

internetnz



domain name
commissionnz



Group financial statements

For the quarter ended 30 June 2022

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Consolidated Income Statement

Internet New Zealand Group Consolidated Income Statement For the quarter ended 30 June 2022

Notes	Group	Group	+/-	+/-	Parent	Parent	+/-	+/-
	YTD	Budget	\$	%	YTD	Budget	\$	%
Income								
Registry Fees	3,294,058	3,286,018	8,040	0%	3,294,058	3,286,018	8,040	0%
Broadband Map	14,100	12,600	1,500	12%	14,100	12,600	1,500	12%
DNS Firewall	4,052	4,200	(149)	-4%	4,052	4,200	(149)	-4%
Interest Received	15,839	6,500	9,339	144%	15,863	6,000	9,863	164%
Fair Value Gains/(Losses) on Managed Funds	(336,780)	0	(336,780)	0%	(336,780)	0	(336,780)	0%
Sundry Income	13,294	14,783	(1,489)	-10%	71,459	70,947	512	1%
Total Income	3,004,561	3,324,101	(319,540)	-10%	3,062,750	3,379,765	(317,015)	-9%
Less Direct Expenses								
Domain Name Commission Fee	-	-	-	-	412,500	412,500	0	0%
.nz Costs	218,892	214,769	(4,123)	-2%	218,892	214,769	(4,123)	-2%
Other IT	55,934	57,426	1,492	3%	55,934	57,426	1,492	3%
Total Direct Expenses	274,826	272,195	(2,631)	-1%	687,326	684,695	(2,631)	0%
Less Other Expenses								
Audit	3,025	3,050	25	1%	3,025	3,050	25	1%
Amortisation & Depreciation	82,429	87,858	5,429	6%	68,175	71,358	3,183	4%
Registrar Engagement	6,648	6,800	152	2%	6,648	6,800	152	2%
Communications	25,904	21,453	(4,451)	-21%	-	-	-	-
Community Investment	152,435	154,920	2,485	2%	152,435	154,920	2,485	2%
Domain Name Commission	18,109	23,915	5,806	24%	-	-	-	-
Employment	1,625,142	1,644,829	19,687	1%	1,382,566	1,401,401	18,835	1%
Governance	54,818	58,524	3,706	6%	44,591	46,035	1,444	3%
Legal	14,374	21,483	7,109	33%	6,455	13,483	7,028	52%
Operational	344,004	372,829	28,825	8%	308,427	337,787	29,360	9%
Projects	4,050	4,333	283	7%	4,050	4,333	283	7%
Security	29,374	29,449	75	0%	29,374	29,449	75	0%
Total Expenses	2,360,312	2,429,443	69,131	3%	2,005,747	2,068,616	62,869	3%
Net Profit (Loss) Before Tax	369,423	622,463	(253,040)	-41%	369,677	626,454	(256,777)	-41%
Net Profit (Loss) After Tax	\$369,423	\$622,463	(\$253,040)	-41%	\$369,677	\$626,454	(\$256,777)	-41%

Notes:

The income and expenditure lines for the individual entities

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

1 (a) The DNCL fee paid by INZ (\$412,000) to DNCL.

2 (a) GSE paid by DNCL (\$62,165) to INZ

Reference:

DNCL detail available in the Quarterly DNCL report to Council dated 12 August 2022

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

Consolidated Income Statement – By Function

Internet New Zealand Group Consolidated Income - Function Based For the quarter ended 30 June 2022

