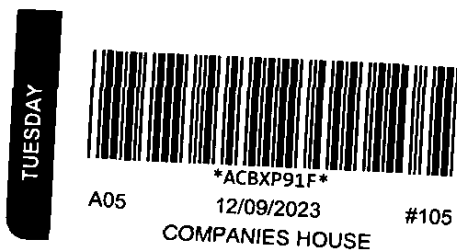


**Touch Local Limited**

**Annual Report and Consolidated  
Financial Statements**

**Registered number 02885607**

**31 December 2022**



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## **Officers and Professional Advisors**

### **Directors**

Sharon Rowlands  
Christina L. Clohecy  
Jeffrey S. Neace

### **Secretary**

Bird and Bird LLP  
12 Fetter Lane  
London  
EC4A 1JP

### **Registered Office**

12 New Fetter Lane  
London  
EC4A 1JP

### **Bankers**

NatWest Bank plc, Westminster Branch  
PO Box 3038  
57 Victoria Street  
London  
SW1H 0HN

### **Solicitors**

Bird and Bird LLP  
15 Fetter Lane  
London  
EC4A 1JP

### **Auditors**

Gibson Whitter Limited  
Chartered Accountants and Registered Auditors  
Parklands Business Park  
Forest Road  
Denmead  
PO7 6XP

## **Strategic Report**

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

During the year, Touch Local Limited ('the Company') provided a full range of Internet services to small businesses to help them compete and succeed online. The Company meets the needs of small businesses anywhere along their lifecycle with affordable, subscription-based solutions including website design and hosting, search engine optimization, online marketing campaigns, directory listings and eCommerce solutions.

In January 2021, the Company acquired 100% of the outstanding shares of Easily Limited, a provider of domain names, hosting, and technology solutions based in United Kingdom. In addition, on that same date, the Company also acquired certain assets from Corporation Service Company related to its Speednames Brand, which primarily consisted of customers. The purchase price for both was approximately £1.1 million, of which the funds to purchase was contributed to the Company by its immediate parent, Web.com Group, Inc.

In February 2021, Newfold Digital Holding Group, Inc. (formerly known as Endurance International Group, Inc.) acquired 100% of the equity interest in Web.com Group, Inc. and its wholly owned subsidiaries. As a result, Newfold Digital Holdings Group, Inc. is now considered the ultimate parent company. The ultimate controlling parties are Siris Capital Group (601 Lexington Avenue, 59th Floor, New York, NY 10022) and Clearlake Capital Group (233 Wilshire Blvd, Suite 800, Santa Monica, CA 90401).

The Group expects its 2023 trading results to decrease in comparison to the 2022 trading results as a result of a smaller sales force and focus on profitable product offerings. As a result, the Company will continue to focus on profitable growth and improving the net profits of the Group.

### **KEY PERFORMANCE INDICATORS**

During the year ended 31 December 2022, the Group had a profit of £160 thousand (2021: loss £8 thousand). The Company had approximately 45,737 customers as of 31 December 2022 with average revenue per month of £11.67 as compared to approximately 47,133 customers as of 31 December 2021 with average revenue per month of £13.60.

Customer turnover decreased during the year ended 31 December 2022 by 9%. This decrease in turnover is due to lower sales of online marketing products and other reseller contracts which typically have a higher monthly revenue value. In addition, we have seen a decrease in our domain and hosting customers.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks facing the Company are as follows:

- We rely heavily on the reliability, security, and performance of our internally developed systems and processes, and any difficulties in maintaining these systems may result in service interruptions, decrease customer service, or increase expenditures.
- Providing online marketing service and products to our clients is a fragmented and changing market; if this market fails to grow, we will not be able to grow our business.
- A portion of our online marketing service and products are sold on a month-by-month basis, and if our customers are unable or choose not to subscribe to our web services, our revenue may decrease.
- Weakened global economic conditions may harm our industry, business, and results of operations. These risks are mitigated by constant monitoring by management. For the risks deemed to be high risk factors, management has developed a formal action plan that addresses this risk and assigned an owner who will closely monitor the process and act as warranted.

## **FINANCIAL RISK MANAGEMENT**

The most important components of financial risk to a company are interest rate risk, credit risk, market risk and cash flow risk. The only financial risk the directors consider relevant to this Company is cash flow risk. The key risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. This risk is mitigated by the ultimate parent company being able to satisfy all obligations of the Company if they are unable to pay creditors.

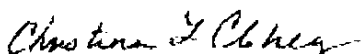
## **DIRECTORS' SECTION 172 STATEMENT**

The directors, together with management from the ultimate parent company, make long term decisions for the Group. These range from changes in internal systems to external acquisitions. The Group's employees are either consulted or communicated to when there are decisions likely to affect them. There are regular updates provided by management to the entire organisation and employees are encouraged to ask questions and suggest process involvement.

Business relationships with customers and suppliers are key to the Group's success so maintaining a good reputation and high standards of business conduct is extremely important. Whenever there are key changes to process or services, customers and suppliers are consulted or communicated in advance of any such changes.

The Group recognizes the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the Group's activities. Initiatives designed to minimise the Company's impact on the environment include improving our energy use, efficiency, paper use and recycling.

