(489)
1,276	**1,888**	**2,500**	**18,352**	**6,262**	**414,284**
177	10	368	965	2,145	11,455
28	110	45	52	(2,466)	(199)
(31)	(15)	(152)	(289)	-	(24,724)
-	-	1	27	-	100
1,450	**1,993**	**2,762**	**19,107**	**5,941**	**400,916**
(1,142)	**(1,092)**	**(1,198)**	**(16,062)**	**-**	**(351,025)**
(41)	(148)	(231)	(478)	-	(8,865)
135	3	-	22	-	1,369
2	-	3	127	-	493
(1,046)	**(1,237)**	**(1,426)**	**(16,391)**	**-**	**(358,028)**
(94)	(164)	(272)	(599)	-	(9,067)
30	14	135	290	-	24,459
-	-	(1)	(25)	-	(97)
(1,110)	**(1,387)**	**(1,564)**	**(16,725)**	**-**	**(342,733)**
230	**651**	**1,074**	**1,961**	**6,262**	**56,256**
340	**606**	**1,198**	**2,382**	**5,941**	**58,183**

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

10. RIGHT OF USE ASSETS

In thousands of New Zealand dollars	Property	Motor Vehicles	Total
Cost			
Balance at 1 July 2022	**54,487**	**508**	**54,995**
Additions	2,638	72	2,710
Disposals	-	(381)	(381)
Balance at 30 June 2023	**57,125**	**199**	**57,324**
Additions	5,386	202	5,588
Disposals	(1,590)	(185)	(1,775)
Effects of movements in exchange rates	3	-	3
Balance at 30 June 2024	**60,924**	**216**	**61,140**
Depreciation and Impairment losses			
Balance at 1 July 2022	**(36,786)**	**(413)**	**(37,199)**
Deprecation for the year	(3,981)	(126)	(4,107)
Disposals	-	381	381
Balance at 30 June 2023	**(40,767)**	**(158)**	**(40,925)**
Deprecation and impairment for the year	(4,004)	(75)	(4,079)
Disposals	349	185	534
Balance at 30 June 2024	**(44,422)**	**(48)**	**(44,470)**
Carrying amounts			
At 30 June 2023	**16,358**	**41**	**16,399**
At 30 June 2024	**16,502**	**168**	**16,670**

Kordia leases approximately 212 properties or parts of properties for the development of telecommunications infrastructure (e.g. telecommunications towers), office and warehouse space. The duration of such lease agreements is typically five to ten years and often has an option of automatic extension for a further term. The rent of the leases vary according to each location however most are indexed annually in line with the consumer price index.

The Group also leases approximately 19 motor vehicles and 1 forklift, with lease terms of up to five years.

Leased assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount less any lease incentives received. The lease term determined by the Group generally comprises the non-cancellable period and option to extend if the Group is reasonably certain to exercise that option.

An impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against the right of use assets that is impaired. Right of use assets were impaired by $107k during the current year, this amount is included in depreciation and impairment for the year.

Depreciation of lease assets is calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful lives being the lesser of the remaining lease term and the life of the asset.

During the year Kordia sold its land rights in the Otago Base for $1.4m, at the same time we exited the building and surrendered the lease. A gain of $124k was realised on the exit of the lease.

11. FINANCE LEASES

Finance lease receivables are as follows:

	2024			2023		
In thousands of New Zealand dollars	**Minimum lease payments**	**Interest**	**Present value of minimum lease payments**	Minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	**374**	**12**	**362**	373	32	341
Between one and five years	**-**	**-**	**-**	374	12	362
	374	**12**	**362**	747	44	703

The future lease receivables bear interest at 6% (2023: 6%).

Finance leases mainly pertain to network equipment. The leases are for a 132 month period.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

12. INTANGIBLE ASSETS

In thousands of New Zealand dollars	Trademarks	Frequency Licences	Software	Goodwill	Total
Cost					
Balance at 1 July 2022	**125**	**9,637**	**28,506**	**23,441**	**61,709**
Additions	-	-	1,059	-	1,059
Transfers	-	-	99	-	99
Disposals	-	-	(5)	-	(5)
Balance at 30 June 2023	**125**	**9,637**	**29,659**	**23,441**	**62,862**
Additions	-	-	722	-	722
Transfers	-	-	199	-	199
Disposals	-	-	(348)	-	(348)
Balance at 30 June 2024	**125**	**9,637**	**30,232**	**23,441**	**63,435**
Amortisation and Impairment losses					
Balance at 1 July 2022	**(125)**	**(7,970)**	**(27,026)**	**-**	**(35,121)**
Amortisation for the year	**-**	**(181)**	**(762)**	**-**	**(943)**
Disposals	-	-	5	-	5
Balance at 30 June 2023	**(125)**	**(8,151)**	**(27,783)**	**-**	**(36,059)**
Amortisation for the year	-	(143)	(718)	-	(861)
Disposals	-	-	348	-	348
Balance at 30 June 2024	**(125)**	**(8,294)**	**(28,153)**	**-**	**(36,572)**
Carrying amounts					
At 30 June 2023	**-**	**1,486**	**1,876**	**23,441**	**26,803**
At 30 June 2024	**-**	**1,343**	**2,079**	**23,441**	**26,863**

Impairment

Goodwill is tested for impairment annually at the reporting date and whenever there is an indication of impairment. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The recoverable amount is assessed at the level of the cash-generating unit, which is the smallest group of assets generating cash flows independent of other cash-generating units that benefit from the use of the intangible asset.

For the purpose of impairment testing, goodwill is allocated to the Group's relevant subsidiaries or businesses. The aggregate carrying amounts of goodwill of $18,041 (2023: $18,041) has been allocated to the Cyber business unit and $5,400 (2023: $5,400) has been allocated to the Networks business unit.

The recoverable amount of the Cyber business unit was based on a value-in-use calculation. The key assumptions used in the value in use calculations include revenue growth, cost increases and discount rates. A discount rate of 8.0% (2023: 8.1%) was applied to Cyber and was derived from the real post tax weighted average cost of capital. Bancorp Corporate Finance Limited worked with the Group in determining the weighted average costs of capital.

