

Group Strategic Report, Report of the Director and
Consolidated Financial Statements for the Year Ended 31 December 2019
for
IT Web Capital Ltd.

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for the Year Ended 31 December 2019**

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IT Web Capital Ltd.

Company Information
for the Year Ended 31 December 2019

DIRECTOR: Ms I Takova Zaharieva

REGISTERED OFFICE: 3rd Floor
11-12 St. James's Square
London
SW1Y 4LB

REGISTERED NUMBER: 09285656 (England and Wales)

AUDITORS: S H LANDES LLP
Statutory Auditors
3rd Floor, Fairgate House
78 New Oxford Street
London
WC1A 1HB

Group Strategic Report
for the Year Ended 31 December 2019

PRINCIPAL ACTIVITY

The principal activity of the company is that of a holding company. The principal activity of the group during the year was that of web hosting services. The group offers a variety of web hosting services including shared hosting, cloud hosting, hosting on dedicated servers, reseller hosting, enterprise hosting solutions, reselling of domain names and a high number of extra services and tools.

REVIEW OF BUSINESS

The group profit for the year 2019 after taxation, is €39,241,666 (2018: €23,898,742) and the company profit for the year 2019 after taxation, is €21,076,650 (2018: €1,908,509).

An interim dividend of €1,300,820 was paid in 2019 to the sole shareholder of IT Web Capital Ltd. In 2020, as of the date of this report the Director proposed and the sole shareholder approved a final dividend of €5,000,000, which was paid out in June 2020.

Group turnover and other operating income follow the continuing upward trend and in 2019 it increased by 39% to €100,559,903 (2018: €72,411,482). This is due to the increasing number of customers and to renewals of existing customers, which is a result of the successful marketing and advertising strategy and also attests to the quality of the services provided and satisfaction of the customers.

This significant increase in group turnover as well as the improved cost management within the group contributed to the increase in the operating profit by 65% to €44,522,943 in 2019 (2018: €27,022,270).

Shareholder's equity of the group increased by 134% to €66,541,116 (2018: €28,434,048) due to retained earnings and in particular - due to the current year profits.

The group's 'current ratio' (current assets to current liabilities) in 2019 is 219.5% (2018: 183%). The increase by 36.5% mainly comes as a result of the increasing cash and cash equivalents position.

Group Strategic Report
for the Year Ended 31 December 2019

PRINCIPAL RISKS AND UNCERTAINTIES

Risks are those business factors that may expose a company to the possibility of loss or damage. The company and the Group are affected by number of risks and uncertainties, not all of which are wholly within its control. Although many of the risks and uncertainties are macro-economic and are likely to affect the performance of the business generally, others are specific to the group's operations.

Major risks are being managed on group level. In general, the Group and the risk management approach aims to actively monitor the internal and external threats and to regularly identify the different forms of risk encountered during the pursuit of business activity, and to assess them according to both potential damage and probability of occurrence, as well as to implement corrective action plans to prevent and control those risks.

External Risks / Macro-economic

External risks refer to those risks that the market players are not able to influence, or only to a very limited extent. These mainly entail the general state of economy with direct influence on the web hosting industry. Web hosting providers depend to a large extent on the overall state of the economy, especially in the markets where their clients are located.

Business and market risks

The primary business-related risk is the risk of customer changing the service provider if not satisfied with the quality. To serve our customers best the group provides 24/7/365 customer support.

Another risk related to the market is the risk of implementing not appropriate marketing strategy and activities so that they cannot reach the target audience. SiteGround Hosting Ltd has diversified its product portfolio to offer different and flexible hosting services to ensure that we meet customers' changing needs. At group level we constantly explore market and customer trends and expand our product portfolio.

Operational risk - Supply (digital) and servicing risks

The web hosting industry involves digitalized operations, network and information systems which in turn is related to the risks involving system failures, cyber-attacks, downtime as well as the risk of disruptions in delivery and poor quality of the connections ensured by Internet suppliers. The Company bears the risk of information systems non-performance. A technical infrastructure that may not meet the current needs of the market or the security requirements could inhibit a web hosting company from achieving its business goals. These risks are managed at group level by employing people who have the necessary skills and knowledge and providing regular trainings to them as well as implementing internal control system and performance management system, including such as: making of regular backups, updating the level of protection and ensuring restricted access, multiple tests on pilot versions, etc.

Financial risks - Currency risks

Potential exposures to foreign currency exchange rate movements in all currencies in which the group trades are monitored on a daily basis by the finance department and appropriate action taken to manage net open foreign currency positions. The group does not trade in currency derivatives.

Financial risks - Liquidity risks

Liquidity risk refers to the risk that the company and the group may be unable to fund its on-going cash requirements. The company and the group retain sufficient cash and cash equivalents to ensure it has adequate funds available for operations.

FUTURE DEVELOPMENTS

The director expects the general level of activity to increase in the forthcoming year as a result of the improving quality of the products and services.

Group Strategic Report
for the Year Ended 31 December 2019

EVENTS AFTER THE BALANCE SHEET DATE

For events after the balance sheet date refer to Note 24.

ON BEHALF OF THE BOARD:

Ms I Takova Zaharieva - Director

6 August 2020

Report of the Director
for the Year Ended 31 December 2019

The director presents her report with the financial statements of the company and the group for the year ended 31 December 2019.

DIVIDENDS

An interim dividend of €1,300,820 was paid in 2019 to the sole shareholder of IT Web Capital Ltd. In 2020, as of the date of this report the Director proposed and the sole shareholder approved a final dividend of €5,000,000, which was paid out in June 2020.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTOR

Ms I Takova Zaharieva held office during the whole of the period from 1 January 2019 to the date of this report.

DISABLED EMPLOYEES

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job.

At SiteGround we welcome everyone, judging solely on their skills and enthusiasm to join our team and do the work no matter their culture, race, ethnicity, age, gender, sexual orientation, gender identity or expression, or physical or mental ability.

We operate in a caring environment, provide medical & well-being support for our employees. Should an employee suffer disability, we strive wherever practicable to provide employment in the same or an alternative position and to provide appropriate training to achieve this aim.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue operational existence for the foreseeable future. Accordingly the Company continues to use the going concern basis in preparing the financial statements.

