IE Domain Registry

Annual Report & Review 2019

.ie – recognised globally as an identifiably Irish address online

Mission

Our mission is to grow and strengthen .ie as the digital identity of choice for people and businesses with a connection to Ireland. In cooperation with our Registrars, technical partners and stakeholders we help shape the development of the internet landscape and ecosystem.

Vision

Our vision is that IE Domain Registry will be nationally and internationally recognised as an innovative, independent, trusted provider of secure internet services, advocating increased e-commerce adoption and stimulating the growth of Ireland's online communities.

Contents

2019 Key Figures

Members' funds:

€4.1m

Renewal rate:

87.8%

Database of .ie domains:

280,958

New .ie registrations:

50,167

Strategic Priorities

▶ To achieve company-wide growth by developing the .ie brand in order to maximise retention rates and achieve annual new growth rates greater than our .com competitor in Ireland.

▶ To continue our ongoing customer experience (CX) innovation and improvement programmes and to develop new customers.

▶ To become a digital advocate for SME businesses and for the people of Ireland, through active involvement and engagement informed by our research.

▶ To help shape the development of Ireland's internet landscape and ecosystem.

▶ To deliver on our customer service, technical and other obligations as the active Registry Operator for the .ie namespace in Ireland.

Performance Highlights

Extract from the audited Financial Statements

Profit and Loss

	Year to 31 Dec 2019 €	Year to 31 Dec 2018 €
Registration Revenue	3,605,404	3,317,336
Administration Expenses	(1,762,966)	(1,608,796)
Employment Costs	(1,631,745)	(1,449,246)
Depreciation	(125,897)	(111,736)
Operating profit	84,796	147,558
Unrealised gains/(losses) on financial investment	193,974	(122,033)
Profit on sale of financial investment	0	9,411
Interest income	14,211	9,307
Taxation	(61,543)	24,158
Profit after taxation	231,438	68,401

Balance Sheet

	At 31 Dec 2019 €	At 31 Dec 2018 €
Fixed Assets	77,230	101,008
Investments	4,378,689	4,184,715
Current Assets	3,367,858	2,910,556
Creditors <1 year, excluding Deferred Income	(1,099,400)	(866,391)
Deferred Income	(2,506,577)	(2,390,458)
Creditors >1 year	(72,192)	(25,260)
Members' Funds	4,145,608	3,914,170

Cash Flow

	Year to 31 Dec 2019 €	Year to 31 Dec 2018 €
Net cash inflow from operating activities	505,385	534,145
Increase/(Decrease) in cash in the year	419,722	(533,040)

Number of new .ie registrations – quarterly growth

Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	
9,978	8,890	8,666	7,691	9,244	8,935	8,448	7,988	10,504	9,751	9,936	9,332	14,519	13,607	11,389	11,525	13,792	12,660	12,345	11,370	14,195	19,091	

Prices of a .ie domain (€)

Direct customers   Registrars
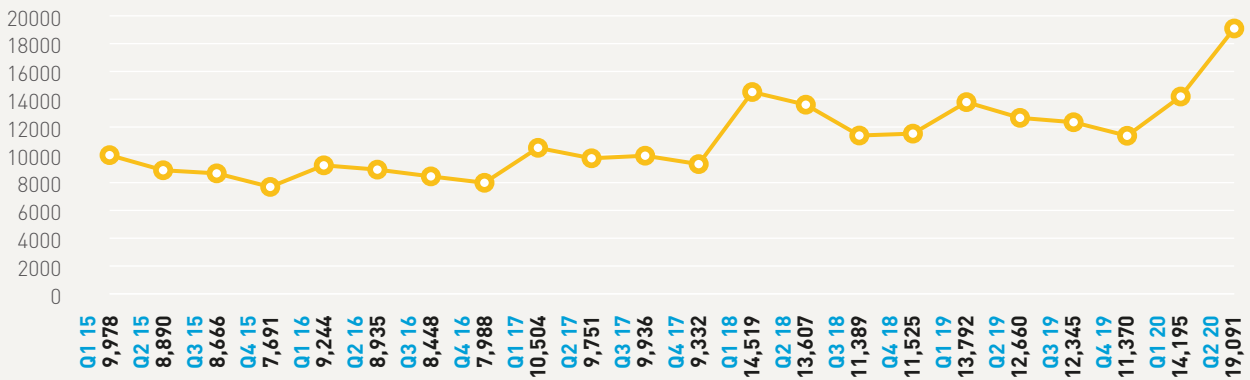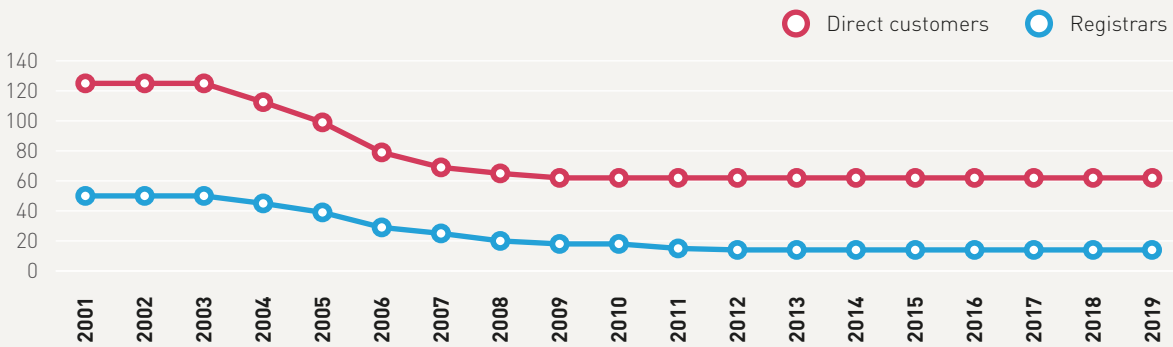
Chair's Statement

As incoming Chair of the Board, it is a pleasure to review a year in which IE Domain Registry has continued to grow and develop the .ie domain as the preferred online address for Irish people and businesses. The .ie registry has maintained its excellent track record for the safety, reliability and resilience of its services. Keeping the .ie namespace safe and secure for our internet users and for Irish business remains a critical priority for the Board.

As a company limited by guarantee, IE Domain Registry's financial reserves are its only source of capital and it is therefore critically important that we maintain a capital base fully adequate to meet current and prospective business requirements. In recording an after-tax surplus of €231k we improved our financial strength in 2019. Net liquid funds totalled €3.15m at year end. The company's financial position remains strong and in line with our financial objectives. We assure our stakeholders of our continued commitment to this objective into the future.

2019 was a buoyant economic environment, and it was another successful year for IE Domain Registry. Growth in the number of .ie domains continued and we maintained our focus on excellence in customer service. The proportion of .ie domains with active websites or email continues to increase. In an extremely competitive environment we improved our market share compared to .com, to over 50% of Ireland's hosted market.

Our database at end 2019 was 280,958 .ie domains, a net increase of 18,016 over the year. Although our European colleagues are experiencing stagnating growth, our annual research indicates that there remains significant scope for Ireland's SMEs to improve and expand on their online activities. Our research highlights the benefits of a strong online presence for business and the growing importance Irish consumers attach to online communication. We will continue to assist SME representative organisations, and government policymakers, to adopt appropriate policies to facilitate future growth.

On behalf of the Board, I am pleased to acknowledge the contribution of our accredited Registrars, who are our essential partners in promoting and marketing .ie and thank them for their cooperation and assistance.

I also acknowledge the continued dedication and diligence of our Policy Advisory Committee (PAC) which was established in 2015 to advise the Board on policy matters. Representative of a broad range of stakeholders, the PAC continued in 2019 to play an important role in assisting us to develop our policies in line with the changing internet environment, while also assisting the Board in balancing the rights, responsibilities and obligations of all parties. On behalf of the Board, I would like to thank the members for their contribution to the ongoing policy development process at the registry.

We see our mandate as a profit-for-good company to manage the national resource of .ie so as to maximise the value of the internet for Irish and international consumers, Irish businesses and Irish jobs. We are using our strong financial position to deploy a Strategic Development Fund to finance a range of projects designed to deepen internet awareness and use in Ireland, as well as to promote business growth online. The programme was enhanced in 2019 and additional information is provided later in this report.

The Board was pleased to support and authorise a significant investment in licensing a state-of-the-art registry management system, which will be customised for the .ie namespace during 2020. We are confident that our Registrars and channel partners will be able to use this industry-standard system to drive their own growth and expansion during the coming years.

Although managing the registration of .ie domain names and the security of the domain name system will always remain our core business, I am confident that our research and insights, together with our initiatives such as .ie Digital Town, will continue to play an important advisory role for policymakers and for the organisations that represent Ireland's SMEs. We acknowledged Sligo as the .ie Digital Town in 2019 and we celebrated its achievements in using the internet to improve the lives of communities, educational and sporting organisations and SMEs. Further information on our initiatives and partnerships are set out in this Report.

On behalf of the Board, I would like to thank our dedicated Chief Executive, the executive team and all our staff for their continued dedication and commitment in 2019. In particular, the Board appreciates the team's commitment to customer service and to meeting the requirements of the company's stakeholders.

With challenging long-term goals across the organisation, it is vital to continue to attract, nurture and retain talent. There is intense competition for talent, but IE Domain Registry is viewed as a trustworthy organisation with highly motivated staff who want to make a positive contribution to the internet community.

The Board wishes to acknowledge the assistance during the year of the Minister for Communications, Climate Action and Environment, the staff of his Department, and of the industry regulator, ComReg.

I would like to acknowledge the contribution of my predecessor, Mr Jimmy Joyce, outgoing Chairman, to the growth and development of the .ie registry. Together with my fellow directors, we wish Jimmy a long and happy retirement.

Outlook

We remain acutely aware of innovations in the rapidly changing world of digital communications. We are also monitoring closely developments in the EU wide regulatory environment in data protection and cyber security and in this regard we welcome the Digital Single Market initiatives. We in IE Domain Registry are cognisant of the future challenges but we are confident of our preparedness and capacity to meet them.

As we face the uncertain challenges arising from the Covid-19 global pandemic we will carefully monitor the consequences, address the risks to the business and continue to modify and fine-tune our business continuity plans. We have seen during the Covid-19 lockdown in Ireland that there has been a dramatic uptake in the use and application of websites and online platforms. We will take every opportunity to assist the local internet community to get online and to thrive online.

Together, we face the future with confidence.

Louise English,
Chair IE Domain Registry CLG

1 July 2020

Chief Executive's Report

The year 2019 might appear to be a year of consolidation when compared to the major achievements in 2018 which witnessed the arrival of GDPR and liberalisation. However, 2019 was an important year of building foundations - foundations for expansion and foundations for the future security, stability and resilience of our infrastructure which underpins the .ie domain name space and the DNS.

At Registrar Day in November 2019 we announced the planned cessation of the direct registration service, and promised the delivery of a new state-of-the-art registry management system which will, before the end of 2020, provide a platform for the next decade of growth and expansion in the .ie namespace.

The multi-stakeholder Policy Advisory Committee (PAC) considered the topical issue of cybercrime / cybersecurity and reached initial consensus on a proactive policy response for handling technical abuse and online illegality. In July 2019, following a productive period of engagement with the PAC, we achieved the consensus needed to launch a new alternative dispute resolution process for .ie, with independent mediators providing 'fair play and a fair hearing' for all.

With ongoing emphasis on strategic execution, the management team delivered a solid performance, with net growth of over 18,000 .ie domains, and we ended the year in a very strong financial position with €4.1m in Members' Funds. Leveraging our ongoing research, in 2019 we continued to advocate for the digitalisation of SMEs' business processes. This is essential if Irish SMEs are to reclaim the loyalty of Irish consumers, who clearly want, and value, an efficient online shopping experience.

The operating profit during the year ended 31 December 2019 incorporates expenditure of €216,500 from our Strategic Development Fund, to finance a set of promotion, marketing and customer service initiatives to meet the strategic objectives and priorities of expansion and protection of the .ie namespace.

Operational review

New registrations of 50,167 in 2019 were in line with the record-setting year of 2018 (51,040). These registrations were offset by 32,151 non-renewals/deletions which were up 22% over 2018 (26,425 domains), giving a net increase of 18,016 which compares to the net increase in 2018 (24,615 domains). Continuation of these exceptional levels of new growth is due to the marketing and promotion activities of our accredited Registrar community. This performance was in the context of a domestic economy where offline indigenous micro and small businesses continued to experience competitive pressures from international e-commerce providers. Buoyant consumer confidence led to increased use of websites for new online businesses, products or services. However, website growth is somewhat challenged by the use of mobile apps and the use of social media for small businesses' promotions. The Company continued to encourage excellence in SME's website functionality, design and e-commerce through sponsorships and direct funding.

The 12.4% level of .ie non-renewals/deletions is an increase compared to 2018 (11.2%) however it is very low by international standards where non-renewal rates can be over 30% – reflecting the shorter domain life-cycles, as domains are increasingly used for the promotion of one-off events and campaigns.

There was no progress in 2019 on the Company's application to ICANN for the transfer from UCD of 'ccTLD Manager' status to IE Domain Registry, which was submitted to ICANN in February 2011, accompanied by letters of support from stakeholders in the local internet community. In order to complete the transfer request ICANN will need a letter of support from the Irish government. The Department of Communications, Climate Action and Environment is still considering the matter.

Financial review

Registration revenue increased by 8.7% to €3.61 million (2018 – €3.32 million). The deferred income on the balance sheet increased by 4.9% in 2019, to €2.51 million (2018 – €2.39 million). This is because the invoiced value of registration fees increased by 4.3%, reflecting renewals and new growth in 2019 (2018 – 12.4%).

Administration expenses increased by 9.6% from €1.61 million to €1.76 million. Promotion, sponsorship, and advertising costs remained high as the company continued its Strategic Development Fund and continued its joint promotion with Registrars of the .ie namespace and continued the OPTIMISE Fund, which assists SMEs organisations to develop and e-commerce enable their members' .ie websites. Employment costs increased by 12.6% in 2019 to €1.63 million reflecting additional staff recruitment and cost of living salary increases.

The Company records its financial investments on a Mark to Market basis of valuation. The financial investments market value at 31 December 2019 was €4.3m (2018 – €4.1m). Accordingly, the movement in the capital markets by year end yielded net unrealised gains of €193,974 (2018 – unrealised losses of €122,033). The deferred tax liability on the balance sheet was increased accordingly.

The financial position of the Company at 31 December 2019 is solid. Members' Funds increased by 5.9% from €3.9 million at December 2018 to €4.1 million by the end of December 2019. Cash and cash equivalents increased to €7.5 million (2018 – €6.9 million) including €4.3 million invested with multiple investment managers.

Continuous improvements review

Every team member is part of the continuous improvement process at IE Domain Registry and strives for excellence in customer experience (CX) in all aspects of the operation.

The Company continued to focus on controlling costs for the channel and for our business operations. The recent policy changes and ongoing incremental process improvements will help to decrease the channel's customer service costs and improve the user experience for their end-customers.

The data escrow function continued to operate, whereby relevant data sets within the .ie database are extracted, encrypted and transmitted to a third party, to be held in safekeeping and only released to the appropriate authorities in the unlikely event of a catastrophic event occurring at the registry. This added layer of resilience, reliability and protection provides business continuity and peace of mind for government, regulators and stakeholders.

