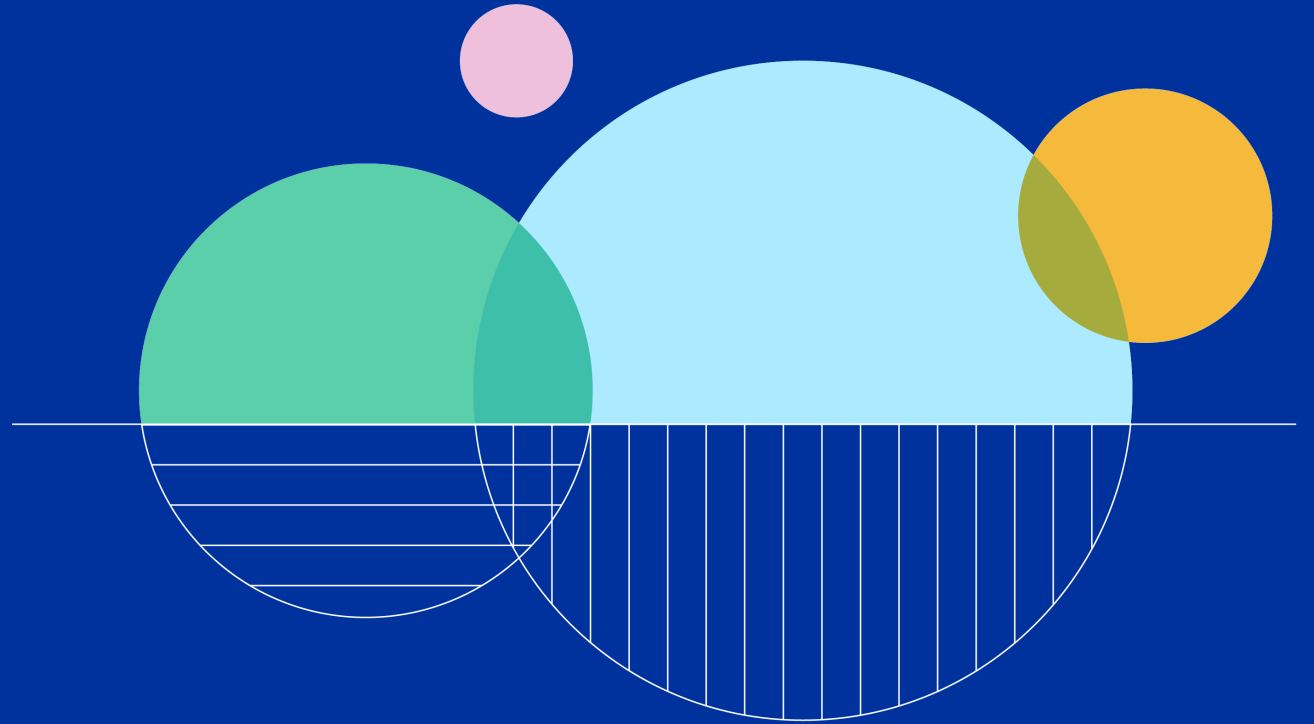


# NOMINET UK SUMMARY FINANCIAL RESULTS

For the year ended 31 March 2025



# Introduction



**Dear members,**

It's been a year of transition at Nominet. We have restructured the organisation and refreshed our strategy which is clearly focused on ensuring .UK's long-term success whilst seeking growth from our registry and DNS services. We are moving with confidence and positivity into our 30th anniversary year. This short form report accompanies the full Annual Report and Accounts which is available on our website.

The .UK namespace is a mature market and in common with many long-established country code registries, we experienced slowing demand for new registrations. Domains under management ended the year lower at 10.2m, a reduction of 0.5m across the .UK portfolio, with registry revenue falling by £1.0m as a result. This was offset by a £0.5m increase in DNS revenue (previously called Cyber.)