FINANCIAL INSTRUMENTS

Details on financial instruments are provided in Note 20 to the financial statements.

Report of the Director
for the Year Ended 31 December 2019

ENGAGEMENT WITH EMPLOYEES

SiteGround's core values are that of Care and Respect: Do everything with care: for each other, our clients, our communities and our environment; Respect yourself and others, value everyone, regardless of their culture, race, ethnicity, age, gender, or else.

SiteGround maintains a strong communication network with its employees on several levels:

- Leadership operates in transparency by providing regular communication updates (via town-halls and information newsletters) on company-wide level and encourages all levels of the organization to reach out with questions, feedback and proposals
- Managers have regular meetings between team-leads to ensure the information has been cascaded and any employee feedback has been solicited, received, handled and followed-up on
- Managers also conduct regular meetings with employees to inform and discuss current affairs through dialogue
- Employees also have the opportunity to meet with HR or other company management representative to ensure information flow, feedback and idea generation throughout the organization.

SiteGround is dedicated to development and well-being of its employees and has launched several programs to ensure:

- DevOps intern program: graduates and young professionals join the company to work on a project in their field, receive know-how on the role and develop into successful professionals in the technical field of the company
- Customer experience and Technical support pre-boarding and on-boarding program: entry level positions go through structured learning program that combines self-study, instructor-led training and mentoring, so that the young professionals evolve into successful employees within the organization
- Continuous learning: employees and managers define the required training that they should under-go as part of the performance management process at SiteGround to enable employee success and growth
- Wellness: SiteGround deploys a multi-factor wellness program that ensures employee well-being in three main pillars: physical, mental/emotional and financial.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and she has taken all the steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Report of the Director
for the Year Ended 31 December 2019

AUDITORS

The auditors, S H LANDES LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Ms I Takova Zaharieva - Director

6 August 2020

Report of the Independent Auditors to the Members of IT Web Capital Ltd.

Opinion

We have audited the financial statements of IT Web Capital Ltd. (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2019 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Report of the Independent Auditors to the Members of IT Web Capital Ltd.

Matters on which we are required to report by exception

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

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

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

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page six, the director is 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 director determines 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 director is responsible for assessing the group's and the parent 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 director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Filip Lyapov (Senior Statutory Auditor)
for and on behalf of S H LANDES LLP
Statutory Auditors
3rd Floor, Fairgate House
78 New Oxford Street
London
WC1A 1HB

6 August 2020

Consolidated Income Statement
for the Year Ended 31 December 2019

	Notes	31.12.19 €	31.12.18 €
TURNOVER		100,137,124	72,280,849
Cost of sales		<u>(15,883,501)</u>	<u>(12,376,820)</u>
GROSS PROFIT		84,253,623	59,904,029
Other operating expenses		(729,061)	(85,638)
Administrative expenses		<u>(39,435,156)</u>	<u>(32,926,654)</u>
		44,089,406	26,891,737
Other operating income		422,779	130,533
Gain/loss on revaluation of investments		<u>10,758</u>	<u>-</u>
OPERATING PROFIT	4	44,522,943	27,022,270
Interest receivable and similar income		<u>136,489</u>	<u>89,914</u>
PROFIT BEFORE TAXATION		44,659,432	27,112,184
Tax on profit	6	<u>(5,417,766)</u>	<u>(3,213,442)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>39,241,666</u>	<u>23,898,742</u>
Profit attributable to:			
Owners of the parent		39,285,936	23,898,742
Non-controlling interests		<u>(44,270)</u>	<u>-</u>
		<u>39,241,666</u>	<u>23,898,742</u>

The notes form part of these financial statements

Consolidated Other Comprehensive Income
for the Year Ended 31 December 2019

	Notes	31.12.19 €	31.12.18 €
PROFIT FOR THE YEAR		39,241,666	23,898,742
OTHER COMPREHENSIVE INCOME			
Foreign currency translation differences		186,199	49,712
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>186,199</u>	<u>49,712</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>39,427,865</u>	<u>23,948,454</u>
Total comprehensive income attributable to: Owners of the parent		<u>39,427,865</u>	<u>23,948,454</u>

Consolidated Balance Sheet
31 December 2019

	Notes	31.12.19 €	31.12.18 €
FIXED ASSETS			
Intangible assets	9	1,879,793	1,729,687
Tangible assets	10	24,491,688	1,081,136
Investments	11	586,919	16,890
		<u>26,958,400</u>	<u>2,827,713</u>
CURRENT ASSETS			
Stocks	12	-	7
Debtors	13	4,011,144	6,535,336
Investments	14	1,109,777	-
Cash at bank	15	101,575,640	56,777,142
		<u>106,696,561</u>	<u>63,312,485</u>
CREDITORS			
Amounts falling due within one year	16	(46,501,466)	(31,799,713)
NET CURRENT ASSETS		<u>60,195,095</u>	<u>31,512,772</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		87,153,495	34,340,485
CREDITORS			
Amounts falling due after more than one year	17	(14,550,383)	(4,791,554)
PROVISIONS FOR LIABILITIES	21	(1,472,848)	(1,114,883)
NET ASSETS		<u>71,130,264</u>	<u>28,434,048</u>

IT Web Capital Ltd. (Registered number: 09285656)

Consolidated Balance Sheet - continued
31 December 2019

	Notes	31.12.19 €	31.12.18 €
CAPITAL AND RESERVES			
Called up share capital	22	1,114	1,377
Capital contribution	23	270,727	334,711
Foreign exchange differences	23	105,730	(80,469)
Retained earnings	23	66,163,545	28,178,429
SHAREHOLDERS' FUNDS		<u>66,541,116</u>	<u>28,434,048</u>
NON-CONTROLLING INTERESTS		<u>4,589,148</u>	<u>-</u>
TOTAL EQUITY		<u>71,130,264</u>	<u>28,434,048</u>

The financial statements were approved by the director and authorised for issue on 6 August 2020 and were signed by:

