



# Group financial statements

to the year ended 31 March 2023

## Table of Contents

Consolidated Income Statement	3
Function-Based Consolidated Income Statement	4
Consolidated Movements in Equity	5
Consolidated Balance Sheet	5
Revenue Analysis	6
Expenditure Analysis	6 - 7
Investment Analysis	8
Cash in Excess of Reserves	9

## Consolidated Income Statement

### Internet New Zealand Group Consolidated Income Statement to the year ended 31 Mar 2023

Notes	Group	Group	+/-	+/-	Parent	Parent	+/-	+/-
	YTD	Budget	\$	%	YTD	Budget	\$	%
<b>Income - Operating</b>								
	13,408,921	13,392,433	16,488	0%	13,408,921	13,392,433	16,488	0%
	51,250	50,400	850	2%	51,250	50,400	850	2%
	12,185	8,400	3,785	45%	12,185	8,400	3,785	45%
2 (a)	125,685	150,552	(24,867)	-17%	290,680	316,614	(25,934)	-8%
	<b>13,598,041</b>	<b>13,601,785</b>	<b>(3,744)</b>	<b>0%</b>	<b>13,763,036</b>	<b>13,767,847</b>	<b>(4,811)</b>	<b>0%</b>
<b>Less Direct Expenses</b>								
1 (a)	-	-	-	-	1,650,000	1,650,000	0	0%
	1,370,985	1,374,095	3,110	0%	1,370,985	1,374,095	3,110	0%
	255,678	263,904	8,226	3%	255,678	263,904	8,226	3%
	<b>1,626,663</b>	<b>1,637,999</b>	<b>11,336</b>	<b>1%</b>	<b>3,276,663</b>	<b>3,287,999</b>	<b>11,336</b>	<b>0%</b>
<b>Less Other Expenses</b>								
	42,125	38,050	(4,075)	0%	33,025	28,050	(4,975)	-18%
	339,997	346,200	6,203	2%	286,442	286,932	490	0%
	68,349	78,500	10,151	13%	60,149	60,300	151	0%
	135,019	138,969	3,950	3%	34,480	40,000	-	-
	1,443,358	1,537,000	93,642	6%	1,443,358	1,537,000	62,142	4%
	111,960	99,451	(12,509)	-13%	-	-	-	-
	7,341,583	7,742,691	401,108	5%	6,280,624	6,669,370	388,746	6%
	379,136	402,322	23,186	6%	333,238	353,208	19,970	6%
	60,462	58,912	(1,550)	-3%	34,502	31,500	(3,002)	-10%
	88,863	116,453	27,590	24%	60,034	66,453	6,419	10%
	1,474,200	1,717,986	243,786	14%	1,361,412	1,581,657	220,245	14%
	171,693	170,000	(1,693)	-1%	169,693	170,000	307	0%
	52,513	78,196	25,683	33%	52,513	78,196	25,683	33%
	<b>11,709,126</b>	<b>12,524,730</b>	<b>815,471</b>	<b>7%</b>	<b>10,149,470</b>	<b>10,902,666</b>	<b>716,176</b>	<b>7%</b>
	<b>262,251</b>	<b>(560,944)</b>	<b>823,063</b>	<b>-147%</b>	<b>336,902</b>	<b>(422,818)</b>	<b>722,700</b>	<b>-171%</b>
	<b>\$262,251</b>	<b>(\$560,944)</b>	<b>\$823,063</b>	<b>-147%</b>	<b>\$336,902</b>	<b>(\$422,818)</b>	<b>\$759,720</b>	<b>-180%</b>

#### 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 (\$1,650,000) to DNCL.

2 (a) GSE paid by DNCL (\$249,582) to INZ

#### Reference:

DNCL detail available in the Quarterly DNCL report to Council 4<sup>th</sup> May 2023

