



**NOMINET**

# NOMINET UK SUMMARY FINANCIAL RESULTS

FOR THE YEAR ENDED 31 MARCH 2024

# INTRODUCTION

Dear members,

This short report summarises our financial performance in FY24, as well as the performance of .UK over the same period. It accompanies the full Annual Report and Accounts which is now available on our website. While all the financial information is retained in the ARA, we have streamlined the report so we can share the numbers earlier than we have previously.

Group revenue increased in the year by £2.3m (4.2%) to £56.4m driven by a £2.7m increase in Cyber revenue offset by a £0.4m reduction in Registry revenue. The combination of continued planned investment in technology and inflationary pressures means our total operating costs were up by £8.4m. Operating surplus was £9.0m, with a deficit of £7.9m after Public Benefit and depreciation.

Domains under management decreased slightly to 10.7m across the .UK portfolio (11.0m in FY23), with c.1.7m new registrations and 6.2m renewals in .UK domains over the period.

You will see that we have continued the planned uplift investment in our technology, correcting a period of lower-investment prior to 2020. The Enterprise Platform Renewal cumulative spend to date is £24.9m (£17.5m capital expenditure and £7.4m operating expenditure). We expect the modernisation project to complete in FY26. However, we will continue to invest on an ongoing basis, albeit at lower levels, to ensure we maintain the quality and relevance of our platforms.

Protecting a growing number of public services, including the NHS, is aligned with our purpose, and highly valued by government customers.

Given the reduction in revenues, including reduced projections for domain name renewals and registrations, alongside the loss of the UK PDNS contract, we have put in place a revised operating model to bring increased focus and efficiency to how we run the group. This has resulted in a restructure where the annualised savings are expected to be c£3.8m. Approximately two-thirds of this are expected to be realised in FY25, and full impact from the following the year due to the phasing of the restructuring programme. We also accelerated the amortisation and impairment of PDNS related intangible assets (£1.2m).

Over the period, we spent £13.9m on social impact activities, of which £4.0m was drawn from the funds previously allocated to Charities Aid Foundation (CAF) account. The net impact on the P&L therefore was £9.9m.

With our role as registry for .UK domains front of mind, Nominet remains committed to investing in the delivery of high-quality services and having a positive impact on the world around us.



CAROLYN BEDFORD  
NOMINET CFO

## KEY FIGURES

FOR THE YEAR ENDED 31 MARCH 2024  
showing variance against prior year

10.7m

-0.3m  
DOMAINS UNDER  
MANAGEMENT  
.UK FAMILY

£56.4m

+£2.3m  
REVENUE

£9.9m\*

£2.0m  
ON SOCIAL IMPACT

\*In addition to the £9.9m of direct programme spend, the £4.0m put into our Charities Aid Foundation (CAF) account in FY23 was distributed to two organisations (Micro:bit and Good Things Foundation) in FY24. These payments are included in the grants to these organisations in the 'Our biggest grants in FY24' table on page 5

# ASSETS & CASH FLOW

ASSETS AT 31 MARCH 2024, CASHFLOW FOR THE YEAR ENDED 31 MARCH 2024  
showing variance against same period prior year

£97.8m

+£2.2m  
NET ASSETS

Balance sheet increase reflects Nominet's investment in its technology platforms, offset by a planned reduction in the investment portfolio to fund the social impact programmes

£91.0m

-£6.3m  
INVESTMENT  
PORTFOLIO VALUE

This reflects a £16.1m transfer out to fund social impact commitments and capital expenditure, offset by increases in the investment portfolio valuation

£6.8m

+£1.0m  
CAPITAL EXPENDITURE  
& PROJECT RESOURCE  
COSTS FOR EPR

Expenditure on continuation of modernisation of technology platforms (EPR project)  
Cumulative spend to date is £24.9m (£17.5m capex and £7.4m opex)  
Project expected to complete in FY26

£2.1m

+£5.4m  
NET CASH INFLOW

Inflows include £16.1m from investment portfolio and £6.5m from operating activities. Outflows include £9.9m for social impact and £11.2m for capex

£m	FY24	
	Actual	Variance to Prior yr
Revenue		
Registry	41.1	(0.4)
Cyber Business	15.3	2.7
	56.4	2.3
Surplus/Deficit by Business Unit		
Registry Solutions	9.8	(5.0)
Nominet Cyber	(0.8)	1.6
Surplus (before depreciation)	9.0	(3.4)
Surplus % (before depreciation)	16.0%	(7.0%)
Depreciation, Amortisation & Impairment	(6.7)	(1.5)
Public Benefit	(9.9)	2.0
Other Administrative Costs not allocated to Business Units	(0.3)	0.1
Currency Gains (Losses)	0.0	(1.3)
(Deficit)/surplus	(7.9)	(4.1)
Surplus %	(14.0%)	(7.0%)
Investment Income	2.2	0.1
Tax	(0.3)	0.2
Net deficit from continuing operations	(6.0)	(3.8)
Discontinued operations - CyGlass	0.0	1.9
Net Deficit	(6.0)	(1.9)

#### Notes

For the variance columns against prior year:

Positive variance value = higher revenue or lower cost

Negative variance value = lower revenue or higher cost

# FINANCIAL RESULTS

FOR THE YEAR ENDED 31 MARCH 2024

## REGISTRY

- Small reduction in revenue reflecting modest decline in new registrations and renewals
- Increase in operating costs, with staff costs impacted by inflation and significant increase in IT costs due to the impact of the investment in our technology infrastructure

## CYBER BUSINESS

- Narrowing of loss to £800k
- Revenue increase of 21% due to an increase in the contractual revenue profile of the PDNS services for governments in the UK and Australia and new revenue from the delivery of DNS services to the NHS
- Increase in operating costs, with staff costs impacted by inflation and expected increase in contract delivery costs

## OTHER

- Increase in depreciation, amortisation and impairment reflects increase in assets held due to the investment in our technology infrastructure. Also includes £1.2m of accelerated amortisation and impairment of PDNS-related intangible assets
- £1.3m currency exchange gain in prior year did not occur in FY24

## PUBLIC BENEFIT

- Public Benefit spend in-line with programme commitments
- £3.97m put into our Charities Aid Foundation account in FY23 was distributed in FY24
- The beneficiaries of our grants over £250k in FY24 are shown on page 5

# SOCIAL IMPACT

GRANTS OVER £250k

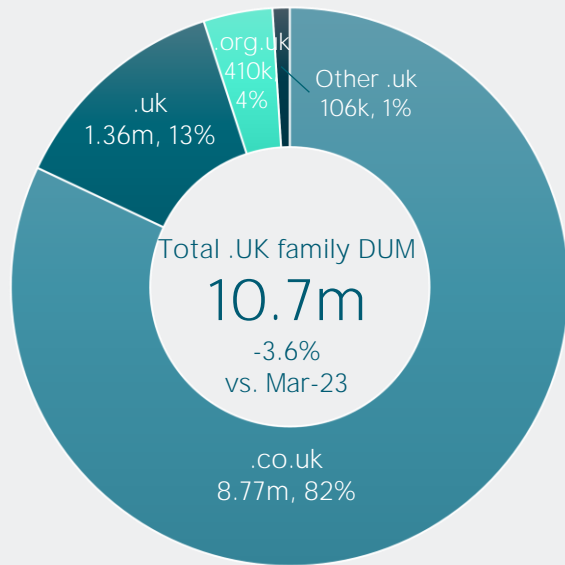
RECIPIENT	AMOUNT £k
Micro:bit Educational Foundation	5,108
Institute of Coding	2,750
UK Safer Internet Centre	1,599
Good Things Foundation	1,500
The Lucy Faithfull Foundation	300
Internet Watch Foundation	250

# FUNDING OVERALL

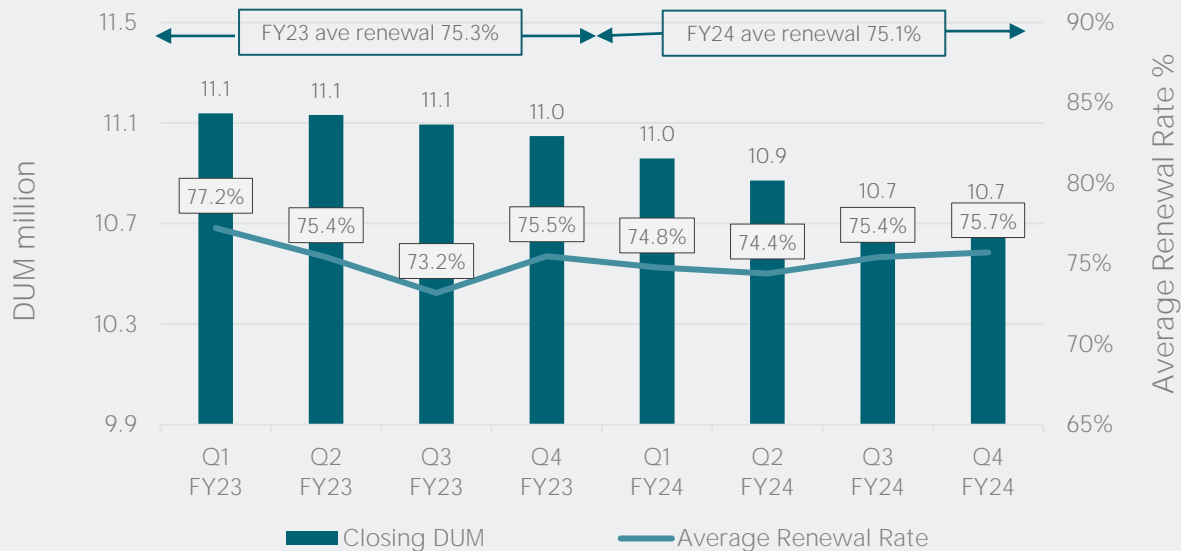
FOR THE YEAR ENDED 31 MARCH 2024



A further £390k was put into our CAF account in FY24. This is included in the total programme spend for FY24 shown above.



.UK FAMILY DATA FY23 - FY24 QUARTERLY



## .UK FAMILY

- FY24 registrations were 1.7m, down 10.3% compared to prior year (1.9m)
- The average .UK renewal rate in FY24 was 75.1%, down 0.2% compared to prior year (75.3%)
- DUM of 10.7m as at end March 2024, a decrease of 3.6% versus prior year (11.0m)

We are reviewing our registry strategy to ensure .UK retains its position as the UK's favourite domain