Ms I Takova Zaharieva - Director

The notes form part of these financial statements

Company Balance Sheet
31 December 2019

	Notes	31.12.19 €	31.12.18 €
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	-	-
Investments	11	715,552	713,126
		<u>715,552</u>	<u>713,126</u>
CURRENT ASSETS			
Debtors	13	206	206
Cash at bank	15	21,211,372	1,432,642
		<u>21,211,578</u>	<u>1,432,848</u>
CREDITORS			
Amounts falling due within one year	16	(65,401)	(60,075)
NET CURRENT ASSETS		<u>21,146,177</u>	<u>1,372,773</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>21,861,729</u>	<u>2,085,899</u>
CAPITAL AND RESERVES			
Called up share capital	22	1,114	1,377
Capital contribution	23	270,727	334,711
Foreign exchange differences	23	(26,793)	(91,041)
Retained earnings	23	21,616,681	1,840,852
SHAREHOLDERS' FUNDS		<u>21,861,729</u>	<u>2,085,899</u>
Company's profit for the financial year		<u>21,076,649</u>	<u>1,908,509</u>

The financial statements were approved by the director and authorised for issue on 2 June 2020 and were signed by:

Ms I Takova Zaharieva - Director

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital €	Retained earnings €	Capital contribution €
Balance at 1 January 2018	1,377	4,279,687	307,164
Changes in equity			
Total comprehensive income	-	23,898,742	-
Capital contribution additions	-	-	27,547
Balance at 31 December 2018	<u>1,377</u>	<u>28,178,429</u>	<u>334,711</u>
Changes in equity			
Issue of share capital	(263)	-	-
Dividends	-	(1,300,820)	-
Total comprehensive income	-	39,285,936	-
Capital contribution			
foreign exchange differences	-	-	(63,984)
Balance at 31 December 2019	<u>1,114</u>	<u>66,163,545</u>	<u>270,727</u>

	Foreign exchange differences €	Total €	Non-controlling interests €	Total equity €
Balance at 1 January 2018	(130,181)	4,458,047	-	4,458,047
Changes in equity				
Total comprehensive income	49,712	23,948,454	-	23,948,454
Capital contribution additions	-	27,547	-	27,547
Balance at 31 December 2018	<u>(80,469)</u>	<u>28,434,048</u>	<u>-</u>	<u>28,434,048</u>
Changes in equity				
Issue of share capital	-	(263)	-	(263)
Dividends	-	(1,300,820)	-	(1,300,820)
Total comprehensive income	186,199	39,472,135	-	39,472,135
Capital contribution				
foreign exchange differences	-	(63,984)	-	(63,984)
Non-controlling interest	-	-	4,589,148	4,589,148
Balance at 31 December 2019	<u>105,730</u>	<u>66,541,116</u>	<u>4,589,148</u>	<u>71,130,264</u>

Company Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital €	Retained earnings €	Capital contribution €	Foreign exchange differences €	Total equity €
Balance at 1 January 2018	1,377	(67,657)	307,164	(51,130)	189,754
Changes in equity					
Total comprehensive income	-	1,908,509	-	(39,911)	1,868,598
Capital contribution additions	-	-	27,547	-	27,547
Balance at 31 December 2018	<u>1,377</u>	<u>1,840,852</u>	<u>334,711</u>	<u>(91,041)</u>	<u>2,085,899</u>
Changes in equity					
Issue of share capital	(263)	-	-	-	(263)
Dividends	-	(1,300,820)	-	-	(1,300,820)
Total comprehensive income	-	21,076,649	-	64,248	21,140,897
Capital contribution	-	-	(63,984)	-	(63,984)
foreign exchange differences	-	-	-	-	-
Balance at 31 December 2019	<u>1,114</u>	<u>21,616,681</u>	<u>270,727</u>	<u>(26,793)</u>	<u>21,861,729</u>

Consolidated Cash Flow Statement
for the Year Ended 31 December 2019

	Notes	31.12.19 €	31.12.18 €
Cash flows from operating activities			
Cash generated from operations	1	59,990,816	41,269,770
Interest paid		(92,838)	-
Tax paid		(5,376,359)	(6,065,726)
Net cash from operating activities		<u>54,521,619</u>	<u>35,204,044</u>
Cash flows from investing activities			
Acquisition of intangible fixed assets		(348,317)	(1,283,779)
Acquisition of tangible fixed assets		(869,882)	(677,452)
Acquisition of fixed asset investments		(4,015,206)	-
Disposal of intangible fixed assets		-	187,583
Disposal of tangible fixed assets		-	4,631
Acquisition of subsidiaries, net of cash		(4,373,207)	-
Interest received		25,280	89,914
Net cash from investing activities		<u>(9,581,332)</u>	<u>(1,679,103)</u>
Cash flows from financing activities			
Capital contribution		-	27,547
Loans given		-	(1,470,218)
Equity dividends paid		(1,300,820)	-
Net cash from financing activities		<u>(1,300,820)</u>	<u>(1,442,671)</u>
Increase in cash and cash equivalents		<u>43,639,467</u>	<u>32,082,270</u>
Cash and cash equivalents at beginning of year	2	56,777,142	24,645,160
Effect of foreign exchange rate changes		1,159,031	49,712
Cash and cash equivalents at end of year	2	<u>101,575,640</u>	<u>56,777,142</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2019**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.19	31.12.18
	€	€
Profit before taxation	44,659,432	27,112,184
Depreciation charges	444,146	179,855
Loss on disposal of fixed assets	548	-
Loss on revaluation of fixed assets	7,086	-
Foreign exchange losses/(gains)	403,997	85,638
Write off	-	80,969
Non cash adjustments	(52,116)	18,878
Finance expense	82,585	-
Finance income	(136,489)	(89,914)
	<u>45,409,189</u>	<u>27,387,610</u>
Decrease/(increase) in stocks	7	(7)
Increase in trade and other debtors	(86,612)	(1,104,891)
Increase in trade and other creditors	14,668,232	14,987,058
Cash generated from operations	<u><u>59,990,816</u></u>	<u><u>41,269,770</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31.12.19	1.1.19
	€	€
Cash and cash equivalents	<u>101,575,640</u>	<u>56,777,142</u>

