



Group financial statements

to the period ended 30 September 2022

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Consolidated Income Statement

Internet New Zealand Group Consolidated Income Statement to the period ended 30 Sept 2022

	Notes	Group	Group	+/-	+/-	Parent	Parent	+/-	+/-
		YTD	Budget	\$	%	YTD	Budget	\$	%
Income									
Registry Fees		6,635,531	6,595,533	39,998	1%	6,635,531	6,595,533	39,998	1%
Broadband Map		27,350	25,200	2,150	9%	27,350	25,200	2,150	9%
DNS Firewall		8,123	8,400	(277)	-3%	8,123	8,400	(277)	-3%
Interest Received		48,284	26,678	21,606	81%	47,040	26,500	20,540	78%
Fair Value Gains/(Losses) on Managed Funds		(317,711)	162,432	(480,143)	0%	(317,711)	162,432	(480,143)	0%
Sundry Income	2 (a)	37,960	33,317	4,643	14%	152,751	144,111	8,640	6%
Total Income		6,439,537	6,851,560	(412,023)	-6%	6,553,084	6,962,176	(409,092)	-6%
Less Direct Expenses									
Domain Name Commission Fee	1 (a)	-	-	-	-	825,000	825,000	0	0%
.nz Costs		466,543	582,312	115,769	20%	466,543	582,312	115,769	20%
Other		120,841	114,852	(5,989)	-5%	120,841	114,852	(5,989)	-5%
Total Direct Expenses		587,383	697,164	109,781	16%	1,412,383	1,522,164	109,781	7%
Less Other Expenses									
Audit		3,025	7,050	4,025	0%	3,025	3,050	25	1%
Amortisation & Depreciation		165,569	173,850	8,281	5%	138,380	144,216	5,836	4%
Registrar Engagement		9,309	9,700	391	4%	9,309	9,700	391	4%
Communications		50,601	45,200	(5,401)	-12%	-	-	-	-
Community Investment		405,786	423,020	17,234	4%	405,786	423,020	17,234	4%
Domain Name Commission		45,817	72,614	26,797	37%	-	-	-	-
Employment		3,621,361	3,748,576	127,215	3%	3,087,000	3,211,600	124,600	4%
Governance		153,278	160,313	7,035	4%	134,950	135,415	465	0%
International		24,191	11,000	(13,191)	-120%	10,384	11,000	616	6%
Legal		38,812	34,561	(4,251)	-12%	12,963	24,561	11,598	47%
Operational		675,329	736,641	61,312	8%	616,392	672,643	56,251	8%
Projects		10,846	16,333	5,487	34%	10,846	16,333	5,487	34%
Security		40,129	44,298	4,169	9%	40,129	44,298	4,169	9%
Total Expenses		5,244,054	5,483,156	239,102	4%	4,469,164	4,695,836	226,672	5%
Net Profit (Loss) Before Tax		608,100	671,240	(63,140)	-9%	671,537	744,176	(72,639)	-10%
Net Profit (Loss) After Tax		\$608,100	\$671,240	(\$63,140)	-9%	\$671,537	\$744,176	(\$72,639)	-10%

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 (\$825,000) to DNCL.

2 (a) GSE paid by DNCL (\$124,961) to INZ

Reference:

DNCL detail available in the Quarterly DNCL report to Council dated 20th October 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 to the period ended 30 September 2022

