



Financial summary

For the quarter ended 31 March 2021

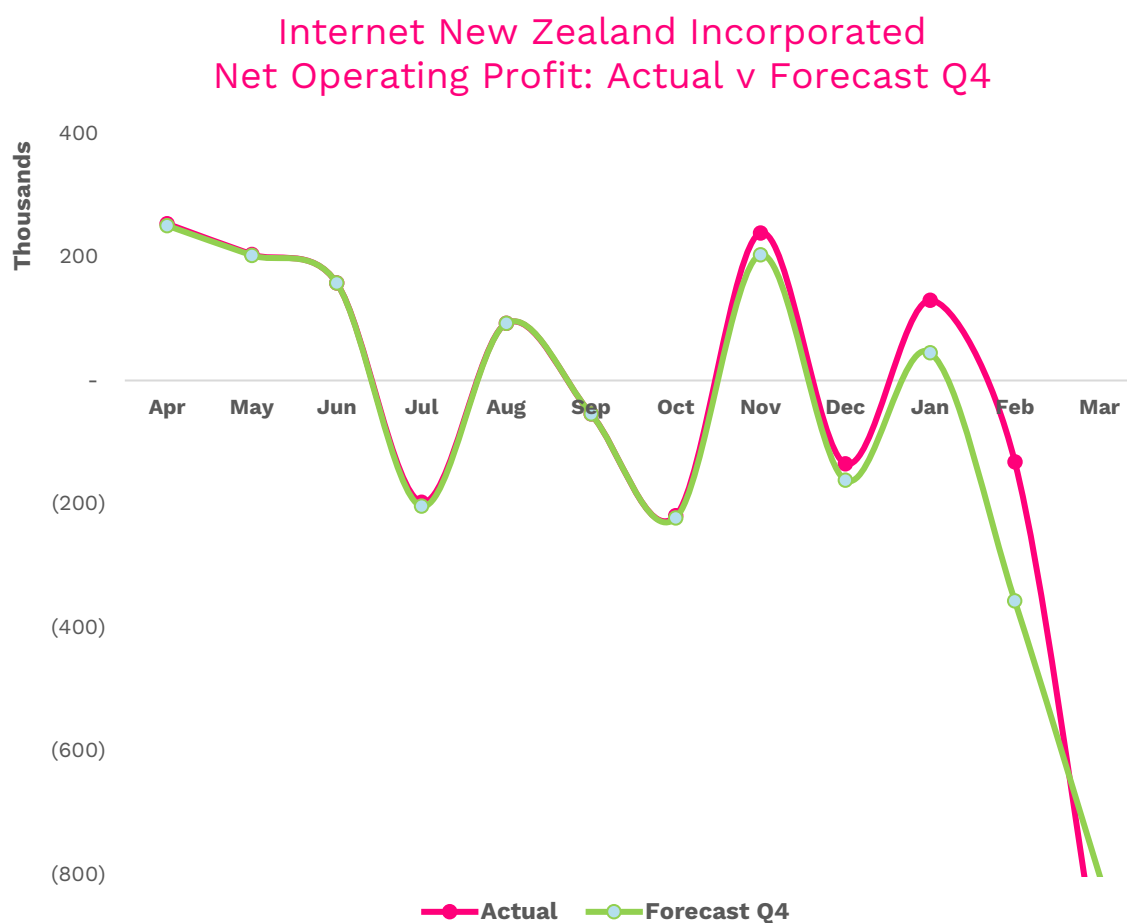
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Summary of Interim Results for Quarter Ending 31 March 2021

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

- **Quarter 4** reports a **deficit result of (\$962,387)** against a forecasted deficit of (\$1,114,285), a positive variance of \$151,898.
- The **Year-to-Date** result reports a **deficit of (\$619,643)** against a **forecasted deficit of (\$848,546)** a positive variance of \$228,903.
- Against the recut budget of a **deficit of (\$1,329,473)** presented to Council in 14 August 2020 paper – *3.2-Budget-2020-2021-Recut-following-COVID19*, the year-to-date result is a **positive variance of \$709,830**.



N.B.: The large deficits budgeted, and actuals during October 2020 and March 2021 anticipate the timing of the two rounds of funding typically carried out over the course of the financial year – but which have been phased differently this year.