The Technical Services team remains vigilant in protecting the national DNS infrastructure against ongoing and new external cyber security threats, in particular in the face of the continuing global increase in ransomware, malware and DDoS attacks, thereby contributing to the safety, security and resilience of the .ie domain.

Market development and digitalisation by SMEs

We again commissioned Core Research to conduct independent research into SMEs reluctance to digitalise their sales channels. It is becoming clearer that the problem is not one of awareness of the benefits, as many SMEs are active online in a personal capacity. Our research shows that SMEs' fear, uncertainty and doubt (FUD) are major factors. Business owners say that the barriers keeping them offline include confusion about the range of digital tools and options available, or inadequate skillsets. Perhaps there is also a fear of trying to compete head-on with the online marketplace giants, such as Amazon. It is clear that further research is needed to guide policymakers on how to improve internet usage and uptake by the small business community.

In response, we continued to be a digital advocate for SMEs in 2019, providing research data and insights to policymakers and stakeholders. We believe that there is a need to provide supports and shoulder-to-shoulder assistance to SMEs to enable them to digitise to leverage the benefits of having .ie addresses and being identifiably Irish online.

From our consumer research and our experience with Digital Town in Gorey 2018 and Sligo 2019, it's clear to us that town residents want their local SMEs to provide digital services, such as click and collect and e-prescriptions. The main reasons for having .ie domain names are for website and email purposes. For this reason, the Company continued to support its Registrars in promoting their website builder services to SMEs during 2019.

Outlook for 2020

Across the globe, during the first 6 months of 2020, the human and economic consequences of the Covid-19 pandemic dominated the agenda. Despite the horrendous medical and economic impact of the lockdown, it would appear that 2020 is a tipping point and represents the coming-of-age for the next wave of digitalisation. The use of digital tools by small business has accelerated dramatically, especially for the services sectors. GPs, physios, architects and gym instructors realised the power of digital when the lockdown prevented face-to-face consultations being delivered. Financial services and software development transnational projects continued, with staff working from home using online collaboration tools such as Confluence, Jira and Google Docs. Customer and staff meetings, using video conferencing tools such as FaceTime, Zoom and Webex, often on smartphones, have awakened a realisation that will have dramatic effects on future productivity, facilitating working from home with dramatic reductions in wasteful commuting time.

Nationally, new registration growth surged in Q2 2020, as the Covid-19 lockdown led to a renewed respect for the power of websites and digital communications. In Q2 alone, there was a 50% increase in new .ie registrations compared to the same period of 2019. The outcome for the first half of 2020 at 33,286 new .ie domains, is an increase of 26% compared to the same period in 2019 (26,452 .ie domains). This uplift in domain growth is replicated in many ccTLDs across Europe.

The work of the IE Policy Advisory Committee will continue in 2020 and will respond to developments impacting ccTLD registries, in particular EU cyber security initiatives and regulations impacting the Digital Single Market. The committee will conclude its work and issue recommendation on the policy response to handling online illegality and technical abuse which uses the DNS.

We are pleased to have Board approval to continue our investments in 2020 on a range of projects designed to assist SMEs in their digital journey. We will provide a new state-of-the-art registry management platform which will, before the end of 2020, provide a foundation for the next decade of growth and expansion in the .ie namespace.

On a personal note, I would like to express my gratitude to our Chairman and Company Secretary, Mr Jimmy Joyce for his ongoing counsel, support and service to IE Domain Registry over an eighteen-year period. His professionalism, calmness under pressure and unrelenting focus on good corporate governance has brought the company to its position of financial strength, technical resilience and corporate reputation. My colleagues and I wish him, and his family, every happiness on his retirement.

I look forward to working with our Board of Directors and thank the members for their ongoing support and expertise. Our dedicated staff deserve huge credit and respect for their outstanding contribution to the continued growth of the .ie namespace and the development of our policies and services. Together, we will ensure that .ie remains 'Identifiably Irish' in a competitive and ever-expanding global internet ecosystem.

David Curtin
Chief Executive

1 July 2020

.ie is *the* domain of choice:

People and businesses in Ireland are choosing .ie over .com for their online digital identity.

Board of Directors and Management

Louise English ▲

Chair, from April 2020

Louise English is a non-executive director of Repak and Chair of their Audit Committee. She previously served as a non-executive director on the boards of St Vincent's Healthcare Group, An Post, Sherry Fitzgerald and Bord na Móna. She was also Chair of, or a member of their Audit Committees. Louise was an executive director of IBI Corporate Finance, one of Ireland's leading providers of independent corporate financial advice. A Chartered Accountant, she trained and qualified with PWC.

Louise holds a BComm from University College Dublin.

Jim Joyce ●

Chair, up to April 2020

Jim Joyce was appointed Secretary of the company in 2004. He was Chairman of the Health Insurance Authority from 2005 to 2015 and is a former Company Secretary to the National Digital Research Centre (NDRC). Jim has been an actuarial consultant to the Department of Enterprise Trade, and Employment and the Irish Financial Services Regulatory Authority (1992 to 2005). He was previously Executive Director of Telecom Éireann (1984 to 1992). Jim is a Fellow of the Society of Actuaries in Ireland and served as President of the Society for 1999/2000.

Eamonn Ceannt ▲

Eamonn Ceannt is a project consultant, working mainly in the cultural and education sectors. He is the founding Chair of the Museum of Literature Ireland (MoLI) and a Trustee of the Alfred Beit Foundation. He also works as a sculptor.

He was a Vice-President and Bursar at University College Dublin with responsibility for the capital development, regulatory and financial affairs of the university. He previously worked with Coillte – The Irish Forestry Board, KPMG and for the World Bank. He has served on the audit committees of the Royal Irish Academy and Dublin City Council, was Chair of Young Scientist & Technology Exhibition Ltd, a Trustee of the Chester Beatty Library and a board member of Concern Worldwide and Sustainable Projects Ireland EcoVillage.

Eamonn is a graduate of UCD where he studied Psychology and Computer Science and obtained an MSc in Computer Science from Trinity College Dublin. He qualified as a Chartered Accountant in 1979.

Dan Flinter ●

Dan Flinter is Chairman of the Board of The Irish Times, the PM Group and of VCIM, a venture capital company. He is a member of the Board of Dairygold Co-Op, and of Aryzta AG. He is also a member of the Council of the Institute of Directors in Ireland and he is a Board member of the National Gallery of Ireland. Dan is a former CEO of Enterprise Ireland and Executive Director of IDA Ireland.

He holds an MA in Economics from UCD and is an Eisenhower Fellow.

▲ Audit Committee member   ● Investment Committee member

Gareth Dunlop ●

Following 15 years helping businesses integrate strategic digital communications, Gareth established dedicated UX agency Fathom in 2011. Previously, he was the MD of Ionology, a leading digital strategy consultancy, headquartered in Belfast and with major clients in 15 countries. Prior to that, he was the MD of Tibus, one of the largest and most successful web development agencies in Ireland, from 2002 to 2009 when it was sold to UTV plc.

Gareth is a Board Member of Christian Aid Ireland, former Board Member of IIA, and Chairman of WeddingsOnline.ie. He writes and lectures extensively on Internet related matters, with regular columns in Silicon Republic, SyncNI and Business Eye. Gareth is a former judge of the Eir Spider Awards, the DANI Awards and the Dot IE Net Visionary Awards.

Anne Marie Eklund Löwinder

Anne-Marie Eklund Löwinder is the Chief Information Security Officer at The Swedish Internet Foundation. She is one of Sweden's leading experts on information and IT security. In 2013, Anne-Marie was the first Swede to be inducted into the Internet Hall of Fame.

She is a member of the Royal Swedish Academy of Engineering Sciences (IVA), Section XII, Information Technology. She is also a board member of the Swedish Law and Informatics Research Institute (IRI), of the Swedish Transport Administration, of the Swedish Antitheft Association and a member of the information security council of the Swedish Civil Contingencies Agency (MSB). She is appointed by the Swedish Ministry of Infrastructure as a member of the Swedish National Digitalisation Council.

In 2010 Anne-Marie was appointed and still serves as Trusted Community Representative by ICANN, in the role of Crypto Officer, where she participates in DNSSEC key generation for the internet root zone. She is also a member of The Registry Services Technical Evaluation Panel (RSTEP), a technical team under the GNSO (Generic Name Supporting Organization).

Anne-Marie has a degree in Computer Science from the University of Stockholm.

Owen O'Connor ▲

Owen O'Connor is an experienced technology and security leader, with over 20 years experience spanning technology, biotech, financial services, and consulting. He currently serves as director of information security for a leading cloud service provider.

Owen's career has focussed on digital evidence, including investigating technology misuse and responding to security incidents. He was the founder of Cernam, a cloud-focused digital evidence firm which was acquired in 2014. He has been a regular speaker at many of the largest digital evidence conferences and has provided specialist training for police and government agencies.

Owen holds an MSc in Forensic Computing from Cranfield University (Royal Military College of Science).

David Curtin – Chief Executive

David Curtin joined the Company in November 2002, and was appointed interim Chief Executive in October 2003 and Chief Executive in January 2004. David worked for eight years in Dublin and Paris with the Jefferson Smurfit Group plc. He was Chief Executive of Smurfit Software Services, project manager for the Smurfit Group's Hyperion systems implementation, and internal auditor of Smurfit Ireland. Prior to this he worked for KPMG in Dublin and Philadelphia, USA. David is a graduate of UCD, a Fellow of the Institute of Chartered Accountants and holds a first class honours MBA from The Michael Smurfit Graduate School of Business.

Fair, equitable, transparent:

We manage the .ie namespace to the highest standards of corporate governance and pride ourselves on honesty and objectivity in our interactions with Registrars, stakeholders and civic society.

Corporate Governance

The Board of Directors fulfils its fiduciary responsibilities in accordance with best practice Corporate Governance Codes and principles with the objective of ensuring accountability, fairness, responsiveness and transparency in the conduct of the business of the Company.

IE Domain Registry CLG is an independent company limited by guarantee, defined as a small company, and is therefore not required to comply with the provisions of Corporate Governance Codes. However, the Board of Directors is committed to ensuring that best practice Corporate Governance operates throughout the Company. Accordingly, the Board has adopted and applied certain provisions of the codes beyond what would normally be regarded as practical, relevant and appropriate for a company of our size and nature.

The Company's unitary Board of Directors is comprised of eight independent Non-Executive Directors, supported by three subcommittees: the Audit Committee, the Nominations Committee and the Banking Committee. Directors are appointed to the Board for an initial term of four years: thereafter directors can seek re-election for a subsequent term of three years.

At the end of a continuous term of seven years, directors are required to retire and re-election can only be sought after a gap period of three years. The Board of Directors meets six times per annum to consider a range of Company matters, including reviewing the management accounts, monitoring domain registration and non-renewal rates, discussing strategy and agreeing on the future direction of the Company. The Board also receives regular updates, between meetings if necessary, on a range of business matters including .ie policy, financial, legal, regulatory or corporate affairs.

The Chairman ensures that the Non-Executive Directors are appointed to the Board from a range of different professional backgrounds. This ensures diversity of the Board which in turn means that members can effectively reach out to a broad range of stakeholder groups. Diversity of the Board also ensures a better understanding of the different requirements of various stakeholders.

The Chairman is responsible for ensuring that all Non-Executive Directors have the necessary knowledge and experience required to discharge their responsibilities. Appraisal of the Board's performance is an important control, aimed at improving effectiveness, maximising strengths and identifying any changes necessary.

ComReg commissioned an independent third-party due diligence review of the Company's Corporate Governance, as an input into the process of developing a potential Regulatory Framework for .ie (Consultation Paper 08/48). The conclusions, published in its formal Response to Consultation 09/01, were very complimentary of the high standards of Corporate Governance at the Company.

Directors' responsibilities

The Board of Directors is the custodian of the Company's values and of its long term vision. The Board provides strategic direction and guidance for the Company.

The directors of the Company carry out their fiduciary responsibilities in accordance with the best practice Corporate Governance Codes and principles. All of the directors are independent and Non-Executive. In accordance with the Company's Constitution, the directors do not have a beneficial interest in the members' funds, reserves or the annual profits of the Company.

The directors are responsible for ensuring that the financial statements have been prepared in accordance with the Companies Act 2014 and Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", known as the "relevant financial reporting framework". The directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Other material financial decisions reserved for Board approval include investments, capital projects and any bank borrowing facilities.

The directors are also responsible for other tasks including monitoring the performance of the Chief Executive Officer, overseeing strategy, monitoring risks (including Brexit-related risks), control systems and governance, monitoring the human capital aspect of the Company (specifically, succession planning, training and remuneration), managing potential conflicts of interest and ensuring that there is effective communication throughout the Company.

The Audit Committee

The Company's Audit Committee is responsible to the Board of Directors for the co-ordination and oversight of the financial reporting process, the external audit function, the system of internal financial controls, regulatory compliance and all matters related to the legal integrity of the Company.

The Audit Committee operates under written terms of reference agreed by the Board which are reviewed on a regular basis. The Audit Committee is appointed by the Board from the Non-Executive Directors of the Company and consists of not less than three members, at least one of whom has the "relevant financial experience". The Chair of the Committee is a Fellow of the Institute of Chartered Accountants in Ireland.

The Committee is authorised by the Board to investigate any activity within its terms of reference. It may also seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee has the authority to obtain outside legal or other independent professional advice and to secure the attendance of relevant experts, if it considers this necessary.

Statement from the Chair of the Audit Committee

The financial reporting framework that has been applied in the preparation of the financial statements is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

The role of the Audit Committee is important as it reviews the effectiveness of the Company's internal controls to provide assurance on the Company's financial reporting process and compliance with all legal and regulatory requirements. The Committee will continue to keep the risk management and internal control framework under review to ensure the integrity of the financial reporting process in a changing environment.

The duties and key responsibilities of the Committee are:

▶ to consider the appointment of the external auditors, to make recommendations to the Board about the audit fee and any questions of resignation or dismissal

▶ to discuss with the external auditors, before the statutory audit commences, the nature and scope of the audit and to review the audit plan

▶ to review the minutes of meetings of the Investment Committee as part of the audit planning process

▶ to review the annual financial statements before submission to the Board and focus on:

▾ critical accounting policies and decisions requiring a significant element of judgement and any changes in accounting policies and practices

▾ compliance with accounting standards, legal requirements and regulations

▾ major areas of judgement and major or unusual transactions and how they are disclosed

▾ company policy and practice with regard to insurance and investment risk mitigation and controls

▾ significant adjustments to the financial statements as a result of the external audit

▾ any problems and reservations arising from the audit and any matters the auditor may wish to discuss (in the absence of management where appropriate)

▾ to review the external auditor's management letter and management's response

▾ to keep under review the effectiveness of internal control systems and of procedures for staff raising matters in confidence

▾ to report to the Board of Directors on how it has discharged its responsibilities.

It is the Committee's view that during the year it has discharged its duties and key responsibilities.

Louise English
Chair of the Audit Committee

24 April 2020

Corporate Social Responsibility

One of the core mandates of IE Domain Registry is to support and serve the needs of the local internet community. The directors and management strive to be transparent, accountable and to balance the rights and responsibilities of all stakeholders. We understand the importance of active communication and engagement with our internal and external stakeholders.

The Company prioritises the values of fairness, equity and transparency in all dealings with our key stakeholders, including customers (Registrars), domain holders (registrants), employees of the Company and the local internet community.

