



Financial summary

For the quarter ended 31 December 2019

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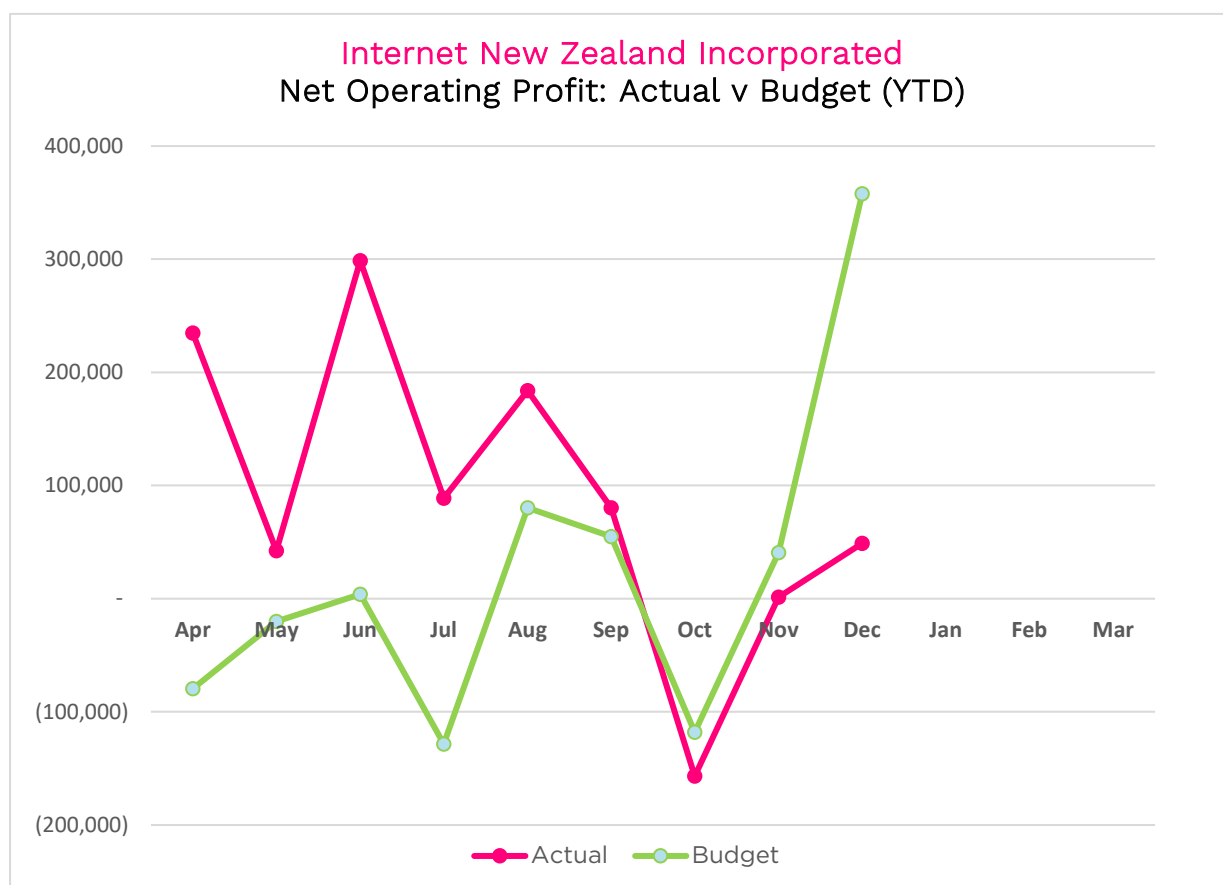
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Summary of the result for QE 31 December 2019

For the quarter ending 31 December 2019, the accounts reported a deficit result of \$106,517 against a budgeted surplus of \$290,504, resulting in a budget variance of \$397,021. This rather large variance is attributable to differences in phasing of the budget and actual spend – the YTD actuals position at December is a \$822,178 surplus.

The Budget completed in January 2020 has revised down the forecast year end result to a deficit of \$475,353 for the full year. This has been achieved by cost savings across the organisation and improved investment returns, despite facing reduced revenues for .nz registrations.

This revision brings the total budget savings for the year to \$625,135 (this includes the \$300K targeted efficiencies for approved Budget). Note that the approved budget included a planned deficit of \$800,842.



Revenue detail for the quarter

Operating Revenue was under compared to budget by \$60,872 (6.01%) due to slower than anticipated uptake on the DEFENZ service, a decline in registration numbers, along with the realignment of Events revenue budget to the actual YTD, offset by a small increase in BBM and misc. Investment Revenue is reported under by \$110,515 (41.21%), this again is due to phasing (see YTD notes below).

Revenue	Actual	Budget	Variance	% of Total Sales
Registry Fees	2,682,546	2,706,069	(23,523)	91%
BBM	14,150	11,640	2,510	0%
DEFENZ	0	20,000	(20,000)	0%
Events	33,868	51,500	(17,632)	1%
Membership	504	3,002	(2,498)	0%
Recharge & Misc	58,000	57,729	271	2%
Investment	157,680	268,195	(110,515)	5%
Total Revenue	2,946,748	3,118,135	(171,387)	100%

YTD operational revenue (\$8,370,758) is behind budget (\$8,402,147) by \$31,389 the majority of which has been previously explained. Investment revenue (\$529,345) is ahead of budget (\$500,251) YTD by \$29,094.

Expenditure detail for the quarter

Expenditure was over compared to budget across most areas of the organisation. Actual expenditure of \$2,489,046 was recorded against budgeted expenditure of \$2,264,257, resulting in an overspend of \$224,789 (9.93%) for the quarter.

