



## **2020 ANNUAL GENERAL MEETING (10 Nov 2020)**

### **Questions & Answers**

*Q: Revenue for 2020, predominantly licensing fees, is approximately \$14M with an indication that normalisation of revenue will occur. Given that the wholesale price of a domain is approximately \$7, is it expected that projected revenue will be around \$21M year to year?*

**A:** We expect the likely number to be in the region of \$19–20 million.

*Q: Net cash from investing activities shows a net loss of approximately \$3.5M. It appears that auDA is now investing in high risk assets such as equity securities as opposed to its traditional defensive assets. Given that auDA's revenue is very healthy, as an NFP why has it switched its investment strategy and exposed itself to higher risks?*

**A:** It is unclear how the questioner has determined a net loss of approximately \$3.5M from investing activities. The market value of investments declined by \$947,306 due to high volatility in the current COVID-19 environment.

During 2019 auDA completed a tender for management of its investment portfolio. As part of this process auDA implemented an investment management policy after detailed analysis of risk appetite and risk ability. This policy is being followed by its appointed investment manager Credit Suisse. The risk profile of auDA investments has not changed markedly since the transition of the management of portfolio to Credit Suisse. auDA's investment portfolio has included direct equity investments for a number of years.

*Q: In April the CFO recommended that auDA continue holding \$5M of reserve funds, previously approved for transfer to Credit Suisse for investment, due to the uncertainty of COVID-19. Are these funds still being held or have they been invested?*

**A:** auDA has commenced adding funds to its reserve funds/investments and is staggering the increased investment over several months.

*Q: Approximately \$2M has been invested in alternative and other investments, which do not appear in the parent entity P&L. Can you provide further information as to the nature of these investments?*

**A:** Alternative investments are part of a balanced investment portfolio approach and do not denote risky investments. In auDA's case the alternative investments are designed to diversify the portfolio and reduce investment risk.

*Q: Previously the Finance and Audit Committee met on a monthly basis. The current FAC has only met twice. Will the FAC meet more regularly in the future?*

**A:** The Finance and Audit Committee met six times in FY2020 and is scheduled to meet four times in FY2021. It is worth noting that the Board meets on a different cycle to the previous Board.

*Q: Are there any specific initiatives to increase the number of applications (or final approvals) to the Co-Marketing and Innovation Fund? If so, any specific examples?*

**A:** Co-Marketing and Innovation Fund grants approved by the Board are reflected in the Board's minutes of meetings (excluding the names of recipients for commercial in confidence reasons), and the FY20 Annual Report includes a breakdown of the grants made throughout the financial year, including the recipient and purpose of each grant or voucher.

In light of the significant changes underway at auDA, it is unsurprising there were fewer applications in the first half of FY20, but we have seen renewed interest in the first quarter of FY21 with four applications approved.

auDA communicates with registrars regularly on a range of matters, including engaging them behind our recent industry campaign supporting growth in the com.au namespace.

*Q: The Nominations Committee Charter indicates that the process of appointment and election of Directors is transparent. Why is it not so? Why are minutes, dates, times, attendees etc not published. Why is all mention of the Nomination Committee in Board Minutes redacted?*

**A:** While auDA seeks to operate as transparently as possible, when it comes to people seeking election and appointment to the Board, there needs to be a balance struck between privacy and transparency in order not to discourage people from putting themselves forward for consideration. The procedure followed for this year's election in this respect was the same as that followed by the Board and Committee last year.

*Q: Was there any review of candidates by auDA Board Members prior to them being submitted to the Nominations Committee for consideration. The minutes indicate that the Chair of the People & Culture Committee would be asked to assist with the process. How is that an independent process?*

**A:** The Nomination Committee reviewed all 87 applications and shortlisted seven candidates for interview.

The Nomination Committee, along with the Chair of the Board's People and Culture Committee (PCC), interviewed the seven candidates. In addition to the Chair (who serves both as Chair of the Board and Chair of the Nomination Committee), it was agreed the PCC Chair would bring valuable additional perspective to the Committee's consideration as to how candidates would complement the skills and experiences of the incumbent Board members.

The Nomination Committee approved three candidates to proceed to the ballot of Associate Members.

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