The recoverable amount of the Cyber business unit was calculated using cash flow projections for the five years from 2024 using the financial budgets approved by management. The budgeted EBITDA growth over the 5 years is an average of 15.9% (2023: 10.43%). Beyond year five a real growth rate of 0% (2023: 0%) was assumed. The assumptions regarding revenue growth and cost increases are based on past experiences and management's expectations of changes in the market. Management considers the budgets to be reasonable in the current trading environment.

Based on the assessment at 30 June 2024, the carrying amount of the Cyber intangible was below the recoverable amount indicating that no impairment is required. This estimate is sensitive to a change in discount rate used, management estimate that an increase in discount rate by 1% from 8.0% to 9.0% would decrease headroom but not significantly enough to impair the asset.

Refer to note 9 for the impairment of the Networks cash generating unit.

13. ACQUISITION OF A BUSINESS

On 1 July 2021 the Group acquired the business and assets of SecOps NZ Ltd ('SecOps') for cash consideration of $9,228 of which $2,500 was deferred, payable in two instalments on 1st July 2022 and 31st July 2023. SecOps was an Auckland-based company providing cyber security services including managed security services, consulting and assessment, security testing and resourcing services and operates New Zealand's only 24x7x365 ISO/IEC 27001:2013 Cyber Defence Operation Centre. The acquisition allowed the Group to increase its capabilities and product suite. For the year ended 30 June 2024 the final amount of the deferred payments was made amounting to $1,250.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
In thousands of New Zealand dollars	**2024**	2023	**2024**	2023	**2024**	2023
Property, plant and equipment	**3,800**	3,965	**-**	-	**3,800**	3,965
Right of use assets	**-**	-	**(4,679)**	(4,544)	**(4,679)**	(4,544)
Intangible assets	**-**	-	**(305)**	(304)	**(305)**	(304)
Derivatives	**13**	-	**-**	(21)	**13**	(21)
Trade and other receivables	**-**	-	**(2,842)**	(1,421)	**(2,842)**	(1,421)
Inventories	**29**	52	**-**	-	**29**	52
Employee entitlements	**848**	877	**-**	-	**848**	877
Other payables	**-**	1	**(111)**	-	**(111)**	1
Provisions	**2,320**	2,304	**-**	-	**2,320**	2,304
Lease liabilities	**5,131**	4,989	**-**	-	**5,131**	4,989
Tax losses	**2,436**	-	**-**	-	**2,436**	-
Net tax assets/(liabilities)	**14,577**	12,188	**(7,937)**	(6,290)	**6,640**	5,898

The deferred tax assets/(liabilities) are attributable to the following jurisdictions:

New Zealand	**6,063**	5,574
Australia	**577**	324
Net tax asset	**6,640**	5,898

All movements in deferred tax have been recognised in the Statement of Financial Performance except for ($87) (2023: ($21)) relating to derivatives which have been recognised in the cash flow hedge reserve and ($5) (2023: $19) that have been recognised in the foreign currency translation reserve.

In the current financial year tax losses were utilised of $765 (2023: $196) leaving tax losses of $21,460 (2023: $22,178) available.

15. INVENTORIES

In thousands of New Zealand dollars	**2024**	**2023**
Inventory	**1,793**	3,172
Provision for write down	**(251)**	(331)
Total inventories	**1,542**	2,841

16. TRADE AND OTHER RECEIVABLES

In thousands of New Zealand dollars	**2024**	2023
Current		
Trade receivables	**14,696**	12,619
Provision for doubtful debts	**(1,096)**	(1,186)
Trade prepayments	**5,108**	5,796
Costs to obtain a contract	**1,250**	1,222
Contract asset – contract work in progress	**11,952**	6,509
Other receivables	**461**	303
	32,371	25,263
Non-current		
Costs to obtain a contract	**884**	865
Other receivables	**-**	36
	884	901

During the year, the Group utilised ($14) (2023: $58) of the provision for doubtful debts and decreased the provision by $103 (2023: $88).

Contract work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. At June 2024, contract work in progress was $11,952 (2023: $6,509).

Contract asset movements were as follows:

Opening balance	**6,509**	2,960
Released to income during the year	**(3,857)**	(2,767)
Increase in work unbilled at year end	**9,300**	6,316
	11,952	6,509

Deferred income, where billing exceeds recognised revenue, is disclosed in note 17 and amounts to $6,075 (2023: $4,627).

Trade receivables are financial assets categorised at amortised cost.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

17. TRADE AND OTHER PAYABLES

In thousands of New Zealand dollars	**2024**	2023
Current		
Trade payables and accruals	**21,487**	18,878
Contract liability - deferred income	**4,963**	3,562
Employee entitlements	**3,381**	3,479
	29,831	25,919
Non-current		
Contract liability - deferred income	**1,112**	1,065
Employee entitlements	**123**	120
	1,235	1,185
Contract liability movements were as follows:		
Opening balance	**4,627**	5,729
Released to income during the year	**(571)**	(1,787)
Increase in work unbilled at year end	**2,019**	685
	6,075	4,627

Payables are categorised as financial liabilities measured at amortised cost.

18. LOANS AND ADVANCES

In thousands of New Zealand dollars	2024	2023
Bank loans (unsecured)	**43,199**	27,754
Loan facilities are repayable as follows:		
Within one year	-	-
One to two years	-	-
Two to five years	**43,199**	27,754
	43,199	27,754
Weighted average interest rates:		
Bank loans	**6.6%**	6.6%
Bank loans amended for derivatives, line fees and margin	**6.6%**	4.6%

The loan facilities comprise a syndicated revolving cash advance facility, dated 29 June 2017 and amended and restated from time to time (2023: 29 June 2017), the latest amendment was in June 2023. The facility commits to a maximum amount of NZD50 million (2023: NZD50 million). The syndicated loan is a term facility that is subject to continued compliance with the terms of the loan agreement. Based on the Group's assessed continued compliance with the terms of the loan agreement, the Group has classified the loan as a non-current liability as at balance date. The loans drawn and facility available is analysed as follows:

	2024				2023			
	Balance Drawn		**Available Facility**		Balance Drawn		Available Facility	
In thousands of New Zealand dollars	**Current**	**Non-current**	**Current**	**Non-current**	Current	Non-current	Current	Non-current
Tranche A	-	**23,199**	-	**30,000**	-	7,754	-	30,000
Tranche B	-	**20,000**	-	**20,000**	-	20,000	-	20,000
	-	**43,199**	-	**50,000**	-	27,754	-	50,000

On 29 June 2017 a facility agreement was entered into between Kordia and the members of the banking syndicate. The facility is split into two tranches with different fee and margin structures. Tranche A is a cash advance facility and tranche B is a term loan facility. There is a right of set off between the tranches of the loan facility. The facility expires on 1 July 2026.