	Notes	Group	Group	+/-	+/-	Parent	Parent	+/-	+/-
		YTD	Budget	\$	%	YTD	Budget	\$	%
Income									
DNCL Sundry		10,000	14,000	(4,000)	-29%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product)		6,671,004	6,629,133	41,871	1%	6,671,004	6,629,133	41,871	1%
Te Puni Herenga Waka (Public Impact)		27,486	19,017	8,469	45%	48,985	40,749	8,236	20%
Te Puni Raupa (Organisational Performance)		303	300	3	0%	103,766	103,362	404	0%
Investments		(269,428)	189,110	(458,538)	-242%	(270,672)	188,932	(459,604)	-243%
Total Income		6,439,366	6,851,560	(412,194)	-6%	6,553,084	6,962,176	(409,092)	-6%
Less Activity Expenditure									
.nz Operations (DNCL)	2 (a)	774,890	787,320	12,430	2%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product)	1 (a)	1,585,104	1,771,549	186,445	11%	2,410,104	2,596,549	186,445	7%
Te Puni Herenga Waka (Public Impact)		1,175,050	1,256,841	81,791	7%	1,175,050	1,256,841	81,791	7%
Te Puni Māori		326,646	327,294	648	0%	326,646	327,294	648	0%
Te Puni Raupa (Organisational Performance)		1,969,746	2,037,316	67,570	3%	1,969,746	2,037,316	67,570	3%
Total Expenses		5,831,437	6,180,320	348,883	6%	5,881,546	6,218,000	336,454	5%
Net Profit (Loss) Before Tax		607,929	671,240	(63,311)	-9%	671,537	744,176	(72,639)	-10%
Net Profit (Loss) After Tax		\$607,929	\$671,240	(\$63,311)	-9%	\$671,537	\$744,176	(\$72,639)	-10%

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 (\$825,000) to DNCL.

2 (a) GSE paid by DNCL (\$124,961) to INZ

Consolidated Movements in Equity

Internet New Zealand Group Statement of Movements in Equity to the period ended 30 September 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	608,100	671,537	(63,437)
Equity at end of period	\$10,628,703	\$10,345,535	\$863,167

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

Consolidated Balance Sheet

Internet New Zealand Group Balance Sheet As at 30 September 2022

	GROUP	INZ	DNCL
Current Assets			
Cash and Cash Equivalents	12,524,680	11,744,051	780,629
Managed Funds	4,718,364	4,718,364	-
Other Current Assets	2,023,095	1,927,796	95,299
Total Current Assets	19,266,139	18,390,211	875,928
Non-current Assets			
Property, Equipment & Software	3,716,650	3,377,048	339,602
less: Accumulated Depreciation	(2,397,227)	(2,226,583)	(170,645)
Intangible Assets	4,379,579	4,379,579	-
less: Amortisation	(664,860)	(664,860)	-
Investments	-	-	-
Shares and Loans	-	580,000	-
Total Assets	24,300,281	23,835,396	1,044,885
Less Liabilities:			
Deferred Income	11,760,138	11,760,138	-
Trade and Other Payables	1,911,440	1,729,722	181,718
Total Liabilities	13,671,577	13,489,859	181,718
Net Assets	\$10,628,703	\$10,345,536	\$863,167

Represented By:

Total Equity	\$10,628,703	\$10,345,535	\$863,167
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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

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Group Revenue Analysis to the Period ending 30 September 2022

Consolidated Revenue	Actual	Budget	Variance	% of Total Sales
Registry Fees	6,635,531	6,595,533	39,998	103.0%
BBM	27,350	25,200	2,150	0.4%
DEFENZ	8,123	8,400	(277)	0.1%
Sundry - Membership	3,878	3,991	(113)	0.1%
Sundry - Recharge & Misc	34,083	29,326	4,757	0.5%
Investment at Fair Value Gains/(Losses) on Managed Funds	(269,428)	189,110	(458,538)	-4.2%
Total Revenue	6,439,537	6,851,560	(412,023)	100%

- Fair value losses YTD of **(\$318k)** on managed funds reduced from Q1 by \$19k. Investments for the quarter, when offset against term deposit returns of \$48k, produced a negative return of **(\$270k)**; 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 \$6.8M, which is up by **\$5M** compared to the same period last year.

