CentralNic

Helping online consumers make informed choices

CentralNic Group Plc

Annual report 2022

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FT FINANCIAL TIMES
statista
1000 EUROPE'S FASTEST GROWING COMPANIES
2022 & 2023

Purpose, strategy and values

Purpose:

Helping online consumers make informed choices

Strategic priorities:

Organic growth	Operating leverage	Competitive cost of capital	Focused bolt-on M&A

Read more on page 17

Underpinned by our values:

- Ownership
- Impact
- Collaboration
- Growth
- Resilience

Read more on page 36

Creating value for stakeholders:

- Customers
- Colleagues
- Investors
- Regulators and governments
- Partners
- Communities

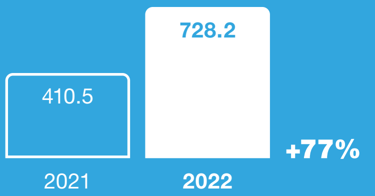
Read more on page 22

Our highlights

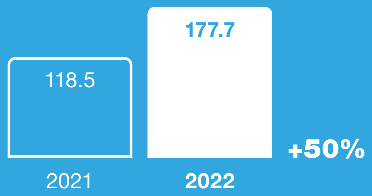
Organic growth and operating leverage, augmented by focused bolt-on M&A

Financial highlights

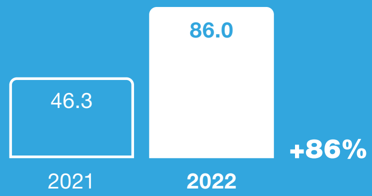
Revenue growth
(USD m)



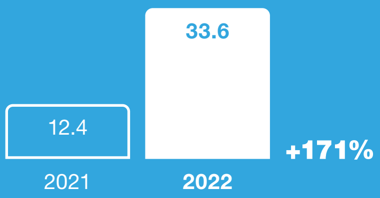
Net revenue/gross profit growth
(USD m)



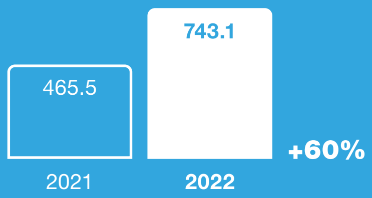
Adjusted EBITDA growth
(USD m)



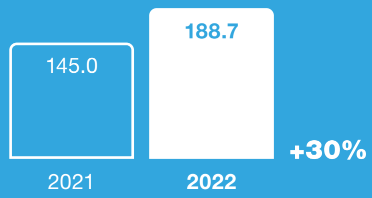
Operating profit growth
(USD m)



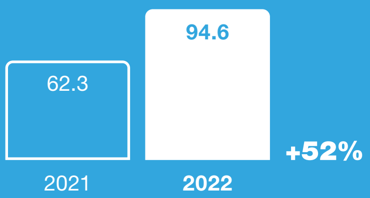
Organic revenue growth
(USD m)



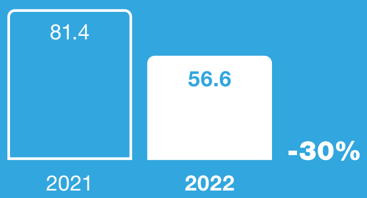
Organic net revenue/ gross profit growth (USD m)



Organic adjusted EBITDA growth
(USD m)



Net debt deleverage
(USD m)



As CentralNic made six acquisitions in 2022 and four in 2021, the Company also prepared a non-GAAP pro forma comparable financial summary including all businesses currently controlled by CentralNic (a definition of which is provided in note 3 to the consolidated financial statements), to effectively isolate organic growth. Throughout this report, figures qualified by 'organic' refer to this pro forma financial summary.

2022 highlights

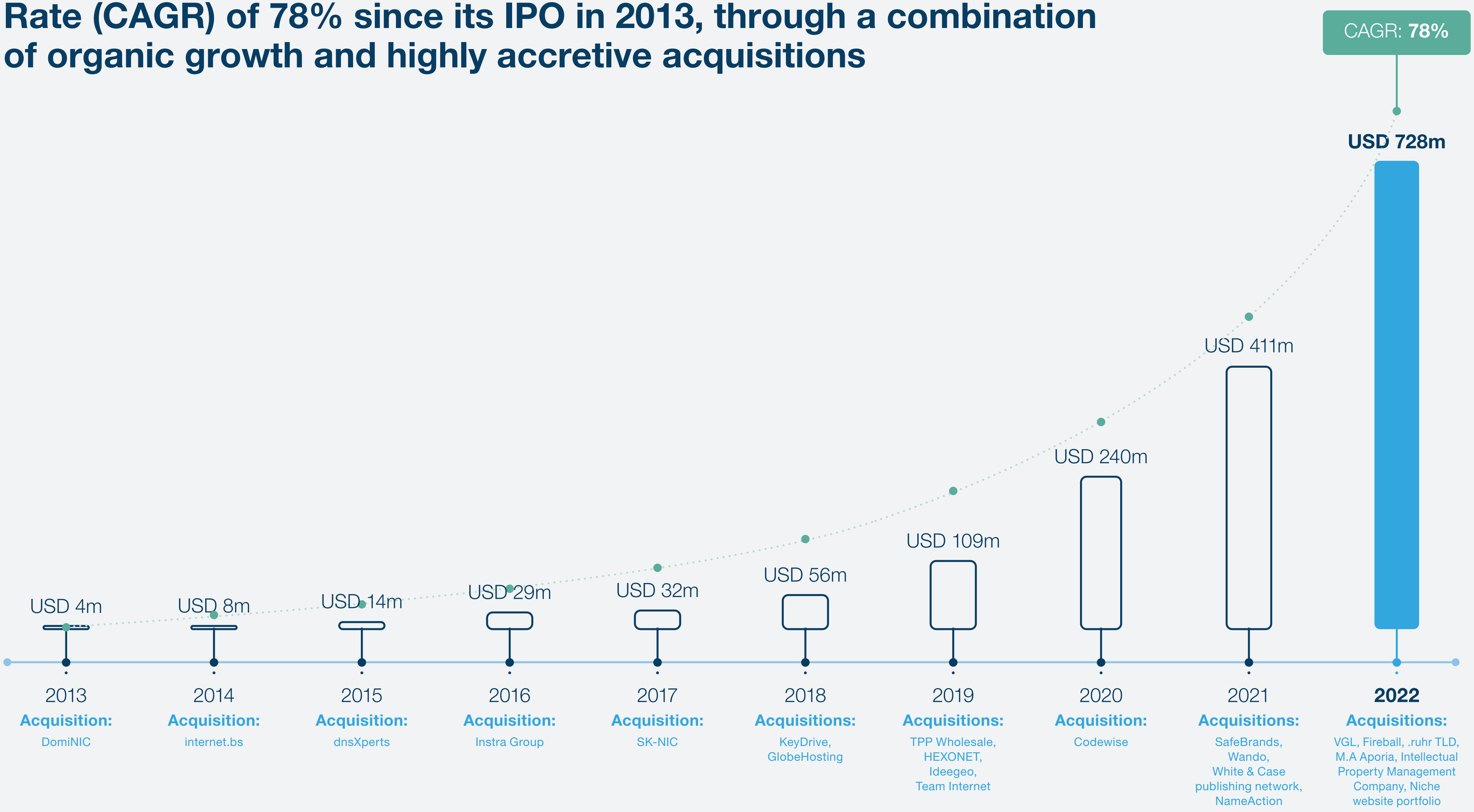
- Record 60% organic revenue growth for FY22.
- Appointment of Michael Riedl as Chief Executive Officer and William Green as Group Chief Financial Officer on 12 December 2022.
- Oversubscribed GBP 42m equity raise on 28 February 2022, EUR 21m bond placing on 7 March 2022 and fully taken up Open Offer of GBP 3m on 21 March 2022.
- Refinancing of debt facilities comprising a USD 150m term loan and a USD 100m revolving credit facility. The borrowing cost of the facilities is determined by CentralNic's net leverage, which is initially 2.75% above SOFR, a notable reduction compared to the 7% above three-month EURIBOR for the senior secured bond it replaces.
- Acquisition of VGL Verlagsgesellschaft mbH ('VGL') now VGL Publishing AG, a leading product review website publisher, on 8 March 2022 for an enterprise value of EUR 60m (c. USD 65m).
- Acquisition of M.A Aporia ('Aporia') on 13 September 2022 for an initial consideration of USD 11m.
- Acquisition of Intellectual Property Management Company for an enterprise value of USD 7m on 26 October 2022.
- Purchase of a niche website portfolio for USD 5m.

Post year end highlights

- Completion of GBP 4m share buyback programme on 19 January 2023 (launched on 30 December 2022).
- The Financial Times listed CentralNic among the top 250 fastest-growing companies and among the top 50 fastest-growing technology companies in Europe.
- Appointment of William Green to the Board of Directors on 30 January 2023.

Journey so far

CentralNic has achieved a revenue Compound Annual Growth Rate (CAGR) of 78% since its IPO in 2013, through a combination of organic growth and highly accretive acquisitions



What we do

A leading global internet solutions company, operating in two highly attractive markets: high-growth digital advertising (Online Marketing segment) and domain name management solutions (Online Presence segment)

Online Marketing

Creating privacy-safe and AI-generated online consumer journeys that convert general interest online media users into confident, high conviction consumers through advertorial and review websites

Recurring revenue model

Rolling open-ended revenue share contracts

ParkingCrew.com, ZEROPARK, VOLUUM, Aporia ltd, Wando Internet Solutions, traffic.club, TONIC., Vergleich.org

Revenue
USD 574.7 million
2021: USD 261.3 million

Net revenue/gross profit
USD 125.1 million
2021: USD 65.2 million

Visitor sessions
4.6 million
2021: 2.6 million

Revenue per thousand sessions (RPM)
USD 105.0
2021: USD 76.4

Online Presence

A critical constituent of the global online presence and productivity tool eco system, where we serve as the primary distribution channel for a wide range of digital products

Recurring revenue model

Annual subscriptions

CentralNic Registry, KEY-SYSTEMS Internet Solutions, ONLY DOMAINS, IPM.domains, Moniker, BRAND SHELTER, SAFEBRANDS Protecting brands in the digital era, TPP Wholesale, SK-NIC Register domény .sk

Revenue
USD 153.5 million
2021: USD 149.3 million

Net revenue/gross profit
USD 52.6 million
2021: USD 53.3 million

Processed domain registration years
12.3 million
2021: 12.6 million

Average revenue per domain year
USD 9.9
2021: USD 9.4

What we do continued

Online Marketing case study:

In Online Marketing, CentralNic helps online consumers make informed choices – an evergreen purpose

We do so by creating **customer journeys** that convert general interest media users into high conviction online customers

We engage by offering **contact points** on social media or native content networks, publisher websites and search engines in the form of ads for broad categories

We educate the consumer through **easy to understand** advertorials and review websites

By working with world-leading aggregators, we have access to commercial inventory that **closely matches** the consumer's **intent**

CentralNic is particularly good at this due to **machine learning** on billions of consumer interactions, providing superb insights into the psychology of online consumers

What we do continued

Online Marketing case study:

In Online Marketing, CentralNic helps online consumers make informed choices – an evergreen purpose continued

What does it look like in real life?

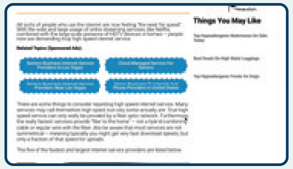
Consumers on social media are run through brief consumer guides before being referred to a recommended merchant

Social media user experience

1

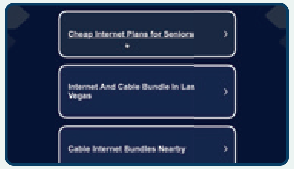
CentralNic places ads for broad categories on social media, in this example on Facebook[1]. If an online consumer is interested in the category, they click on the ad.

2



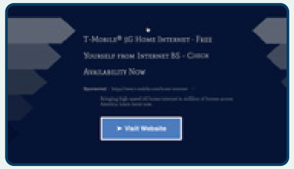
An online consumer is then forwarded an advertorial website where the online consumer learns what they need and clicks on a link for a more specific category.

3



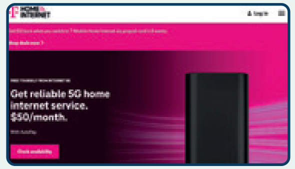
The consumer is then presented with related search terms to further close in on their intent.

4



The consumer is then shown the ad most relevant to their intent. Once the consumer clicks, CentralNic is paid.

5

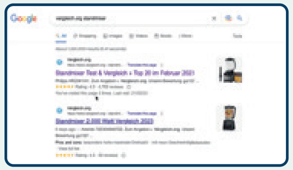


The online consumer then arrives on the offering of the most relevant vendor, in this instance T-Mobile[2].

Search engine users are directed to review websites before buying the product of their choice at an e-commerce partner

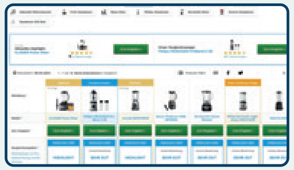
Search engine user experience

1



CentralNic places ads for product categories on search engines. Due to a vast inventory of high quality product review content, CentralNic would also appear high in the search ranking.

2



The consumer is then presented a choice of relevant products where we identify the best, the most affordable, the best price-quality and best seller products – consumers are typically happy to adopt one of the four strategies.

3

The consumer then clicks out to the merchant with the offer that comes closest to their intent or need. When the consumer checks out of the e-commerce partner's site, CentralNic is paid.

(1) Facebook is an example of a supplier. They provide traffic, and CentralNic pays for it.

(2) T-Mobile is an example of a customer. CentralNic refers a customer and gets paid for it.

What we do continued

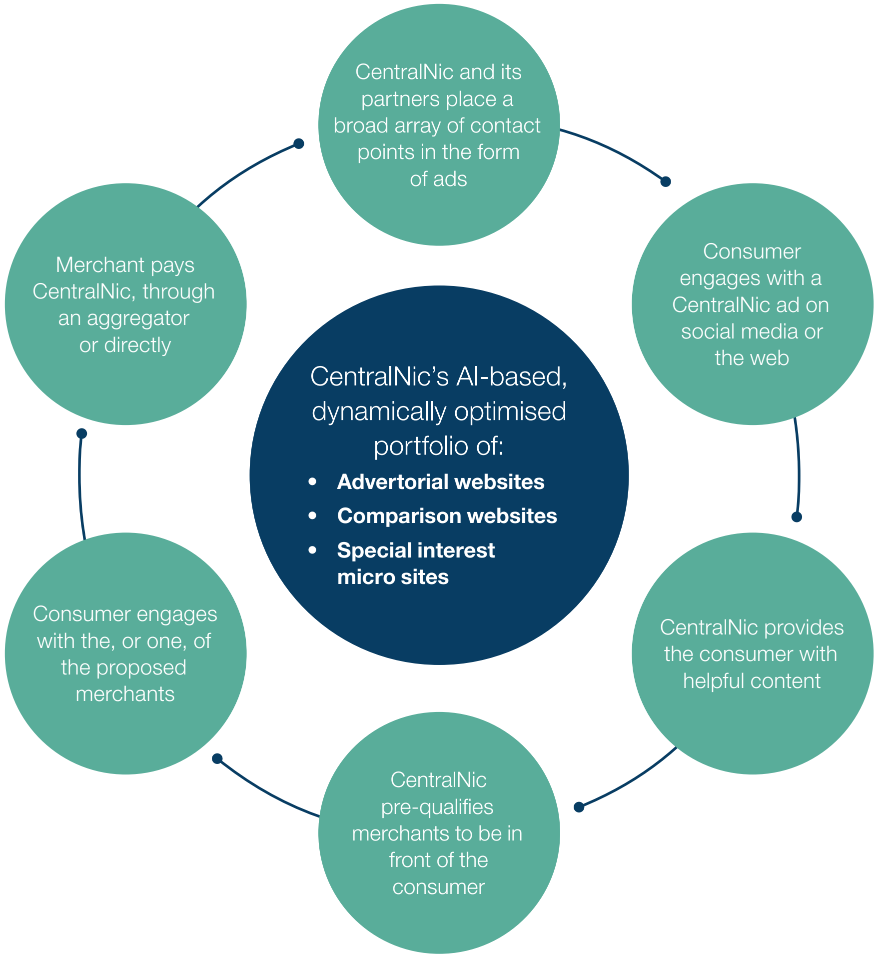
Online Marketing case study:
In Online Marketing, CentralNic helps online consumers make informed choices – an evergreen purpose continued

Online consumers value the noise reduction and privacy – value is captured through commercial alliances

Value creation

Online consumers:

- Only see the most relevant ads
- Never see malicious ads
- Only proceed if they interact (no auto forwarding/redirecting)
- Have more information to make a confident, informed choice
- Remain private as no third-party data is collected or shared



Value capture

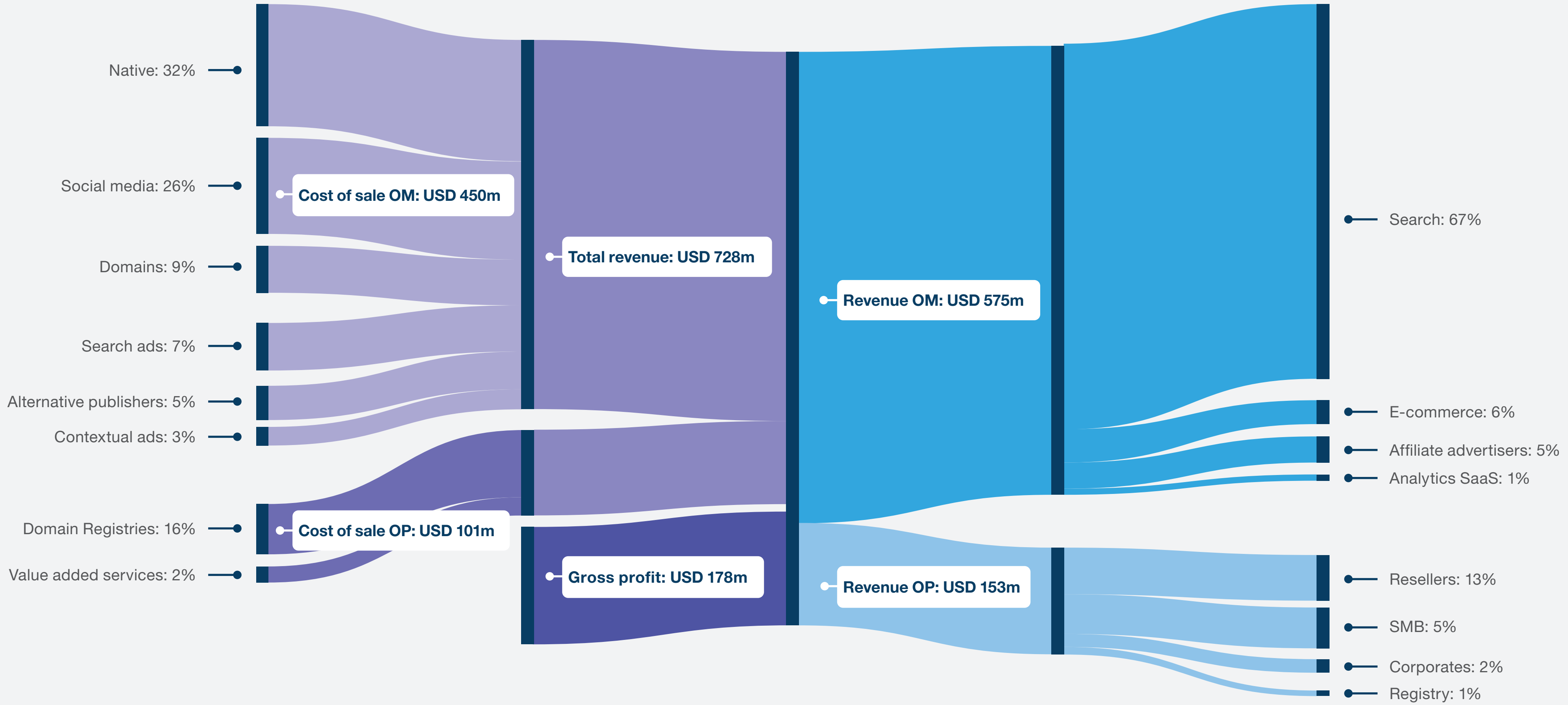
Merchants:

- Merchants appreciate the pre-informed, high intent online consumers who convert more frequently and return goods less often
- Increase their reach to media outside the media buying domain
- Pay a fee for the referral or a commission for a completed transaction

Market opportunity

CentralNic creates a vibrant, symbiotic ecosystem

FY22 value flows, Sankey presentation



Market opportunity continued

CentralNic's unique market position

Online Marketing

Search: we address a broad array of industries whose constituents advertise on search engines. The largest industries are Health (27%), Home, Business and Automotive (12% each), Education (10%) and Finance (8%). Each industry is constituted by numerous verticals which then comprise countless different advertisers.

E-commerce: we generate commission income on transactions by customers' referred e-commerce partners. The opportunity grows constantly through adding new product reviews and expanding into new verticals. As CentralNic currently only addresses the German-speaking market, this revenue stream has tremendous potential for growth by internationalisation.

Affiliates: More than 3,000 affiliate advertisers use CentralNic's performance marketing and advertising technology platform.

Analytics SaaS: our privacy-enabled marketing solution resonates perfectly with market demand. CentralNic's SaaS Analytics platform has 5,000 active users who take advantage of its automation capabilities to track and optimise multiple ad campaigns to improve conversion.

Online Presence

Resellers: leading domain marketplace connecting more than 1,500 Top Level Domains (TLDs) to more than 25,000 resellers, among global leaders such as GoDaddy, Newfold Digital and many others.

Small and medium-sized business: c.250,000 direct SMB customers addressed through 13 brands specialised on specific geographies or customer personas.

Corporates: trusted guardians of the domain portfolio brands of hundreds of internationally recognised brands such as Johnson & Johnson, Mercedes-Benz and Rolex.

Registry: leading outsourcing provider for new Top-Level Domains (nTLDs), managing 14 million domain names under 107 nTLDs.

CentralNic does business with most of the companies in its industry, providing a strong competitive advantage for M&A discussions

Chairman's statement

Iain McDonald
Chairman

"The Group achieved exceptional results in 2022, illustrated by the Online Marketing segment continuing to flourish in an evolving landscape.

As we enter the new year of 2023, it is with great pleasure that we reflect on the exceptional results achieved by CentralNic in 2022. The Group's ability to drive organic growth beyond industry benchmarks is a testament to our unwavering commitment to providing innovative solutions for our valued customers, as well as our expertise in seamlessly integrating acquisitions into thriving marketplaces.

Despite the challenges posed by the evolving legal, policy and technical landscape, CentralNic has continued to flourish and maintain its position as a leader in the Online Marketing space. Our margins have remained robust, and the Group has generated substantial operating cash flow, further strengthening our financial position.

In 2022, we supplemented our organic growth with six earnings accretive acquisitions, the most material of which was VGL Publishing AG – our largest acquisition to date. Looking forward, we believe there may be further M&A opportunities, although we expect to follow a more balanced approach to our capital allocation than in the past. The fact that we have already executed our maiden share buyback at the end of 2022 and recommended the payment of our first dividend is the first evidence of a strategy which will focus more on direct returns to shareholders. The fact that we have successfully refinanced our bond and continue to generate strong free cash flows means the business is well positioned to execute upon a capital allocation policy which allows distributions to Shareholders, reduced overall debt levels and accretive M&A where appropriate.

Despite the volatile start to 2022, CentralNic has remained steadfast in its growth trajectory, thanks to the tireless efforts and dedication of our executives, staff and Board. The leadership of the Group will now be further strengthened by the internally promoted CEO and CFO. On behalf of our Shareholders, I express my sincere gratitude for their contributions and accomplishments. Let us look forward to another successful year of growth and continued success in 2023.

Iain McDonald
Chairman
24 March 2023

Investment case

A hugely resilient recurring revenue business

Recurring revenues

Online Marketing services billed continually on **utility-style rolling contracts**

Online Presence services sold as **annual subscriptions**

High customer stickiness

Average Online Marketing customer has been using our service for **circa six years**

Only 3% of Online Presence customers change supplier each year

Proven resilience

Online Marketing **continues to thrive** in the face of ban on third-party cookies and cross-app tracking

Continued growth in Online Presence despite competition from walled gardens (Facebook, Amazon, Apps, etc.)

Future proof

No cookies used on **private user data** collected as part of this Online Marketing business

Marketplace model focuses on **diversification of suppliers** and customers and capacity to rapidly switch between them

Chief Executive Officer's report

Michael Riedl
Chief Executive Officer

"We remain focused on executing our strategy, delivering value to our audiences, and continuing to achieve success.

I am honoured to present my first CEO's report following my appointment, as CentralNic reflects on its most outstanding year to date. Our revenue growth rate of 77% in 2022 aligns with our revenue Compound Annual Growth Rate since our initial listing in 2013. For the first time, this growth was predominantly organic, with an increase of up to 60% from a traditional base of 5-6%. This growth was fuelled by our successful diversification into Online Marketing and the steadfast reliability of our Online Presence business.

Online Marketing

CentralNic's Online Marketing business, built on the foundation of our late 2019 acquisition of Team Internet, aims to empower online consumers in making informed choices. We fulfil this mission by designing AI-driven customer journeys that transform general interest online media users into high conviction consumers. By offering contact points on social media, publisher websites, and search engines in the form of ads for various product and service categories, we educate consumers through comprehensible advertorials and review websites. Collaborating with world-leading aggregators, we ensure access to commercial inventory that closely aligns with consumers' intent. CentralNic's expertise in understanding online consumer psychology, informed by machine learning from billions of consumer interactions annually, sets us apart in the market.

Our approach creates value for consumers by offering noise reduction and independent advice in a privacy-safe environment. Advertisers recognise this value and are willing to pay premium rates for leads with impressive conversion rates and minimal returned merchandise.

The success of this symbiotic approach is evident in the numbers: consumer engagement in customer journeys increased from 2.6 billion in 2021 to 4.6 billion in 2022, and the value capture per thousand rose from USD 76 in 2021 to USD 105 in 2022. Our ability to grow consumer engagement and value capture drives the success of our Online Marketing business.

CentralNic's proprietary artificial intelligence and contextual data usage enhance customer experiences and boost revenues for vetted merchants. We offer advertisers a reliable stream of new customers and generate revenue for publishers through utility-style contracts that charge fees for consumer referrals or completed transactions. Our industry-leading anti-fraud and compliance software and teams utilise AI to detect suspicious behaviour, ensuring our solutions are privacy-compliant and fully adhere to data laws and recent policies governing third-party data handling and cookie usage.

To build upon our success, we acquired VGL Publishing AG in March 2022, which deepened our consumer relationships by assisting consumers in selecting the right merchandise. Our acquisition of M.A Aporia in September 2022 expanded our ability to engage with consumers on social media. The revenue-generating niche website portfolio, acquired in December 2022, seamlessly integrates with our ParkingCrew service, providing fully controlled, proprietary, and highly relevant direct navigation traffic.

Chief Executive Officer's report continued

Online Marketing continued

In the section of our business that connects relevant consumers with merchants advertising on search engines, our primary focus will be on vertical integration and disintermediation. This area is currently the backbone of the segment in terms of product and business development, as well as mergers and acquisitions.

As for the part of our business dedicated to assisting consumers in finding the right merchandise, our strategy will involve expanding both the range of verticals and our geographical presence. Currently, we are primarily focused on e-commerce goods that can be shipped, and our reach is limited to German-speaking countries. By extending our scope in these areas, we aim to unlock significant growth potential, moving beyond incremental improvements to achieve exponential expansion.

Online Presence

The Online Presence segment plays a crucial role in the global online presence and productivity tool ecosystem. As the primary distribution channel for a diverse array of digital products, our most vital offering is domain names, which are essential for businesses and organisations of all sizes to establish their online presence. CentralNic sets itself apart from competitors by providing the most extensive selection of domain extensions, coupled with fully automated APIs and fulfilment services. These features allow customers to easily purchase and manage their domain names.

Web hosting companies, renowned international brands, and small to medium-sized businesses (SMBs) all value the one-stop-shop experience offered by the Online Presence segment. It enables them to address all their domain name needs in a single location, streamlining the management of their online presence. Moreover, country-code and generic domain operators gain access to an unmatched distribution network, ensuring exceptional reach and visibility. This network encompasses a wide variety of strategic partners, resellers, and registrars, simplifying the process for customers to locate and acquire the domain names essential for online success.

Given that the Online Presence market exhibits high customer retention, with only an average of 3% of customers switching providers each year, CentralNic's strategy for this segment revolves around finalising the operational integration of a carefully assembled group of global businesses.

By transforming these businesses into a unified marketplace, we aim to achieve organic growth by continuously adding new suppliers, distribution channels, and customers.

Group strategic priorities

Moving forward, CentralNic's strategic priorities are as follows:

- Organic growth: CentralNic is focused on winning new customers, growing existing customer relationships, launching new products, contracting with new suppliers and entering new geographical markets. This will help the Group to expand its reach and drive long-term growth and profitability. We are clearly committed to beat the organic growth targets implied by market consensus.
- Operating leverage: CentralNic is working to scale up its online marketplaces, as these platform businesses can support higher volumes of transactions with internal costs growing at a lower rate. This will help the Group to achieve stronger operating leverage, allowing it to achieve more efficient use of its resources and increase its profitability over time. CentralNic's adjusted EBITDA to gross profit ratio, which improved from 39% in 2021 to 48% in 2022, is testament to operating leverage at work.
- Competitive cost of capital: CentralNic is committed to continuing to manage its debt ratios and ended the year in a strong position with net debt/EBITDA at 0.9x, down from 2.2x the year before, despite notable investment in M&A. Through our successful refinancing we have mitigated the impact of rising interest rates and extended maturities dramatically. Please refer to the Chief Financial Officer's report for more details. While a certain level of indebtedness is healthy from a cost of capital and international tax planning perspective, under my tenure, the leverage will not increase to the levels of 2021 and earlier years. At the same time, the use of equity comes at even higher cost. To square this circle, we are putting a waterfall model into place that is described on the next page.
- Buy and build: M&A has been a critical enabler of CentralNic's success. Without bold, successful investments since 2019, CentralNic would not be where it is today. At the same time, we have now built two strong pillars of critical size in their respective industries. In addition, we have added the strategic capabilities most crucial to these businesses through our 2022 acquisitions. Therefore, future acquisitions are more likely to be targeted bolt-ons rather than transformational acquisitions and be accretive from a cash flow return on investment perspective.

Chief Executive Officer's report continued

Waterfall model

To ensure compatibility among the strategic priorities outlined above, the Board intends to allocate the Group's free cash flow as follows:

1. progressive dividend policy: given the Group's maturity and resilience in volatile markets, the Directors have decided to implement a progressive dividend policy as a fundamental cash return. The proposed dividend of 1.0 pence per share for 2022 represents approximately 6% of the year's free cash flow, providing ample room for growth and achieving other corporate objectives;
2. organic growth: while all our business units have positive EBITDA, the Directors will consider investing in capital projects that drive the Group forward and yield returns above the cost of capital. These projects may include platform integration, content repository expansion, or international growth;
3. accretive bolt-on acquisitions: CentralNic is the company we know best. Thus, acquiring any other company must provide higher returns than repurchasing our own equity. Investing free cash flow in accretive acquisitions also helps reduce leverage by increasing pro forma EBITDA;
4. share buybacks: any remaining free cash flow will be used for share buybacks within limits agreed upon with the banking pool. Shares may be reissued for acquisition purposes; and
5. debt repayment: if any funds remain, they will be allocated to reduce the Group's gross debt. If net leverage approaches the levels seen at the end of 2021, the Group will prioritise debt reduction over share buybacks, using free cash flow for this purpose.

Post year end and outlook

With the completion of our inaugural share buyback in January 2023 and the announcement of a maiden dividend, we have already lived up to the promises made above. As the first quarter has commenced on levels similar to the last quarter of 2022, which is a strong signal given typical seasonal patterns, we confirm our guidance that the Group is confident in its ability to meet market expectations.

Conclusion

The annual report we release today is evidence that the strategy of diversification within our business model is continuing to deliver growth in ever-disrupted markets. Despite the world changing rapidly and the emergence of new and material headwinds, we were able to increase profit guidance at the start of the financial year, and then again adjust upwards in March to reflect the acquisition of VGL Publishing AG and then with each quarterly result. The Group has listened to its stakeholders and made progress on Board composition and remuneration during the year.

Our business has a true competitive advantage in our scale, leadership positions, technology and operating model. While the ongoing focus of the team is on execution, the relevance of our content and the quality of our audiences is what underpins our success. I am incredibly proud of all our colleagues, as they have adjusted to our rapidly changing world. It is with their ongoing support that we have managed to deliver record results despite a more challenging macroeconomic backdrop.

We remain focused on executing our strategy, delivering value to our audiences, and continuing to achieve success. I am confident that with our team's ongoing dedication and support, we will be able to navigate any future challenges that come our way.

Michael Riedl
Chief Executive Officer
24 March 2023

Our business model

CentralNic's strength and organic growth is built on a foundation of excellent resources focused on building value in a sustainable manner

Our mission

To help as many online consumers as possible to make the right choices when shopping online or navigating the web

Inputs

Our people

CentralNic benefits from an enormous depth of talent across the business with considerable and deep industry expertise.

Our technology

CentralNic is known for its excellent technology solutions supported by large in-house product, engineering and operations teams. Our pioneering omni-channel platform provides every type of customer with world-class solutions.

Our operational structure

The Group's finance, people, product, project management, integrations, technical and operations staff are concentrated in Germany and Poland, with regional offices in relevant markets across five continents. A truly global operation, CentralNic services customers in almost every country in the world.

Our global perspective

CentralNic's globally diverse acquisitions, people and operations lend a unique perspective to the Group.

How we do it

Our segments

Online Marketing

Creating privacy-safe and AI-generated online consumer journeys that convert general interest online media users into confident high conviction consumers through advertorial and review websites.

Online Presence

A critical constituent of the global online presence and productivity tool ecosystem, where we serve as the primary distribution channel for a wide range of digital products.

Driven by our strategic priorities

- Organic growth
- Focused bolt-on M&A
- Operating leverage
- Sustainable cost of capital

Underpinned by our values

- Ownership
- Resilience
- Impact
- Growth
- Collaboration

Our business model continued

Creating value for stakeholders

Customers
97%
Renewal by value

Colleagues
823
Expert employees

Investors
60%
Organic growth

Regulators and governments
A number of CentralNic entities are accredited by ICANN and the Group increasingly provides its services to governments around the world, helping them to make progress on their digital economy journey.

Partners
CentralNic values the relationships it has established with its trusted partners.

