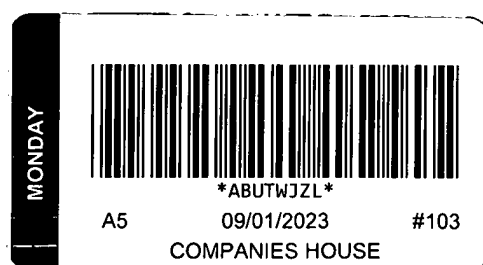


Registered number: 05306504

123-Reg Limited

**Annual Report and Financial Statements
for the year ended 31 December 2021**



123-Reg Limited

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123-Reg Limited

Company information

Registered number: 05306504

Directors Nick Daddario
Michele Lau

Registered Office 5th Floor
The Shipping Building
Old Vinyl Factory
252 - 254 Blyth Road
Hayes
Middlesex
UB3 1HA

Bankers BNP Paribas Bank
7 Harewood Avenue
London NW1 6AA

Independent Auditor Ernst & Young LLP
R+ Building
2 Blagrove Street
Reading
RG1 1AZ

123-Reg Limited

Strategic report

For the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Principal activity

The company provides web hosting, network services and issues internet domain names to customers ranging from private individuals to large corporations.

Results and dividends

The profit for the year after taxation amounted to £27.7m (2020: £59.0m). The directors do not recommend the payment of a dividend (2020: £nil).

Key performance indicators

The company has financial KPIs which it monitors on a regular basis at board level and, where relevant, at business unit management meetings as follows:

	Year ended 31 December 2021	Year Ended 31 December 2020
Revenue	£63.9m	£60.4m
Gross profit	£42.8m	£39.5m
Gross profit margin	66.9 %	65.5 %
EBITDA (i)	£5.4m	£13.7m
Profit before tax (PBT)	£28.1m	£62.8m

(i) EBITDA is earnings before interest, tax, depreciation, amortisation and dividends received.

Revenue and gross profit/margin have increased compared to the prior period primarily due to increase in revenue of £1.0m from sale of business applications and an additional £1.7m of revenue from the sale of domains. EBITDA reduced by £8.3m mainly due to a £2.1m increase in staff costs as we focused on improving customer care, new customer acquisition and upsell/cross-sell to our existing customer base. The currency exchange loss of £6.1m compared to gain of £0.5m in 2020 further reduced the EBITDA. The decrease in profit before tax was as a result of £27.7m less in dividend income from 123-Reg's subsidiary.

Principal risks and uncertainties

Senior management are aware of their responsibility for managing risks within their business units. Each business unit head reports to the board on the status of these risks through management reports. Risk is regularly reviewed at board level to ensure that risk management is being implemented and monitored effectively. This includes monitoring the commercial and general risk, credit risk and liquidity risk of those subsidiaries, which included consideration of the impact of Covid-19, Brexit and Russia-Ukraine war. We have identified that liquidity is a risk, and this is mitigated by a group letter of support. We have considered and concluded there is no material impact resulting from Covid-19, Brexit and Russia-Ukraine war on the principal risks and uncertainties. We have also considered the impact of the general macro-economic conditions, such as rise in interest rates and inflation of energy costs. We are experiencing inflationary pressures in certain areas of our business, however we believe we have been able to offset such pressures through our medium-term contracts. Our business has not yet been

123-Reg Limited
Strategic report (continued)
For the year ended 31 December 2021

Principal risks and uncertainties (continued)

materially impacted by inflation.

The board's policy is to ensure that the business units are empowered to run their business effectively and appropriately, bearing in mind the requirements for timely decision-making and commercial reality. Through management reports, risks are highlighted and monitored to identify potential business risk areas and to quantify and address the risk wherever possible.

Commercial and general risk

Commercial and general risk arise due to the economic uncertainty. Standard form contracts are provided for commercial use and to assist the commercial function to negotiate within approved parameters. Insurance policies are regularly reviewed to ensure these are adequate, appropriate and in line with the nature, size and complexity of the business.

Credit risk

Credit risk may arise because of the non-payment by customers. The majority of the company's customers pay in advance for services. Where services are supplied without advance payment, a credit review of the customer is performed if applicable or when there is evidence of continued non-payment.

Liquidity risk

Liquidity risk may arise due to overspending by the company. The company regularly forecasts cash flow to ensure that sufficient cash is available from trading for future expenses and capital expenditure.

Brexit risk

The business has assessed the impact of Brexit and has determined that there has been no significant impact to any area of the business.

123-Reg Limited

Strategic report (continued)

For the year ended 31 December 2021

Statement by the directors in performance of their statutory duties in accordance with Section 172 Companies Act 2006

The Directors of 123-Reg Limited are bound by their duties under the Companies Act 2006, including their duty to promote the success of the Company for the benefit of its members as a whole.

The table below sets out how the directors have, in performing their duties, had regard to the matters set out in section 172(1)(a) - (f) of the Companies Act 2006, for the year ending 31 December 2021.

The information provided in the table is for the GoDaddy Inc. group of companies, which includes 123-Reg Limited.

Stakeholder	Why it's important	Our principal decisions
Customers	We are focused on executing against a customer led strategy to strengthen our platform, increase experimentation and accelerate our products. Our customers are essential to the success of our business.	<p>At any stage of an entrepreneur's journey the GoDaddy Group provides intuitive experiences to help navigate their journey through 'Digital Identity, Ubiquitous Presence and Connected Commerce'.</p> <p>The GoDaddy Group is proud to be the place customers come to name their idea, create a compelling brand and a great looking website, attract customers with digital and social marketing, and sell their products and services. We give our customers direct, one-on-one guidance with a human connection that is unlike any other technology company in the industry.</p> <p>We're on a mission to make opportunity more inclusive for all. As we continue to catalyse a new wave of inclusive entrepreneurship, the GoDaddy Group is changing the way people around the world work, and live, for the better. We believe in providing customized experiences to support entrepreneurs across every stage of their journey, and that means delivering nuanced resources that accommodate individual needs and circumstances.</p> <p>123-Reg is the UK's largest .UK domain registrar. and has an 85% customer retention rate.</p> <p>The entrepreneur's journey and challenges have evolved and our thinking has evolved with them.</p>
Employees	Employee engagement is key to our success. We are committed to the safety, well-being and engagement of our employees and engage with our employees to ensure we are meeting expectations and can retain and develop top talent.	<p>As part of the GoDaddy group, 123-Reg strives for a workplace culture where everyone has the opportunity to thrive. We continually challenge ourselves to evolve to the changing needs of our employees.</p> <p>Professional Development</p> <p>We provide many opportunities for individuals to learn, stretch and contribute so anyone in any role can advance their personal and professional development:</p> <p>My Career: an internal career management website that provides a one-stop shop of curated resources for career development planning. The My Career platform empowers employees to proactively take charge of their careers by connecting them to on-demand trainings, workshops, rotational programs and professional networks.</p>