Operating costs were £4.0m (7%) lower than the previous year, with reductions in staff costs following the restructure, and lower technical systems and infrastructure overheads - reflecting our efforts to rationalise our technology base and investment in developing technology solutions which have a lower cost base without any detrimental impact on service and security. Our commitment to investing in technology also helped protect us from a speculative cyber-attack at the beginning of 2025.

Our operating surplus for the year was £15.4m and after allowing for spending on our public benefit initiatives and depreciation, the total deficit was £5.5m. We will publish more details about the many ways that Nominet's public benefit work touches wider society in a new report this month.

Despite delivering a quality service we were disappointed to be unsuccessful with a tender to further extend our PDNS work in Australia – we are proud of the team and their work. The market for PDNS products has changed, and we will no

longer operate in this field - we believe that focusing on our registry and DNS expertise will drive Nominet forward in years to come. We're already seeing positive results from this new focus, having secured a new multi-year public sector DNS contract which supports the UK's Law Enforcement Community Network, and we are actively seeking further growth opportunities.

Our technology remains a key priority. The large-scale programme to renew our enterprise platforms is on track to be completed this autumn. We are now starting a new phase of work that seeks to further improve member and customer experience through greater use of automation, our data, and the possibilities of AI. We are also committed to increasing our software development capabilities, retaining control of our infrastructure, which enable us to specify and deliver future services effectively.

Our current public benefit flagship initiatives are coming to an end. We spent £11m in the year, including a transfer of £1.6m into our Charities Aid Foundation account, which will be distributed in the current year. The results we are seeing from these flagships are far reaching – we're proud that our 'Micro:bit – the next generation' initiative with the BBC and Micro:bit Educational Foundation won the "Not-for-Profit of the Year" at the prestigious Digital Revolution Awards.

As we look ahead, we remain committed to our purpose, vision and mission – striving to bring positive societal impact while championing the internet for the benefit of all. Together, we will continue to shape a brighter, more inclusive digital future.



**Carolyn Bedford**  
CFO and Executive Director

# Key statistics



For the year ended 31 March 2025 showing variance against prior year



\*£11.0m public benefit spend in the year includes £1.6m transferred into our Charities Aid Foundation (CAF) account during the year

# Assets & Cash Flow



Assets at 31 March 2025, cashflow for the year ended 31 March 2025  
showing variance against same period prior year

<div>£96.0m</div> <div><div>-£1.8m</div><div>Net assets</div><div><ul style="list-style-type: none"><li>Balance sheet reduction reflects timing difference of receivables across both year ends</li></ul></div></div>	<div>£88.6m</div> <div><div>-£2.4m</div><div>Investment portfolio value</div><div><ul style="list-style-type: none"><li>This reflects a £5.0m transfer out to fund capital expenditure and public benefit commitments, offset by increases in the investment portfolio valuation</li></ul></div></div>	<div>£7.7m</div> <div><div>-£3.5m</div><div>Capital expenditure</div><div><ul style="list-style-type: none"><li>Includes £2.9m on continuation of modernisation of technology platforms (EPR project). Cumulative spend on EPR to date is £31.0m (£20.4m capex and £10.6m opex)</li><li>Project on track to complete in FY26</li></ul></div></div>	<div>£4.0m</div> <div><div>+£1.9m</div><div>Net cash inflow</div><div><ul style="list-style-type: none"><li>Inflows include £5.0m from investment portfolio and £18.3m from operating activities.</li><li>Outflows include £11.0m for public benefit and £7.7m for capex</li></ul></div></div>
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# Financial results