Communities
€1,056,000
Grants donated through the SK-NIC Fund

Focused on sustainability

Environment
See more on our environmental strategy and carbon neutrality on pages 23 to 29

Communities
See more on how we support local communities on pages 37 and 38

Diversity and inclusion
See more on our approach to diversity and inclusion on pages 33 and 34

Governance
See more on how we are creating long-term sustainable success on page 23 and pages 48 to 51

Our strategy

Our core growth strategy balances a focus on organic growth with our leadership in consolidating the global provision of our online services

Organic growth

New customer wins, supporting existing customers, and cross-selling our services.
Launching new products and contracting with new suppliers.

Notes:
As CentralNic has made a number of major acquisitions in recent years, the Group also prepares pro forma comparable financial summaries including all businesses currently controlled by CentralNic to effectively isolate organic growth.

2022 achievements:
- Record organic revenue growth of 60% in 2022 demonstrates the success of the Group's strategy of investing during the pandemic.
- The Financial Times listed CentralNic among the top 250 fastest-growing companies and among the top 50 fastest-growing Technology companies in Europe. One criteria for inclusion is that revenue growth must have been primarily organic. Further, other companies included in the ranking are significantly smaller than CentralNic, which demonstrates growth at an unusual rate for companies of our size.

Priorities for 2023:
- Dedicated business development teams established in late 2022 to continue to drive incremental revenues.
- Organic growth to be driven by cross-selling of services through capitalising on capabilities of newly acquired entities.

Link to KPIs:
1 2 3 4 5 6 8 10 11 12 13

Operating leverage

Achieve cost savings in future periods by successfully integrating acquired businesses.
Operational gearing is expected to enhance margins as the Group scales.

Notes:
M&A activity targets specific financial synergies to ensure that the cost base continues to be well controlled.

2022 achievements:
- In 2022, the Group companies have only spent 52% of the net revenue they generated on internal costs, down from 61% in 2021; a material improvement in operational efficiency.

Priorities for 2023:
- The growth sparked by the Company's investment in talent and systems is expected to materially continue whereas the growth in operational expenditure will be at a lower rate in comparison.

Link to KPIs:
1 2 3 4 5 6 8

Our strategy continued

Competitive cost of capital

Reduce interest rate on historic debt (latest effective interest rate <6%).
Retain net debt/EBITDA ratio of <2.5x and interest coverage of >4x.

Notes:
Interest varies in line with the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York and also with the Group's operating leverage.

2022 achievements:
- Successful refinancing of the senior secured bonds issued between July 2019 and March 2022; interest margin reduced from 7% above EURIBOR to 2.75%-3.55% above SOFR; maturities extended from July 2023 to October 2026; obtained USD 100 million committed RCF.
- Inaugural share buyback of GBP 4 million launched on 30 December 2022.

Priorities for 2023:
- Optimising the mix of debt and equity for sustainability.

Link to KPIs:
3 4 7 9

Focused bolt-on M&A

Website and e-commerce targets matching CentralNic's current recurring revenue, cash generation profile.
Strong pipeline of attractively priced deals.

Notes:
CentralNic has cultivated excellent capabilities in sourcing, completing and integrating transformative acquisitions, integrating them into marketplaces enjoying network effects, and driving organic growth.

2022 achievements:
- Acquisition of VGL, Aporia and Fireball Search GmbH (Online Marketing segment) in March 2022, September 2022 and February 2022 (respectively).
- Acquisitions of IPMC and .ruhr TLD (Online Presence segment) in October 2022 and January 2022 (respectively) and the purchase of a niche website portfolio in December 2022.

Priorities for 2023:
- Execute on strong pipeline for future acquisition targets to ensure the business continues its trajectory, scaling the ranks of the global leaders in our industry.

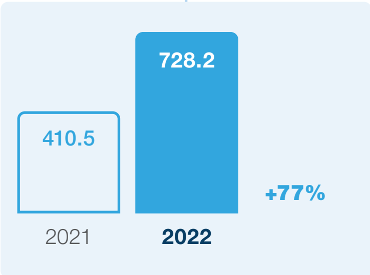
Link to KPIs:
1 2 3 4 5 6 7 8 9 10 11 12 13

Key performance indicators

The Group actively measures and monitors performance using a variety of financial and non-financial key performance indicators

Financial:

1 Revenue growth (USD m)

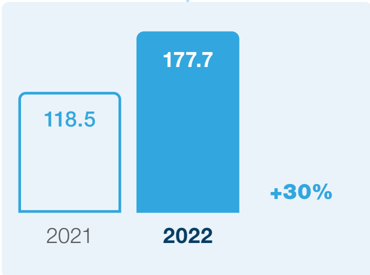


Why it's important
Revenue increase is the key indicator of the Group's growth

2022 performance
60% growth achieved organically and the remainder through M&A activity

Outlook
Analyst expectations of 2023 revenue currently range from USD 771.8 million to USD 833.7 million

2 Net revenue/gross profit growth (USD m)

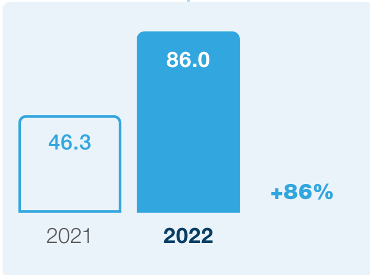


Why it's important
Principal indicator of core profitability given 'pass-through' nature of some revenue streams

2022 performance
30% growth in 2022

Outlook
Analyst expectations of 2023 net revenue currently range from USD 178.2 million to USD 193.7 million

3 Adjusted EBITDA growth (USD m)

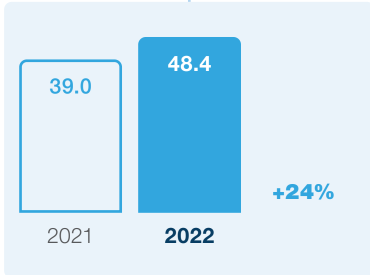


Why it's important
Adjusted EBITDA is the key measure of the Group's operational excellence

2022 performance
86% growth due to strong revenue growth and focus on cost control

Outlook
Analyst expectations of 2023 growth currently range from USD 90.9 million to USD 97.8 million

4 EBITDA % of net revenue/gross profit

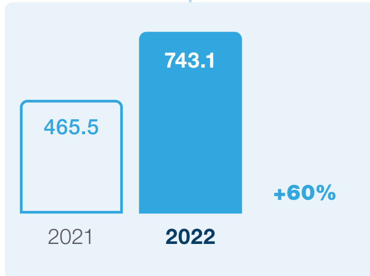


Why it's important
Given the significant pass-through costs, such as traffic acquisition costs, the net revenue ratio gives a good indication of the operating leverage in the business model – this ratio improved markedly from 39% in FY21 to 48%

2022 performance
24% growth in 2022

Outlook
For FY23, we would expect the EBITDA to gross profit ratio to remain c.48%

5 Organic revenue growth (USD m)



Why it's important
Given the highly acquisitive nature of the Group, organic growth is a key metric illustrating the underlying revenue growth of the Group

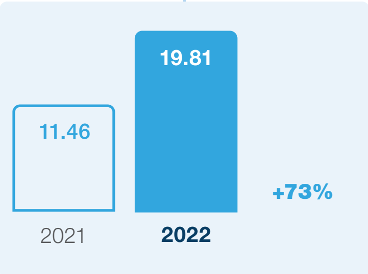
2022 performance
Record organic growth of 60% in 2022

Outlook
2022's investments are expected to continue to drive organic growth into 2023

Key performance indicators continued

Financial:

6 Adjusted diluted EPS (cents)

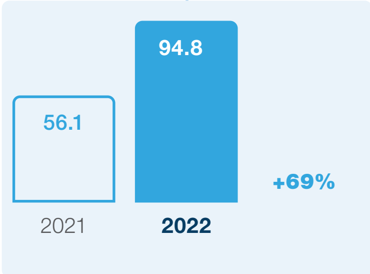


Why it's important
Measure of the underlying growth in earnings per share

2022 performance
73% growth is testament to organic and M&A-led growth of the Group

Outlook
Growth expected from continuing operational leverage benefits and accretive acquisitions in FY23

7 Cash balance (USD m)

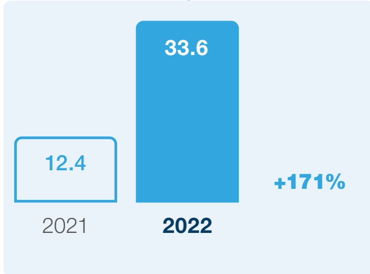


Why it's important
Cash balances are monitored weekly for working capital and M&A funding requirements

2022 performance
Cash reserves increased by 69% to USD 94.8 million at end of 2022

Outlook
Continued operational cash conversion greater than 100% expected in 2023

8 Operating profit (USD m)

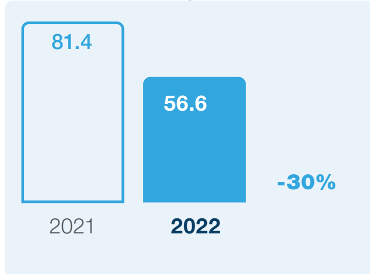


Why it's important
Operating profit is a measure of a company's earnings excluding accounting items such as one-time charges, interest and taxes that may skew profit data

2022 performance
Operating profit increased by 171% to USD 33.6 million at the end of 2022

Outlook
Continued profit growth following accretive acquisitions and organic growth in 2023

9 Net debt deleverage (USD m)



Why it's important
Net debt deleverage expected over time

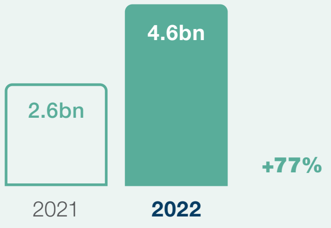
2022 performance
Reduction despite significant investing cash flows in 2022

Outlook
Deleverage (measured by net debt/EBITDA) and further improvements to interest cover will continue despite debt raise for VGL acquisition

Key performance indicators continued

Non-financial:

10 No. of visitor sessions (Online Marketing) (#)

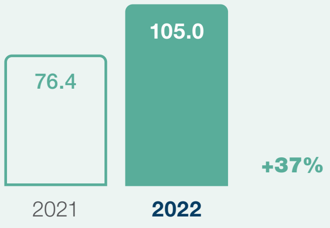


Why it's important
Indicative of the Group's total audience

2022 performance
Strong growth, in particular from social media, following the audience to short form videos

Outlook
Being platform agnostic, CentralNic will nimbly follow the migration of the mass audiences

11 Revenue per thousand impressions (Online Marketing) (USD)

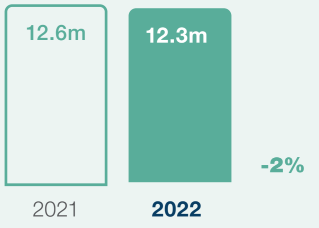


Why it's important
Indicative of how good CentralNic is at monetising traffic, creating a competitive advantage

2022 performance
Notable improvements made through optimisation of algorithms

Outlook
CentralNic is expected to maintain current levels of revenue per thousand sessions

12 No. of domain registration years (Online Presence) (#)

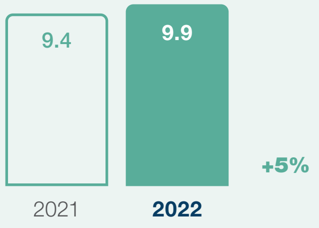


Why it's important
Indicates whether CentralNic is winning market share

2022 performance
The number of processed domains decreased by 2% as the Group prioritised higher value opportunities over volume

Outlook
Further market share gain by volume expected in 2023

13 Ave. revenue per domain year (Online Presence) (USD)



Why it's important
Indicative of the stability of our conversion of underlying activity

2022 performance
Growth of 5% achieved in 2022

Outlook
Sustainable growth expected as we continue to bring efficiencies to the domain subscription process

Section 172(1) statement

The Board recognises its responsibility to take into consideration the needs and concerns of all our stakeholders as part of our discussion and decision-making processes, and in this regard, we welcome the fresh stance under section 172 of the UK Companies Act 2006 ('s.172') as part of the QCA Corporate Governance Code.

The Directors have identified the Company's key stakeholders as its: Shareholders and investors, employees, customers, suppliers, regulators and governmental bodies, the environment and the wider community.

Building positive relations with these stakeholders, treating them well and with respect and managing our operations in a sustainable way, is essential to the success of the business.

The Board considers the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, environment and the Group's reputation, when making all decisions.

The Board, acting fairly between members, and acting in good faith, considers what is most likely to promote the success of the Group for its Shareholders in the long term.

The Group's stakeholder engagement activities help to inform the Board's decisions. By thoroughly understanding our key stakeholder groups, we can factor their insights and concerns into boardroom discussions.

Shareholders and investors

The Board regards effective communication with Shareholders as essential.

Relations with Shareholders are managed principally by the Chief Executive Officer, Chief Financial Officer and the Chairman.

How we engage

- Regular meetings with institutional investors and analysts during the year
- Individual or collective meetings between major Shareholders and the Board
- Annual General Meeting (AGM)
- Feedback from nominated advisers and joint brokers on Shareholder opinions
- Group website

Employees

The Group recognises that high levels of employee engagement lead to lower levels of attrition, higher levels of productivity and a more enjoyable work environment, where people are happier and are more likely to thrive.

How we engage

- Regular town halls
- Ad hoc news, shoutouts and kudos through our Human Resources Information System
- Pulse and targeted surveys
- Group engagement surveys
- Internal newsletters

Customers

The Group engages with customers across the globe through its dedicated customer support function. Engaging with our customers and understanding their needs is critical to delivering on our strategy, ambition and purpose.

How we engage

- Customer support function
- Newsletters
- Customer satisfaction surveys

Suppliers

Our suppliers are key to the operational success of our Company.

How we engage

- Supplier audits and assessments

Regulators and governments

Our relationship with governments and regulators is important to ensure policies are developed in the interests of our customers and the industry, while also enabling them to better understand the positive impact we can have on the environment and communities we operate in.

How we engage

- Participation and attendance at events with government and regulators

Communities

The Board is committed to improving sustainability and helping communities thrive by positively contributing both socially and economically. Building and preserving relationships with the communities we serve is also core to our commercial success and supports our purpose of enabling our customers to realise their aspirations online.

How we engage

- Through engagement with charities and non-governmental organisations
- Participation in key international forums and working groups

Environmental, social and governance (ESG)

Our Board sees investing as key to address ESG issues which affect the Group's stakeholders

Introduction

We believe that the first step to influencing positive change as a business is by making a strong commitment to our key stakeholders. This keeps our progress firmly aligned with the Group's vision and direction and by standing by these commitments, this group of stakeholders – who will hold us accountable and will help us to embed our focus on ESG for years to come.

There are a number of initiatives that we are proud to have undertaken and prioritised during the year, which are summarised on the following pages.

Governing climate-related risks and opportunities

Board oversight of climate issues

The Board establishes CentralNic's purpose, vision and strategy with due consideration given to all material influencing factors, including those related to climate change.

The Board's assessment of climate-related matters is informed through presentations across dedicated strategy sessions and within Board meetings, which cover the substance of the physical and transitional opportunities and risks associated with climate change.

The Board's assessment of risk is reflected both in the strategic decisions it takes, and in the identification of Group principal risks and emerging risks which have the ability to affect achievement of agreed strategic objectives and, in turn, long-term success.

Board Committee support is provided on climate-related issues in the following ways:

- the Remuneration & Nominations Committee ensures the Board possesses the correct depth and balance of capabilities to support CentralNic's long-term position, including the expertise to assess the impact of climate-related change; and
- the Audit Committee supports the Board on matters relating to financial reporting, internal control and risk management. The Committee reviews the integrity of CentralNic's climate-related financial reporting and the process used to develop CentralNic's TCFD-aligned disclosures.

The Board-agreed division of responsibilities across key areas of CentralNic's governance framework are set out in the terms of reference of the Board Committees, and the role profiles for key Board roles.

Role of Senior Management

Strategy is implemented by the Group Executive Directors and Senior Management Team through the operational management of CentralNic's Business Units and monitoring of performance in line with agreed plans. This includes ensuring business decisions are being taken in line with the parameters set by the Board and for monitoring new and emerging issues that require escalation.

The Chief Financial Officer (CFO) retains responsibility for the management of climate-related initiatives under agreed strategy and, in turn, driving progress. In support of this, the CFO agrees the annual objectives for the Head of Compliance, who is a direct report. The Head of Compliance advises the Board, Group Executives, Senior Management Team, Group Audit Committee and Business Units on climate-related matters and progress under the various projects.

The Group Audit Committee monitors all Group risks on a periodic basis and ensures that the Business Units are managing the risks for which they are responsible. The Audit Committee has overall responsibility for ensuring the right mechanisms are in place for managing all risks, including climate-related risk and opportunities.

Engaging with stakeholders to inform strategy

The Group has conducted a materiality assessment during the year to help us understand which sustainability-related issues are most relevant to our internal and external stakeholders. The results of the materiality assessment are disclosed in the Strategy section of the TCFD disclosures on page 24.

Embracing future reporting standards

The Group is welcoming the upcoming Task Force on Climate-related Financial Disclosures (TCFD) requirements and has proactively adopted them. You will find the TCFD related disclosures on pages 23 to 29.

Read more about:

The Group's goals, strategy and business model in the strategic report	pages 15 to 18
How we manage risk	pages 42 to 45
Corporate governance	pages 48 to 51

Environmental, social and governance (ESG) continued

Our sustainability strategy

Materiality

We have conducted a materiality assessment to identify the material and emerging ESG issues relevant to our business, our stakeholders and the societies in which we operate.

CentralNic performed the materiality assessment according to GRI 2021. This exercise allowed the Group to identify the most significant impacts on the economy, environment and people, including human rights, as a result of its activities and business relationships. The process comprises four steps.

1) Understanding the organisation's context

The Group conducted a mapping exercise that defined a preliminary list of material topics based on industry-specific frameworks such as SASB Software and IT services and SASB Internet and Media services. Also, a benchmark of the most relevant peers and stakeholders was conducted. This process helped the organisation to consider the impacts commonly associated with the sector. This phase took place in a series of workshops guided by experts where critical organisation members were involved.

2) Identification of impacts

The organisation involved internal and external stakeholders in identifying impacts. A survey was used to capture the impact's dimension (environment, economy and people), the type of impact (positive, negative, actual and potential) and the likelihood of the impact occurring. The total participation rate of the survey was 61%, where internal stakeholders rate was 64% and external stakeholders 50%.

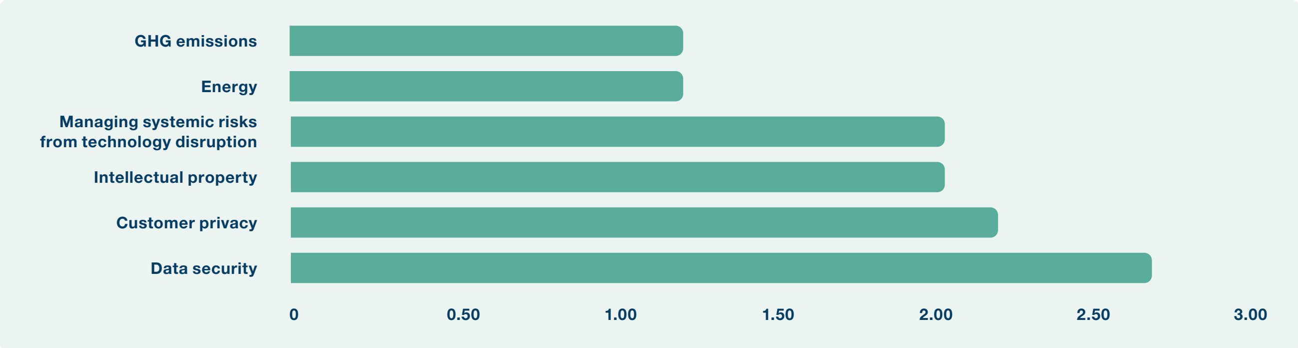
The likelihood represents the chance of an impact happening. The organisation used a qualitative method to measure this concept. The hierarchy used was: not likely, likely and very likely. The organisation validated the survey results through round table discussions moderated by a panel of experts and interviews with relevant organisation members and external stakeholders.

3) Assessment of significance

CentralNic assessed the significance of the impacts based on their severity defined by their scale, scope and irremediable character. The organisation assigned a score for each topic and category (1: low, 2: medium, 3: high).

The concept of scale refers to how severe a negative impact is (or could be), or how positive an impact is (or could be).

The scale of a negative impact can depend on whether the impact leads to non-compliance with laws, regulations or authoritative intergovernmental instruments.



The organisation also considered the context in which the impact took place to determine the scale scoring.

The scope represents how widespread the impact is (or could be). This typically refers to the number of individuals or the extent of environmental resources that are or could be affected.

Irremediable character means how difficult it is for the organisation to counteract or make good the resulting harm. This concept applies only to negative impacts.

4) Prioritisation

The topics were prioritised based on the average score of scale, scope and irremediable character (when applicable). The Group has prioritised negative impacts and positive impacts separately. The threshold used to consider a topic's significance corresponds to those topics scored from medium to high.

Prioritisation of negative impacts

Material topic	Significance score
Data security	2.67
Customer privacy	2.33
Intellectual property	2.00
Managing systemic risks from technology disruptions	2.00
Energy	1.33
GHG emissions	1.33

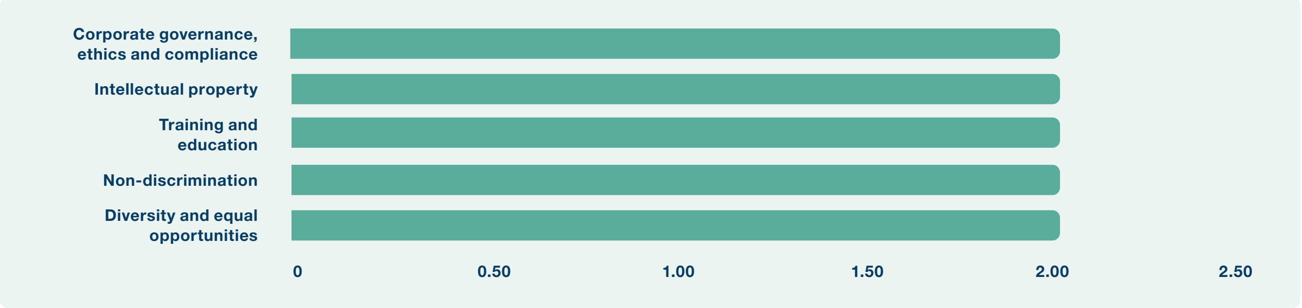
Environmental, social and governance (ESG) continued

Our sustainability strategy continued

Materiality continued

Prioritisation of positive impacts

Material topic	Significance score
Diversity and equal opportunities	2
Non-discrimination	2
Training and education	2
Corporate governance, ethics and compliance	2
Intellectual property	2



The Group is committed to addressing today's sustainability challenges and opportunities, adjusting our business strategy accordingly. Understanding the needs of key stakeholders and the expectations they have is central to ensuring CentralNic prioritises the most critical issues and operates a responsible and sustainable business.

Our sustainability strategy was developed around our priority sustainability topics and associated Sustainable Development Goals (SDGs). We sought stakeholders' views in determining the materiality of different topics, having undertaken an in-depth analysis of the SDGs to identify opportunities for shared value creation. Our materiality assessment followed best practice, involving our leadership team and a broad range of external stakeholders.

The Group's sustainability framework – aligning with the UN Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) were launched in 2015 by the United Nations (UN), aiming to end poverty and create a life of dignity and opportunity for all. The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilise global efforts among governments, business and civil society around a common set of targets.

Group activities align most closely with six UN SDGs covering the themes of resilient, inclusive, sustainable and innovative industrialisation, together with good health and wellbeing, gender equality, decent work and economic growth, responsible consumption and production and climate action.

We have already made progress towards advancing these goals. The actions we have taken and our performance across these areas are covered over the following pages. Aligning our sustainability strategy with the UN SDGs will help guide our future activity to ensure we continue to create sustainable, shared value for all stakeholders.

Environmental, social and governance (ESG) continued

Our sustainability strategy continued

The Group's sustainability framework – aligning with the UN Sustainable Development Goals
continued

UN Goals	How CentralNic contributes
Good health and wellbeing	Health and wellbeing are embedded in CentralNic's strategic people priorities, and contribute to its core sustainability mission
Gender equality	CentralNic is committed to ensuring equal opportunities for all, irrespective of gender, and to maintaining a culture of inclusion, in which diversity is seen as a strength
Decent work and economic growth	CentralNic employs over 800 employees across the globe. Our employees are crucial to delivering our sustainability goals and mission. CentralNic has been for many years, and continues to be, on a steep growth trajectory. Our people are central to helping us continue to build our services and we are committed to providing the best and most inclusive environment in which to work.
Sustainable development	CentralNic is at the forefront of innovation within the online marketing and domain industry. Our mission is to help online consumers make informed choices, demonstrating our commitment to effective digital work and social practices, such as data privacy
Responsible consumption and production	CentralNic makes sustainability a key factor when managing suppliers
Climate action	CentralNic is taking action to reduce its GHG emissions whilst also investing in green energy projects

Environmental, social and governance (ESG) continued

Climate-related financial disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board to improve reporting of climate-related risks and opportunities.

CentralNic has structured its climate disclosures according to the TCFD recommendations, believing that good quality information about its climate-related risks and opportunities supports Shareholders to make long-term investment decisions.

A big part of holding ourselves accountable is taking a leadership position on disclosure. We adopted TCFD reporting ahead of time on a voluntary basis and will continue to be proactive in our reporting.

Recommendation

Governance
Disclose the organisation's governance around climate-related risks and opportunities

a) Describe the Board's oversight of climate-related risks and opportunities.
b) Describe management's role in assessing and managing climate-related risks and opportunities.

Strategy
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

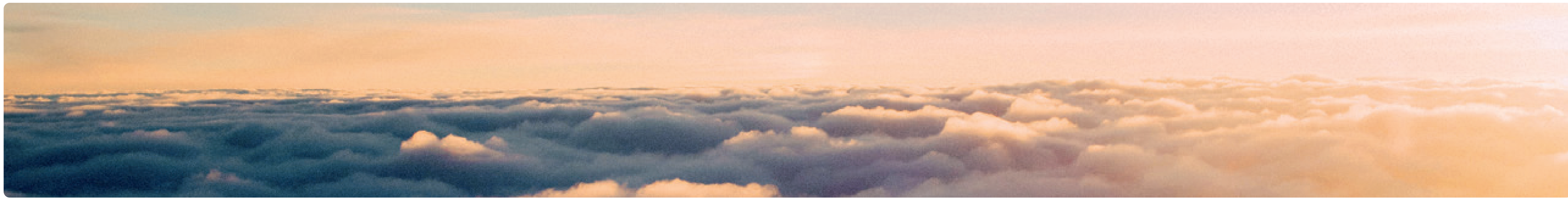
Recommendation

Risk management
Disclose how the organisation identifies, assesses and manages climate-related risks.

a) Describe the organisation's processes for identifying and assessing climate-related risks.
b) Describe the organisation's processes for managing climate-related risks.
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

Metrics and targets
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.



Environmental, social and governance (ESG) continued

Energy consumption reduction

Streamlined Energy and Carbon Reporting (SECR)

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, we are mandated to disclose our UK energy use and associated greenhouse gas (GHG) emissions. Specifically, and as a minimum, we are required to report those GHG emissions relating to natural gas, electricity and transport fuel, as well as an intensity ratio, under the SECR regulations.

Methodology

CentralNic Group Plc appointed ClimatePartner, a leading carbon and energy management company, to independently assess its GHG emissions in accordance with the UK Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance'.

ClimatePartner has conducted the 2022 carbon footprint calculation on behalf of CentralNic including activities relevant to their Streamlined Energy and Carbon Report for FY22. The activities of all CentralNic global sites and full-time employees (FTEs) were included in the calculation. The calculation was conducted in accordance with the GHG Protocol Corporate Standard and HM Government's Environmental Reporting Guidelines (March 2019).

CentralNic previously reported its GHG emissions using the financial control methodology but this year has decided to move to the operational control methodology. The operational control methodology allows the Group to account for 100% of its emissions from those operations that it has control over even if it does not have authority to make changes.

Furthermore, the Group has improved the quality and availability of data during the assessment process to ensure that a clear picture is provided on its GHG emissions. Better quality data will help the Group understand the major drivers of its emissions and make its carbon reduction plans more impactful.

This gives a more accurate picture of the Group's impact and a better baseline for future carbon reduction efforts, but also results in the previous year's emission data not being comparable.

Results

This is the third year CentralNic Group Plc has assessed its emissions. In 2022, the hybrid model of working was adopted, which saw more employees commuting to the office as well as restrictions being lifted on travel. The UK operations have also grown considerably. Finally, the allocation of emissions has changed due to the change of methodology which results in the previous year's data not being comparable but provides a better baseline for future years. As a result, emissions increased during the year.

The table below shows only the SECR required elements for the UK operations.

Element	2022 (tCO_2e)	2021 (tCO_2e)
Direct emissions (Scope 1)	**60.1**	–
Indirect emissions (Scope 2) – Purchased electricity	**8.9**	8.6
Total tCO_2e (Scope 1 and 2)	**69.0**	8.6
Other indirect emissions (Scope 3) – Employee-owned car travel	**2.8**	0.5
Other indirect emissions (Scope 3) – Transmission and distribution of electricity	**5.0**	0.8
Total tCO_2e (Scope 3)	**7.8**	1.3
Gross total tonnes of CO_2e	**76.8**	9.9
Tonnes of CO_2e per UK employee	**0.7**	0.1
Tonnes of CO_2e per UK revenue (in USD million)	**2.0**	1.5
Total energy consumption (kWh)	**334,188**	42,719

Scope 3 emissions are indirect GHG emissions which we cannot control but may be able to influence. As Scope 3 emission reporting is an ever-evolving space, CentralNic is looking at the best way to collect this information going forward. This year has seen an increase in our carbon emissions, partly due to the increased quality of data collected around Scope 3 emissions and the changes in the methodology used to calculate carbon emissions. In the meantime, we continue to encourage all our suppliers to reduce their carbon footprint and take sustainability into consideration throughout the supplier management process.

Tree plantation programme

CentralNic continued to contribute in 2022 to a global tree plantation programme, Eden Reforestation Projects (EFP). In this effort, CentralNic helped EFP in its mission to plant trees around the world in Ethiopia, Madagascar, Nepal, Haiti, Indonesia, Mozambique, Kenya and Central America.

Environmental, social and governance (ESG) continued

Energy consumption reduction continued

Group GHG emissions

We have also assessed the emissions of the Group as a whole using the same methodology. The table below summarises the GHG emissions of the Group.

There are a few factors that contributed to the increase in carbon emissions in 2022, including the growth of the Group during the year. 2022 was also the first year after the COVID-19 lockdowns that we opened up our offices for our employees, implemented hybrid working and lifted the internal restrictions on travel. Finally, the methodology used to calculate emissions was changed in 2022 from the financial model to the operational model and included more data on our Scope 3 emissions worldwide.

The operational model allows for more accurate emissions estimates than the financial model and, as such, this year's data more accurately represents the impact of the Group on the environment albeit not comparable to last year's data as a result.

Taking the above into account we have also calculated the same metrics for the Group, adjusting for travel and employee commuting, which we feel makes the numbers more comparable:

Element	2022 (tCO_2e)	2021 (tCO_2e)	
Gross total tonnes of CO_2e	**2,998**	1,072	+180%
Tonnes of CO_2e per Group employee	**4.1**	1.7	+141%
Tonnes of CO_2e per Group revenue (in USD million)	**4.1**	2.6	+58%

Energy efficiency

We take our carbon reduction commitments seriously and have already started taking steps to ensure that there is a reduction on the intensity metrics of our carbon emissions in the coming years. Some of our goals for 2023 to improve energy efficiency are:

- we aim to switch all sites to renewable energy in an effort to reach net zero for our Scope 2 emissions. As of 2022, approximately 25% of our sites operate on renewable energy already;
- given that we are embracing the hybrid working model, the Group will also be closing some of its offices in 2023 in an effort to reduce Scope 3 emissions as they relate to employee commuting. We will further look into employee incentives for greener commuting alternatives to the remaining sites as well as using green energy when homeworking; and
- our travel policy continues to allow only essential business travel and encourage employees to use greener methods of travel where available. As a result we expect to see a reduction in the emissions related to business travel.

Element	2022 (tCO_2e)	2021 (tCO_2e)	
Gross total tonnes of CO_2e adjusted (excl. travel and employee commuting)	**1,483**	1,072	+38%
Tonnes of CO_2e per Group employee	**2.0**	1.7	+18%
Tonnes of CO_2e per Group revenue (in USD million)	**2.0**	2.6	-23%

Carbon neutrality

Following the review conducted by ClimatePartner on the GHG emissions of the Group, CentralNic decided to offset these emissions by investing in clean cookstoves, nationwide in Uganda. You will find more information on this project and its impact here: https://fpm.climatepartner.com/project/1448/en. CentralNic is a certified Carbon Neutral Company.

Carbon neutral
Company
ClimatePartner.com/21709-2303-1002

Environmental, social and governance (ESG) continued

Creating a business where work is purposeful, rewarding and fun

Our people and culture

We are a complex group of many legacy companies and during 2022 we built on past work to make further strides uniting everyone behind a common purpose, vision and clear values. Our aim is to transform and underpin our over-arching organisational culture and to ensure we have the capabilities we need to be truly future fit. This work continues into 2023 as we build for future growth through appropriate focus on synergies and efficiency across the Group.

The executive team is committed to building a culture, purpose and heartbeat that our people feel proud to be part of and are motivated to deliver the results our stakeholders deserve. Our talented and dedicated people are central to our success and as we further embed our culture and grow our capabilities to deliver our strategy, our employees' wellbeing, happiness, pride and spirit of togetherness remain paramount.

In 2023, we will continue to concentrate on employee engagement to create an inspiring culture that we are immensely proud of and where all our people feel valued and empowered to be their best selves. Our people, financial and sustainability goals for 2023, translated into corporate objectives and key results on which we will be measured, will continue to support our Company performance, ambition and purpose.

Our Culture Ambassadors have continued to build on their work in 2021, helping to embed our new values in the wider Group with various activities, providing the values lens on our new initiatives. Activities have included competitions around our new values #growth and #resilience. Our now annual 'March into March' competition, this time comprising teams across the global business to help people feel better connected, both encouraged and created opportunities for people to (re) build their personal networks across the wider business, something that was curtailed during the pandemic.

Attraction and retention

Belonging

We offer everyone the opportunity to grow and thrive every single day. We are a people organisation where relationships matter and people feel they belong. We strive to have a kind and caring culture and go out of our way to ensure that people feel supported by working hard to create the conditions for everyone to do their best work.

Very often our people chose to stay here for many years; in fact, more than 30% have more than five years' tenure and just under 100 people have more than ten years in the Group. Others chose to rejoin as they miss our unique environment, where a collegiate and collaborative atmosphere marry perfectly with our ambitious performance and growth goals. We understand why people return and we are delighted when they do.