The facility is supported by a negative pledge by the Company and its guaranteeing subsidiaries over their assets and undertakings. The negative pledge restricts the disposal of assets other than in the ordinary course of business or within certain materiality thresholds. Under the negative pledge, each guaranteeing subsidiary may be liable for indebtedness incurred by the Company and other guaranteeing subsidiaries.

The facility is subject to various covenants such as limitations on gearing, interest cover, and coverage (the proportion of the consolidated group that forms the guaranteeing group under the negative pledge). During the year a temporary lift in covenants was obtained from the lenders to May 2025 while working capital associated with the PSN contract is elevated. The Group was in compliance with all covenants for the 2023 and 2024 financial years.

Covenant		**2024**	2023
Gearing ratio	Net debt to EBITDA <5.25:1 (2023: <3.0:1)	**3.54:1**	1.45:1
Interest cover	EBITDA to net interest >2.5 times (2023: >3.0 times)	**4.3:1**	11.2:1
Coverage ratios	Total assets of guaranteeing group to total assets of the consolidated group >95%	**100%**	100%
	Total EBIT of guaranteeing group to total EBIT of the consolidated group >95%	**100%**	100%

Loans and advances are categorised as financial liabilities measured at amortised cost.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

19. LEASE LIABILITIES

In thousands of New Zealand dollars	Property	Motor Vehicles	Total
Balance at 1 July 2022	**19,253**	**104**	**19,357**
Additions	2,733	72	2,805
Payments	(4,045)	(131)	(4,176)
Balance at 30 June 2023	**17,941**	**45**	**17,986**
Additions	5,330	202	5,532
Disposals	(1,374)	-	(1,374)
Payments	(3,812)	(59)	(3,871)
Effects of movements in exchange rates	2	-	2
Balance at 30 June 2024	**18,087**	**188**	**18,275**
Current	3,980	38	4,018
Non-current	13,961	7	13,968
Balance at 30 June 2023	**17,941**	**45**	**17,986**
Current	4,207	52	4,259
Non-current	13,880	136	14,016
Balance at 30 June 2024	**18,087**	**188**	**18,275**
Maturity analysis of contractual undiscounted cashflows			
Less than one year	4,148	41	4,189
One to five years	11,727	6	11,733
More than five years	5,213	-	5,213
Total undiscounted cashflows June 2023	**21,088**	**47**	**21,135**
Less than one year	4,353	77	4,430
One to five years	11,812	172	11,984
More than five years	6,665	-	6,665
Total undiscounted cashflows June 2024	**22,830**	**249**	**23,079**

The lease lability is measured as the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at balance date. Lease payments are apportioned between the finance charge and reduction of the lease liability using the incremental borrowing rate to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for buildings exclude service fees for cleaning and other costs.

Lease modifications are accounted for as a continuation of the existing lease with an effective date of the modification.

20. PROVISIONS

In thousands of New Zealand dollars	**Make good**
Balance at 1 July 2022	**9,402**
Provisions (adjusted) during the period	(1,336)
Provisions utilised during the period	(194)
Unwind discount	373
Balance at 30 June 2023	**8,245**
Provisions (adjusted) during the period	(155)
Provisions utilised during the period	(87)
Unwind discount	297
Balance at 30 June 2024	**8,300**
Current	197
Non-current	8,048
Balance at 30 June 2023	**8,245**
Current	569
Non-current	7,731
Balance at 30 June 2024	**8,300**

Make good

The make-good provision primarily relates to an obligation to return rented sites to their original condition at the end of the lease. The Group expects to utilise approximately 7% of the liability next year.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

21. FINANCIAL INSTRUMENTS

Exposure to foreign currency, interest rate and credit risk arises in the ordinary course of the Group's business. Derivative financial instruments are entered into in order to reduce exposure to fluctuations in foreign exchange rates and interest rates.

(A) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Group's assets, liabilities and future earnings will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk as a result of transactions that are denominated in a currency other than the Group's functional currency. Transactions that typically expose the Group to foreign currency risk include import purchases and purchases of property, plant and equipment. The currencies that give rise to currency risk in which the Group deals are United States and Australian dollars, and European Currency Units. The Group's policy is to manage these risks, as they arise, in accordance with prudent commercial practice.

The Group uses forward and spot foreign exchange contracts to manage these exposures. At balance date the Group has unhedged current assets of AUD1,045 ($1,141); GBP1 ($3) and USD107 ($176) (2023: AUD460 ($501); EUR20 ($35) and USD29 ($48)) and current liabilities of AUD833 ($910); EUR69 ($122); PGK2 ($1) and USD966 ($1,593) (2023: AUD75 ($82); EUR53 ($95) and USD125 ($205)). The Group does not have any other foreign currency monetary assets or liabilities that are not hedged for the lesser of the next twelve months and the period until settlement.

(B) INTEREST RATE RISK

As outlined in Note 18, the Group has a syndicated revolving cash advance facility committed to a maximum amount of NZD50,000, (2023: NZD50,000). At 30 June the drawdown on these facilities was $43,199 (2023: $27,754), to fund on-going activities. The facilities expire on 1 July 2026. The Group cancelled the overdraft facility during the year (2023: $50) which had a wholesale prime interest rate of 6% in 2023 although the overdraft balance was nil.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

In thousands of New Zealand dollars	**2024**	2023
Fixed rate instruments:		
Financial assets (finance leases)	**362**	703
Variable rate instruments:		
Financial liabilities (debt)	**43,199**	27,754

(C) LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The maturity analysis below summarises the Group's exposure to liquidity risk on non-derivative financial liabilities.