Year ended 31 December 2018

	31.12.18	1.1.18
	€	€
Cash and cash equivalents	<u>56,777,142</u>	<u>24,645,160</u>

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2019

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.19 €	Cash flow €	At 31.12.19 €
Net cash			
Cash at bank	56,777,142	44,798,498	101,575,640
	<u>56,777,142</u>	<u>44,798,498</u>	<u>101,575,640</u>
Liquid resources			
Current asset investments	-	1,109,777	1,109,777
	<u>-</u>	<u>1,109,777</u>	<u>1,109,777</u>
Debt			
Debts falling due within 1 year	-	(531,620)	(531,620)
Debts falling due after 1 year	-	(7,836,777)	(7,836,777)
	<u>-</u>	<u>(8,368,397)</u>	<u>(8,368,397)</u>
Total	<u>56,777,142</u>	<u>37,539,878</u>	<u>94,317,020</u>

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2019

1. STATUTORY INFORMATION

IT Web Capital Ltd. is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

In publishing the parent company financial statements here together with the group financial statements, the company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes.

The consolidated financial statements are expressed in Euro (€) which is the Group's presentational currency. Further, each subsidiary has its own identified functional currency. The rounding in the financial statements is to the nearest euro.

Going concern

After reviewing the forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

The consolidated financial statements incorporate the results of IT Web Capital Limited and all of its subsidiary undertakings as at 31 December 2019 using the acquisition method of accounting. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The cost of an acquisition is measured as the fair value of the assets plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as Goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest is the interest in subsidiaries not held by the Group. Non-controlling interest at the balance sheet date represents the non-controlling interest shareholders' portion of the identifiable asset and liabilities of the subsidiary at the acquisition date, and the non-controlling interest shareholders' portion of movements in equity since the date of the combination. Non-controlling interest is presented within the shareholders' equity.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and operating costs during the reporting period. The most significant judgments and estimates are stated below.

i. Related party transactions

In the normal course of business the Group enters into transactions with its related parties. FRS 102 Section 11, requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties.

ii. Useful life of property and equipment

Management assesses the remaining useful lives of items of property and equipment at least at each financial year-end. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with FRS 102. These estimates may have a material impact on the amount of the carrying values of property and equipment and on depreciation recognized in profit or loss.

iii. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

iv. Classification of expenses

Costs of sales are direct costs which the Company incurs related to the services provided to customers. Costs of sales are in connection to use of server functionality, domain names and licensing fees paid for third-party productivity applications.

Marketing and advertising expenses represent the costs for attracting and acquiring customers, primarily consisting of expenses for affiliate program commissions. These expenses also include fees paid for marketing and advertising campaigns, online display, social media and event sponsorships.

Administrative and other operating expenses primarily consist of management charges for intercompany services, payment processing fees, personnel costs for administrative functions, professional service fees and other general costs.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Turnover

The Group offers a variety of web hosting services including shared hosting, cloud hosting, hosting on dedicated servers, reseller hosting, enterprise hosting solutions, reselling of domain names and a high number of extra services and tools.

All turnover is derived from ordinary activities representing online sales to global customer base. In the view of the director the Group does not have any distinguished geographical segments.

The Group commence revenue recognition when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Turnover is recognised at the point in time where the company has a right to receive payment for its services. Customers are billed, generally in advance, based on their selected contract term. Service contracts are time apportioned to the respective accounting periods. Cash received in advance is recorded as deferred revenue.

Turnover is measured net of discounts and Value Added Tax.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are being amortised as follows:

Proprietary software - 20% straight line method

Computer software - 50% straight line method

IP addresses - 10% straight line method

Other - 15% straight line method

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold property - 2.5% straight line method

Plant and machinery - 33% straight line method

Computers (part of Plant and machinery) - 50% straight line method

Fixtures and fittings - 15% straight line method

Motor vehicle - 25% straight line method

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Financial instruments

i. Financial assets : loans and debtors

Loans and debtors are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and debtors are measured at amortised cost using the effective interest method, less any impairment losses unless the effect of discounting would be immaterial. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the consolidated statement of comprehensive income when the loans and debtors are derecognised or impaired as well as through the amortisation process.

Interest income is recognised on a time-proportion basis using the effective interest rate method.

ii. Financial assets : equity investments

Financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value which is determined by quoted market prices in an active market and the changes in fair value are recognised in profit or loss. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

iii. Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank accounts, deposits receivable on demand and deposits with maturity dates of three months or less from the date of inception. Bank overdrafts that are repayable on demand and which form an integral part of the company's cash management are also included as a component of cash and cash equivalents where offset conditions are met.

iv. Financial liabilities: interest bearing loans and borrowings

All loans and borrowings are valued initially at fair value of the proceeds received (which is determined using the prevailing market rate of interest for a similar instrument, if significantly differs from the transaction price), net of transaction costs incurred. In subsequent periods, interest bearing loans and borrowings are stated at amortised cost using the effective interest method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the loans and borrowings.

Interest expense is recognised on a time-proportion basis using the effective interest method.

v. Financial liabilities: trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

The individual financial statements of each Group company are reported in the currency of the primary economic environment in which it operate. The closing rate method was used for translating the financial statements of the company's overseas subsidiaries and the income statement and cash flow statement are translated at the average exchange rate for the period. The resulting exchange differences are recognised in the translation reserve.

Monetary assets and liabilities in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Euro at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Provisions for affiliate commissions

A provision is recognised when the company has a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation as well as a reliable estimate can be made of the amount of the obligation.