#### FOR INFORMATION PURPOSES ONLY

<b>Investing Income</b>								
Interest Received	287,659	139,667	147,992	1	268,691	124,667	144,024	116%
Fair Value Gains/(Losses) on Managed Funds	(41,842)	(324,864)	283,022	-87%	(41,842)	(324,864)	283,022	-87%
Realised gains on Foreign Exchange	25,749	0	25,749	0%	25,846	0	25,846	0%
<b>Total Investment Income</b>	<b>271,567</b>	<b>(185,197)</b>	<b>456,764</b>	<b>-247%</b>	<b>252,695</b>	<b>(200,197)</b>	<b>452,892</b>	<b>-226%</b>
Managed Funds Fees	15,291	15,984	693	4%	15,291	15,984	693	4%
<b>Total Expenses</b>	<b>15,291</b>	<b>15,984</b>	<b>693</b>	<b>4%</b>	<b>15,291</b>	<b>15,984</b>	<b>693</b>	<b>4%</b>
<b>Net proceeds from Investing Activities</b>	<b>\$256,276</b>	<b>(\$201,181)</b>	<b>\$456,071</b>	<b>-227%</b>	<b>\$237,404</b>	<b>(\$216,181)</b>	<b>\$452,199</b>	<b>-209%</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 year ended 31 Mar 2023

Notes	Group	Group	+/-	+/-	Parent	Parent	+/-	+/-
	YTD	Budget	\$	%	YTD	Budget	\$	%
<b>Income - Operating</b>								
DNCL Sundry	84,526	83,526	1,000	1%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product)	13,472,356	13,451,233	21,123	0%	13,472,356	13,451,233	21,123	0%
Te Puni Herenga Waka (Public Impact)	40,856	66,425	(25,569)	-38%	84,086	109,890	(25,804)	-23%
Te Puni Raua (Organisational Performance)	303	600	(297)	0%	206,593	206,724	(131)	0%
<b>Total Operating Income</b>	<b>13,598,041</b>	<b>13,601,784</b>	<b>(3,743)</b>	<b>0%</b>	<b>13,763,036</b>	<b>13,767,847</b>	<b>(4,811)</b>	<b>0%</b>
<b>Less Activity Expenditure</b>								
.nz Operations (DNCL) 2 (a)	1,559,695	1,622,070	62,375	4%	-	-	-	-
Te Puni Whakawhanake Rawa (Customer and Product) 1 (a)	3,861,498	4,042,487	180,989	4%	5,511,498	5,692,487	180,989	3%
Te Puni Herenga Waka (Public Impact)	2,910,096	3,195,607	285,511	9%	2,910,096	3,195,607	285,511	9%
Te Puni Māori	878,538	950,924	72,386	8%	878,538	950,924	72,386	8%
Te Puni Raua (Organisational Performance)	4,125,963	4,351,647	225,684	5%	4,126,002	4,351,647	225,645	5%
<b>Total Expenses</b>	<b>13,335,790</b>	<b>14,162,728</b>	<b>826,806</b>	<b>6%</b>	<b>13,426,134</b>	<b>14,190,665</b>	<b>764,531</b>	<b>5%</b>
<b>Net Operating Profit (Loss) Before Tax</b>	<b>262,251</b>	<b>(560,944)</b>	<b>823,063</b>	<b>-147%</b>	<b>336,902</b>	<b>(422,818)</b>	<b>759,720</b>	<b>-180%</b>
<b>Net Operating Profit (Loss) Before Tax</b>	<b>\$262,251</b>	<b>(\$560,944)</b>	<b>\$823,063</b>	<b>-147%</b>	<b>\$336,902</b>	<b>(\$422,818)</b>	<b>\$759,720</b>	<b>-180%</b>