The reported overspend is attributable to phasing. Spend YTD is \$470,378 below budget.

Expenditure breakdown by Function

Area	Actual	Budget	Variance	% of Expenditure
Commercial	328,174	303,977	(24,197)	13%
Communications	170,628	121,479	(49,149)	7%
Engagement	200,506	227,915	27,409	8%
Funding	214,448	207,162	(7,286)	9%
International	180,391	142,601	(37,790)	7%
Investment	6,012	8,839	2,827	0%
IT Operations	187,799	168,553	(19,246)	8%
Org. Services	462,731	445,334	(17,397)	19%
Policy	304,777	258,512	(46,265)	12%
Security	61,362	62,000	638	2%
Technical Research	142,155	147,008	4,853	6%
Technology Services	166,529	98,739	(67,790)	7%
Technology Strategy	63,534	72,138	8,604	3%
Total Expenditure	2,489,046	2,264,257	224,789	100%

Expenditure by 2019/20 Goals

The table below is a high-level report to track budgeted expenditure by Strategic Goals; it does not represent, from a financial perspective, the internal resources that has been invested in this space over the period.

Goal	Actual	Budget	Variance	% of Expenditure
Improve .nz Policy/Security	57,732	48,066	9,666	12%
New non .nz Products	61,995	60,413	1,582	13%
Ensuring Openness	334,429	322,500	11,929	68%
Intervention to bridge the Digital Divide	37,682	29,631	8,051	8%
Expenditure Q3	491,839	460,610	31,229	100%

For more details on what we have been working on please see the Q3 Activity report.

<https://internetnz.nz/sites/default/files/2019-Q3-Activity-Report.pdf>

https://internetnz.nz/sites/default/files/dotnz_Q3_2019.pdf

https://internetnz.nz/sites/default/files/Product_development_Q3_2019.pdf

https://internetnz.nz/sites/default/files/Strategic_goals_report_Q3.pdf

Balance Sheet

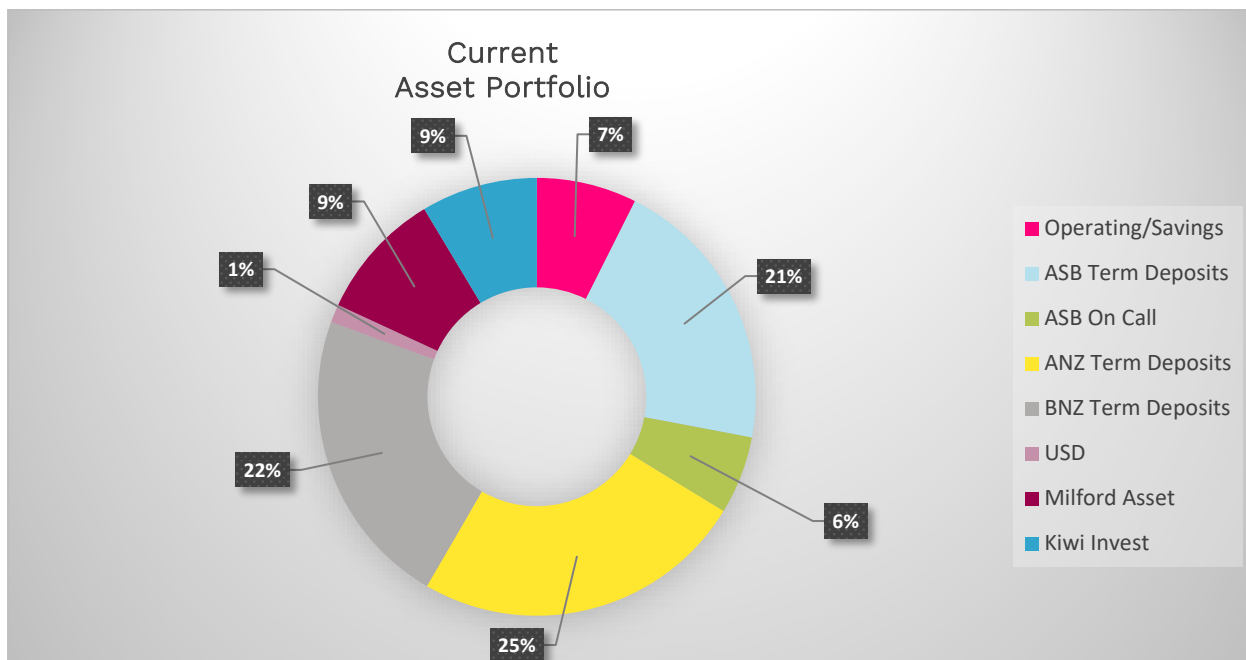
A detailed Balance sheet report for INZ Group is available for review (link below). We would like to provide detail on two specific areas of note in this report:

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

(Insert link to Q3 Group Report after Q2 report moved to accessible drive/website)

Investments

The graph below represents the percentage spread of our investments (\$18,463,141) across all institutes.



Cash in Excess of Reserves as at QE Dec 2019

At the end of Q2 (30 Sept 2019) cash in excess of reserves was \$4.3m. The following is an update as at the end of Q3, 30 Dec 2019:

The table below shows the current actuals, and forecast outcomes from the current year. It represents a forecast for 31 March 2020, showing that at year end we can anticipate the Cash in Excess of Reserves situation:

Total Cash & Current Assets	19,547,9323
Less Deferred Income	(8,471,075)
Less Reserves as per the policy	(3,474,204)
Less Other Current Liabilities	(926,200)
Budget Capex 2019/20	(550,000)
DNCL Reserves (restore)	(500,000)
Deficit budget less Amort./Dep. & Capex Salaries	(1,201,000)
Cash in Excess of Reserves	4,425,453

Cash Position PE Dec 2019