By order of the board



**Christina L. Clohecy**

*Director*

Company registered number: 02885607

7 September 2023

Touch Local Limited  
12 New Fetter Lane  
London  
EC4A 1JP

## **Directors' Report**

The Directors present their report and the audited financial statements, for the year ended 31 December 2022.

### **RESULTS AND DIVIDENDS**

Consolidated financial statements have been prepared comprising the results of Touch Local Limited ('the Company') and its wholly owned subsidiaries: Touch (NW) Limited, Enable Media Limited, Central Index Limited, and Easily Limited. The subsidiaries of Touch Local Limited, which are all incorporated in England and Wales and registered in England, are exempt from the audit of their individual accounts due to the existence of a parental guarantee given by this parent undertaking of this Group which prepares these consolidated accounts. The consolidated profit for the year ended 31 December 2022 after taxation amounted to £160 thousand (2021: loss £8 thousand). The loss attributable to the Company for the year ended 31 December 2022 after taxation, amounted to £7.7 million (2021: profit £344 thousand).

The directors do not recommend any dividend on the ordinary shares in respect of the year ended 31 December 2022 (2021: £nil).

### **DIRECTORS**

The directors who held office during the year were as follows:

Sharon Rowlands  
Christina L. Clohecy  
Jeffrey S. Neace

### **POLITICAL CONTRIBUTIONS**

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year ended 31 December 2022.

### **DISCLOSURE OF INFORMATION TO AUDITOR**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **GOING CONCERN**

Notwithstanding net current liabilities of £5.6 million at 31 December 2022 (2021: £2.6 million), the consolidated financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these consolidated financial statements which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds, through its cash and cash equivalents and in downside cases funding from its indirect parent company, Newfold Digital, Inc., to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Newfold Digital, Inc. not seeking repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £4.9 million, and providing additional financial support during that period. Newfold Digital, Inc. has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

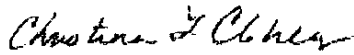
**OTHER INFORMATION**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 3.

**AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed reappointed and Gibson Whitter Limited will therefore continue in office.

By order of the board



**Christina L. Clohecy**

*Director*

Company registered number: 02885607

7 September 2023

Touch Local Limited  
12 New Fetter Lane  
London  
EC4A 1JP

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the groups profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations', or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOUCH LOCAL LIMITED**

### **Opinion**

We have audited the financial statements of Touch Local Limited (the 'company') for the year ended 31 December 2022 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flows Statement and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- - give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- - have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Report of the Directors, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### **Extent to which the audit was capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory framework in which the company operates. The key laws considered included the Companies Act 2006. We have corroborated our enquiries through review of Board minutes.
- We have evaluated management incentives and opportunities for fraudulent manipulation of the financial statements including management override of controls and the application of revenue recognition at cut-off and considered that the principal risk was related to the posting of inappropriate journal entries to improve the result before tax for the year. We have addressed this by assessing journal entries as part of our planning audit approach.
- We have enquired of management and those charge with governance in respect of known or suspected instances of non-compliance with laws and regulations.

- We have also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Linda Gibson (Senior Statutory Auditor)**  
**for and on behalf of Gibson Whitter Limited, Statutory Auditor**  
*Chartered Accountants*  
Parklands Business Park, Forest Road, Denmead, PO7 6XP

7 September 2023

**Consolidated Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Turnover</b>	2	7,309	7,635
Cost of sales		<u>(4,511)</u>	<u>(4,680)</u>
<b>Gross Profit</b>		2,798	2,955
Other income	3	—	17
Administrative expenses	4	<u>(2,638)</u>	<u>(2,980)</u>
<b>Operating profit (loss)</b>		160	(8)
Interest payable and similar expense		<u>—</u>	<u>—</u>
<b>Profit (loss) before taxation</b>		160	(8)
Taxation	7	<u>—</u>	<u>—</u>
<b>Profit (loss) for the financial year</b>		<u>160</u>	<u>(8)</u>
<b>Total comprehensive profit (loss) for the financial year</b>		<u><u>160</u></u>	<u><u>(8)</u></u>

There are no other gains or losses other than the profit for the year of £160 thousand (2021: loss £(8) thousand).

The accompanying notes on pages 17 to 34 are an integral part of these financial statements.


## Consolidated Balance Sheet

as at 31 December 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	8		2,423		2,532
Tangible assets	9		10		12
Investments	10		3,274		—
			5,707		2,544
<b>CURRENT ASSETS</b>					
Debtors	11	1,305		1,439	
Cash at bank and in hand		1,005		945	
<b>TOTAL CURRENT ASSETS</b>		<b>2,310</b>		<b>2,384</b>	
<b>NON-CURRENT ASSETS</b>					
Debtors	11		258		214
<b>CREDITORS: amounts falling due within one year</b>	12	<b>(7,933)</b>		<b>(5,011)</b>	
<b>NET CURRENT LIABILITIES</b>			<b>(5,623)</b>		<b>(2,627)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>342</b>		<b>131</b>
<b>CREDITORS - amounts falling due after more than one year</b>	12	<b>(545)</b>		<b>(503)</b>	
<b>NET LIABILITIES</b>			<b>(203)</b>		<b>(372)</b>
<b>CAPITAL AND RESERVES</b>					
Called-up share capital	13		1		1
Share premium account			24,788		24,788
Capital redemption reserve			12,200		12,200
Profit and loss account			(45,308)		(45,468)
Capital contribution			8,116		8,107
<b>SHAREHOLDERS' DEFICIT</b>			<b>(203)</b>		<b>(372)</b>

The accompanying notes on pages 17 to 34 are an integral part of these financial statements.