3. EMPLOYEES AND DIRECTORS

	31.12.19	31.12.18
	€	€
Wages and salaries	19,249,943	15,327,509
Social security costs	1,728,566	1,451,460
	<u>20,978,509</u>	<u>16,778,969</u>

The average number of employees during the year was as follows:

	31.12.19	31.12.18
Administrative staff	275	268
Professionals/specialists	221	165
Head of departments/executives	<u>22</u>	<u>18</u>
	<u>518</u>	<u>451</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

3. EMPLOYEES AND DIRECTORS - continued

	31.12.19	31.12.18
€ €		
Director's remuneration	<u>4,857,214</u>	<u>2,355,000</u>

Information regarding the highest paid director is as follows:

	31.12.19	31.12.18
€ €		
Remuneration	<u>4,490,840</u>	<u>2,021,080</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.19	31.12.18
€ €		
Depreciation - owned assets	275,809	142,335
Computer software amortisation	168,337	37,520
Exchange difference recognised	729,061	85,638
Operating lease rentals	<u>1,007,393</u>	<u>709,942</u>

5. AUDITORS' REMUNERATION

The remuneration of the auditors or its associates is further analysed as follows:

	31.12.19	31.12.18
€ €		
Fee payable to the group auditor for the parent company, group and subsidiary annual accounts	36,916	35,929
Fees payable to the auditors of the subsidiaries' annual accounts	63,426	64,988
Group audit-assist fees payable to third-party/component auditors	<u>15,200</u>	<u>3,666</u>
	<u>115,542</u>	<u>104,583</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.19 €	31.12.18 €
Current tax:		
UK corporation tax	230,546	151,523
Foreign Tax	5,697,524	3,285,594
Total current tax	5,928,070	3,437,117
Deferred tax	(510,304)	(223,675)
Tax on profit	5,417,766	3,213,442

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.19 €	31.12.18 €
Profit before tax	44,659,432	27,112,184
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	8,485,292	5,151,315
Effects of:		
Expenses not deductible for tax purposes	(3,965)	-
Income not taxable for tax purposes	(4,010,347)	(384,601)
Depreciation in excess of capital allowances	-	3,020
Utilisation of tax losses	-	(8,022)
Losses on which deferred tax is not recognised	29,692	12,390
Effect of profit taxed in foreign jurisdiction	917,094	(1,560,660)
Total tax charge	5,417,766	3,213,442

Tax effects relating to effects of other comprehensive income

	31.12.19	
	Gross	Net
	€	€
Foreign currency translation differences	186,199	186,199

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

6. TAXATION - continued

	Gross €	31.12.18 Tax €	Net €
Foreign currency translation differences	<u>49,712</u>	<u>-</u>	<u>49,712</u>

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

8. DIVIDENDS

€	€	31.12.19	31.12.18
Ordinary shares of £1 each			
Interim		<u>1,300,820</u>	<u>-</u>

9. INTANGIBLE FIXED ASSETS

Group

	Computer software €
COST	
At 1 January 2019	1,797,825
Additions	317,977
Exchange differences	1,279
At 31 December 2019	<u>2,117,081</u>
AMORTISATION	
At 1 January 2019	68,138
Amortisation for year	168,337
Exchange differences	813
At 31 December 2019	<u>237,288</u>
NET BOOK VALUE	
At 31 December 2019	<u>1,879,793</u>
At 31 December 2018	<u>1,729,687</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

10. TANGIBLE FIXED ASSETS

Group

	Freehold property €	Plant and machinery €	Fixtures and fittings €	Motor vehicles €	Totals €
COST					
At 1 January 2019	-	374,160	931,436	2,578	1,308,174
Additions	22,740,423	161,392	713,657	80,950	23,696,422
Disposals	-	(853)	(13,837)	-	(14,690)
At 31 December 2019	22,740,423	534,699	1,631,256	83,528	24,989,906
DEPRECIATION					
At 1 January 2019	-	160,597	65,743	698	227,038
Charge for year	17,333	127,898	129,934	644	275,809
Eliminated on disposal	-	(305)	(4,324)	-	(4,629)
At 31 December 2019	17,333	288,190	191,353	1,342	498,218
NET BOOK VALUE					
At 31 December 2019	22,723,090	246,509	1,439,903	82,186	24,491,688
At 31 December 2018	-	213,563	865,693	1,880	1,081,136

11. FIXED ASSET INVESTMENTS

	Group		Company	
	31.12.19 €	31.12.18 €	31.12.19 €	31.12.18 €
Shares in group undertakings	-	-	23,185	23,185
Other investments not loans	16,890	16,890	692,367	689,941
Other loans	570,029	-	-	-
	<u>586,919</u>	<u>16,890</u>	<u>715,552</u>	<u>713,126</u>

Additional information is as follows:

Group

Investments (neither listed nor unlisted) were as follows:

	31.12.19 €	31.12.18 €
Guarantees and deposits	<u>16,890</u>	<u>16,890</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

11. FIXED ASSET INVESTMENTS - continued

Company

	Shares in group undertakings €	Capital contribution €	Totals €
COST OR VALUATION			
At 1 January 2019	23,185	689,941	713,126
Exchange differences	-	2,426	2,426
At 31 December 2019	<u>23,185</u>	<u>692,367</u>	<u>715,552</u>
NET BOOK VALUE			
At 31 December 2019	<u>23,185</u>	<u>692,367</u>	<u>715,552</u>
At 31 December 2018	<u>23,185</u>	<u>689,941</u>	<u>713,126</u>

Cost or valuation at 31 December 2019 is represented by:

	Shares in group undertakings €	Capital contribution €	Totals €
Cost	<u>23,185</u>	<u>692,367</u>	<u>715,552</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Siteground Hosting Ltd

Registered office: London, UK

Nature of business: Web Hosting Services

Class of shares:	%
Ordinary	holding 100.00

Siteground Spain S.L.

Registered office: Madrid, Spain

Nature of business: Web Hosting Services

Class of shares:	%
Ordinary	holding 100.00

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

11. FIXED ASSET INVESTMENTS - continued

SG Hosting Inc.

Registered office: Alexandria, VA, USA

Nature of business: Web Hosting Services

Class of shares:	%
Ordinary	holding 100.00

SiteGround Hosting EOOD

Registered office: Sofia, Bulgaria

Nature of business: IT and other services

Class of shares:	%
Ordinary	holding 100.00

Siteground Italia Srl

Registered office: Milan, Italy

Nature of business: Web Hosting Services

Class of shares:	%
Ordinary	holding 100.00

RealSite OOD

Registered office: Sofia, Bulgaria

Nature of business: Property constructions and improvements

Class of shares:	%
Ordinary	holding 50.00

IT Web Capital Ltd owns indirectly 50% of the ordinary shares of RealSite OOD by virtue of holding 100% of the ordinary shares of SiteGround Hosting EOOD. SiteGround Hosting EOOD owns 50% of the ordinary shares of RealSite OOD.

