



Financial summary

For the quarter ended 30 September 2020

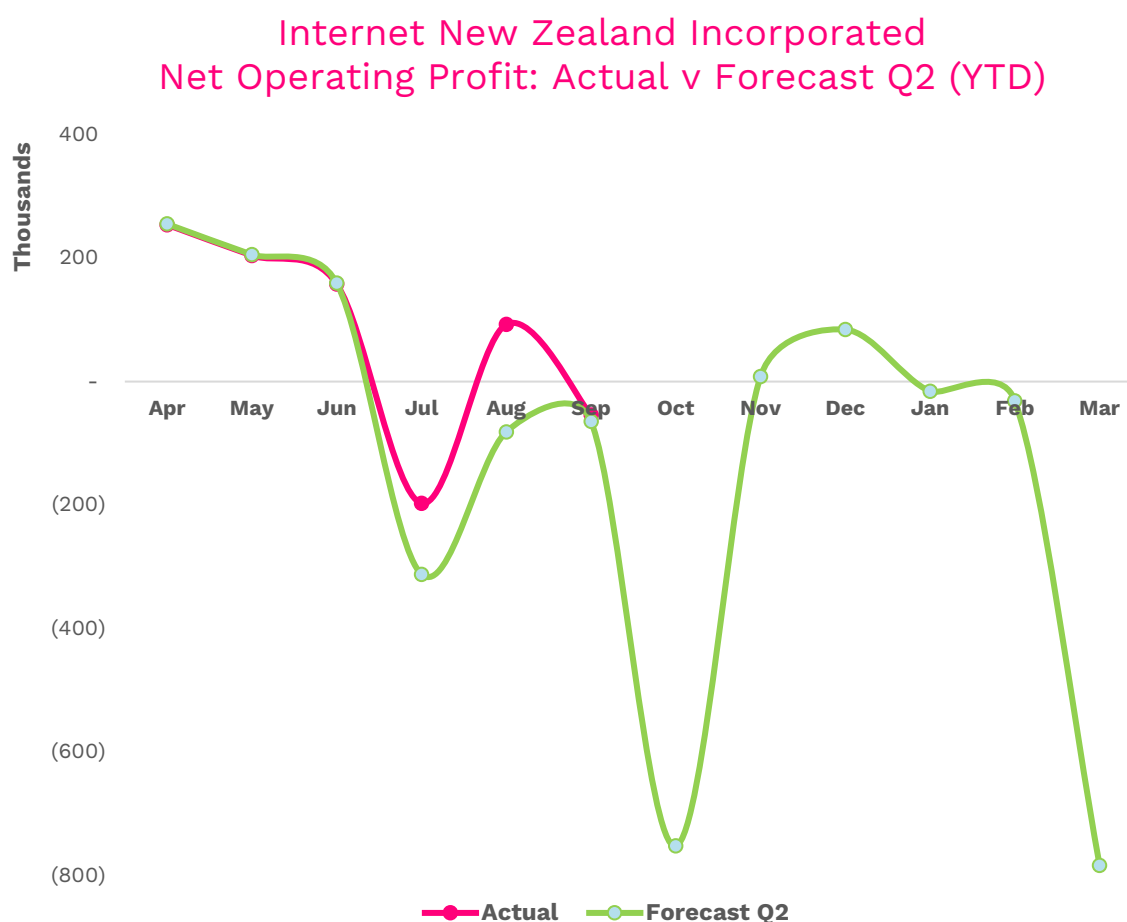
Table of Contents

Summary of Result for the Quarter Ending 30 September 2020	3
Revenue Analysis for Quarter 2	4
Expenditure Analysis for Quarter 2	4
Balance Sheet	6
Investments	6
Cash in Excess of Reserves	7

Summary of Results for the Quarter Ending 30 September 2020

This report has been prepared to provide an account of the second quarter of the 2020-21 financial reporting year for InternetNZ.

- **Quarter 2** reports a **deficit result of (\$158,739)** against a forecasted deficit of (\$458,192), a positive variance of \$299,453.
- The **Year to Date** result reports a **surplus of \$457,451** against a forecasted surplus of \$162,092, a positive variance of \$295,359.



N.B.: The large deficits budgeted for during October 2020 and March 2020 anticipate the timing of the two rounds of funding typically carried out over the course of the financial year.

