



# Group financial statements

to the period ended 31 December 2022

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## Consolidated Income Statement

**Internet New Zealand Group**  
**Consolidated Income Statement**  
**to the period ended 31 Dec 2022**

Notes	Group	Group	+/-	+/-	Parent	Parent	+/-	+/-
	YTD	Budget	\$	%	YTD	Budget	\$	%
<b>Income - Operating</b>								
Registry Fees	10,079,407	9,976,964	102,443	1%	10,079,407	9,976,964	102,443	1%
Broadband Map	39,300	37,800	1,500	4%	39,300	37,800	1,500	4%
DNS Firewall	12,185	8,400	3,785	45%	12,185	8,400	3,785	45%
Sundry Income	105,208	108,336	(3,128)	-3%	219,039	219,001	38	0%
<b>Total Operating Income</b>	<b>10,236,100</b>	<b>10,131,500</b>	<b>104,600</b>	<b>1%</b>	<b>10,349,931</b>	<b>10,242,165</b>	<b>107,766</b>	<b>1%</b>
<b>Less Direct Expenses</b>								
Domain Name Commission Fee	-	-	-	-	1,237,500	1,237,500	0	0%
.nz Costs	906,429	919,259	12,830	1%	906,429	919,259	12,830	1%
Other	173,934	178,440	4,506	3%	173,934	178,440	4,506	3%
<b>Total Direct Expenses</b>	<b>1,080,363</b>	<b>1,097,699</b>	<b>17,336</b>	<b>2%</b>	<b>2,317,863</b>	<b>2,335,199</b>	<b>17,336</b>	<b>1%</b>
<b>Less Other Expenses</b>								
Audit	3,025	3,050	25	0%	3,025	3,050	25	1%
Amortisation & Depreciation	248,894	260,025	11,131	4%	208,774	215,574	6,800	3%
Registrar Engagement	10,898	12,900	2,002	16%	10,898	12,900	2,002	16%
Communications	87,413	84,438	(2,975)	-4%	9,740	10,000	-	-
Community Investment	873,195	921,670	48,475	5%	873,195	921,670	48,475	5%
Domain Name Commission	65,271	87,738	22,467	26%	-	-	-	-
Employment	5,357,966	5,624,738	266,772	5%	4,599,549	4,825,532	225,983	5%
Governance	251,936	262,211	10,275	4%	217,269	233,114	15,845	7%
International	34,031	25,307	(8,724)	-34%	10,549	11,500	951	8%
Legal	61,194	73,380	12,186	17%	32,365	45,761	13,396	29%
Operational	1,062,196	1,211,233	149,037	12%	979,759	1,120,928	141,169	13%
Projects	25,722	52,100	26,378	51%	24,422	45,100	20,678	46%
Security	45,884	59,247	13,363	23%	45,884	59,247	13,363	23%
<b>Total Expenses</b>	<b>8,127,623</b>	<b>8,678,037</b>	<b>550,414</b>	<b>6%</b>	<b>7,015,429</b>	<b>7,504,376</b>	<b>488,687</b>	<b>7%</b>
<b>Net Operating Profit (Loss) Before Tax</b>	<b>1,028,114</b>	<b>355,764</b>	<b>672,350</b>	<b>189%</b>	<b>1,016,639</b>	<b>402,590</b>	<b>613,789</b>	<b>152%</b>
<b>Net Operating Profit (Loss) Before Tax</b>	<b>\$1,028,114</b>	<b>\$355,764</b>	<b>\$672,350</b>	<b>189%</b>	<b>\$1,016,639</b>	<b>\$402,590</b>	<b>\$614,049</b>	<b>153%</b>

**Notes:**

The results are prepared using the budget presented in the mid-year financial paper at the December 2022 Council meeting; they exclude investment activities reported below.

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 (\$1,237,500) to DNCL.

**2 (a)** GSE paid by DNCL (\$187,357) to INZ

**Reference:**

DNCL detail available in the Quarterly DNCL report to Council dated 30th January 2023