Group

	Other loans €
New in year	570,029
At 31 December 2019	<u>570,029</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

11. FIXED ASSET INVESTMENTS - continued

Other loans include the following three convertible loans and interest accrued:

Amount	Date of lending	Maturity
€200,000	14 March 2019	18 months from lending
€300,000	16 October 2019	18 months from lending
€54,019	29 November 2019	18 months from lending
<u>€554,019</u>		

All of the loans carry interest of 7% and the interest accrued as of 31 December 2019 was €16,010.

All of the loans have a clause for unilateral extension of the maturity by another 6 months.

Upon maturity occurrence the Borrower is entitled to exercise the option to repay the Lender the principal and interests or to convert into equity the entire unpaid principal and interests.

12. STOCKS

	Group	
	31.12.19	31.12.18
	€	€
Stocks	<u>-</u>	<u>7</u>

13. DEBTORS

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	€	€	€	€
Amounts falling due within one year:				
Trade debtors	357,523	658,439	-	-
Other debtors	10,190	14,247	-	-
Other loans - related parties	331,288	-	-	-
Corporation tax	-	374,593	-	-
Deferred tax asset	1,048,895	532,196	-	-
Prepayments	2,263,248	2,101,513	206	206
	<u>4,011,144</u>	<u>3,680,988</u>	<u>206</u>	<u>206</u>
Amounts falling due after more than one year:				
Other loans - related parties	<u>-</u>	<u>2,854,348</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>4,011,144</u>	<u>6,535,336</u>	<u>206</u>	<u>206</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

13. DEBTORS - continued

Deferred tax asset

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	€	€	€	€
Deferred tax	<u>1,048,895</u>	<u>532,196</u>	<u>-</u>	<u>-</u>

Below is the movement in deferred tax during the year and deferred tax recognised at the end of the year:

	31.12.19 €
Balance at 1 January 2019	532,196
Provided during the year	-
Credit to income statement during the year	510,304
Foreign exchange differences	<u>6,395</u>
Balance at 31 December 2019	<u><u>1,048,895</u></u>

	Asset		Liability		Net asset (liability)	
	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18
	€	€	€	€	€	€
Deferred income	509,038	303,859	-	-	509,039	303,859
Provisional commission expenses	100,969	89,188	-	-	100,969	89,188
Prepaid state tax	-	-	-	(26,771)	-	(26,771)
Unused paid leaves	33,745	28,632	-	-	33,745	28,632
2019 bonuses paid in 2020	405,143	3,579	-	-	405,143	3,579
Capital allowances	1,023	1,023	-	-	1,023	1,023
Revaluation of financial instruments	-	-	(1,023)	-	(1,023)	-
Losses carried forward	-	132,686	-	-	-	132,686
	<u>1,049,918</u>	<u>558,967</u>	<u>(1,023)</u>	<u>(26,771)</u>	<u>1,048,895</u>	<u>532,196</u>

14. CURRENT ASSET INVESTMENTS

	Group	
	31.12.19	31.12.18
	€	€
Listed investments	<u>1,109,777</u>	<u>-</u>

Market value of listed investments held by the group at 31 December 2019 - €1,109,777.

The investments include equity, bonds and mixed securities in investment funds.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

15. CASH AT BANK

	Group 31.12.19	Group 31.12.18	Company 31.12.19	Company 31.12.18
€	€	€	€	€
Cash and cash equivalents in AUD	3,023,729	251,388		
Cash and cash equivalents in EUR	51,652,466	22,467,990	21,200,724	1,420,434
Cash and cash equivalents in GBP	5,268,184	7,380,816	10,351	7,853
Cash and cash equivalents in USD	39,489,599	25,620,558	297	4,355
Cash and cash equivalents in BGN	2,141,605	1,056,334		
Cash and cash equivalents in CAD	30	29		
Cash and cash equivalents in DKK	27	27		
	<u>101,575,640</u>	<u>56,777,142</u>	<u>21,211,372</u>	<u>1,432,642</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31.12.19	Group 31.12.18	Company 31.12.19	Company 31.12.18
€	€	€	€	€
Bank loans and overdrafts (see note 18)	531,620	-	-	-
Payments on account	-	8,504	-	-
Trade creditors	670,587	244,525	878	11,437
Tax	314,391	-	-	-
Social security and other taxes	316,843	287,876	-	-
Net wages	5,185,650	991,107	-	-
Other payable to employees	499,202	716,550	-	-
VAT	1,134,831	869,756	-	-
Other creditors	145,663	99,243	266	248
Deferred income	37,446,109	28,399,758	-	-
Accrued expenses	256,570	182,394	64,257	48,390
	<u>46,501,466</u>	<u>31,799,713</u>	<u>65,401</u>	<u>60,075</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 31.12.19	Group 31.12.18
€	€	€
Bank loans (see note 18)	7,836,777	-
Severance indemnities reserves	24,513	34,790
Deferred income	6,689,093	4,756,764
	<u>14,550,383</u>	<u>4,791,554</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

18. LOANS

An analysis of the maturity of loans is given below:

	Group	
	31.12.19	31.12.18
	€	€
Amounts falling due within one year or on demand:		
Bank loans	<u>531,620</u>	<u>-</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Bank loans more 5 yrs	<u>7,836,777</u>	<u>-</u>

The loan carries interest rate of 2.78% and collateral is the SiteGround building, owned by RealSite OOD. The maturity period is 10 years.

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Group	
	Non-cancellable operating leases	
	31.12.19	31.12.18
	€	€
Within one year	293,498	976,581
Between one and five years	<u>260,463</u>	<u>4,877,992</u>
	<u>553,961</u>	<u>5,854,573</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

20. FINANCIAL INSTRUMENTS

The following table presents by category the carrying value of the company's financial assets and liabilities and their categorisation. The carrying value equals the fair value of the assets and liabilities.