The local internet community

Through its memberships and sponsorship of industry awards and industry events, the Company provides a modest level of financial support to the local internet community. In 2019, we sponsored the BT Young Scientist and Technology Exhibition, Amplify Digital, Learn Inbound, the Start Summit and a range of other events.

BT Young Scientist Special Award – David Curtin, CEO, IE Domain Registry presenting the IE Domain Registry Special Award 2020 to Brian Kelleher, Belvedere College, Dublin for his project "We are not safe".

The Company has provided free .ie domain name registrations to 6,688 registered charities, in co-operation with a number of our accredited Registrars. Domain names are provided free of charge to those organisations which are registered as charities and have a valid CHY number issued by the Revenue Commissioners.

The Company was also involved in the training of 1,800 "nonliners" in 2019 as part of the Getting Citizens Online Scheme, an initiative of the Department of Communications, Climate Action & Environment. In 2019, 17,800 citizens received training under this scheme, which provides digital skills training for citizens who have never used the internet, with a view to removing a key barrier to digital adoption.

Employees

The Company aims to be a good employer in all respects. The Staff Handbook sets out the HR policies and procedures, and is provided to all new employees as part of their induction. It also includes whistleblower provisions and procedures for staff raising matters in confidence, including providing direct lines of communication to Board members. The Company operates a pension scheme for the benefit of all participating full-time employees. It also has a Safety Statement in accordance with the relevant legislation.

Sustainability

In 2019, a "green committee" was established with the aim of working together to develop green initiatives to reduce and manage our carbon emissions. From this, Project Glás was created. The vision for Project Glás was to baseline our current carbon footprint and work towards reducing it, through actions and decisions, both big and small, on a day-to-day basis. The goal was, and continues to be, to educate and build awareness to promote sustainability. The Project Glás team is made up of staff and management volunteers.

The "Go Carbon Neutral 2020" initiative acted as a template, and from that we have worked in partnership with other companies and Forestry Partners. The aim of this campaign is to work with other companies to "Fight Climate Change with Native Irish Woodland Creation", offsetting our carbon emissions by planting trees and thereby becoming carbon neutral from 2020. We are committed to achieving a positive impact on society, to being pro-active in terms of our Corporate Social Responsibility and working with leading industry figures alongside climate, forestry and biodiversity experts as part of the "Go Carbon Neutral Campaign".

Policy Development

Policy development is a multi-stakeholder endeavour for the .ie namespace.
It follows a consensus-driven and consultative approach, set out in the published
10-step Policy Development Process (PDP).

The Policy Advisory Committee (PAC) was established by the Company in July 2014, to provide a forum to consider and provide advice to the Board of Directors on policy change requests. The PAC operates under specific Terms of Reference and follows the PDP. The PAC considers all policy change requests submitted for review, and where consensus exists for a change, it also advises on the implementation of such policy change requests.

The members of the PAC are stakeholders with an interest in the .ie namespace and its policies. The membership includes representatives from eligible organisations. That list was extended in 2019, with the welcome addition of CyberSafe Ireland and IRISS (the Irish Reporting and Information Security Service), who joined the .ie accredited Registrars, the Department of Communications, Climate Action & Environment, Enterprise Ireland, the Small Firms Association (SFA), the Law Society, the Internet Service Providers Association of Ireland (ISPAI), the Department of Business, Enterprise & Innovation, the Irish Computer Society (ICS) and the Association of Patent and Trademark Attorneys (APTMA).

PAC – operation and modus operandi

The PAC has maintained the strong levels of engagement evident since its inaugural meeting in 2015. The Committee met on four occasions in 2019. In the interim periods between meetings each working group continued its engagement online via mailing lists and conference calls, to ensure that the proposed policy changes maintained momentum.

Meeting attendance and online engagement remains strong. This has been vital to the progression of the various policy change discussions, as has the diverse expertise, experience and knowledge of the Committee members. The commitment of the PAC in adhering to the bottom-up, consensus-driven, multi stakeholder-led PDP has been invaluable in the progression of policy changes. Entering its sixth year of operation, the PAC expects to continue to build on the achievements and milestones of previous years.

PAC milestones in 2019
- Introduction of a faster, more affordable dispute resolution process (ADRP)
- Auction/release of three domains corresponding to TLD extensions
- Fast-track approval of minor policy edits, arising from the planned direct registration service cessation
- PAC Terms of Reference updated – membership term extension to a 4-year term
- Accredited .ie Registrar PAC representatives – elections in Q1 2019

What's coming in 2020
- Policy response to handle illegality or technical abuse, which uses .ie domain names
- Policy response to handle transparency of reserved names/blocked names

Policy Change Proposal Stats

#6
Proposals and topics considered

#3
Policy change proposals concluded

#2
Policy change proposals implemented

#2
New policy proposals submitted (incl. fast-track)

Policy Changes – 2019 milestones

A very significant policy change was implemented and completed in July 2019, with the launch of the Alternative Dispute Resolution Policy (ADRP). In addition, a substantial body of research and discussion was undertaken on the question of handling illegality on websites with .ie domain names and technical abuse using the .ie namespace.

The objective was to assess if a policy response is needed to address cases of serious abuse (via a deterministic process), and to establish if there are instances where .ie domains should be (proactively) suspended by the registry. This work will continue in 2020.

Fair play and a fair hearing – introducing an Alternative Dispute Resolution Policy (ADRP)

The new alternative dispute resolution process was formally launched in July 2019, following a stakeholder consultation process and an extended phase of engagement with the Registrar channel regarding operational, training and legal matters required to support the process. This included awareness-building and creating promotional material.

The mechanics of the ADRP was designed, developed and refined during a PDP by stakeholders in the Policy Advisory Committee. The ADRP will give individuals and organisations, particularly SMEs, an easier, faster and more affordable way to dispute the registration or the use of a .ie domain.

The process will accommodate a wide variety of dispute types, including online impersonation, domain disputes between competing businesses, website content-scraping, defamation, rights-based complaints, and others.

Those who wish to use the ADRP will be initially encouraged to use the new optional mediation service. If mediation fails to resolve the matter, a qualified specialist will give their opinion on the dispute and either uphold or dismiss the complaint. The three alternative processes available under the ADRP are illustrated in the graphic below.

If the complaint is upheld, the complainant can then request that the disputed domain is either transferred or deleted.

Because .ie registrants will have already met the criteria for a .ie domain (namely, a provable connection to Ireland and agreement to the terms of service), the burden of proof will be on the complainant. The complainant, like the registrant, must also have a provable connection to Ireland.

The new process will be operated by Net Neutrals EU, an accredited dispute resolution body under the European Union (Alternative Dispute Resolution for Consumer Disputes) Regulations 2015. Net Neutrals EU was selected by the Policy Advisory Committee following a competitive evaluation process.

The ADRP has been built on several core principles: fair play and a fair hearing, the use of industry best practice, an appeal process, and an independent, neutral service provider.

It is important that Irish citizens, businesses and organisations have access to a dispute resolution process that is transparent, affordable and straightforward. Ultimately, however, it is expected that the number of complaints will be low, as registrants will have already met the criteria for .ie domain registration. As the burden of proof will be on the complainant, this will help to reduce the number of spurious or malicious claims.

Brand owners and holders of intellectual property rights will also be able to continue using the existing, formal dispute resolution process, which is independently operated by the World Intellectual Property Organisation (WIPO).

Fair play and a fair hearing
Alternative Dispute Resolution Process – launched in July 2019

If **MEDIATION** is requested, the Mediator will help the Parties resolve the dispute

If a **DECISION** is requested, the Specialist will decide to transfer or delete the registration or take no action

If an **OPINION** is requested, the Specialist will provide an opinion on the dispute

Internet Governance

One World. One Net. One Vision.

The main theme of the UN's Internet Governance Forum (IGF) 2019 encapsulates the essence of Internet Governance.

The 14th Annual Meeting of the IGF was hosted by the Government of Germany in Berlin in November 2019 under the overarching theme: **One World. One Net. One Vision.** The IGF 2019 brought together representatives from governments, the technical community, business and civil society to discuss amplifying digital cooperation. There were 3,679 participants from 161 countries, attending 200 sessions.

The issues discussed included:

▸ Data Governance

▸ Digital Inclusion

▸ Security, Safety, Stability and Resilience

Chancellor Angela Merkel and UN SecGen António Guterres supported the United Nations as the appropriate platform for reshaping global internet governance to ensure a free, open, and decentralised internet that is secure and stable and can support development for all. Both reinforced the IGF, a platform for all stakeholders to come together and address pressing policy issues related to the internet, as the most appropriate forum within the United Nations for advancing and evolving internet governance norms and frameworks.

For decades, internet connectivity has generated innovative new services, capabilities and unprecedented forms of sharing and cooperation, however, it also created new forms of crime, abuse, surveillance and social conflict. Internet governance is the process whereby cyberspace participants resolve conflicts over these problems and develop a workable order. www.internetgovernance.org/what-is-internet-governance/

Internet governance refers to the rules, policies, standards and practices that coordinate and shape global cyberspace.

No one person, company, organisation or government runs the internet. The internet's governance reflects the internet itself: open, distributed, interconnected and trans-national. Just as the internet is interoperable, so are its governing parts. The illustration opposite, represents these relationships.

The internet is a globally distributed computer network comprised of many voluntarily interconnected autonomous networks. As such, internet governance involves many different stakeholders.

"Internet governance is conducted by a decentralised and international multi-stakeholder network of interconnected autonomous groups drawing from civil society, the private sector, governments, the academic and research communities, and national and international organisations. They work cooperatively from their respective roles to create shared policies and standards that maintain the internet's global interoperability for the public good."
Internet Corporation for Assigned Names and Numbers (ICANN)

Global coordination

ICANN's role is to oversee the huge and complex interconnected network of unique identifiers that allow computers on the internet to find one another.

ICANN was formed in 1998. Headquartered in Los Angeles, California, it is a not-for-profit partnership of people from all over the world dedicated to keeping the internet secure, stable and interoperable. It promotes competition and develops policy on the internet's unique identifiers. ICANN does not control content on the internet. It cannot stop spam and it doesn't deal with access to the internet. But through its coordination role of the internet's naming system, it does have an important impact on the expansion and evolution of the internet.

ICANN has external as well as internal accountabilities. Externally, ICANN is an organisation incorporated under the law of the State of California in the United States, so it can be sued in court. ICANN is also a non-profit public benefit corporation and its directors are legally responsible for upholding their duties under corporate law. Internally, ICANN is accountable to the community through its bylaws, and its representative composition of the ICANN Board from across the globe. On 6 January 2017, an extremely important change in the governance of the DNS took place, with the completion of the transition of the IANA stewardship to ICANN.

Governments can participate via the Government Advisory Committee (GAC). At the ICANN 52 meeting in Singapore in February 2015, the GAC welcomed Ireland, Kazakhstan and Mauritania as new GAC members. Membership of this influential committee was a major milestone for Ireland Inc in 2015, as it gives Ireland a voice on trans-national internet policy matters.

Ireland's internet stakeholders and policy development for .ie

IE Domain Registry mirrors the international multi-stakeholder philosophy and principles within its structures and has adopted a bottom-up, consensus-driven, and consultative approach to all .ie namespace policy matters. The 10-step Policy Development Process (PDP) was published in May 2012 and provides for the active participation and involvement of a Policy Advisory Committee (PAC). The mandate of the PAC is to advise the Board on matters of policy and its implementation, as set out in the PAC Terms of Reference. (See www.iedr.ie).

The legislative framework in Ireland

The legislative framework in Ireland is well developed. The Communications Regulation (Amendment) Act, 2007 came into force in 2007. This Act essentially transfers the powers previously available to the Minister for Communications under the Electronic Commerce Act, 2000 (but never exercised by him) to ComReg, with some limited but important amendments and additions.

As an input into the process of developing a potential regulatory framework for .ie, ComReg launched a public consultation process on the .ie namespace and published its formal Response to Consultation, Document 09/01. ComReg's related press release stated that:

▸ ComReg will, by way of regulation, appoint IE Domain Registry as the authority authorised to register .ie domain names in accordance with Section 32(4) (a) of the Act of 2007

▸ IE Domain Registry will set up and maintain a Policy Advisory Committee representative of all stakeholders with a focus on more transparent policy development

▸ IE Domain Registry will continue to adopt the "managed approach" to .ie registrations to ensure continued protection for .ie domain name holders and consumers.

In this context, the Company looks forward to a continuing effective working relationship with ComReg.

History of the IGF

The Internet Governance Forum (IGF) was established by the United Nations following the World Summit on the Information Society (WSIS) in 2006. The UN's ten-year review concluded successfully with the adoption of the WSIS+10 Resolution on 16 December 2015. It reaffirmed three core elements of the 'Tunis compromise':

First, it extended the IGF mandate for a further 10 years and reaffirmed its underlying architecture, meaning that internet governance is addressed under the UN umbrella, but in a multi-stakeholder manner. Second, it retained the roles and responsibilities of the stakeholders as outlined in the Tunis Agenda. Third, it maintained the element of ambiguity around an enhanced cooperation arrangement, which allows for different interpretations. While there is no negotiated outcome, the IGF informs and inspires those with policy-making power in both the public and private sectors.

The Internet's Governance Landscape
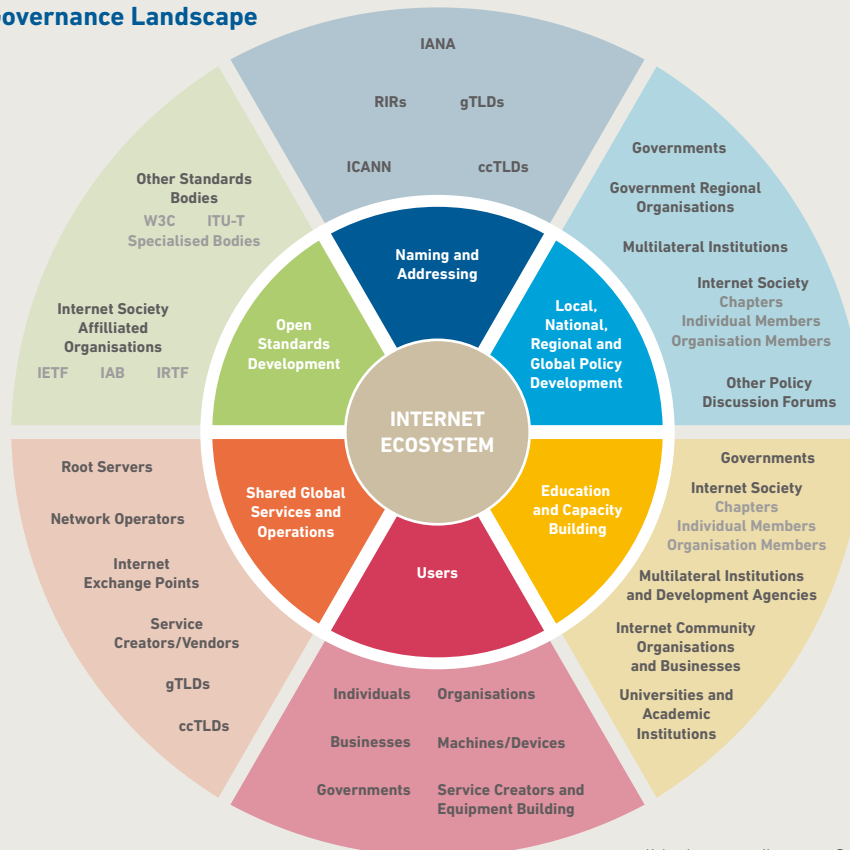
www.slideshare.net/InternetSociety/internet-governance-why-the-multistakeholder-approach-works

Internal Operations

While it is organised for functional excellence, the Company operates a matrix organisation structure to ensure that all teams are focused on delivering ongoing innovation and improvement in customer experience (CX).