## FOR INFORMATION PURPOSES ONLY

<b>Investing Income</b>								
Interest Received	123,538	72,605	50,933	70%	116,764	71,167	45,597	64%
Fair Value Gains/(Losses) on Managed Funds	(236,045)	(243,648)	7,603	-3%	(236,045)	(243,648)	7,603	-3%
<b>Total Investment Income</b>	<b>(112,507)</b>	<b>(171,043)</b>	<b>58,536</b>	<b>-34%</b>	<b>(119,281)</b>	<b>(172,481)</b>	<b>53,201</b>	<b>-31%</b>
Managed Funds Fees	11,425	11,988	563	5%	11,425	11,988	563	5%
<b>Total Expenses</b>	<b>11,425</b>	<b>11,988</b>	<b>563</b>	<b>5%</b>	<b>11,425</b>	<b>11,988</b>	<b>563</b>	<b>5%</b>
<b>Net proceeds from Investing Activities</b>	<b>(\$123,932)</b>	<b>(\$183,031)</b>	<b>\$57,973</b>	<b>-32%</b>	<b>(\$130,706)</b>	<b>(\$184,469)</b>	<b>\$52,638</b>	<b>-29%</b>

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 31 December 2022

	Notes	Group	Group	+/-	+/-	Parent	Parent	+/-	+/-
		YTD	Budget	\$	%	YTD	Budget	\$	%
<b>Income - Operating</b>									
DNCL Sundry		73,526	76,526	(3,000)	-4%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product)		10,130,892	10,023,164	107,728	1%	10,130,892	10,023,164	107,728	1%
Te Puni Herenga Waka (Public Impact)		31,378	31,510	(132)	0%	63,743	64,108	(365)	-1%
Te Puni Raupa (Organisational Performance)		303	300	3	0%	155,295	154,893	402	0%
<b>Total Operating Income</b>		<b>10,236,099</b>	<b>10,131,500</b>	<b>104,599</b>	<b>1%</b>	<b>10,349,930</b>	<b>10,242,165</b>	<b>107,765</b>	<b>1%</b>
<b>Less Activity Expenditure</b>									
.nz Operations (DNCL)	2 (a)	1,112,364	1,173,661	61,297	5%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product)	1 (a)	2,591,422	2,733,884	142,462	5%	3,828,922	3,971,384	142,462	4%
Te Puni Herenga Waka (Public Impact)		1,907,431	2,083,200	175,769	8%	1,907,431	2,083,200	175,769	8%
Te Puni Māori		570,221	607,126	36,905	6%	570,221	607,126	36,905	6%
Te Puni Raupa (Organisational Performance)		3,026,547	3,177,865	151,318	5%	3,026,717	3,177,865	151,148	5%
<b>Total Expenses</b>		<b>9,207,985</b>	<b>9,775,736</b>	<b>567,751</b>	<b>6%</b>	<b>9,333,291</b>	<b>9,839,575</b>	<b>506,284</b>	<b>5%</b>
<b>Net Operating Profit (Loss) Before Tax</b>		<b>1,028,114</b>	<b>355,764</b>	<b>672,350</b>	<b>189%</b>	<b>1,016,639</b>	<b>402,590</b>	<b>614,049</b>	<b>153%</b>
<b>Net Operating Profit (Loss) Before Tax</b>		<b>\$1,028,114</b>	<b>\$355,764</b>	<b>\$672,350</b>	<b>189%</b>	<b>\$1,016,639</b>	<b>\$402,590</b>	<b>\$614,049</b>	<b>153%</b>

#### Notes:

The results are prepared using the budget presented in the mid-year financial paper at the December 2022 Council meeting; they exclude investment activities reported below.

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 (\$1,237,500) to DNCL.

2 (a) GSE paid by DNCL (\$187,357) to INZ

#### FOR INFORMATION PURPOSES ONLY

<b>Investing Income</b>									
Interest Received	123,538	72,605	50,933	70%	116,764	71,167	45,597	64%	
Fair Value Gains/(Losses) on Managed Funds	(236,045)	(243,648)	7,603	-3%	(236,045)	(243,648)	7,603	-3%	
<b>Total Investment Income</b>	<b>(112,507)</b>	<b>(171,043)</b>	<b>58,536</b>	<b>-34%</b>	<b>(119,281)</b>	<b>(172,481)</b>	<b>53,201</b>	<b>-31%</b>	
<b>Managed Funds Fees</b>	<b>11,425</b>	<b>11,988</b>	<b>563</b>	<b>5%</b>	<b>11,425</b>	<b>11,988</b>	<b>563</b>	<b>5%</b>	
<b>Total Expenses</b>	<b>11,425</b>	<b>11,988</b>	<b>563</b>	<b>5%</b>	<b>11,425</b>	<b>11,988</b>	<b>563</b>	<b>5%</b>	
<b>Net proceeds from Investing Activities</b>	<b>(\$123,932)</b>	<b>(\$183,031)</b>	<b>\$57,973</b>	<b>-32%</b>	<b>(\$130,706)</b>	<b>(\$184,469)</b>	<b>\$52,638</b>	<b>-29%</b>	