In our most recent employee engagement survey we have a score of 76%, based on responses to the statement: "I would recommend CentralNic as a great place to work". To keep us true to our word, we regularly take the pulse of our business, listening to what our people think and using this information to make the improvements we need to. We are looking forward to the results of our 2023 survey so we can ensure we are continuing to build a better working environment where we continuously improve together.

Given our many acquisitions, in 2022 we were pleased to see an engagement of 63% but we know this is something we need to concentrate on during 2023. We hopefully anticipate a positive increase in this percentage in our next engagement survey. However, after a tough global talent market in 2022, whatever the results, both our belonging and engagement measures will remain a key focus for us in 2023.

Our evolving future flexible way of working

During 2022 we decided to purposefully design and plan our way out of the pandemic and create a way of working that supported a high performance culture, enabling us to be our best, whilst delivering for all our stakeholders.

To do this we listened to everyone, everywhere, and teams have together created their culture canvases, determining how they can deliver their best work – taking the things they do best together and the things that are best done without interruption.

Environmental, social and governance (ESG) continued

"We listened to everyone, everywhere, enabling us to purposefully design and create our future way of working."

Our people and culture continued

Our evolving future flexible way of working continued

In 2023 CentralNic will be enabling several opportunities to come together during the year whilst also being mindful of our impact on our planet.

In 2022 we invested in our technology to further improve our working practices and harmonise our businesses under the one collaborative tool. Social connectivity remains significant for our people and therefore individual teams, as well as the Group, are working hard to ensure our people come together on a regular basis to engage, collaborate, innovate and of course have fun. Importantly, our working practices are being increasingly harmonised with fit-for-purpose processes and will be measured by our performance against our OKRs which help ensure everyone is aligned and concentrating on the things that will deliver our strategic goals.

2023 kick-starts the programme of aligning our office locations and facilities to better support our flexible working model, with some inherited offices closing as they no longer support our needs and creating more user-friendly hubs in key locations. Our aim is to ensure everyone has access to flexible collaboration space supported by state-of-the-art technology, ensuring everyone stays connected wherever they are and reducing the environmental impact of unnecessary travel.

All office refurbishment plans will support our commitment to minimise the environmental impact of our footprint, both during and after any changes. Additionally, as part of any redevelopment or selection of co-working spaces, we plan to ensure our spaces have proper soundproofing, muted colour palettes and softer lighting and acoustics to create working environments in which neurodiverse team members can thrive.

These improved working spaces will clearly benefit our people and any money saved can be allocated to supporting our people with additional costs incurred when working more frequently from their home offices, especially in times of ever-increasing costs of living.

Health and wellbeing

Our approach to health in the workplace recognises that it is a complex blend of physical, psychological and social factors.

We offer a variety of programmes that support employee wellbeing and encourage healthier lifestyle choices for all of life's everyday moments.

Responding to questions in our future of work survey, 86% of employees strongly agreed that "their manager genuinely cares about my wellbeing". This year our managers received training around the importance of looking after their mental health as the first step to helping recognise issues in others and the tools available to support them when needed.

We recognise that whilst our employees predominantly prefer to work remotely, many people have struggled to find the right rhythm between work and personal life. To address this, our manager-facilitated team sessions helped teams determine their most effective future working models together with working practices, rituals as well as commitments to their stakeholders and to each other. We believe supporting our people to take ownership is critical, not just to maintaining a sustainable way of working, but also in ensuring our people are happy, engaged and motivated.

Through Telus Health, our global employee assistance programme, we provide employees and their dependants additional resources and advice on how to deal with complex work, health, financial or life situations. It is completely confidential and offers tailored support in case of need with an experienced adviser available 24/7.

2022 continued to be a challenging year for employees. The pandemic and the changing world economic situation have tested our resilience and that of our people. We have seen encouraging signs of positive employee behaviour around engagement with health and wellbeing with over 150 employees taking part in our March into March competition to get active together, encouraging teams to socially connect across the business, with over 4.3 million steps recorded.

Once again, recognising some people have struggled to switch off during 2022, we facilitated an annual shutdown over the 2022 year-end holiday season, gifting everyone an additional day off.

Environmental, social and governance (ESG) continued

"Our focus is on helping people feel more informed, motivated and engaged."

Our people and culture continued

Stay informed

One area of improvement identified in our 2021 survey was the need to better explain what we do as a business and our future plans. To address this, in 2022 we hired an internal communications expert to help us better communicate with everyone in our business, helping people feel more informed, motivated and engaged. With the launch of CentralNic-Engage in Q4 and our revamped internal newsletter, we continue to evolve our efforts to keep in touch. We have actively solicited feedback after all key events such as town halls and have held live Q&A sessions at the end of the every town hall. The feedback is extremely valued and informs how we shape the areas we concentrate on as we move forward.

In 2023, we will be excited to launch our Company intranet site, CentralNic University, exploring the many opportunities this will provide us to ensure a fast and relevant symbiotic flow of information, ensuring our people feel at all times consulted, informed and able to voice their opinions.

In 2021, our people told us they wanted more opportunities for learning and development to help their careers along. So we established our Learning & Development function, gave everyone access to thousands of courses via LinkedIn Learning, built modules around career and growth conversations (attended by 450 last year), provided English language lessons and bespoke training for our managers to help them lead their teams into the future.

Since the last survey we have also ensured our hiring process is inclusive and far more transparent by making our roles available for everyone to see. We're happy to say that 33 people were promoted in 2022 and we have enabled 20 internal moves.

Our people also said they wanted to know more about the work we do around our ESG commitments, so we've shared updates on the great work financed and supported by our SK-NIC fund, our contributions to the Red Cross to support Ukraine and how we're working to keep our global travel down to reduce our carbon footprint.

People love our approach to flexible working, and since the survey we have enabled even more flexibility with each team deciding how they would work based around what they do best together, what they can do better apart and working to create the moments that matter. We also enabled everyone to request time working in another country and to date many have taken advantage of this. We have also facilitated six relocations to other countries where we have a CentralNic payroll.

Our efforts will not stop here and in 2023 we want to listen to our employees and their ideas about how to create a more diverse and inclusive working environment. Through the work already done in our hiring process, we want to ensure our culture and ways of working promote and support increased racial, ethnic and cultural diversity in the business. This year, despite a challenging talent market, we worked hard to ensure diverse talent shortlists for all our roles, specifically targeting key talent platforms such as Women in Technology to attract great female talent and have ensured that our routes to market and hiring processes ensure we select the right skills for each role.

Environmental, social and governance (ESG) continued

“We strive to provide exceptional growth and development for our people to attract and retain the best and brightest talents.”

Our people and culture continued

Our offering

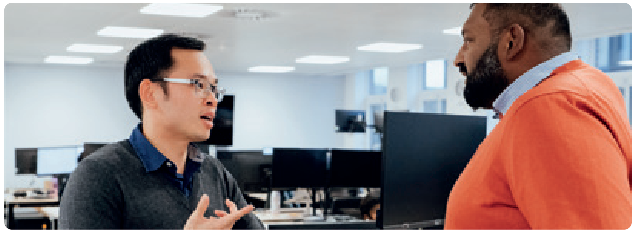
CentralNic's employees are critical to the Group's success and the Board believes values-aligned hard work and dedication should be recognised and rewarded in a fair and consistent way. During 2022, more than half our roles were graded, levelled and benchmarked to the local markets, providing a clear view of our numerous inherited reward practices enabling us to design a path to align these to CentralNic's reward philosophy.

2022 saw the launch of our Group variable plan, bringing existing parts of the Group under the one plan based on Company and personal performance. This move enabled over 200 additional employees to share in the short-term success of the business through cash bonuses and the longer-term growth through the increase in our share price. Our 2022 acquisitions will be included in 2023.

Additionally, our global benefits were reviewed to ensure what we offer is attractive, and more importantly, valued by our people. It was clear that by moving to a increasingly flexible way of working, office-based benefits were less attractive to many of our people.

In 2022 we implemented a number of changes to our overall offering, such as aligning the UK employees to a more market-competitive 25 days' holiday and in 2023 we are looking to continue making improvements to our employee value proposition.

As part of this review, we plan to partner with a global benefits platform to provide the freedom of choice, ensuring our people get access to the benefits they personally value and which motivate them to do their best work, a goal that is of paramount importance to us.



Growing our capabilities

Underpinning both employee engagement and a sense of belonging is our belief in growth and development. In 2022, we made significant investments of time and money to ensure that these values were embedded in our DNA. Our employees are encouraged to take ownership of their continued personal development, #growthmindset, and our ever-available suite of online learning tools ensures people can develop. We support this with on-the-job training and targeted training provided by external suppliers where and when necessary. In 2022 CentralNic was in the top percentile of LinkedIn Learning user engagement and we facilitated over 3,000 hours of English language training, alongside other internal training, which is testament to our people's desire to grow.

To support this, our employees are encouraged to take ownership of their personal development and have continuous, future-focused check-ins with their managers, helping everyone to learn from things that have not gone so well and celebrate success. Everyone's work is aligned to our corporate goals through our OKR process and our individual development goals reflect both the skills we need to deliver the corporate goals as well as our personal goals. Aligning everyone under our OKRs and facilitating robust processes to measure these, enables our working model to succeed.

We, like many companies in 2022, had to work hard to keep the right skills and capabilities in our business to maintain our workforce resilience and to not impact our ability to deliver our long-term strategy.

We continue to evolve our talent development programme to ensure every employee has the tools and support to be the best they can possibly be. Internal people development programmes such as our Management Academy are underway to ensure we have good managers and to help build our future leaders pipeline. Future modules focus on wellbeing, diversity and inclusion, together with a comprehensive programme of workshops, expert speakers, mentoring, networking and practical projects are planned in 2023.

In 2023 we will be rolling out our career framework, recognising two clear growth routes to leadership, being management and professional. Our agile performance approach will support our employees as they take ownership of their personal development.

We will continue to evolve our talent development to ensure we have the right skills in the business to deliver our future aspirations and a rich pool of talent ready to step up into new roles created by our growth.

Environmental, social and governance (ESG) continued

"Creating a culture of inclusion where diversity is seen as a strength."

Our people and culture continued

Talent attraction

In 2022 we also invested in our talent acquisition team, having previously relied exclusively on external agencies. The final quarter of 2022 saw only 13% of our hiring through agencies and a massive decrease in our cost and time to hire. We will continue to build on this success in 2023, including projects to grow our own talent, raising our brand recognition in the talent marketplace by engaging more purposefully with future talent and ensuring our employee value proposition is compelling.

Always inclusive

We want everyone to feel that they belong and that the Company is inclusive to all its employees. This means allowing ideas to be shared, celebrating our differences and similarities and empowering talent from all diversities to thrive. We have concentrated our efforts in 2022 towards raising awareness of unconscious bias in our hiring processes and the impact this can have on our business, actively working with our talent acquisition teams and hiring managers to ensure where possible we have mixed gender shortlists. For full transparency and equal opportunity, we advertise all roles internally and have a supportive process to enable our people to apply for roles. In 2022 we facilitated 33 promotions and 20 internal moves, as well as enabling six relocations to another country within our Group.

We are very proud to have over 40 nationalities across our business, speaking more than 30 different languages. We are committed to achieving gender balance in leadership. This year, we were delighted to appoint our first female, Claire MacLellan, to our Group Board of Directors, and we have achieved a representation of 37% women in Senior Management positions across our business.

However, we know that in this area, and indeed our overall efforts in respect of diversity and inclusion, we can do more and in 2023 have designed several programmes to ensure that we devote our efforts in this key area for improvement.

The gender balance at year end 2022 was 35% female and 65% male, and whilst 35% is above industry average for women in the technology sector, this will be a focus for the Group as we move into 2023 and beyond.

We are pleased that our Senior Management team (Executive minus one) has increased its female number by approximately 12% from 27% to 37% in 2022. However, this remains below our expectations and through our new career structure, manager training and talent programmes, we plan to further address this during 2023.

Our age demographic remains diverse with our largest population between the age of 36-45 (38%) with the second group in the 27-35 age bracket (34%) and 19% over 46. However, with only 7% of our global workforce younger than 27, this means we have an opportunity to extend our successful internship programme beyond Poland in 2023 to ensure we are benefiting from a tech-savvy generation to help us remain innovative and future fit.

To support our desire for inclusivity, in 2023 we will be launching a campaign to encourage our people to declare their diversity inclusion data in our systems; our goal being to capture gender, ethnicity and religion, to help give us a true reflection of our employees and be able to determine our key areas of focus. With this data we will be able to introduce the lens of diversity as part of our talent review, pay progression and performance, helping us further remove any bias from our processes. We look forward to providing more insights in future reports around our inclusive nature.

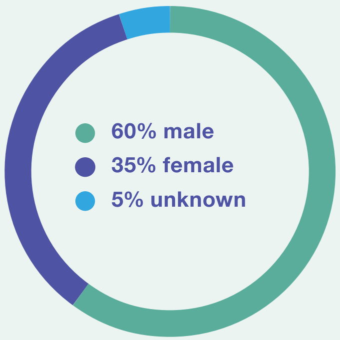
Our 2023 plans will evolve our current attraction and retention strategy, particularly within our senior manager population where representation is at its lowest. We will be looking at updating our existing career site to make it more attractive and inclusive to all facets of diversity.

We will be monitoring and measuring the lifecycle of our recruitment process as well as our internal promotions process to understand the barriers and put actions in place to remove these. We will also be taking further steps to attract, retain and develop great female talent to build a pipeline of female leaders for the future, helping us move towards our goal of gender-balanced leadership.

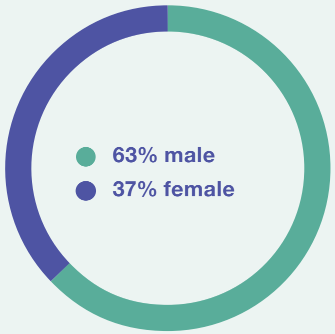
Environmental, social and governance (ESG) continued

Our people and culture continued

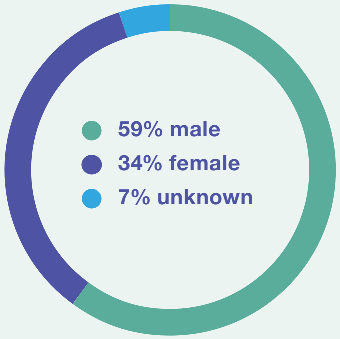
Group gender diversity



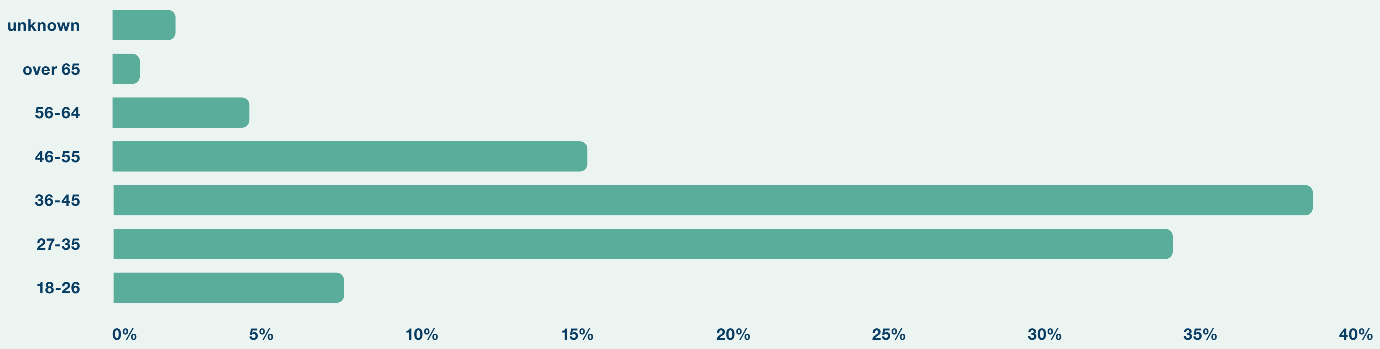
Senior leadership gender diversity



New joiner diversity



Age diversity



Gaëlle Lallement

In 2023 Gaëlle will begin an exciting newly created CEO position leading the integration of three companies – Team Internet AG, Aporia, and TrafficClub – into a single cohesive pillar in the broader context of CentralNic's operations.

Alongside this promotion, she will also join CentralNic's senior leadership team.

Previously CEO of Team Internet within CentralNic Group, Gaëlle's focus was on supporting the transition from a start-up to a more established organisation during a period of rapid growth. "Throughout my time at Team Internet, I have had the privilege of working closely with talented colleagues and leaders who have shared my commitment to driving the company's growth and success," Gaëlle says. "As a result of our collaborative efforts, we have achieved significant milestones and established ourselves as a leading player in our industry."

"I am proud of the impact that our work has on the digital world. We are helping to shape the future of the internet, and to create new opportunities for businesses and individuals around the globe. This sense of purpose and impact is deeply motivating, and it inspires us to continue pushing the boundaries of what is possible."

Environmental, social and governance (ESG) continued

Our people and culture continued

Fair pay and living wage

We can confirm that everyone is paid a living wage or above, and through our aligned annual salary review process we ensure everyone is appropriately and fairly rewarded for their contribution. Based on our review of the 2022 salary review outcomes we know our people are paid a local market salary and we are confident we reward people equally for equal roles.

Nevertheless, due to the variation in pay rates across different job roles, coupled with the difference in the gender composition of these roles, a gender pay gap exists. The primary driver of this is the structure of our workforce which, in line with the industry we operate in, is weighted towards product and technology, where the balance of the workforce is predominantly male (70:30). We hope that in 2023 we will be in a position to report on our ethnicity pay gap.

Being able to report on these areas is a priority going forward, to provide our stakeholders with the transparency required and ensuring we are truly the diverse business we strive to be.

This means we have worked with our partners in 2022 to improve and implement steps to ensure equal pay and gender pay is addressed. Our annual review process contains benchmarking for each role, ensuring salary increases are based on role, not the individual, and this more data-driven approach helps managers ensure balance on gender when allocating salary awards.

Giving back

In our 2021 employee survey, it was clear that whilst we do a lot of community work in our local businesses across the business, our people were unaware of what we did. During 2022, we have proactively highlighted the many things that we do, enabling employees to support their communities through matched fundraising.

Like many businesses, following the invasion of Ukraine we immediately suspended our business links with Russia and our people rose to support the many challenges faced by the people of Ukraine, providing accommodation and food to many families fleeing Ukraine to both neighbouring and countries further away. We proactively targeted our opportunities on Ukrainian job sites, offering support, sponsorship and retraining for people needing work and as a result have increased the number of Ukrainian employees during 2022.

The Company values and OKRs incorporate the principles of corporate social responsibility and sustainability and help guide the Group's relationships with its clients, people and the communities and environment in which the Group operates. Our approach to sustainability addresses both its environmental and social impacts, supporting the Group's vision to remain an employer of choice, while meeting client demands for socially responsible partners. The Group respects local laws and customs while supporting international laws and regulations. These policies have been integral in the way Group companies have done business in the past and will continue to play a central role in influencing the Group's practice in the future.

Values

Ownership
We take the initiative and are accountable for achieving the best outcomes for our customers, partners, people, company and world.

Impact
Driven by a passion for the immense potential of the internet, technology and our own resources, we seek to make an even bigger and more positive impact.

Collaboration
We nurture connections with our colleagues, customers, partners and community, underpinned by common goals, transparency and inclusiveness.

Growth
We rapidly evolve to increase the scale and scope of our activities, providing an ever-growing number of customers globally an increasingly comprehensive service.

Resilience
We support the current and long-term success of our customers with dependable, recurring services based on stable, stakeholder-sensitive and future proof systems and technologies.

Environmental, social and governance (ESG) continued

Engaging with our communities

Internet accessibility

In line with the United Nations Broadband Commission's objective of providing affordable internet connection to the 50% of the world that is still offline, CentralNic actively provides and expands its internet services in virtually all developing countries around the world.

We believe that the internet is a pivotal instrument for improving the human condition, and developing countries can benefit greatly from broader access to information, business and trade communications and effortless connectivity with people around the world.

Global cybersecurity initiatives

CentralNic employs multiple anti-abuse and compliance teams around the world to set policy, and monitor and enforce compliance with our own policies and those of partners and regulators, as well as applicable laws.

CentralNic has adopted extensive policies for protecting users from digital fraud and other forms of cybercrime. The Group actively co-operates with international organisations on protecting users against cyber threats. For example, the Group has partnered with eco – Association of the Internet Industry on the TopDNS initiative, which aims to fight DNS abuse through education, awareness, collaboration and operationalisation. The stable, safe and secure operation of the DNS has proven to be the foundation of the internet as a universal public resource.

The Group has a strict policy of adhering to local laws and regulations in every jurisdiction in which it operates, and co-operates with national regulators and law enforcement, as well as third party reporters.

CentralNic has partnered with leading cybersecurity vendors and law enforcement organisations against global cybercrime. The Group regularly participates in joint efforts for taking down internet domains used by illegal actors and disabling (sinkholing) botnets operated by cybercriminals.

Data privacy

Data privacy is a fast-evolving subject, with regulators and industry leaders setting the pace. CentralNic stands behind the transition towards data privacy by employing dedicated staff and retaining recognised advisers to constantly stay ahead of the curve for its internal compliance. CentralNic also provides modern online marketing tools that allow advertisers to successfully promote their products and services without a need to intrude into consumers' privacy.

Environmental, social and governance (ESG) continued

Engaging with our communities continued

World Economic Forum

Since 2020, CentralNic has been an active member of the World Economic Forum (WEF), the world's leading international non-governmental organisation for public-private co-operation. The Forum's commitment to improving the state of the world resonates deeply with CentralNic's mission to help as many people as possible realise their aspirations online.

Company executives and experts work closely with the World Economic Forum's team and members, including the world's 1,000 largest companies, prominent policymakers, academics and other leaders of society to shape global, regional and industry agendas.

Among such projects are the WEF's Partnering Against Corruption Initiative and the Global Future Council on Transparency and Anti-corruption, bringing the world's leading private-sector organisations together with government officials and academia to enact anti-corruption policy and recommendations, helping shape the global anti-corruption agenda. CentralNic's experts are actively involved in these initiatives, contributing their expertise and insights, and participating in working meetings and discussions.

ICANN

ICANN, or the Internet Corporation for Assigned Names and Numbers, is a global multi-stakeholder organisation that co-ordinates the Internet DNS and IP addresses devoted to the security, stability and interoperability of the global internet for the benefit of all, values that resonate perfectly with CentralNic's beliefs. CentralNic is therefore an active supporter of the ICANN multi-stakeholder model of internet governance and has been actively and constructively contributing as a sponsor of the ICANN meetings and as a participant in multiple policy development working groups on issues such as the development of a new domain name transfer policy, the introduction of the new top-level domains, and the development of a standardised registration data request service.

International Telecommunication Union

CentralNic is a member of the International Telecommunication Union (ITU) which is the United Nations' specialised agency for information and communication technologies. ITU is committed to connecting all the world's people – wherever they live and whatever their means – which strongly resonates with CentralNic's mission to help create a universally inclusive internet that improves global prosperity, equality and sustainability. We are proud to be a part of ITU's mission to protect and support everyone's right to communicate.

Alliance of Democracies

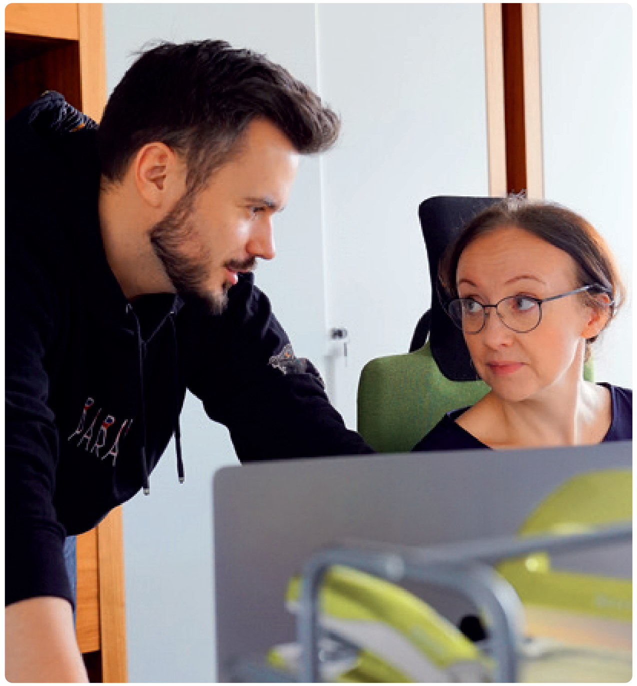
CentralNic is a member and active supporter of the Alliance of Democracies, a non-profit organisation dedicated to the advancement of democracy and free markets across the globe. The Alliance aims to solidify at-risk democracies both through international support and through locally driven economic growth. The programme supports economic reforms and entrepreneurship in emerging democracies and post-conflict areas. The initiative includes the Democracy Tech Entrepreneur Fellowship that seeks to make technology work for democracy.

Ukraine crisis

It is deeply sad to see the impact on the people of Ukraine and our thoughts are with everyone affected. As a business, we responded quickly, by suspending our business links with Russia and donated over USD 178,000 to help the Red Cross get vital support to those affected. We are keeping a close eye on the evolving situation and its effect on the wider global economy.

SK-NIC Fund

SK-NIC, part of the Group and manager of the .sk ccTLD, has made an official commitment to donate 5% of its annual revenue to support the Slovakian digital economy and internet community. Since 2019, CentralNic has donated EUR 1,056,000 (EUR 458,000 in 2022) to philanthropic technology projects, such as accessibility software to enable visually impaired people to use smartphones (Corvus), a nationwide Slovakian online suicide prevention service (IPecko), a dedicated programme launched to help girls prepare for a career in the IT sector, and a specialised training programme for school teachers, enabling them to use modern online tools and technology for remote teaching during the COVID-19 pandemic. SK-NIC Fund has supported 87 projects to date.



Chief Financial Officer's report

William Green
Chief Financial Officer

"Gross revenue, net revenue and adjusted EBITDA increased 77%, 50% and 85% respectively versus 2021, driven by record organic growth.

2022 was another year of record growth for CentralNic across a broad range of key operating and financial metrics. However, the Group's reach should continue to exceed its grasp and there are always higher targets and standards which can be achieved, not only in terms of financial success but also the Group's environmental, social and governance agenda. The Group needs to be able to deliver both; the bar is higher than it was a few years ago. Robust business planning remains at the forefront of the Group's commitment to continue to learn and challenge ourselves.

In the financial year 2022, the Group recorded overall year-on-year growth in gross revenues of 77% from USD 410.5 million to USD 728.2 million. Organic growth was c.60%. Net revenue (gross profit) increased by 50% from USD 118.5 million to USD 177.7 million. Adjusted EBITDA increased by 86% from USD 46.3 million to USD 86.0 million.

Adjusted EBITDA margin on a gross revenue basis increased from 11.3% in the prior year to 11.8%. Expressed as a percentage of net revenue or gross profit, hence excluding pass-through costs such as revenue shares and registry fees, adjusted EBITDA margin increased from 39% to 48%, as the Group begins to benefit from more efficient cost structures and models, leading to increased operating leverage.

The Group continues to convert its notable growth and improving margins into cash generation, with net operating cash flow before tax of USD 85.9 million in 2022 as compared to USD 43.3 million in 2021. Cash at the end of 2022 was USD 94.8 million (2021: USD 56.1 million).

Online Marketing

The fastest-growing segment of CentralNic's business was Online Marketing. Gross revenue in the Online Marketing segment was USD 574.7 million, an increase of 120% over the USD 261.3 million recorded in 2021. Gross profit in 2022 was USD 125.1 million, an increase of 92% over the 2021 figure of USD 65.2 million. The acquisitions of VGL, a niche website portfolio and Aporia during the year further diversified our pool of monetisation partners, including the leading names in e-commerce, as well as publishing partners.

Online Presence

The Online Presence segment yielded gross revenue of USD 153.5 million, delivering a solid 3% increase over the USD 149.3 million recorded in 2021 despite challenging currency headwinds. Gross profit in 2022 was USD 52.6 million, a reduction of 1% over the 2021 figure of USD 53.3 million.

Chief Financial Officer's report continued

Quality of earnings

Conversion of impressive operating growth into increased profitability and shareholder value continues to be high on the agenda of the Group and its investors. The deterioration of EUR and GBP against USD during 2022 posed potentially significant foreign currency headwinds and the notable growth summarised above is particularly pleasing in the light of these challenges.

Group operating expenses excluding foreign exchange, depreciation, amortisation and non-core operating expenses increased 27.0% from USD 72.2 million to USD 91.7 million, as the Group added six businesses during 2022 prior to seeing investment levels begin to plateau towards the end of the year. Non-core operating expenses of USD 8.2 million were incurred during 2022, down from USD 8.7 million in the prior year, despite a higher volume and value of acquisitions in 2022 than 2021. 2022's non-core operating expenses included USD 3.5 million acquisition expenses, USD 3.9 million integration expenses and USD 0.7 million other expenses. The increase in acquisition non-core operating expenses is in step with the six acquisitions the Group made during 2022 and is already comfortably covered by the earnings contribution in the year of those acquired companies.

The level of integration expenses was flat from 2021 to 2022 and these non-recurring investments are under regular review to ensure maximum value is being extracted. The Group has reduced other non-core operating expenses, which in 2021 primarily related to business reviews and restructuring expenses, by more than 50%. Other non-cash expenses included the amortisation and impairment of intangible assets of USD 32.8 million (2021: USD 18.3 million), which includes a USD 3.6 million impairment charge described in note 14. This extraordinary impairment charge is the first the Group has incurred and accompanies a reassessment of the Group's cash-generating units, with a comfortable degree of headroom being demonstrated across all other cash-generating units.

Adjusted EBITDA of USD 86.0 million (2021: USD 46.3 million) has been derived from the operating profit of USD 33.6 million (2021: USD 12.4 million) after adjusting for the following items: a) depreciation of USD 3.0 million (2021: USD 3.5 million); b) amortisation and impairment of intangible assets of USD 36.4 million (2021: USD 18.3 million); c) non-core operating expenses of USD 8.2 million (2021: USD 8.7 million); d) foreign exchange gains of USD 0.8 million (2021: USD 1.6 million); and e) share-based payment expense of USD 5.7 million (2021: USD 5.0 million).

Adjusted diluted earnings per share were 19.81 cents (2021: 11.46 cents) after consideration of non-recurring acquisition costs and acquired amortisation charges. Unadjusted diluted earnings per share were (0.78) cents (2021: (1.56) cents). Further details of the earnings per share calculations are provided in note 12.

Cash flow, net cash and refinancing

Net cash flow from operating activities after tax was higher than the previous year at USD 85.9 million (2021: USD 43.3 million). When adjusted for non-operating and one-off items, in both years the net cash flow from operating activities was in line with expectations relative to adjusted EBITDA. The Group continues to generate adjusted operating cash conversion in excess of 100%.

Investing activities were mainly related to the acquisitions of VGL Publishing AG, a niche website portfolio, Fireball, .ruhr TLD, Aporia and IPMC completed during the financial year.

The net cash inflow totalled USD 43.9 million in 2022 as compared with USD 30.2 million in 2021. Other than acquisitions, for which further details on the fair value are provided in note 25 to the financial statements, the Group had relatively limited capital expenditure. Excluding acquisitions, USD 6.5 million (2021: USD 4.8 million) of property, plant and equipment and intangible assets have been added, representing less than 1% of Group revenue. Further, USD 129.2 million (2021: USD 21.4 million) of property, plant and equipment and intangible assets have been acquired.

Chief Financial Officer's report continued

Cash flow, net cash and refinancing continued

On 31 October 2022, the Group announced it had completed on its refinancing. As part of this, the Group gained access to USD 250 million of funding from a syndicate of banks and fully repaid the EUR 126 million senior secured bonds and drawings under the Group's previous revolving credit facility. The USD 250 million facilities comprise a USD 150 million term loan and a USD 100 million committed revolving credit facility, of which USD 5 million has been drawn down to date. The facilities have an initial maturity date of 14 October 2026 and an option to extend by a further year. The borrowing cost of the facilities is determined by the Group's net leverage, which is initially 2.75% above SOFR, a notable reduction compared to the 7% above three-month EURIBOR for the senior secured bonds it replaces.

In line with the appropriate treatment for translation of a foreign operation into the Group's presentational currency, both the tangible and intangible assets are translated at the closing rate, generating foreign exchange differences as presented in notes 13 and 14 to the financial statements.

Investor relations

The Group continues to engage in a broad range of online investor conferences and during 2022 restarted attendance of in-person investor meetings where possible and not at odds with the Group's environmental protocols.

The Directors believe that the higher-than-mandatory cadence of financial reporting which commenced in 2021 remains reasonable given the Group's fast-paced growth pattern. A Q1 trading update is scheduled for 24 April 2023.

Capital increase, share buyback and dividend

On 28 February 2022, the Group raised gross proceeds of GBP 42.0 million through the successful private placing of 35,000,000 Placing Shares. The Placing Shares were placed at a price of 120 pence per Placing Share, representing a discount of c.10% to the last closing price and the placing was significantly oversubscribed. The net proceeds have been used to fund the consideration and fees in respect of the acquisition of VGL Verlagsgesellschaft mbH and its subsidiaries. Zeus Capital and Berenberg acted as joint bookrunners and joint brokers in connection with the placing.

On 21 March 2022, 2,384,679 additional shares were placed via an Open Offer for existing Shareholders at the same price per share as the Placing Shares, i.e. 120 pence, raising gross proceeds of GBP 3.0 million.

On 30 December 2022, the Group announced its maiden share buyback programme. GBP 4.0 million of ordinary shares were repurchased between 30 December 2022 and 18 January 2023, with the programme announced as completed on 19 January 2023.

On 27 February 2023, the Group announced a proposed final dividend of 1.0 pence in respect of financial year 2022. The Directors anticipate that this maiden dividend heralds the start of a progressive dividend policy

The Group had net assets of USD 167.1 million at 31 December 2022 (2021: USD 114.0 million).

William Green
Chief Financial Officer
24 March 2023

Risks

Effective risk mitigation is at the centre of the Group's operational strategy

Group financial risk management

The Directors review all financial and other risks of the Group, including deposit risk, credit risk, market risk, foreign currency risk and financial instruments risks. Further details of the financial risk management framework are provided in note 29 to the financial statements. The Group's financial instruments comprise cash and various items such as trade and deferred receivables.

Cash flow projections prepared by the finance function are reviewed regularly by the Directors to ensure that there is adequate liquidity to execute the Group's strategy and to meet investment and funding requirements.

Liquidity is primarily derived from cash generated from operations and is supplemented, where necessary, through equity and debt finance, especially in relation to acquisition activity.