David Curtin	Oonagh McCutcheon	Mick Begley	Patrick Bates

Based in Dun Laoghaire, Co. Dublin, the Company has a total of twenty three employees. This includes the CEO, David Curtin, who is supported by a management team of three: Corporate Communications Manager, Oonagh McCutcheon; Technical Services Manager, Mick Begley; and Finance & Operations Manager, Patrick Bates.

Finance and Operations

Finance and Administration

Two staff members make up the Finance and Administration team – Assistant Accountant and Office Manager & Head of HR. This team provides accounting services and financial support to the Company and its customers. The Office Manager is responsible for the smooth running of the office on a day-to-day basis. The Head of HR supports the senior team with people and talent management. We continued our partnership with National College of Ireland's internship programme and graduate recruitment initiatives.

Registration Services (RS)

The Registration Services team has four staff members – one RS Supervisor and three RS Administrators. The RS team is responsible for ensuring that all .ie applications from potential registrants are authenticated – with evidence of a real and substantive connection to the island of Ireland and confirmation of personal/corporate identity.

Corporate Communications

Marketing

The Marketing Specialist manages the Company's marketing initiatives and supports accredited Registrars on marketing and promotion of the .ie namespace.

Business Development

There are two Business Development Executives. Their roles are split into: account management – working with our existing accredited Registrars on growth opportunities/customer success management, and; future business development – building stakeholder relationships and expanding the Registrar base.

Technical Services

Application Support & Development (ASD)

ASD has three staff members. This team is responsible for the ongoing customer support of applications and software tools, and developing, implementing and quality control of new or upgraded solutions for internal and external customers.

Network Operations Centre (NOC)

The NOC team has three staff members. NOC manages, controls and monitors our networks, information security management systems (ISMS) and infrastructure across multiple data centres. The overall function is to maintain optimal, high availability mission critical services and network operations across a variety of platforms and communications channels.
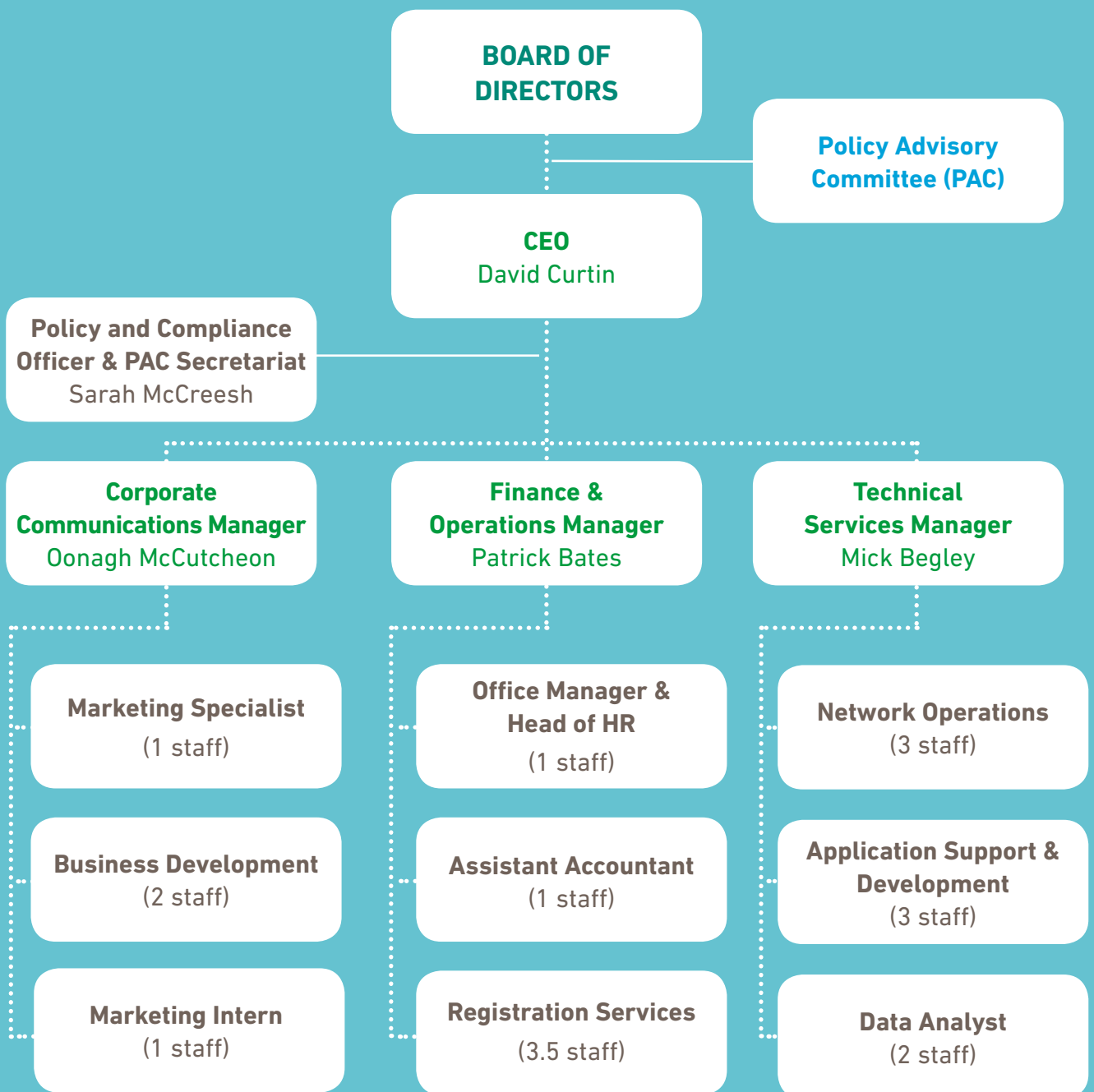
Data Analytics

The two Data Analysts are responsible for the preparation of business intelligence dashboards, KPI visualisation and supporting big data initiatives with the channel. The role applies new data analytics tools and algorithms to provide insights into the database of .ie domains and to complement third party research into the SME market.

Policy and Compliance Officer & PAC Secretariat

The Policy and Compliance Officer's responsibilities include policy formation, research and mobilising internal resources for implementation of policy changes. The PAC Secretariat role supports the PAC by driving policy change requests, managing public consultations and adhering to the formal 10-step policy development process.

Organisational structure

BOARD OF DIRECTORS

Policy Advisory Committee (PAC)

CEO
David Curtin

Policy and Compliance Officer & PAC Secretariat
Sarah McCreesh

Corporate Communications Manager
Oonagh McCutcheon

Finance & Operations Manager
Patrick Bates

Technical Services Manager
Mick Begley

Marketing Specialist
(1 staff)

Office Manager & Head of HR
(1 staff)

Network Operations
(3 staff)

Business Development
(2 staff)

Assistant Accountant
(1 staff)

Application Support & Development
(3 staff)

Marketing Intern
(1 staff)

Registration Services
(3.5 staff)

Data Analyst
(2 staff)

Customer Experience

Customer Experience (CX) continues to play an important role in all customer interactions across all channels and touchpoints building loyalty and support for .ie domains. Delivering excellent customer experience is essential to drive business performance and will help ensure that .ie remains a trusted and valued domain for our customers.

According to Accenture Strategy (2017)[1], business leaders that invest strategically in CX and focus on building experiences that are highly relevant to their customers will see twice the returns on their CX investments than their peers. They do so by building a keen understanding of their customers' fast-changing needs and preferences so that they are able to continually and proactively deliver services and experiences that business customers value.

We have focused our efforts across a number of areas, combining digital and human interaction.

Easier and faster registration

Following the liberalisation policy change in 2018, which made it easier and faster for individuals and organisations to register a .ie domain, we continue to experience sustained growth. Liberalisation completely transformed the customer's .ie domain registration experience, creating an easier and faster process to get online with an identifiably Irish website and email address. In 2017, before liberalisation was implemented, new .ie registrations totalled 39,523. In 2019, post liberalisation, that figure was 50,167, a 27% increase.

Employee training

All staff undertook customer experience training in 2019. The purpose of the training was for all staff in the company to take a similar, standardised, consistent approach to how we interact with our customers. CX is front and centre of all our activities and a customer-centric mind-set has been embedded among staff.

Technology advancements

Planning commenced in 2019 for a new domain registry management platform which aims to provide our Registrars with more powerful and flexible domain management tools, as well as a modern, user-friendly interface. The new system will have greater functionality and flexibility and will ensure that our technical systems can support long-term growth in .ie domains. The new registry platform is an investment for the next decade and is expected to be implemented by the end of 2020. Registrars will experience continued benefits from this system well into the future. The new platform's standardised design aligns with the EPP technical interfaces used in other internet namespaces with which they are already familiar.

Data analytics

We have been proactive in using our research, data analytics and data visualisation tools to provide customers with insights and performance metrics. This provides high quality, actionable data to help them enhance efficiency and streamline domain registrations.

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1   www.accenture.com/ie-en/insight-b2b-cx-anthem

Valuing our customer:

We put the needs of our customers first in everything we do. Continuous improvement of the end-to-end customer journey is vital in making .ie an online address that our customers value, trust and use.

Supporting the digital development of SMEs:

Our SME Digital Health Research helps decision makers and policy makers better understand how Irish businesses use the internet.

Digital Advocacy

The Company is committed to digital advocacy for the SME community. We continued our initiatives to engage with stakeholders and the internet community in Ireland throughout 2019. A range of research, publications, events and sponsorships was undertaken to highlight the benefits and possibilities of the internet for all.

Digital Town 2019

We designed the concept of the Digital Town to promote awareness, knowledge, use and understanding of the internet in Ireland by its citizens, businesses and communities. It also highlights the benefits and possibilities of the internet and celebrates the digital achievements of a local town. Sligo was chosen as Digital Town for 2019, the second year of the initiative.

During the months August, September and October, we worked closely with many groups in Sligo including the County Council, Local Enterprise Office, Chamber of Commerce, Business Improvement District (BID), South Sligo Smart Community and IT Sligo. Eight digital events were held, focused around businesses, citizens and community groups. These included digital storytelling and learning events where panellists gave very useful insights on how to bring a business online and sharing their experiences from their own digital journey. Another event featured demonstrations of digital tools to help improve business efficiency and productivity which attracted several hundred attendees.

A number of expert website healthchecks for small businesses also took place. The healthchecks provided the companies with a report and recommendations for improvements which they later implemented to improve their website offering.

At the Digital Town 2019 Closing Ceremony are Phil Prentice, Chief Officer, Scotland Towns Partnership; Oonagh McCutcheon, Corporate Communications Manager, IE Domain Registry; David Curtin, CEO, IE Domain Registry; Bobby Kerr, Broadcaster.

SME Digital Health Index

It is imperative that policy makers have access to accurate data upon which to base their decisions. We commissioned annual research for the SME Digital Health Index 2019 (DHI) which examines the digital behaviours of 1,000 Irish SMEs, including their usage of digital assets such as websites, social media, and e-commerce and their general attitudes towards digital technology, learning and investment. It also analyses consumers' attitudes to digital technology, e-commerce and retail trends.

While our research shows that Irish SMEs have more digital assets than ever before (87% have at least one digital asset), only a minority of SMEs are using them to their full potential. E-commerce is the exception rather than the rule, with less than a third (32%) of SMEs able to take sales orders or process transactions through their website. This is a trend that is pushing Irish consumers to shop with online competitors and international online retailers. Irish consumers expect their local SMEs to be online. Six in 10 consumers say making online purchases is 'important' to them and 54% will shop with a competitor if their preferred retailer is not online.

SMEs that invest in digital skills and assets report positive results. 72% of SMEs say that one of the biggest benefits of being online and digitally savvy is an increased awareness or understanding of their business among customers. A third believe their online presence has led to increased revenue.

If Irish SMEs can claim their share of the €1.9 billion spent annually on foreign websites, benefits will accrue to local economies in terms of increased sales and increased employment.

We are committed to providing ongoing research to guide policymakers and government agencies in framing appropriate supports for indigenous SMEs to digitise their sales and logistics process.

SME attitudes to digital

87%
of SMEs have at least one digital asset

ONLY 32%
of SMEs with a website can take sales orders or process transactions through it

63%
of Irish consumers think a business looks outdated if it doesn't have a website

53%
of Irish consumers want their local high street shops to offer a full online ordering service

IE Domain Registry, SME Digital Health Index 2019

The benefits of an online presence

73%
of SMEs say their website contributes to their offline or 'face-to-face' sales

86%
of SMEs stay in touch with their customers using digital tools, like email newsletters and SMS messages

72%
of SMEs say being online and digitally savvy has helped increase awareness of their business

69%
of SMEs believe that their website is more important than, or equally important to, their social media profiles

IE Domain Registry, SME Digital Health Index 2019

Supporting the business community

Throughout 2019, we continued to support the internet community in Ireland with a range of initiatives and sponsorships. Our objective is to help them celebrate excellence in digital processes, e-commerce and digital marketing. Indirectly, this helps to promote the .ie domain name and to encourage internet usage.

We sponsored the Small Firms Association (SFA) Awards. These awards celebrate the achievements of small business in Ireland and recognise the vital contribution of the small business community to the Irish economy.

Other industry events the Company supported include The Spider Awards 30 year celebration; the All Ireland Business Summit; the Retail Excellence Retreat; the Hardware Show; Digital DNA, and the DLR Digital Transformation Summit.

Pictured at the 2019 awards are (L-R): David Curtin, CEO, IE Domain Registry and winners of the Emerging New Business category, Diarmuid McSweeney, Gym+Coffee; Sharon Keegan, Peachy Lean; Finn Killeen, Zarrdia; Rachel O'Donnell, The UX Studio; Hannah Wrixon, Get the Shifts.

Additionally, we continued to build and strengthen relationships with key SME and micro-enterprise representative bodies such as the Local Enterprise Offices, ISME and the Small Firms Association. By working with these groups, we engage with their networks to promote the benefits of e-commerce. This applies especially on a website with a .ie address, which "tells the global community that you are Irish and tells the Irish community that you are local". A range of content was produced, including e-books, to help SMEs in their online journey.

OPTIMISE – The e-commerce website development fund

Our research into Irish SMEs' and micro enterprises' online presence and e-commerce capabilities found that the vast majority of companies are not fully utilising the internet or online sales opportunities. Some of the key issues facing Irish SMEs and micro enterprises are a lack of resources and a lack of knowledge about using digital tools to help grow their business.

In response, we set up OPTIMISE – the e-commerce Website Development Fund in 2011. The Fund was created to provide Irish SMEs and micro enterprises with professional consultation, practical training and e-commerce tools and development services. To date, OPTIMISE has worked shoulder-to-shoulder with more than 200 companies to enable them to make greater use of existing web technologies and e-commerce enabled websites to grow their existing business via the internet.

In 2019, IE Domain Registry continued the very successful partnership approach with sectoral organisations, including Retail Excellence, the Design & Crafts Council Ireland (DCCI), the Society of Chartered Surveyors Ireland (SCSI) and the Royal Institute of the Architects of Ireland (RIAI).

