



# Financial summary

For the quarter ended 31 December 2020

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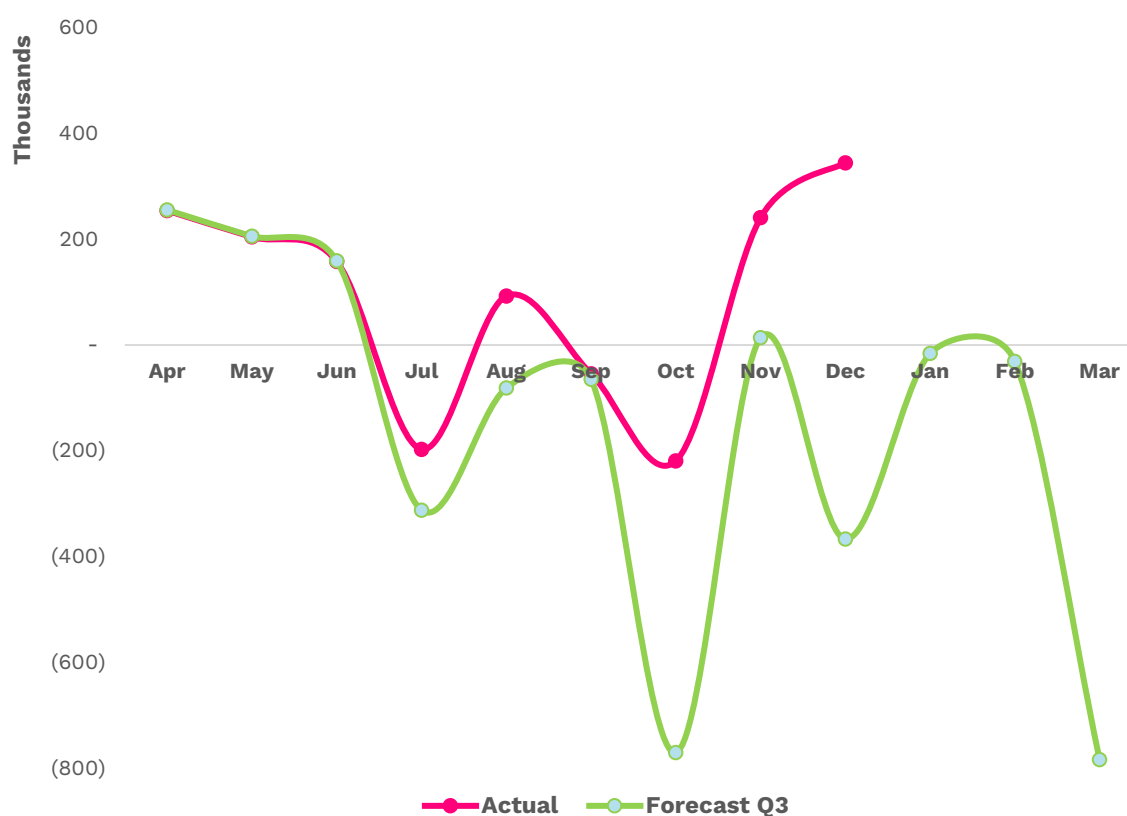
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## Summary of Results for the Quarter Ending 31 December 2020

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

- **Quarter 3** reports a **deficit result of (\$113,203)** against a forecasted deficit of (\$699,939), a positive variance of \$586,736.
- The **Year to Date** result reports a **surplus of \$344,248** against a forecasted deficit of (\$366,436) a positive variance of \$710,684.

### Internet New Zealand Incorporated Net Operating Profit: Actual v Forecast Q3 (YTD)



**N.B.:** The large deficits budgeted for 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 3

Revenue	Actual	Forecast Q3	Variance	%Total Sales
Registry Fees	2,803,006	2,870,148	(67,142)	90%
BBMap	12,445	14,385	(1,940)	0%
DEFENZ	30	-	30	0%
Registry Lock	-	11,250	(11,250)	0%
Events	11,738	20,000	(8,262)	0%
Membership	758	9,628	(8,870)	0%
Recharge & Misc.	60,488	61,089	(601)	2%
Investment	265,908	75,270	190,637	8%
<b>Total Revenue</b>	<b>\$3,154,373</b>	<b>\$3,061,770</b>	<b>\$92,603</b>	<b>100.0%</b>

- **Registry Fees** earned during the quarter was **\$2.8M** and is down \$67K against forecast as a result of differences in the phasing of renewals.
- The accounts report **Total Operating Revenue** of **\$3.1M** for the quarter.
- **Investments in Managed Funds** continued to perform exceptionally well into this quarter, with income reported for the quarter totalling **\$265,908**.
- Event revenue was down, as NetHui went online due to COVID; this was offset by a reduction in costs.

## Expenditure Analysis for Quarter 3

- **Direct costs** of operating the **.nz Registry** reports **\$516,153** for this quarter, of which **\$362,425** made up fees paid to the **Domain Name Commission**.
- **Employment costs** totalled **\$1.54M for the quarter**; year to date the accounts report total employment costs of \$4.45M.
- **Operating costs for the quarter** are **\$494,486**.
- The accounts report total **Amortisation and Depreciation** costs for the quarter at **\$53,977**.