The financial statements were authorised for issue by the board of directors on 7 September 2023 and were signed on its behalf by:

  
Christina L. Clohecy  
Director  
Company registered number: 02885607

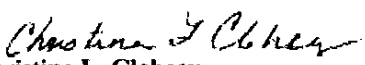
Touch Local Limited  
12 New Fetter Lane  
London  
EC4A 1JP

**Company Balance Sheet**  
as at 31 December 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	8		500		373
Tangible assets	9		—		—
Investment	10		4,368		1,094
			<u>4,868</u>		<u>1,467</u>
<b>CURRENT ASSETS</b>					
Debtors	11	276		7,466	
Cash at bank and in hand		<u>268</u>		<u>96</u>	
<b>TOTAL CURRENT ASSETS</b>		<u>544</u>		<u>7,562</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	(5,150)		(1,026)	
<b>NET CURRENT LIABILITIES</b>			<u>(4,606)</u>		<u>6,536</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>262</u>		<u>8,003</u>
<b>CREDITORS - amounts falling due after more than one year</b>		<u>—</u>		<u>—</u>	
<b>NET LIABILITIES</b>			<u>262</u>		<u>8,003</u>
<b>CAPITAL AND RESERVES</b>					
Called-up share capital	13		1		1
Share premium account			24,788		24,788
Capital redemption reserve			12,200		12,200
Profit and loss account			(44,422)		(36,676)
Capital contribution			<u>7,695</u>		<u>7,690</u>
<b>SHAREHOLDERS' DEFICIT</b>			<u>262</u>		<u>8,003</u>

The accompanying notes on pages 17 to 34 are an integral part of these financial statements.

The financial statements were authorised for issue by the board of directors on 7 September 2023 and were signed on its behalf by:

  
Christina L. Clohecy  
Director  
Company registered number: 02885607

Touch Local Limited  
12 New Fetter Lane  
London  
EC4A 1JP

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Capital contribution £'000	Total £'000
1 January 2021	1	23,695	12,200	(45,460)	8,099	(1,465)
Total comprehensive loss for the period	—	—	—	(8)	—	(8)
Stock-based compensation	—	—	—	—	8	8
Transactions with owners, recorded directly in equity	—	1,093	—	—	—	1,093
31 December 2021	1	24,788	12,200	(45,468)	8,107	(372)
1 January 2022	1	24,788	12,200	(45,468)	8,107	(372)
Total comprehensive profit for the period	—	—	—	160	—	160
Stock-based compensation	—	—	—	—	9	9
31 December 2022	1	24,788	12,200	(45,308)	8,116	(203)

The accompanying notes on pages 17 to 34 are an integral part of these financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Capital contribution £'000	Total £'000
1 January 2021	1	23,695	12,200	(37,020)	7,686	6,562
Total comprehensive profit for the period	—	—	—	344	—	344
Stock-based compensation	—	—	—	—	4	4
Transactions with owners, recorded directly in equity	—	1,093	—	—	—	1,093
31 December 2021	1	24,788	12,200	(36,676)	7,690	8,003
1 January 2022	1	24,788	12,200	(36,676)	7,690	8,003
Total comprehensive loss for the period	—	—	—	(7,746)	—	(7,746)
Stock-based compensation	—	—	—	—	5	5
31 December 2022	1	24,788	12,200	(44,422)	7,695	262

The accompanying notes on pages 17 to 34 are an integral part of these financial statements.



## Consolidated Cash Flows Statement

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Cash flows from operating activities</b>		
Profit (loss) for the year	160	(8)
Adjustments for:		
Depreciation, amortisation and impairment	519	436
Gain on sale of assets	—	(4)
Stock-based compensation	9	8
	<u>688</u>	<u>432</u>
Increase (decrease) in trade and other debtors	90	(12)
(Decrease) increase in trade and other creditors	<u>(310)</u>	<u>6</u>
<b>Net cash provided by operating activities</b>	<b>468</b>	<b>426</b>
<b>Cash flows from investing activities</b>		
Acquisition of tangible fixed assets	(13)	—
Capitalised development costs	(395)	(291)
Acquisition of business	<u>—</u>	<u>(1,094)</u>
<b>Net cash used for investing activities</b>	<b>(408)</b>	<b>(1,385)</b>
<b>Cash flows from financing activities</b>		
Proceeds from parent company related to capital contribution	<u>—</u>	<u>1,093</u>
<b>Net cash (used for) provided by financing activities</b>	<b>—</b>	<b>1,093</b>
Net increase in cash and cash equivalents	60	134
Cash and cash equivalents at 1 January	<u>945</u>	<u>811</u>
Cash and cash equivalents at 31 December	<u><u>1,005</u></u>	<u><u>945</u></u>

The accompanying notes on pages 17 to 34 are an integral part of these financial statements.

## **Notes to the Financial Statements** *(forming part of the Financial Statements)*

### **1 Accounting policies**

Touch Local Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 02885607 and the registered address is 12 New Fetter Lane, London, EC4A 1JP. These group and parent financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in England and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in financial statements have been rounded to the nearest £1,000. The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time;
- The disclosures required by FRS 102.11 Basic Financial Instrument and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company has made no measurement and recognition adjustments. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### ***1.1 Measurement convention***

The financial statements are prepared on the historical cost basis.