		Group	Group
	Categorisation	2019	2018
Financial assets	€	€	
Trade debtors	Amortised cost (undiscounted)	357,523	658,439
Other debtors	Amortised cost (undiscounted)	10,190	14,247
Loans to related party (non-group)	Amortised cost (undiscounted)	331,288	2,854,348
Loans (non-group)	Amortised cost (undiscounted)	570,029	-
Listed investments	Fair value through profit or loss	1,109,777	-
Cash at bank and in hand	Amortised cost (undiscounted)	101,575,640	56,777,142
		<u>103,954,447</u>	<u>60,304,176</u>

		Group	Group
		2019	2018
Financial liabilities	€	€	
Trade creditors	Amortised cost (undiscounted)	670,587	244,525
Other creditors	Amortised cost (undiscounted)	145,663	107,747
Accruals	Amortised cost (undiscounted)	169,757	182,394
Net wages and other payable to employees	Amortised cost (undiscounted)	5,684,852	1,707,657
Loans and borrowings	Amortised cost (undiscounted)	8,368,397	-
		<u>15,039,256</u>	<u>2,242,323</u>

		Company	Company
	Categorisation	2019	2018
Financial assets	€	€	
Trade debtors	Amortised cost (undiscounted)	-	-
Other debtors	Amortised cost (undiscounted)	-	-
Cash at bank and in hand	Amortised cost (undiscounted)	21,211,372	1,432,642
		<u>21,211,372</u>	<u>1,432,642</u>

		Company	Company
		2019	2018
Financial liabilities	€	€	
Trade creditors	Amortised cost (undiscounted)	878	11,437
Other creditors	Amortised cost (undiscounted)	266	248

Notes to the Consolidated Financial Statements - continued
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Accruals	Amortised cost (undiscounted)	64,257	48,390
		<u>65,401</u>	<u>60,075</u>

21. PROVISIONS FOR LIABILITIES

	Group	
	31.12.19	31.12.18
	€	€
Other provisions	<u>1,472,848</u>	<u>1,114,883</u>
Aggregate amounts	<u>1,472,848</u>	<u>1,114,883</u>

Group

	Deferred tax	Other provisions
	€	€
Balance at 1 January 2019	(532,196)	1,114,883
Provided during year	-	1,472,848
Credit to Income Statement during year	(510,304)	-
Utilised during year	-	(1,114,883)
Foreign exchange differences	(6,395)	-
Balance at 31 December 2019	<u>(1,048,895)</u>	<u>1,472,848</u>

Due to uncertainty in the timing and amount of payments regarding affiliate commissions and in order to present fairly the financial performance of the Group, a year end review has been made, based on which provisions for affiliate commissions have been calculated. The amounts shown are expected to be utilised in 2020.

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.19	31.12.18
			€	€
1,000	Ordinary	£1	<u>1,114</u>	<u>1,377</u>

Due to the change of the functional currency of the parent company, IT Web Capital Ltd, to Euro, the share capital was translated at the foreign exchange rate on 1 January 2019. The translation resulted in foreign translation gain of €263.

The new share capital amount will be treated as its historical cost.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

23. RESERVES

Group

	Retained earnings €	Capital contribution €	Foreign exchange differences €	Totals €
At 1 January 2019	28,178,429	334,711	(80,469)	28,432,671
Profit for the year	39,285,936			39,285,936
Dividends	(1,300,820)			(1,300,820)
Foreign exchange differences	-	-	186,199	186,199
Capital contribution				
foreign exchange differences	-	(63,984)	-	(63,984)
At 31 December 2019	66,163,545	270,727	105,730	66,540,002

Company

	Retained earnings €	Capital contribution €	Foreign exchange differences €	Totals €
At 1 January 2019	1,840,852	334,711	(91,041)	2,084,522
Profit for the year	21,076,649			21,076,649
Dividends	(1,300,820)			(1,300,820)
Foreign exchange differences	-	-	64,248	64,248
Capital contribution				
foreign exchange differences	-	(63,984)	-	(63,984)
At 31 December 2019	21,616,681	270,727	(26,793)	21,860,615

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

23. RESERVES - continued

NATURE AND PURPOSES OF RESERVES

Share capital

Holders of these ordinary shares are entitled to dividends and are also entitled to one vote per share at general meetings of the Company.

Retained earnings

The retained earnings reserve represents the accumulated retained profits and losses of the Group.

Foreign exchange translation reserve

The foreign exchange translation reserve comprises all currency exchange differences arising from the translation of the financial statements of non-euro denominated operations into the presentational currency of the Group.

Capital contribution

Capital contribution reserve represents additional funding provided by the owner. The resources of this voluntary fund shall not be refundable, nor shall be made in return for the issue of capital or in return for any other contribution (monetary or in-kind) due by the Company to the Sole Owner.

Due to the change of the functional currency of the parent company, IT Web Capital Ltd, to Euro, the capital contribution was translated at the foreign exchange rate on 1 January 2019. The translation resulted in foreign translation gain of €63,984.

The new capital contribution amount will be treated as its historical cost.

24. POST BALANCE SHEET EVENTS

The start of the COVID-19 health crisis in March 2020 is expected to have significant economic impact worldwide. Some of the investments in equity shares made in the beginning of 2020 have temporarily decreased its market value. Due to the significant uncertainty in the evolution of the crisis, the Company is not able to assess the economic effect of the crisis on the Company's operations.

In 2020, SiteGround Hosting EOOD acquired additional 50% of the shares of RealSite OOD and is now the sole owner of RealSite OOD. Furthermore, BGN 391,000 were invested in equity shares and USD 1,000,000 were invested in preferred shares. Loans granted after the balance sheet date were BGN 1,415,000 and €1,600,000.

In 2020, as of the date of this report the Director proposed and the sole shareholder approved a final dividend of €5,000,000, which was paid out in June 2020.

There have been no other significant events, which have taken place since the balance sheet date.