## Expenditure by Function

Area	Actual	Forecast Q3	Variance	%Expenditure
Commercial	432,855	385,261	47,594	13.0%
Communications	180,471	211,952	(31,481)	6.0%
Engagement	176,539	230,482	(53,943)	5.0%
Funding	469,631	675,296	(205,665)	14.0%
International	86,523	78,204	8,319	3.0%
IT Operations (incl. DNCL fee)	866,833	918,451	(51,618)	26.0%
Org. Services (incl. Gov. & Security)	522,740	572,979	(50,239)	16.0%
Policy	290,663	350,659	(59,996)	9.0%
Technical Research	135,984	230,401	(82,770)	5.0%
Technology Strategy	105,334	108,024	(2,690)	3.0%
<b>Total Expenditure</b>	<b>\$3,267,573</b>	<b>\$3,761,709</b>	<b>(\$482,489)</b>	<b>100.0%</b>

## 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 Q3.

Goal	Actual	Forecast Q3	Variance	%Expenditure
SG1: Develop an Internet for Good	112,950	78,920	34,030	40%
SG2: Improved Digital Inclusion	67,567	157,720	(90,153)	24%
SG3: Grow .nz	36,588	45,347	8,759	13%
SG4: Sell New Products	-	10,000	(10,000)	0%
SG5: Improving InternetNZ's Performance	65,741	85,720	19,979	23%
<b>Total Expenditure</b>	<b>\$282,846</b>	<b>\$377,707</b>	<b>\$94,861</b>	<b>100.0%</b>

For more detail on what we have been working on please click on the link below to access the Q3 Activity report.

<https://internetnz.nz/assets/Archives/InternetNZ-Activity-Report-Q3-2020-21.pdf>

## Balance Sheet

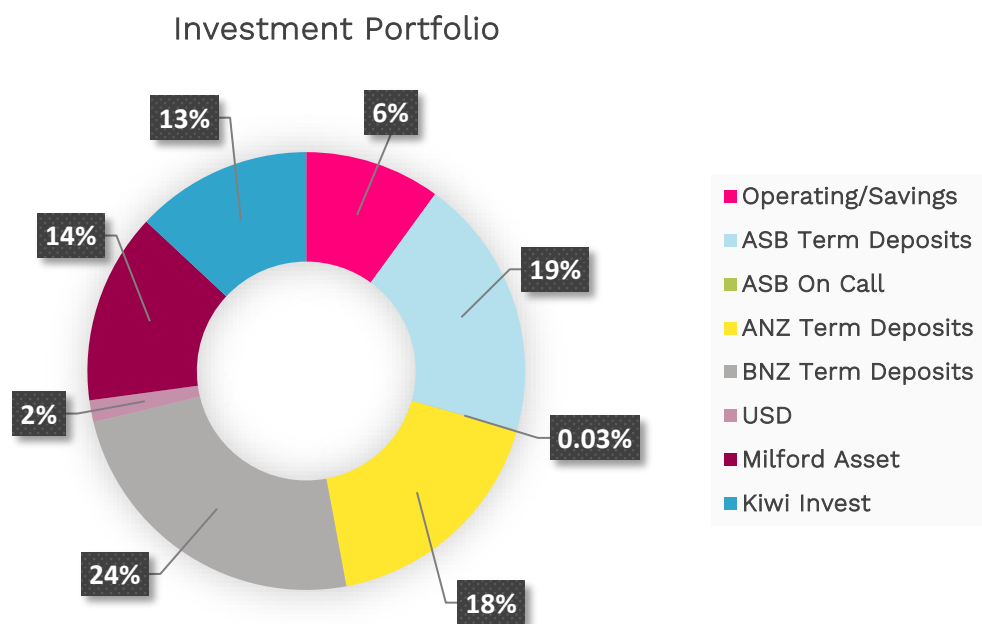
A detailed Balance sheet report for the InternetNZ Group is available for review at the link below. We focus our attention on two specific areas of note in this report:

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

<https://internetnz.nz/assets/Archives/INZ-Group-Consolidated-Reporting-Q3-2020-21.pdf>

## Investments

The chart below provides a visual on the percentage spread of funds invested (\$17,426,616) across all institutions, as at 31 December 2020.



## Cash in Excess of Reserves

We report the Cash in Excess of Reserves position as of 31 December 2020 at **\$3.48M** as provided below:

<b>Total Cash &amp; Current Assets</b>	<b>\$18,862,810</b>
less: Deferred Income	(\$9,261,462)
less: Reserves as per the policy	(\$5,286,535)
less: other Current Liabilities	(\$830,477)
<b>Cash in Excess of Reserves</b>	<b>\$3,484,336</b>



The close of the third quarter of the 2020-21 financial year sees **Net Equity at \$10.5M** (reported as \$10.6M in the previous quarter), and the **Net Equity minus Reserves** position at **\$7.0M** (\$6.9M 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.