123-Reg Limited
Strategic report (continued)
For the year ended 31 December 2021

**Statement by the directors in performance of their statutory duties in accordance with Section 172
Companies Act 2006 (continued)**

Stakeholder	Why it's important	Our principal decisions
Employees (continued)		<p>LinkedIn Learning: partnership with LinkedIn Learning, an award-winning industry leader in online training, with a digital library of over 16,000 courses covering a wide range of technical, business, software and creative topics. Participants have the opportunity to refine or develop professional skills, learn new software, and explore other areas as they plan their career growth.</p> <p>Decision Lab: what if we could. We're focused on making better decisions, faster and in a way that 'sticks' to drives outcomes and contributes to us achieving our business goals? That's what we're focused on doing with Decision Lab. These experimental sessions help us learn about blockers and enablers unique to our GoDaddy culture, give participants strategies on how they might navigate decision making in different ways, and provide a decision-making framework that can help set employees up for success.</p> <p>We also offer opportunities for employees to explore new pathways and train across teams within 123-Reg. Through GROW, our 6-month rotation program, participants can explore their interests in a specific 123-Reg function outside their current role, network with teams through project-based roles, gain valuable knowledge and skills and learn more about GoDaddy.</p> <p>In 2021, we completed our first full year of Elevate, a care and services leadership program for 123-Reg Guides. During the year-long training program, 123-Reg Guides are connected with opportunities to learn, practice and apply new skills and knowledge. Elevate participants gain insights into how the business works while expanding their operational and leadership capabilities.</p> <p>Listening to our employees</p> <p>*Over 90% of employees responded to the 2021 GoDaddy Voice survey (which includes 123-Reg employees) – a 3% increase from 2020.</p>

123-Reg Limited
Strategic report (continued)
For the year ended 31 December 2021

Stakeholder	Why it's important	Our principal decisions
Employees (continued)		<p>Despite the global challenges of the past two years, results showed that our employees believe GoDaddy is succeeding in creating a culture of trust and respect with transparent communication. Survey highlights include:</p> <ul style="list-style-type: none"> a. More than 93% believe colleagues treat each other with respect b. More than 91% believe that their manager creates an environment that allows them to be themselves at work c. Over 91% believe GoDaddy's leaders maintain high ethical standards d. 93% have the flexibility to manage other aspects of life while working from home <p>* Employee surveys take place on a global basis, across the entire GoDaddy group as such the figures and statistics quoted reference the whole of the GoDaddy Group.</p> <p>Employee engagement and socialising opportunities In a remote work environment, it's critical to strengthen employee connections and instil a sense of unity. The GoDaddy Fun Fund provides resources for employees to have fun and create morale-boosting opportunities for our teams. Each year, people managers receive "fun funds" to create memorable bonding experience for their teams.</p> <p>Pay equity We proudly published the results of our annual pay parity and diversity report, which demonstrated that 123-Reg's 'mean hourly pay gap' and 'median hourly pay gap' numbers are both within 3% of the national average.</p> <p>When it comes to the bonus payments that male and female employees receive, our pay gaps are more pronounced. This is more to do with an imbalance between the number of men at senior levels and the number of women. To solve the above, we have introduced a system that proactively identifies employees for promotion, regardless of gender.</p> <p>We will continue with initiatives such as unconscious bias training for hiring managers and interviewers and committing to our 11 Employee Resource Groups which bring together employees of different genders, ethnic minorities, sexual orientations, and abilities. This ensures that everyone, across all backgrounds, has a voice within the business.</p>

123-Reg Limited
Strategic report (continued)
For the year ended 31 December 2021

Statement by the directors in performance of their statutory duties in accordance with Section 172 Companies Act 2006 (continued)


Stakeholder	Why it's important	Our principal decisions
Shareholders	Engagement with our shareholders occurs through regular meetings and our AGM. We are committed to delivering on the financial results that we've promised	<p>In 2021, the GoDaddy group:</p> <ul style="list-style-type: none"> • Grew to serve 21.2million customers, a 5% CAGR • Generated over \$3.82 billion in revenue, a 15% year over year growth • Reported unlevered free cash flow** of \$960 million, a 18% CAGR <p>**Unlevered Free Cash Flow is a measure of our liquidity used by management to evaluate our business prior to the impact of our capital structure and after purchases of property and equipment. Such liquidity can be used by us for strategic opportunities and strengthening our balance sheet. However, given our debt obligations, unlevered free cash flow does not represent residual cash flow available for discretionary expenses.</p>
Communities	The Board continues to fully champion the cause of making opportunity more inclusive for all. It also invests in philanthropic and social initiatives targeted towards entrepreneurs.	<p>In 2021, GoDaddy launched its first Environment, Social, and Governance (ESG) report. In the report we detailed GoDaddy's sustainability objectives, key priorities, and our commitment to these important issues.</p> <p>Empower, our global community and philanthropic program, equips entrepreneurs in underserved communities with training, tools and peer networks to accelerate their journeys.</p> <p>In the past year, the GoDaddy group continued running virtual programs to get needed training and resources into the hands of small business owners while keeping everyone safe.</p> <p>In the past year, in the UK, GoDaddy specifically worked to serve migrant populations, refugee populations, and BAME (Black, Asian and minority ethnic) populations through Empower by GoDaddy. GoDaddy ran a 16-week entrepreneurial cohort with Impact Hub King's Cross to help the entrepreneurs in underserved communities start and grow their own business. Through this program we offered 16 weeks of course content on topics ranging from branding, to building a website, to search engine optimization. 123-Reg employees volunteered to teach workshops and coach the entrepreneurs, and all entrepreneurs received free GoDaddy products to build their digital presence. This program is part of GoDaddy's commitment to make opportunity more inclusive for all.</p>

123-Reg Limited
Strategic report (continued)
For the year ended 31 December 2021

Future developments

The company plans to continue its existing activities.