Revenue Analysis for Quarter 4

Revenue	Actual	Forecast Q4	Variance	%Total Sales
Registry Fees	2,853,004	3,052,130	(199,126)	93.0%
BBMap	14,152	10,544	3,608	0.5%
DEFENZ	3,803	4,410	(607)	0.1%
Registry Lock	-	-	-	0%
Events	-	2,000	(2,000)	0%
Membership	4,983	20,169	(15,186)	0.2%
Recharge & Misc.	60,488	60,438	50	2.0%
Investment	131,121	84,236	46,885	4.3%
Total Revenue	\$3,067,550	\$3,221,575	(\$166,376)	100.0%

- **Registry fees** earned during the quarter was **\$2.9M** and is down \$199K against forecast caused by a flattening of growth against forecast predictions.
- A less than forecasted result was the outcome for revenue raised through **Membership**, falling \$15.2K short despite our commitment to ramp membership numbers up.
- **Investments in Managed Funds** continued to perform well into this quarter, with income reported for the quarter totalling **\$131,121**.
- The accounts report **Total Operating revenue** of **\$2.9M** for the quarter.

Expenditure Analysis for Quarter 4

- **Direct costs** of operating the **.nz Registry** reports **\$499,033** for this quarter, of which **\$362,425** made up fees paid to the **Domain Name Commission**. This result came in at \$2.6K under forecast.
- **Employment costs** totalled **\$1.7M for the quarter**; year to date the accounts report total employment costs of \$6.2M. Overall, there was an **underspend of \$221K** in employment costs that was brought about by delays in recruitment during the year.
- **Operating costs for the quarter** was **\$501,084**, with **savings** reported at **\$77,154** against the quarterly forecast.
- The accounts report total **Amortisation and Depreciation** costs for the quarter at **\$30,697**.

Expenditure by Function

Area	Actual	Forecast Q4	Variance	%Expenditure
Commercial	449,542	511,538	(61,996)	11.2%
Communications	189,631	234,829	(45,198)	4.7%
Engagement	185,996	166,369	19,627	4.6%
Funding	836,882	811,176	25,706	20.8%
International	83,402	78,612	4,790	2.1%
IT Operations (incl. DNCL fee)	927,537	1,025,680	(98,143)	23.0%
Org. Services (incl. Gov. & Security)	591,032	691,514	(100,482)	14.7%
Policy	450,884	492,465	(41,581)	11.2%
Technical Research	160,297	198,674	(38,377)	4.0%
Technology Strategy	150,909	133,695	17,214	3.7%
Total Expenditure	\$4,026,112	\$4,344,552	(\$318,440)	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 Q4.

Goal	Actual	Forecast Q4	Variance	%Expenditure
SG1: Develop an Internet for Good	296,674	310,429	(13,755)	54.9%
SG2: Improved Digital Inclusion	142,166	167,422	(25,256)	26.3%
SG3: Grow .nz	35,448	37,602	(2,154)	6.6%
SG4: Sell New Products	-	-	-	0%
SG5: Improving InternetNZ's Performance	65,784	63,242	2,542	12.2%
Total Expenditure	\$540,072	\$578,695	(\$38,623)	100.0%

For more detail on what we have been working on please click on the link below to access the Q4 Activity report.

<https://internetnz.nz/assets/Archives/2020-2021-Q4-Quarterly-Report.pdf>

Balance Sheet

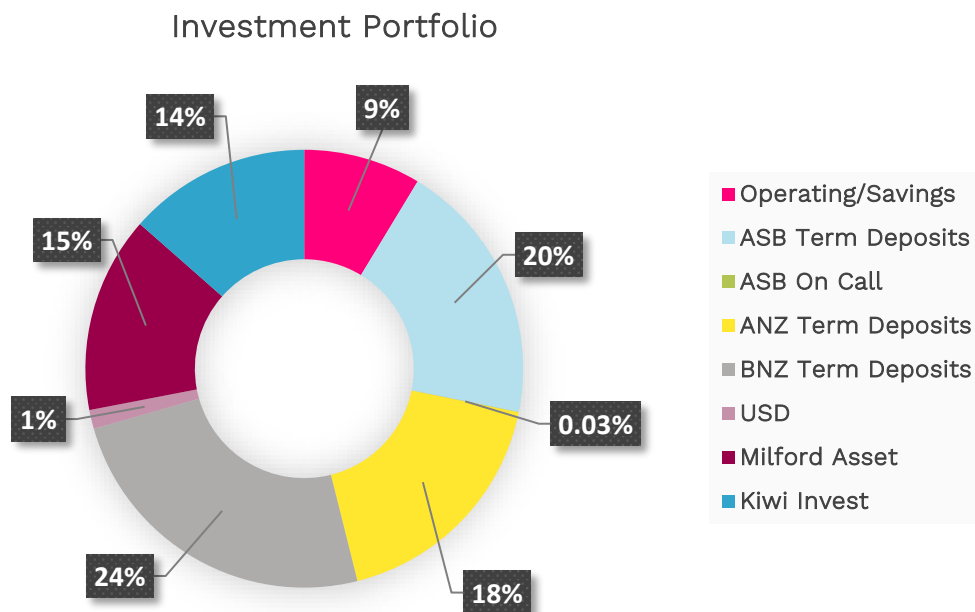
A detailed Balance sheet report for the InternetNZ Group is available for review at the link below. We focus our attention on two specific areas of note in this report:

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

<https://internetnz.nz/assets/Archives/INZ-Group-Consolidated-Reporting-Q4-2020-21.pdf>

Investments

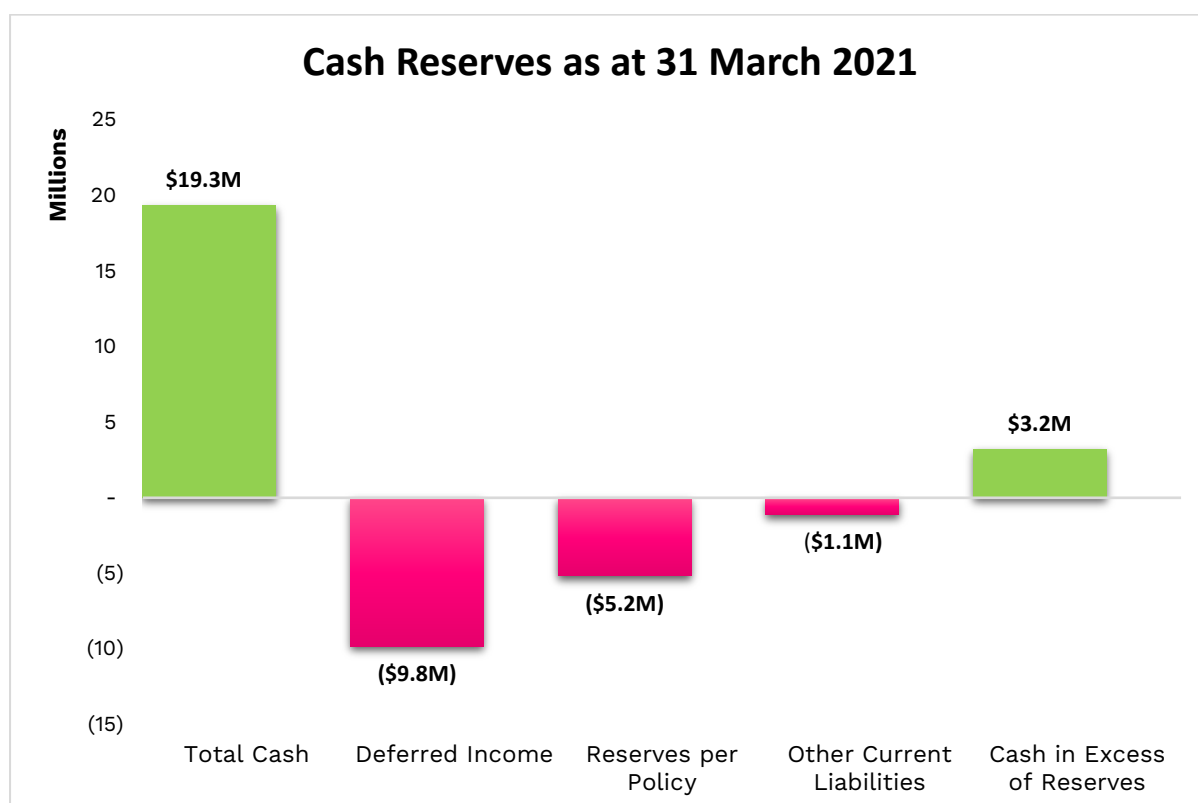
The chart below provides a visual on the percentage spread of funds invested (\$17,274,589) across all institutions, as at 31 March 2021.



Cash in Excess of Reserves

We report the Cash in Excess of Reserves position as of 31 March 2021 at **\$3.22M** as provided below:

Total Cash & Current Assets	\$19,335,005
less: Deferred Income	(\$9,836,492)
less: Reserves as per the policy	(\$5,174,036)
less: other Current Liabilities	(\$1,103,256)
Cash in Excess of Reserves	\$3,221,221



The close of the final quarter for the 2020-21 financial year sees **Net Equity at \$9.6M** (reported as \$10.5M in the previous quarter), and the **Net Equity minus Reserves** position at **\$6.4M** (\$7.0M 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.