#### 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 (\$1,650,000) to DNCL.

2 (a) GSE paid by DNCL (\$249,582) to INZ

#### FOR INFORMATION PURPOSES ONLY

<b>Investing Income</b>								
Interest Received	287,659	139,667	147,992	106%	268,691	124,667	144,024	116%
Realised gains on Foreign Exchange	25,749	0	25,749	0%	25,846	0	25,846	0%
Fair Value Gains/(Losses) on Managed Funds	(41,842)	(324,864)	283,022	-87%	(41,842)	(324,864)	283,022	-87%
<b>Total Investment Income</b>	<b>271,567</b>	<b>(185,197)</b>	<b>456,764</b>	<b>-247%</b>	<b>252,695</b>	<b>(200,197)</b>	<b>427,046</b>	<b>-213%</b>
Managed Funds Fees	15,291	15,984	693	4%	15,291	15,984	693	4%
<b>Total Expenses</b>	<b>15,291</b>	<b>15,984</b>	<b>693</b>	<b>4%</b>	<b>15,291</b>	<b>15,984</b>	<b>693</b>	<b>4%</b>
<b>Net proceeds from Investing Activities</b>	<b>\$256,276</b>	<b>(\$201,181)</b>	<b>\$456,071</b>	<b>-227%</b>	<b>\$237,404</b>	<b>(\$216,181)</b>	<b>\$426,352</b>	<b>-197%</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 year ended 31 March 2023**

	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>	518,524	574,306	(55,782)
<b>Equity at end of period</b>	<b>\$10,539,127</b>	<b>\$10,248,304</b>	<b>\$870,823</b>

## Consolidated Balance Sheet

**Internet New Zealand Group**  
**Balance Sheet**  
**As at 31 March 2023**

	GROUP	INZ	DNCL
<b>Current Assets</b>			
Cash and Cash Equivalents	12,738,851	11,841,977	896,874
Managed Funds	4,986,578	4,986,578	-
Other Current Assets	1,921,219	1,877,251	43,967
<b>Total Current Assets</b>	<b>19,646,648</b>	<b>18,705,806</b>	<b>940,841</b>
<b>Non-current Assets</b>			
Property, Equipment & Software	3,648,840	3,260,505	388,335
less: Accumulated Depreciation	(1,927,695)	(1,730,685)	(197,010)
Intangible Assets	4,218,876	4,218,876	-
less: Amortisation	(695,273)	(695,273)	-
Investments	-	-	-
Shares and Loans	-	580,000	-
<b>Total Assets</b>	<b>24,891,397</b>	<b>24,339,230</b>	<b>1,132,166</b>
<b>Less Liabilities:</b>			
Deferred Income	11,855,438	11,855,438	-
Trade and Other Payables	2,496,830	2,235,487	261,343
<b>Total Liabilities</b>	<b>14,352,269</b>	<b>14,090,925</b>	<b>261,343</b>
<b>Net Assets</b>	<b>\$10,539,128</b>	<b>\$10,248,304</b>	<b>\$870,823</b>

Represented By:

<b>Total Equity</b>	<b>\$10,539,127</b>	<b>\$10,248,304</b>	<b>\$870,823</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 March 2023

Consolidated Revenue	Actual	Budget	Variance	% of Total Sales
Registry Fees	13,408,921	13,392,433	16,488	98.6%
BBM	51,250	50,400	850	0.4%
DEFENZ	12,185	8,400	3,785	0.1%
Sundry - Membership	6,988	10,200	(3,212)	0.1%
Sundry - Recharge & Misc	118,697	140,352	(21,656)	0.9%
<b>Total Operating Revenue</b>	<b>13,598,041</b>	<b>13,601,785</b>	<b>(3,744)</b>	<b>100%</b>

### FOR INFORMATION PURPOSES ONLY

<b>Net proceeds from Investing Activities</b>	256,276	(201,181)	457,457	1.9%
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- Revenue is reported excluding investment activities to reduce market distortion.
- Fair value losses YTD of **(\$42k)** on managed funds again saw a reduction in the losses reported at the end of Q3 **(\$236k)**, a gain of \$194k in Q4. Investments for the quarter, when overset against term deposit returns of \$269k, and realised gains on the FC bank account, return a positive result YTD **(\$237)** after fees.
- The accounts report a Total Operating revenue of \$13.6M, up by \$.7M compared to the same period last year.

