

HALF YEAR FINANCIAL UPDATE

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

INTRODUCTION

Dear members,

I'm pleased to share the half year financial update for the six months ending 30 September 2023.

You will see that we have continued the planned uplift investment in our technology, correcting a prior period of lower-investment prior to 2020.

Capital expenditure on the delivery of infrastructure programmes, most notably important work renewing the enterprise platforms that underpin our registry, was £4m over the period.

Domains under management are stable, at 10.9m across the .UK portfolio, with c.900k new registrations and 3.2m renewals in .UK domains over the period.

Building on our work as the guardian of the .UK registry, we are committed to using our technical expertise to contribute to the world around us.

Protecting a growing number of public services, including the NHS, our Protective DNS (PDNS) work is aligned with our purpose, and highly valued by government customers. Efforts continue to convert a strong pipeline of opportunities with a revised target to profitability of end FY25.

Revenues overall were at the same levels as the same period last year. The combination of planned investment in technology and inflationary pressures means our costs were up by £3.4m. Enhanced procurement and programme governance will help unlock scale economies and efficiencies.

Over the period, we distributed £7.7m to social impact activities, of which £2.9m was drawn from the funds previously allocated to Charities Aid Foundation (CAF) account. The net impact on the P&L therefore was £4.8m.

As a public benefit company, we're proud of our role as the .UK registry, protecting public services, and supporting projects using technology to change lives. A healthy financial foundation enables us to continue to invest where needed and provide the quality of service our members and customers expect.



CAROLYN BEDFORD
NOMINET CFO

THE FINANCIAL INFORMATION PRESENTED IS UNAUDITED

KEY FIGURES

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023
showing variance against same period prior year

10.9m

-0.2m

DOMAINS UNDER
MANAGEMENT
.UK FAMILY¹

£27.1m

+£0.0m
REVENUE

£7.7m

+£5.5m
ON SOCIAL
IMPACT^{**}

¹ .UK FAMILY as outlined on Page 5. ^{**}Includes funding via CAF from FY23

ASSETS & CASH FLOW

ASSETS AT 30 SEPTEMBER 2023, CASHFLOW FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023
showing variance against same period prior year



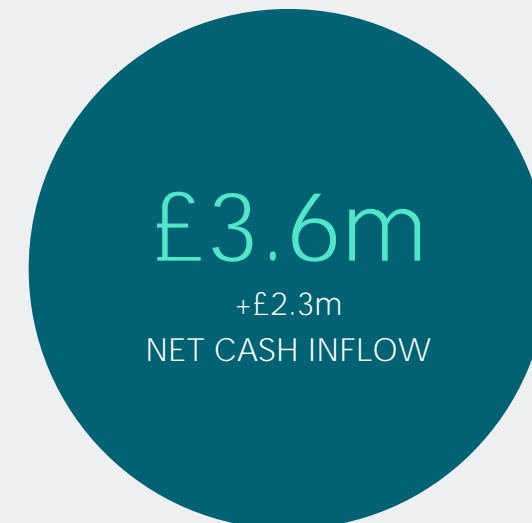
Balance sheet reduction driven by spend on social impact, offset by operating surplus



The value of our portfolio is 6.5% lower than at end of the prior year (£96.3m). This reflects a £7.7m transfer out to fund social impact commitments and capital expenditure, offset by a small increase in the investment portfolio valuation



Expenditure on delivery of technology registry programmes. Includes £1.9m related to Enterprise Platform Renewal (EPR)



Inflows include £7.7m from investment portfolio and £3.7m from operating activities. Outflows include £4.8m for social impact and £4.0m for capex

£m	September 6 months	
	Actual	Variance to Prior yr
Registry Solutions	20.7	(0.2)
Nominet Cyber	6.4	0.2
Revenue	27.1	0.0
Costs	(23.4)	(3.4)
Surplus (before depreciation)	3.7	(3.4)
Surplus % (before depreciation)	13.6%	(6.5%)
Surplus by Business Unit		
Registry Solutions	5.5	(2.7)
Nominet Cyber	(1.8)	(0.7)
Surplus (before depreciation)	3.7	(3.4)
Depreciation	(2.8)	(0.1)
Public Benefit	(4.8)	(2.6)
Currency Gains (Losses)	0.0	(0.1)
(Deficit)/surplus	(3.9)	(6.2)
Surplus %	(14.5%)	(11.2%)
Interest Receivable	0.0	(0.2)
Investment Income/(Losses)	1.4	12.6
Tax	1.4	(1.6)
Net deficit before CyGlass	(1.1)	4.7
CyGlass	0.0	1.9
Net Deficit	(1.1)	6.6

Notes

For the variance columns against prior year:

Positive variance value = higher revenue or lower cost

Negative variance value = lower revenue or higher cost

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FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

PUBLIC BENEFIT

- Public Benefit spend in-line with commitments.