In thousands of New Zealand dollars	Call	Within One Year	One to Two Years	Two to Five Years	More than Five Years	Contractual Cashflows	Carrying Amount
				2024			
Liabilities and equity							
Payables	-	(29,831)	(1,235)	-	-	(31,066)	(31,066)
Loans and advances	-	(2,849)	(2,849)	(43,208)	-	(48,906)	(43,199)
Total liabilities and equity	-	(32,680)	(4,084)	(43,208)	-	(79,972)	(74,265)

In thousands of New Zealand dollars	Call	Within One Year	One to Two Years	Two to Five Years	More than Five Years	Contractual Cashflows	Carrying Amount
				2023			
Liabilities and equity							
Payables	-	(25,919)	(1,185)	-	-	(27,104)	(27,104)
Loans and advances	-	(1,841)	(1,841)	(29,600)	-	(33,282)	(27,754)
Total liabilities and equity	-	(27,760)	(3,026)	(29,600)	-	(60,386)	(54,858)

(D) SENSITIVITY ANALYSIS

At 30 June 2024, it is estimated that a general increase of one percentage point in interest rates would decrease the Group's net profit after tax by $302 (2023: $194). At 30 June 2024, it is estimated that a general decrease of one percentage point in interest rates would increase the Group's net profit after tax by $302 (2023: $194). Interest rate swaps have been included in this calculation.

At 30 June 2024, it is estimated that a general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would increase the Group's profit before income tax by approximately $2 (2023: $3). At 30 June 2024, it is estimated that a general decrease of one percentage point in the value of the New Zealand dollar against other foreign currencies would decrease the Group's profit before income tax by approximately $2 (2023: $3). Forward exchange contracts have been included in this calculation.

(E) CREDIT RISK

In the normal course of its business the Group incurs credit risk with amounts deposited with financial institutions and also the extension of credit to trade debtors. The major concentration of credit risk within trade debtors and contract work in progress is the extension of credit to a majority of its customers for transmission services and contracting services. The carrying amounts of financial assets represent the Group's maximum exposure to credit risk.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The group does not normally require collateral in respect of financial assets due to the quality of the financial institutions with which it deals.

CONTINUED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

21. FINANCIAL INSTRUMENTS (CONTINUED)

The status of trade receivables at the reporting date is as follows:

	2024		2023	
In thousands of New Zealand dollars	**Gross receivable**	**Impairment**	Gross receivable	Impairment
Not past due	**9,846**	**-**	7,003	-
Past due 0-30 days	**2,685**	**-**	2,757	-
Past due 31-120 days	**1,373**	**(406)**	1,483	(238)
Past due 121-365 days	**524**	**(457)**	1,376	(948)
Past due more than 1 year	**268**	**(233)**	-	-
Total	**14,696**	**(1,096)**	12,619	(1,186)

Trade receivables are reviewed for impairment on a collective basis based on the number of days overdue and taking into account historical experience. Significant trade receivables are reviewed on an individual basis. No individually significant receivables were considered impaired at balance date.

22. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value measurement: Financial instruments measured and recognised at fair value are derivatives that are designated in hedge relationships. The fair value of these derivatives are level 2 valuations based on accepted valuation methodologies. Interest rate derivatives are calculated by discounting the future principal and interest cashflows at current market interest rates that are available for similar financial instruments. Forward exchange fair value is calculated using quoted forward exchange rates and discounted using yield curves derived from quoted interest rates matching maturity of the contract.

Fair value disclosures: The fair values of borrowings used for disclosures are measured by discounting future principal and interest cashflows at the current market interest rate plus an estimated credit margin that are available for similar financial instruments.

The estimated fair value of the Group's financial assets and liabilities are noted below. The purpose of reporting the carrying and fair values is to show the extent to which the Group is carrying an exposure from its foreign exchange and interest rate hedging activities. The table below identifies whether the Group is in a notional gain or loss position as if the Group had closed out the instruments at balance date.

The carrying values of short-term financial assets and liabilities are equivalent to their fair values. Short term financial assets include cash, loans to associate, trade and other receivables. Short term financial liabilities include trade and other payables and finance leases. Advances to subsidiaries carrying values are equivalent to their fair values.

	2024		2023	
In thousands of New Zealand dollars	**Carrying value**	**Fair value**	Carrying value	Fair value
Loans and advances payable (classified as amortised cost)	**43,199**	**43,199**	27,754	27,754

As at 30 June 2024, no financial assets or liabilities have been offset in the Statement of Financial Position although they are covered by an ISDA/Master netting agreement.

23. INVESTMENT IN JOINT VENTURE

During the year ended 30 June 2024, Kordia provided an advance of $600 (2023: $275) to the JV to fund its operations. The loan is interest free and payable on demand.

On the 6th August a modification contract was signed as detailed in note 24, as a result the Investment in Joint Venture and Loan to Joint Venture have been included in assets held for sale.

24. PUBLIC SAFETY NETWORK (PSN)

Tait Kordia JV Limited, of which Kordia Limited has a 50% shareholding and subcontract agreement with, entered a significant multi-year design, build and operate Land Mobile Radio (LMR) contract with Crown Infrastructure Partners (CIP) and Next Generation Critical Communications (NGCC). Both entities are ultimately owned by the Crown. In order to deliver the contract, Kordia partnered with Tait International Limited (Tait International) and together the companies, who are acting as principles under the contract, formed a joint venture company Tait Kordia JV Co Limited - see note 23.

Prior to year-end, Kordia entered into discussions with Tait International, CIP and NGCC to reset its commercial partnership. The changes see Kordia divest its shares in Tait Kordia Joint Venture to Tait International who will take full ownership of the entity contracted to deliver the PSN project. Tait International will now lead the build and roll out the new LMR network. Kordia will continue to play a supporting role as a subcontractor to the Tait International owned entity. Kordia's scope has been refined to align with its core strengths; mission critical infrastructure and core network services, as well as colocation on Kordia sites.

The amendments to the contract were signed on the 6th August 2024 and the associated modifications and disposals have been accounted for in the current year's financials as all terms were agreed to prior to 30th June 2024.