Notes	Group	Group	+/-	+/-	Parent	Parent	+/-	+/-
	YTD	Budget	\$	%	YTD	Budget	\$	%
Income								
DNCL Sundry	4,000	6,000	(2,000)	-33%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product)	3,312,209	3,302,818	9,391	0%	3,312,209	3,302,818	9,391	0%
Te Puni Herenga Waka (Public Impact)	9,294	8,783	511	6%	19,928	19,416	512	3%
Te Puni Raua (Organisational Performance)	0	0	(0)	0%	51,531	51,531	(0)	0%
Investments	(320,942)	6,500	(327,442)	-5038%	(320,918)	6,000	(326,918)	-5449%
Total Income	3,004,561	3,324,101	(319,540)	-10%	3,062,750	3,379,765	(317,015)	-9%
Less Activity Expenditure								
.nz Operations (DNCL)	416,730	422,991	6,261	1%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product) 1 (a)	718,218	735,755	17,537	2%	1,130,718	1,148,255	17,537	2%
Te Puni Herenga Waka (Public Impact)	491,065	505,764	14,699	3%	491,065	505,764	14,699	3%
Te Puni Māori	149,823	147,708	(2,115)	-1%	149,823	147,708	(2,115)	-1%
Te Puni Raua (Organisational Performance) 2 (a)	859,302	889,420	30,118	3%	921,467	951,584	30,117	3%
Total Expenses	2,635,138	2,701,638	66,500	2%	2,693,073	2,753,311	60,238	2%
Net Profit (Loss) Before Tax	369,423	622,463	(253,040)	-41%	369,677	626,454	(256,777)	-41%
Net Profit (Loss) After Tax	\$369,423	\$622,463	(\$253,040)	-41%	\$369,677	\$626,454	(\$256,777)	-41%

Notes:

The income and expenditure lines for the individual entities

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

1 (a) The DNCL fee paid by INZ (\$412,000) to DNCL.

2 (a) GSE paid by DNCL (\$62,165) to INZ

Consolidated Movements in Equity

Internet New Zealand Group Statement of Movements in Equity For the quarter ended 30 June 2022

	GROUP	INZ	DNCL
Equity at start of period			
Opening Retained Earnings	10,020,603	9,673,998	346,605
Shares Subscribed	-	-	580,000
	10,020,603	9,673,998	926,605
Net Profit (Loss) After Tax	369,423	369,677	(254)
Equity at end of period	\$10,390,027	\$10,043,675	\$926,350

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Consolidated Balance Sheet

Internet New Zealand Group Balance Sheet As at 30 June 2022

	GROUP	INZ	DNCL
Current Assets			
Cash and Cash Equivalents	11,457,980	10,652,210	805,770
Managed Funds	4,703,113	4,703,113	-
Other Current Assets	1,827,212	1,743,176	84,037
Total Current Assets	17,988,306	17,098,498	889,807
Non-current Assets			
Property, Equipment & Software	3,674,572	3,334,970	339,602
less: Accumulated Depreciation	(2,326,903)	(2,169,193)	(157,710)
Intangible Assets	4,033,797	4,033,797	-
less: Amortisation	(609,145)	(609,145)	-
Investments	-	-	-
Shares and Loans	-	580,000	-
Total Assets	22,760,627	22,268,927	1,071,699
Less Liabilities:			
Deferred Income	11,171,420	11,171,420	-
Trade and Other Payables	1,199,179	1,053,830	145,349
Total Liabilities	12,370,600	12,225,250	145,349
Net Assets	\$10,390,027	\$10,043,677	\$926,350

Represented By:

Total Equity	\$10,390,027	\$10,043,675	\$926,350
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Notes:

The following items have been removed upon consolidation.

- 1 Share in DNCL wholly owned by InternetNZ
- 2 Share subscription with respect to shares issued to InternetNZ by DNCL

Group Revenue Analysis for Quarter ending 30 June 2022

Consolidated Revenue	Actual	Budget	Variance	% of Total Sales
Registry Fees	3,294,058	3,286,018	8,040	109.6%
BBM	14,100	12,600	1,500	0.5%
DEFENZ	4,052	4,200	(149)	0.1%
Sundry - Membership	1,979	2,400	(421)	0.1%
Sundry - Recharge & Misc	11,315	12,383	(1,068)	0.4%
Investment at Fair Value Gains/(Losses) on Managed Funds	(320,942)	6,500	(327,442)	-10.7%
Total Revenue	3,004,561	3,324,101	(319,540)	100%

- The fair value losses (**\$337k**) on managed funds are attributable to market volatility over the quarter. Investments for the quarter, when offset against term deposit returns of \$16k, produced a negative return of (**\$327k**); recognition of the fair value losses on managed funds are covered in depth under the investment analysis section
- The accounts report Total Operating revenue of \$3.3M this is up by **\$0.2M** compared to the same period last year.