REGISTRY

- Stable underlying Registry trading performance
- Year to date new registrations in line with budget.
- Renewal rates continue to be stable, with some monthly variation
- Year on year headcount increases to deliver investment in technology and infrastructure renewal coupled with inflationary pressures led to a reduced registry surplus

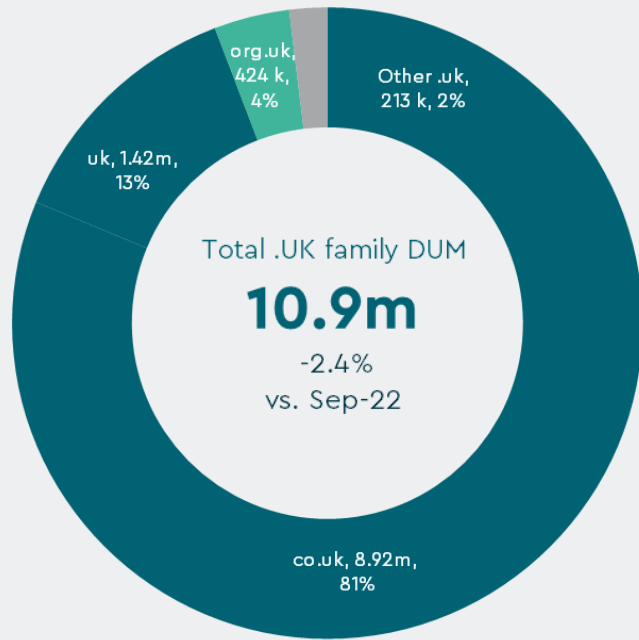
NOMINET CYBER

- Loss for first six months in line with expectations
- Improved commercial terms on the ACSC contract
- Breakeven targeted for FY25 pending outcome of pipeline opportunities

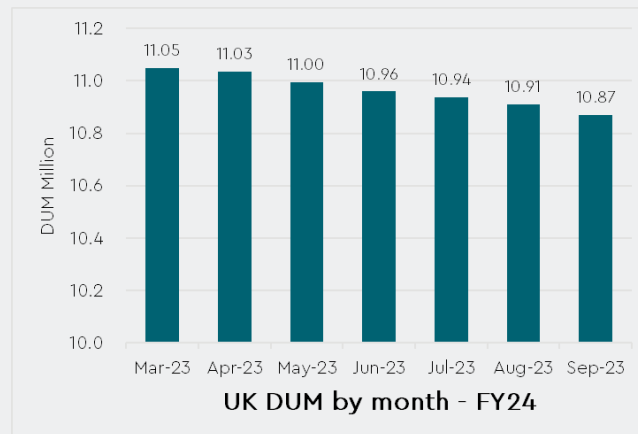
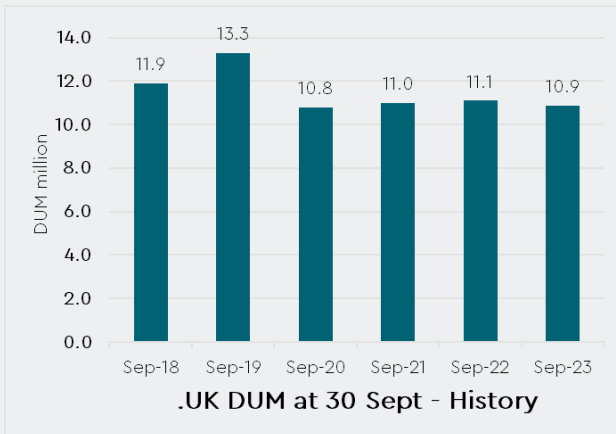
OTHER

- Investment portfolio year-to-date income reflects re-invested income and investment portfolio value growth

.UK REGISTRY



- 10.9 million domains under management as at 30 September 2023
- 0.91 million new registrations in the six months to 30 September 2023
- 3.2 million renewals in the same period
- The six-month average monthly registration at 154k matches the pre-COVID monthly level and aligns with the FY24 budget
- The average mature renewal rate for the first six months is 75%, indicating a continuing downward trend, which is lower than the average mature renewal rates in FY22 and FY23 (78%). However, it remains comparable to the pre-COVID average mature renewal rate of 73%



.UK FAMILY DATA

SOCIAL IMPACT

GRANTS OVER £250k

RECIPIENT	AMOUNT £k
Micro:bit	4,004
Institute of Coding	1,200
UK Safer Internet Centre	800
Good Things Foundation	750

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FUNDING OVERALL

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

£7.7m

SPENT OVERALL

£4.8m

ON SOCIAL IMPACT
FROM FY24

£2.9m

FROM EXISTING CAF
ACCOUNT