Held for sale

As part of the commercial reset inventory, contract work in progress and the loan to the joint venture are paid on reset date.

These assets have been disclosed in the Statement of financial position as Assets held for sale.

In thousands of New Zealand dollars	2024
Assets held for sale consists of:	
Inventory	**10,177**
Contract Assets	**1,180**
Other Assets	**251**
Advance to joint venture	**875**
Investment account for using equity method	**55**
Assets held for sale	**12,538**

The final consideration for the divestment of shares in the JV ("Investment in Joint Venture") is subject to audited JV completion financial statements for the year ended 30 June 2024.

Revenue Recognition

NZ IFRS 15 – Revenue from Contracts with Customers. Under the contract there are multiple performance obligations all of which can be split into two categories: Project Management and Construction, which is made up of multiple performance obligations. Project management covers tasks such as procurement, project governance, network and build design and project management while construction obligations cover the build of the network sites. Project Management obligations have been reviewed under NZ IFRS 15 and the services have been deemed to be delivered over time. Revenue is therefore recognised over time on a percentage of completion basis, as our performance is creating an asset or enhancing an asset that the customer controls and has no alternative use to Kordia. Revenue recognition on the construction element has been applied in accordance with our revenue policy as disclosed in note 2(b).

CONTINUED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

25. CAPITAL MANAGEMENT

The Group's capital includes share capital, reserves and retained earnings. The Group's policy is to maintain a strong capital base so as to maintain creditors and market confidence and to sustain future development of the business. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

26. CONTINGENCIES

As part of its contractual obligations with clients, Kordia Limited has an undertaking to provide services at a certain level and should this not be achieved, Kordia Limited may be liable for contract penalties. It is not possible to quantify what these may be until an event has occurred. The Directors do not expect any liabilities to occur as a result of these contractual obligations.

Performance under the public safety radio communication contract by Tait Kordia JV Co limited is guaranteed by Kordia and Tait International jointly and severally, with cross-indemnities between Kordia and Tait. The contract also includes a performance bond of $5million in the event of non-performance, this bond was cancelled on the 6th August 2024 when the modification agreement was signed.

A new performance bond was issue in terms of the modification agreement signed on the 6th August 2024 between Kordia and Tait International, the bond is for $2.5million. As with our other contracts, it is not possible to quantify what liability may arise from the cross guarantees until an event has occurred, and the Directors do not expect any liabilities to occur as a result of the cross guarantees or performance obligations.

27. CAPITAL COMMITMENTS

In thousands of New Zealand dollars	**2024**	2023
Capital commitments (including intangible assets) are:		
Within one year	**918**	2,068

28. RELATED PARTY TRANSACTIONS

Kordia Group Limited comprises the following significant subsidiaries:

Entity	*Principal activity of entity*	*% holding*	*Country of Incorporation*
Kordia Limited	Telecommunications and transmission services Operations and maintenance services	100%	New Zealand
Kordia New Zealand Limited		100%	New Zealand
Kordia Pty Limited		100%	Australia

All subsidiaries have balance dates of 30 June.

The Crown is a 100 percent shareholder in Kordia Group Limited. All transactions with other Crown Entities, State Enterprises and Government Departments other than entities included in these consolidated financial statements are comprised of:

Crown Entities, State Enterprises and Government Departments	**Transaction value year ended 30 June**		**Balance outstanding at 30 June**	
In thousands of New Zealand dollars	**2024**	2023	**2024**	2023
Revenue from telecommunications services	**32,397**	33,969	**1,553**	1,083
Direct costs and overheads	**3,886**	4,362	**425**	4

All transactions with Kordia Group and its subsidiary companies are settled in cash within six months of the reporting date. None of the balances are secured.

In addition to the above related party transactions, the Group has transacted with its owner, the Crown. Refer to note 7 (income tax) and note 17 (trade and other payables).

Under the PSN contract Kordia also transacts directly with its joint venture company see note 23, however the ultimate recipients are Crown entities – see note 24.

Transactions with Key Management Personnel (Directors and Key Executives)

In addition to their salaries, the Group also provides non-cash benefits (superannuation and long service leave) to executive officers. Key management personnel compensation comprised:

In thousands of New Zealand dollars	2024	2023
Short term employee benefits	1,166	1,467
Severance payment	582	-
Defined contribution plan	102	78
Directors fees	288	243
	2,138	1,788

Unpaid amounts relating to the above are $119 (2023: $349).

29. RECONCILIATION OF NET SURPLUS FOR THE YEAR WITH CASH FLOWS FROM OPERATING ACTIVITIES

In thousands of New Zealand dollars	Notes	2024	2023
Net surplus as per Statement of Financial Performance		339	7,274
Add/(deduct) non-cash items:			
Depreciation of property, plant and equipment	9	9,067	8,865
Depreciation and impairment losses of right of use assets	10	4,079	4,107
Amortisation of licences and intangibles	12	861	943
Realised foreign currency (gains)		(37)	(391)
Change in deferred tax		(703)	1,165
Movement in provision for doubtful debts		(90)	(146)
Movement in other provisions		70	(415)
Unwind/change in make good	20	297	373
Movement in customer acquisition costs		(47)	(290)
		13,836	21,485
Items classified as investing activities:			
(Gain)/loss on disposal of property, plant and equipment		(455)	139
(Gain) on disposal of right of use assets		(134)	-
(Gain) on sale of lease rights		(1,410)	-
		(1,999)	139
Movements in working capital:			
Receivables, prepayments and contract work in progress		(6,990)	(6,271)
Inventories		1,299	(1,775)
Payables and deferred income		4,414	(5,643)
Working capital items reclassified as held for sale		(11,608)	-
		(12,885)	(13,689)
Net cash flows (used in)/from operating activities		(1,048)	7,935

CONTINUED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

30. NON-GAAP MEASURES

The Group uses EBITDA when discussing financial performance. EBITDA is earnings before interest, tax, depreciation and amortisation. Depreciation and amortisation includes impairment charges recorded in the respective non-current assets. EBITDA is a non-GAAP profit measure and is not recognised or standardised with IFRS. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures in accordance with IFRS. Management believes that EBITDA provides useful information, as it is used internally to evaluate performance, and it is also a measure that market analysts focus on for comparative company performance purposes, as the measure removes distortions caused by differences in funding, asset age and depreciation policies.