This enabled selected member companies to improve their online presence, hone their digital capabilities and grow their global e-commerce sales. Each participating business received a comprehensive digital health check by an expert digital marketing agency, commissioned by IE Domain Registry, with company-specific recommendations, before taking part in a series of mentoring days and masterclasses. A review meeting with each participant monitored changes implemented as well as their progress moving forward. Engaging sectoral organisations has proved highly effective, as these bodies have a deep understanding of the needs of their members. For more information on OPTIMISE please visit www.iedr.ie/optimise.

Pictured are (L-R): Brian McGee, Market Development Director DCCI; Mary Whelan, Marketing Director, Irish Linen House; Oonagh McCutcheon, Corporate Communications Manager, IE Domain Registry; Greg Whelan, CEO and Designer, Irish Linen House.

Technical Excellence

Operating the national registry for the .ie namespace requires the highest levels of security, stability and resilience of networks and infrastructure. Our Technical Services team manages and maintains the Company's high availability systems, mission-critical services and infrastructure in accordance with international best practices.

2019 – The summer of network outages

Global services providers who experienced network outages during the Summer of 2019 included China Telecom, Google Cloud, Whatsapp, Cloudflare, Apple Services and Wikipedia. Some related to malicious actors and some related to human error. A common theme however, was BGP leaks. A BGP route leak can happen when an AS (Autonomous system) announces itself as a route which is outside of its scope or policy. In essence, BGP could be likened to a postal service and an AS record could be likened to a post office. In the case of a BGP route leak, such a 'post office' would maliciously or accidentally advertise itself as being the best place to route post to say, Spain. The basic issue is that this particular 'post office' will have problems, as it can't reroute to Spain, even though it is taking the post. In a malicious case it might also be forwarding the post to Spain but reading it beforehand.

Resource Public Key Infrastructure (RPKI) can help prevent BGP leaks. During 2019, ISPs and international registries adopted RPKI as a way of securely signing routes with the original AS record. At IE Domain Registry, our team successfully built a lab, completed testing and commenced implementation planning for an expected 2020 launch.

Internationally, there was also a large rise in attacks which used the DNS. A group named Sea Turtle facilitated DNS poisoning of several large companies and government websites by infiltrating the DNS systems at registries in order to damage the credibility of those companies and governments. In Ireland, our national .ie registry system supports Two Factor Authentication (2FA), Registry Lock and Domain Name System Security Extensions (DNSSEC) which helps reduce the risk to our .ie customers.

In 2019, we completed an upgrade on our Hardware Security Module (HSM) infrastructure, which facilitates signing DNS records using DNSSEC. This will also provide the ability to support newer signing algorithms in the near future. We also commissioned an independent 3rd party audit of our Information Security Management System (ISMS) in 2019 and an ISO gap analysis was undertaken to assess the degree of ISO alignment.

In cooperation with our Registrars we carried out a full scan of all the Authoritative DNS servers in the .ie zone during the DNS Flag Day in February 2019. The internet community worked together and fixed problems which were causing delays and other problems for internet users worldwide. DNS Flag Day passed without incident in the .ie zone.

EU Network and Information Security directive (NIS)

This EU Directive designated country code top-level domains (ccTLDs) as Operators of Essential Services (OES) under the NIS Directive.

The EU Network and Information Security directive (NIS) is the first EU-wide cyber-security measure designed to enhance cyber-security across all member states. Organisations covered by the NIS directive are required to:

▶ Implement necessary and appropriate cyber-security protections for their network and information systems.

▶ Ensure continuity of service by having proper measures in place to respond to any cyber-attack incidents.

▶ Notify their CSIRT of any security incident that has a significant impact on any of the designated essential sectors. This has to be done no later than 72 hours after an incident has occurred.

Critical service areas include energy generation and distribution, public transport systems, water distribution systems, public healthcare delivery, and finance systems. Core internet infrastructure components that provide the backbone for the networks within member states and across the EU are also designated as critical: Internet exchange points, core network links, DNS systems, and large Cloud Service providers.

Most organisations who provide these essential services should have robust and current cyber-security protections in place already, however the NIS aims to harmonise and raise the level of cyber-security preparedness in essential physical and virtual infrastructure providers.

Customer Experience

The Technical Services team also focused on improving the customer experience (CX) of our Registrars and registrants. In consultation with our customers, a number of technical/functional improvements were made to the Console interface of the Core Registry System (CRS). CX is a company priority and process improvements will continue on an ongoing basis.

Planning for a new domain Registry management platform commenced during 2019. Following extensive research, a decision was made to license the Registry system used by a large ccTLD. This will provide an out-of-the-box, fully integrated Registry management system. It has EPP, a Console for Registrars, a Registry Console for IE Domain Registry staff, complete with an email communications package and a data export facility for invoicing. A separate software application will be licensed for ticket processing. This project is a significant financial and operational commitment by the Company to its customers and will ensure standardisation of processes and future-proofing of the core registry platform.

The Data Analytics team focused on data visualisation reports for customers in 2020. These included monthly reports which gave our Registrars a more granular view of key metrics on their portfolios each month, including, analysis of detailing transfers in/out, new business/lost business. These were well-received and will be further developed in 2020 to include more detail on the entire end-to-end domain life-cycle process for Registrars.

In cooperation with colleagues from other ccTLDs, we worked to build a zone crawler. The purpose of the crawler is to provide data and insights on .ie domain activation and how the current .ie zone is being used. We can produce data on whether a domain has a website connected, if it has SSL setup correctly or if it is using email, amongst other data points. In 2020 this data will be used to provide insights for our Registrars to help ensure the stability and growth of the namespace.

Collaboration

Team members continued with collaboration efforts with various internet stakeholders through membership of organisations such as the DNS Operations, Analysis and Research Centre (DNS-OARC) group. This group brings together members from the major internet DNS operators, including ICANN and Verisign, as well as implementers and researchers in order to coordinate responses to attacks, share critical information and engage in discussion and analysis. Staff are also actively engaged with the Irish Reporting and Information Security Service (IRISS), the Irish Neutral Internet Exchange (INEX), RIPE, CENTR and others. The team actively participated in international industry events such as CENTR meetings (Technical, Security and R&D), RIPE and ICANN during the year.

The .ie Domain Name System infrastructure

The IE Domain Registry Domain Name System (DNS) infrastructure consists of a network of nameserver locations around the globe, illustrated in Chart 1 on page 32. The lookup or resolution service for .ie domain queries is performed at all nameserver locations. A critical component of this nameserver infrastructure is the use of 'Anycast' load balancing technology provided to us by the secondary nameserver service providers. This 'Anycast' facility (illustrated in red/blue text, in Chart 1) protects against a Denial of Service attack (DDoS attack) by allowing the geographical distribution of .ie domain lookup requests to any available DNS resolver for redundancy. This effectively localises the potential adverse effects of the DDoS attack, by preventing it spreading across the entire network. For the .ie namespace, this means increased system efficiency, faster response times, reduced potential for outages, and increased resilience against deliberate or malicious attacks.

It is important to note that even if our physical locations, staff and primary nameserver were wiped out (an unlikely scenario) and no action was taken to invoke emergency plans (an even more unlikely scenario), then service to .ie domains would continue for a minimum of 30 days without any intervention. Obviously, new registrations, changes and deletions would not take place but crucially, existing domain holders' websites and email would continue to function normally during this time, using the secondary nameserver locations around the world.

During 2019, Dyn was acquired by Oracle and announced that they were discontinuing their Anycast service. We have engaged with several providers to evaluate alternatives to Dyn in early 2020, well ahead of their expected cut-off.

Partners in Keeping Ireland Online

IE Domain Registry works closely with key stakeholders and partners in keeping Ireland online and securely connected to the global DNS infrastructure.

HEAnet

HEAnet is Ireland's National Education and Research Network, providing high quality internet services to Irish universities, Institutes of Technology and the research and educational community. HEAnet provides a high-speed national network with direct connectivity for its community to other networks in Ireland, Europe, the USA and the rest of the world. Established in 1984 to promote the interchange of information electronically within third level education, HEAnet plays a critical role in establishing Ireland as a global centre of excellence in internet activity.

INEX

Founded in 1996, INEX is a neutral, industry-owned association that provides IP peering facilities for its 109 members. INEX's objective is to provide high-speed, reliable and resilient IP traffic exchange facilities for both Irish and international organisations, allowing them to route IP traffic efficiently thereby providing faster, more reliable and lower latency internet access for their customers. The INEX switching centres are located in seven secure data centres in Dublin and Cork. The switches are connected by dedicated resilient fibre links.

DNS-OARC

The DNS Operations, Analysis, and Research Center (DNS-OARC) brings together key operators, implementors, and researchers on a trusted platform so they can coordinate responses to attacks and other concerns, share information and learn together. DNS-OARC has five key functions: information sharing, operational characterisation, holding workshops, analysis, and providing tools and DNS services. DNS-OARC members include TLD operators, implementors such as ISC (BIND), NL NetLabs, researchers and security organisations.

ComReg

ComReg is the statutory body responsible for the regulation of the electronic communications sector and the postal sector. It is the national regulatory authority for these sectors in accordance with EU law which is subsequently transposed into Irish legislation. ComReg is responsible for promoting competition, protecting consumers and encouraging innovation. It was given regulatory responsibility for the .ie namespace in 2007 when the Oireachtas transferred powers which the Minister for Communications had previously obtained under the E-Commerce Act in 2000.

RIPE Network Coordination Centre

RIPE is an independent, not-for-profit membership organisation which supports the infrastructure of the internet through technical coordination. It is one of five RIRs that collectively serve the global internet community. All RIRs are allocated blocks of internet resources by the Internet Corporation for Assigned Names and Numbers (ICANN). These blocks are broken down into smaller blocks and allocated to members. It's most prominent activity is to act as the Regional Internet Registry (RIR) providing global internet resources and related services (IPv4, IPv6 and AS Number resources) to members in its service region. It maintains a registry of all allocated internet number resources in its service region, the details of which can be found in the RIPE Database. This helps to maintain a well organised and efficient internet, and also helps safeguard the number resources in use.

CENTR (Council of European National Top-Level Domain Registries)

CENTR is the association for exchange, dialogue and innovation of country code domain registries in Europe. The objectives of CENTR are to promote and participate in the development of high standards of internet Country Code Top-Level Domain Registries (ccTLDs) for the benefit of its members and the internet. The organisation has a European focus. Together with similar organisations which focus on other regions of the world, CENTR achieves its objectives through consensus building, coordination and collaboration; respecting cultural and historical variations amongst the ccTLDs and their Local Internet Communities.

Managing the .ie namespace:

We are an integral part of the national internet technical infrastructure.

Chart 1: Security, stability and resilience of the .ie global nameserver network

DUBLIN, IRELAND
a.ns.ie
b.ns.ie
IE Domain Registry

DUBLIN, IRELAND
g.ns.ie
BT

FRANCE
h.ns.ie
Afnic
Saint-Quentin-en-Yvelines

NETNOD'S NETWORK
c.ns.ie
d.ns.ie
South America
Porto Alegre: Brazil
Mexico City: Mexico
Sao Paulo: Brazil
Montevideo: Uruguay
Asunción: Paraguay
United States
Ashburn: VA
Chicago: IL
Miami: FL
San Francisco: CA
Washington DC: VA

Europe
Amsterdam:
Netherlands [2]
Ankara: Turkey
Belgrade: Serbia
Bratislava: Slovakia
Brussels: Belgium
Bucharest: Romania
Frankfurt: Germany
Helsinki: Finland
Geneva: Switzerland
Gothenburg: Sweden
Kiev: Ukraine
Ljubljana: Slovenia
London: United Kingdom

Luleå: Sweden
Luxembourg:
Luxembourg
Malmo: Sweden
Milan: Italy
Oslo: Norway
Paris: France
Reykjavik: Iceland
Riga: Latvia
St Petersburg: Russia
Stockholm: Sweden [3]
Sundsvall: Sweden
Tallinn: Estonia
Vienna: Austria

Middle East/Asia
Bangkok: Thailand
Colombo: Sri Lanka
Dubai: United
Arab Emirates
Jakarta: Indonesia
Kathmandu: Nepal
Kuala Lumpur: Malaysia
Manama: Bahrain
Singapore: Singapore
Taipei: Taiwan
Thimphu: Bhutan
Tokyo: Japan
Ulaanbaatar: Mongolia
Hong Kong: China

Africa
Johannesburg:
South Africa
Oceania
Perth: Australia
Wellington:
New Zealand

DYN'S NETWORK

e.ns.ie

f.ns.ie

United States

Dallas,USA

Ashburn, USA

El Paso,USA

Virginia,USA

Los Angeles,USA

Miami,USA

North Bergen,USA

Sunnyvale,USA

Chicago, USA

Seattle, USA

Nogales, USA

Europe

Frankfurt,Germany

London,England

Dublin,Ireland

Amsterdam, Netherlands

Middle East/Asia

Hong Kong: China

Singapore: Singapore

Oceania

Sydney: Australia

In late 2019 Oracle announced that the Dyn Anycast service would be going end-of-life in May 2020. As a result the NOC team began a process of investigating a suitable replacement for this service.

Expansion of the .ie namespace

In 2019, the database consisted of 280,958 domains, an increase of 7% on 2018. This increase reflects continued efforts to make .ie domains more accessible and relevant to the changing needs of twenty-first-century Ireland.

The full-year 2019 review shows evidence of a sustained "post-liberalisation cooldown". In March 2018, a rule change made it easier and faster to register a .ie domain by removing the need for applicants to prove their claim to a particular .ie domain name. This change led to a surge in new .ie registrations from applicants with a proven connection to Ireland, upwardly skewing some of our benchmark statistics. That surge has since cooled off, however the overall trend in registrations remains an entirely positive one. In 2017, before liberalisation was implemented, new .ie registrations totalled 39,523; in 2019, post liberalisation, that figure was 50,167, a 27% increase. Individuals, businesses (start-ups in particular) and other local bodies and associations are finding it easier and faster to secure and develop an authentically Irish internet presence.

.ie v .com

Over the last decade, .ie gained 10 percentage points in market share of Ireland's hosted domains from .com. In 2010, .com comprised 43% of all Irish hosted domains, versus 40% for .ie. In 2019, .ie comprised 50% of hosted domains, whereas .com's share shrank to 33% (Chart 2). As Ireland becomes more globalised and the internet connects us to more international businesses and institutions, the need to identify as familiar, local, and Irish through the trusted .ie brand has resonated with communities and businesses. Because every applicant is validated, a .ie domain is the best way for Irish businesses to demonstrate their trustworthiness to customers. Clearly, .ie remains the domain-of-choice for Irish business owners.