Approved by the Board on 22 December 2022 and signed on its behalf by:

DocuSigned by:

B3D908478C5D4C4...
Nick Daddario
Director

123-Reg Limited

Directors' report

For the year ended 31 December 2021

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2021.

In accordance with s414C of the Companies Act 2006, the directors have opted to include the following areas of importance in their strategic report:

- Results and Dividends
- Future Developments
- Principal Risks and Uncertainties

Director's Insurance and Indemnity

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Directors

The directors, who served throughout the year and up until the date of signing of these financial statements, were as follows:

Nick Daddario (Appointed 1 October 2021)

Michele Lau (Appointed 1 October 2021)

J Y K Wong (Resigned 1 October 2021)

R A Winslow (Resigned 1 October 2021)

Going concern

The company had net current assets of £417.8m as of 31 December 2021 (2020: net current assets of £386.7m). Cash at bank and in hand was £1.8m as of 31 December 2021 (2020: £1.6m), and the company has continued to generate profits and positive cash flows since the year end. The company has not needed to furlough any employees or apply for any COVID-19 government financial support.

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future including financial forecasts up to and including 31 December 2023, which is at least 12 months from the date of the approval of these financial statements. The directors have performed this review at a company level and have also performed a review for the entire group including considering the impact of COVID-19 and Russia-Ukraine war and have concluded that they do not impact the going concern of the business. The directors have also considered the impact of the current economic condition such as inflation in the energy costs and concluded that the business has not yet been materially impacted but will closely monitor the situation. The directors are satisfied that GoDaddy Inc, as the ultimate parent company, has sufficient ability to fulfil its obligations under the parental support arrangement based on the available resources and continued strong performance during the pandemic.

In making this conclusion, the directors have considered the letter of support the company received from GoDaddy Inc. confirming that it will provide financial support as needed for a period until 31 December 2023 which is at

123-Reg Limited

Directors' report

For the year ended 31 December 2021

Directors' Report (continued)

least twelve months from the date of approval of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future due to the ongoing financial results of the parent company which are publicly available. The directors noted GoDaddy Inc continues to be cash generative and had cash and cash equivalents of over \$826.2m as at 30th September, 2022, has no significant debt maturities until 2024 and has an undrawn \$600m revolving credit facility available as at 30th September, 2022, as described in GoDaddy Inc.'s Form 10-Q filed with the U.S. Securities & Exchange Commission for the period ending September 30, 2022.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Thus they continue to adopt the going concern basis in preparing these financial statements.

STREAMLINED ENERGY AND CARBON REPORTING (SECR) DISCLOSURE

The SECR disclosure presents 123-Reg Limited's ("123-Reg") carbon footprint across Scope 1, 2, and mandatory Scope 3 emissions. This report also presents an appropriate intensity metric, the total energy use of electricity, gas, and transport fuel. The report also includes a summary of energy efficiency actions taken during the financial year ending 31 December 2021 and the figures for the previous year, the financial year ending 31 December 2020.

	Year to 31 st December 2021	Year to 31 st December 2020
Location-based		
Energy consumption used to calculate emissions (kWh)	4,679,364	5,154,496
Emissions from combustion of gas (Scope) tCO _{2e}	0	0
Emissions from combustion of fuel for transport purposes (Scope 1) tCO _{2e}	0	0
Emissions from purchased electricity (Scope2, location-based) tCO _{2e}	994	1,201
Emissions from business travel in rental cars or employee owned vehicles (Scope 3) tCO _{2e}	0	0
Total gross tCO _{2e} based on above	994	1,201
Intensity ratio (kgCO _{2e} /transmitted data in Gigabyte)	0.03844	0.04819
Market - based		
Emissions from purchased electricity (Scope 2, market-based) tCO _{2e}	0	N/A*
Total gross tCO _{2e} based on above	0	N/A*

123-Reg Limited

Directors' report

For the year ended 31 December 2021

Directors' Report (continued)

Energy Efficiency Action Summary

In 2021, 123-Reg continued to achieve direct and indirect savings in energy and associated carbon emissions through the operational and technological actions mentioned below. In comparison to 2020, improvements in our carbon footprint are attributable to the reduction of electricity consumption and partially correlated to the enhancement of efficiency in the UK grid. A decrease in our 2021 intensity ratio reveals our ability to transmit more data with less associated carbon emissions, therefore the enhancement of our operation's energy efficiency.

Energy efficiency actions taken in 2021 include:

- a. Ongoing replacement of Uninterruptible Power Supply (UPS) systems for new and more efficient ones.
- b. Most of our employees were instructed to work from home. Devices in the office consuming energy were unplugged and turned off for energy-saving purposes.
- c. Renewable Energy was contracted from January 2021 onwards, enabling 123-Reg to incentivise renewable electricity production and report zero emissions under the market-based emissions reporting approach.

Methodology notes

Reporting Period	1 of January 2021 – 31 of December 2021
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with 123-Reg Limited's annual accounts made up to 31 December 2021.
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol <u>Corporate Accounting and Reporting Standard</u>
Emissions factor source	Emission factors: DEFRA, 2021 for all Conversion factors: https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021
Calculation method	Activity Data x Emission Factor = GHG emissions Activity Data x Conversion Factor = kWh consumption
Other relevant information on calculation	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors.
Reason for the intensity measurement choice	Based on the nature of our business, as well as following the recommendations of the SECR legislation we chose total transmitted data in gigabytes (GB) for the intensity metric. This metric reflects the total kg of CO ₂ emitted per GB of data transmitted. Through the comparison of the coming financial years, this metric will show the trends in 123-Reg Limited's energy efficiency.
Information on renewable electricity	123-Reg has contracted Renewable Electricity from Drax. The Drax Assurance Statement issued in 2022 confirms that the Renewable Source Electricity and the Biomass Renewable Electricity meet the Quality Criteria of the GHG Protocol (2015). Following the GHG Protocol Corporate Standards' market-based approach, this allows us to calculate the Scope 2 emissions with 0 emission factor for the electricity consumption in the period January 2021 to December 2021.