#### ***1.2 Going concern***

Notwithstanding net current liabilities of £5.6 million at 31 December 2022 (2021: £2.6 million), the consolidated financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these consolidated financial statements which indicate that, taking account of reasonably possible downsides, the group will have sufficient funds, through its cash and cash equivalents and in downside cases funding from its ultimate parent company, Newfold Digital Inc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Newfold Digital Inc not seeking repayment of the amounts currently due to the Group, which at 31 December 2022 amounted to £4.9 million, and providing additional financial support during that period. Newfold Digital Inc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## **Notes to the financial statements (continued)**

### ***1.3 Basis of consolidation***

The consolidated financial statements incorporate the results of Touch Local Limited and all of its subsidiary undertakings as at 31 December 2022. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirements to present its own profit and loss account.

### ***1.4 Foreign currency***

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

### ***1.5 Basic financial instruments***

#### ***Trade and other debtors / creditors***

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### ***Investments in preference and ordinary shares***

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### ***1.6 Tangible fixed assets***

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings. The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item

## **Notes to the financial statements (continued)**

of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term or its useful lives. Land is not depreciated. The estimated useful lives are as follows:

- plant, vehicles, and equipment – 3-4 years
- leasehold improvements - 4 years or up to the length of the lease, whichever is shorter

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

### **1.7 Intangibles**

#### *Intangible assets other than goodwill*

The fair value of acquired licences, trade names, and customer relationships is determined based on, among other factors, estimates of future expected cash flow, royalty cost savings, and the applicable discount rates used in computing present values. The estimated useful lives of the individual categories of intangible assets are based on the nature of the applicable intangible asset and the expected future cash flows to be derived from the intangible asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives or 10 years, whichever is the shorter. Provision is made for any impairment.

#### *Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose. Goodwill is amortized over its estimated useful life or 10 years, whichever is the shorter. Provision is made for any impairment.

#### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation period for the capitalised development is 3 years.

### **1.8 Investment**

Fixed asset investments are shown at cost less provision or impairment.

### **1.9 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

## **Notes to the financial statements (continued)**

### **1.10 Turnover**

Turnover represents the amounts derived from the provision of services which fall within the Company's ordinary activities, stated net of value added tax. All revenue except third party reseller arrangements is recognised equally over the length of the contract using a daily recognition method. Third party reseller arrangements revenue is recognised when earned.

Company's turnover is generated by one class of business all over the world; however, the majority of the turnover is in United Kingdom, Germany, United States, Singapore, South Africa and Denmark.

### **1.11 Government grants**

Government grants are treated as other operating income in the Statement of Comprehensive Income in the period to which they are related. During the year ended 31 December 2022, the Company did not receive any government grants in respect of the Coronavirus Job Retention Scheme (2021: £17 thousand).

### **1.12 Operating Lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

### **1.13 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense. Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## **Notes to the financial statements (continued)**

### ***1.14 Stock Based Compensation***

On 29 April 2021, the Board of Directors and stockholders of Newfold Digital Holdings, Inc., an indirect parent entity of Newfold Digital Holdings Group, Inc., the ultimate parent company, approved the 2021 Equity Incentive Plan (the "2021 Plan").

The Company follows the provisions of FRS-102 Section 26 Share-based Payment, which requires the the Company to record compensation cost based on the estimated fair value for stock-based awards granted over the requisite service periods for the individual awards, which generally equals the vesting periods, net of estimated forfeitures. The Company uses the straight-line amortization method for recognizing stock-based compensation expense.

The 2021 Plan has performance and market conditions which require use of the Monte Carlo Simulation valuation model to estimate the fair value of stock options on the date of grant. See Note 15, Stock-Based Compensation, for additional information.

### ***1.15 Significant Judgements and estimate***

In preparing these financial statements, the directors have made the following judgements:

- Determine whether financial instruments such as intra-group loans are basic or complex. These decisions depend on an assessment of the terms of the financial instrument i.e. interest rate terms and repayment terms.
- Determine whether certain entities are controlled or influenced by the company or not. These decisions depend on the percentage shareholding and other factors such as balances owed by the company to establish whether they are controlled or influenced by the company

Other key sources of estimation uncertainty:

#### **Investments**

The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at fair value through profit and loss. In determining this, the directors consider the financial position of each investment entity to assess the recoverability of the investment if it were to be sold on an open market basis.

#### **Impairment of fixed assets and goodwill**

*Fixed assets and goodwill are included in the financial statements at net book value. Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (CGU's). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased. These assessments are based on future revenues and cashflow forecasts.*

## Notes to the financial statements (continued)

### 2 Turnover

	2022 £'000	2021 £'000
Total revenue	<u>7,309</u>	<u>7,635</u>

Over 83% of the turnover is generated from customers within the United Kingdom (2021: 82%).