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Group Expenditure Analysis by Function for Quarter ending 30 June 2022

Consolidated Expenditure by Function	Actual	Budget	Variance	% of Total Expenditure
Domain Name Commission	416,730	422,991	6,261	15.8%
Te Puni Whakawhanake Rawa/Cust & Prod	718,218	735,755	17,537	27.3%
Te Puni Herenga Waka/Public Impact	491,065	505,764	14,699	18.6%
Te Puni Maori	149,823	147,708	(\$2,115)	5.7%
Te Puni Rauapa/Organisational Performance	859,302	889,420	30,118	32.6%
Expenditure	2,635,138	2,701,638	66,500	100.0%

Notes:

DNCL expenditure excludes

2 (a) GSE paid by DNCL (\$62,165) to INZ

Most Variances for the quarter are attributable to budget phasing.

The new reporting functions comprise the following areas of expenditure: -

Te Puni Whakawhanake Rawa/ Customer and Product

- Running of the .nz registry, Broadband Map and DEFENZ services.
- Customer relationship management
- Data insights and analytics
- IT infrastructure and product technology
- Associated employment and operational costs to manage the preceding work

Te Puni Herenga Waka/Public Impact

- Public policy and internet governance, including international
- Funding
- Community Engagement, including membership
- Communications – External and brand
- Events Management
- Associated employment and operational costs to manage the preceding work

Te Puni Māori

- Māori sector partnership and relationships – Māori Design Group
- Rautaki Māori
- Māori cultural intelligence and cultural capability
- Associated employment and operational costs to manage the preceding work

Te Puni Rauapa/Organisation Performance

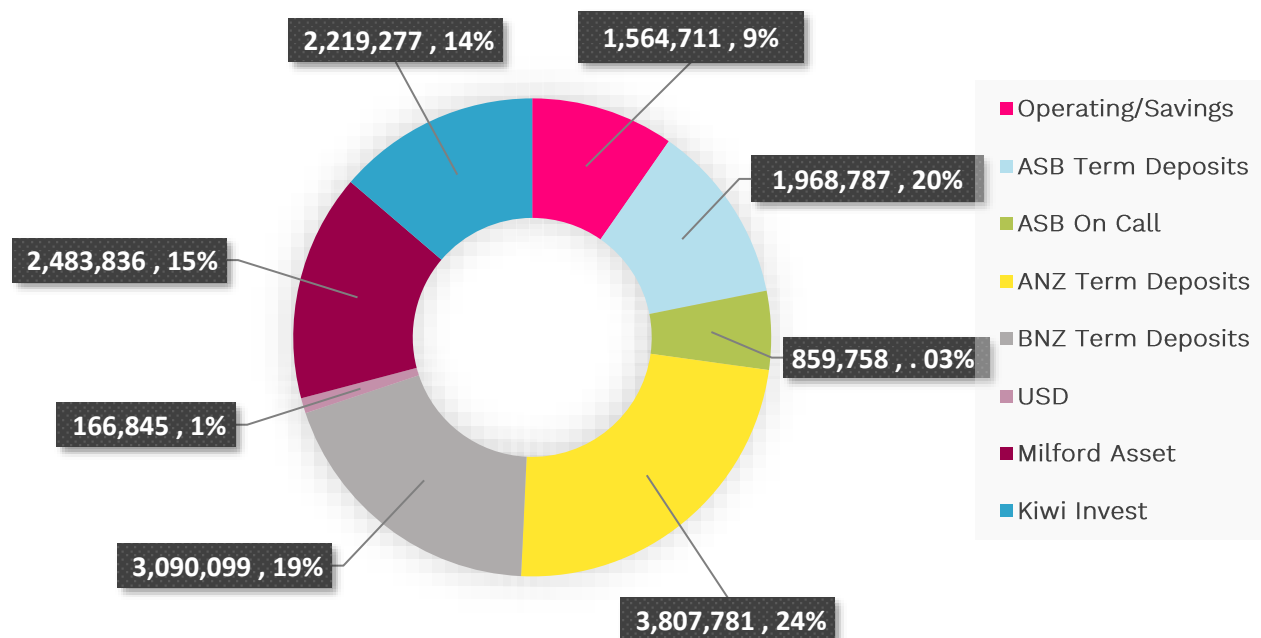
- Governance, risk and assurance
- Strategy, planning and performance
- Security, compliance (including legal) and Privacy
- HR and Finance, Technology Strategy, Internal IT and Internal Comms
- Business support, Shares services provision, Procurement.
- Overhead costs, rent, power, insurance etc
- Associated employment and operational costs to manage the preceding work

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Group Investments as of 30 June 2022

The chart below shows the percentage spread of funds invested (\$16,161,093) across all institutions as of 30 June 2022.