123-Reg Limited

Directors' report

For the year ended 31 December 2021

Directors' Report (continued)

Methodology notes (continued)

Reporting Period	1 of January 2021 – 31 of December 2021
Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%).

Political Donations


The company did not make any political donations in 2021 (2020: £nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board on 22 December 2022 and signed on its behalf by:

DocuSigned by:

B3D908478C5D4C4...
Nick Daddario
Director

123-Reg Limited

Directors' responsibilities statement For the year ended 31 December 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance.
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company's financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, which comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditor's report to the members of 123-Reg Limited

Opinion

We have audited the financial statements of 123-Reg Limited for the year ended 31 December 2021 which comprise the Income Statement, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 26, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 12 months to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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

Independent auditor's report to the members of 123-Reg Limited (continued)

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report 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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement set out on page 13, 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 is 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.

Auditor's 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 an auditor's report 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.

Independent auditor's report to the members of 123-Reg Limited (continued)

Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101, the Companies Act 2006 and Corporation Tax Act 2010) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including General Data Protection Regulation (GDPR).
- We understood how 123-Reg Limited is complying with those frameworks by making enquiries of management and those responsible for tax, legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of Board minutes, as well as consideration of the results of our other audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter, and detect fraud, and how senior management monitors those programmes and controls. We considered there to be a potential for management override to achieve revenue targets via topside manual journal entries posted to revenue. We also considered there to be a risk of revenue recognised in the incorrect period as a result of incorrect configurations in the revenue recognition model, either through fraud or error through manual intervention. We performed walkthroughs of significant classes of revenue transactions to understand significant processes and identify and assess the design effectiveness of key controls. We used data analytics tools to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria, which we investigated further to gain an understanding of the transaction and agree to source documentation ensuring appropriate authorisation of the transactions. We used data analytics tools to recalculate revenue in the year, as well as perform a correlation analysis to identify those revenue journals for which the corresponding entry was not to cash. We verified the recognition and measurement of third-party revenue by tracing a sample of transactions, selected at random throughout the year, to cash banked to verify the accuracy of reported revenue.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiry with management and those charged with governance. We also read the financial statement disclosures, corroborating to supporting documentation to assess compliance with applicable laws and regulations and evaluated the business rationale of significant transactions outside the normal course of business. We have used data analytics across the full population of transactions to identify unusual entries that could indicate potential irregularities, agreeing any identified to corroborating evidence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report to the members of 123-Reg Limited (continued)

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 an auditor's report 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.

Ernst & Young LLP

Katie Dallimore-Fox (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
Date 22 December 2022.

123-Reg Limited

Income Statement

For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Revenue	4	63,946	60,367
Cost of sales		(21,164)	(20,834)
Gross profit		42,782	39,533
Administrative expenses		(38,510)	(27,411)
Operating profit	5	4,272	12,122
Dividend income	9	4,879	34,159
Finance income	10	22,109	19,865
Finance costs	11	(3,122)	(3,343)
Profit before tax		28,138	62,803
Tax on profit	12	(393)	(3,782)
Profit for the year		27,745	59,021

There is no comprehensive income for the current and the prior year, and as such no statement of other comprehensive income has been presented.


All profit is derived from continuing activities for both 2020 and 2021.

123-Reg Limited**Balance sheet****As at 31 December 2021**

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	14	534	—
Tangible fixed assets	15	2,812	3,133
Investment in subsidiaries	16	229,246	224,280
		232,592	227,413
Current assets			
Debtors: amounts falling due within one year	17	534,199	506,749
Cash at bank and in hand		1,852	1,570
		536,051	508,319
Debtors: amounts falling due more than one year	18	5,624	6,477
Total assets		774,267	742,209
Creditors: amounts falling due within one year	19	(117,941)	(121,610)
Net current assets		418,110	386,709
Total assets less current liabilities		656,326	620,599
Creditors: amounts falling due more than one year	20	(11,873)	(11,533)
Provisions	21	(989)	(971)
Total Liabilities		(130,803)	(134,114)
Net assets (Total assets – Total liabilities)		643,464	608,095
Capital and reserves			
Called-up share capital	23	205,282	205,282
Share premium	22	42,419	37,453
Share based payments reserve	22	4,325	1,667
Retained earnings	22	391,438	363,693
Total shareholder's funds		643,464	608,095

The financial statements and the accompanying notes on pages 21 to 45 of 123-Reg Limited (registration number: 05306504) were approved by the Board of directors and authorised for issue on 22 December 2022.

They were signed on its behalf by:

DocuSigned by:

 83D906476C5D4C4...
 Nick Daddario

Director

123-Reg Limited**Statement of changes in equity****For the year ended 31 December 2021**

	Called-up share capital £ 000	Share premium £ 000	Share based payments Reserve £ 000	Retained Earnings £ 000	Shareholder's funds £
At 1 January 2020	205,282	37,453	747	304,672	548,154
Profit for the year	—	—	—	59,021	59,021
Share based options reserve	—	—	920	—	920
Total comprehensive income	—	—	920	59,021	59,941
At 31 December 2020	205,282	37,453	1,667	363,693	608,095
Profit for the year	—	—	—	27,745	27,745
Share premium	—	4,966	—	—	4,966
Share based options reserve	—	—	2,658	—	2,658
Total comprehensive income	—	4,966	2,658	27,745	35,369
At 31 December 2021	205,282	42,419	4,325	391,438	643,464

123-Reg Limited

Notes to the financial statements

For the year ended 31 December 2021

1. General information

123-Reg Limited (the company) is a private company limited by shares incorporated in England and Wales (registration number 05306504) and domiciled in the United Kingdom under the Companies Act 2006.