Chart 2: Top 5 – market share of Ireland's hosted domains (by top level domain)

.ie 40%
.eu 3%
.net 5%
2010
.uk 4%
.com 43%

.ie up 10 points

.ie 50%
2019
.eu 2%
.net 3%
.uk 8%
.com 33%
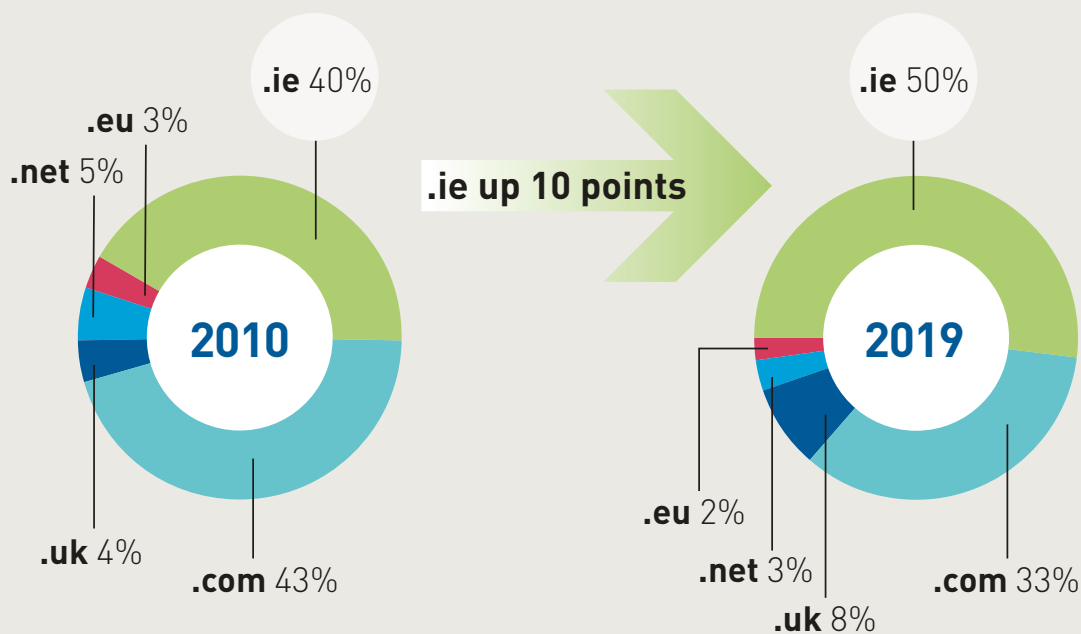
Source: www.hosterstats.com

Geographical analysis of the .ie database

91.1% of .ie domains are registered to addresses on the island of Ireland. Of these, 89.6% are to addresses in the Republic of Ireland, with 1.4% registered to addresses in Northern Ireland. This is despite the fact that Northern Ireland accounts for over 28% of the island's population and could be attributed to the fact that the .co.uk extension is the dominant website extension used in that jurisdiction. Our .ie Domain Profile Report published in January 2020 provides additional analysis. Chart 3 highlights the counties in Ireland with the most significant gains and losses, and those which have the highest number of registrations.

British-registered .ie domains continue to make up the majority of internationally registered .ie domains; new registrations from Great Britain increased slightly (1,313 from 1,306), up 0.5% in 2019 compared to the previous year. Among the top 10 international registrants of .ie domains, the Netherlands recorded the highest increase in 2019 (+84.7%), followed by Germany (+29.3%). Bulgaria recorded the second-highest number of new .ie domain registrations in 2019 (546). Holders of .ie domains in these countries typically have business operations in Ireland or can prove some other kind of personal connection to Ireland.

Chart 3: Highlights - .ie domains by county

Fermanagh
Fermanagh, which recorded a -67% decrease in new .ie registrations in 2018, recorded the island of Ireland's largest increase in 2019 (+146.15%), albeit from a low base.

Roscommon
Roscommon recorded the second highest % growth in new .ie registrations in 2019 (+25.72%).

Monaghan
Monaghan recorded the largest % decline in new .ie registrations in 2019 (-31.79%).

Dublin
Although Dublin recorded a -6.81% decrease in new .ie registrations in 2019, it recorded the highest number of overall .ie registrations (18,966).

Kildare
New .ie registrations in Kildare were among the highest in Ireland (2,361), up 4.47% in 2019.

Cork
Cork, like Dublin, experienced a decrease in new .ie registrations (-1.89%). However, it recorded the second highest number of overall .ie registrations (4,055).
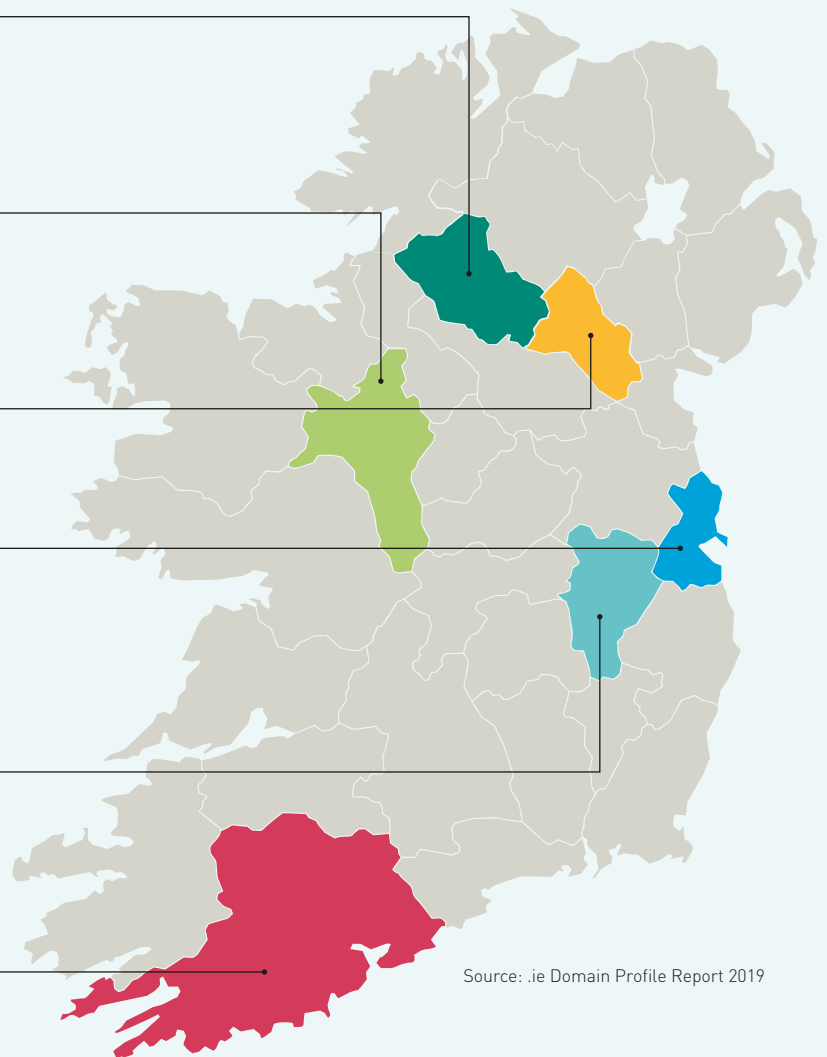
Source: .ie Domain Profile Report 2019

.ie accredited Registrar community

An accredited Registrar is a company authorised to act as an agent on behalf of registrants (customers) who need .ie websites and/or .ie email addresses. They are usually hosting providers who operate across a number of different business sectors, offering a wide range of services to their target markets. Most accredited Registrars will offer .ie domains as part of a bundle of services (hosting, email, storage, website builder, security products etc.) usually for an ongoing monthly fee. Links to many of our accredited Registrars' websites can be found on our website at www.iedr.ie/accredited-registrar-list.

At the end of 2019, the channel comprised of 128 accredited Registrars, who managed 99.2% of all domain names registered in the database (Chart 4). The top 5 accredited Registrars (those with a portfolio of more than 10,000 domains) and the top 37 (those with more than 500 domains) account for 74% and 94% respectively of the entire .ie database. Direct registrants (those customers who do not register via an accredited Registrar) account for just 0.8% of the database.

Chart 4: Accredited Registrars – concentration of channel market share December 2019

Top 5 Registrars 74%

Direct Registrants 0.8%

Next 91 Registrars 5.2%

Next 32 Registrars 20%
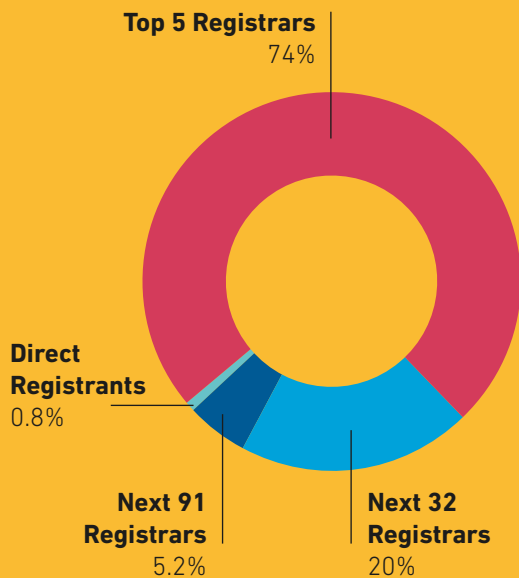
Growth initiatives

The Company does not actively promote .ie directly to the end consumer. Instead, the company operates a Co-Funded Marketing Programme (CFMP) for our .ie accredited Registrar channel. The purpose of the programme is to promote awareness, stimulate registration growth and encourage renewals of .ie domain names. The CFMP, in partnership with our Registrars, supports one of the Company's key objectives of raising SMEs' awareness about the importance of having an identifiably Irish online presence. We continued to offer the CFMP throughout 2019. The programme supported a wide range of Registrar marketing initiatives including radio commercials, TV advertising, printed advertisements, social media advertising and industry events. This resulted in increased sales growth, promotion of .ie domain activation, with an email address or a website and also resulted in up-selling products such as website builders and security products. Registrars who participated in the 2019 programme reported positive results with increased traffic to their websites and an increase in their .ie registrations.

International review

There are more than 240 country code top-level domain extensions (ccTLDs) worldwide, including .ie. Compared to twenty three other European countries, Ireland ranks 18th, with 58 country code domains per 1,000 of population. Using this metric, Ireland ranks ahead of, or is comparable to, European countries with larger populations, including France (51 .fr domains per 1,000), Spain (41 .es domains per 1,000), Russia (34 .ru domains per 1,000). However, Ireland also ranks behind several European countries with smaller or similar populations, including Denmark (227 .dk domains) and Norway (147 .no domains). Our nearest neighbours in the UK have 196 .uk domains per 1,000 of population. Commentators attribute this to Ireland's slow start in building out early internet infrastructure, compared to European neighbours, which had many competing internet service providers and cable operators.

European Leaders

Country	County code	Domains per 1,000 population
Netherlands	.nl	342
Switzerland	.ch	265
Denmark	.dk	227
Germany	.de	197
United Kingdom	.uk	196

Source: CENTR (registrations)/WorldBank (population)

Accredited Registrars

Accredited Registrars are a key part of the .ie domain service delivery process.

Irish consumer and businesses can choose from over one hundred accredited Registrars, many of whom are listed on **www.iedr.ie**

Five Year Summary

Extract from the audited Financial Statements (financial figures only)

Profit and Loss	Year to 31 Dec 2019	Year to 31 Dec 2018	Year to 31 Dec 2017	Year to 31 Dec 2016	Year to 31 Dec 2015
	€	€	€	€	€
Registration Revenue	3,605,404	3,317,336	3,062,232	2,989,751	2,811,334
Administration Expenses	(1,762,966)	(1,608,796)	(1,331,566)	(1,687,344)	(1,658,535)
Employment Costs	(1,631,745)	(1,449,246)	(1,404,097)	(1,344,439)	(1,462,973)
Depreciation	(125,897)	(111,736)	(140,363)	(157,282)	(206,908)
Operating profit/(loss)	84,796	147,558	186,206	(199,314)	(517,082)
Unrealised gains/(losses) on financial investment	193,974	(122,033)	83,793	85,274	80,941
Profit on sale of financial investment	0	9,411	0	0	0
Interest income	14,211	9,307	7,229	10,709	21,444
Taxation	(61,543)	24,158	(21,976)	(23,188)	25,386
Profit/(loss) after taxation	231,438	68,401	255,252	(126,519)	(389,311)

Balance Sheet	At 31 Dec 2019	At 31 Dec 2018	At 31 Dec 2017	At 31 Dec 2016	At 31 Dec 2015
	€	€	€	€	€
Fixed Assets	77,230	101,008	102,641	164,039	163,762
Investments	4,378,689	4,184,715	3,328,882	3,245,089	3,159,815
Current Assets	3,367,858	2,910,556	3,474,662	3,139,923	2,801,697
Creditors <1 year, excluding Deferred Income	(1,099,400)	(866,391)	(836,023)	(874,362)	(437,514)
Deferred Income	(2,506,577)	(2,390,458)	(2,169,542)	(2,049,351)	(1,970,724)
Creditors >1 year	(72,192)	(25,260)	(54,851)	(34,821)	0
Members' Funds	4,145,608	3,914,170	3,845,769	3,590,517	3,717,036

5 Year Summary – Registration Growth	YoY % change	Year to 31 Dec 2019	Year to 31 Dec 2018	Year to 31 Dec 2017	Year to 31 Dec 2016	Year to 31 Dec 2015
At 1 January*		259,815	235,200	219,858	208,928	195,999
New Registrations	-1.7%	50,167	51,040	39,523	34,615	35,225
Less : Deletions/Non-renewals	21.7%	(32,151)	(26,425)	(24,181)	(23,685)	(22,296)
Net Additions	-26.8%	18,016	24,615	15,342	10,930	12,929
At 31 December*		277,831	259,815	235,200	219,858	208,928
Net – growth in year		6.9%	10.5%	7.0%	5.2%	6.6%
New Reg – growth in year		19.3%	21.7%	18.0%	16.6%	18.0%
Deletion rate		(12.4%)	(11.2%)	(11.0%)	(11.3%)	(11.4%)

* Zone File data – excludes suspended domains

Financial Statements

for the financial year ended 31 December 2019

Contents

Company Information

Directors

Mr. Jim Joyce *(Chairman)*

Mr. Eamonn Ceannt

Mr. Gareth Dunlop

Ms. Anne-Marie Eklund Löwinder

Ms. Louise English

Mr. Dan Flinter

Mr. Owen O'Connor

Secretary

Mr. Jim Joyce

Registered Office

4th Floor

Harbour Square

Dun Laoghaire

Co. Dublin

Company Number

315315

Auditors

Grant Thornton

13-18 City Quay

Dublin 2

Bankers

Bank of Ireland

Montrose

Dublin 4

KBC Bank

Sandwith Street

Dublin 2

Solicitors

Arthur Cox

Earlsfort Centre

Earlsfort Terrace

Dublin 2

Eversheds Sutherland

One Earlsfort Centre

Earlsfort Terrace

Dublin 2

Directors' Report

for the financial year ended 31 December 2019

The directors present their report and the financial statements for the financial year ended 31 December 2019.

Principal Activity

The company was incorporated on 16 November 1999 and commenced to trade on 1 July 2000. The principal activity of the company is the registry for .ie Internet domain names.

Results and Dividends

The profit for the financial year, after providing for depreciation, taxation and the unrealised gains on financial investment amounted to €231,438 (2018 profit – €68,401). No dividends are payable as the company is limited by guarantee and does not have a share capital.

Business Review

From an operational perspective, 2019 was an excellent year of development and growth. In 2019, the company extended its Strategic Development Fund. This Fund was initially established in 2015 to finance a set of promotion, marketing and customer service initiatives to meet the strategic objectives and priorities of expansion and protection of the .ie namespace. In 2019, the fund again financed the successful e-commerce website OPTIMISE program for SMEs, financed publications backed by robust independent research, and financed the celebration of Sligo as Ireland's Digital Town 2019. Since its inception, the fund has also facilitated the design, development and rollout of new services for customers, including secondary market, Internationalised Domain Names (IDN's), domain locking and rules liberalisation.