Risk	Mitigation	Opportunities
Geopolitical risk Change: Increase	The Group operates geographically distributed operations and maintains global customer and supplier relationships. Crises in individual countries have normally a limited impact on the going concern.	Proven to be a resilient supply chain partner, CentralNic is well positioned as a partner of other international businesses and organisations.
IT and data risk Change: No change	If the Group does not prevent security breaches or becomes susceptible to cyber-attacks, it may be exposed to lawsuits, lose customers, suffer harm to its reputation, and incur additional costs. Unauthorised access, computer viruses, accidents, employee error or malfeasance, intentional misconduct by computer 'hackers' and other disruptions can occur that could compromise the security of the Group's infrastructure or confidential information. In order to mitigate these risks, the Group has created a resilient network infrastructure. Key platforms of the Group have been certified under ISO 27001/2013 for data security, ISO 27017 for cloud security, ISO 27018 for cloud privacy, PCI DSS Level 1, and SOC 1, SOC 2 and SOC 3, as the case may be, thereby mitigating risk by adherence to international best practice. The Group conducts independent IT audits on new acquisitions and from time to time on its existing businesses.	The Group continues to further streamline and consolidate its data and security policies. As IT and data standards and regulations are introduced or evolve, the Group uses this as an opportunity to enhance its products and services.
Technology risk Change: Increase	Development of new technology in the field of, for example, AI presents a higher risk of the Group's technology becoming obsolete over time. The Group is already operating in a primarily AI driven environment and continues to invest to remain at the forefront of technological development.	The Group plans to continue to invest in AI to drive competitive revenue growth and operating leverage.

Change in risk: Increase Decrease No change

Risks continued

Risk	Mitigation	Opportunities
Salary inflation Change: Increase	The Group leverages its presence in different countries through various time zones to attract the right talent where it is available at the right cost. The Group continues to focus on making improvements to its employee value proposition. Further, it continues to automate repetitive processes.	The Group actively engages with its employees on reward and recognition, thus ensuring that salary is only one component of an attractive remuneration package.
Foreign currency risk Change: No change	The Directors note that the Group predominantly trades in USD, EUR, GBP and AUD, and considers the exposure to foreign currency risk to be acceptable. The Group holds reserves in each of these currencies to meet trading obligations as required. The currency risk is actively monitored through a periodic review of inflows and outflows by currency, including an assessment of the extent to which currencies are naturally hedged across the Group's business lines. Where this is not the case, consideration is given to the use of hedging instruments and, where available at reasonable terms and conditions, the Group has entered into hedging agreements.	The Group continues to deploy increasingly sophisticated tools for monitoring cash balances and to carry out cash flow forecasting. The full implementation of these tools will allow for increased analysis of the Group's foreign currency reserves, thus further enabling management of foreign currency risk. The Group has taken out USD-denominated bank borrowing in the year, replacing its EUR-denominated bonds.
Global tax compliance risk Change: No change	The OECD, policymakers, legislators and tax authorities promote a global tax system that is more adequately designed for a globally distributed and largely digitalised value chain. While the search for a global system continues, individual countries roll out new taxes, mostly indirect taxes, that also apply to non-resident service providers, creating tax liabilities not only in jurisdictions with strong nexus, such as a permanent establishment, but also with weak nexus, such as immaterial amounts of sales. The Group has implemented a process in which tax compliance obligations outside the country of residence are identified and addressed.	The central tax function has oversight of the global tax position of the constituent legal entities of the Group and works with advisers to ensure compliance with local laws and regulations as well as assessing opportunities for tax efficiencies and streamlining of operations.
Regulatory risk Change: Increase	The Group monitors additional regulatory requirements relevant to the domain industry made by national or supranational lawmakers relevant to the markets in which the Group operates, as well as monitoring ongoing policy developments by ICANN or the London Stock Exchange (LSE). The Group also monitors pronouncements from sanctioning bodies such as OFAC and national DPAs which may impact on GDPR compliance.	The Group welcomes all regulatory developments as an opportunity to enhance internal processes and to ensure best practices are in place across all businesses.

Change in risk: Increase Decrease No change

Risks continued

Risk	Mitigation	Opportunities
Market risk Change: Increase	It is uncertain when online advertising growth rates will return to levels experienced during 2021 and the first half of 2022. The risk is partially mitigated by operating multiple lines of business, themselves exposed to many vertical and geographical markets and segments, which are only loosely correlated.	Future M&A activity provides additional opportunity for further diversification of revenue streams both in terms of activity type and geography.
Deposit risk Change: No change	Deposit risk is mitigated by the Group's policy of only placing deposits with banks and financial institutions with high credit ratings.	Group-wide cash pooling is being established in order to maximise returns on cash deposits.
Credit risk Change: No change	The Group's exposure to credit risk from trade receivables is relatively low, due to the fact that the business has traditionally dealt with customers who often pay at the point of sale or in advance. Where there are credit accounts, these are typically with the largest and most reputable technology companies in the world and receivables are controlled through credit limits and regular monitoring.	Whilst minimal for the Group as a whole, credit risk experience informs the Group's operating strategy in terms of customer engagement and credit terms.
Global pandemic risk Change: Decrease	To date, the Group has not experienced interruptions in its services to customers or in its supply chain as a result of the global pandemic. As providers of essential internet services, a number of the Group companies were well prepared for the current conditions, with business continuity plans already in place precisely for situations where staff were unable to work from the office. The Group continually assesses travel, meetings and office working needs across its global locations in advance of formal government directives. The Group has run all services Group-wide without interruption and all staff continue to work productively either remotely or in the office where permissible.	The Group's business is expected to remain resilient. Its services are procured and delivered over the internet, and the majority of the Group's revenues are payments from existing subscribers and customers on rolling contracts. The Group's core product is the sale of domain names, which are core infrastructure that enable the functioning of email and websites – the most important communication tools used between work colleagues working remotely and between companies and their customers.

Change in risk: Increase Decrease No change

Risks continued

CentralNic specific risk mitigants

There are certain fact patterns which are commonly perceived as risks which the Directors believe do not constitute material risks to the Group, as follows:

Risk	Description
Channel partners	The Group does not rely solely on its own outreach, reputation and distribution power, but also strategically uses channel partners to promote its unique capabilities. Through its distribution partners, among them some of the most prominent technology companies in the world, CentralNic reaches more than four million domain registrants and more than four million advertisers for which it does not bear customer acquisition or customer service cost.
Intent/ contextual marketing	Being a believer in privacy rights, all monetisation services of the Group have been systematically built on intent or contextual marketing principles, not requiring the collection of personal data for retargeting purposes. The Group is hence prepared for a future world without third-party cookies and cross-app tracking. As a matter of fact, the growth of CentralNic's Online Marketing business accelerated as these legacy practices are gradually being banned. In particular, the increasing penetration of iOS versions adopting IDFA fuels the migration to privacy-safe marketing solutions such as CentralNic's.
Search algorithms	Monetised domain names do not appear in the search indexes of major search engines. They source their traffic from so-called direct navigation traffic, i.e. users entering the domain name or clicking on a link to that domain name. Changes of search algorithms have therefore no notable impact on the volume of traffic received by parked domain names.
Financing cost	The Group entered into a Senior Facilities Agreement (SFA) in the year consisting of a USD 150 million fully drawn down term loan and a USD 100 million revolving credit facility (RCF). USD 5 million of the RCF was drawn down as at 31 December 2022. The SFA's interest rate carries a floating element based on the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York. To mitigate the risk of increasing interest rates, between 9 and 21 November 2022, the Group entered into three separate interest rate swap transactions to fix the variable interest component on USD 75 million of the new USD 150 million term loan at a blended fixed rate of 3.92%.

The Group's strategic report is set out on pages 1 to 45 of the annual report.

The strategic report outlines our performance against our strategic objectives, performance and financial position, as well as our outlook for the future.

Approved by the Board and signed on its behalf by:

Iain McDonald
Chairman
24 March 2023

Board of Directors

Iain McDonald

Chairman (aged 51)

Iain McDonald is a global expert in technology and e-commerce, having had a strong track record in investing in early-stage companies such as ASOS, The Hut Group, Eagle Eye Solutions, Anatwine and Metapack. He is the founder of Belerion Capital, an investor and investment adviser in technology and e-commerce companies. Iain is also a Non-Executive director of various of his investee companies, as well as other technology companies such as The Hut Group and Boohoo.com. Previously, Iain was a top-ranked retail and e-commerce analyst and held positions in a number of UK investment banks. Iain graduated from the London School of Economics and Political Science (LSE), with a BSc in Economics & Economics History.

Michael Riedl

Chief Executive Officer (aged 47)

Michael Riedl was appointed Chief Executive Officer of CentralNic in December 2022. With strong financial and operational knowledge from his time as Chief Financial Officer, Michael is positioned well to lead CentralNic to an even brighter future.

Michael was Group CFO of the Group PLC from 2019 following its acquisition of KeyDrive SA, where he served as Executive Vice President and CFO from 2011, overseeing huge growth for the Company.

Prior to joining KeyDrive, Michael held managing positions in private equity and ICT industries.

Michael recently completed the Advanced Management Program at Harvard Business School. He holds two Master's degrees; a LLM from the Frankfurt School of Finance and Management and Science in Business Administration from European Business School and a Bachelor's degree in Computer Science from James Madison University, USA. He is also a Chartered Management Accountant.

William Green

Chief Financial Officer (aged 45)

William Green joined CentralNic in 2019 as Group Finance Director, before becoming Group Chief Financial Officer in December 2022. William's most recent role prior to joining CentralNic in 2019 was at Fremantle, part of the RTL Group. Following a ten-year stint with PwC in London and California, William worked for a variety of UK and US listed international groups in the Technology and Media sectors, including Ebiquity, hVIVO, Time Inc, Clear Channel, and Live Nation. William is a Fellow Member of the Institute of Chartered Accountants in England & Wales, having qualified as a Chartered Accountant in 2001.

Samuel Dayani

Non-Executive Director (aged 45)

Samuel Dayani is a partner at the Joseph Samuel Group, where he is responsible for managing the group's investments and business development in the technology, real estate, medtech, energy & renewables and fashion sectors. The group has a strong track record in investing in early stage businesses and growing them to an institutional level. Samuel was responsible for purchasing CentralNic in 2003 and managing the restructuring of the business, building the management team and delivering an institutional grade business for its listing in 2013. Previously, Samuel was the Chief Operating Officer and later Managing Director of ViaVision Ltd, an interactive TV company he co-founded with 6 channels on the SKY platform, when it was sold to Yoomedia Plc in 2004.

Board of Directors continued

Claire MacLellan
Non-Executive Director (aged 45)

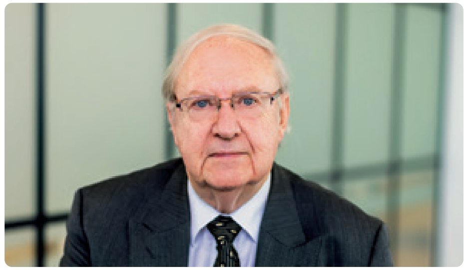
Claire spent six years at the global media company Future, most recently in the positions of Chief Operating Officer and Chief Growth Officer. She played an instrumental role in transforming the business to one of the fastest growing FTSE 250 companies, taking adjusted operating profits from a six-figure sum to over USD 250 million in four years while growing its global audience from 30 million to over 430 million. Previous to that, Claire was at Fitness First Group for eleven years, holding a variety of senior international positions. Claire is also a Non-Executive director of GB Pentathlon.

Thomas Rickert
Non-Executive Director (aged 53)

Thomas Rickert is an attorney-at-law in Germany. He is the owner of Rickert Rechtsanwaltsgesellschaft mbH, a law firm based in Bonn, Germany. Thomas has extensive experience in the domain industry, working on domain disputes as well as advising registrars, registry service providers and registry operators both on contractual as well as policy matters. Thomas is an expert speaker on domain-related subjects both at the national and international level. Thomas served on the Council of the Generic Names Supporting Organisation (GNSO), which is the body responsible for developing policy for generic domain names, for four years (2011-2015), and was appointed to the GNSO Council for another term in October 2022.

Max Royde
Non-Executive Director (aged 51)

Max Royde is currently managing partner at Kestrel Partners, an investment management company specialising in business-critical software companies, which has a beneficial holding in CentralNic of 65,910,607 shares, or 22.83%. Max co-founded Kestrel Partners in 2009 and is a fund manager of Kestrel Opportunities. Prior to Kestrel, Max was a managing director of KBC Peel Hunt, running its technology franchise. He has over 20 years' experience focusing on the technology sector.



Horst Siffrin
Non-Executive Director (aged 75)

Horst Siffrin started his career as a German diplomat serving in Germany, the UK, Ethiopia, Nigeria, Bolivia, Poland and Spain. He is partner of inter.services holding/investments, which has a beneficial holding in the Company of 35,610,000 shares, or 12.34%, and owner of H.O. Siffrin Consulting based in Berlin. From August 2011 until the reverse takeover of CentralNic in August 2018 he was Chairman of the Supervisory Board of KeyDrive SA, Luxembourg and member of the Advisory Board of the Key-Systems Group. In 2018 he co-founded AstraPharma.

Corporate governance

The Board of CentralNic Group Plc places governance and controls at the centre of its strategy

Introduction

The Directors appreciate the value of good corporate governance and have, with effect from September 2018, adopted the QCA Corporate Governance Code (the 'Code'). The Company takes steps to ensure compliance by the Board and employees with the terms of the Code. The Board of CentralNic Group Plc places governance and controls at the centre of its strategy.

Board governance and policy

At year end, the Board comprised of a Non-Executive Chairman, two Executive Directors and five Non-Executive Directors.
The offices of the Non-Executive Chairman and the Chief Executive Officer are separated and never held by the same person.
The Board meets regularly to consider the business strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with.

In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In line with the requirements of the Company's Articles of Association, the Group has voluntarily chosen that three Directors will retire at the Annual General Meeting and, being eligible, will offer themselves for re-election.

The majority of the Board is made up of Non-Executive Directors, with one Non-Executive Director being deemed independent. We judged the Chairman to be independent at the time of his appointment. More information on the Directors' independence can be found on page 59 of the Directors' report.

Throughout their period in office the Directors are continually updated on the Group's business, the industry, corporate social responsibility matters and other changes affecting the Group by written briefings and meetings with management. They are also updated on changes to the legal and governance requirements of the Group, and upon themselves as Directors, on an ongoing and timely basis.

Purpose

Our purpose is at the core of our strategy and has guided actions at every level throughout the year.

The Board understands the importance of culture and setting the tone of the organisation from the top and embedding it throughout the Group.

For more information on our culture see pages 30 to 36.

Corporate governance continued

Directors' time commitment

The Company sets out the likely time commitment for each Non-Executive Director in their appointment letter. This is of course an estimate and may change depending on the demands of the business. The Company expects Non-Executive Directors to devote sufficient time to discharge their duties effectively and attend all meetings of the Board.

The attendance of each Director at Board and Committee meetings during the financial year ended 31 December 2022 is set out in the table below.

Attendance table

	Board	Audit Committee	Remuneration & Nominations Committee
Iain McDonald	12/12	3/5	—
Ben Crawford (resigned 12 December 2022)	11/12	—	—
Donald Baladasan	11/12	—	—
Michael Riedl	12/12	—	—
Samuel Dayani	12/12	—	3/3
Claire MacLellan (appointed 14 September 2022)	5/5	—	—
Tom Pridmore (resigned 14 September 2022)	3/6	0/4	1/2
Thomas Rickert	12/12	5/5	3/3
Max Royde	12/12	—	3/3
Horst Siffrin	12/12	5/5	—

Attendance is expressed as the number of meetings attended/number eligible to attend. Directors' attendance by invitation at meetings of committees of which they are not a member is not reflected in the above table.

Board performance evaluation

There is no formal evaluation process; however, the Chairman is responsible for Board performance and accordingly monitors the performance of the Board, its committees and its individual Directors and also actively encourages feedback on the content and function of Board and committee meetings.

The Board continually evaluates the skills that are required of its members and whether they are adequately provided for to enable each Director to keep their skills up to date. Individual training needs are identified as part of the Board performance evaluation process and training is provided as required.

The Remuneration & Nominations Committee co-ordinates on succession planning of the executive leadership team and makes recommendations to the Board for the re-appointment of Non-Executive Directors if and when necessary.

As the business has developed, the composition of the Board has been under constant review to ensure that it remains appropriate to the managerial requirements of the Group. In line with the requirements of the Company's Articles of Association, the Group has voluntarily chosen that three Directors will retire at the Annual General Meeting and, being eligible, will offer themselves for re-election.

Board committees

The Company has established Audit, Remuneration and Nominations Committees. In the 2021 financial year, the Board decided to merge the previously separate Remuneration and Nominations Committees.

The terms of reference for the two committees were reviewed during the year and are available for inspection on request from the Company Secretary.

Audit Committee

The Audit Committee has Thomas Rickert as its Chair and other members of the Committee include Iain McDonald and Horst Siffrin. The Chief Financial Officer is invited to and regularly does attend the Committee meetings, as does the Chief Executive Officer.

The primary responsibilities of the Committee, having due regard for the interests of Shareholders, include:

- monitoring the integrity of the quarterly, half-yearly and annual financial statements and formal announcements regarding the Group's financial performance;
- reviewing significant accounting policies, areas of significant estimates and judgements and disclosures in financial reports;
- monitoring the quality and effectiveness of internal control procedures and risk management systems;
- considering the requirement for internal audit, taking into account the size, distribution and nature of the Company and the Group and its operations;
- reviewing the external auditor reports relating to the Company's accounting and internal control procedures; and
- overseeing the Board's relationship with the external auditor, including their continued independence, and making recommendations to the Board on the selection of external auditors.

The Audit Committee is required to meet at least twice a year. During the year the Committee met on five occasions.

Corporate governance continued

Board committees continued

Audit Committee continued

The appointment of the independent external auditor is approved by the Shareholders annually. The independent auditor's audit of the financial statements is conducted in accordance with International Standards on Auditing (ISA (UK)) issued by the Financial Reporting Council.

It is noted that the external auditor also operates procedures designed to safeguard their objectivity and independence.

After taking into account the size, distribution, current robust procedures and controls, together with the nature of the Company and the Group and its operations, the Audit Committee has concluded that an internal audit function is not presently required. The Audit Committee will re-evaluate this position on a regular basis.

The Audit Committee reviews all fees related to non-audit work, and the Committee reviews any material non-audit work prior to commencement. Details of auditor fees can be found in note 7 to the financial statements.

Remuneration & Nominations Committee

The Group's Remuneration & Nominations Committee is responsible, on behalf of the Board, for developing remuneration policy and proposing new candidates to the Board. Details of objectives and policy are provided in the remuneration report on pages 53 and 54.

The Remuneration & Nominations Committee has Max Royde as its Chair and other members of the Committee include Samuel Dayani and Thomas Rickert.

The primary responsibilities of the Committee, having due regard for the interests of Shareholders, include:

- carrying out a selection process of candidates before proposing new appointments to the Board, as needed;
- determining and agreeing with the Board the remuneration policy for the Chairman of the Board, the Non-Executive Directors and the Executive Directors and other senior managers;
- reviewing the design of share incentive plans for approval by the Board and determining the award policy to Executive Directors and other key senior employees under existing plans;
- determining the remainder of the remuneration packages (principally salaries, bonus and pension) for the Executive Directors and other senior employees, including any performance-related targets;
- reviewing and noting remuneration trends across the Group; and
- taking responsibility for the selection criteria and, if appropriate, selecting, appointing and setting terms of reference for any remuneration consultants engaged to advise the Committee.

The Remuneration & Nominations Committee was created in January 2021 by merging the pre-existing Remuneration and Nominations Committees originally created in September 2013 and is required to meet at least twice a year. During 2022 the Committee met on three occasions. Previously, the Remuneration & Nominations Committee was chaired by Tom Pridmore who resigned during 2022.

It is the Group's policy that Executive Directors' service contracts contain at least a three-month notice period.

Risk management and internal controls

The Board has primary responsibility for establishing and maintaining the Group's financial and non-financial controls, as well as identifying the major risks facing the Group.

Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. By their nature, internal controls can provide reasonable but not absolute assurance against material misstatement or loss.

The Executive Directors have specific responsibilities for aspects of the Group's affairs and have regular discussions to address operational matters, as well as considering the skill sets required in their teams to maintain the internal controls required.

Accounting procedures

The financial processes and control systems are kept under regular review by the Executives with oversight from the Board, with a view to further evolution and improvement as the Group's activities expand. This includes the maintenance of and adherence to a Financial Position and Prospects Procedures (FPPP) Memorandum which is reviewed and updated periodically.

Accounting procedures are managed on a day-to-day basis by the finance team. Responsibility levels are set and agreed with the Board, with authority delegated to appropriate responsible managers as well as the Executive. Segregation of duties is deployed to the degree this is practical and efficient, noting the size and geographic distribution of the Group.

Monthly management accounts are reported to the Board, under UK-adopted IFRS, with the content aligned to the Group's management information requirements. The Board reviews the accounts in detail during each Board meeting and requests further information as the need arises. Comparisons to approved budgets and forecasts are prepared with associated commentary provided.

The Company prepares annual budgets which are reviewed by the Board. The budgets are then updated during the year to provide latest forecasts.

Capital expenditure is regulated by the budget process and is kept under regular review during the year. Investment appraisal techniques, using discounted cash flow projections, are deployed in relation to material investments and are reviewed by the Board as part of good governance such that material transactions that are significant in terms of their size or type are only undertaken after Board review.

The Board acknowledges that there are processes in place for identifying, evaluating and managing risks faced by the Group, and places emphasis on continuous process improvement.

Corporate governance continued

Corporate responsibility, the environment and health and safety

The Group is committed to maintaining and promoting high standards of business integrity. Company values, which incorporate the principles of corporate social responsibility and sustainability, guide the Group's relationships with its stakeholders, including clients, employees and the communities and environment in which the Group operates.

The Group's approach to sustainability addresses both its environmental and social impacts, supporting the Group's vision to remain an employer of choice, while meeting client demands for socially responsible partners. More information on this is included in the ESG section of this annual report.

The Group respects local laws and customs while supporting international laws and regulations. These policies have been integral in the way Group companies have done business in the past and will continue to play a central role in influencing the Group's practice in the future.

Communications with Shareholders

The Board regards the importance of effective communication with Shareholders as essential. Relations with Shareholders are managed principally by the Chief Executive Officer, Chief Financial Officer and the Chairman, and meetings are regularly held with institutional investors and analysts during the year.

The Chairman, Chief Executive Officer, Chief Financial Officer and, if required, other Executive and Non-Executive Directors make themselves available for meetings with major Shareholders either individually or collectively. The Group's Shareholders are invited to attend the Annual General Meeting at which the majority of Directors are present. The Group's Nominated Advisers and Joint Brokers also convey Shareholder opinions to the Chairman and Chief Executive Officer, and these are discussed with the Board.

The Group's website contains information on current business activities, including the annual and interim results.

Annual General Meeting date

The Annual General Meeting will be convened in accordance with the provisions of the Companies Act 2006. The Annual General Meeting is due to take place on Monday, 24 April 2023 at 10.30am.

The proposed resolutions, together with this annual report, will be distributed to Shareholders on or around 30 March 2023.

Audit Committee report

Thomas Rickert
Chair of the Audit Committee

Attendance table

	Meetings attended
Thomas Rickert	5/5
Iain McDonald	3/5
Horst Siffrin	5/5
Tom Pridmore (until 14 September 2022)	0/4

"The objectivity and independence of the external auditor was safeguarded by reviewing the auditor's formal declarations and by monitoring relationships between key audit staff and the Company.

The role of the Audit Committee and its members are outlined on page 49.

During the year the Audit Committee received and reviewed reports from the Chief Financial Officer, other members of management and the external auditor relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The Chief Executive Officer and Chief Financial Officer are invited to attend parts of meetings, with other senior financial managers required to attend when necessary. The external auditor attended meetings to discuss the planning and conclusions of their work and meet with the members of the Committee. The Committee was able to call for information from management and consults with the external auditor directly as required.

The objectivity and independence of the external auditor was safeguarded by reviewing the auditor's formal declarations, monitoring relationships between key audit staff and the Company and tracking the level of non-audit fees payable to the auditor.

As noted above, the Committee met five times during the year. The Committee reviewed with the independent auditor its judgements as to the acceptability of the Company's accounting principles.

Since the year end the Committee has met further with the auditor to consider the 2022 financial statements and in particular considered the significant audit risks. The Committee reviewed and discussed the auditor's comments on improvements which could be made to the internal controls. In addition, the Committee monitors the auditor firm's independence from Company management and the Company.

Thomas Rickert
Chair of the Audit Committee
24 March 2023

Remuneration report

Max Royde
Chair of the Remuneration & Nominations Committee

Attendance table

	Meetings attended
Max Royde	3/3
Thomas Rickert	3/3
Samuel Dayani	3/3
Tom Pridmore (until 14 September 2022)	1/2

“The Company’s remuneration policy is focused on being able to attract, retain and incentivise management with the appropriate skills and expertise.

As the Company is an AIM listed company, it is not required to present a Directors’ remuneration report, however the Board has chosen to do so, noting that it may not be fully compliant with the full requirements for listed companies.

Remuneration & Nominations Committee

The membership of the Committee and its principal activities are detailed in the corporate governance section of this annual report on page 50.

Remuneration policy

The Company’s remuneration policy is focused on being able to attract, retain and incentivise management with the appropriate skills and expertise to realise the Group’s strategic objectives and align management’s interests with those of Shareholders.

In particular, the Remuneration & Nominations Committee seeks to link payment to performance and as a result create a performance culture within the business.

Remuneration in 2022

As detailed earlier in this report, the Group performed strongly during the year, delivering revenue growth of 77% in 2022, including 60% organic growth. Adjusted EBITDA increased to USD 86.0 million in 2022 (2021: USD 46.3 million). The Group completed a GBP 42 million equity fundraising in February 2022, a EUR 21 million bond placing in March 2022 and refinanced its debt facilities. It carried out a number of acquisitions and is proposing to pay a maiden dividend in respect of 2022.

In the light of this strong performance, the Remuneration Committee determined to pay annual bonuses at the maximum levels of 150% of salary to the CEO, 100% of salary to the Group Managing Director and 135% of salary to the Group CFO.

No long-term incentive awards were made to Executive Directors during the year.

AGM

In line with good corporate governance practice, a resolution to approve the Remuneration Report was put to shareholders at our AGM in May 2022, and a resolution to approve this report will be put to our 2023 AGM.

We have increased the level of disclosure in this year’s report, giving further information on salary levels and on annual bonus as well as including an executive director remuneration policy table.

Non-Executive Chair, Iain MacDonald, and Non-Executive Director, Thomas Rickert, exercised their outstanding share options in full on 2 January 2023. This further aligns the Company’s policy on Non-Executive Director remuneration with best practice in the UK and as a result none of the Non-Executive Directors now hold any share options.

Remuneration report continued

Remuneration policy table

Element	Operation	Opportunity	Performance metrics
Base Salary To attract, retain and engage the executive talent with the skills, experience and values we need to realise our vision and deliver our strategy and plans, remuneration arrangements need to be sufficiently competitive but not excessive.	Salaries are reviewed annually and fixed for 12 months commencing 1 January. The decision is influenced by: • level, skill and responsibility; • business performance, economic climate and market conditions, and scarcity of talent; • increases elsewhere within the Group; and • external comparator groups.	There is no formal maximum limit but ordinarily salary increases will be broadly in line with the average salary increases for employees. Increase above this level may be made in specific situations which could include promotions, changes to role, material changes in the business and exceptional company performance.	The overall performance of the individual is a key consideration when determining salary increases which are benchmarked to public companies with similar levels of market capitalisation.
Bonus The mix between fixed and variable pay, as well as the balance between rewarding short versus long-term performance are critical to ensuring that we reward those behaviours that will lead to the realisation of our long term vision without compromising short term gain.	Bonus levels are reviewed annually prior to the start of each financial year to ensure the detailed performance measures and weightings are appropriate and continue to support the business strategy. Performance targets are set at or around the start of each financial year. Actual amounts are determined via a two-stage process. Firstly, performance against the agreed metrics is assessed. Secondly, the Remuneration Committee reviews these results in the context of underlying business performance and the Group's financial position and may adjust the stage-one outcome at its discretion.	Bonuses range from 0-150% of salary for the Group CEO, 0-100% for the Group Managing Director and 0-135% for the Group CFO. The Group Managing Director receives an annual retention bonus of USD 62,000 (GBP 50,000).	Strategic and operational measures are set at the start of the year and performance against those measures is assessed by the Remuneration Committee. Measures may include adjusted EBITDA, assessed to market expectations at the beginning of the financial year, and share price growth.
Pension To ensure packages remain competitive within the market place and to provide a competitive level of retirement income.	Directors are able to participate in the defined contribution pension plan available to our UK employees, (currently 5% of annual gross salary) and pension arrangements will continue to remain largely aligned with the wider UK workforce. However recognising that the Directors were not UK resident during 2022. local requirements were also respected where required.	Ben Crawford received cash in-lieu of 15% of pensionable pay (base salary only). Don Baladasan is entitled to a pension contribution of 5% of salary in line with the wider UK workforce, which he has chosen not to take up. Michael Riedl is entitled to a pension contribution of 15% of salary in the UK pension plan and contributes into the Luxembourg supplementary pension in respect of his Luxembourg employment income.	None.
Share incentive plan To motivate, incentivise and recognise delivery of sustained performance over the long term. To support and encourage greater shareholder alignment through a high level of personal share ownership.	Share-based awards are dependent on a balance of absolute and relative growth in long-term value creation for shareholders, and Executive Directors are only rewarded for superior market performance and the realisation of our vision.	Share options were granted in 2020 in line with the remuneration policy operating at the time. The options are subject to an EBITDA target measure and TSR (total shareholder return) measure (75% and 25% respectively).	Adjusted EBITDA growth and TSR remain the best measures to ensure we are focused on the long term interests of our shareholders.

Remuneration report continued

Annual report on remuneration

The remuneration of the Company's Directors for the year is set out below in USD, the presentational currency of the Group. Share options issued to and exercised by Directors is contained in the long-term incentives section and not included in the table below.

	Salaries and fees USD'000	Bonus[1] USD'000	Pension USD'000	Cash in lieu of pension and other benefits USD'000	Payment in lieu of notice USD'000	**2022 USD'000**	2021[2] USD'000	Contractual notice periods
Non-Executive Directors								
Iain McDonald	124	—	6	—	—	**130**	145	3 months
Samuel Dayani	56	—	—	—	—	**56**	62	3 months
Claire MacLellan	18	—	—	—	—	**18**	—	3 months
Tom Pridmore	40	—	2	—	—	**42**	65	—
Thomas Rickert	56	—	—	—	—	**56**	62	3 months
Max Royde	74	—	—	—	—	**74**	34	—
Horst Siffrin	56	—	—	—	—	**56**	34	—
Executive Directors								
Ben Crawford	591	889	—	302	575	**2,357**	1,560	—
Donald Baladasan	514	576	—	—	—	**1,090**	1,152	12 months
Michael Riedl	382	514	9	—	—	**905**	975	3 months
	1,911	1,979	17	302	575	**4,784**	4,089	

(1) The bonus for the year is based on the maximum contractual amount and has been approved by the Remuneration & Nominations Committee.

(2) The 2021 remuneration as disclosed in the 2021 annual report disclosed the bonuses paid in the year in respect of the Executive Directors in respect of 2020. Following the Remuneration & Nominations Committee's approval of the 2021 bonus award, the 2021 remuneration amounts have been updated to include the bonus awarded in respect of 2021. The 2021 bonus award was: Ben Crawford USD 902,000 (GBP 717,000), Donald Baladasan USD 585,000 (GBP 465,000) and Michael Riedl USD 522,000 (GBP 415,000).

On retiring from the Board on 12 December 2022, Ben Crawford received a payment in lieu of notice of twelve months' salary, amounting to USD 575,000, and which is included in non-core expenses (please see note 9). Ben Crawford's cash in lieu of pension and other benefits includes cash in lieu of pension payments made in the year relating to prior periods.

Remuneration report continued

Annual report on remuneration continued

Directors' remuneration table in GBP

The Company's Directors are engaged with contracts stated in GBP and the remuneration on this basis is set out below.

	Salaries and fees GBP'000	Bonus GBP'000	Pension GBP'000	Cash in lieu of pension and other benefits GBP'000	Payment in lieu of notice GBP'000	**2022 GBP'000**	2021 GBP'000	Contractual notice periods
Non-Executive Directors								
Iain McDonald	100	—	5	—	—	**105**	105	3 months
Samuel Dayani	45	—	—	—	—	**45**	45	3 months
Claire MacLellan	16	—	—	—	—	**16**	—	3 months
Tom Pridmore	32	—	2	—	—	**34**	47	—
Thomas Rickert	45	—	—	—	—	**45**	45	3 months
Max Royde	60	—	—	—	—	**60**	24	—
Horst Siffrin	45	—	—	—	—	**45**	24	—
Executive Directors								
Ben Crawford	478	717	—	239	478	**1,912**	1,195	—
Donald Baladasan	416	466	—	—	—	**882**	877	12 months
Michael Riedl	308	416	7	—	—	**731**	746	3 months
	1,545	1,599	14	239	478	**3,875**	3,108	

Salaries

From January 2022, the salary of the Group CEO, Ben Crawford, was GBP 478,000 (USD 591,000), the salary of our Group Managing Director, Donald Baladasan, was GBP 416,000 (USD 514,000) and the salary of our Group CFO, Michael Riedl, was GBP 308,000 (USD 382,000). Following his appointment to CEO, Michael Riedl's salary increased to GBP 478,000.

Annual bonus

2022 annual bonus was based solely on adjusted EBITDA, increased in respect of acquisitions carried out during the year. The stretch 2022 adjusted EBITDA target was significantly exceeded. The Remuneration Committee also took account of other positive steps taken during the year, as reflected elsewhere in the annual report. Annual bonuses will be paid at the maximum levels of 150% of salary to the CEO and, 100% of salary to the Group Managing Director, in addition to a USD 62,000 (GBP 50,000) retention bonus, and 135% of salary to the Group CFO.

Long-term incentives

No new share options were granted to Directors in 2022.

Since prior to its IPO, CentralNic has consistently operated, with full disclosure to investors, option schemes where options vest in three tranches over three years – which it judges to be more effective in ensuring continuous performance than schemes where vesting is focused at the end of the period. CentralNic has also issued options to non-Shareholder Non-Executive Directors to attract the right calibre of individual and to align their remuneration to Shareholder interests, as is standard practice among the most successful technology companies globally. The Board is of the view that equity-based compensation does not compromise the independence of Non-Executive Directors.

Prior to admission to AIM, the Group established both an unapproved share option scheme (SOP) and an Enterprise Management Incentive (EMI) option scheme under which certain key management personnel and other senior employees were invited to participate. These options were rolled over into the Company during 2013. In August 2019, CentralNic also introduced the CentralNic Long Term Incentive Plan (LTIP).

To reflect existing commitments, the options granted in June 2013 for the unapproved option scheme and the EMI scheme vested in twelve equal instalments at three-month intervals following the admission. The unapproved options granted on 14 October 2013 vested three years after the date of grant.