The address of its registered office is:

5th floor
The Shipping Building
Old Vinyl Factory
252-254 Blyth Road
Hayes
Middlesex
UB3 1HA

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of GoDaddy Inc. The group accounts of GoDaddy Inc. are available to the public and can be obtained as set out in note 25.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- i) the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- ii) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- iii) the requirements of IAS 7 Statement of Cash Flows
- iv) the requirements of paragraphs 45b and 46-52 of IFRS 2 Share Based Payment because the share based payment arrangement concerns the instruments of another group entity
- v) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- vi) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of IAS 16 Property Plant and Equipment
- vii) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

Summary of disclosure exemptions(continued)

- viii) the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- ix) the requirements of IFRS 7 Financial Instruments: Disclosures
- x) the requirements of paragraphs 6 and 21 of IFRS 1 First-time Adoption of International Financial Reporting Standards
- xi) the requirements of paragraph 52, second sentence of paragraph 89 and paragraph 90, 91 and 93 of IFRS 16 in respect of leases.

Where relevant, equivalent disclosures have been given in the group accounts of GoDaddy Inc. The group accounts of GoDaddy Inc. are available to the public and can be obtained as set out in note 25.

Going concern

The company had net current assets of £417.8m as of 31 December 2021 (2020: net current assets of £386.7m). Cash at bank and in hand was £1.8m as of 31 December 2021 (2020: £1.6m), and the company has continued to generate profits and positive cash flows since the year end. The company has not needed to furlough any employees or apply for any COVID-19 government financial support.

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future including financial forecasts up to and including 31 December 2023, which is at least 12 months from the date of the approval of these financial statements. The directors have performed this review at a company level and have also performed a review for the entire group including considering the impact of COVID-19 and Russia-Ukraine war and have concluded that they do not impact the going concern of the business. The directors have also considered the impact of the current economic condition such as inflation in the energy costs and concluded that the business has not yet been materially impacted but will closely monitor the situation. The directors are satisfied that GoDaddy Inc, as the ultimate parent company, has sufficient ability to fulfil its obligations under the parental support arrangement based on the available resources and continued strong performance during the pandemic.

In making this conclusion, the directors have considered the letter of support the company received from GoDaddy Inc. confirming that it will provide financial support as needed for a period until 31 December 2023 which is at least twelve months from the date of approval of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future due to the ongoing financial results of the parent company which are publicly available. The directors noted GoDaddy Inc continues to be cash generative and had cash and cash equivalents of over \$826.2m as at 30th September, 2022, has no significant debt maturities until 2024 and has an undrawn \$600m revolving credit facility available as at 30th September, 2022, as described in GoDaddy Inc.'s Form 10-Q filed with the U.S. Securities & Exchange Commission for the period ending September 30, 2022.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Thus they continue to adopt the going concern basis in preparing these financial statements.

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax on an undiscounted basis that is expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Revenue recognition

Revenue is recognised when a contract exists between us and a customer and upon delivery of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which may be capable of being distinct and accounted for as separate performance obligations, or not distinct and therefore accounted for as a single performance obligation. Total contract value is allocated in proportion to the SSP (Standalone Selling Price) of those performance obligations in determining total revenue for that product or service.

We report our revenues in the following categories:

Domains

Domains revenue primarily consists of domain registrations and renewals, domain privacy, domain application fees, domain back-orders, aftermarket domain sales and fee surcharges paid to ICANN (The Internet Corporation for Assigned Names and Numbers). Consideration is recorded as contract liabilities (deferred revenue) when received, which is typically at the time of sale, and revenue, other than for aftermarket domain sales, is recognised over the period in which the performance obligations are satisfied, which is generally over the contract term.

Aftermarket domain revenue is recognised at the time when ownership of the domain is transferred to the buyer.

Hosting and Presence

Hosting and presence revenue primarily consists of website hosting products, website building products, website security products and online visibility products. Consideration is recorded as contract liabilities when received, which is typically at the time of sale, and revenue is recognised over the period in which the performance obligations are satisfied, which is generally over the contract term.

Business Applications

Business applications revenue primarily consists of third-party productivity applications, email accounts and email marketing tools. Consideration is recorded as contract liabilities when received, which is typically at the time of sale, and revenue is recognised over the period in which the performance obligations are satisfied, which is generally over the contract term.

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

Cost of sales

Costs of sales are the direct costs we incur in connection with selling an incremental product to our customers. Substantially all cost of revenue relates to domain registration fees paid to the various domain registries, payment processing fees, third-party commissions and licensing fees for third-party productivity applications. Similar to our revenue policies, we pay domain costs at the time of purchase for the life of each subscription but recognise the costs of service over the term of fulfilment of our customer contracts. The terms of registry pricing are established by agreements between registries and registrars and can vary significantly depending on the top-level domain (TLD).

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing, at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the Income statement in the period in which they arise.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets (other than free land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Asset class	Depreciation method and rate
Leasehold improvements	shorter of the lease term or useful economic life
Network infrastructure	2 to 10 years
Fixtures, fittings and office equipment	3 to 7 years
Motor vehicles	2 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrap page of an

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Right-of-use assets and lease liabilities

The Company is a party to lease contracts for, among others:

- a) buildings
- b) other fixed assets,

Leases are recognised, measured and presented in line with IFRS 16 'Leases'.

The Company implemented a single accounting model, requiring lessees to recognise assets and liabilities for all leases.

Based on the accounting policy applied the Company recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

Depreciation is calculated using the straight-line method over the estimated useful lives. The predominant estimated useful lives are in line with those disclosed in the previous policy note (fixed assets).

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

The lease payments are discounted using the Company's incremental borrowing rate, this has been calculated in either of the following ways:

- the rate implicit in the lease contract,
- the company, which is part of a larger group, has calculated that the weighted average incremental borrowing rate is within the range of 5.0-5.5%. As a practical expedient, a lessee may apply a single discount rate to a portfolio of leases with similar characteristics; leases have been grouped according to location, type and lease length.

The lease term determined by the Company comprises:

- non-cancellable period of lease contracts,
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option,
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect lease payments made, and
- re-measuring the carrying amount to reflect any reassessment or lease modifications.

Short-term leases

The company has selected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Intangible assets

The costs incurred to acquire customer lists, and to acquire and bring to use specific computer software licences are capitalised.

Amortisation

The costs are amortised on a straight-line basis over the expected useful lives, from the date it is available for use, not exceeding three years. Costs associated with maintaining software are recognised as an expense in the income statement as incurred.

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Defined contribution pension obligation

The company contributes to the personal pension schemes of certain employees. Amounts charged in the income statement represent amounts payable in the period.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss (FVTPL).