## Group Expenditure Analysis by Function to the Period ending 31 March 2023

Consolidated Expenditure by Function	Actual	Budget	Variance	% of Total Expenditure
Domain Name Commission	1,559,695	1,622,070	62,375	11.7%
Te Puni Whakawhanake Rawa/Cust & Prod	3,861,498	4,042,487	180,989	29.0%
Te Puni Herenga Waka/Public Impact	2,910,096	3,195,607	285,511	21.8%
Te Puni Maori	878,538	950,924	72,386	6.6%
Te Puni Raupa/Organisational Performance	4,125,963	4,351,647	225,684	30.9%
<b>Total Operating Expenditure</b>	<b>13,335,790</b>	<b>14,162,735</b>	<b>826,945</b>	<b>100.0%</b>

#### Notes:

DNCL expenditure excludes  
2 (a) GSE paid by DNCL (\$249,582) to INZ

**Most underspend variances are attributable to reduced employment and overall operational costs that include costs associated with reduced staffing numbers and impacted work areas.**

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

Summary reporting by functional areas of expenditure: -

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

Te Puni Whakawhanake Rawa's underspend of \$169k is due to a combination of things, the delays in recruitment, and lower operating spend associated with reduced staffing numbers.

- 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 \$260k is attributable to recruitment delays 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

Te Puni Māori underspend (\$72k) is due to reduced employment costs, and 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

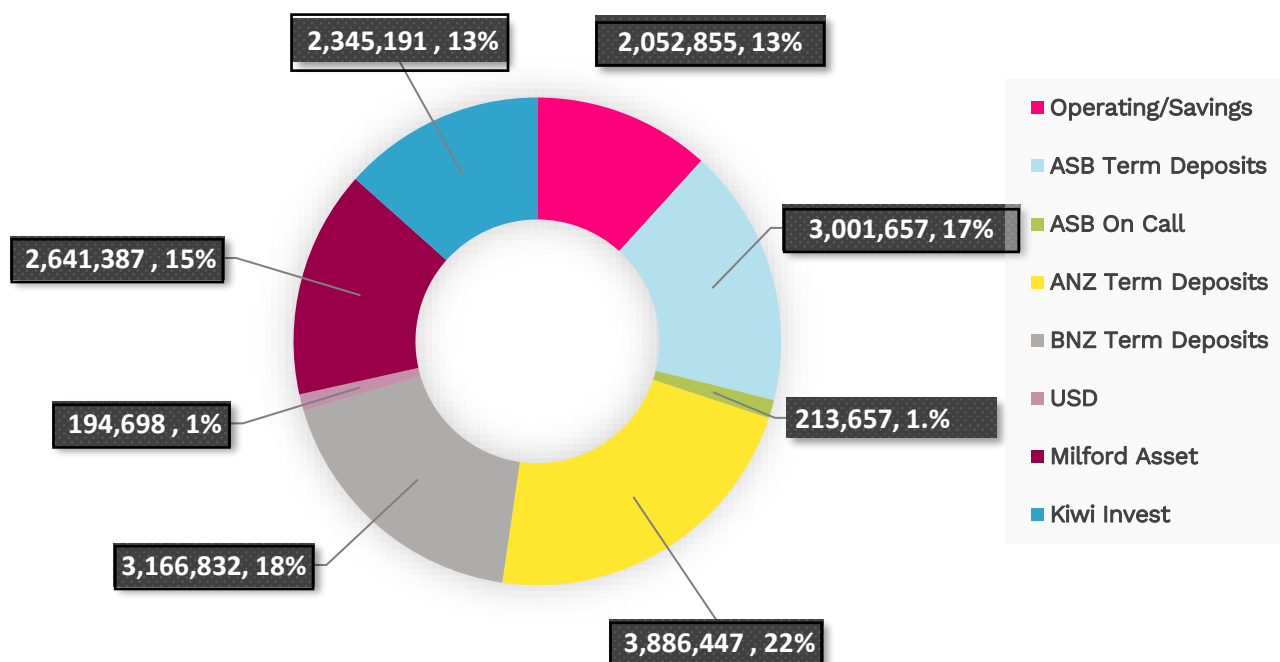
Te Puni Raupa's underspending (\$225k) is due to reductions in staffing levels that also impacted specific work areas, and a reduction in governance costs.