Remuneration report continued

Long-term incentives continued

The unapproved options granted under the LTIP on 2 August 2019, 10 March 2020 and 1 June 2021 vest over a three-year period in equal instalments.

The Directors believe that it is important to properly motivate and reward key management personnel and other senior employees and to do so in a manner that aligns their interests with the interests of the Shareholders. The Directors also recognise the importance of ensuring that all employees are engaged, incentivised and identify closely with the profitability of the Group.

The table below shows the outstanding share options issued to Directors at 31 December 2022:

	Date of grant	Exercise price	At 1 Jan 2022	Exercised in year	**As at 31 Dec 2022**
Donald Baladasan	2 Aug 2019	nil	586,301	(293,150)	**293,151**
	10 Mar 2020	nil	879,452	(293,150)	**586,302**
	10 Mar 2020	nil	879,452	—	**879,452**
Michael Riedl	2 Aug 2019	nil	48,611	(48,611)	**—**
	10 Mar 2020	nil	106,499	(53,249)	**53,250**
	10 Mar 2020	nil	462,100	(231,050)	**231,050**
	10 Mar 2020	nil	693,150	(231,050)	**462,100**
	10 Mar 2020	nil	693,150	—	**693,150**
Iain McDonald	4 Feb 2016	40p	350,000	—	**350,000**
	10 Mar 2021	nil	500,000	—	**500,000**
Thomas Rickert	1 Sep 2013	57p	88,000	—	**88,000**
	4 Feb 2016	40p	350,000	—	**350,000**

The non performance-related share options of Michael Riedl, granted on 2 August 2019, relate to a compensation scheme in place before his appointment as an Executive Director.

The options granted on 2 August 2019 and 10 March 2020 were exercised by Donald Baladasan and Michael Riedl following their vesting and the meeting of their performance conditions which related to share price, total shareholder return and EBITDA growth.

During the year, former CEO, Ben Crawford exercised 1,316,000 options granted on 1 June 2013, 850,000 options granted on 1 September 2013 and 2,932,146 options granted on 1 August 2019. Former Director, Thomas Pridmore, exercised 88,000 options granted on 1 September 2013 and 350,000 options granted on 4 February 2016.

No other Directors or former Directors have exercised any options and no options have expired. All options expire within ten years from the grant date.

The options shown as outstanding for Thomas Rickert and Iain McDonald were exercised in full on 5 January 2023. This exercise further aligns the Company's policy on Non-Executive Director remuneration with best practice in the UK and as a result none of the Non-Executive Directors of the Company hold any share options. To achieve this, the Company has allowed Iain McDonald to exercise the options granted to him on 10 March 2020 ahead of its vesting date on 10 March 2023. The retained shares are subject to a Lock-in Deed until the vesting date of the corresponding options.

On 31 December 2022, the closing market price of CentralNic Group Plc ordinary shares was 156 pence. The lowest and highest prices of these shares in the year were 111 pence during March 2022 and 156 pence in December 2022 respectively. The average share price for the year was 125 pence.

Remuneration report continued

Directors' interests

a) As at 31 December 2022, the interests of the Directors, including persons connected with the Directors within the meaning of section 252 of the Companies Act 2006, in the issued share capital of the Company are as follows:

	Ordinary shares	Percentage
Kestrel Investment Partners[(1)]	65,596,119	22.72%
inter.services GmbH[(2)]	37,075,500	12.84%
Erin Invest & Finance Ltd[(3)]	15,790,279	5.47%
Clevebeam Limited[(4)]	3,699,000	1.28%
Jabella Group Ltd[(4)]	2,711,668	0.94%
Michael Riedl	2,038,138	0.71%
Donald Baladasan	2,000,000	0.71%
Iain McDonald[(5)]	11,500	0.00%

(1) Max Royde is currently a managing partner at Kestrel Investment Partners.

(2) The beneficial owners of inter.services GmbH are Horst Siffrin, a Director of the Company during the year, and his son.

(3) The beneficial holders of Erin Invest & Finance Limited are Samuel Dayani, a Director of the Company, and his father.

(4) Jabella Group Limited and Clevebeam Limited are companies owned, inter alia, by Erin Invest & Finance Limited.

(5) Iain McDonald has an interest, held through a contract for difference, in 11,500 ordinary shares in the Company.

b) Save as disclosed in this annual report, none of the Directors nor any members of their families, nor any person connected with them within the meaning of section 252 of the Act, has any interest in the issued share capital of the Company or its subsidiaries.

c) Save as disclosed in this annual report, as at the date of this annual report, no Director has any option over any warrant to subscribe for any shares in the Company.

d) None of the Directors nor any members of their families, nor any person connected with them within the meaning of section 252 of the Act, has a related financial product (as defined in the AIM Rules) referenced to the ordinary shares.

e) None of the Directors is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.

f) There are no outstanding loans made or guarantees granted or provided by the Company to or for the benefit of any Director other than disclosed in note 26 to the financial statements.

g) Save as disclosed in this annual report, there are no potential conflicts of interest between any duties to the Company of the Directors and their private interests or their other duties.

Following the share buyback completed in January 2023, the above Director interests changed and up-to-date information is available on the Company's website.

Max Royde

Chair of the Remuneration & Nominations Committee

24 March 2023

Directors' report

Principal activities

CentralNic Group Plc is the ultimate holding company of a group of companies.

The principal activities of the Group are the provision of domain name and web services (provided directly and indirectly), as well as domain name monetisation services. A more comprehensive description of the Group's activities, performance and likely developments are provided in the Chairman's statement, the Chief Executive Officer's report, the Chief Financial Officer's report, the corporate governance report and the remuneration report, which are incorporated by reference into this report.

A list of the subsidiary undertakings is disclosed in the particulars of subsidiaries and associates on pages 114 to 117 of the financial statements.

Financial instruments

Details of the use of financial instruments and financial risk management are included in note 29 to the financial statements.

Results and dividends

Information on the results is provided in the Chairman's statement and the Chief Financial Officer's report.

The Directors have proposed a dividend of 1.0 pence per share, reflecting a greater emphasis on returns to Shareholders in future.

Post year end

Further details on post year end events are disclosed in the Chief Executive Officer's report and in note 29.

Directors

The Company was incorporated on 19 June 2013, with a view to becoming the Parent Company of the Group after admission to AIM. The admission was completed on 2 September 2013, and at this time the Board was expanded.

The Directors who served during the year were as follows:

Executive Directors

Ben Crawford (Chief Executive Officer – resigned 12 December 2022)

Donald Baladasan (Group Managing Director resigned 30 January 2023)

Michael Riedl (Chief Financial Officer until 12 December 2022 and appointed as Chief Executive Officer thereafter)

Non-Executive Directors

Iain McDonald (Non-Executive Chairman)

Samuel Dayani

Claire MacLellan (appointed 14 September 2022)

Tom Pridmore (resigned 14 September 2022)

Thomas Rickert

Max Royde

Horst Siffrin

The biographical details of the Directors are provided on pages 46 and 47 of this annual report.

Four Directors will retire at the Company's Annual General Meeting and, being eligible, will offer themselves for re-election.

The Directors and their interests in the shares of the Group

The Directors of the Company, and their interests in the shares and share options of the Company, are shown in the remuneration report on pages 57 and 58 of this annual report.

Transactions with any parties related to the Directors are disclosed in note 26 to the financial statements.

Independence of Directors

Having independent Non-Executive Directors on the Board is a core element of our governance philosophy, and our Chairman, Iain McDonald, met the independence requirements of the QCA on appointment, which CentralNic has adopted in accordance with the AIM market regulation. There are no business relationships between Non-Executive Directors and the Group, other than a law firm led by Thomas Rickert providing specialist advice to the Group on data privacy matters which was terminated in 2022 and a company associated with Horst Siffrin renting office space to the Group, as disclosed in the related parties section of this report. In both cases, the amounts payable fall below the de minimis threshold considered to be material pursuant to AIM rule 13. The Non-Executive Directors previously issued share options in the Company have exercised all options and there are none currently outstanding, The shareholding resulting from the exercise is detailed on the Directors' on interests page 57. This is in line with the Company's change in remuneration of its Non-Executive Directors in line with best governance practices. Three Non-Executive Directors are associated with major Shareholders in the Company.

Each year, or before a new Director is appointed, the Board must affirmatively determine a Director has no relationship that would interfere with the exercise of independent judgement in carrying out his or her responsibilities as a Director. Annually, each Director completes a detailed questionnaire that provides information about relationships that might affect the determination of independence, including a relationship with the Company, another Director, or as a partner, Shareholder, or officer of an organisation that has a relationship with the Company.

Directors' conflicts of interest

Each Director is required, in accordance with the provisions of the Companies Act 2006, to declare any interests that may give rise to a conflict of interest with the Company on appointment and subsequently as they arise. Where such a conflict or potential conflict arises, the Board is empowered under the Company's Articles of Association to consider and authorise such conflicts as appropriate.

Directors’ report continued

Articles of Association

The Company’s Articles of Association set out the Company’s internal regulation and cover such matters as the rights of Shareholders, the appointment and removal of Directors and the conduct of Board and general meetings.

A copy of the Company’s Articles of Association is available on the Group’s website.

Subject to the provisions of legislation, the Company’s Articles of Association and any directions given by resolutions of the Shareholders, the Board may exercise all powers of the Company and may delegate authorities to committees and management as it sees fit. Details of the committees of the Board and their activities are contained in the corporate governance report on pages 48 to 51 of this report.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website.

Principal risks and uncertainties

The Board’s assessment of the principal risks and uncertainties, together with the mitigating factors, are presented in the strategic report on pages 42 to 45.

Substantial Shareholders

In addition to the Directors’ interests disclosed in the remuneration report, the Company has been notified that the following Shareholders’ interests exceeded 3% of the Company’s ordinary share capital in issue at 28 February 2023:

	Ordinary shares	Percentage
Kestrel Investment Partners	65,910,607	22.83%
inter.services GmbH	35,610,000	12.34%
Slater Investments	26,703,477	9.25%
Erin Invest & Finance Limited	15,790,279	5.47%
JTC Employer Solutions Trustee	15,295,781	5.30%
Chelverton Asset Management	12,939,622	4.48%
Canaccord Genuity Wealth Management	10,008,818	3.47%

No substantial Shareholders have different voting rights to other holders of the share capital of the Company.

Directors' report continued

Corporate governance

The corporate governance report, on pages 48 to 51, is incorporated into this annual report by reference and details how the Board communicates with stakeholders.

Streamlined Energy and Carbon Reporting

The ESG report, on pages 23 to 38, is incorporated into this Directors' report by reference.

Corporate responsibility

The Board recognises its employment, environmental and health and safety responsibilities, and devotes appropriate resources towards monitoring and improving compliance with existing standards. For more information, please refer to the ESG section on pages 23 to 38.

Management and staff

The Group's management team has been assembled to ensure the Group has the number of people and range of skills required to deliver the business strategy and to support the expansion of the Group as it becomes an increasingly international business. The team is diverse and brings functional expertise across a number of disciplines including technical and operational delivery, finance, people, law, marketing and sales.

While the business is managed under budgetary controls, the Directors focus on ensuring there is succession planning in place appropriate for a business of our size.

Our people represent a number of different nationalities, and whilst we continue to work on our gender diversity as a priority, overall we are pleased and compare reasonably favourably with our sector.

The executive leaders within the business recognise the importance of engaging with employees and do so informally on a day-to-day basis. We often use a cascade approach to employee communications, with the heads of departments disseminating appropriate information to their teams, including those situated in various locations around the world.

While we do not believe that human rights issues are a significant risk to our business currently, we are conscious that as we expand into new international markets issues of human rights may become more significant. The Directors keep all aspects of business development under review, and act with caution and integrity to ensure all our activities, and specifically business development activities, are respectful of human rights.

Communication with employees is primarily through formal and informal meetings and through the use of the Group's information systems. This comprises regular communication of information affecting our managers and their teams to ensure all employees are kept up to date with issues affecting them. To ensure employees have the ability to provide regular and open feedback to the management team, the Group uses a culture and engagement platform to facilitate two-way communication and increased engagement. All employees also have access to Bob in Confidence, a completely confidential channel to raise concerns of whatever nature.

The Board recognises the importance of engaged employees working within the Group and how they are vital to the future success of the business. However, given the size of the Group and the specialist nature of its technical operations, there is dependency on a few key individuals, and this is discussed further in the strategic report on pages 30 to 38.

The Group is committed to achieving equal opportunities and to complying with anti-discrimination legislation. The Group is committed to offering employees and job applicants equal and fair opportunity to benefit from employment and career progression without regard to their sex, sexual orientation, marital status, race, religion or belief, age or disability and has taken the necessary steps to ensure all processes are fair and bias removed.

The Company seeks to ensure that every employee without exception is treated equally and fairly and that all employees are aware of their responsibilities, and our procedures and policies are designed (or are being designed) to fully support everyone. We are responsive to the needs of our people and should an employee be less able to work during their time with us, we will actively retrain that employee and make reasonable adjustments to the working environment where possible. Our Group procedures, including recruitment, training, career development and promotion, are, as far as possible, the same for everyone.

The Board of Directors comprises eight members, seven of whom are male and one female, and the overall number of employees at the year end is 823, which contains 498 men, 286 women, two non-binary and 37 prefer not to disclose.

The Group has a policy of share participation for employees across the Group at all levels.

Standards accreditations

The Registry channel of the Group's Online Presence segment is certified against ISO 27001 (Information security management), ISO 9001 (Quality management system) and ISO 22301 (Business continuity management); Key-Systems GmbH has successfully completed the Stage 2 audit for ISO 27001 Information Security for its RRP Proxy and BrandShelter brands; and SK-NIC a.s. is certified against ISO 27001 (Information security management). Finally, Safebrands S.A.S. in the Online Presence segment is certified against ISO 9001 (Quality Assurance). These certifications are internationally recognised and provide the Group's stakeholders with additional levels of assurance as to the technical integrity of the Group's IT system.

Anti-bribery and corruption, anti-money laundering and sanctions compliance

The Group conducts business ethically, maintains financial integrity and strives to behave responsibly in its business dealings.

The Group's Directors are committed to ensuring strict adherence to its anti-bribery and corruption policy and compliance with anti-bribery and corruption laws. The Group also maintains and ensures adherence to its policies in relation to anti-money laundering and trade sanctions and embargoes, again to comply with relevant laws across the relevant jurisdictions.

All Directors, employees and consultants have received training in maintaining the highest standards of professional conduct and are aware of the need to carry out business fairly, honestly and openly. Clear lines of communication and responsibility are in place to report any incidences or suspected incidences of abuse to provide an effective, trusted reporting mechanism.

Directors' report continued

Environment

The Group is committed to operating in an environmentally responsible manner. The Directors consider environmental impacts when making decisions. Please refer to the ESG section for further details.

The community, charitable and political donations

The Directors consider the impact on the community when making decisions. During the year charitable donations totalling USD 227,000 were made (2021: USD 140,000).

The Group made no political donations during the year, either in the UK or overseas.

Policy on the payment of creditors

The Group's policy is to agree terms and conditions for its business transactions with suppliers and to endeavour to abide by these terms and conditions, subject to the suppliers meeting their obligations.

No one supplier is considered to be essential to the business of the Group.

R&D activity

The Group undertakes research and development activities to enhance its competitive position in its chosen markets, drawing on skilled development resource from across the Group.

Health and safety

The Directors are committed to providing for the welfare, health and safety of the Group's employees and have procedures in place, including regular monitoring by third-party specialists, to ensure compliance with its legal and contractual obligations. For more information, please refer to the ESG section on pages 23 to 38

Business continuity

The Group has built a resilient technology infrastructure, designed to provide data security and continuity of service. The Board recognises the ongoing importance of resilience to cyber threats and invests in primary and secondary data centres along with a distributed domain name server constellation operated by the Group and third-party providers. The Board keeps the infrastructure requirements under review and adopts a continuous improvement approach to further investment, within appropriate parameters, as business activities expand. The technical provision, alongside customer support, is considered one of the most significant aspects of business continuity. This strategy has proven effective in the events around COVID-19 where the Company was able to switch to home office operations virtually seamlessly for materially all global staff. The proper functioning of the operations is followed up by the Company's Business Continuity Committee.

Going concern

The Directors have procedures in place to review the forecasts and budgets for the going concern review period, which have been drawn up with appropriate regard for the macroeconomic environment in which the Group operates, particular circumstances influencing the domain name and online advertising industry and the Group itself. These were prepared with reference to historical and current industry knowledge, as well as contractual trading activities and prospects that relate to the future strategy of the Group. As a result, at the time of approving the financial statements, the Directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in the preparation of the financial statements.

As with all forecasts, the Directors cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty relating to future events. Principal areas of uncertainty and risks are highlighted on page 82.

Auditor

The Company's independent external auditor, Crowe UK LLP, was initially appointed on 17 July 2013 and was most recently re-appointed at the Company's Annual General Meeting of 3 June 2022. The most recent rotation of audit partner was effective from the 2020 annual report. It is proposed by the Board that they be put forward for re-appointment as auditor and a resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting.

Directors' report continued

Registered office

4th Floor, Saddlers House, 44 Gutter Lane, London, England, EC2V 6BR. Registered number: 08576358

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK and applicable law and the Company financial statements in accordance with Financial Reporting Standard 101.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

They are further responsible for ensuring that the strategic report and the Directors' report and other information included in the annual report and financial statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Group website is the responsibility of the Directors; the work carried out by the auditor does not involve the consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Disclosure of audit information

The Directors confirm that, as at the date of approval of this annual report, so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware and that he or she 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 auditor is aware of that information.

Approved by the Board and signed on its behalf by:

Iain McDonald
Chairman

24 March 2023

Independent auditor's report

to the members of CentralNic Group Plc

Opinion

We have audited the financial statements of CentralNic Group Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2022, which comprise:

- the Group consolidated statement of comprehensive income for the year ended 31 December 2022;
- the Group consolidated and Parent Company statements of financial position as at 31 December 2022;
- the Group consolidated statement of changes in equity for the year then ended;
- the Group consolidated and Parent Company statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework the Financial Reporting Standard applicable in the UK (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our evaluation of the Directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing management's assessment of going concern;
- Gaining an understanding of management's basis for the identification of events or conditions that may cast a significant doubt on the ability of the Group to continue as a going concern, and whether a material uncertainty related to going concern exists;
- Assessing the cash flow requirements of the Group over the duration of the assessment period based on budgets and forecasts;
- Understanding what forecast expenditure is committed and what could be considered discretionary;
- Considering the liquidity of existing assets on the statement of financial position;
- Considering the terms of facilities, amounts available for drawdown, and covenant compliance;
- Considering potential downside scenarios and the resultant impact on available funds; and
- Considering whether there was any evidence of management bias in the preparation of the going concern assessment.

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

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be USD 2,400,000 (2021: USD 1,000,000). In determining this, we utilised approximately 3% of adjusted EBITDA (a key performance measure used by the Group), for the financial year. Materiality for the Parent Company financial statements as a whole was set at USD 1,000,000 (2021: USD 200,000) based on a percentage of net assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. For the Group performance materiality was set at USD 1,680,000 (2021: USD 700,000) and USD 700,000 (2021: USD 140,000) for the parent Company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and Directors' remuneration.

Independent auditor's report continued
to the members of CentralNic Group Plc

Overview of our audit approach continued

Materiality continued

We agreed with the Audit Committee to report to it all identified errors in excess of USD 120,000 (2020: USD 33,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, ("primary team"). For the full scope components in Australia, France, Germany, Israel, Poland and Slovakia where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team led by the Senior Statutory Auditor was ultimately responsible for the scope and direction of the audit process. The primary team interacted regularly with the component teams across all stages of the audit, reviewed working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us sufficient and appropriate evidence for our opinion on the Group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified going concern as a key audit matter and have detailed our response in the conclusions relating to going concern section above. We set out below other matters we identified as key audit matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition (see note 6)	
Revenue is recognised in accordance with the accounting policy set out in the financial statements. We focus on the risk of material misstatement in the recognition of revenue, as a result of both fraud and error, because revenue is material and is an important determinant of the Group's profitability, which has a consequent impact on its share price performance. The Group's operating revenue which comprises registry, retail, corporate and monetisation revenues amounted to USD 728 million for the year ended 31 December 2022. The key revenue recognition risks are in respect of the following: • appropriate recognition of revenue in accordance with the stated policies ensuring satisfaction of the respective performance obligations of each revenue stream; • application of appropriate cut-off for the recognition of revenue in the correct period including accrued and deferred revenue balances in line with contractual performance obligations; • completeness of revenue; and • segmental recognition and classification of revenue.	We obtained an understanding of the revenue agreements and evaluated the Group's processes and controls in place to calculate the amount and timing of subscription and activity-based revenue transactions. We performed the following audit procedures on a sample basis, for both existing and new contracts, having regard to satisfaction of performance obligations, to assess the appropriateness of revenue recognition for individual transactions: • assessed the appropriateness of the allocation of various revenue elements with reference to the terms of the contract; • ensured for a sample of revenue items that revenue recognised from subscription fees was supported by signed contracts; • assessed the existence and recoverability of debtors through testing a sample of revenue items to contracts, cash received where applicable and a review of credit notes issued after year end; • validating that revenue was recognised in the correct period, agreeing back to supporting documentation the period in which the services were delivered including the assessment of contractual liabilities and the contract price; • assessed revenue recognition policies for consistency and compliance with IFRS 15: Revenue from contracts with customers; • validating that revenue is recognised in accordance with the stated accounting policies in compliance with IFRS; and • reviewed revenue segmental classifications to ensure compliance with revenue recognition policies. In our instructions to component auditors, our discussions with them, our review of their files and our assessment of their reporting, we examined and evaluated the work undertaken and their conclusions in respect of revenue recognition. We concluded that revenue was reasonably stated.

Independent auditor's report continued
to the members of CentralNic Group Plc

Overview of our audit approach continued

Key audit matters continued

Key audit matter	How the scope of our audit addressed the key audit matter
Business combinations and acquisition accounting, (including the carrying value of goodwill and separately identifiable intangible assets) (see note 25)	
During the year, the Group completed acquisitions of VGL Verlagshesellschaft mbH; MA Aporia Limited; Intellectual Property Management Company. The Group has determined these acquisitions to be business combinations, the accounting for which can be complex. For the acquisitions, the Group determined the amounts to be recognised for the fair value of both the consideration paid and the acquired assets and liabilities. This can involve significant estimates and judgements including, at the acquisition date, determining how the purchase price is to be allocated between acquired assets and liabilities and identified intangible assets, and leading to the resultant recognition of goodwill at their respective fair values. There is a risk that inappropriate assumptions could result in material errors in the acquisition accounting. The Group used projected financial information in the purchase price allocation (PPA) exercise. Management use their best knowledge to make estimates when utilising the Group's valuation methodologies. In order to determine the fair value of the separately identifiable intangible assets on a business combination, the valuation methodologies require input based on assumptions about the future and use discounted cash flows and cash flow forecasts. Due to the Group's estimation process in the PPA exercise and the work effort from the audit team, business combinations is considered a key audit matter.	Our procedures included: • assessing whether the acquisition during the year met the criteria of a business combination in accordance with IFRS 3: Business Combinations; • reviewing the purchase agreements in respect of the business combination to understand the nature and terms of the transaction and to agree the consideration paid; • validating whether the date of acquisition was correctly determined by scrutinising the key transaction documents to understand key terms and conditions; • assessing the fair value of assets and liabilities recorded in the purchase price allocation, by performing procedures including considering the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in their respective valuations and this would also include assessment on the reasonableness of the useful lives of the intangible assets and the consideration given; • assessing the competence and independence of third party engaged in undertaking the PPA valuation for Management; • assessing and challenging the valuation techniques, assumptions (including those relating to growth rates and discount rates), models and calculations used to determine the fair value of the separately identifiable intangible assets recognised on date of acquisition; • assessing the amount of goodwill recognised on acquisition; and • assessing the disclosures in respect of the business combination. We found that the acquisition accounting and disclosures had been prepared in accordance with IFRS. We concluded that the valuations underlying the acquisitions had been fairly prepared.

Independent auditor's report continued
to the members of CentralNic Group Plc

Overview of our audit approach continued
Key audit matters continued

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of goodwill and intangible assets (see note 14)	
The Group has a significant balance of intangible assets at 31 December 2022 and there is a risk that they could be impaired. The valuation of the recoverable amount of goodwill and other intangible assets has a high degree of estimation uncertainty, with a potential range of reasonably possible outcomes which may indicate the need for impairment. There is significant judgement with regard to assumptions and estimates involved in forecasting future cash flows, which form the basis of the assessment of the recoverability of goodwill balances. These include forecast revenues, operating margin, long-term growth rates and the discount rate used. The financial statements disclose the sensitivity estimated by the Group. We considered the risk that goodwill, investments and/or intangible assets were impaired.	Our procedures included: • assessing the Group's budgeting review and approval procedures upon which the cash flow forecasts are based; • comparing the Group's assumptions to externally derived data in relation to key inputs such as long term growth rates and pre-tax discount rates. To challenge the reasonableness of the assumptions we also assessed the historical accuracy of the Group's forecasting; • performing scenario-specific models including changes to, and breakeven analysis on, the discount rate, long-term growth rates and forecast cash flows; • assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill; and • assessing disclosures in relation to identified impairments. We found the resulting estimate of the recoverable amount of goodwill and intangible assets to be acceptable.
Valuation of investments in the Parent Company (see note 7 – Parent Company)	
We consider the carrying value of investments in subsidiaries by the Parent Company and the risk over potential impairment to be a significant audit risk due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability. We consider the key inputs into the impairment model to be the approved business plans and assumptions for the growth and discount rates.	Our procedures included: • assessing the Group's budgeting review and approval procedures upon which the cash flow forecasts are based; • comparing the Group's assumptions to externally derived data in relation to key inputs such as projected economic growth, market premium and discount rates. To challenge the reasonableness of the assumptions we also assessed the historical accuracy of the Group's forecasting; and • performing scenario-specific models including changes to, and breakeven analysis on, the discount rate, long-term growth rates and forecast cash flows. We found the resulting estimate of the recoverable amount of investments to be acceptable.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

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

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

We have nothing to report in this regard.

Independent auditor's report continued
to the members of CentralNic Group Plc

Opinion on other matters prescribed by the Companies Act 2006
In our opinion based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception
In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

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

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

Responsibilities of the Directors
As explained more fully in the Directors' responsibilities statement set out on page 63, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the Group and Parent Company operates. We obtained specialist advice for non-UK jurisdictions that have a direct effect on the determination of material amounts and disclosures in the financial statements via the use of component auditors. We also considered and obtained an understanding of the UK legal and regulatory framework which we considered in this context were the Companies Act 2006 and UK taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

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

Leo Malkin
(Senior Statutory Auditor)
for and on behalf of Crowe U.K. LLP
Statutory Auditor
London

24 March 2023

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Note	2022 USD'000	2021 USD'000
Revenue	5,6	**728,237**	410,540
Cost of sales		**(550,541)**	(292,041)
Gross profit		**177,696**	118,499
Operating expenses		**(138,445)**	(101,140)
Share-based payment expenses		**(5,698)**	(5,006)
Operating profit		**33,553**	12,353
Adjusted EBITDA(1)		**86,024**	46,251
Depreciation of property, plant and equipment	13	**(2,979)**	(3,514)
Amortisation and impairment of intangible assets	14	**(36,399)**	(18,291)
Non-core operating expenses(2)	9	**(8,169)**	(8,702)
Foreign exchange		**774**	1,615
Share-based payment expenses		**(5,698)**	(5,006)
Operating profit	7	**33,553**	12,353
Finance income	10	**10**	59
Finance costs	10	**(13,134)**	(10,857)
Foreign exchange loss on borrowings	10	**(5,612)**	—
Net finance costs		**(18,736)**	(10,798)
Profit before tax	11	**14,817**	1,555
Income tax		**(16,895)**	(5,097)
Loss after tax		**(2,078)**	(3,542)
Exchange differences on translation of foreign operations		**(13,720)**	1,573
Gain/(loss) arising on changes in fair value of hedging instruments		**6,217**	(6,419)
Total comprehensive loss for the period		**(9,581)**	(8,388)

	Note	2022 Cents	2021 Cents
Earnings per share			
Basic	12	**(0.78)**	(1.56)
Diluted	12	**(0.78)**	(1.56)

(1) Parent, subsidiary and associate earnings before interest, tax, depreciation, amortisation, non-cash charges and non-core operating expenses.

(2) Non-core operating expenses include items related primarily to acquisition, integration and other related costs, which are not incurred as part of the underlying trading performance of the Group, and which are therefore adjusted for, in line with Group policy.

All amounts relate to continuing activities.

The notes on pages 74 to 108 form an integral part of these financial statements.

Consolidated statement of financial position
as at 31 December 2022

	Note	2022 USD'000	2021 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**1,835**	1,820
Right-of-use assets	13,27	**5,523**	6,781
Intangible assets	14	**347,938**	254,169
Other non-current assets	15	**284**	439
Investments	16	**—**	58
Deferred tax assets	21	**9,482**	8,563
		365,062	271,830
Current assets			
Trade and other receivables	17	**98,231**	71,363
Inventory		**646**	895
Cash and bank balances	18	**94,773**	56,133
		193,650	128,391
Total assets		**558,712**	400,221

	Note	2022 USD'000	2021 USD'000
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**340**	290
Share premium		**98,347**	39,845
Merger relief reserve		**5,297**	5,297
Share-based payment reserve		**24,104**	19,506
Cash flow hedging reserve		**(202)**	(6,419)
Foreign exchange translation reserve		**(10,787)**	2,933
Retained earnings		**50,032**	52,530
Total equity		**167,131**	113,982
Non-current liabilities			
Other payables	20	**13,855**	4,420
Lease liabilities	27	**3,783**	5,105
Deferred tax liabilities	21	**30,157**	20,334
Borrowings	23	**145,872**	119,251
Derivative financial instruments	24	**202**	—
		193,869	149,110
Current liabilities			
Trade, other payables and accruals	22	**190,348**	117,016
Lease liabilities	27	**1,908**	1,837
Borrowings	23	**5,326**	11,857
Derivative financial instruments	24	**130**	6,419
		197,712	137,129
Total liabilities		**391,581**	286,239
Total equity and liabilities		**558,712**	400,221

These financial statements were approved and authorised for issue by the Board of Directors on 24 March 2023 and were signed on its behalf by:

Iain McDonald
Chairman

Company Number: 08576358

The notes on pages 74 to 108 form an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Share capital USD'000	Share premium USD'000	Merger relief reserve USD'000	Share-based payment reserve USD'000	Cash flow hedging reserve USD'000	Foreign exchange translation reserve USD'000	Retained earnings USD'000	Equity attributable to owners of the Parent Company USD'000
Balance as at 31 December 2020	290	39,845	5,297	11,032	—	1,360	56,072	113,896
Loss for the year	—	—	—	—	—	—	(3,542)	(3,542)
Other comprehensive income								
Translation of foreign operation	—	—	—	—	—	1,573	—	1,573
Loss arising on changes in fair value of hedging instruments	—	—	—	—	(6,419)	—	—	(6,419)
Total comprehensive loss for the year	—	—	—	—	(6,419)	1,573	(3,542)	(8,388)
Transactions with owners								
Share-based payments	—	—	—	7,110		—	—	7,110
Share-based payments – deferred tax assets	—	—	—	2,227	—	—	—	2,227
Share-based payments – exercised and lapsed	—	—	—	(863)	—	—	—	(863)
Balance as at 31 December 2021	290	39,845	5,297	19,506	(6,419)	2,933	52,530	113,982
Loss for the year	—	—	—	—	—	—	(2,078)	(2,078)
Other comprehensive income								
Translation of foreign operation	—	—	—	—	—	(13,720)	—	(13,720)
Gain arising on changes in fair value of hedging instruments	—	—	—	—	6,217	—	—	6,217
Total comprehensive loss for the year	—	—	—	—	6,217	(13,720)	(2,078)	(9,581)
Transactions with owners								
Issue of share capital	50	59,650	—	—	—	—	—	59,700
Share issue costs	—	(1,148)	—	—	—	—	—	(1,148)
Repurchase of shares	—	—	—	—	—	—	(420)	(420)
Share-based payments	—	—	—	8,277	—	—	—	8,277
Share-based payments – deferred tax assets	—	—	—	(79)	—	—	—	(79)
Share-based payments – exercised and lapsed	—	—	—	(3,600)	—	—	—	(3,600)
Balance as at 31 December 2022	**340**	**98,347**	**5,297**	**24,104**	**(202)**	**(10,787)**	**50,032**	**167,131**

Share capital represents the nominal value of the Company's cumulative issued share capital. Share premium represents the cumulative excess of the fair value of consideration received for the issue of shares in excess of their nominal value less attributable share issue costs and other permitted reductions. Merger relief reserve represents the cumulative excess of the fair value of consideration received for the issue of shares in excess of their nominal value, less attributable share issue costs and other permitted reductions, where the consideration for shares in another company includes issued shares, and 90% of the equity is held in the other company. Retained earnings represent the cumulative value of the profits not distributed to Shareholders but retained to finance the future capital requirements of the Group. Share-based payments reserve represents the cumulative value of share-based payments recognised through equity and deferred tax assets arising thereon, net of exercised and lapsed options. Cash flow hedging reserve represents the effective portion of changes in the fair value of derivatives. Foreign exchange translation reserve represents cumulative exchange differences arising on Group consolidation.

The notes on pages 74 to 108 form an integral part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2022

	2022 USD'000	2021 USD'000
Cash flow from operating activities		
Profit before taxation	**14,817**	1,555
Adjustments for:		
Depreciation of property, plant and equipment	**2,979**	3,514
Amortisation and impairment of intangible assets	**36,399**	18,291
Finance costs (net)	**18,736**	10,798
Share-based payments	**5,698**	5,006
Increase in trade and other receivables	**(9,943)**	(20,816)
Increase in trade and other payables and accruals	**16,939**	24,605
Decrease in inventories	**249**	302
Cash flow from operations	**85,874**	43,255
Income tax paid	**(8,399)**	(2,230)
Net cash flow generated from operating activities	**77,475**	41,025
Cash flow used in investing activities		
Purchase of property, plant and equipment	**(1,334)**	(722)
Purchase of intangible assets	**(5,209)**	(4,088)
Payment of deferred consideration	**(2,655)**	(1,719)
Proceeds from disposal of investments	**150**	—
Acquisition of subsidiaries, net of cash acquired	**(81,546)**	(18,344)
Net cash flow used in investing activities	**(90,594)**	(24,873)

Consolidated statement of cash flows continued
for the year ended 31 December 2022

	2022 USD'000	2021 USD'000
Cash flow generated from/(used in) financing activities		
Proceeds from borrowings	**185,501**	25,700
Settlement of forward foreign exchange contracts	**(25,520)**	—
Repayment of bond financing	**(128,583)**	—
Repayment of revolving credit facility	**(18,810)**	—
Bank finance arrangement fees	**(3,417)**	(979)
Accrued interest received on tap	**411**	—
Bond finance arrangement fees	**(800)**	—
Proceeds from issuance of ordinary shares (net)	**58,607**	—
Repurchase of ordinary shares	**(420)**	—
Payment of lease liability	**(2,166)**	(1,981)
Interest paid	**(7,766)**	(8,695)
Net cash flow generated from financing activities	**57,037**	14,045
Net increase in cash and cash equivalents	**43,918**	30,197
Cash and cash equivalents at beginning of the year	**56,133**	28,654
Exchange losses on cash and cash equivalents	**(5,278)**	(2,718)
Cash and cash equivalents at end of the year	**94,773**	56,133

The notes on pages 74 to 108 form an integral part of these financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2022

1. General information

(a) Nature of operations

CentralNic Group Plc is the UK holding company of a group of companies which operate a global internet platform that derives recurring revenue from operating a marketplace model for Online Presence and Online Marketing services. The Company is registered in England and Wales. Its registered office and principal place of business is 4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR.