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the Income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Income statement. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income statement.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

Share based payment

Equity Settled Options

The ultimate parent company issues equity-settled share-based payments to certain employees. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market vesting condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market vesting condition or non-vesting condition is satisfied, provided that all other non-market vesting conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market vesting conditions and of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity. Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period.

In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognized in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

The company applies the accelerated vesting attribution method to recognize equity-based compensation expense. The company recognize the expense separately for each vesting tranche. The company also estimates when and if performance-based awards will be earned. If an award is not considered probable of being earned, no amount of expense is recognized. If the award is deemed probable of being earned, the expense is recorded over the estimated service period.

Fair value measured using the Black-Scholes option pricing model takes into account the following inputs:

- the exercise price of the option.
- the life of the option.
- the market price on the date of grant of the option.
- the expected volatility of the share price.

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

- the dividends expected on the shares, and
- the risk-free interest rate for the life of the option

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions.

The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in the income statement for the period.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to the changes on the estimates or assumptions.

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the lease liabilities (please see Note 20) and the valuation of right-of-use assets (please see note 15). These include: determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease term determined by the Company generally comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The same term is applied as economic useful life of right-of-use assets.

For all property contracts, the Company has considered a number of scenarios where the Company might elect not to exercise the extension options. Therefore, the IFRS 16 criterion of being reasonably certain to exercise the extension options is not fulfilled. The periods covered by a potential use of an option to extend the lease are excluded from the lease term. For leases with indefinite term the Company estimates the non-cancellable period of such types of leases to be equal to the average or typical market contract term of particular type of lease. When assessing the lease term, the Company takes into account penalty payments specified in the contract as well as materiality of possible economic outflows related to termination of the contracts. The Company will continue to monitor these assumptions in the future as a result of a review of the industry practice and the evolution of the accounting interpretations in relation to estimation of the lease terms among peer telecommunications entities when they also apply IFRS 16.

The present value of the lease payment is determined using the discount rate representing the rate of interest rate swap applicable for currency of the lease contract and for similar tenor, whilst comparing to the average credit spread of entities with rating similar to the Company's rating, observed in the period when the lease contract commences or is modified.

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

4. Revenue

The analysis of the company's revenue is as follows:

	2021	2020
	£000	£000
Domains	38,106	36,351
Hosting	10,684	11,936
Presence and commerce	5,650	3,626
Business Applications	9,505	8,454
	<u>63,946</u>	<u>60,367</u>

All revenue has arisen in the United Kingdom and is attributable to the company's principal activity.

5. Operating Profit

Operating profit has been arrived at after charging/(crediting):

	2021	2020
	£000	£000
Depreciation of tangible fixed assets	826	882
Depreciation of tangible fixed assets - right of use assets	212	715
Amortisation of intangible assets	89	—
Marketing and PR	4,320	4,283

6. Auditor's remuneration

Fees payable to Ernst and Young LLP and their associates for the audit of the company's annual accounts were £65,000 (2020: £63,700). There were no non-audit services in the current or preceding year.

7. Staff costs

The average monthly number of employees (including executive directors) was:

	2021	2020
	No.	No.
Technical and customer operations	148	169
Sales and marketing	34	35
Management and administration	39	55
	<u>221</u>	<u>259</u>

123-Reg Limited**Notes to the financial statements (continued)****For the year ended 31 December 2021****7. Staff costs (continued)**

Their aggregate remuneration comprised:

	2021	2020
	£000	£000
Wages and salaries	14,545	11,547
Social security costs	1,745	1,566
Other pension costs	442	384
	<u>16,732</u>	<u>13,497</u>

8. Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£000	£000
Remuneration	197	535
Other pension costs	8	10
	<u>205</u>	<u>545</u>

In respect of the highest paid director:

	2021	2020
	£000	£000
Remuneration	123	359
Other pension costs	5	7
	<u>128</u>	<u>366</u>

The number of directors who received pension contributions during the year amounted to 2 (2020: 0).

9. Dividend Income

The company received the dividend from its subsidiary:

	2021	2020
	£000	£000
Dividend Income	4,879	34,159
	<u>4,879</u>	<u>34,159</u>

10. Finance income

	2021	2020
	£000	£000
Interest on loans to group undertakings	22,073	19,858
Other finance income	36	7
	<u>22,109</u>	<u>19,865</u>

123-Reg Limited**Notes to the financial statements (continued)****For the year ended 31 December 2021****11. Finance costs**

	2021	2020
	£000	£000
Interest on loans from group undertakings	3,047	3,258
Other finance costs	19	14
Interest on right of use assets	56	71
	3,122	3,343

12. Tax on profit

Tax charge for the year in the Income statement:

	2021	2020
	£000	£000
Current taxation		
UK corporation tax	1,094	1,428
UK corporation tax adjustment to prior periods	(670)	1,688
	424	3,116
Deferred taxation		
Arising from origination and reversal of temporary differences	422	266
Arising from adjustments in respect of prior periods	87	680
Effect of tax rate changes	(540)	(280)
	(32)	666
Total deferred taxation (see note 13)	(32)	666
Tax charge for the year	393	3,782

123-Reg Limited**Notes to the financial statements (continued)****For the year ended 31 December 2021****12. Tax on profit (continued)**

The charge for the year can be reconciled to the profit in the income statement as follows:

	2021	2020
	£000	£000
Profit before tax	28,138	62,803
Corporation tax at standard rate: 19% (2020: 19%)	5,346	11,933
Effect of:		
Increase from effect of expenses not deductible in determining taxable	571	39
Income not taxable for tax purposes	(1,415)	(6,490)
Group relief	(3,088)	(3,788)
Adjustments to tax charge in respect of previous periods - current tax	(670)	1,688
Adjustments to tax charge in respect of previous periods - deferred tax	(454)	680
Rate changes	103	(280)
Tax charge for the year	393	3,782

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. However, Finance Act 2021 (enacted on 21 June 2021) provides for the main rate of UK corporation tax to increase to 25%, with effect from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25%, (2020:19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

On 23 September 2022, the UK government announced the intention to reverse the planned rise in corporation tax rate to 25% effective from 1 April 2023. This was not substantively enacted at the balance sheet date and therefore has not been taken into account in the measurement of the deferred tax balances.