### 3 Other Income

	2022 £'000	2021 £'000
Income from JRS Grant	<u>—</u>	<u>17</u>

### 4 Expenses and auditor's remuneration

	2022 £'000	2021 £'000
Included in the profit (loss) are the following:		
Amortisation of intangible assets	504	417
Depreciation of tangible assets	15	19
Operating lease expense of rent	69	123

	2022 £'000	2021 £'000
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The analysis of auditors' remuneration is as follows:

Fees payable to the Company's auditors for the audit of the Group and Company's financial statements	20	20
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### 5 Directors' remuneration

The following directors were in office during the year and were not paid by any of the companies in the Touch Local Group:

Sharon Rowlands  
Christina L. Clohecy  
Jeffrey S. Neace

Due to the nature of the operations of the Group, the remuneration of the directors for their services to the Company is not contained in the records of the Company, as the amount of work performed by the directors for the Company is immaterial. The directors are remunerated for their services to the group as a whole, which is disclosed in the holding company, Newfold Digital Holdings Group, Inc. and the consolidated financial statements of Newfold Digital Holdings Group, Inc. Further details are disclosed in note 18.

## Notes to the financial statements (continued)

### 6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2022	2021
Average number of persons employed (including directors)		
Administrative	7	8
Operational	40	42
Total	<u>47</u>	<u>50</u>

	2022 £'000	2021 £'000
Staff costs during the period (including directors)		
Wages and salaries	1,984	2,276
Social security costs	247	199
Stock based compensation	9	8
Pension contributions	37	43
Total	<u>2,277</u>	<u>2,526</u>

### 7 Taxation

There is no current UK tax charge for the year (2021: £nil) due to tax losses arising in the period and utilization of group relief.

Total tax expense recognised in the profit and loss account:

	2022 £'000	2021 £'000
<i>Current tax:</i>		
UK corporation tax	—	—
Total current income tax	<u>—</u>	<u>—</u>
<i>Deferred tax (see note 1)</i>		
Origination and reversal of timing differences	—	—
Total deferred tax	<u>—</u>	<u>—</u>
<b>Total tax</b>	<u><u>—</u></u>	<u><u>—</u></u>



## Notes to the financial statements (continued)

### *Analysis of current tax recognized in profit and loss:*

	<b>2022</b>	2021
	<b>£'000</b>	£'000
UK corporation tax	—	—
Double taxation relief	—	—
Foreign tax	—	—
Total current tax recognized in profit and loss	<u>—</u>	<u>—</u>

### *Recognition of effective tax rate:*

Tax assessed for the period is lower (2021: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Profit (loss) before taxation	<b>160</b>	<b>(8)</b>
Tax using the UK corporation tax rate of 19% (2020: 19%)	<b>30</b>	<b>(1)</b>
Expenses not deductible for tax purposes	<b>13</b>	<b>2</b>
Deferred tax not recognised on other timing differences	<b>(68)</b>	<b>(4)</b>
Current year losses for which no deferred tax asset was recognised	<b>25</b>	—
Group Relief surrender	—	<b>3</b>
Tax losses brought forward	—	—
Total tax expense included in profit or loss	<u>—</u>	<u>—</u>

### *Factors that may affect future tax charges*

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

## Notes to the financial statements (continued)

### 8 Intangible assets and goodwill

GROUP	Goodwill	Licenses and Trade Names	Development Costs	Customer Relationships	Total
	£ '000	£ '000	£ '000	£ '000	£ '000
<b>Cost</b>					
Balance at 1 January 2022	1,312	1,269	1,054	1,224	4,859
Additions	—	—	394	—	394
Balance at 31 December 2022	<u>1,312</u>	<u>1,269</u>	<u>1,448</u>	<u>1,224</u>	<u>5,253</u>
<b>Amortisation and impairment</b>					
Balance at 1 January 2022	879	650	682	116	2,327
Amortisation for the year	48	68	266	122	504
Balance at 31 December 2022	<u>927</u>	<u>718</u>	<u>948</u>	<u>238</u>	<u>2,831</u>
<b>Net book value</b>					
At 1 January 2022	<u>433</u>	<u>619</u>	<u>372</u>	<u>1,108</u>	<u>2,532</u>
At 31 December 2022	<u>385</u>	<u>551</u>	<u>500</u>	<u>986</u>	<u>2,422</u>

COMPANY	Licenses and Trade Names	Development Costs	Total
	£ '000	£ '000	£ '000
<b>Cost</b>			
Balance at 1 January 2022	521	1,054	1,575
Additions	—	394	394
Balance at 31 December 2022	<u>521</u>	<u>1,448</u>	<u>1,969</u>
<b>Amortisation and impairment</b>			
Balance at 1 January 2022	521	682	1,203
Amortisation for the year	—	266	266
Balance at 31 December 2022	<u>521</u>	<u>948</u>	<u>1,469</u>
<b>Net book value</b>			
At 1 January 2022	<u>—</u>	<u>372</u>	<u>372</u>
At 31 December 2022	<u>—</u>	<u>500</u>	<u>500</u>