Group Investment Portfolio



Measurement and Recognition of Managed Funds

Under international financial reporting standards (IFRS), Financial instruments are measured and recognised under specific accounting standards.

Financial instruments comprise trade debtors and other receivables, cash and cash equivalents, **investments** and trade creditors and other payables.

Managed Funds are classified under the following category

“Financial assets at fair value through surplus or deficit”

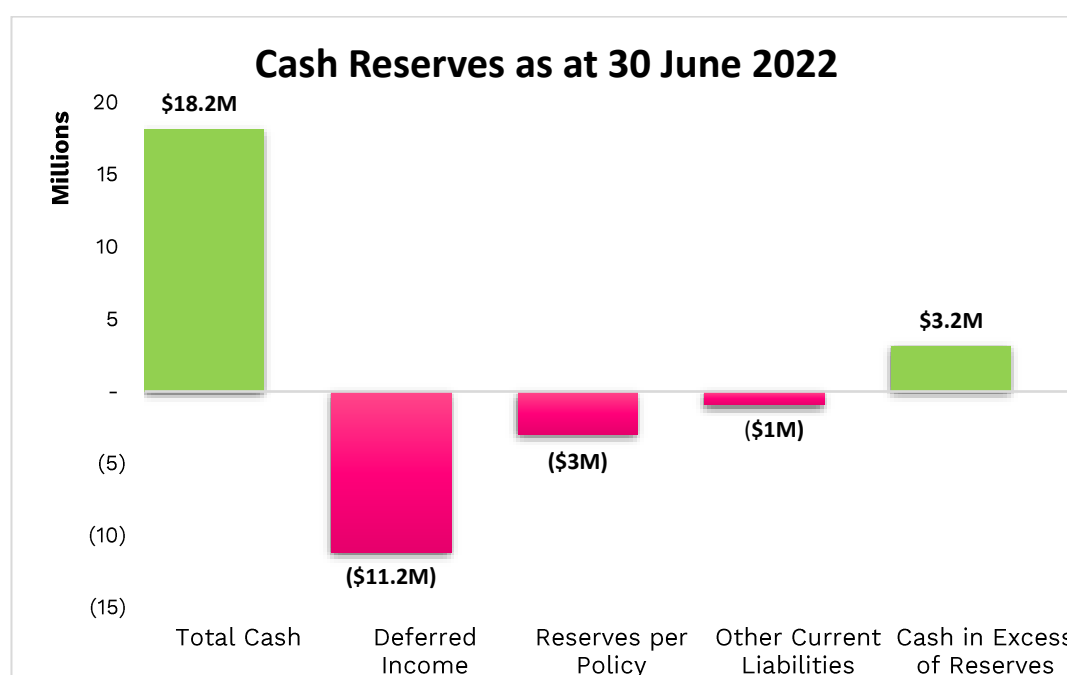
At each reporting date (monthly), the market value of the managed funds as reported by the fund managers provides the fair value of the funds; an adjustment is then taken up to reflect the fair value through surplus or deficit to the profit and loss for the reporting period.

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Group Cash in Excess of Reserves as of 30 June 2022

We report the Cash in Excess of Reserves position as of 30 June 2022 at **\$3.2M** as provided below:

Total Cash & Current Assets	\$18,201,774
less: Deferred Income	(\$11,171,421)
less: Reserves as per the policy	(\$2,956,011)
less: other Current Liabilities	(\$919,389)
Cash in Excess of Reserves	\$3,154,952



The close of the first quarter for the 2022-23 financial year sees **Net Equity at \$10.4M** (reported as \$9.6M in the final quarter of the previous year (2021-2022), and the **Net Equity minus Reserves** position at **\$7.3M** (\$6.4M in the previous years quarter).

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

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