13. Deferred tax

The following are the major deferred tax assets recognised by the company and movements thereon during the current and prior reporting period.

	Other timing differences
	£ 000
At 1 January 2021	1,711
Prior year adjustment	(87)
Opening rate change	540
Charge to income statement	(422)
At 31 December 2021	1,742

Deferred tax assets are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

123-Reg Limited**Notes to the financial statements (continued)****For the year ended 31 December 2021****13. Deferred tax (continued)**

	2021	2020
	£000	£ 000
Fixed asset temporary differences	1,726	1,697
Short term temporary differences	16	14
Deferred tax assets	1,742	1,711

The above deferred tax assets are recognised on the basis that the company will generate future profits.

14. Intangible assets

	Customer lists	Development costs	Patents and licences	Total
Cost or valuation	£'000	£'000	£'000	£'000
At 1 January 2021	—	21	1,435	21
Additions	533	90	—	623
Disposals	—	—	(1,435)	—
At 31 December 2021	533	111	—	644
Amortisation				
At 1 January 2021	—	21	1,435	21
Charge for the year	89	—	—	89
Disposals	—	—	(1,435)	—
At 31 December 2021	89	21	—	110
Carrying amount				
At 31 December 2021	444	90	—	534
At 31 December 2020	—	—	—	—

123-Reg Limited**Notes to the financial statements (continued)****For the year ended 31 December 2021****15. Tangible fixed assets**

	Land and buildings £ 000	Furniture, fittings & equipment £ 000	Other property, plant & equipment £ 000	Right of use assets - Land and buildings £ 000	Total £ 000
Cost or valuation					
As at 1 January 2021	5,606	445	4,591	2,219	12,861
Additions	14	—	541	505	1,060
Disposals	—	—	(58)	(1,027)	(1,085)
As at 31 December 2021	<u>5,620</u>	<u>445</u>	<u>5,074</u>	<u>1,697</u>	<u>12,836</u>
Depreciation					
As at 1 January 2021	4,834	326	3,531	1,037	9,728
Charge for year	113	56	657	212	1,038
Disposals	—	—	(58)	(684)	(742)
As at 31 December 2021	<u>4,947</u>	<u>382</u>	<u>4,130</u>	<u>565</u>	<u>10,024</u>
Carrying amount					
As at 31 December 2021	<u>673</u>	<u>63</u>	<u>944</u>	<u>1,132</u>	<u>2,812</u>
As at 31 December 2020	<u>772</u>	<u>119</u>	<u>1,060</u>	<u>1,182</u>	<u>3,133</u>

16. Investment in subsidiaries

Cost or Valuation	£ 000
1 January 2020 and 2021	224,280
Addition in the year	4,966
Carrying amount	
At 31 December 2021	<u>229,246</u>
At 31 December 2020	<u>224,280</u>

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

On 1st November 2021, 123-Reg Ltd subscribed 1 Ordinary £1 share for £4,966,475 in GoDaddy Deutschland GmbH.

Details of the company's subsidiaries as at 31 December 2021 are as follows, all shareholdings are 100% of ordinary share capital:

Name	Registered Office	Principal activity
<i>Directly held</i>		
GoDaddy Deutschland GmbH	d	Intermediate holding company
Webfusion Internet Solutions Limited		Intermediate holding company
<i>Indirectly held</i>		
Datadock SARL	a	Telecommunications
Domainfactory GmbH	b	Telecommunications
GoDaddy Services SRL	c	Telecommunications
Host Europe GmbH	d	Telecommunications
Host Europe Suisse AG	e	Telecommunications
HEG US Inc	f	Telecommunications
Velia.Net Internetdienste GmbH	d	Telecommunications
Velia.net (HK) Ltd	g	Telecommunications
WorldHostingDays GmbH	d	Telecommunications
WorldHostingDaysUSA Inc.	h	Telecommunications

Registered Office

Unless otherwise referenced the registered office of the company's subsidiaries is: 252-254 Blyth Road, 5th Floor, The Shipping Building, Old Vinyl Factory, Hayes, Middlesex, England, UB3 1HA.

- a. 1 rue du Havre, 67100 Strasbourg, France
- b. WeWork, Neuturmstrasse 5, 80331 München, Germany
- c. Iasi, Bulevard Carol I nr. 3, etajele 2-4, jud. Iasi, Romania
- d. WeWork, Friesenplatz 4, 50672 Cologne, Germany
- e. Technopark Luzern, D4 Platz 4, 6039 Root Langenbold, Switzerland
- f. 221 Bolivar St, Jefferson City, Missouri, 65101, USA
- g. Unit 2, 10/F, NEO, 123 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
- h. 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808, USA

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

17. Debtors: amounts falling due within one year

	2021	2020
	£000	£000
Trade debtors	59	105
Amounts owed by group undertakings	521,638	494,645
Contract Assets	11,847	11,307
Prepayments and accrued income	625	692
Other Debtors	30	—
	<u>534,199</u>	<u>506,749</u>

Amounts owed by group undertakings includes the intercompany loan balance of £412,672,000 (2020: £401,308,000), the loan is receivable on demand. Interest of 5.39% per annum is charged on the loan, the interest receivable balance is £59,733,000 (2020: £55,326,000). The intercompany receivable for the services provided under normal course of business is £49,233,000 (2020: 38,011,000)

18. Debtors: amounts falling due more than one year

	2021	2020
	£000	£000
Contract Assets	3,876	4,743
Deferred Tax Asset (note 13)	1,742	1,711
Prepayments and accrued income	6	23
	<u>5,624</u>	<u>6,477</u>

19. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	1,473	864
Accruals and Contract liabilities	36,609	36,374
Amounts owed to group undertakings	78,152	81,790
Social security and other taxes	1,368	1,772
Other creditors	339	810
	<u>117,941</u>	<u>121,610</u>

Within the balance Other creditors are obligations under lease liability. At the year end this amounted to £318,000 (2020: £759,000).