EBITDA has been clearly labelled and presented on the face of the Statement of Financial Performance and is reconciled to profit after tax.

31. EVENTS AFTER BALANCE SHEET DATE

On 6th August 2024 the Group entered into a reset commercial partnership with Tait International, with the exit of Kordia from the Tait Kordia Joint Venture which was formed to deliver the Public Safety Network's Land Mobile Radio Network. A financial modification has been accounted for in the current years financial statements as all terms to the modification had been agreed prior to 30th June 2024. Refer to note 24.

On the 30th August 2024 the Board of Directors declared no final dividend payable for the year ended 30 June 2024.

There are no other events subsequent to balance date which have a significant effect on the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2024

TO THE READERS OF KORDIA GROUP LIMITED'S GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Kordia Group Limited (the "Group"). The Auditor-General has appointed me, Geoff Lewis, using the staff and resources of KPMG, to carry out the audit of the financial statements of the Group on his behalf.

OPINION

We have audited the financial statements of the Group on pages 41 to 77, that comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Group:

- present fairly, in all material respects:
  – its financial position as at 30 June 2024; and
  – its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards.

Our audit was completed on 30 August 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Director's responsibilities arise from the State Owned Enterprises Act 1986.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and the performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is the Directors' Report on page 13, Statement of Responsibility on page 14, Statement of Performance on pages 81 to 82 and Additional Information on pages 83 to 86, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report and we will report the matters identified, if any, to those charged with governance.

INDEPENDENCE

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

For the year 30 June 2024 and subsequently, a Director of the of the Group is a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee (when acting in this capacity) has no involvement in, or influence over, the audit of the Group.

KPMG has also provided other assurance services to the Group. Subject to certain restrictions, partners and employees of KPMG may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired KPMG's independence. KPMG has no other relationship with, or interest in, the Group.

Yours sincerely,

Geoff Lewis
KPMG
On behalf of the Auditor-General
Auckland, New Zealand
30 August 2024

STATEMENT OF PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2024

	Statement of Corporate Intent - Target 2024	2024 Actual	2023 Actual
Financial Performance Targets (Consolidated)			
Shareholder Return			
Dividend yield (dividends/avg commercial value)	2%	**0.9%**	2%
Return on equity (net profit after tax from continuing operations as a percentage of average shareholders' equity)	12%	**0.5%**	12%
Total shareholder return ((commercial value end - commercial value beg + dividends)/ commercial value beg)	14%	**(12%)**	13%
Profitability/Efficiency			
Earnings before interest and taxes from continuing operations (EBIT)	$15.6m	**$3.0m**	$12.9m
Group net profit after tax from continuing operations (NPAT)	$8.2m	**$0.3m**	$7.3m
Return on capital employed (EBIT adjusted for IFRS fair value movements/ average capital employed)	18%	**0.9%**	16%
Operating margin (EBITDAF/Revenue) [a]	18%	**12%**	19%
Leverage/Solvency			
Gearing ratio (net debt/(net debt + shareholders' funds))	28%	**38%**	25%
Interest cover (EBITDA/ net interest)	9	**5**	10
Net Debt/EBITDA	0.9	**3.3**	1.4
Solvency (current assets/current liabilities)	1.6	**1.5**	1.2
Shareholders equity / Total assets	46%	**38%**	44%
Growth			
Capital replacement (Capex/(depreciation and amortisation))	1.5	**1.2**	1.6
Revenue growth (current year revenue less prior year revenue including discontinued operations)	123%	**102%**	110%
EBITDA growth (current year EBITDA less prior year EBITDA)	116%	**63%**	86%
Non - Financial Performance Targets (Consolidated)			
Net promoter score (NPS) [b]	≥50	**52**	53
Total recordable injury frequency rate (TRIFR) [c]	<5	**3.99**	4.22
Staff engagement	≥82%	**77%**	83%
Diversity	Achieve GenderTick accreditation by 2025	**On track to achieve by 2025**	On track to achieve by 2025
NZ Digital Television Transmission (DTT) network availability (main metro sites measured annually) [d]	99.90%	**99.99%**	99.99%
Develop and grow Kordia Cyber Academy	≥10 Cyber trainees	**7 Cyber trainees**	8 Cyber trainees
Carbon emissions [e]	1,000t CO_2e	**658t CO_2e**	706t CO_2e

Notes

(a) EBITDAF is the earnings before interest, tax, depreciation, amortisation and fair value movements.

(b) Net Promoter Score (NPS), is a metric used globally to measure customer loyalty and advocacy levels. NPS establishes the likelihood of a customer to recommend a product or service to another person on a scale of 0-10. The overall NPS score is the percentage of customers who are detractors is subtracted from the percentage who are promoters, providing a score between -100 and 100.

(c) The Total Recordable Injury Frequency Rate (TRIFR) is an industry measure of the number of recordable injuries over a period of 12 months per million hours worked. A recordable injury is a work-related injury or illness resulting in an employee or contractor being unable to attend work for a full working day after the day of injury.

(d) The measure of the availability of the DTT network is a measure of the reliability of the DTT network and the performance against customer service level agreements.

(e) Carbon emissions are measured in t CO_2e which is the metric tonnes of carbon dioxide.

ADDITIONAL INFORMATION

PRINCIPAL ACTIVITIES

The Group's principal activity during the year was telecommunications services (transmission, linking of telecommunications and broadcasting signals as well as design, build, operations and maintenance of transmission networks), cyber security and cloud solutions and maritime safety services.

GENERAL DISCLOSURES

The following disclosure of interests were made to the Board.

DIRECTORS' DISCLOSURES

General disclosures of interest given by the Company pursuant to Section 211 of the Companies Act 1993 as at 30 June 2024 are as follows. Individual shareholdings that are not considered material, and are not relevant to the operations of the Group have not been included.