Group Expenditure Analysis by Function to the Period ending 30 September 2022

Consolidated Expenditure by Function	Actual	Budget	Variance	% of Total Expenditure
Domain Name Commission	774,890	787,320	12,430	13.3%
Te Puni Whakawhanake Rawa/Cust & Prod	1,585,104	1,771,549	186,445	27.2%
Te Puni Herenga Waka/Public Impact	1,175,050	1,256,841	81,791	20.2%
Te Puni Maori	326,646	327,294	\$648	5.6%
Te Puni Raua/Organisational Performance	1,969,746	2,037,316	67,570	33.8%
Expenditure	5,831,437	6,180,320	348,883	100.0%

Notes:

DNCL expenditure excludes
2 (a) GSE paid by DNCL (\$124,691) to INZ

Most variances are attributable to the delay with the go-live date on the SRS replacement (IRS) and budget phasing.

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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

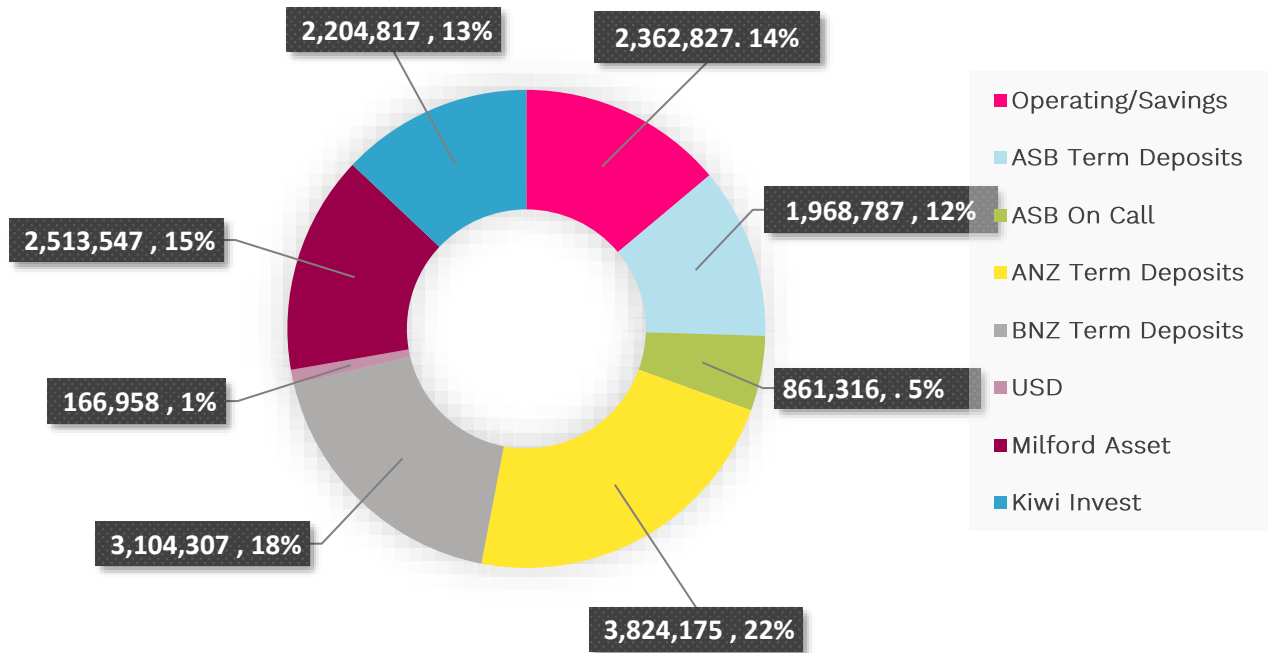
Te Puni Raupa/Organisation Performance

- 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

Group Investments as of 30 September 2022

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

We report the Cash in Excess of Reserves position as of 30 Sept 2022 at **\$3M** as provided below:

Total Cash & Current Assets	\$19,232,530
less: Deferred Income	(\$11,760,138)
less: Reserves as per the policy	(\$3,396,943)
less: other Current Liabilities	(\$1,083,465)
Cash in Excess of Reserves	\$2,991,985



The close of the second quarter for the 2022-23 financial year sees **Net Equity** at **\$10.6M** (reported as \$10.4M in the first quarter) and the **Net Equity minus Reserves** position at **\$7.6M** (\$7.3M 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.