25. ULTIMATE CONTROLLING PARTY

The parent company is IT Web Capital Ltd and the ultimate controlling party is Ivo Tzenov.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

26. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to financial risks: market risk (currency risk) and liquidity risk. No active financial risk management is undertaken by management.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet current operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of gross and undiscounted financial liabilities, including estimated interest payments. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

	Carrying Amount	Contractual cash flow	Up to 1 year	1-2 years	Over 2 years
2019					
Trade and other payables	2,458,855	2,458,855	2,458,855	-	-
Secured bank loans	8,368,397	8,368,397	531,620	759,938	7,076,839
	<u>10,827,252</u>	<u>10,827,252</u>	<u>2,990,475</u>	<u>759,938</u>	<u>7,076,839</u>
2018					
Trade and other payables	5,120,385	5,120,385	5,120,385	-	-
Secured bank loans	-	-	-	-	-
	<u>5,120,385</u>	<u>5,120,385</u>	<u>5,120,385</u>	<u>-</u>	<u>-</u>

Market risk

Market risk is the risk that changes in market prices, mainly includes foreign exchange rates which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on services provided and availed that are denominated in a currency other than the functional currency of Group entities. The group mainly deals in GBP sterling, US dollars and Australian dollar.

For all monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

Exposure to currency risk

31.12.19	AUD	EUR	GBP	USD	BGN	Total
Loans receivable	-	570,029	-	-	331,288	901,317
Investments	-	740,718	-	369,059	-	1,109,777
Trade and other receivables	4,458	45,482	16,142	179,768	121,446	367,296
Cash and cash equivalents	3,023,729	51,652,466	5,268,184	39,489,599	2,141,604	101,575,582
Loans and borrowings	-	-	-	-	(8,368,397)	(8,368,397)
Trade and other payables	(62,854)	(362,974)	(329,502)	(1,386,882)	(316,643)	(2,458,855)
	<u>2,965,333</u>	<u>52,645,721</u>	<u>4,954,823</u>	<u>38,651,544</u>	<u>(6,090,702)</u>	<u>93,126,720</u>
31.12.18	AUD	EUR	GBP	USD	BGN	Total
Loans receivable	-	-	-	-	2,854,348	2,854,348
Trade and other receivables	1,007	48,918	7,193	309,751	305,817	672,686
Cash and cash equivalents	251,388	22,467,990	7,380,816	25,620,558	1,056,334	56,777,141
Trade and other payables	-	(429,823)	(542,313)	(628,825)	(48,586)	(1,649,547)
	<u>225,395</u>	<u>22,087,085</u>	<u>6,845,969</u>	<u>25,301,482</u>	<u>4,167,913</u>	<u>58,654,628</u>

During the year following main exchange rates were applied:

in EUR	Average exchange rate		Spot rate at the balance sheet date	
	2019	2018	2019	2018
AUD	1.6109	1.5797	1.5995	1.6220
GBP	0.8778	0.8847	0.8508	0.8945
USD	1.1195	1.1810	1.1234	1.1450
BGN	1.9558	1.9558	1.9558	1.9558

The following table presents sensitivities of profit or loss and equity to reasonable possible changes in exchange rate applied at the reporting date with all variables held constant:

2019

2018

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

	Strengthening of EUR by 10%	Weakening of EUR by 10%	Strengthening of EUR by 10%	Weakening of EUR by 10%
EUR/AUD	(296,533)	296,533	(25,240)	25,240
EUR/GBP	(495,482)	495,482	(684,570)	684,570
EUR/USD	(3,865,154)	3,865,154	(2,530,148)	2,530,148
EUR/BGN	609,070	(609,070)	(416,791)	416,791
Total impact	(4,048,099)	4,048,099	(3,656,749)	3,656,749

27. BUSINESS COMBINATION

On 6 December 2019, the Group obtained 50% of the shares of RealSite OOD for total consideration of €4,633,402. The Group acquired control of RealSite OOD through the purchase of 50% of the share capital and through other factors reviewed by the management, after considering FRS 102.

Consideration at 06 December 2019:

	€
Cash	4,623,155
Directly attributable costs	10,247
Total consideration	4,633,402

Recognised amounts of identifiable assets acquired and liabilities assumed at the date of acquisition:

€	€	Ref.	Book value	Adjustments	Fair value
Property, plant and equipment		(a)	13,483,243	9,337,949	22,821,192
Cash and cash equivalents			260,195	-	260,195
Trade and other receivables		(b)	13,366	34,791	48,157
Trade and other payables		(c)	(701,770)	8,966	(692,804)
Borrowings		(d)	(13,212,072)	42,136	(13,169,936)
Total identifiable net assets			(157,038)	9,423,842	9,266,804
					€
Non-controlling interest					(4,633,402)
Goodwill					-
Total					4,633,402

The adjustments arising on acquisition were in respect of the following:

- Valuation of the office building by external valuers.
- Accrual for rent income.
- Local taxes for the office building recalculation.
- Recalculation of the bank loan using the effective interest rate method.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

28. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 31 December 2019 and 2018 are detailed below.

Entities under common control - 31.12.2019						
	Other debtors	Loan receivable	Loan payable	Other income	Interest income	Other expense
Real site OOD	-	-	-	-	-	-
TN Global EOOD	-	-	-	-	-	13,165
I H OOD	-	-	-	-	-	-
IT Web AD	-	331,288	-	-	6,618	-
Ultimate shareholder	-	-	2,489	-	-	-
	<u>-</u>	<u>331,288</u>	<u>2,489</u>	<u>-</u>	<u>6,618</u>	<u>13,165</u>

Entities under common control - 31.12.2018						
	Other debtors	Loan receivable	Loan payable	Other income	Interest income	Other expense
Real site OOD	-	2,854,348	-	-	89,747	-
TN Global EOOD	-	-	-	-	-	73,587
I H OOD	-	-	-	-	-	891
	<u>-</u>	<u>2,854,348</u>	<u>-</u>	<u>-</u>	<u>89,747</u>	<u>74,478</u>

The above loans are unsecured. They carry interest rate of 6% (2018: 4%) and maturity period of 1 year (2018: 5 years).

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