S HASLEM

CentrePort Limited	Deputy Chair
CentrePort Captive Insurance Limited	Director
CentrePort Properties Limited	Director
Livestock Improvement Corporation	Director
MyRepublic	Shareholder
nib NZ Limited	Director
nib NZ Insurance Limited	Director
Omphalos Limited	Director / Shareholder
Payments New Zealand Limited	Director
Rangatira Limited	Director

B P KEPES

Cactus Outdoor Limited (owner of Albion Clothing Limited)	Director/Shareholder
Corde Limited	Director
Diversity Limited	Director/Shareholder
Holocaust Centre of New Zealand	Director
Open Accounting Data Limited	Shareholder
Paenga Kupenga Limited	Director
Pegasus Health (Charitable) Limited	Director
Pegasus Health Apps Limited	Director
Ridges Irrigators Limited	Director/Shareholder
Ridges Water Limited	Director/Shareholder
Royal Forest & Bird Protection Society of New Zealand Incorporated	Board Member
Thirteen / Three Limited	Director
Umbrella Group Limited	Director/Shareholder
Union Medical Benefits Society Limited	Director

N E RIORDAN

Diabetes New Zealand	Trustee
Loan Market Group Australia	Director
NZ Financial Services Group	Director
Nua Limited	Shareholder
Realestate.co.nz	Director
REINZ	Independent Director

L M ROBERTSON

Aquaheat Facility Services Limited	Director
Aquaheat Fire New Zealand Limited	Director
Aquaheat New Zealand Limited	Director
Caldwell and Levesque Limited	Director
Central Lakes Direct Limited	Director
Central Lakes Trust	Chair
Coollogic Refrigeration Limited	Director
Crown Irrigation Investments Limited	Chair
Fraser Properties Limited	Director
Horizon Energy Distribution Limited	Director
Horizon Energy Group Limited	Director
Horizon Energy Limited	Director
Horizon Services Limited	Director
Invercargill City Holdings Limited	Director
New Zealand Local Government Funding Agency Limited	Director
Office of the Auditor General and Audit New Zealand	Member, Audit & Risk Committee
RML Consulting Limited	Director / Shareholder
The Treasury	Member, Capital Markets Advisory Committee
The Treasury	Member, Audit & Risk Committee
SBS Bank (Southland Building Society)	Director

K J POHIO

Fonterra Co-Operative Group Limited	National Operations Manager - Assets

M T H MATTHEWS

Auckland Council	Independent Member, Audit & Risk Committee
Experience Wellington	Trustee / Director, Chair, Finance, Audit, Risk and Revenue Committee
Greater Wellington Regional Council	Independent Chair, Finance Risk & Assurance Committee
Martin Matthews Consulting Limited	Director and Sole Shareholder
Meteorological Service of New Zealand Limited	Director, Chair, Audit and Risk Committee, Chair, Common Digital Platform Committee
Mongravia Enterprises Limited	Director and Shareholder
Ohmio Automation Limited	Adviser
Whaikaha, The Ministry of Disabled People	Member, Audit and Risk Committee

CONTINUED

ADDITIONAL INFORMATION

USE OF COMPANY INFORMATION

No notices have been given to the Board under Section 145 of the Companies Act 1993 with regard to the use of company information received by Directors in their capacity as a Director.

DIRECTORS' INDEMNITY INSURANCE

The Company has arranged directors' and officers' liability insurance cover with QBE Insurance (International) Limited for $25 million (2023: $40 million). The 2024 premium (net of GST) was $78,650 (2023: $71,500). This cover is effected for all directors and employees in the Group in respect of directors and officers liability and is in accordance with the Companies Act 1993 and the Company's constitution.

DIRECTORS' REMUNERATION AND BENEFITS

The following persons held the office of director of the Company during the year and received the total amount of remuneration and other benefits shown.

DIRECTOR		COMPANY $
S Haslem (Chair)		72,000
B P Kepes		45,000
N D Livingston	Resigned 1/04/2024	27,000
N Riordan		36,000
L Robertson		36,000
M Mathews		36,000
K Pohio		36,000
		288,000

EXECUTIVE REMUNERATION

Kordia's remuneration policy for the Executive Management Team (EMT) is founded on three guiding principles:

- remuneration is aligned to long-term sustainable shareholder value;
- remuneration for individuals will reflect the level of performance and delivery of successful outcomes; and
- simplicity over complexity will be reflected in the design.

Total remuneration of the Executive Team is made up of two components: fixed remuneration and short-term performance incentives. Short term performance incentives are deemed "at risk" because the outcome is determined by performance against a combination of predetermined financial and non-financial objectives, the outcome of which is unable to be determined until year end.

The Board reviews the annual performance appraisal outcomes for all members of the Executive Team. The review takes into account external benchmarking to ensure competitiveness with comparable market peers, along with consideration of an individual's performance, skills, expertise and experience.

Fixed remuneration consists of base salary and benefits such as superannuation. Kordia's policy is to pay fixed remuneration with reference to the fixed pay market median.

Short-Term Incentives (STI) are at risk payments designed to motivate and reward for performance typically in that financial year. The target value of a short term incentive is set annually, usually as a percentage of base salary. For FY24 the relevant target percentage for the executives other than the CEO is 20% to 40% (2023: 20% to 40%) of total fixed salary. The incentive is related to a set of Key Performance Indicators (KPI's) based on business priorities for the next 12 months, with the objective of aligning the Executive Team's focus with the Group's priorities. The Board retains discretion to ensure the final outcome of STI payments fairly reflects performance over the relevant financial year.

The CEO's remuneration consists of fixed remuneration and short term incentive (STI). The target percentage for the CEO's STI is 40% (2023:40%) of total fixed salary. The performance criteria are 50% is based on financial measures such as revenue and NPAT and 50% is based on individual performance measures. During the current year there was a change in CEO, the out going CEO was paid $985k (2023: $622k) consisting of fixed remuneration, superannuation and all amounts agreed on resignation. The current CEO who started on the 1st April was paid $153k fixed remuneration including superannuation and an accrual of $41k was made for STI.

EMPLOYEE REMUNERATION

Employee remuneration includes salary, bonuses, payments for projects, motor vehicles, employer's contributions to superannuation and health schemes, severance and other sundry benefits received in their capacity as employees during the year ended 30 June 2024. Employee remuneration in overseas operations has been converted to New Zealand dollars using the year end exchange rate.