For the year ended 31 March 2025



Registry	<ul style="list-style-type: none"> <li>Small reduction in revenue reflecting modest decline in new registrations</li> <li>Small decrease in operating costs. The restructure created one customer team and combined some of the technology teams. Following the significant contract-level changes in FY25 we will revisit our internal cost split model in FY26</li> </ul>
DNS	<ul style="list-style-type: none"> <li>Small increase in revenue with loss of revenue on termination of UKPDNS contract offset by revenue from NHS and increased revenue on AUPDNS contract</li> <li>The surplus reflects some opex savings in the year but is also impacted by the change in the structure of the organisation during the year which created one customer team and combined some technology teams. As noted above, following the significant contract-level changes in FY25 we will revisit our internal cost split model in FY26</li> </ul>
Public Benefit	<ul style="list-style-type: none"> <li>Public benefit spend includes £1.6m added to our Charities Aid Foundation account in the year</li> <li>The beneficiaries of our grants over £250k in FY25 are shown on page 6</li> </ul>
Other	<ul style="list-style-type: none"> <li>Increase in depreciation, amortisation, impairment and write-offs reflects increase in assets held due to the investment in our technology infrastructure and includes £1.5m of accelerated amortisation and write-off of PDNS-related intangible assets due to the AUPDNS contract ending in FY26 and the decision to exit the PDNS market</li> </ul>

£m	FY25 Actual	FY24 Actual	Variance
Revenue			
Registry	40.1	41.1	(1.0)
DNS	15.8	15.3	0.5
	55.9	56.4	(0.5)
Surplus by business unit			
Registry	9.5	9.8	(0.3)
DNS	5.9	(0.8)	6.7
Surplus (before depreciation)	15.4	9.0	6.4
Surplus % (before depreciation)	27.6%	16.0%	(11.6%)
Depreciation, amortisation, impairment & asset write-offs			
	(7.9)	(6.7)	(1.2)
Public benefit	(11.0)	(9.9)	(1.1)
Restructuring costs	(1.4)	-	(1.4)
Investment manager fees	(0.3)	(0.3)	-
Currency gains / (losses)	(0.3)	-	(0.3)
Operating deficit	(5.5)	(7.9)	2.4
Deficit %	(9.9%)	(14.0%)	4.1%
Investment income			
	2.3	2.2	0.1
Tax	0.5	(0.3)	0.8
Net deficit	(2.7)	(6.0)	3.3

Notes  
For the variance columns against prior year:  
Positive variance value = higher revenue or lower cost  
Negative variance value = lower revenue or higher cost

# Public benefit

Grants over £250k



Recipient	Amount £k
Institute of Coding	4,691
UK Safer Internet Centre	1,647
Good Things Foundation	1,500
Micro:bit Educational Foundation	310
The Lucy Faithfull Foundation	300
ParentZone – countering harm	265
Internet Watch Foundation	250

## Funding overall

For the year ended 31 March 2025

£11.0m	£9.4m	£1.6m
Spent overall	Paid to beneficiaries in FY25	Added to CAF account



# .UK Family

11.8%

FY25 registrations were 1.5m, **down 11.8%** compared to prior year (1.7m)