## Notes to the financial statements (continued)

### 9 Tangible fixed assets

<b>GROUP</b>	<b>Leasehold Improvements £ '000</b>	<b>Plant, Vehicles, and Equipment £ '000</b>	<b>Total £ '000</b>
<b>Cost</b>			
Balance at 1 January 2022	539	1,064	1,603
Additions	—	13	13
Balance at 31 December 2022	<u>539</u>	<u>1,077</u>	<u>1,616</u>
<b>Depreciation</b>			
Balance at 1 January 2022	537	1,054	1,591
Charges for the year	2	13	15
Balance at 31 December 2022	<u>539</u>	<u>1,067</u>	<u>1,606</u>
<b>Net book value</b>			
At 1 January 2022	<u>2</u>	<u>10</u>	<u>12</u>
At 31 December 2022	<u>—</u>	<u>10</u>	<u>10</u>
<b>COMPANY</b>	<b>Leasehold Improvements £ '000</b>	<b>Plant, Vehicles, and Equipment £ '000</b>	<b>Total £ '000</b>
<b>Cost</b>			
Balance at 1 January 2022	291	622	913
Additions	—	—	—
Balance at 31 December 2022	<u>291</u>	<u>622</u>	<u>913</u>
<b>Depreciation</b>			
Balance at 1 January 2022	291	622	913
Charges for the year	—	—	—
Balance at 31 December 2022	<u>291</u>	<u>622</u>	<u>913</u>
<b>Net book value</b>			
At 1 January 2022	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2022	<u>—</u>	<u>—</u>	<u>—</u>

## Notes to the financial statements (continued)

### 10 Fixed asset investments

#### GROUP

The trading subsidiaries of Touch Local Limited, below, which are all domiciled and registered in the UK, are exempt from the audit of their individual accounts (Section 479a of the companies act 2006) due to the existence of a parental guarantee given by this parent undertaking of this Group which prepares these consolidated accounts:

Net book value as at 01 January 2022 and 31 December 2022			£'000	£1,094
Name and registered number of Company		Registered Address	Proportion of voting rights and ordinary share capital owned	Nature of business
Touch NW Limited	4144911	12 New Fetter Lane, London EC4A 1JP	100%	Non-trading
Touch Jobs Limited	4140442	12 New Fetter Lane, London EC4A 1JP	100%	Non-trading
Enable Media Limited	5178759	12 New Fetter Lane, London EC4A 1JP	100%	Marketing and web services
AskAlix Limited	3762890	12 New Fetter Lane, London EC4A 1JP	100%	Non-trading
Central Index Limited	6002202	12 New Fetter Lane, London EC4A 1JP	100%	White label online business directories
Touch AcquisitionCo Limited	13111556	12 New Fetter Lane, London EC4A 1JP	100%	Non-trading
Easily Limited	3900580	12 New Fetter Lane, London EC4A 1JP	100%	Domain registration and hosting provider

On December 30, 2022, Touch Local Limited purchased 30% of the the outstanding shares of JDI Backup Limited ("JDI Backup") for the consideration of £3.3 million, in the form of an intercompany loan agreement. This loan agreement is unsecured, interest-bearing, and payable upon demand. Prior to this transaction, JDI Backup Limited was a wholly owned subsidiary of Newfold Digital, Inc., which is a wholly owned subsidiary of Newfold Digital Holdings Group, Inc. See Note 18 for additional information.

The net book value of the investment in JDI Backup is £3.3 million at 31 December 2022 (2021: nil)

Name and registered number of Company		Registered Address	Proportion of voting rights and ordinary share capital owned	Nature of business
JDI Backup Limited	7488961	12 New Fetter Lane, London EC4A 1JP	30%	Cloud-based backup services

## Notes to the financial statements (continued)

### COMPANY

In January 2021, the Company acquired 100% of the outstanding shares of Easily Limited, a provider of domain names, hosting, and technology solutions based in United Kingdom. In addition, on that same date, the Company also acquired certain assets from Corporation Service Company related to its Speednames Brand.

The net book value of the Company's investment in Easily is £1.1 million at 31 December 2022 (2021: £1.1 million)

Name and registered number of Company		Registered Address	Proportion of voting rights and ordinary share capital owned	Nature of business
Easily Limited	3900580	12 New Fetter Lane, London EC4A 1JP	100%	Domain registration and hosting provider

On 24 August 2022, the Company acquired one ordinary share of Enable Media Limited in exchange for the satisfaction and release of £7.1 million of intercompany loans payable to the Company from Enable Media Limited. During the year ended 31 December 2022, the Company fully impaired its investment in Enable Media Limited. The net book value of the Company's investment in Enable Media Limited is £nil at 31 December 2022 (2021: nil)

Name and registered number of Company		Registered Address	Proportion of voting rights and ordinary share capital owned	Nature of business
Enable Media Limited	5178759	12 New Fetter Lane, London EC4A 1JP	100%	Marketing and web services

On 30 December 2022, the Company purchased 30% of the the outstanding shares of JDI Backup Limited ("JDI Backup") for the consideration of £3.3 million, in the form of an intercompany loan agreement. This loan agreement is unsecured, interest-bearing, and payable upon demand. Prior to this transaction, JDI Backup Limited was a wholly owned subsidiary of Newfold Digital, Inc., a wholly owned subsidiary of Newfold Digital Holdings Group, Inc. See Note 18 for additional information.