- 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 March 2023

The chart below shows the percentage spread of funds invested (**\$17,502,725**) across all institutions as of 31 March 2023.

Group Investment Portfolio



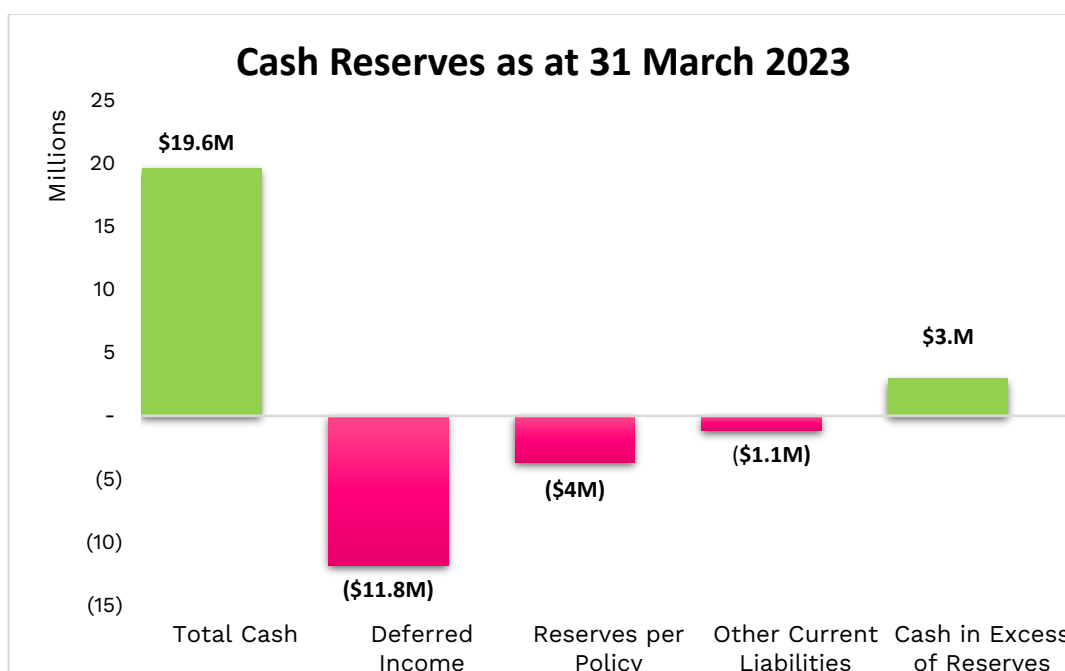
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## Group Cash in Excess of Reserves as of 31 March 2023

We report the Cash in Excess of Reserves position as of 31 Mar 2023 at **\$3M** as provided below:

<b>Total Cash &amp; Current Assets</b>	<b>\$19,646,648</b>
<b>less: Deferred Income</b>	<b>(\$11,855,438)</b>
<b>less: Reserves as per the policy</b>	<b>(\$3,673,402)</b>
<b>less: other Current Liabilities</b>	<b>(\$1,151,513)</b>
<b>Cash in Excess of Reserves</b>	<b>\$2,966,295</b>



The close for the year-ended for the 2022-23 financial year sees **Net Equity at \$10.5M** (reported as \$11.8M in the third quarter) and the **Net Equity minus Reserves** position at **\$7.6M** (\$9M in the previous 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.