(b) Component undertakings

The principal activities of the subsidiaries and other entities included in the financial statements are presented within the particulars of subsidiaries and associates on pages 114 to 117 of these financial statements.

2. Application of IFRS

(a) Basis of preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards and in accordance with the Companies Act 2006 as applicable to companies reporting under international accounting standards. As applied to the Group, there are no material differences from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB); therefore, the financial statements have been prepared in accordance with IFRS as issued by the IASB. The financial statements have been prepared under the historical cost convention except for those financial instruments measured at fair value which have been measured at fair value through profit and loss. Those accounting policies have been applied consistently in all periods.

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The financial statements are measured and presented in USD rounded to the nearest thousand, unless otherwise stated, which is the currency of the primary economic environment in which many of the entities operate.

In assessing the Group's going concern position as at 31 December 2022, the Directors have considered a number of factors, including the current statement of financial position, the principal and emerging risks which could impact the performance of the Group and the Group's strategic and financial plan. The assessment concluded that, for the foreseeable future, the Group has sufficient capital to support its operations, has a funding and liquidity base which is strong, robust, diversified and well managed with future capacity, and has expectations that performance will continue to improve as the Group's strategy is executed.

As a result of their assessment, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore believe that the Group is well placed to manage its risks successfully in line with its business model and strategic aims. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

(b) Standards adopted in the year

There have been no standards adopted that have had a material impact on the financial statements and no standards adopted in advance of their implementation date.

(c) Standards, amendments and interpretations to published standards not yet effective

The Directors have considered those standards and interpretations, which have not been applied in the financial statements but are relevant to the Group's operations, that are in issue but not yet effective and do not consider that they will have a material impact on the future results of the Group.

3. Summary of significant accounting policies

The financial statements have been prepared on the historical cost basis except for certain financial instruments at fair value, as explained in the accounting policies set out below, which have been prepared in accordance with IFRS. The principal accounting policies are set out below:

(a) Basis of consolidation

The consolidated financial statements include the financial statements of all subsidiaries. The financial year ends of all entities in the Group are coterminous.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control over the operating and financial decisions is obtained, and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All intercompany balances and transactions, including recognised gains arising from inter-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as recognised gains except to the extent that they provide evidence of impairment.

(b) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration is included in the cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

3. Summary of significant accounting policies continued

(b) Business combinations continued

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(c) Functional and foreign currencies

(i) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in USD given that more than half of the Group's trade is in USD and the industry in which the Group operates predominantly trades in USD.

On 1 January 2022, CentralNic Group Plc, the Parent Company of the Group, changed its functional currency from EUR to USD. The change was made to reflect that USD has become the predominant currency in the Company following the refinancing in the year. The change has been implemented with prospective effect only, and therefore the prior year comparative figures for the Company have not been restated.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign currency gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except where deferred in other comprehensive income as qualifying cash flow hedges and qualifying net-investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or finance costs. All other foreign exchange gains and losses are recognised in profit and loss within operating expenses.

(iii) Group companies

The results and financial position of all of the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position are translated at the closing rate at the date of that statement of financial position;
b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, the exchange differences arising from the translation of any investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Financial instruments

Financial assets and liabilities are recognised in the statements of financial position when any entity within the Group becomes a party to the contractual provisions of the instruments.

The Group's financial assets and liabilities are initially measured at fair value plus any directly attributable transaction costs.

The carrying value of the Group's financial assets (primarily cash and bank balances) and liabilities (primarily trade payables and other accrued expenses) approximate their fair values.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies its financial assets into one of the categories discussed below. The Group's accounting policy for each category is as follows:

(i) Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus those transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

3. Summary of significant accounting policies continued

(d) Financial instruments continued

(i) Amortised cost continued

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being shown as an impairment charge in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those financial assets where the credit risk has not increased significantly since initial recognition, twelve months of expected credit losses along with gross interest income are recognised. For those financial assets for which credit risk has increased significantly since initial recognition, lifetime expected credit losses along with the gross interest income are recognised. For those financial assets that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

(ii) Fair value through other comprehensive income

The Group has an equity interest in a number of investments in unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss, as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investment's carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

(iii) Financial liabilities and equity instruments

Financial liabilities are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial liabilities are reported in profit or loss. Distributions to holders of financial liabilities are classified as equity and charged directly to equity.

Financial liabilities

Financial liabilities comprise long-term borrowings, short-term borrowings, trade payables, deferred consideration and lease liabilities, measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Bond issue costs are initially recorded as a deduction from the bond liability on the statement of financial position, and subsequently expensed to the consolidated statement of profit and loss over the life of the bond using the straight-line method.

Equity instruments

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

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

Dividends proposed or declared after the reporting date but before the financial statements have been authorised for issue are not recognised as a liability at the reporting date. However, the details of these dividends are disclosed in the notes in accordance with IAS 1.

(iv) Derivative financial instruments and cash flow hedges

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

3. Summary of significant accounting policies continued

(d) Financial instruments continued

(iv) Derivative financial instruments and cash flow hedges continued

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not due to be realised or settled within twelve months.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again. The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss. The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the cash flow hedging reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

(e) Property, plant and equipment

Property, plant and equipment, including leasehold improvements and office furniture and equipment, are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated using the methods below to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Computer equipment: Reducing balance 33.33-50% and straight-line 20-33.33%

Furniture and fittings: Reducing balance 20-30% and straight-line 10-33.33%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the asset.

Subsequent component replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of costs for dismantling and removing the asset, and restoring the site on which it is located, which the Group is obliged to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

Notes to the consolidated financial statements continued
for the year ended 31 December 2022

3. Summary of significant accounting policies continued

(f) Intangible assets

Domain name intangible assets represent amounts paid to acquire the rights to own and act as registrant for a portfolio of domain names. Capitalised domain names have a finite useful life and are measured at cost less accumulated amortisation and impairment losses, if any. Domain names are amortised on an annual basis at the rate of 20% straight line. Domain names not held for resale are included in the statement of financial position at amortised cost and classified as 'domain names' and amortised over their useful lives. Domain names held for resale are included in the statement of financial position at the lower of cost and net realisable value and classified as inventory held for sale with no amortisation charged. If a decision is taken to sell a domain name previously included in intangible assets it is reclassified as inventory at net book value prior to sale.

The useful economic life for the software acquired as part of the Internet.BS, Instra and SK-NIC acquisitions is five years and the acquired customer lists are amortised over ten years. The useful economic lives for the software acquired as part of the KeyDrive and Team Internet acquisitions are three to nine years and the acquired customer lists are amortised over seven to ten years. The useful economic lives for all of the intangible assets acquired as part of the Codewise acquisition are five years. The useful economic lives for the intangible assets acquired as part of the SafeBrands acquisition are six years for customer lists and brand name, and four years for technology. The useful economic lives for the intangible assets acquired as part of the Wando acquisition are a blended circa four years for technology. The useful economic lives for the websites acquired from White & Case and in the NameAction acquisition are five years. Patents and trademarks acquired as part of the acquisitions of KeyDrive and GlobeHosting are amortised over the shorter of their useful life and/or their contractual life (or length of legal right to assets). If the contractual or legal rights are renewed, the useful life will include the renewal period. Patents and trademarks are amortised over five to 15 years.

Development costs that the Group incurs on the development of identifiable and unique software will be capitalised where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated that the asset will probably generate future economic benefits;
- the expenditure attributable to the software product during its development can be reliably measured; and
- that there are adequate technical and finance resources available to complete the development.

Costs capitalised in relation to computer software development may relate to either:

- completely separable software; or
- enhancements of existing software which are clearly identifiable as new modules within the system or new features which enable the asset to generate additional future economic benefit. For the avoidance of doubt, this excludes any ongoing maintenance to the existing software.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the assets are ready for use.

Research and development expenditure that does not meet the criteria above is recognised as an expense as incurred.

Development costs previously recognised as an expense cannot be recognised as an asset in a subsequent period.

Development costs acquired as part of the acquisition of Team Internet are amortised over three to five years.

Directly attributable costs that are capitalised as part of software include employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives as determined by the Directors.

Costs for development initiatives that the Group undertakes that are not otherwise allocable to specific domain names or projects are expensed through the consolidated statement of comprehensive income as incurred.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets are tested for impairment annually if facts and circumstances indicate that impairment may exist. In the event that the expected future economic benefits of the intangible assets are no longer probable or expected to be recovered, the capitalised amounts are written down to their recoverable amount through the consolidated statement of comprehensive income.

(g) Impairment of non-financial assets

The carrying values of non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of the asset is the higher of the asset's fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised if the carrying value of the asset exceeds its recoverable amount and is recognised immediately in the consolidated statement of comprehensive income.

In respect of assets other than goodwill, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised immediately in the consolidated statement of comprehensive income.

Notes to the consolidated financial statements continued
for the year ended 31 December 2022

3. Summary of significant accounting policies continued

(h) Cash and cash equivalents

Cash and bank balances comprise of cash in hand, bank balances, deposits with financial institutions and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Employee benefits

Short-term employee benefits, including wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(j) Leases

Under IFRS 16, the Group recognises right-of-use assets and corresponding lease liabilities for most leases by recording them on the statement of financial position.

The Group does not recognise the right-of-use assets and lease liabilities for short-term leases that have a term of three months or less or leases that are of low value (less than USD 5,000). Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

At inception, or on assessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices. However, for leases of properties, the Group does not separate non-lease components and instead accounts for the lease and non-lease components as one single lease component.

The Group's leases primarily relate to properties and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Property leases will often include extension and termination options, open market rent reviews, and uplifts.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the individual lessee company's incremental borrowing rate taking into account the duration of the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to the consolidated statement of comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability. It is remeasured when there is a change in future lease payments arising from a change in index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option. The lease liability is recalculated using a revised discount rate if the lease term changes as a result of a modification or re-assessment of an extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is typically depreciated on a straight-line basis over the lease terms. In addition, the right-of-use asset may be adjusted for certain remeasurements of the lease liability, such as indexation and market rent review uplifts. Please refer to note 27 for further details.

(k) Taxation

Taxation for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs, or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity, and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

3. Summary of significant accounting policies continued

(l) Share-based payments

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments (equity-settled transactions). These individuals are granted share option rights approved by the Board which can only be settled in shares of the respective companies that award the equity-settled transactions. Share option rights are also granted to these individuals by majority Shareholders over their shares held. No cash-settled awards have been made or are planned.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (vesting point). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments and value that will ultimately vest. The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The fair value of share-based remuneration is determined at the date of grant and recognised as an expense in the statement of comprehensive income on a straight-line (graded vesting) basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of the Black-Scholes model method.

(m) Provisions, contingent liabilities and contingent assets

Provisions are recognised when, as a result of a past event, the Group has a present legal or constructive obligation, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each financial reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required, or the amount of obligation cannot be measured reliably. A contingent liability is not recognised in the financial statements but is disclosed in the notes to the financial statements. When a change in the probability of a contingent outflow occurs so that the outflow is probable, a liability will be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. The Group does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the course of ordinary activities, net of discounts and sales-related taxes.

The Company has two segments: Online Marketing and Online Presence. The Online Marketing segment creates privacy-safe AI-based customer journeys that help online consumers make informed choices. The Online Presence segment conducts business as a global distributor of domain names through a network of channel partners as well as selling domain names and ancillary services to end users, monitoring services to protect brands online, technical and consultancy services to corporate clients, and licensing the Group's in-house developed registry management platform on a global basis.

Please refer to note 5 for further details.

Revenue from the sale of services is recognised when the performance obligations are met under the customer contract. In particular:

(i) Indirect sales of services for domain names to registrars (Online Presence segment)

Indirect revenues are derived from their customer base, registrars, via the following three channels:

a) Reseller channel – revenues are derived by facilitating the sale of domain names and associated digital subscription products to registrars by acting as a wholesale platform provider;

b) Registry operator channel – CentralNic is an asset holder for Country Code TLD '.SK', and therefore generates revenues through sales of domain names with the '.SK' extension to registrars; and

c) Registry service provider channel – these revenues are generated from the provision of services through the registry service provider mechanism. CentralNic operates as a back-end service provider for third-party TLDs on an exclusive basis, enabling the registrars to sell domain names to registrants.

In accordance with IFRS 15, the underlying customer contract with the registrar is evaluated and the performance obligation that is required to be met under that customer contract is identified. The transaction price is also determined and allocated to the performance obligation. Revenue is recognised on fulfilment of the performance obligation. A liability is also recognised for amounts due back to the customers based on their contractual terms.

For a) reseller channel, evaluation of the customer contract has determined that the performance obligations are met at the point of sale of the domain name. An invoice under this channel could cover the licence to utilise the domain name for a fixed term period which could vary between one and ten years; however, all performance obligations are met at the point of sale, and therefore no revenue is deferred.

For b) registry operator and c) registry service provider channels, evaluation of the customer contract has determined that there are several performance obligations that need to be met over the term specified in the contract governing the sale of the domain name. An invoice under these channels could cover the sale of a domain name for a fixed term, which could vary between one and ten years, with the performance obligations expected to be fulfilled over the course of this term on a straight-line basis. Revenues that relate to the period in which the services are performed are recognised in the consolidated statement of comprehensive income of that period, with amounts relating to future periods being deferred into deferred revenue.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

3. Summary of significant accounting policies continued

(n) Revenue recognition continued

(ii) Direct sale of services for domain names to domain registrants (Online Presence segment)

Direct revenues are derived from their customer base via the following three channels:

a) retail channel – revenues arise from the provision of retail and similar services to domain registrants, with sub-revenue streams being those of new registrations and renewals. Revenues originate when a transaction is generated on the service registry platform by the customer;
b) computer software channel – revenues arise from the provision of computer software; and
c) strategic consultancy and similar services – revenues arise from the provision of corporate strategic consulting services.

For a) retail channel, evaluation of the customer contract has determined that the performance obligations are met at the point of sale of the domain name. An invoice under this segment could cover the licence to utilise the domain name for a fixed term which could vary between one and ten years; however, all performance obligations are met at the point of sale, and therefore no revenue is deferred.

For b) computer software channel, customer contracts typically require the delivery of software including all adaptations required by the customer; this can either be specified as one performance obligation within the whole contract, or split into separate and specific milestone deliverables, i.e. separate performance obligations, within the contract. Revenue is recognised at the point of fulfilment of the relevant performance obligation in line with the customer contract.

For c) strategic consultancy and similar services, the customer contract typically covers a broad range of consultancy services to be delivered over varying lengths of time. Performance obligations are fulfilled as work is completed, and revenue is therefore recognised based on completion of work performed to date as a percentage of total services to be performed.

(iii) Monetisation services (Online Marketing segment)

The Online Marketing segment provides advertising placement services to match those who have traffic, e.g. domain name owners and content website operators, with those who want traffic, e.g. e-commerce website operators and affiliates on a global basis, including AI-based data analytics and automation tools. Revenues are recognised after either of the following is registered: (i) a chargeable click on the advertiser's advertisement placed on the publisher's domain name; or (ii) a chargeable re-direct from a publisher's domain name to an advertiser's website.

(o) Inventories

Inventories consists of domain names which are initially recognised at cost and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

(p) Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently, associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

(q) Non-core operating expenses

Non-core operating expenses are disclosed and described separately in the consolidated financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of expense relating to projects that have been shown separately due to the significance of their nature or amount, which are generally outside the ordinary scope of business, are discretionary and non-recurring, and convey a future benefit. Acquisition and integration expenses are the most relevant items falling into this taxonomy.

(r) Definition of organic growth

Given that the Group has made a number of key strategic acquisitions in 2021 and 2022, unaudited, non-GAAP pro forma information has been estimated to provide period-to-period comparison of performance. In doing so, the following assumptions have been made:

a) figures are provided for the entire comparative period, irrespective of when the acquisition by the Group arose;
b) adjustments have been made to the currency rates used for the comparative period to the most recent statement of financial position date to harmonise the impact of currency fluctuations;
c) the impact of unwinding the deferred revenues relating to the period prior to 1 November 2018 arising from a change in the terms of conditions, as well as identified material non-cash or one-off revenues, have been excluded to ensure period-to-period comparability; and
d) adjustments have been made, as appropriate, to ensure GAAP comparability between periods. Differences to reported figures may result.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

4. Critical accounting judgements and key sources of estimating uncertainty

When applying the Group's accounting policies, described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other sources. The estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a significant adjustment to the carrying amounts of assets and liabilities in the financial statements in the next twelve months:

Impairment testing and fair value assessment

The recoverable amounts of individual non-financial assets are determined based on the higher of the value-in-use and the fair value less costs to sell. These calculations will require the use of estimates and assumptions. It is reasonably possible that assumptions may change, which may impact the Directors' estimates and may then require a material adjustment to the carrying value of investments, tangible and intangible assets.

The Directors review and test the carrying value of investments, tangible and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. For the purposes of performing impairment tests, assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets or liabilities. If there are indications that impairment may have occurred, estimates will be prepared of expected future cash flows for each group of assets.

For financial assets classified as 'fair value through other comprehensive income', the Directors review the appropriateness and reasonableness of the valuation technique(s) used to determine the fair value and ensure that corroborative support is obtained for (i) the assumptions used in preparing such valuations and the evaluation of the sensitivity in such assumptions, (ii) the evidence of indicators of a change in fair value, and (iii) the adjustments required if there are indications that a change in fair value has arisen.

Expected future cash flows used to determine the value-in-use of tangible and intangible assets will be inherently uncertain and could materially change over time. The discount rate used in the impairment testing for CGUs was 11%, using the Capital Asset Pricing Method (CAPM), with a long-term growth rate of 2.0%. The carrying value of the Group's tangible, intangible and investment assets are disclosed in notes 13, 14 and 16 respectively.

Acquisition accounting and goodwill

Where the Group undertakes business combinations, the cost of acquisition is allocated to identifiable net assets and contingent liabilities acquired and assumed by reference to their estimated fair values at the time of acquisition. The remaining amount is recorded as goodwill. The valuation of identifiable net assets involves an element of judgement related to projected results. Fair values that are stated as provisional are not finalised at the reporting date and final fair values may be determined that are materially different from the provisional values stated.

In addition, the fair value of the deferred consideration arising on the business combination/acquisition is a key area of accounting estimate.

Judgement was exercised in determining the fair value of the assets and liabilities and the deferred consideration in recent acquisitions. Further details are set out in note 25.

Taxes

The Group has operations or sales in around 40 countries that are subject to direct and indirect taxes. The tax position is often not agreed with tax authorities until sometime after the relevant period end and, if subject to a tax audit, may be open for an extended period. In these circumstances, the recognition of tax liabilities and assets requires management estimation to reflect a variety of factors; these include the status of any ongoing tax audits, historical experience, interpretations of tax law and the likelihood of settlement.

The changing regulatory environment affecting all multinational corporations increases the estimation uncertainty associated with calculating the Group's tax position. This is as a result of amendments to tax law at the national level, increased co-operation between tax authorities and greater cross-border transparency.

The Group estimates and recognises additional tax liabilities as appropriate based on management's interpretation of country-specific tax law, external advice and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results in the year in which such determination is made. Further details of this are provided in note 21.

In addition, calculation and recognition of temporary differences giving rise to deferred tax assets requires estimates and judgements to be made on the extent to which future taxable profits are available against which these temporary differences can be utilised.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

5. Segment analysis

CentralNic is an independent global service provider distributing domain names and associated digital subscription products through its Online Presence segment, as well as providing Online Marketing services. Operating segments are organised around the products and services of the business and are prepared in a manner consistent with the internal reporting used by the chief operating decision maker to determine allocation of resources to segments and to assess segmental performance. The Directors do not rely on analyses of segment assets and liabilities, nor on segmental cash flows arising from the operating, investing and financing activities for each reportable segment, for their decision making and therefore have not included them.

As described in note 3, there has been a reclassification of the Group's segmental reporting and therefore the comparatives have been updated.

The Company has two segments: Online Marketing and Online Presence. The Online Marketing segment creates privacy-safe AI-based customer journeys that help online consumers make informed choices. The Online Presence segment conducts business as a global distributor of domain names through a network of channel partners as well as selling domain names and ancillary services to end users, monitoring services to protect brands online, technical and consultancy services to corporate clients, and licensing the Group's in-house developed registry management platform on a global basis.

Management reviews the activities of the Group in the segments disclosed below:

	2022		
	Online Marketing USD'000	**Online Presence USD'000**	**Total USD'000**
Revenue	**574,721**	**153,516**	**728,237**
Cost of sales	**(449,622)**	**(100,919)**	**(550,541)**
Gross profit	**125,099**	**52,597**	**177,696**

	2021		
	Online Marketing USD'000	Online Presence USD'000	Total USD'000
Revenue	261,266	149,274	410,540
Cost of sales	(196,017)	(96,024)	(292,041)
Gross profit	65,249	53,250	118,499

The geographical locations of the non-current assets are as follows:

	2022 Non-current assets USD'000	2021 Non-current assets USD'000
UK	**8,563**	9,438
North America	**19,897**	10,623
Europe	**282,493**	207,228
Australasia	**37,322**	44,531
ROW	**16,787**	10
	365,062	271,830

The segment classification for non-current assets was reassessed during the year. For presentational purposes, certain non-current assets have been reclassified in the comparative period.

Notes to the consolidated financial statements continued
for the year ended 31 December 2022

6. Revenue

The Online Marketing segment's service comprises a full suite of online customer acquisition solutions, including data analytics, and has generated revenue totalling USD 574,721,000 (2021: USD 261,266,000). The Online Presence segment, which provides the essential tools for businesses to go online, has generated revenue totalling USD 153,516,000 (2021: USD 149,274,000).

The Group's revenue is generated from the following geographical areas:

	2022 USD'000	2021 USD'000
Online Marketing		
UK	**2,914**	3,239
North America	**18,545**	19,045
Europe	**536,065**	217,211
ROW	**17,197**	21,771
	574,721	261,266
Online Presence		
UK	**4,103**	3,648
North America	**47,290**	43,279
Europe	**72,135**	70,462
ROW	**29,988**	31,885
	153,516	149,274
Total revenue	**728,237**	410,540

The Group's revenue is generated from the following countries:

	2022 USD'000	2021 USD'000
Revenue by customer location[(1)]		
Ireland	**483,688**	200,964
United States of America	**60,686**	55,756
Germany	**28,486**	26,816
Australia	**12,958**	12,712
Netherlands	**9,193**	8,098
Switzerland	**7,476**	7,272
United Kingdom	**7,017**	6,887
China	**5,996**	4,362
Canada	**5,149**	6,568
Slovakia	**3,369**	3,764
Other	**104,219**	77,341
	728,237	410,540

(1) End customers may be located in different territories as notable parts of the business are conducted through channel partners. Looking through the channel partners, North America represents c.50% of group revenue.

For the year ended 31 December 2022, there was one customer that represented more than 10% of the Group's revenue, amounting to USD 492,783,000 (2021: USD 208,863,000) across two segments (Online Marketing USD 483,208,000 (2021: 198,994,000) and Online Presence USD 9,575,000 (2021: USD 9,8696,000)). The customer is an aggregator who does not procure the services for its own use but provides access to an estimated three to four million end customers who order and consume the services.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

7. Profit before taxation

The profit before taxation is stated after charging the following amounts:

	2022 USD'000	2021 USD'000
Employee benefit expense – wages and salaries	**46,492**	38,510
Employee benefit expense – social security	**7,694**	6,720
Employee benefit expense – pension and cash in lieu of pension	**841**	476
Employee benefit expense – share-based payments	**3,306**	2,059
Staff consultancy fees	**4,676**	4,614
Key management personnel compensation (note 8)	**9,059**	7,296
Fees payable to the Company's auditor for the audit of Parent Company and consolidated financial statements – UK auditor office	**371**	330
Fees payable to the Company's auditor for:		
– Assurance-related services	**86**	91
– Due diligence and other acquisition costs	**—**	41
Depreciation of property, plant and equipment	**2,979**	3,514
Amortisation and impairment of intangible assets	**36,399**	18,291

8. Employee information

The average number of persons employed by the Group (excluding Directors) during the year was 726 (2021: 644), analysed by category as follows:

	2022 Number	2021 Number
Management and finance	**123**	108
Technical	**223**	217
Sales and marketing	**178**	158
Administrative	**41**	34
Operations	**161**	127

Key management personnel

The total compensation costs of the Directors, who are considered to be the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24: Related Party Disclosures. Further information can be found in the remuneration report on pages 53 to 58.

	2022 Directors USD'000	2021 Directors USD'000
Salaries, fees and bonus	**3,889**	4,050
Social security	**468**	260
Pension	**17**	39
Cash in lieu of pension and other benefits	**302**	—
Share-based payment expenses	**3,808**	2,947
Payment in lieu of notice	**575**	—
	9,059	7,296

The Group made contributions to defined contribution personal pension schemes for three Directors in the period (2021: three). For the highest paid Director, the above table includes: wages and salaries of USD 591,000 (2021: USD 658,000), bonus of USD 889,000 (2021: USD 902,000), cash in lieu of pension and other benefits of USD 302,000 (2021: nil), payment in lieu of notice USD 575,000 (2021: nil), totalling USD 2,357,000 (2021: USD 1,560,000).

The Group operates payrolls in several foreign subsidiaries and complies with local jurisdiction obligations. Directors are compensated through the payroll of the country in which those individuals fulfil their duties.

9. Non-core operating expenses

	2022 USD'000	2021 USD'000
Acquisition-related costs	**3,480**	3,081
Integration and streamlining	**3,949**	3,915
Other costs[1]	**740**	1,706
	8,169	8,702

(1) Other costs includes a payment to Ben Crawford in lieu of notice of twelve months' salary representing USD 575,000 and USD 78,000 employer's taxes.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

10. Finance income and costs

	2022 USD'000	2021 USD'000
Finance income	**(10)**	(59)
Impact of unwinding of discount on net present value of deferred consideration[(1)]	**1,005**	246
Reappraisal of deferred consideration	**(1,328)**	(71)
Arrangement fees on borrowings	**2,994**	1,553
Interest expense on current borrowings	**2,465**	269
Interest expense on non-current borrowings	**7,685**	8,664
Interest expense on leases	**183**	196
Loss arising on derivatives classified as fair value hedges	**130**	—
Foreign exchange loss on borrowings	**5,612**	—
Net finance costs	**18,736**	10,798

(1) The impact of deferred consideration on finance costs is discussed in detail in notes 22 and 29.

11. Income tax expense

	2022 USD'000	2021 USD'000
UK corporation tax		
Adjustments in respect of prior years	**–**	(33)
Overseas tax		
Current tax on profits for the year	**22,666**	8,970
Adjustments in respect of prior years	**273**	(343)
Current income tax	**22,939**	8,594
Deferred income tax (note 21)	**(6,044)**	(3,497)
Income tax expense	**16,895**	5,097

A reconciliation of the income tax expense applicable to the profit before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group is as follows:

	2022 USD'000	2021 USD'000
Profit before taxation	**14,817**	1,555
Tax calculated at domestic tax rates applicable to profits in the respective countries	**4,802**	449
Tax effects of:		
– Expenses not deductible for tax purposes	**282**	93
– Amortisation, impairment and depreciation	**8,357**	1,164
– Tax losses generated in the period carried forward	**8,575**	9,606
– Tax losses brought forward utilised in the period	**(1,385)**	(2,210)
– Share-based payment expenses	**1,404**	729
– Deferred tax	**(6,044)**	(3,497)
– Withholding tax	**194**	539
– Other adjustments	**437**	(1,400)
– Adjustments in respect of prior years	**273**	(376)
Income tax expense	**16,895**	5,097

The Group provides for income taxes on the basis of its income for financial reporting purposes, adjusted for items that are not assessable or deductible for income tax purposes in accordance with the regulations of domestic tax authorities.

The effective rate of tax for the Group is not meaningful as it is significantly affected by the following items:

- the high level of non-cash charges, such as exchange gains/losses and amortisation, which are mainly not deductible for income taxes in the certain jurisdictions, and largely represent permanent differences between accounting and taxable profits;
- the various tax rates and tax regimes applicable in all of the different jurisdictions in which the businesses of the Group operate;
- tax losses generated in some entities within the Group are not capable of being used by other entities in the Group, due to geographical locations or tax groupings;
- the diverse tax treatments of deferred consideration amounts applied in each jurisdiction;
- the tax loss carry forward regulations in different jurisdictions; and
- the impact of some entities' profits being set off against goodwill amortisation in certain jurisdictions.

Notes to the consolidated financial statements continued
for the year ended 31 December 2022

11. Income tax expense continued

The tax rates applicable in various jurisdictions (listed alphabetically) are:

- Australia: Standard corporate income tax rate is 30%. A 25% tax rate applies to base rate entities defined as being corporate tax entities with no more than 80% of their assessable income being passive income and with an aggregate revenue of less than AUD 50 million;
- Brazil: Corporate income tax is assessed at the fixed rate of 15% on annual taxable income. Corporate taxpayers are also subject to a surcharge of 10% on the annual taxable income in excess of 240,000 Brazilian Reals. All legal entities are generally also subject to a social contribution on net income at the rate of 9%;
- Canada: Federal income tax is due at 15%. Companies are also subject to provincial/territorial income tax, which is levied with rates determined by the province and vary from 8% to 16%;
- Chile: The basic tax on income of a legal entity domiciled or resident in Chile and engaged in commerce, mining, fishing or industrial activities is the first category tax, which is assessed at a 25% rate for SMEs and 27% rate for entities subject to the partially integrated system on the entity's worldwide income;
- France: As a general rule, the standard corporate tax rate is 25%;
- Germany: Federal taxes are due at 15% of taxable income, with an additional 5.5% solidarity surcharge due on the income tax; a community business tax is also levied with rates determined by the municipality, taking the total effective tax charge to c.30%-35%;
- Israel: The basic tax rate for companies is 23%. However, an Israeli company classified as a 'preferred technological enterprise' is entitled to a reduced tax rate of 12% on its 'preferred technological income';
- New Zealand: Income taxes are due at 28% of taxable income;
- Luxembourg: Income tax is due at 17% for companies with taxable income above EUR 200,001 leading to an overall tax rate of 24.94% (including a solidarity surtax of 7% and a 6.75% municipal business tax);
- Poland: Income tax is due at 19% (standard corporate tax rate) of taxable income;
- Slovakia: Income tax is due at 21% (standard corporate tax rate) of taxable income;
- UK: The applicable statutory tax rate is 19%; and
- USA: Federal taxes are due at 21% of taxable income. Companies are also subject to a state tax that varies from state to state and generally ranges from 1% to 12%. Under California tax legislation, a statutory minimum of USD 800 of state tax is due.

12. Earnings per share

Earnings per share has been calculated by dividing the consolidated profit/(loss) after taxation attributable to ordinary Shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share has been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of the dilutive potential ordinary shares as calculated using the treasury stock method (arising from the Group's share option scheme and warrants) into ordinary shares has been added to the denominator. There are no changes to the profit (numerator) as a result of the dilutive calculation.

Due to the loss made in each year, the impact of the potential shares to be issued on exercise of share options and warrants would be anti-dilutive and therefore diluted earnings per share is reported on the same basis on earnings per share.

	2022 USD'000	2021 USD'000
Loss after tax attributable to owners	**(2,078)**	(3,542)
Operating profit	**33,553**	12,353
Depreciation of property, plant and equipment	**2,979**	3,514
Amortisation and impairment of intangible assets	**36,399**	18,291
Non-core operating expenses	**8,169**	8,702
Foreign exchange gains	**(774)**	(1,615)
Share-based payment expenses	**5,698**	5,006
Adjusted EBITDA	**86,024**	46,251
Depreciation	**(2,979)**	(3,514)
Finance costs	**(13,022)**	(10,857)
Finance income	**10**	59
Taxation	**(16,895)**	(5,097)
Adjusted earnings	**53,138**	26,842
Weighted average number of shares:		
Basic	**265,623,278**	227,380,670
Effect of dilutive potential ordinary shares	**2,584,385**	6,856,289
Diluted average number of shares	**268,207,663**	234,236,959
Earnings per share:		
Basic (cents)	**(0.78)**	(1.56)
Diluted (cents)	**(0.78)**	(1.56)
Adjusted earnings – Basic (cents)	**20.01**	11.80
Adjusted earnings – Diluted (cents)	**19.81**	11.46

Basic and diluted earnings per share of (0.78) cents (2021: (1.56) cents) have been impacted by amortisation charges, impairment, non-core operating expenses, foreign exchange gains and losses, share of associate income and share-based payment expenses. Tax on adjusted earnings is the same figure as that shown in the consolidated statement of comprehensive income given that the majority of the adjusting items in the earnings per share calculation above are also adjusted for when calculating the Group's tax expense.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

13. Property, plant and equipment

	Right-of-use assets USD'000	Motor vehicles USD'000	Computer equipment USD'000	Furniture and fittings USD'000	Total USD'000
Cost					
At 1 January 2021	8,374	12	4,083	717	13,186
Additions	2,317	—	669	53	3,039
Acquisition of subsidiary	107	—	83	16	206
Disposal	—	(2)	(1,050)	(110)	(1,162)
Exchange differences	(313)	(3)	(322)	19	(619)
At 31 December 2021	10,485	7	3,463	695	14,650
Additions	215	—	766	353	1,334
Acquisition of subsidiary	932	—	35	20	987
Disposal	(44)	—	(318)	(14)	(376)
Exchange differences	(298)	—	(86)	(3)	(387)
At 31 December 2022	**11,290**	**7**	**3,860**	**1,051**	**16,208**
Accumulated depreciation					
At 1 January 2021	1,919	12	2,254	324	4,509
Charge for the year	1,967	—	1,272	275	3,514
Disposals	—	(2)	(1,007)	(92)	(1,101)
Exchange differences	(182)	(3)	(471)	(217)	(873)
At 31 December 2021	3,704	7	2,048	290	6,049
Charge for the year	1,998	—	902	79	2,979
Disposals	(44)	—	(305)	(1)	(350)
Exchange differences	109	—	(1)	64	172
At 31 December 2022	**5,767**	**7**	**2,644**	**432**	**8,850**
Net book value					
At 31 December 2022	**5,523**	**—**	**1,216**	**619**	**7,358**
At 31 December 2021	6,781	—	1,415	405	8,601

Depreciation of property, plant and equipment is included in operating expenses in the consolidated statement of comprehensive income.