Amounts owed to group undertakings includes the intercompany loan balance of £49,677,000 (2020: £58,304,000), the loan is payable on demand. Interest of 5.39% per annum is charged on the loan, the interest payable balance is £7,931,000 (2020: £5,334,000). The intercompany payable for the services provided under normal course of business is £20,544,000 (2020: £18,152,000)

123-Reg Limited**Notes to the financial statements (continued)****For the year ended 31 December 2021****20. Creditors: amounts falling due more than one year**

	2021	2020
	£000	£000
Contract liabilities	11,013	10,925
Obligations under lease liability	860	608
	11,873	11,533

Lease liability maturity analysis - contractual undiscounted lease payments

	2021	2020
	£000	£000
Within one year	427	598
Greater than one year but less than five years	644	342
Greater than five years but less than ten years	408	428
Greater than ten years but less than fifteen years	88	180
Total undiscounted lease payments	1,567	1,548

Total cash outflow for capital leases during the year amounted to £346,668 (2020: £756,645).

21. Provisions

	2021	2020
	£000	£000
Dilapidation provision	989	971
	989	971

	Dilapidation provision £ 000	Total £ 000
At 1 January 2021	971	971
Unwinding of provision	18	18
At 31 December 2021	989	989

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

The provisions as of 31 December 2021 relate to dilapidation provisions on the right of use assets and its maturity is in line with those disclosed in note 20 under lease liability maturity analysis.

22. Share based payment reserve

The following options relate to Ordinary shares in the ultimate controlling entity, GoDaddy, Inc.

The ultimate parent company grant options at exercise prices equal to the fair market value of our Class A common stock on the grant date.

They grant Non-Qualified stock options, Restricted stock units (RSUs) and Performance stock units (PSUs) vesting solely upon the continued employment of the recipient (Time Options) as well as awards vesting upon the achievement of annual or cumulative financial-based targets coinciding with companies' fiscal year (Performance Options). They recognize the grant date fair value of equity-based awards as compensation expense over the required service period of each award, taking into account the probability of the company's achievement of associated performance targets. According to the award terms, Time Options vest equally on each of the four or five successive anniversaries of the vesting commencement date, and Performance Options vest based on the achievement of predetermined performance targets in each of the successive four or five fiscal years. In the event the performance targets are not achieved in any given year, the Performance Options for such year will subsequently vest upon the achievement of cumulative performance targets in the following fiscal year.

Each of these options, whether Time Options or Performance Options, have a contractual term of ten years.

Stock Options

	2021 No.	2021 Weighted Avg exercise price (WAEF) (£)	2021 Weighted Avg remaining contractual life	Total Expense 2021 £ 000
Outstanding at 31 December 2020	1,814	55.34	9.43	—
Exercised	(456)	54.13	—	46
Forfeited	(903)	54.19	—	—
Outstanding at 31 December 2021	455	54.13	0.24	46

The input assumptions used in the Black-Scholes option pricing model are; Risk-free interest rate 2.575%, Expected term 6.11 years, and Volatility 30.73%.

All options granted will be eligible to be exercised as long as the following vesting conditions are satisfied:

- 25% will vest on the one -year anniversary of the vest begin date and the remaining 75% will vest in 12 equal, quarterly installments thereafter
- Subject to continuous employment with the Company

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

22. Share based payment reserve (continued)

Restricted Stock Units (RSUs) (Time Options)

	2021 No.	2021 WAEP (£)	2021 Weighted Avg remaining contractual life	Total Expense 2021 £ 000
Outstanding at 31 December 2020	101,800	—	1.42	1,015
Granted during the year	90,040	—	—	1,624
Forfeited	(35,147)	—	—	—
Released	(44,117)	—	—	—
Outstanding at 31 December 2021	112,576	—	1.28	2,639

The employees were granted restricted stock units (RSU) in the parent company during the year when the market value per share were between \$70.17 and \$80.91.

All RSUs granted will vest as follows:

- 25% will vest on the first day of the month following the one-year anniversary of the vest begin date and the remaining 75% will vest in 12 equal, quarterly installments thereafter
- Subject to continuous employment with the Company

Performance Stock Units (PSUs) (Performance Options)

	2021 No.	2021 WAEP (£)	2021 Weighted Avg remaining contractual ...	Total Expense 2021 £ 000
Outstanding at 31 December 2020	3,038	—	—	(27)
Granted during the year	4,415	—	—	—
Forfeited	(6,673)	—	—	—
Released	(780)	—	—	—
Outstanding at 31 December 2021	—	—	—	(27)

All PSUs granted will vest as follows:

- The grant will be divided into 4 tranches with 4 different performance years and each tranche will vest in the first quarter of the year following the applicable performance year if the performance metrics are met and the Board approves vesting.
- Subject to continuous employment with the Company.

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

23. Called up share capital and reserves

Allotted, called up and fully paid shares

	2021	2021	2020	2020
	No.	£000	No.	£000
Ordinary shares of £0.01 each	<u>20,528,153,555</u>	<u>205,282</u>	<u>20,528,153,554</u>	<u>205,282</u>

Shareholders of all ordinary shares are entitled to one vote for every share.

The ordinary shares have no entitlement to dividends except with special approval, until the group sells all or part of its operating business.

The company's other reserves are as follows:

Share premium

This represents amounts paid in excess of the par value of ordinary shares

On 1st November 2021, 123-Reg Ltd issued 1 Ordinary £1 share for a consideration of £ 4,966,475 per share creating a share premium of £ 4,966,474.

Retained earnings

The retained earnings reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

24. Pension

The company does not operate an occupational pension scheme but makes a percentage contribution of qualifying salary to certain employees' personal pension schemes. The amount charged to the income statement in respect of such contributions was £ 442,000 (2020: £384,370). The outstanding contributions to the pension scheme at the balance sheet date were £77,000 (2020: £63,254).

25. Immediate and ultimate parent company and controlling party

The immediate parent company during the year ended 31 December 2021 was Host Europe Limited.

The ultimate parent company is GoDaddy Inc., a company incorporated in the United States of America and publicly listed, which is the parent company of the smallest and largest group to consolidate these financial statements.

The consolidated financial statements of GoDaddy Inc. are publicly available on the GoDaddy website - (investors.godaddy.net).

GoDaddy Inc. is also the ultimate controlling party.

123-Reg Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

26. Post Balance Sheet Events

On 24 August 2022 the immediate parent company, Host Europe Limited, was placed into voluntary liquidation. From this date onwards Host Europe Group Limited, another group company, has been the immediate parent company.