Turnover increased by 8.7% to €3.61 million (2018 – €3.32 million). Volume growth in domains was again strong in 2019, although year-on-year new registration growth decreased by 1.7%. The .ie volume growth is generated by the registrar sales channel, which accounts for over 99% of all new registrations. When non-renewals are considered, the net growth of the .ie namespace was 26.8% less than the exceptional net growth in 2018, which was attributed to the liberalisation rules change in March 2018. This .ie growth was achieved in the global context of modest increases for legacy TLDs such as .com, but sharp declines in volumes at new TLDs, which continued to struggle.

The deferred revenue on the balance sheet increased by 4.9% in 2019, to €2.51 million (2018 – €2.39 million). This is because the invoiced value of registration fees increased by 4.3%, reflecting renewals and new growth in 2019.

Administrative expenses increased by 11.1% from €3.17 million to €3.52 million. Employment costs increased by 12.6% in 2019 to €1.63 million reflecting additional staff recruited in 2019 and cost of living salary increases. Promotion, sponsorship, and advertising costs were again high as the company continued its activities to generate demand from SMEs and continued its joint promotion with registrars of the .ie namespace.

The financial position of the company at 31 December 2019 is solid with Members' Funds of €4.1 million. The market value of financial investments at 31 December 2019 is €4.33 million (2018 – €4.13 million), up by €0.2m in 2019.

Principal Risks and Uncertainties

The company is exposed to risk and uncertainty arising from market fluctuations in its financial investments. These risks are managed by a combination of appropriate investment principles, advice from independent investment advisors and oversight by a Board sub committee. The company's financial investments are for the long-term in conservative managed funds diversified across multiple investment managers.

In common with other small and medium-sized enterprises, the company's performance is impacted by macro-economic risks posed by weak SME balance sheets, and the ongoing uncertainty arising from the Brexit referendum in the UK – the largest market for Irish SME exporters. These risks continue to be managed prudently by the company. The impact of new regulations remains uncertain, as the EU continues its initiatives to; complete the Digital Single Market; address cyber security threats; and implement ePrivacy initiatives.

In common with internet service providers, the company faces risks in relation to digital disruption and innovations from internet global giants, which offer new apps and free services, financed by advertising revenues. The company faces risks in relation to the ever-increasing range and sophistication of cyber attacks on internet infrastructure and on businesses. The company also faces risks in relation to reliance on key computer systems and key staff. The company's cyber security controls, business continuity plans and disaster recovery procedures address the risks associated with cyber threats, technical abuse using the DNS and reliance on key computer systems. In addition, the multi-stakeholder Policy Advisory Committee (PAC) continues to provide advice and recommendations to the board on a range of policy responses for the .ie namespace. Staff training, cross-skilling and key process documentation mitigate the potential exposure arising from the loss of key staff members.

Directors' Report (continued)

The Covid-19 pandemic represents a considerable risk to public health, particularly to those citizens with underlying health conditions. In response, governments across the globe have ordered a complete lockdown, including the closure of all non-essential businesses and services. The company has followed the advice of Ireland's national health and safety authorities and accordingly, company employees are now working from home, to protect the health and welfare of staff and their families. The company immediately invoked its business continuity processes and procedures to ensure that mission-critical systems and services remain fully operational. The management team is closely monitoring the consequences of Covid-19 and is reporting regularly to the board. The current assessment based on three criteria indicates benign business consequences for the company, thus far: 1. operations are carried out according to plan, statutory and other requirements are met. 2. available resources are sufficient, and 3. the burden on staff or functions or activities is not excessive.

Future Developments

The company continues to monitor international developments impacting ccTLD registries, in particular new EC regulations and the draft ICANN proposals for ongoing international expansion in, and the number of, top-level domains. These developments will result in some disruption in the global domain name market, and will represent a challenge for data protection managers, trademark and patents holders, brand managers and the owners of intellectual property rights.

The company's operational plans and budgets incorporate a continuation of the 2015 Strategic Development Fund to finance the strategic objectives and priorities for 2020.

In technical terms, the company's infrastructure and services portfolio is up-to-date, matching the top ccTLD's in the EU. Heretofore, the company has taken a national leadership role in providing registry lock, secure DNS, secondary market, IDN's, rule relaxations for geographic and place names, and the liberalisation of rules for new .ie domains.

Directors

In accordance with the Articles of Association directors may serve a maximum of two Terms, whereby a Term is a three-year period.

Mr. Jim Joyce retired as director in accordance with the Articles of Association and offered himself for re-appointment in accordance with the Articles. Mr. Joyce's re-appointment was approved.

Mr Eamonn Ceannt, Mr Gareth Dunlop, Ms Louise English, Ms Anne-Marie Eklund Löwinder, Mr Dan Flinter and Mr Owen O'Connor continued as directors in 2019.

Post Balance Sheet Events

Apart from the Covid-19 crisis and its potential macro impact (as noted within the principal and risks and uncertainties paragraph above), there are no other material post balance sheet events.

Directors and their Interests

In accordance with the Articles of Association, the directors have no financial interest in the Members' Funds of the company.

The company is limited by guarantee and does not have a share capital. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up. Members are liable for payment of debts and liabilities of the company contracted before ceasing to be a member, and for the costs, charges and expenses of winding up, such amount as may be required not exceeding €1.27 cash.

Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council ("relevant financial reporting framework"). 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 assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

▸ select suitable accounting policies and then apply them consistently;

▸ make judgments and accounting estimates that are reasonable and prudent;

▸ state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Accounting records

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, with regard to the keeping of proper accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at 4th Floor, Harbour Square, Dun Laoghaire, Co. Dublin.

Statement on relevant audit information

In the case of each of the persons who are directors at the time this report is approved in accordance with Section 332 of Companies Act 2014:

a) So far as each director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and

b) Each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Auditors

In accordance with Section 383(2) of the Companies Act 2014, the auditors, Grant Thornton, will continue in office.

On behalf of the Board

Mr. Jim Joyce
Director

Mr. Eamonn Ceannt
Director

24 April 2020

Independent Auditor's Report to the Members of IE Domain Registry CLG

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IE Domain Registry CLG, which comprise the Statement of income and retained earnings, the Balance sheet , and Statement of cashflows for the financial year ended 31 December 2019, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council including FRS 102 ' The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (Generally Accepted Accounting Practice in Ireland).

In our opinion, IE Domain Registry CLG's financial statements:

- ► give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the assets, liabilities and financial position of the company as at 31 December 2019 and of its financial performance for the financial year then ended; and

- ► have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor 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 financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 ISAs (Ireland) require us to report to you where:

- ► the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- ► the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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

Other information comprises 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. Our opinion on the financial statements does not cover the 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 in the financial statements, 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.

Matters on which we are required to report by the Companies Act 2014

▶ We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

▶ In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.

▶ The financial statements are in agreement with the accounting records.

▶ In our opinion the information given in the Directors' Report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014.

Matters on which we are required to report by exception

Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report. Under the Companies Act 2014, we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

Respective responsibilities

Responsibilities of the management and those charged with governance for the financial statements

As explained more fully in the directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The auditor's 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 (Ireland) 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.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.

▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (continued)

▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the Auditor's Report. However, future events or conditions may cause the company to cease to continue as a going concern.

▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The Auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Dan Holland

for and on behalf of
Grant Thornton
Chartered Accountants, Statutory Audit Firm
Dublin 2

24 April 2020

Statement of Income and Retained Earnings

for the financial year ended 31 December 2019

	Notes	Continuing Operations 2019 €	2018 €
Turnover	3	3,605,404	3,317,336
Administrative expenses		(3,520,608)	(3,169,778)
Operating profit	4	84,796	147,558
Realised gain on financial investment		–	9,411
Unrealised gain/(loss) on financial investment		193,974	(122,033)
Interest income		14,211	9,307
Profit on ordinary activities before taxation		292,981	44,243
Tax on profit on ordinary activities	7	(61,543)	24,158
Profit retained for the year		231,438	68,401
Statement of income and retained earnings			
Accumulated profit brought forward		3,914,170	3,845,769
Total recognised profits relating to the year		231,438	68,401
Accumulated profit carried forward		4,145,608	3,914,170

Balance Sheet

as at 31 December 2019

	Notes	2019 €	2018 €
Fixed Assets			
Tangible assets	8	77,230	101,008
Financial assets	9	4,378,689	4,184,715
		4,455,919	4,285,723
Current Assets			
Debtors	10	214,634	177,054
Cash at bank and in hand		3,153,224	2,733,502
		3,367,858	2,910,556
Creditors: amounts falling due within one year	11	(3,605,977)	(3,256,849)
Net Current Liabilities		(238,119)	(346,293)
Creditors: amounts falling due after more than one year	12	(72,192)	(25,260)
Total Assets less Current Liabilities		4,145,608	3,914,170
Capital and Reserves			
Profit and loss account		4,145,608	3,914,170
Members' Funds		4,145,608	3,914,170

The financial statements were approved by the Board on 24 April 2020 and signed on its behalf by:

Mr. Jim Joyce   **Mr. Eamonn Ceannt**
Director   *Director*

Statement of Cash Flows

for the financial year ended 31 December 2019

	Notes	2019 €	2018 €
Cash flows from operating activities			
Profit for the financial year		231,438	68,401
Adjustments for:			
Depreciation		125,897	111,736
Realised (gain) on financial investment		–	(9,411)
Unrealised (gain)/loss on financial investment		(193,974)	122,033
Interest income		(14,211)	(9,307)
Tax on operating activities		61,543	(24,158)
(Increase)/decrease in debtors		(39,826)	29,000
Increase in creditors		345,915	247,833
Corporation tax (paid)		(11,397)	(1,982)
Net cash inflow from operating activities		505,385	534,145
Cash flows from investing activities			
Purchase of tangible fixed assets	**8**	(102,119)	(110,103)
Purchase (net) of financial assets	**9 (a)**	–	(968,455)
Net cash used in investing activities		(102,119)	(1,078,558)
Cash flows from financing activities			
Interest income received		16,456	11,373
Net cash from financing activities		16,456	11,373
Net increase/(decrease) in cash at bank	**15**	419,722	(533,040)
Cash at bank at beginning of year		2,733,502	3,266,542
Cash at bank at end of year		3,153,224	2,733,502
Cash at bank	**15**	3,153,224	2,733,502

Notes to the Financial Statements

for the financial year ended 31 December 2019

1.   General Information

These financial statements comprising the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 21 constitute the individual financial statements of IE Domain Registry CLG for the financial year ended 31 December 2019.

IE Domain Registry CLG is a company limited by guarantee, under registration number 315315 and does not have a share capital (registered under Part 2 of Companies Act 2014), incorporated in the Republic of Ireland. The Registered Office is 4th Floor, Harbour Square, Dun Laoghaire, Co. Dublin, which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the Director's Report on pages 41 to 43.

1.1   Statement of Compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

1.2   Currency

The financial statements have been presented in Euro (€) which is also the functional currency of the company.

2.   Accounting Policies

2.1   Accounting convention

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention modified to include certain items at fair value. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

2.2   Consolidation

The company and its subsidiary combined meet the exemption criteria for a group and the company is therefore exempt from the requirement to prepare consolidated financial statements by virtue of Section 297 of the Companies Act 2014. Consequently, these financial statements deal with the results of the company as a single entity.

2.3   Turnover

Turnover represents the total invoice value, excluding value added tax and rebates, of sales for the financial year ended 31 December 2019. The company's policy of deferring revenue results in income being recorded in the period to which the fee invoice relates, rather than the period in which the fee invoice was raised. This policy has been maintained during the year ended 31 December 2019.

2.4   Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The charge for depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life from date of acquisition as follows:

Leasehold Improvements   –   over the life of the underlying lease

Fixtures and Fittings   –   25% Straight Line

Computer Equipment   –   33% Straight Line

The carrying values of tangible fixed assets are reviewed annually for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

2.5   Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year to a defined contribution pension scheme for the benefit of all eligible employees.

2.6   Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Income and Retained Earnings so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

2.7   Taxation

The charge for taxation is based on the profit or loss for the year. Full provision for deferred tax is provided at current tax rates on differences that arise between the recognition of gains and losses in the financial statements and their recognition in the tax computation.

2.8   Financial Instruments

Unlisted Investments

The company's directly held investments in the shares of its unlisted subsidiary undertakings are stated at the lower of cost and net realisable value. The company may indirectly hold unlisted investments through its financial investments in managed funds. It is considered by the directors that the fair value of these shares can be measured reliably. The accounting policy is to record investments at mark to market prices.

Cash and cash equivalents

Cash consists of cash on hand and demand deposits. Cash equivalents consist of short term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

Other financial assets

Other financial assets are recorded at mark to market prices. Other financial assets include trade debtors for services sold to customers on short-term credit, which are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

Other financial liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment of financial assets

At the end of each reporting period, the company assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including unlisted investments, loans, trade debtors and cash. If there is objective evidence of impairment, impairment losses are recognised in the Statement of Income and Retained Earnings in that financial year.

Notes to the Financial Statements (continued)

2.9 Judgments and key sources of estimation uncertainty

The directors consider the accounting estimates and assumptions below to be its critical accounting estimates and judgements:

Going Concern

The directors have prepared budgets and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the company's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

Useful Lives of Tangible and Intangible Fixed Assets

Long-lived assets comprising primarily of property, plant and machinery and intangible assets do not represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the financial year. The net book value of tangible Fixed Assets subject to depreciation at the financial year end date was €77,230 (2018 – €101,008).

3. Turnover

	2019 €	2018 €
Turnover	3,605,404	3,317,336
Analysis of turnover by country of destination:		
Republic of Ireland	3,146,642	2,887,059
Europe	223,351	197,733
North America	168,105	109,524
United Kingdom	50,933	108,205
Rest of the World	16,373	14,815
	3,605,404	3,317,336

4. Operating profit

	2019	2018
	€	€
The operating profit is arrived at after charging:		
Depreciation	125,897	111,736
Auditors' remuneration		
– Audit	11,500	11,500
– Tax advisory services	2,750	2,750
Directors' remuneration	77,500	50,771
Pension costs	50,411	46,783
Operating lease charges	140,202	147,211
Secretarial fees	39,000	39,000

In 2015 a Strategic Development Fund was established to finance a set of promotion, marketing and customer service initiatives to meet the strategic priorities of expansion and protection of the .ie namespace. In 2019, the Fund financed the successful OPTIMISE program, publications backed by robust independent research, new services for customers and the Digital Town 2019 event in recognition of Ireland's Internet Day. The operating profit reflects expenditure of €216,500 on these initiatives during the year ended 31 December 2019.

Directors' remuneration in 2018 compared to 2019 reflects the time gaps between retirements of outgoing directors and appointments of incoming directors.

5. Remuneration

5(a). Directors' and key management remuneration

Included in employment costs are the following in respect of directors and key management personnel of the company:

	2019	2018
	€	€
Emoluments in respect of qualifying services	548,432	502,646
Company contributions in respect of qualifying services to Pension Scheme Fund, a defined contribution benefit retirement scheme	32,656	32,386
	581,088	535,032

The number of management to whom retirement benefits are accruing under Pension Scheme Fund in respect of qualifying services is 3 (2018 – 3).