The net book value of the Company's investment in JDI Backup is £3.3 million at 31 December 2022 (2021: nil)

Name and registered number of Company		Registered Address	Proportion of voting rights and ordinary share capital owned	Nature of business
JDI Backup Limited	7488961	12 New Fetter Lane, London EC4A 1JP	30%	Cloud-based backup services

## Notes to the financial statements (continued)

COMPANY	Easily Limited	Enable Media Limited	JDI Backup Limited	Total
	£ '000	£ '000	£ '000	£ '000
Balance at 1 January 2022	1,094	—	—	1,094
Additions	—	7,163	3,274	10,437
Impairments	—	(7,163)	—	(7,163)
Balance at 31 December 2022	<u>1,094</u>	<u>—</u>	<u>3,274</u>	<u>4,368</u>

## 11 Debtors

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade Debtors	347	350	126	103
Other Debtors	3	—	28	34
Prepayments and deferred cost	819	929	20	52
Accrued income	136	160	102	119
Amounts due from group undertakings	—	—	—	7,106
Amounts due from ultimate parent	—	—	—	52
Prepayments and deferred cost, non-current	258	214	—	—
	<u>1,563</u>	<u>1,653</u>	<u>276</u>	<u>7,466</u>

Amounts due from group and ultimate parent are non-interest bearing and due upon demand.

Trade debtors include provision for uncollectable receivables £70 thousand (2021: £113 thousand) for the Group and £35 thousand (2021: £32 thousand) for the Company. Bad debts written off amount to £20 thousand (2021: £49 thousand) for the Group and £3 thousand (2021: £25 thousand) for the Company and are included in administrative expenses.

Non-current debtors includes costs deferred more than one year of £258 thousand (2021: £214 thousand) for the Group and £nil (2021: £nil) for the Company.

## Notes to the financial statements (continued)

### 12 Creditors

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade Creditors	267	324	148	123
Accrued Compensation	188	231	19	56
Social Security	83	47	16	14
Accrued Taxes	50	146	—	—
Accruals	281	237	110	85
Deferred income	2,149	2,620	15	32
Amounts owed to group undertakings	—	—	1,056	709
Amounts owed to ultimate parent	4,915	1,406	3,786	7
Deferred income, non-current	545	503	—	—
	<b>8,478</b>	<b>5,514</b>	<b>5,150</b>	<b>1,026</b>

### 13 Called-up Share Capital

Ordinary shares of £1.00 each

	Number	Amount £
At 31 December 2022		
<i>Allocated, called up, and fully paid</i>		
Ordinary Shares of 0.01p each	11,240,688	1,124
	Number	Amount £
At 31 December 2021		
<i>Allocated, called up, and fully paid</i>		
Ordinary Shares of 0.01p each	11,240,688	1,124

The Ordinary Shares shall be entitled to the following rights:

#### *Voting in general meetings*

The holders of the Ordinary Shares shall be entitled to receive notice of and to attend and vote at the general meeting of the Company.

#### *Dividends*

All dividends declared by the Company shall be payable to the holders of the Ordinary Shares *pari passu* as if the same were one class of the Shares and shall be distributed *pro rata* according to the number of Shares held by them respectively.

## Notes to the financial statements (continued)

### *Capital rights*

On a return of assets on a liquidation or a winding-up, reduction of capital or otherwise, the assets of the Company remaining after payment of such liabilities as it is necessary to discharge to effect the distribution shall be distributed based on a complex formula laid out in the Articles of Association.

## 14 Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Leases which expire:				
Within one year	30	61	—	—
Within two to five years	—	—	—	—
Over five years	—	—	—	—
	<u>30</u>	<u>61</u>	<u>—</u>	<u>—</u>

## 15 Stock-based compensation

### *2021 Stock Incentive Plan*

On 29 April 2021, the Board of Directors and stockholders of Newfold Digital Holdings, Inc., an indirect parent entity of Newfold Digital Holdings Group, Inc., the ultimate parent company, approved the 2021 Equity Incentive Plan (the "2021 Plan") in which a maximum aggregate of 208,700,000 shares of common stock may be issued, granting the recipient the option to purchase shares of the indirect parent entity's Class B common stock. Under the 2021 Plan, Newfold Digital Holdings Group, Inc. and its wholly owned subsidiaries ("Newfold"), has the ability to issue incentive stock options ("ISOs"), non-statutory stock options ("NSOs"), restricted stock awards ("RSAs"), restricted stock units ("RSUs") and other stock awards.

Under the 2021 Plan, Newfold may issue share-based awards to eligible recipients including employees, directors, and consultants in the form of stock options that vest based on service, performance and market requirements. Under the 2021 Plan, the term for each stock option is ten years from the grant date. The Company has issued two types of options, which are referred to as Type 1 Options and Type 2 Options.

Type 1 Options vest on the twelve month anniversary of the vesting commencement date; the balance of the options vest in a series of 48 successive equal monthly instalments, measured from the twelve month anniversary of the vesting commencement date, subject to Option Holder's continuous service at each vesting date (service condition). Further, such shares can be vested earlier upon the occurrence of a Qualified Change in Control, subject to certain conditions (performance condition). Unless otherwise approved by Newfold's Board of Directors, service-based options typically vest over a five-year period and Newfold recognizes stock-based compensation expense on a straight-line basis over the requisite service period of the award. Type 1 Options represent approximately 20% of the outstanding options.



## Notes to the financial statements (continued)

Type 2 Options vest and become exercisable on the day prior to ten years from the date of grant, subject to the Option Holder's continuous service through such vesting date (service condition). However, upon the occurrence of a Qualified Change in Control prior to such default vesting date (performance condition and a market condition), the shares subject to the Option shall vest and become exercisable immediately prior to such event, subject to the Option Holder's continuous service as of the date immediately prior to such event (service condition). Upon the occurrence of a liquidity event, all Type 2 Options outstanding immediately prior to the event will become vested and exercisable, if the market condition was achieved. Newfold recognizes stock-based compensation expense on a straight-line basis over the requisite service period of the award. Type 2 Options represent approximately 80% of the outstanding options.