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

## Consolidated Movements in Equity

### Internet New Zealand Group Statement of Movements in Equity to the period ended 31 December 2022

	GROUP	INZ	DNCL
<b>Equity at start of period</b>			
Opening Retained Earnings	10,020,603	9,673,998	346,604
Shares Subscribed	-	-	580,000
	10,020,603	9,673,998	926,604
<b>Net Profit (Loss) After Tax</b>	904,183	885,934	18,249
<b>Equity at end of period</b>	<b>\$10,924,786</b>	<b>\$10,559,932</b>	<b>\$944,852</b>

## Consolidated Balance Sheet

### Internet New Zealand Group Balance Sheet As at 31 December 2022

	GROUP	INZ	DNCL
<b>Current Assets</b>			
Cash and Cash Equivalents	12,761,977	11,883,545	878,432
Managed Funds	4,796,242	4,796,242	-
Other Current Assets	1,347,262	1,299,394	47,869
<b>Total Current Assets</b>	<b>18,905,482</b>	<b>17,979,181</b>	<b>926,301</b>
<b>Non-current Assets</b>			
Property, Equipment & Software	3,941,110	3,555,417	385,693
less: Accumulated Depreciation	(2,175,967)	(1,992,391)	(183,576)
Intangible Assets	4,325,457	4,325,457	-
less: Amortisation	(634,818)	(634,818)	-
Investments	-	-	-
Shares and Loans	-	580,000	-
<b>Total Assets</b>	<b>24,361,264</b>	<b>23,812,845</b>	<b>1,128,419</b>
<b>Less Liabilities:</b>			
Deferred Income	11,769,020	11,769,020	-
Trade and Other Payables	1,667,458	1,483,892	183,565
<b>Total Liabilities</b>	<b>13,436,478</b>	<b>13,252,913</b>	<b>183,565</b>
<b>Net Assets</b>	<b>\$10,924,786</b>	<b>\$10,559,932</b>	<b>\$944,853</b>

Represented By:

<b>Total Equity</b>	<b>\$10,924,786</b>	<b>\$10,559,932</b>	<b>\$944,852</b>
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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

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

## Group Revenue Analysis to the Period ending 31 December 2022

Consolidated Revenue	Actual	Budget	Variance	% of Total Sales
Registry Fees	10,079,407	9,976,964	102,443	98.5%
BBM	39,300	37,800	1,500	0.4%
DEFENZ	12,185	8,400	3,785	0.1%
Sundry - Membership	4,161	4,284	(123)	0.0%
Sundry - Recharge & Misc	101,047	104,052	(3,005)	1.0%
<b>Total Operating Revenue</b>	<b>10,236,100</b>	<b>10,131,500</b>	<b>104,600</b>	<b>100%</b>

### FOR INFORMATION PURPOSES ONLY

<b>Net proceeds from Investing Activities</b>	<b>(112,507)</b>	<b>(171,043)</b>	58,536	-1.1%
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- Revenue above is reported excluding investment activities, as outlined earlier, to reduce the distortion created by market volatility on investing activities.
- Fair value losses YTD of **(\$236k)** on managed funds again see a reduction in the losses reported at the end of Q2 **(\$318k)**, a gain of \$82k in Q3. Investments for the quarter, when offset against term deposit returns of \$117k, reduced the negative return to **(\$119k)**; recognition of the fair value losses on managed funds are covered in depth under the investment analysis section.
- The accounts report a Total Operating revenue of \$10.2M, up by **\$.6M** compared to the same period last year.

## Group Expenditure Analysis by Function to the Period ending 31 December 2022

Consolidated Expenditure by Function	Actual	Budget	Variance	% of Total Expenditure
Domain Name Commission	1,112,364	1,173,661	61,297	12.1%
Te Puni Whakawhanake Rawa/Cust & Prod	2,591,422	2,733,884	142,462	28.1%
Te Puni Herenga Waka/Public Impact	1,907,431	2,083,200	175,769	20.7%
Te Puni Maori	570,221	607,126	36,905	6.2%
Te Puni Rauapa/Organisational Performance	3,026,547	3,177,865	151,318	32.9%
<b>Total Operating Expenditure</b>	<b>9,207,985</b>	<b>9,775,736</b>	<b>567,751</b>	<b>100.0%</b>

#### Notes:

DNCL expenditure excludes  
2 (a) GSE paid by DNCL (\$187,357) to INZ

Most variances are attributable to reduced spending during the quarter and the delay with the go-live date on the SRS replacement (IRS).