Kordia Group Ltd employees who received total remuneration of greater than $100,000 were in the following bands:

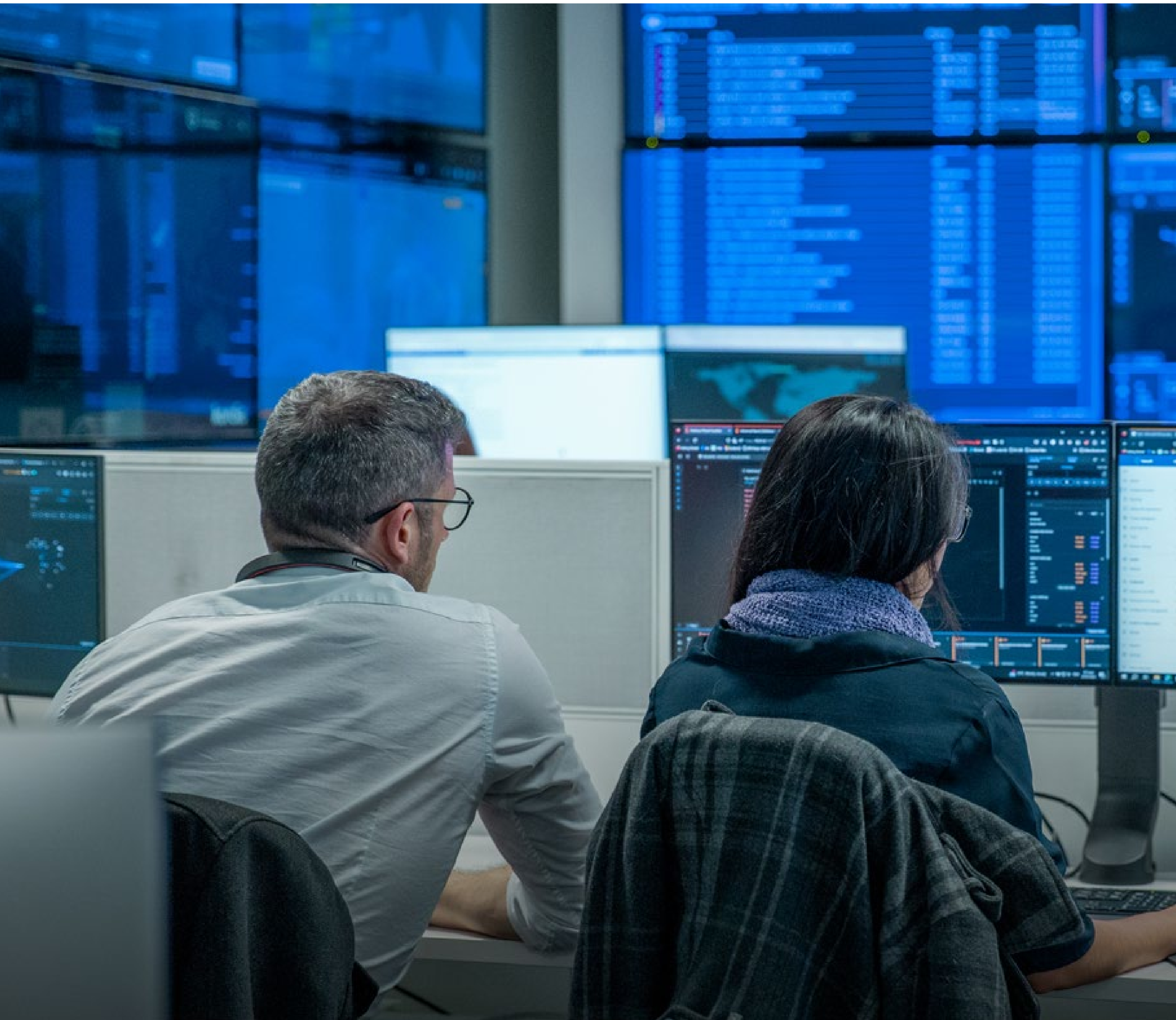
	CONSOLIDATED	
NZD	Current Employees	Former Employees
$100,000 to $110,000	33	2
$110,001 to $120,000	24	3
$120,001 to $130,000	36	1
$130,001 to $140,000	25	1
$140,001 to $150,000	28	-
$150,001 to $160,000	28	2
$160,001 to $170,000	21	1
$170,001 to $180,000	9	1
$180,001 to $190,000	9	1
$190,001 to $200,000	11	-
$200,001 to $210,000	3	-
$210,001 to $220,000	7	1
$220,001 to $230,000	3	-
$230,001 to $240,000	4	-
$240,001 to $250,000	3	-
$250,001 to $260,000	5	-
$260,001 to $270,000	1	-
$270,001 to $280,000	2	-
$280,001 to $290,000	2	1
$290,001 to $300,000	1	-
$300,001 to $310,000	1	-
$310,001 to $320,000	1	-
$320,001 to $330,000	2	-
$330,001 to $340,000	1	-
$340,001 to $350,000	-	1
$350,001 to $360,000	1	-
$370,001 to $380,000	1	-
$420,001 to $430,000	1	-
$460,001 to $470,000	1	-
$990,001 to $1,000,000	-	1
	264	16

DEFENCE IN DEPTH.

Kordia's Cyber Defence Operations (CDO) is a physically secure location for our team of cyber security analysts to work from. With multiple controls to defend against incoming threats, the CDO functions 24/7, 365 days a week - so we can focus on keeping our customers data and systems safe and secure around the clock.

- PHYSICAL ACCESS CONTROLS
- NETWORK ENVIRONMENT AIRGAPPED & RESILIENT
- BUSINESS CONTINUITY PLANS
- NETWORK CONTROLS
- ENCRYPTION
- REGULAR EMPLOYEE TRAINING
- ISO 27001:2022 CERTIFIED
- INCIDENT RESPONSE & DIGITAL FORENSIC PRACTICE
- VULNERABILITY MANAGEMENT


AUTHORISED PERSONNEL ONLY
CYBER DEFENCE OPERATIONS (CDO).

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