### *Stock Options*

Compensation expense related to the options granted under the 2021 Stock Option Plan was £9 thousand and £8 thousand for the years ended 31 December 2022 and 2021, respectively. As of 31 December 2022, the Company had £46 thousand of unrecognized compensation expense related to stock options, which is expected to be recognized over a weighted average period of 6.87 years.

There were no options granted or exercised during the year ended 31 December 2022.

Determining the fair value of share-based awards requires the input of subjective assumptions, including the fair value of Newfold Digital Holdings Inc.'s common shares, and for share options, the expected life of the option, and expected share price volatility. The fair value of each option award is estimated on the grant date using the Monte Carlo Simulation valuation model and the assumptions noted in the following table. The assumptions used in calculating the fair value of share-based awards represent management's best estimates and involves inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different assumptions, the share-based compensation expense could be materially different for future awards. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The Company is a private company and estimates its expected stock volatility based on historical volatility of publicly traded peer companies. Expected life is an estimate based on the current expectations for the future as determined by management.

The following inputs were used to determine the fair value of Newfold Digital Holding's common shares:

	Year ended December 31,	
	2022	2021
Risk-free interest rate	—	0.2%
Dividend yield	—	—
Expected life (in years)	—	2.0
Volatility	—	45%

The following table provides a summary of the Company's outstanding stock options as of 31 December 2022 and the stock option activity during the year ended 31 December 2022 for all stock options granted under the 2021 Plan:

	Number of	Weighted-Average
	Options	Exercise Price
		(per share)
Outstanding shares at 31 December 2021	1,100,000	£ 0.07
Granted	—	£ —
Exercised	—	£ —
Forfeited	—	£ —
Expired/Cancelled	—	£ —

## Notes to the financial statements (continued)

Outstanding shares at 31 December 2022	1,100,000	£	0.07
Vested shares at 31 December 2022	134,444	£	0.07

As of 31 December 2022, the intrinsic value was £418 thousand which reflects the estimated fair value of the indirect parent entity's Class B common stock. As of 31 December 2022, the weighted-average contractual term of shares outstanding is 8.12 years.

### 16 Business Combinations

On 21 January 2021, Touch Local Limited acquired 100% of the equity interests of Easily Limited ("Easily") for the consideration of £1.1 million paid in cash at closing. Easily is a registered company in the UK and is a provider of domain names, hosting, and technology solutions primarily in the UK market. The Company accounted for this acquisition using the purchase method as required by FRS 102. Accordingly, fair values have been assigned to the acquired assets and liabilities assumed and the excess of the total purchase consideration over net assets acquired is recorded as goodwill. The goodwill recorded from this acquisition represents business benefits the Company anticipates realizing from acquiring the entity.

The following table summarizes the allocation of the purchase consideration to the asset acquired and liabilities assumed at the date of acquisition:

	Fair Value £ '000
Accruals	839
Customer Relationships	1,224
Trade Names	683
Deferred Income	(2,130)
Total identifiable net assets	616
Goodwill	478
Total	1,094

Management has estimated the useful lives of the intangible assets acquired and goodwill to be ten years.

### 17 Related Parties

The Group has related party transactions with Newfold Digital, Inc., the indirect parent of Touch Local Limited, and its subsidiaries. Newfold Digital, Inc. and its subsidiaries provide services for domain registration, as well as administrative support from the United States. At 31 December 2022, the Group owed Newfold Digital, Inc. and its subsidiaries the amount of £4.9 million (2021: £1.4 million). Newfold Digital, Inc. and its subsidiaries are not seeking repayment of these amounts currently due.

On December 30, 2022, Touch Local Limited purchased 30% of the the outstanding shares of JDI Backup for the consideration of £3.3 million, in the form of an intercompany loan agreement as described in note 10, Fixed asset investments. This loan agreement is the only related party transaction between the Group and JDI Backup.

The Company has taken advantage of the exemption in Financial Reporting Standard Number 8 from disclosure in respect of intergroup related party transactions.

## **Notes to the financial statements (continued)**

### **18 Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of Newfold Digital Holdings Group, Inc. The ultimate controlling parties are jointly and equally Siris Capital Group (601 Lexington Avenue, 59th Floor, New York, NY 10022) and Clearlake Capital Group, L.P. (233 Wilshire Blvd., Suite 800, Santa Monica, CA 90401).

The smallest and largest group in which the results of the Company and its group are consolidated is that headed by Newfold Digital Holdings Group, Inc. (5335 Gate Parkway, Jacksonville, Florida 32256). The consolidated financial statements may be obtained from 5335 Gate Parkway, Jacksonville, Florida, 32256.

### **19 Subsequent events**

The Company has evaluated subsequent events through 7 September 2023, representing the date which these consolidated financial statements were available to be issued and determined that there have been no events that have occurred that would require additional disclosure.

On 24 January 2023, AskAlix Limited, Touch NW Limited, Touch Jobs Limited, and Touch AcquisitionCo Limited, the Company's fixed asset investments, were dissolved.

On 4 April 2023, Central Index Limited, the Company's fixed asset investment, was dissolved.