Other than as shown above any further required disclosures in sections 305 and 306 of the Companies Act 2014 are €Nil for both financial years.

Notes to the Financial Statements (continued)

5(b). Transactions with directors and officers

Loans to directors

There were no loans made to directors during the financial year.

5(c). Material interests of directors in contracts with the company

In 2019, related party transactions included company secretarial services supplied by a Director of IE Domain Registry CLG to the company to the value of €39,000 (2018 – €39,000). The maximum amount outstanding at any time during the financial year was €7,995 (creditor balance) (2018: €7,995 creditor balance). Nothing was outstanding at the financial year end date or the previous financial year end date.

All transactions were made at arms-length and on this company's normal commercial terms, which include a requirement to settle debts within 30 days.

5(d). Total remuneration costs (including directors and key management)

	2019 €	2018 €
Total remuneration costs		
Wages and salaries	1,440,764	1,257,754
Social security costs	140,570	144,709
Other pension costs	50,411	46,783
	1,631,745	1,449,246

5(e). Employees

Number of employees (excluding directors)

The average monthly numbers of employees during the year were:

	2019 Number	2018 Number
Administration	23	22

6. Pension costs

The company operates a defined contribution pension scheme for the benefit of all eligible employees. The assets of the scheme are vested in independent trustees for the sole benefit of those eligible employees. The other pension costs charge represents contributions payable by the company to the fund and amounted to €50,411 (2018 – €46,783).

7. Taxation

7(a). Current year taxation

	2019 €	2018 €
Current year taxation		
Corporation tax on the profit for the year on Ordinary activities	14,611	5,433
Deferred taxation		
Origination/(reversal) of timing differences	46,932	(29,591)
	61,543	(24,158)

7(b). Factors affecting tax charge for year

	2019 €	2018 €
Profit on ordinary activities before tax	292,981	44,243
Profit on ordinary activities multiplied by standard rate of Corporation Tax in Ireland of 12.5%	36,623	5,530
Effects of:		
Capital allowances for period (greater than) / less than depreciation	(2,151)	(3,280)
Income at higher rates of taxation	2,338	3,121
Expenses not allowable for tax purposes	4,501	4,198
Movement in financial investment valuation unrealised – so not chargeable for tax purposes	(24,247)	15,254
Losses used against current year and preceding year profits/losses available for future use	(2,453)	(19,390)
Other timing differences	46,932	(29,591)
Current tax charge/(credit) for year (Note 7(a))	61,543	(24,158)

Notes to the Financial Statements (continued)

8. Tangible assets

Current Financial Year	Leasehold Improvements	Computer Equipment	Fixtures and Fittings	Total
	€	€	€	€
Cost:				
At 1 January 2019	53,354	1,417,962	25,188	1,496,504
Additions	–	99,646	2,473	102,119
Disposals	–	–	–	–
At 31 December 2019	53,354	1,517,608	27,661	1,598,623
Depreciation:				
At 1 January 2019	53,354	1,319,833	22,309	1,395,496
Charge for the year	–	124,020	1,877	125,897
Disposals	–	–	–	–
At 31 December 2019	53,354	1,443,853	24,186	1,521,393
Net book values				
At 31 December 2019	–	73,755	3,475	77,230
At 1 January 2019	–	98,129	2,879	101,008

The accounting policy for the depreciation of tangible assets is outlined in Note 2.4. There are no assets held under finance leases or hire purchase contracts at 31 December 2019 (2018 – €Nil).

9. Financial assets

Financial assets	Note	2019	2018
		€	€
Financial Investments at fair value through profit or loss	**(a)**	4,328,589	4,134,615
Shares in subsidiary undertakings	**(b)**	50,100	50,100
		4,378,689	4,184,715

9(a).   Financial investments

	Unlisted 2019 €
At 1 January 2019	
Fair value	4,134,615
Unrealised gains arising in 2019	193,974
At 31 December 2019	4,328,589
Mark to Market Value:	
At 31 December 2019	4,328,589
At 31 December 2018	4,134,615

	Unlisted 2018 €
At 1 January 2018	
Fair value	3,278,782
Additions in 2018	1,687,270
Disposals in 2018	(718,815)
Realised gains arising in 2018	9,411
Unrealised losses arising in 2018	(122,033)
At 31 December 2018	4,134,615
Mark to Market Value:	
At 31 December 2018	4,134,615
At 31 December 2017	3,278,782

Other financial investments represent the investment for the long term in conservative managed funds, diversified across multiple investment managers.

The market value of the financial investments at 31 December 2019 was €4,328,589 (2018 – €4,134,615). In accordance with the accounting policy for other financial investments outlined in Note 2.8 the value of other financial investments is recorded at the market value.

Notes to the Financial Statements (continued)

9(b). Shares in subsidiary undertakings

The company holds 100% of the share capital of the following company:-

Name of subsidiary	Country of Registration or incorporation	Shares held class	Principal Activity
IENUM Limited	Ireland	Ordinary and Preference	ENUM Registry

IENUM Limited is an Irish registered company with a registered office at 4th Floor, Harbour Square, Dun Laoghaire, Co. Dublin.

The aggregate amount of capital and reserves and the results of this undertaking for the year ended 31 December 2019 were as follows:

	Capital and Reserves	Profit for the year
	€	€
IENUM Limited	50,100	Nil

10. Debtors: amounts falling due within one year

	2019	2018
	€	€
Prepayments and accrued income	214,634	177,054
	214,634	177,054

11. Creditors: amounts falling due within one year

	Notes	2019 €	2018 €
Trade creditors	(a)	191,205	96,113
Customer deposit accounts		324,321	278,519
Other creditors		140,376	180,729
Corporation tax payable		7,691	4,477
Other taxes and social security costs		42,424	48,090
Accruals	(b)	393,383	258,463
Deferred income	(c)	2,506,577	2,390,458
		3,605,977	3,256,849

		€	€
Other taxes and social security costs include:			
VAT		42,424	48,090
		42,424	48,090

11(a). The payment terms of trade creditors vary between on demand and ninety days. No interest is payable on trade creditors. Tax and social insurance are subject to the terms of the relevant legislation. Interest accrues on late payment at the rate of 0.0274% for each day or part of a day for which payment is overdue. No interest was due at the financial year end date.

11(b). The terms of the accruals are based on the underlying contracts. Other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.

11(c). The accounting policy for deferred income is outlined in Note 2.3.

12. Creditors: amounts falling due after more than one year

	2019 €	2018 €
Deferred taxation		
At 1 January 2019	25,260	54,851
Charge/(Credit) to profit and loss account	46,932	(29,591)
At 31 December 2019	72,192	25,260

The deferred tax relates to the origination/reversal of timing differences.

Notes to the Financial Statements (continued)

13. Guarantee

Parent Company Guarantee

On 18 December 2006, the company's subsidiary IENUM Limited signed an agreement with the Commission for Communications Regulation (ComReg) to provide the national ENUM registry service for Ireland. At 31 December 2019, the company is the sole Guarantor of the obligations of its subsidiary IENUM Limited.

14. Commitments

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are calculated at €36,510 (2018 – €182,551), payable as follows:

	Premises 2019 €	Premises 2018 €
Within one year	36,510	146,041
Between two and five years	–	36,510
More than five years	–	–
	36,510	182,551

Capital commitments

The company has no capital commitments at 31 December 2019 (2018 – €Nil).

15. Analysis of changes in cash at bank

	Opening balance €	Cash flow €	Closing balance €
Current accounts	3,503	16,022	19,525
Deposit accounts	2,729,999	403,700	3,133,699
Cash at bank	2,733,502	419,722	3,153,224

16. Post balance sheet events

Apart from the Covid – 19 crisis and its potential macro impact (as noted in the directors report) there are no other material post balance sheet events.

17. Contingent liabilities

There are no contingent liabilities at 31 December 2019.

18. Company structure

The company is limited by guarantee and does not have a share capital.

19. Controlling parties

The company is controlled by its members. At 31 December 2019 the seven directors are the members.

20. Financial instruments

The analysis of the carrying amounts of the financial instruments of the company required under Section 11 of FRS 102 is as follows:

	2019 €	2018 €
Financial assets at fair value through profit or loss		
Listed investments	4,378,689	4,184,715
Financial assets that are debt instruments measured at amortised cost		
Cash at bank and in hand	3,153,224	2,733,502
Financial liabilities measured at amortised cost		
Trade creditors	191,205	96,113

21. Approval of financial statements

The financial statements were approved by the Board on 24 April 2020 and signed on its behalf by:

Mr. Jim Joyce
Director

Mr. Eamonn Ceannt
Director

Glossary of Terms

.ie accredited Registrar

An .ie accredited Registrar is a company that has signed an agreement with IE Domain Registry, authorising it to act as agent for registrants who require a .ie web address. Accredited Registrars include HSPs, ISPs and web development companies. The list of .ie accredited Registrars can be found at www.iedr.ie/accredited-registrar-list.

Anycast

Anycast is a methodology for addressing multiple servers with the same IP address. Data is transmitted to the closest or best receiver in line with predetermined criteria. One benefit is that a denial of service attack can be "localised" and therefore contained.

ccTLD

Country code top-level domains (ccTLD), are national top-level domains based on the International Organisation for Standardisation's (ISO) country codes. National top-level domains comprise two letters, for example .ie for Ireland or .de for Germany.

CENTR

CENTR (Council of European National Top-Level Registries). CENTR is a not-for-profit organisation dedicated to supporting the interests of country code TLD managers. The objectives of CENTR are to promote and participate in the development of high standards and best practices among ccTLD Registries. See www.centr.org.

ComReg

The Commission for Communications Regulation (ComReg) is the general communications regulator for Ireland, with responsibility for mobile, fixed line and postal services.

CRS Console

IE Domain Registry's automated Core Registry System (CRS): the Console is a web-based interface which allows registrants and Registrars access to CRS to manage their registrations, transfers, modifications, billing and non-renewal of .ie domain names.

DNS

The Domain Name System (DNS) is an international hierarchical distributed database used to translate alphanumeric domain names, as understood by humans, into IP address, which computers use to find other computers on the internet e.g. www.iedr.ie is translated to IP address 77.72.74.137.

DNSSEC

DNSSEC (DNS Security Extension) is a supplementary service to domain names that makes it possible to check that the DNS information stems from the correct sender and has not been altered during its transmission. When DNSSEC is in use, the computer submitting a query (e.g. an internet browser) is able to determine whether the reply provided for an internet address in the DNS actually comes from the server that is registered with IE Domain Registry as being the authoritative server.

Domain name

A domain name is a unique alphanumeric name, which is often linked to a website or e-mail. The domain name is translated in the DNS to an IP address before any internet communication can occur. A registered domain name is a domain name held by a specific registrant following an application process.

GAC

ICANN receives input and advice from governments through the Governmental Advisory Committee (GAC). The GAC's key role is to provide advice to ICANN on issues of public policy and especially where there may be an interaction between ICANN's activities or policies and national laws or international agreements.

GDPR

The General Data Protection Regulation (GDPR) (EU) 2016/679 is a regulation in EU law on data protection and privacy for all individuals within the European Union and the European Economic Area. GDPR acts as a set of rules, backed by national legislation, designed to give EU citizens more control over their personal data. Under the terms of GDPR, organisations have to ensure that personal data is gathered legally and under strict conditions, and also ensure that those who collect and manage it will be obliged to protect it from misuse and exploitation, as well as to respect the rights of data owners - or face penalties for not doing so.

gTLD

Generic top-level domains (gTLDs), such as .com, .net and .org are top-level domains.

IANA

IANA (Internet Assigned Numbers Authority) is responsible for the global coordination of the DNS Root, IP addressing, and other internet protocol resources.

ICANN

ICANN (Internet Corporation for Assigned Names and Numbers). An international not-for-profit, private sector organisation created to co-ordinate four key functions of the internet: managing the domain names system, allocating IP addresses, assigning protocol parameters and managing the root server system.

IDN

Internationalised Domain Names (IDN). Until recently, the Root Zone was limited to a set of characters conforming to "Latin" alphabets - US-ASCII (American Standard Code for Information Interchange). This changed with the introduction of IDNs, which introduced top-level domains (TLDs) in different languages and scripts and enabled internet users to access domain names or use email addresses in their own native language.

IGF

The Internet Governance Forum (IGF) was established in 2006 by the United Nations to create a forum for discussion of internet governance policy issues. Multi-stakeholders represent countries, commerce and society in general.

IPv4 and IPv6

Internet Protocol version 4 (IPv4) is the fourth version of the communications protocol that provides an identification and location system for computers on networks and routes traffic across the Internet. (IE Domain Registry's IPv4 address is 77.72.74.137).

In response to a global shortage of addresses, a successor protocol, IPv6, became an Internet Standard on 14 July 2017. IPv6 uses a 128-bit address, theoretically allowing 2128 addresses – enough for every internet-connected fridge and toaster on the planet – for now at least. (IE Domain Registry's IPv6 address is 2a01:4b0:0:6::29).

Nameserver

Nameservers are computers with software that stores and/or distributes domains (zones) and which accept and answer domain name questions. When a user wishes to visit www.iedr.ie for example, the user's computer sends a question to a nameserver asking for an IP address for a computer on which information regarding www.iedr.ie is located.

NIS Directive

The Directive on security of network and information systems (NIS Directive) is the first piece of EU-wide legislation which provides legal measures to boost the overall level of cybersecurity in the European Union. Specifically, it requires that Member States ensure they each implement certain national cybersecurity capabilities, facilitate cross-border engagement, and supervise the cybersecurity of critical market operators in their country (including energy, communications, transport, health and finance). Member States were required to have transposed the Directive into their national laws by 9 May 2018 and identify operators of essential services (OES) by 9 November 2018.

PAC

The Board of the IE Domain Registry established a Policy Advisory Committee (PAC) in 2014 to consider and provide advice on policy issues concerning Ireland's internet top-level domain, .ie. The Policy Advisory Committee operates in line with the 10-step Policy Development Process (PDP).

PDP

IE Domain Registry's Policy Development Process (PDP) for the .ie namespace is a 10-step process used to formulate, evaluate, and generate consensus on proposed policy changes and its implementation. The formal process is consensus-driven, transparent and allows for bottom-up proposals from the wider multi-stakeholder internet community. See www.iedr.ie/policy-development-process/.

Registrant

The individual or legal entity registered in the .ie database, with the legal right to use the .ie domain name.

Registry

A registry is a company or organisation responsible for the administration and operation of a top-level domain. IE Domain Registry is the active registry operator responsible for administration, management and technical operation of the .ie domain and ensures that all registered .ie domains are included in the zone file and accessible via the internet.

VMware

VMware is a provider of virtualisation software. It is a US based company which is majority owned by EMC. VMware software provides a completely virtualised set of hardware. One large server can replace dozens of smaller specific-purpose servers.

Zone and zone file

A zone is the delimitation of the administrative responsibility for a domain tree. A zone file is a data file comprising the necessary zone information to enable the use of DNS addressing. The zone files are stored on authoritative nameservers that are distributed throughout the internet.

Protecting data privacy:

By default, we do not publish the personally identifiable information of individual domain holders on the public lookup service (whois) for .ie domains.

Recognised globally as identifiably Irish:

A .ie domain name makes you or your company instantly recognisable as Irish; it tells the global community you are Irish, and tells the Irish community you are local.