Revenue Analysis for Quarter 2

Revenue	Actual	Forecast Q2	Variance	%Total Sales
Registry Fees	2,719,359	2,695,438	23,921	89.3%
BBMap	14,950	14,796	154	0.5%
DEFENZ	30	30	-	0.0%
Events	12,169	20,000	(7,831)	0.4%
Membership	612	510	102	0.0%
Recharge & Misc.	60,488	60,438	50	2.0%
Investment	238,937	108,286	130,651	7.8%
Total Revenue	\$3,046,545	\$2,899,498	\$147,047	100.0%

- **Registry Fees** earned during the quarter was **\$2.7M**, up \$24K against expectation.
- The accounts report **Total Operating Revenue** of **\$2.8M** for the quarter.
- **Investments in Managed Funds** continued to perform exceptional well into this quarter, with income reported for this quarter at **\$145,838**.

Expenditure Analysis for Quarter 2

- **Direct costs** of operating the **.nz Registry** reports **\$525,447** for this quarter, of which **\$362,425** made up fees paid to the **Domain Name Commission**.
- **Employment costs** totalled **\$1.53M for the quarter**; year to date the accounts report total employment costs of \$2.92M.
- **Operating costs for the quarter** are **\$344,461**.
- The accounts report **Amortisation and Depreciation** costs for the quarter at **\$55,078**.

Expenditure by Function

Area	Actual	Forecast Q2	Variance	%Expenditure
Commercial	421,093	407,507	13,586	13.1%
Communications	180,913	194,385	(13,472)	5.6%
Engagement	107,027	99,121	7,906	3.3%
Funding	507,250	529,042	(21,792)	15.8%
International	62,740	74,121	(11,381)	2.0%
IT Operations (incl. DNCL fee)	911,821	944,734	(32,913)	28.5%
Org. Services (incl. Gov.& Security)	517,403	527,004	(9,601)	16.2%
Policy	302,993	322,024	(19,031)	9.5%
Technical Research	118,104	152,780	(34,676)	3.7%
Technology Strategy	74,000	91,224	(17,224)	2.3%
Total Expenditure	\$3,203,344	\$3,341,942	(\$138,598)	100.0%

Expenditure by Strategic Goals

This table draws from the Profit and Loss statement for the quarter to provide a high level summary of the spend that has occurred towards achieving our Strategic Goals: excluded are internal staff and infrastructure costs, as well as progressive capital expenditure for Q2.

Goal	Actual	Forecast Q2	Variance	%Expenditure
SG1: Develop an Internet for Good	456,438	465,996	(9,558)	75.7%
SG2: Improved Digital Inclusion	31,318	39,317	(7,999)	5.2%
SG3: Grow .nz	49,097	48,597	500	8.1%
SG4: Sell New Products	20,000	20,000	-	3.3%
SG5: Improving InternetNZ's Performance	46,435	61,563	(15,128)	7.7%
Total Expenditure	\$603,288	\$635,473	(\$32,185)	100.0%

For more detail on what we have been working on please click on the link below to access the Q2 Activity report.

<https://internetnz.nz/assets/Archives/Activity-Report-Q2-2020.pdf>

Balance Sheet

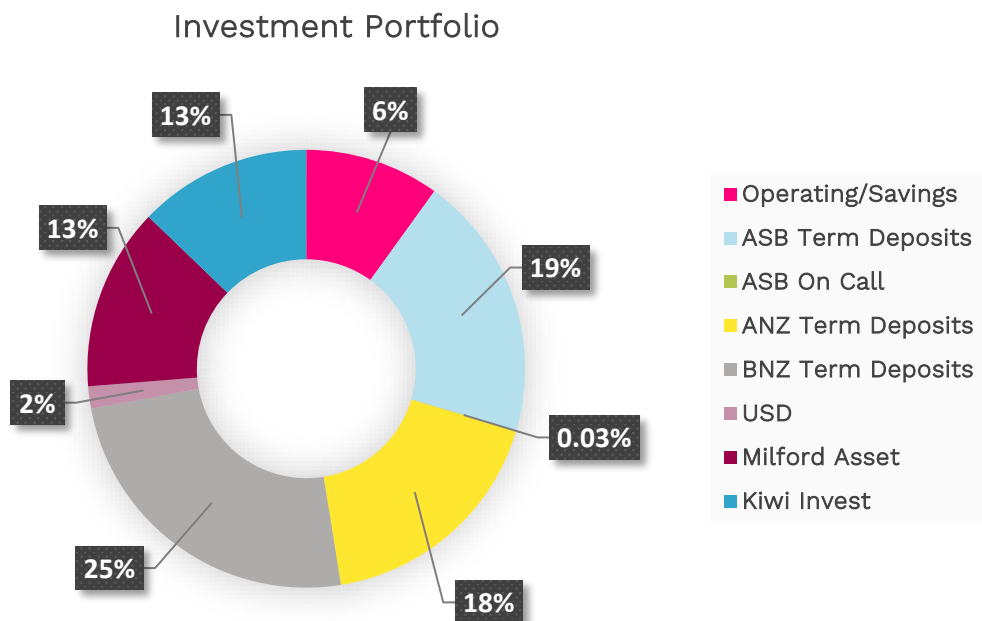
A detailed Balance sheet report for the InternetNZ Group is available for review at the link below. We focus our attention on two specific areas of note in this report:

1. The current Investment Portfolio.
2. An update on Cash in Excess of Reserves.

<https://internetnz.nz/assets/Archives/INZ-Group-Consolidated-Reporting-Q2-2020-21.pdf>

Investments

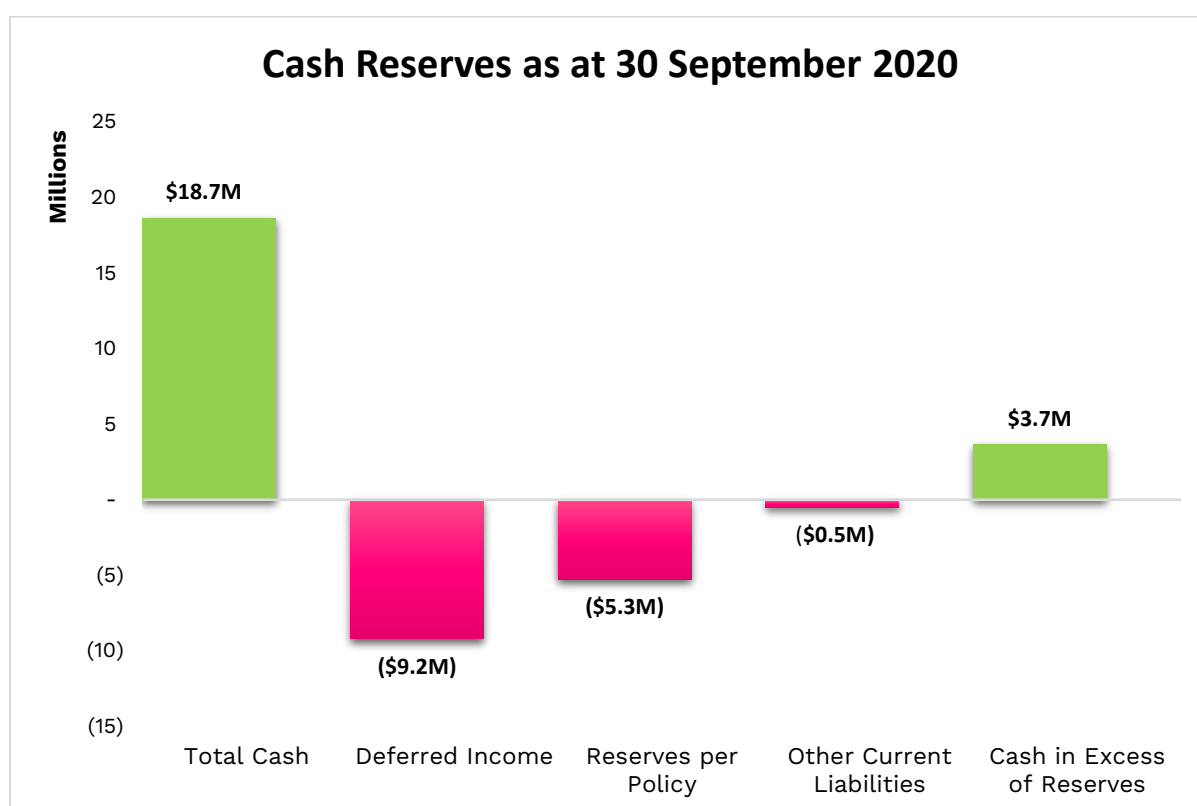
The chart below provides a visual on the percentage spread of funds invested (\$17,118,139) across all institutions, as at 30 September 2020.



Cash in Excess of Reserves

We report the Cash in Excess of Reserves position as at 30 September 2020 at **\$3.66M** as provided below:

Total Cash & Current Assets	\$18,665,022
less: Deferred Income	(\$9,203,413)
less: Reserves as per the policy	(\$5,286,535)
less: other Current Liabilities	(\$512,237)
Cash in Excess of Reserves	\$3,662,837



The close of the second quarter of the 2020-21 financial year sees **Net Equity at \$10.6M** (reported as \$10.8M in the previous quarter), and the **Net Equity minus Reserves** position at **\$6.9M** (\$7.1M in the previous quarter).

This exceeds the measure currently required by the *Financial and Investment Strategy Policy*, which sets the target for Net Equity minus Reserves at \$5.5M.