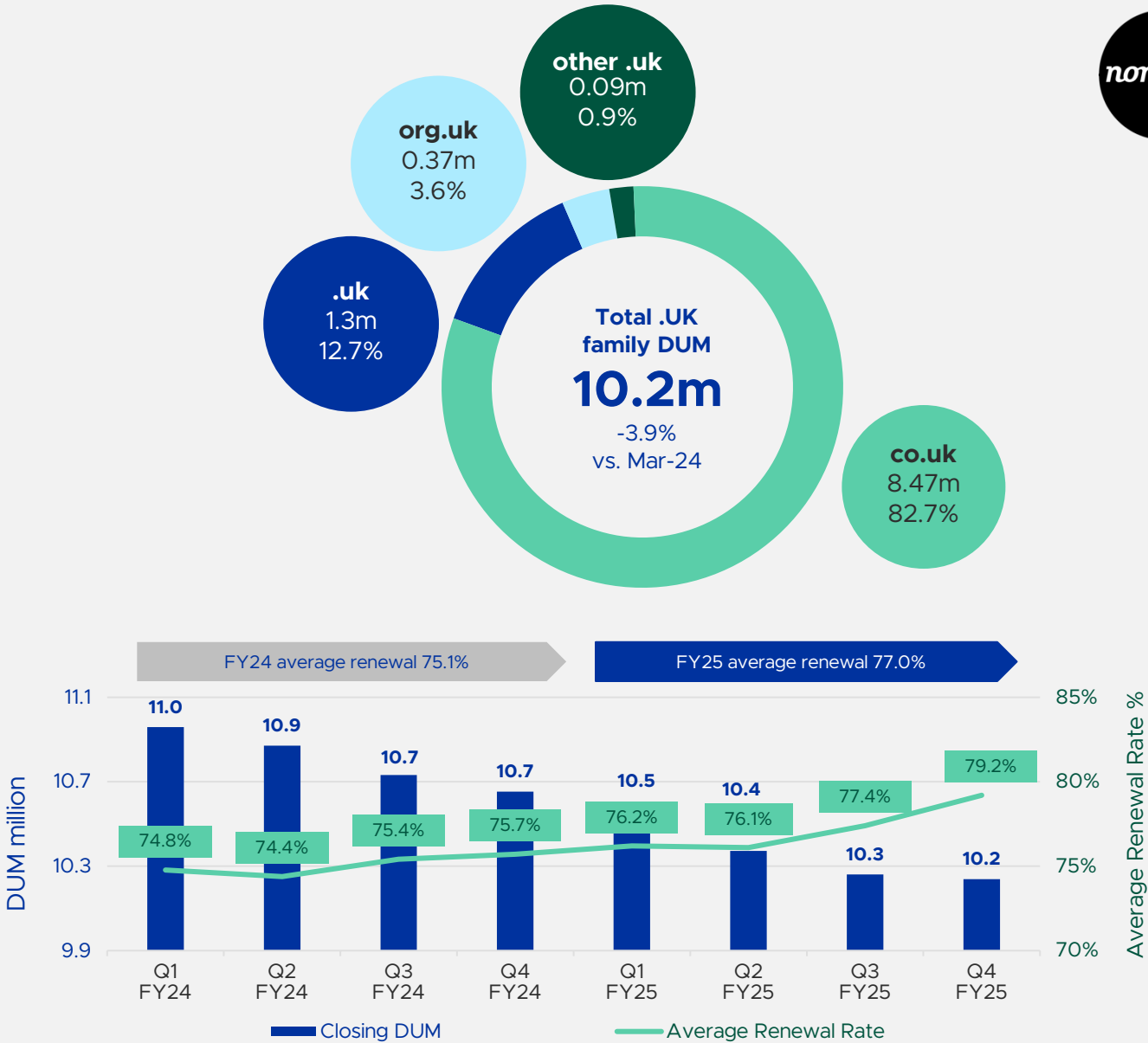
1.9ppt

The average .UK renewal rate in FY25 was 77.0%, **an increase of 1.9 percentage points** compared to prior year (75.1%)

4.7%

DUM of 10.2m as at end March 2025, **a decrease of 4.7%** versus prior year (10.7m)

We are continuing our work on domain health to ensure we deliver safe, reliable and secure domain name services.



# What is the purpose of reserves?

For some time, your Board has signalled its intent to reduce the level of any excessive reserves going forwards.

In line with best practice, the board promotes a capital structure aligned with its goals, strategies, risks, and industry standards.

In recent years, we have been re-focusing the company on its core proposition and future proofing our capabilities. This has included investing heavily in essential technology transformation with a significant EPR programme due to complete in FY26.

As such, the board has this year taken a deeper look at what an appropriate level of reserves should be to ensure financial stability and resilience.

We have therefore modelled several scenarios, taking into account feedback from our professional advisors, comparisons with other registries (as far as data is available), and other similar sized / type of companies.

The considerations taken into account when modelling the levels required include:

1. The ability to deal with unexpected catastrophic events that would have a significant impact
2. To provide adequate coverage in respect of domains that are paid for in advance (deferred revenues of c.£34m)
3. To facilitate periodic planned investments
4. To meet commitments made under our public benefit programmes;
5. To allow for periods of stock market volatility

Based on our current assumptions **the board recommends retaining significant reserves of at least £50m.**

We will continue to review the levels required on an annual basis.