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for the year ended 31 December 2022

14. Intangible assets

	Domain names USD'000	Software USD'000	Customer list USD'000	Patents and trademarks USD'000	Goodwill USD'000	Intellectual property USD'000	Total USD'000
Cost or deemed cost							
At 1 January 2021	12,403	29,897	85,762	10,457	149,656	1,807	289,982
Additions	421	3,666	—	1	—	—	4,088
Acquisition of subsidiary	6,492	5,501	1,733	364	7,159	—	21,249
Disposals	—	(27)	—	—	—	—	(27)
Reclassification from inventory	—	—	—	—	(841)	—	(841)
Exchange differences	(963)	(112)	(6,952)	(848)	71	(894)	(9,698)
At 31 December 2021	18,353	38,925	80,543	9,974	156,045	913	304,753
Additions	8,295	3,758	17	—	—	1,434	13,504
Acquisition of subsidiary	17,134	16,943	23,610	273	67,934	2,288	128,182
Exchange differences	(524)	(693)	(3,024)	(92)	(6,584)	(88)	(11,005)
At 31 December 2022	**43,258**	**58,933**	**101,146**	**10,155**	**217,395**	**4,547**	**435,434**
Amortisation and impairment							
At 1 January 2021	2,579	9,164	21,434	827	—	262	34,266
Charge for the year	2,479	6,067	8,847	788	—	110	18,291
Disposals	—	(27)	—	—	—	—	(27)
Exchange differences	(22)	30	(1,489)	(193)	—	(272)	(1,946)
At 31 December 2021	5,036	15,234	28,792	1,422	—	100	50,584
Charge for the year	5,831	10,789	12,812	843	7	1,066	31,348
Impairment	806	—	—	—	3,583	662	5,051
Exchange differences	2	(698)	1,058	83	42	26	513
At 31 December 2022	**11,675**	**25,325**	**42,662**	**2,348**	**3,632**	**1,854**	**87,496**
Net book value							
At 31 December 2022	**31,583**	**33,608**	**58,484**	**7,807**	**213,763**	**2,693**	**347,938**
At 31 December 2021	13,317	23,691	51,751	8,552	156,045	813	254,169

Certain items within goodwill and intangibles have been reclassified within the comparative balance to make the disclosure more comparable and meaningful.

Notes to the consolidated financial statements continued
for the year ended 31 December 2022

14. Intangible assets continued

Amortisation and useful economic life

The average remaining amortisation period of intangible assets is five years.

When testing for impairment, intangible assets are evaluated according to the cash-generating units (CGUs) to which they belong, which are specifically the typically identifiable entities in each acquisition. Acquisitions completed in the current financial year will be tested for impairment in subsequent financial years.

During the year, the Group has consolidated its product offering and customers migrated from the Group's AdTonic platform to its Zeropark platform. The useful economic life of AdTonic was reduced from five to two years, resulting in additional software amortisation of USD 639,000 in the year.

Impairment charges of USD 806,000 relating to domain name intangible assets and of USD 662,000 relating to intellectual property intangible assets have been recorded in the year. These impairments relate to assets where materially all value-in-use has already been utilised. Consequently, these assets have been fully impaired.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at closing foreign exchange rates. Amortisation of intangible assets is included in operating expenses in the consolidated statement of comprehensive income.

Certain domain names were initially classified as goodwill arising on a business acquisition based on the initial accounting; subsequently, this goodwill amount was reclassified to inventory.

Goodwill and customer lists

The Group tests goodwill recognised through business combinations annually for impairment. Additions to goodwill arose through the business combinations outlined in note 25. The carrying value of goodwill and the customer list is allocated to the respective segments within the CGUs as follows:

	Customer list		Goodwill	
	2022 USD'000	2021 USD'000	**2022 USD'000**	2021 USD'000
Online Marketing	**34,068**	24,278	**106,001**	50,208
Online Presence	**24,416**	27,473	**107,762**	105,837
Total carrying value	**58,484**	51,751	**213,763**	156,045

The recoverable amount of goodwill at 31 December 2022 of USD 213,763,000 (2021: USD 156,045,000) is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by key management personnel covering a one-year period. Cash flow projections beyond the one-year time frame are extrapolated by applying a flat growth rate into perpetuity of 2%. These long-term growth rates are based on historical trends, expected return on investments, and management's judgement, experience and discretion. The pre-tax discount rate applied to the cash flow projections is 11%.

Discount rates

Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU and to determine the pre-tax rate. The cost of equity is derived from the expected return on investment by the Group's investors.

Impairment

During the year, a goodwill impairment charge of USD 3,583,000 was recorded over the goodwill in the Group's Australia and New Zealand CGU. The CGU is included in the Online Presence segment of the Group and consists of the business operations of three entities in Australia and New Zealand, namely Domain Directors Pty Limited, CentralNic NZ Limited and Ideegeo Group Limited, which are collectively considered to be the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The impairment loss has largely been driven by changes introduced to the underlying cost base of the CGU to build a robust platform for the business's long-term success which may lead to lower short-term earnings than originally anticipated.

The impairment loss has been included in the 'Amortisation and impairment of intangible assets' line on the face of the consolidated statement of comprehensive income. The recoverable amount of the CGU is based on a value-in-use calculation and is calculated as USD 34,000,000 as at 31 December 2022. The discount rate used in the value-in-use analysis in the current year is 11% (2021: 11%).

Sensitivity

Based on a sensitivity analysis performed on all CGUs, it was noted that only one CGU, which consists solely of the Slovakian subsidiary SK-NIC A.S., was sensitive to changes in discount rates. Specific to this CGU, an increase in the discount rate of 1.5% would result in an impairment charge, such increase being based on the size risk premium that is typically applied in the DCF valuations of smaller companies. In considering this sensitivity analysis, management consider that an increase in the discount rate is not warranted as SK-NIC A.S. is a utility-style, recurring revenue business and, as such, does not have a small company's risk profile. Further, the growth assumptions used in small company valuations would typically be much higher than the growth rates that have been applied in the value-in-use calculation for this CGU. Absent any sensitivity analysis, this CGU's recoverable amount exceeds its carrying value by USD 3,029,000.

No other reasonable change in the other assumptions made by management would presently result in an additional impairment to any other CGUs.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

15. Other non-current assets

	2022 USD'000	2021 USD'000
Deferred costs	**284**	439

Deferred costs are invoices relating to domain name purchases from wholesalers which are prepaid for periods over twelve months.

16. Investments

Fair value through other comprehensive income

The Group no longer owns any investments and therefore the value of these investments at 31 December 2022 is USD nil (2021: USD 58,000):

Name	Place of incorporation/ establishment	Principal activities	Issued and paid-up /registered capital	Effective interest	Net assets of 100% of investment USD'000	2022 Value USD'000	2021 Value USD'000
Matomy Media Group Ltd	Israel	Dormant company	Ordinary shares	–	–	**–**	58

In the prior year, this investment was categorised in the fair value hierarchy under level 3 as no observable market data was available.

17. Trade and other receivables

	2022 USD'000	2021 USD'000
Trade receivables	**74,818**	48,661
Accrued revenue	**5,174**	6,491
Deferred costs	**3,066**	1,770
Supplier payments on account	**2,633**	3,260
Prepayments and other receivables	**12,540**	11,181
	98,231	71,363

As of 31 December 2022, trade receivables of USD 6,957,000 (2021: USD 4,801,000) were past due but not impaired. These primarily relate to several customers for whom there is considered a low risk of default.

The ageing of the trade receivables past due but not impaired is as follows: 0-30 days USD 5,496,000 (2021: USD 1,890,000), 30-60 days USD 261,000 (2021: USD 908,000), 60-90 days USD 260,000 (2021: USD 815,000), and over 90 days USD 940,000 (2021: USD 1,188,000).

Deferred costs are invoices relating to domain name purchases from wholesalers which are prepaid for periods within twelve months.

Supplier payments on account reflect payments to domain name registries for use against future wholesale domain purchases within the Group's retail business.

Accrued revenue is classified as a contract asset.

Notes to the consolidated financial statements continued

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18. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Amounts held	**2022 USD'000**	2021 USD'000
GBP	**6,697**	2,064
USD	**65,754**	37,162
EUR	**18,932**	13,732
AUD	**248**	1,440
NZD	**517**	—
CAD	**167**	123
PLN	**159**	395
Other	**2,299**	1,217
	94,773	56,133

19. Share capital

The Company's issued and fully paid share capital is as follows:

Ordinary shares of 0.1 pence each	Number	Share capital USD'000
At 31 December 2020 and 31 December 2021	227,380,670	290
Shares issued in respect of VGL acquisition	35,000,000	47
Shares issued in respect of Open Offer	2,384,679	3
Options exercised in the year	12,662,136	—
Shares held in Treasury	(220,000)	—
At 31 December 2022	**277,207,485**	**340**

The actual number of ordinary shares in issue is 288,660,084, however 11,232,599 ordinary shares are held by the CentralNic Employee Benefit Trust (the 'Trust') which is consolidated into these financial statements as it is considered that CentralNic Group Plc controls the Trust (in line with the IFRS 10: Consolidated Financial Statements definition of 'control'). Therefore, these 11,232,599 ordinary shares are eliminated on consolidation. In addition to the issued share capital of 288,660,084 noted above, the total number of share options that were vested but not exercised as at 31 December 2022 was 2,584,385. The number of shares is also reduced by 220,000 for shares held in Treasury by the Company.

The Company has authority to allot shares up to an aggregate nominal value equal to GBP 96,022. This authority expires at the earlier of the AGM held in 2023 and 3 August 2023.

Notes to the consolidated financial statements continued
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20. Non-current other payables

	2022 USD'000	2021 USD'000
Deferred revenue	**649**	3,459
Deferred consideration	**12,444**	961
Provisions	**762**	—
	13,855	4,420

Deferred revenue represents amounts billed in advance of the performance obligation being satisfied.

21. Deferred tax

Deferred tax assets	Share-based payments USD'000	Losses USD'000	Other temporary differences USD'000	Total USD'000
At 1 January 2021	3,157	355	1,898	5,410
Credit to profit and loss	450	359	161	970
Credit to equity	2,227	—	—	2,227
Exchange differences	(361)	(355)	672	(44)
At 31 December 2021	5,473	359	2,731	8,563
Acquisition of subsidiary	—	—	65	65
(Debit)/credit to profit and loss	(394)	1,106	749	1,461
Debit to equity	(79)	—	—	(79)
Exchange differences	(167)	(106)	(255)	(528)
At 31 December 2022	**4,833**	**1,359**	**3,290**	**9,482**

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

21. Deferred tax continued

Deferred tax liabilities	Total USD'000
At 1 January 2021	21,965
Acquisition of subsidiary	1,899
Credit to profit and loss	(2,527)
Exchange differences	(1,003)
At 31 December 2021	20,334
Acquisition of subsidiary	15,783
Credit to profit and loss	(4,583)
Exchange differences	(1,377)
At 31 December 2022	**30,157**

The total credit to the statement of comprehensive income is USD 6,044,000 (2021: USD 3,497,000) and the total credit to equity is USD 79,000 (2021: USD 2,227,000). The deferred tax asset of USD 9,482,000 includes an amount of USD 1,327,000 (2021: USD 359,000) in carried forward tax losses which relates to the Group's entities located in Australia and New Zealand. The Group has concluded that the deferred tax asset will be recoverable based on the estimated future taxable income The losses can be carried forward indefinitely and have no expiry date. Elsewhere in the Group, the amount of unused tax losses available for carry forward for which no deferred tax asset has been recognised is approximately USD 109,000,000 (2021: USD 79,000,000).

22. Trade and other payables and accruals

	2022 USD'000	2021 USD'000
Trade payables	**62,504**	42,108
Accrued expenses	**47,902**	39,688
Other taxes and social security	**4,799**	4,615
Deferred consideration	**22,838**	4,243
Deferred revenue	**6,426**	2,752
Customer payments on account	**16,999**	15,323
Accrued interest	**2,077**	—
Other liabilities	**2,136**	2,618
Corporation tax	**24,667**	5,669
	190,348	117,016

Deferred consideration is subject to actuarial and net present value discounts. The maximum amount of deferred consideration payable is USD 56,213,000 (2021: 5,400,000), which if crystallised, will be settled in cash.

Deferred revenue represents amounts billed in advance of the performance obligation being satisfied.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

23. Borrowings

	2022 USD'000	2021 USD'000
Non-current		
Bank borrowings	**150,608**	119,884
Prepaid finance costs	**(4,736)**	(633)
	145,872	119,251
Current		
Bank borrowings	**5,326**	13,451
Prepaid finance costs	**—**	(1,594)
	5,326	11,857
Total borrowings	**151,198**	131,108

	Bank borrowings USD'000	Prepaid finance costs USD'000	Total USD'000
Bank borrowings as at 1 January 2021	116,775	(3,136)	113,639
New financing revolving credit facility	15,189	(608)	14,581
New financing bond	18,162	(371)	17,791
Repayment/amortisation	(7,651)	1,811	(5,840)
Exchange differences	(9,140)	77	(9,063)
Total borrowing as at 31 December 2021	133,335	(2,227)	131,108
New financing term loan and revolving credit facility	162,648	(4,881)	157,767
New financing bond	23,312	—	23,312
Repayments	(143,131)	—	(143,131)
Amortisation	—	2,425	2,425
Exchange differences	(20,230)	(53)	(20,283)
Total borrowing as at 31 December 2022	**155,934**	**(4,736)**	**151,198**

In October 2022, the EUR 126 million of senior secured bonds was refinanced via a new Senior Facilities Agreement comprising a USD 150 million term loan and a USD 100 million revolving credit facility. These new debt facilities have an initial maturity date of 14 October 2026 with an option to extend by a further year. The borrowing cost will initially be 2.75% above SOFR.

The RCF drawdown was used to fund the working capital requirement of the Parent Company, which has no income other than dividend income, interest income and intercompany recharge income from subsidiaries, which may or may not coincide with the payment obligations of the Parent Company.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

24. Derivative financial instruments

	2022 USD'000	2021 USD'000
Interest rate swaps – long term	**202**	—
Forward foreign exchange contracts – cash flow hedges – short term	**130**	6,419

Forward foreign exchange contracts

In 2021, the Company entered into forward foreign exchange contracts with HSBC Bank Plc (HSBC) and Global Reach Partners Ltd (Global Reach) which resulted in a notional EUR 105 million of the amount outstanding under the bond being hedged at a weighted average EUR/USD exchange rate of 1.1893 and at a 1:1 hedge ratio. The forward contract with HSBC expired on 13 July 2022 and the forward contract with Global Reach expired on 15 July 2022. The Company settled the forward contracts at the prevailing mark-to-market valuations on those dates, which resulted in a EUR 20.9 million (USD 21.0 million) cash outflow. The event is neutral to the Company's net debt as the hedging liabilities mirror the gains from devaluation of the EUR.

For the year ended 31 December 2021, the Company prepared hedging documentation which demonstrated that the hedging instrument and the hedged item offset each other in currency terms and in amounts, meaning there was a clear economic relationship between the hedging instrument and hedged item as required under international accounting standards. However, following the change in functional currency of the Parent Company of the Group effective from 1 January 2022, which aligned the Parent Company's functional currency with the Group's long-standing presentational and functional currency of USD, this economic relationship was considered to no longer exist and the cumulative cash flow hedging reserve as at 31 December 2021 was recycled through the statement of comprehensive income for the year ended 31 December 2022. Further, effective from 1 January 2022, the mark-to-market valuations of the forward contracts (based on reports provided by each of HSBC and Global Reach) were recognised as derivative financial liabilities on the consolidated statement of financial position, with the corresponding fair value movement processed through the statement of comprehensive income. The change in the fair value of the derivative financial instrument for the year ended 31 December 2022 processed through the statement of comprehensive income is USD 25,769,000 (2021: USD 6,419,000 processed through the cash flow hedging reserve) and the balance in the cash flow hedging reserve in respect of the forward foreign exchange contracts at 31 December 2022 is USD nil (2021: USD 6,419,000).

Interest rate swaps

Between 9 and 21 November 2022, the Company entered into three separate interest rate swap transactions to fix the variable interest component on USD 75 million of the new USD 150 million term loan at a blended fixed rate of 3.92%. The Company has prepared hedging documentation which demonstrates that the hedging instrument and the hedged item offset each other in interest rate terms and in amounts, meaning there is a clear economic relationship between the hedging instrument and hedged item as required under international accounting standards. At the statement of financial position date, the interest rate swaps have been measured based on the mark-to-market valuation reports provided by each of three counterparties, with no ineffectiveness recognised. The change in the fair value of the derivative financial instrument in 2022 is USD 202,000 (2021: USD 6,419,000) and the balance in the cash flow hedging reserve at the year end is USD 202,000 (2021: USD 6,419,000).

Forward foreign exchange contracts

On 21 December 2022, the Company entered into a series of forward foreign exchange contracts to exchange US Dollars for Polish Zloty (PLN) and for British Pounds (GBP) in order to fulfil the currency requirements of certain subsidiaries which have a PLN and GBP cost base. The Company has elected to account for the forward trades as fair value through profit and loss as the hedging instrument is not linked to a 'highly probable' hedged item as required under international accounting standards. At the statement of financial position date, the forward foreign exchange contracts have been measured based on the mark-to-market valuation reports provided by the counterparty and the change in the fair value of the derivative financial instrument recognised through the statement of comprehensive income in 2022 is USD 130,000 (2021: USD nil).

25. Business combinations

VGL

On 7 March 2022, CentralNic acquired VGL Verlagsgesellschaft mbH, ('VGL'), a German-based digital publishing and online marketing company headquartered in Berlin. Since its founding in 2014, VGL has grown into the leading German product comparison platform with more than 270 million visits a year to its high-quality content websites, notably the market leader Vergleich.org. VGL's organic traffic is supplemented by a large-scale media buying operation, and it is an important customer acquisition source for Amazon and other leading e-commerce companies in Germany. VGL was acquired for an enterprise value of EUR 60 million, with initial consideration of EUR 67 million (approx. USD 73 million), payable in cash on completion, inclusive of customary adjustments for cash and working capital. An earnout arrangement has also been agreed, under which additional deferred contingent consideration of up to EUR 38 million may be paid over the next three years if the growth of VGL materially exceeds expectations; the amount recognised on the Group's statement of financial position in respect of deferred consideration is USD 21.7 million as at 31 December 2022.

Notes to the consolidated financial statements continued
for the year ended 31 December 2022

25. Business combinations continued

VGL continued

The following table summarises the consideration paid for VGL and the fair values of the assets and liabilities at the acquisition date, in line with Group policies.

Consideration	USD'000
Initial cash consideration	72,755
Deferred consideration (discounted)	21,715
Total consideration	**94,470**

Fair value recognised on acquisition	USD'000
Assets	
Customer list	19,502
Domain names	16,343
Software	6,428
Intellectual property	2,288
Acquired intangibles at acquisition	708
Property, plant and equipment	94
Trade receivables	9,024
Cash and cash equivalents	9,472
Other assets	1,883
	65,742
Liabilities	
Trade payables	4,365
Provisions	2,054
Other liabilities	1,041
Current tax payable	5,099
Deferred tax liability	13,368
	25,927
Total identifiable estimated net assets at fair value	**39,815**
Goodwill arising on acquisition	54,655
Purchase consideration	**94,470**

For the post-completion period to 31 December 2022, revenues of USD 47,510,000, adjusted EBITDA of USD 13,458,000 and a post-tax loss of USD 2,244,000 have been generated by VGL. The trading results for the period between 1 January 2022 and the date of acquisition were materially in line with the post-acquisition trading results.

Goodwill arising on acquisition primarily relates to the specific synergistic benefits able to be realised through VGL being a part of the larger CentralNic Group, as well as goodwill in relation to employees.

.ruhr TLD

On 28 January 2022, CentralNic acquired .ruhr TLD for a purchase price of EUR 150,000. Additional consideration of EUR 150,000 was paid in May 2022. .ruhr is the domain address for the urban agglomeration centred around the river Ruhr in Germany, consisting of c.50 cities, including Dortmund and Essen, with roughly five million inhabitants. There are currently c.10,000 domain names registered using the .ruhr Top-Level Domain. .ruhr will be migrated from its existing service providers and will be fully managed by CentralNic's internal resources, joining another German regional TLD, Saarland.

The following table summarises the consideration paid for .ruhr TLD and the fair values of the assets and liabilities at the acquisition date, in line with Group policies.

Consideration	USD'000
Initial cash consideration	167
Deferred contingent consideration	167
Total consideration	**334**

Fair value recognised on acquisition	USD'000
Assets	
Customer list	334
	334
Total identifiable estimated net assets at fair value	**334**
Goodwill arising on acquisition	—
Purchase consideration	**334**

For the post-completion period to 31 December 2022, revenues of USD 43,000, adjusted EBITDA of USD 20,000 and a post-tax loss of USD 18,000 have been generated by .ruhr TLD. The trading results for the period between 1 January 2022 and the date of acquisition were materially in line with the post-acquisition trading results.

Fireball Search GmbH

On 2 February 2022, CentralNic acquired Fireball Search GmbH for a purchase price of EUR 315,000. Founded in 1996, Fireball was once the leading search engine in Germany, and the name retains high consumer awareness, despite being acquired by and merged into Lyco Europe in the early 2000's. In 2016, Fireball was re-established as an independent company, with a completely overhauled version of the service, including a strong focus on privacy, a core value of CentralNic. Search results are powered by Bing. Fireball opens up new traffic sources for CentralNic to monetise through its proprietary Online Marketing tools, and it adds alternative channels for CentralNic to generate revenues from internet traffics.

Notes to the consolidated financial statements continued
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25. Business combinations continued

Fireball Search GmbH continued

The following table summarises the consideration paid for Fireball Search GmbH and the fair values of the assets and liabilities at the acquisition date, in line with Group policies.

Consideration	USD'000
Initial cash consideration	28
Working capital adjustment	328
Total consideration	**356**

Fair value recognised on acquisition	USD'000
Assets	
Domain names	225
Software	49
Developed technologies	82
Total identifiable estimated net assets at fair value	**356**
Goodwill arising on acquisition	–
	356

For the post-completion period to 31 December 2022, revenues of USD 26,000, adjusted EBITDA of USD 7,000 and a post-tax loss of USD 46,000 have been generated by Fireball Search GmbH. The trading results for the period between 1 January 2022 and the date of acquisition were materially in line with the post-acquisition trading results.

M.A Aporia

On 13 September 2022, the Group acquired M.A Aporia Limited, ('Aporia'), an Israel-based technology company operating in the fields of social media and native advertising, headquartered in Tel Aviv. Aporia was acquired for an initial consideration of USD 11.2 million in cash subject to customary adjustments for net cash and working capital. An earnout arrangement was also agreed, under which additional deferred contingent consideration of up to USD 7.8 million may be paid over a performance period until and including 2024.

In FY21, Aporia generated revenue of USD 35.0 million, gross profit of USD 3.5 million and EBITDA of USD 2.0 million. The acquisition is part of a larger vertical integration strategy, providing the Group's Online Marketing segment with more direct access to high-quality traffic to monetise. The acquisition will be immediately earnings accretive. As Aporia is an exclusive supplier to CentralNic, the transaction increased CentralNic's gross margin and EBITDA margin but had no impact on revenue.

The following table summarises the consideration paid for Aporia and the fair values of the assets and liabilities at the acquisition date, in line with Group policies.

Consideration	USD'000
Initial cash consideration	7,904
Deferred consideration (discounted)	5,639
Deferred contingent consideration (discounted)	5,799
Total consideration	**19,342**

Fair value recognised on acquisition	USD'000
Assets	
Software	10,360
Property, plant and equipment	6
Trade and other receivables	5,398
Cash and cash equivalents	3,460
Deferred tax asset	65
	19,289
Liabilities	
Trade payables and accruals	5,636
Provisions	272
Current tax payable	47
Deferred tax liability	1,243
	7,198
Total identifiable estimated net assets at fair value	**12,091**
Goodwill arising on acquisition	7,251
Purchase consideration	**19,342**

For the post-completion period to 31 December 2022, revenues of USD 27,306,000, adjusted EBITDA of USD 1,569,000 and a post-tax loss of USD 248,000 have been generated by Aporia. The trading results for the period between 1 January 2022 and the date of acquisition were materially in line with the post-acquisition trading results.

Goodwill arising on acquisition primarily relates to the specific synergistic benefits able to be realised through Aporia being a part of the larger CentralNic Group, as well as goodwill in relation to employees.

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for the year ended 31 December 2022

25. Business combinations continued
Intellectual Property Management Company ('IPMC')

On 25 October 2022, the Group acquired Intellectual Property Management Company, ('IPMC'), a California-based domain name management business, for an enterprise value of USD 7.3 million in cash, representing c.2.7x its 2021 unaudited revenue and c.5.9x its 2021 adjusted EBITDA, subject to customary adjustments for net cash and working capital. The purchase price was settled from existing liquidity reserves. IPMC provides subscription-based corporate domain management services to enterprise customers including many globally recognised brands, which are highlighted on IPMC's website at https://ipm.domains. The Company expects better coverage and increased market share in the North American market as well as synergies from streamlining procurement and operations. The acquisition was immediately earnings accretive.

The following table summarises the consideration paid for IPMC and the fair values of the assets and liabilities at the acquisition date, in line with Group policies.

Consideration	USD'000
Initial cash consideration	7,761
Deferred consideration	823
Total consideration	**8,584**

Fair value recognised on acquisition	USD'000
Assets	
Customer list	3,656
Trademarks	273
Trade receivables	634
Cash and cash equivalents	1,290
	5,853
Liabilities	
Accruals and deferred revenue	1,497
Provisions	232
Current tax payable	395
Deferred tax liability	1,172
	3,296
Total identifiable estimated net assets at fair value	**2,557**
Goodwill arising on acquisition	6,027
Purchase consideration	**8,584**

For the post-completion period to 31 December 2022, revenues of USD 375,000, adjusted EBITDA of USD 200,000 and a post-tax loss of USD 29,000 have been generated by IPMC. The trading results for the period between 1 January 2022 and the date of acquisition were materially in line with the post-acquisition trading results.

Goodwill arising on acquisition primarily relates to the specific synergistic benefits able to be realised through IPMC being a part of the larger CentralNic Group, as well as goodwill in relation to employees.

Contingent consideration

Each of the VGL and Aporia acquisitions has an element of deferred contingent cash consideration of, respectively, EUR 20,359,000 and USD 5,799,000. The VGL deferred contingent consideration will be released to the vendor in tranches until March 2025, and the Aporia deferred contingent consideration will be released to the vendor in tranches until April 2026, both dependent on the achievement of EBITDA in each of the financial years from 2022 to 2024. As at 31 December 2022, the deferred cash consideration has been accounted for in the consolidated statement of financial position at fair value, using a discount factor of 7.5% for VGL and of 18.0% for Aporia. For both entities, EBITDA for 2022 has been based on actual results, and the EBITDA estimates for future years are based on a base case business plan prepared by management. The maximum deferred contingent consideration payable in respect of each of the VGL and Aporia acquisitions is, respectively, EUR 38,000,000 and USD 7,800,000.

26. Related party disclosures
(a) Ultimate controlling party

The Company is not controlled by any one party.

(b) Related party transactions

Key management personnel are considered to be the Directors. Compensation has been disclosed in note 8, while further information can be found in the remuneration report on pages 53 to 58. The Directors have assured themselves that all related party transactions are at normal market conditions and in the best interest of the Group.

(i) Directors

The Group provided registry services amounting to USD 1,306,000 (2021: USD 263,000) to Shortdot S.A., a company of which Michael Riedl is a Director and Shareholder. The amount outstanding at the year end amounted to USD 202,000 (2021: USD 82,000).

Neozoon Sàrl, a company of which Michael Riedl is a Director and Shareholder, provided domain registration and monetisation services to the Group for a net amount of USD 20,000 (2021: USD 15,000). The net amount owed to Neozoon Sàrl at the year end amounted to USD 46,000 (2021: USD 44,000).

Am Bongert Business Advisory SARL, a company of which Michael Riedl is a Director, provided services amounting to USD 573,000 (2021: USD 446,000) to the Group; these services form part of the compensation package of Michael Riedl and are disclosed as part of his remuneration in the remuneration report. The amount outstanding at the year end amounted to USD 48,000 (2021: USD 246,000).

Notes to the consolidated financial statements continued
for the year ended 31 December 2022

26. Related party disclosures continued

(b) Related party transactions continued

(i) Directors continued

Mataxis Jersey Limited, a company of which Donald Baladasan is a Director, provided services amounting to USD 1,030,000 (2021: USD 532,000) to the Group; these services form part of the compensation package of Donald Baladasan and are disclosed as part of his remuneration in the remuneration report. The amount outstanding at the year end amounted to USD 31,000 (2021: USD 35,000).

At 31 December 2022, USD nil (2021: USD 300,000) was owed to the Group by Donald Baladasan for payroll tax on exercise of share options.

(ii) Non-Executive Directors

Rental income payable to inter.services GmbH, a company of which Horst Siffrin is a Shareholder, under the lease of a property based in Sankt Ingbert, Germany (see note 27), amounted to USD 476,000 (2021: USD 522,000). USD nil (2021: USD nil) was outstanding at the year end. The Group recognises a right-of-use asset of USD 458,000 (2021: 605,000) and a lease liability of USD 491,000 (2021: 632,000) in respect of this lease.

During the year the Group incurred rental costs of USD 7,000 (2021: USD 9,000) from Horst Siffrin.

During the year, the Group engaged with Rickert Rechtsanwaltsgesellschaft mbH and Rickert Services UK Limited, of which Thomas Rickert has a controlling interest, to provide advice and compliance services around data protection. The services provided during the year were as follows:

Rickert Rechtsanwaltsgesellschaft mbH: services amounting to USD 75,000 (2021: USD 167,000) and USD 8,000 was outstanding at 31 December 2022 (2021: USD 5,000).

Rickert Services UK Limited: services amounting to USD 46,000 (2021: USD nil) and USD 46,000 was outstanding at 31 December 2022 (2021: USD nil).

On 28 February 2022, Kestrel Partners LLP, a substantial Shareholder in the Company, of which Max Royde is an LLP Designated Member, subscribed for 6,500,000 Placing Shares in the Group at a purchase price of 120 pence, totalling GBP 7,800,000.

H.O. Siffrin Consulting and inter.services GmbH, companies of which Horst Siffrin is a Director, provided Non-Executive Director and other consultancy services amounting to USD 56,000 (2021: USD 64,000) to the Group. The amount outstanding at the year end amounted to USD nil (2021: USD nil). Horst Siffrin's remuneration as a Director is disclosed in the remuneration report.

Kestrel Investment Partners, a partnership of which Max Royde is an LLP Designated Member, provided Non-Executive Director services amounting to USD 56,000 (2021: USD 34,000) to the Group; Max Royde's total remuneration is further disclosed in the remuneration report. The amount outstanding at the year end amounted to USD nil (2021: USD 12,000).

Clevebeam Limited and Laura Trading Limited, companies of which Samuel Dayani is a Director, provided Non-Executive Director services amounting to USD 56,000 (2021: USD 62,000) to the Group; Samuel Dayani's total remuneration is further disclosed in the remuneration report. The amount outstanding at the year end amounted to USD nil (2021: USD nil).

27. Leases

The Group leases various offices and vehicles under non-cancellable leases expiring within three months to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Lease liabilities	**31 December 2022 USD'000**	31 December 2021 USD'000
Current lease liabilities	**1,908**	1,837
Non-current lease liabilities	**3,783**	5,105
Total lease liabilities	**5,691**	6,942

Right-of-use assets	**31 December 2022 USD'000**	31 December 2021 USD'000
Properties	**5,497**	6,722
Motor vehicles	**24**	55
Equipment	**2**	4
Total right-of-use assets	**5,523**	6,781

Interest expense related to the lease liabilities and depreciation related to the right-of-use assets recognised in the consolidated statement of comprehensive income at 31 December 2022 are shown below:

Lease liabilities	**31 December 2022 USD'000**	31 December 2021 USD'000
Depreciation for right-of-use assets	**1,998**	1,967
Interest expense on lease liabilities	**183**	196

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

27. Leases continued

Properties

The Group leases office space at the following locations:

Melbourne, Australia. The lease agreement was renewed on 18 June 2022 with an expiry date of 17 June 2023.

Richmond (BC), Canada. The Group acquired leases on the acquisition of the Hexonet Group for a period of twelve months. The leases can be renewed for an additional period of five years upon expiration with the same term.

Marseilles, France. The Group acquired an office lease on the acquisition of SafeBrands which expires in May 2023.

Berlin, Germany. The Group acquired an office sublease on the acquisition of Wando Internet Solutions which expires in March 2023 and can be terminated by Wando with two months' notice.

Berlin, Germany. The Group acquired an office lease on the acquisition of VGL for a period of 36 months from June 2021.

Bonn, Germany. The lease agreement was entered into on 1 May 2015 for an initial term of 32 months. The lease will renew each year for a further year unless either party terminates with six months' notice.

Friedrichsthal, Germany. The lease agreement was entered into on 2 July 2012 with an amendment of 16 April 2018 for a term until 30 September 2028. The lease will then be renewed for one year after the lease date unless a three months notice is provided.

Görlitz, Germany. The Group acquired an office lease on the acquisition of Internexum which is renewed tacitly and is subject to six months' notice by either party.

Munich, Germany. The Group acquired several leases on its acquisition of KeyDrive Group for a period of 36 months from August 2012. The leases are renewed tacitly, and termination is subject to a month's notice by either party.

Munich, Germany. The Group acquired several leases on its acquisition of Team Internet. The leases have been renewed and now expire in July 2025.

Sankt Ingbert, Germany. The lease agreement was entered into on 1 July 2018 for an initial term until 31 December 2023. The lease will then be renewed for two years after the lease date unless a year's notice is provided.

Luxembourg, Luxembourg. The lease agreement was acquired on acquisition of the KeyDrive Group. The contracts are renewed by tacit agreement for a period of twelve months subject to a notice period either side of three months.

Napier, New Zealand. The lease agreement was entered into on 16 April 2019 for an initial term of three years with the right to renew every three years. The final expiry date is 31 July 2027.

Krakow, Poland. The Group acquired an office lease on the acquisition of Codewise which expires on 31 July 2026.

Bratislava, Slovakia. The lease agreement was acquired on acquisition and can be terminated at any point in time with immediate effect, i.e. there exists no minimum commitment period.

London, UK. The lease agreement was entered into on 7 March 2019 with a break clause on 6 March 2024 and an expiry date of 6 March 2029.

Leesburg (VA), USA. The lease agreement was entered into in November 2022 for a period of 12 months from 1 January 2023.