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Summary reporting by functional areas of expenditure: -

### **Te Puni Whakawhanake Rawa/ Customer and Product**

Te Puni Whakawhanake Rawa's underspend of \$142k is due to a combination of things, the delay in the go-live date for the IRS, a delay in recruitment, and budget phasing.

- 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**

Te Puni Herenga Waka's underspend of \$176k is attributable to the recruitment delay and associated costs.

- 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**

Most of the underspending with Te Puni Māori is because of the disestablishment of the Māori Design Group.

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

### **Te Puni Raupa/Organisation Performance**

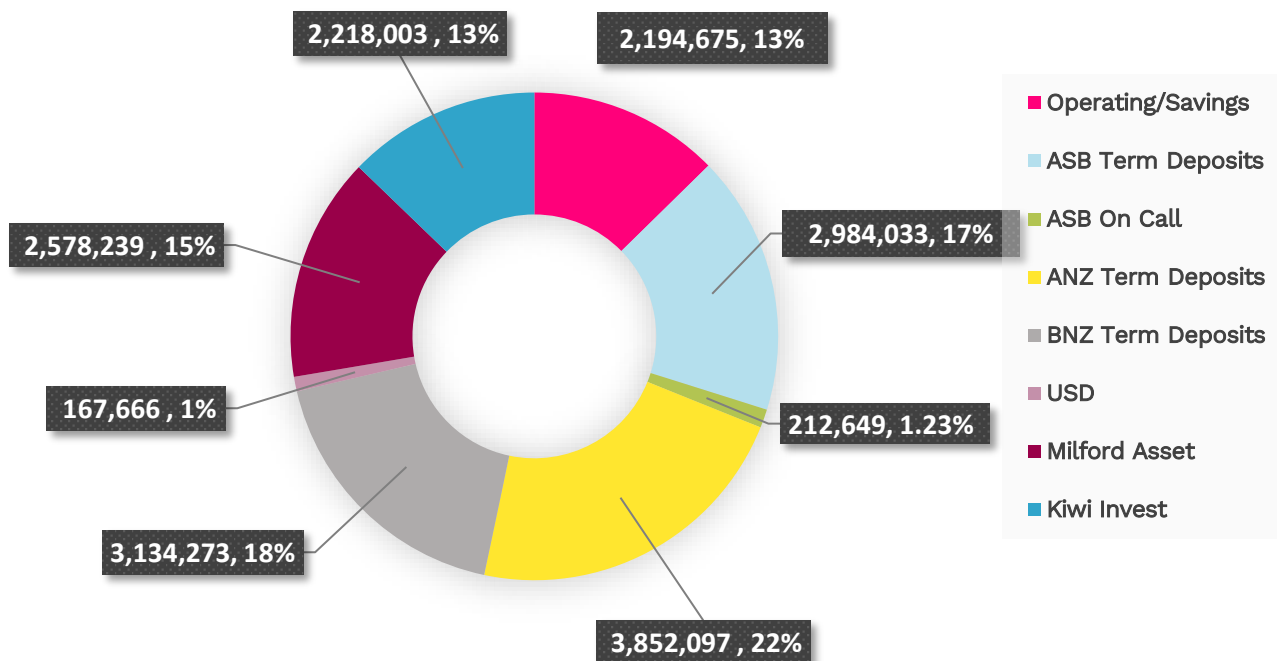
Te Puni Raupa's underspending is due to project budget phasing, a reduction in staffing levels that also impacted specific work areas, and a reduction in governance costs.

- 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 31 December 2022

The chart below shows the percentage spread of funds invested (**\$17,341,636**) across all institutions as of 31 December 2022.

Group Investment Portfolio



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



## Group Cash in Excess of Reserves as of 31 December 2022

We report the Cash in Excess of Reserves position as of 31 Dec 2022 at **\$2.8M** as provided below:

<b>Total Cash &amp; Current Assets</b>	<b>\$18,905,482</b>
less: Deferred Income	(\$11,769,020)
less: Reserves as per the policy	(\$2,991,822)
less: other Current Liabilities	(\$1,344,872)
<b>Cash in Excess of Reserves</b>	<b>\$2,799,768</b>



The close of the third quarter for the 2022-23 financial year sees **Net Equity at \$11.8M** (reported as \$10.6M in the second quarter) and the **Net Equity minus Reserves** position at **\$9.M** (\$7.6M 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.