Equipment

The Group leases equipment under various short-term or low-value leases, the majority of which can be terminated immediately, and equate to immaterial sums.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

28. Share options and warrants

Share options

The share option scheme, adopted by CentralNic during 2013, was established to reward and incentivise the executive management team and staff for delivering share price growth. The option schemes are all equity settled.

The share option scheme is administered by the Remuneration & Nominations Committee.

2,113,863 options were granted during 2022 (2021: 3,694,797) with a weighted average fair value of 99 pence (2021: 81 pence). As the exercise price for these options is nil, an option pricing model was not used and the fair values were based on the Company's share price at the dates of grant. Out of the outstanding options of 12,985,926 (2021: 19,185,251), 2,584,385 options (2021: 10,614,252) were exercisable.

7,929,869 share options were exercised in 2022 (2021: 4,528,612), with 383,319 options lapsing during the year (2021: 1,371,850).

A charge of USD 5,698,000 (2021: USD 5,006,000) has been recognised in the consolidated statement of comprehensive income for the year relating to these options.

Options are exercisable in accordance with the contracted vesting schedules; if the employee leaves the employment of the Group prior to the options vesting, then the share options previously granted will lapse.

Details of the share options outstanding at the year end are as follows:

	Number 2022	**WAEP(1) 2022**	Number 2021	WAEP(1) 2021
Outstanding at 1 January	**19,185,251**	**24p**	21,390,916	23p
Granted during year	**2,113,863**	**0p**	3,694,797	0p
Exercised during year	**(7,929,869)**	**11p**	(4,528,612)	8p
Lapsed during year	**(383,319)**	**1p**	(1,371,850)	0p
Outstanding at 31 December	**12,985,926**	**29p**	19,185,251	24p
Thereof exercisable at 31 December	**2,584,385**	**18p**	10,614,252	12p

(1) Weighted average exercise price.

The weighted average remaining contractual life of the options outstanding at the statement of financial position date is 7.2 years (2021: 7.2 years). Exercises of options will largely be covered by the shares held by the Group's Employee Benefit Trust.

Notes to the consolidated financial statements continued
for the year ended 31 December 2022

29. Financial instruments
The Group is exposed to market risk, credit risk and liquidity risk arising from financial instruments. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not trade in financial instruments.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

	2022 USD'000	2021 USD'000
Financial assets measured at amortised cost		
Trade and other receivables	**92,304**	69,616
Cash and cash equivalents	**94,773**	56,133
	187,077	125,749
Financial liabilities measured at amortised cost		
Trade payables	**62,504**	42,108
Deferred consideration	**35,282**	5,202
Lease liabilities (note 27)	**5,691**	6,942
Borrowings (current liabilities)	**5,326**	11,857
	108,803	66,109
Financial liabilities measured at fair value		
Derivative financial liabilities	**332**	6,419
	332	6,419
Financial liabilities	**109,135**	72,528

Non-current borrowings are included within section (ii), credit risk, below.

(a) Financial risk management framework
The Directors' risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(i) Market risk

Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than its principal functional currencies, primarily USD and EUR. Foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk is minimal as it trades predominantly in USD, EUR, GBP and AUD. Exposure to currency risk is negated by the holding of adequate reserves in these four currencies to meet trading and provisioned obligations as the need arises.

As the Group evolves, foreign currency risk will be monitored more closely given exposure to additional markets and currencies.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

29. Financial instruments continued

(a) Financial risk management framework continued

(i) Market risk continued

Foreign currency risk continued

The carrying amounts of the Group's financial instruments are denominated in the following currencies as at 31 December 2022:

	GBP USD'000	USD USD'000	EUR USD'000	AUD USD'000	Other currencies USD'000	Total USD'000
Current financial assets						
Loans and receivables						
Trade and other receivables	823	65,722	23,603	662	1,494	92,304
Cash and cash equivalents	6,697	65,754	18,932	248	3,142	94,773
	7,520	**131,476**	**42,535**	**910**	**4,636**	**187,077**
Current financial liabilities measured at amortised cost						
Trade payables	1,529	51,194	6,639	712	2,430	62,504
Deferred consideration	—	949	34,333	—	—	35,282
Lease liabilities	5	1,554	3,949	16	167	5,691
Loans and borrowings	—	5,326	—	—	—	5,326
	1,534	59,023	44,921	728	2,597	108,803
Current financial liabilities measured at fair value						
Derivative financial liabilities	—	130	—	—	—	130
Current financial liabilities	**1,534**	**59,153**	**44,921**	**728**	**2,597**	**108,933**

The currency derivative financial liability is measured at fair value using Level 2 valuation inputs.

The sensitivity analyses in the table below detail the impact of changes in foreign exchange rates on the Group's post-tax profit or loss for the year ended 31 December 2022.

If the US Dollar strengthened or weakened by 10% against the other currencies specified in the table below, with all other variables in each case remaining constant, then the impact on the Group's post-tax profit or loss would be gains or losses as follows:

	2022 Strengthen/ weaken USD'000	2021 Strengthen/ weaken USD'000
GBP	**+/- 2,183**	+/- 1,246
EUR	**+/- 3,167**	+/- 1,099

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

29. Financial instruments continued

(a) Financial risk management framework continued

(i) Market risk continued

Interest rate risk

Interest rate risk is the risk that the fair value of, or future cash flows of, a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Directors' policy is to obtain the most favourable interest rates available.

The Group entered into a Senior Facilities Agreement (SFA) in the year consisting of a USD 150m fully drawn down term loan and a USD 100m revolving credit facility (RCF). USD 5m of the RCF was drawn down as at 31 December 2022. The SFA's interest rate carries a floating element based on the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York. To mitigate the risk of increasing interest rates, between 9 and 21 November 2022, the Company entered into three separate interest rate swap transactions to fix the variable interest component on USD 75 million of the new USD 150 million term loan at a blended fixed rate of 3.92%. As at 31 December 2021, the Group's debt facilities beared interest at EURIBOR plus a margin.

	2022 USD'000	2021 USD'000
Cash and bank balances	**94,773**	56,133
Effect of interest rate change of 100 basis points on cash and bank balances	**+/- 948**	+/- 561
Bank facilities (including prepaid finance costs)	**151,198**	14,412
Effect of interest rate change of 100 basis points on cash and bank balances	**+/- 1,512**	+/- 144
Bond	**—**	116,695
Effect of interest rate change of 100 basis points on cash and bank balances	**—**	+/- 1,167

Equity price risk

The Group does not have any quoted investments as at each of 31 December 2021 and 2022 and as such does not have significant exposure to equity price risk.

(ii) Credit risk

The Group's exposure to credit risk arises mainly from a counterparty's failure to meet its obligation to settle a financial asset. The Directors consider the Group's exposure to credit risk arising from trade receivables to be minimal as the Group is often paid at the outset or in advance of a transaction. Credit risk arising from other receivables is controlled through monitoring procedures, including credit approvals and credit limits, with the balance largely offset by separate liabilities held on the statement of financial position relating to the same party.

The Group uses ageing analysis to monitor the credit quality of trade receivables. Any receivables which have significant past due balances or are aged for more than 90 days which are deemed to have a higher credit risk are monitored individually. Analysis of trade receivables past due is disclosed in note 17, and analysis of trade and other receivables by foreign currency exposure is noted above. There have been no material changes in the credit risk profile of the Group during the year.

Management considers these exposures to have low credit risk since, based on limited historical credit losses, these financial assets have low risk of default and have a strong capacity to meet their contractual cash flow obligations in the near term. As at the reporting date, there has been no significant increase of credit risk since initial recognition.

For cash and bank balances, the Directors minimise the Group's credit risk by dealing exclusively with banks and financial institution counterparties with high credit ratings.

The carrying amounts of financial assets at the end of the reporting periods represent the maximum credit exposure.

	2022 USD'000	2021 USD'000
Trade and other receivables	**92,304**	69,616
Cash and bank balances	**94,773**	56,133
	187,077	125,749

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

29. Financial instruments continued

(a) Financial risk management framework continued

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling those financial obligations that are settled with cash or with another financial asset. The Directors' objective is to maintain, as much as possible, a level of cash and bank balances adequate to ensure that there will be sufficient liquidity to meet its liabilities when they fall due.

The following sets forth the remaining gross contractual cash flows of financial liabilities as at:

31 December 2022	**Contractual cash flows within 1 year USD'000**	**Contractual cash flows 1-5 years USD'000**	**Contractual cash flows over 5 years USD'000**	**Total contractual cash flows USD'000**	**Carrying value USD'000**
Trade payables	**62,504**	**—**	**—**	**62,504**	**62,504**
Deferred consideration	**23,138**	**14,770**	**—**	**37,908**	**35,282**
Borrowings	**15,901**	**180,403**	**—**	**196,304**	**151,198**
Lease liabilities	**2,021**	**3,818**	**305**	**6,144**	**5,691**
Total non-derivative cash flows	**103,564**	**198,991**	**305**	**302,860**	**254,675**
Derivatives	**130**	**202**	**—**	**332**	**332**
Total cash flows	**103,694**	**199,193**	**305**	**303,192**	**255,007**

31 December 2021	Contractual cash flows within 1 year USD'000	Contractual cash flows 1-5 years USD'000	Contractual cash flows over 5 years USD'000	Total contractual cash flows USD'000	Carrying value USD'000
Trade payables	42,108	—	—	42,108	42,108
Deferred consideration	4,243	1,158	—	5,401	5,204
Borrowings	21,350	123,779	—	145,129	131,108
Lease liabilities	2,028	4,908	601	7,536	6,942
Total non-derivative cash flows	69,728	129,845	601	200,174	185,362
Derivatives	6,419	—	—	6,419	6,419
Total cash flows	76,147	129,845	601	206,593	191,781

(b) Capital risk management

The Directors define capital as the total equity of the Group. The Directors' objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Directors may adjust the amounts of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Directors manage the Group's capital based on a ratio which calculates total liabilities less cash and bank balances divided by total equity, as shown below:

	2022 USD'000	2021 USD'000
Total liabilities	**255,007**	191,781
Less: cash and bank balances	**(94,773)**	(56,133)
Total liabilities less cash and bank balances	**160,234**	135,648
Total equity	**167,131**	113,982
Total liabilities less cash and bank balances-to-equity ratio	**0.96**	1.19

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

29. Financial instruments continued

(b) Capital risk management continued

The net debt of the Group as at the end of each reporting period, excluding prepaid finance costs and derivatives, was as follows:

	2022 USD'000	2021 USD'000
Cash and cash equivalents	**94,773**	56,133
Less: borrowings (excluding prepaid finance costs)	**(155,934)**	(133,335)
Net debt (excluding prepaid finance costs and derivatives)	**(61,161)**	(77,202)

The net debt of the Group as at the end of each reporting period, including prepaid finance costs, was as follows:

	2022 USD'000	2021 USD'000
Cash and cash equivalents	**94,773**	56,133
Less: borrowings (including prepaid finance costs)	**(151,198)**	(131,108)
Derivatives	**(332)**	(6,419)
	(56,757)	(81,394)
Less: Derivatives (non borrowing related)	**130**	—
Net debt (including prepaid finance costs and borrowing related derivatives)	**(56,627)**	(81,394)

(i) Borrowings and RCF covenant

Under the terms of the Senior Facilities Agreement, the Group is required to comply with a financial covenant that adjusted leverage (net debt to adjusted EBITDA) is less than 2.5x and that interest cover is not less than 4.0x. Under the terms of the major borrowing facilities up until the refinancing, the Group was required to comply with a financial covenant that the leverage ratio must be not more than 6.0x. The Group has complied with these covenants throughout the reporting period.

(ii) Net debt reconciliation (excluding prepaid finance costs and derivatives)

	Cash/bank overdraft USD'000	Borrowings due within 1 year USD'000	Borrowings due after 1 year USD'000	Total USD'000
Net debt as at 1 January 2021	28,654	(6,327)	(110,447)	(88,120)
Cash flows	30,197	(7,124)	(9,437)	13,636
Foreign exchange adjustments	(2,718)	—	—	(2,718)
Net debt as at 31 December 2021	56,133	(13,451)	(119,884)	(77,202)
Cash flows	43,918	8,125	(10,441)	41,602
Foreign exchange adjustments	(5,278)	—	(20,283)	(25,561)
Net debt at 31 December 2022	**94,773**	**(5,326)**	**(150,608)**	**(61,161)**

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

29. Financial instruments continued

(c) Fair values of financial instruments

The following carrying amounts of the financial assets and liabilities reported in the consolidated financial statements approximate their fair values:

	2022		2021	
	Carrying amount USD'000	**Fair value USD'000**	Carrying amount USD'000	Fair value USD'000
Trade and other receivables	**92,304**	**92,304**	69,616	69,616
Cash and bank balances	**94,773**	**94,773**	56,133	56,133
	187,077	**187,077**	125,749	125,749
Trade payables	**(62,504)**	**(62,504)**	(42,108)	(42,108)
Deferred consideration	**(35,282)**	**(35,282)**	(5,204)	(5,204)
Lease liabilities	**(5,691)**	**(5,691)**	(6,942)	(6,942)
Borrowings	**(151,198)**	**(151,198)**	(131,108)	(131,108)
	(67,598)	**(67,598)**	(59,613)	(59,613)

(d) Fair value hierarchy

The different levels are defined as follows:

Level 1: Fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements are derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30. Subsequent events

Share buyback

On 19 January 2023, the Group completed a share buyback programme. The issued share capital of the Company remains unchanged at 288,660,084 and the Company now holds 2,570,160 shares in treasury. The total voting rights in the Company is now 286,089,924 which may be used by Shareholders as the denominator in the calculations by which they will determine if they are required to notify their interests in, or a change to their interests in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

Leadership change

On 30 January 2023, the Company announced that William Green, who was appointed Group CFO on 12 December 2022, was appointed to the Board of Directors. At the same time, Donald Baladasan, Group Managing Director, stepped down from the main Board, although he will continue to serve on the supervisory boards of CentralNic's subsidiaries Team Internet AG and VGL Publishing AG.

Announcement of dividend

The Directors propose a dividend of 1.0 pence per share for the year to the AGM to be held in late April 2023.

Company statement of financial position
as at 31 December 2022

	Note	2022 USD'000	2021 USD'000
ASSETS			
Fixed assets			
Property, plant and equipment		**62**	74
Right-of-use assets		**1,356**	1,674
Intangible assets		**838**	324
Investments	7	**102,912**	81,929
Deferred tax asset	8	**2,684**	3,907
		107,852	87,908
Current assets			
Other debtors, deposits and prepayments	9	**256,345**	207,406
Cash and bank balances		**8,780**	2,326
		265,125	209,732
Total assets		**372,977**	297,640
LIABILITIES			
Current liabilities			
Creditors – amounts falling due within one year			
Trade, other payables and accruals	11	**41,676**	28,819
Lease liabilities		**1,389**	198
Borrowings		**5,000**	11,932
Derivative financial liabilities		**130**	6,419
		48,195	47,368

	Note	2022 USD'000	2021 USD'000
Non-current liabilities			
Creditors – amounts falling due after one year		**7,028**	—
Lease liabilities		**—**	1,469
Borrowings		**145,264**	117,788
Derivatives		**202**	—
		152,494	119,257
Total liabilities		**200,689**	166,625
Net assets		**172,288**	131,015
CAPITAL AND RESERVES			
Share capital	10	**373**	323
Share premium		**98,529**	39,845
Merger relief reserve		**5,297**	5,297
Share-based payment reserve		**23,424**	18,629
Cash flow hedging reserve		**(202)**	(6,419)
Foreign exchange translation reserve		**(15,159)**	(1,538)
Retained earnings		**60,026**	74,878
Shareholders' funds		**172,288**	131,015

The loss for the year, including other comprehensive income, was USD 21,836,000 (2021: loss of USD 6,845,000). The loss for the year, excluding other comprehensive income, was USD 14,432,000 (2021: loss of USD 5,487,000).

These financial statements were approved and authorised for issue by the Board of Directors on 24 March 2023 and were signed on its behalf by:

Iain McDonald
Chairman

Company Number: 08576358

The notes on pages 111 to 113 form an integral part of these financial statements.

Company statement of changes in equity

for the year ended 31 December 2022

	Share capital USD'000	Share premium USD'000	Merger relief reserve USD'000	Share-based payment reserve USD'000	Cash flow hedging reserve USD'000	Foreign exchange translation reserve USD'000	Retained earnings (accumulated losses) USD'000	Total USD'000
Balance at 1 January 2021	298	39,845	5,297	10,329	—	3,523	80,365	139,657
Loss for the year	—	—	—	—	—	—	(5,487)	(5,487)
Other comprehensive income								
Translation of foreign operation	—	—	—	—	—	(5,061)	—	(5,061)
Loss arising on changes in fair value of hedging instruments	—	—	—	—	(6,419)	—	—	(6,419)
Transactions with owners								
Issue of share capital	25	—	—	—	—	—	—	25
Share-based payments	—	—	—	6,539	—	—	—	6,539
Share-based payments – deferred tax assets	—	—	—	1,761	—	—	—	1,761
Balance at 31 December 2021	323	39,845	5,297	18,629	(6,419)	(1,538)	74,878	131,015
Loss for the year	—	—	—	—	—	—	(14,432)	(14,432)
Other comprehensive income								
Translation of foreign operation	—	—	—	—	—	(13,621)	—	(13,621)
Gain arising on changes in fair value of hedging instruments	—	—	—	—	6,217	—	—	6,217
Transactions with owners								
Shares issued in respect of VGL acquisition	47	55,883	—	—	—	—	—	55,930
Shares issued in respect of Open Offer	3	3,767	—	—	—	—	—	3,770
Share issue costs	—	(1,148)	—	—	—	—	—	(1,148)
Shares issued to Employee Benefit Trust	—	182	—	—	—	—	—	182
Repurchase of shares	—	—	—	—	—	—	(420)	(420)
Share-based payments	—	—	—	5,139	—	—	—	5,139
Share-based payments – deferred tax assets	—	—	—	(344)	—	—	—	(344)
Balance at 31 December 2022	**373**	**98,529**	**5,297**	**23,424**	**(202)**	**(15,159)**	**60,026**	**172,288**

- Share capital represents the nominal value of the Company's cumulative issued share capital.
- Share premium represents the cumulative excess of the fair value of consideration received for the issue of shares in excess of their nominal value less attributable share issue costs and other permitted reductions.
- Merger relief reserve represents the cumulative excess of the fair value of consideration received for the issue of shares in excess of their nominal value, less attributable share issue costs and other permitted reductions, where the consideration for shares in another company includes issued shares, and 90% of the equity is held in the other company.
- Cash flow hedging reserve represents the effective portion of changes in the fair value of derivatives.
- Retained earnings represent the cumulative value of the profits not distributed to Shareholders but retained to finance the future capital requirements of the Company.
- Share-based payment reserve represents the cumulative value of share-based payments recognised through equity and deferred tax assets arising thereon, net of exercised and lapsed options.
- Foreign exchange translation reserve represents cumulative exchange differences arising on translation of foreign operations.

The notes on pages 111 to 113 form an integral part of these financial statements.

Notes to the Company financial statements

for the year ended 31 December 2022

1. General information

Nature of operations

CentralNic Group Plc (the 'Company') is the UK holding company of a group of companies which are engaged in the provision of global domain name services. The Company is registered in England and Wales. Its registered office and principal place of business is 4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR.

2. Basis of preparation

For the financial year ended 31 December 2022, the Company elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The purpose of this was to more closely align the Company's accounting policies with the Group's policies. This transition is not considered to have had a material effect on the financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Financial Reporting Standard 101 Reduced Disclosure Framework requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3 in the Group financial statements).

All accounting policies that are not unique to the Company are listed on pages 74 to 81. All additional accounting policies have been applied as detailed in note 3 below.

3. Significant accounting policies

(a) Going concern

As at 31 December 2022, the Company had net current assets of USD 216,930,000 (2021: USD 162,364,000) with the main current asset being amounts owed from its subsidiaries amounting to USD 253,897,000 (2021: USD 206,346,000). The Company has assessed its ongoing costs with cash generated by its subsidiaries to ensure that it can continue to settle its debts as they fall due.

The Directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements, and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

(b) Investments

Investments held as fixed assets are stated at cost less provision for impairment.

(c) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(d) Parent Company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 101:

- disclosures in respect of the Parent Company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided for the Group as a whole;
- no disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole;
- no cash flow statement has been presented for the Parent Company;
- related party transactions with wholly owned fellow Group companies have not been disclosed; and
- the effect of future accounting standards not yet adopted has not been disclosed.

Notes to the Company financial statements continued

for the year ended 31 December 2022

3. Significant accounting policies continued

(e) Share-based payments

Employees (including Directors) receive remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments (equity-settled transactions). These individuals are granted share option rights approved by the Board which can only be settled in shares of the respective companies that award the equity-settled transactions. Share option rights are also granted to these individuals by majority Shareholders over their shares held. No cash-settled awards have been made or are planned.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (vesting point). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments and value that will ultimately vest. The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The fair value of share-based remuneration of the Company's employees is determined at the date of grant and recognised as an expense in the statement of comprehensive income on a straight-line (graded vesting) basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of the Black-Scholes model method. The fair value of share-based remuneration in respect of the employees of the Company's subsidiaries is recognised within investments.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other sources. The estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are areas where key assumptions concerning the future, and other key sources of estimation uncertainty as at the statement of financial position date, have a significant risk of causing a significant adjustment to the carrying amounts of assets and liabilities in the financial statements:

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

5. Profit for the financial period

The Company has taken advantage of section 408 of the Companies Act 2006 and, consequently, a statement of comprehensive income for the Company alone has not been presented. The Company's loss for the financial period was USD 14,432,000 (2021: loss USD 5,487,000) which excluded a net gain on foreign currency translation of USD 13,621,000 (2021: gain of USD 5,061,000) and a gain arising on changes in fair value of hedging instruments of USD 6,217,000 (2021: loss 6,419,000). The Company's loss for the financial year has been arrived at after charging auditor's remuneration payable to Crowe UK LLP for audit services to the Company of USD 371,000 (2021: USD 330,000).

6. Employees and Directors' remuneration

Staff costs during the period incurred by the Company were as follows:

	2022 USD'000	2021 USD'000
Salaries, fees and bonus	**3,889**	4,465
Social security	**468**	212
Pension	**17**	27
Cash in lieu of pension and other benefits	**302**	—
Share-based payment expenses	**3,808**	3,389
Payment in lieu of notice	**575**	—
	9,059	8,093

The average number of employees of the Company, including Directors, performing under a service contract during the period was:

	2022 Number	2021 Number
Directors under employment contracts only	**4**	4
Directors under service contracts only	**3**	3
Directors under a combination of employment and service contracts	**2**	2
	9	9

The Group made contributions to defined contribution personal pension schemes for three Directors in the period (2021: three). For the highest paid director, the above table includes: wages and salaries of USD 591,000 (2021: USD 658,000), bonus of USD 889,000 (2021: USD 902,000), cash in lieu of pension and other benefits of USD 302,000 (2021: nil), payment in lieu of notice USD 575,000 (2021: nil), totalling USD 2,357,000 (2021: USD 1,560,000).

Notes to the Company financial statements continued
for the year ended 31 December 2022

7. Investments

	USD'000
At 1 January 2021	58,752
Conversion of subsidiary loans into investments	21,289
Share options issued to subsidiary employees on behalf of subsidiaries	2,633
Novation agreement with CentralNic EU SE (share premium reimbursement)	(745)
At 31 December 2021	81,929
Share options issued to subsidiary employees on behalf of subsidiaries	1,592
Investment in subsidiaries	19,391
At 31 December 2022	**102,912**

8. Deferred tax

Deferred tax assets	Share-based payments USD'000
At 1 January 2021	2,330
Credit to income	62
Credit to equity	1,761
Exchange differences	(246)
At 31 December 2021	3,907
Credit to income	(636)
Debit to equity	(344)
Exchange differences	(243)
At 31 December 2022	**2,684**

9. Debtors

	2022 USD'000	2021 USD'000
Amounts owed by Group undertakings	**253,897**	206,346
Other debtors	**2,448**	1,060
	256,345	207,406

10. Share capital

The Company's issued and fully paid share capital is as follows:

	Number	Share capital USD'000
Ordinary shares of 0.1 pence each		
At 31 December 2020	233,738,026	298
Shares issued to Employee Benefit Trust	17,422,058	25
At 31 December 2021	251,160,084	323
Shares issued to fund VGL acquisition	35,000,0000	47
Shares issued in respect of Open Offer	2,384,679	3
Share issue costs	—	—
At 31 December 2022	**288,544,763**	**373**

On 1 June 2021, 17,422,058 ordinary shares were issued and allocated in connection with the Employee Benefit Trust.

11. Creditors: amounts falling due within one year

	2022 USD'000	2021 USD'000
Trade creditors	**2,652**	745
Amounts owed to Group undertakings	**26,933**	24,033
Accruals and deferred income	**5,352**	3,938
Accrued interest	**2,077**	—
Other liabilities	**4,662**	103
	41,676	28,819

Particulars of subsidiaries and associates

The companies listed below are 100% subsidiaries of Group companies and only have ordinary share capital unless otherwise stated.

Parent Company	Subsidiary	Country of incorporation and principal operations	Principal activity	Registered office
Instra Holdings (Aus) Pty Ltd	Domain Directors Pty Ltd (100 504 596)	Australia	Domain registrar services provider	Level 2, 222 Beach Road, Mordialloc, VIC 3195, Australia
Instra Holdings (Aus) Pty Ltd	Instra Corporation Pty Limited (110 054 610)	Australia	Domain registrar services provider	Level 2, 222 Beach Road, Mordialloc, VIC 3195, Australia
Instra Holdings (Aus) Pty Ltd	Ozenum Pty Limited (111 198 246)	Australia	Dormant	Level 2, 222 Beach Road, Mordialloc, VIC 3195, Australia
TLD Registrar Solutions Limited	Internet Domain Service BS Corp (171543B)	Commonwealth of The Bahamas	Domain registrar services provider	PO Box SS-19084, Ocean Centre, Montagu Foreshore, East Bay Street, Nassau, New Providence, The Bahamas
TLD Registrar Solutions Limited	Whois Privacy Corp (171546B)	Commonwealth of The Bahamas	Domain registrar services provider	PO Box SS-19084, Ocean Centre, Montagu Foreshore, East Bay Street, Nassau, New Providence, The Bahamas
Asesorias En Dominios Latinoamerica SpA	Domain Under Protection Ltda (05.678.324/00001-05)	Brazil	Local presence domain registrar	Rua Vergueiro 00875 CONJ 44, Bairro Libertade, CEP: 01504-00, Sao Paulo, Brasil
Key-Systems GmbH	Toweb Brazil LTDA (CNPJ 10.424.053/0001-93)	Brazil	Domain registrar services provider	Av. Afonso Pena 423, Praia da Costa, Vilha Velha, Brasil
Safebrands SAS	9269-4785 Quebec Inc. (1168561083)	Canada	Domain registrar	300-575 Rue Saint-Joseph E Quebec, Quebec G1K3B7, Canada
CentralNic Chile SpA	Asesorias En Dominios Latinoamerica SpA (76.757.590-4)	Chile	Domain registrar services provider	Avenida Providencia número 201, oficina 22, comuna de Providencia, Región Metropolitana, Chile
CentralNic Chile SpA	Servicios y Asesorias Computacionales Offpaper SpA (76.346.410-5)	Chile	Domain registrar services provider	Avenida Providencia número 201, oficina 22, comuna de Providencia, Región Metropolitana, Chile
CentralNic Limited	GB.com Limited (03797075)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR, UK
CentralNic Limited	Helium TLDs Limited* (11354799)	England and Wales	Operator of generic TLDs	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR, UK
CentralNic Limited	Whois Privacy Limited (07881505)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR, UK
CentralNic Limited	Whoistrustee.com Limited (09729254)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR, UK
CentralNic EU SE	Sublime Technology (France) Sarl (531906790)	France	Domain registrar services provider for .FR	2, Rue Robert Geffré Bat n°11-17000 La Rochelle – France
Sublime Technology (France) Sarl	Safebrands S.A.S. (FR 412721524)	France	Domain registrar services provider	37, rue Guibal, 13003 Marseille (France)
CentralNic EU SE	CentralNic Germany GmbH (HRB 23747)	Germany	Holding company	Im Oberen Werk 1, 66386 St. Ingbert
CentralNic EU SE	CentralNic Holding GmbH (HRB 24754)	Germany	Holding company	Im Oberen Werk 1, 66386 St. Ingbert
CentralNic Germany GmbH	Key-Systems GmbH (818835)	Germany	Domain registrar services provider	Im Oberen Werk 1, 66386 St. Ingbert, Germany

Particulars of subsidiaries and associates continued

Parent Company	Subsidiary	Country of incorporation and principal operations	Principal activity	Registered office
CentralNic Holding GmbH	DA Digitale Arbeit GmbH (HRB 205717)	Germany	Monetisation of internet traffic	Bad Fallingbostel, Pappelallee 78/79, 10437 Berlin, Germany
CentralNic Holding GmbH	Fireball Search GmbH (HRB 264942)	Germany	Monetisation of internet traffic	Munich, Tal 35, 80331 Munich, Germany
CentralNic Holding GmbH	GFDK Gesellschaft für digitale Kaufberatung GmbH (HRB 15283)	Germany	Monetisation of internet traffic	Seestraße 85-87, 15755 Schwerin, Germany
CentralNic Holding GmbH	Team Internet AG (HRB 200081)	Germany	Monetisation of internet traffic	Liebherrstr. 22, 80538 Munich, Germany
CentralNic Holding GmbH	Traffic.club IT GmbH (HRB 19295)	Germany	Domain registrar services provider	Im Oberen Werk 1, 66386 St. Ingbert Germany
CentralNic Holding GmbH	VGL Publishing AG (HRB 243307)	Germany	Monetisation of internet traffic	Oranienstraße 6, 10997 Berlin, Germany
CentralNic Holding GmbH	Wando Internet Solutions GmbH (135243)	Germany	Monetisation of internet traffic	Uhlandstraße 171/172, 10719 Berlin
Key-Systems GmbH	1API GmbH (HRB 15683)	Germany	Domain registrar services provider	Im Oberen Werk 1, 66386 St. Ingbert, Germany
Key-Systems GmbH	Dot Saarland GmbH (HRB19630)	Germany	Registry operator for Saarland	Im Oberen Werk 1, 66386 St. Ingbert Germany
Key-Systems GmbH	InterNexum GmbH (HRB 35328)	Germany	Domain registrar services provider	Blumenstraße 54, 02826 Görlitz, Germany
Key-Systems GmbH	PTS GmbH (B100445)	Germany	Domain registrar services provider	Neunkircher Straße 43, 66299 Friedrichsthal
Key-Systems GmbH	RegistryGate GmbH (B181621)	Germany	Domain registrar services provider	Wilhelm-Wagenfeld-Str. 16, 80807 Munich, Germany
Wando Internet Solutions GmbH	QEONIX DIGITAL MEDIA AGENCY UG (166351)	Germany	Monetisation of internet traffic	Uhlandstraße 171/172, 10719 Berlin
Instra Corporation Pty Limited	Instra-Internet Services One-Person LLC (997994885)	Greece	Domain registrar services provider for .GR	1 Dimokraatias Square, Thessaloniki, 54629, Greece
Instra Holdings (UK) Limited	Sublime Technology Limited (1064594)	Hong Kong	Domain registrar services provider for .HK	2003, 20/F Towers China Hong Kong City, Tsim Sha Tsui, Kowloon, Hong Kong
Instra Holdings (UK) Limited	Tunglim International Pty Limited (1593163)	Hong Kong	Domain registrar services provider for .CN	2003, 20/F Towers China Hong Kong City, Tsim Sha Tsui, Kowloon, Hong Kong
Safebrands SAS	Mailclub Asia Registrar Services Limited (1171994)	Hong Kong	Dormant	Flat/RM World Trust Tower, 50 Stanley StreetCentral, Hong-Kong City, China
CentralNic Limited	CNIC Services Private Limited (U74999DL2018 FTC337075)	India	Dormant	818, Indraprakash Building 21, Barakhamba Road New Delhi New Delhi Dl 110001
CentralNic EU SE	CentralNic Finance & IP Sarl (B157525)	Luxembourg	Domain registrar services provider	1-3, Boulevard de la Foire, L-1528 Luxembourg
Instra Holdings (UK) Limited	White Label Domains SDN BHD B12 (844839V)	Malaysia	Domain registrar services provider for .MY	No/ 36B, 2nd Floor, Jalan Tun Mohd Fuad 2. Taman Tun Dr Ismail, Kuala Lumpur, 60000, Malaysia

Particulars of subsidiaries and associates continued

Parent Company	Subsidiary	Country of incorporation and principal operations	Principal activity	Registered office
Key-Systems GmbH/Brandshelter Inc (50% split in ownership)	KS Internet Solutions DE RL DE CV (KISO910211TA)	Mexico	Domain registrar services provider	San Pedro Garza García, N.L., Mexico
Instra Corporation Pty Limited	Instra Domain Directors B.V. (24436342)	The Netherlands	Domain registrar services provider for .NL	Beechavenue 54-62, 1119PW, Schiphol-Rijk, The Netherlands
CentralNic NZ Limited	Ideegeo Group Ltd (2131522)	New Zealand	Domain registrar services provider	c/o Grant Thornton New Zealand, LR, 152, Fanshawe Street, Auckland, 1010, New Zealand
CentralNic EU SE	CentralNic Poland Sp. z.o.o. (0000830352)	Poland	Monetisation of internet traffic	ul. Lubicz 17 G31-503 Kraków, Poland
Instra Corporation Pty Limited	Instra Corporation PTE Limited (200711838Z)	Singapore	Domain registrar services provider for .SG	c/o Asiabiz Services PTE Ltd, 30 Cecil Street, #19-08, Prudential Tower, Singapore 049712
CentralNic EU SE	SK-Nic A.S. (35 698 446)	The Slovak Republic	Registry operator for .SK	Námestie SNP 14 Bratislava – mestská cˇ ast' Staré Mesto 811 06
CentralNic USA Ltd	Brandshelter Inc (4680526)	USA, Virginia	Domain registrar services provider	885 Harrison St. SE, Leesburg, VA 20175
Brandshelter Inc	Key-Systems LLC (34181990)	USA, Virginia	Domain registrar services provider	885 Harrison St. SE, Leesburg, VA 20175
CentralNic USA Ltd	Moniker.com Inc (P00000072934)	USA, Florida	Domain registrar services provider	6301 NW 5th Way, Suite 4500, Ft Lauderdale, FL 33309. Mailing address: 13727 SW 152nd Street #513, Miami, FL 33177
CentralNic USA Ltd	Intellectual Property Management Company Inc (4626063)	USA, Delaware	Corporate domain management	2140 S DUPONT HWY, Camden, Kent 19934
Moniker.com Inc	Moniker Online Services LLC (L020000016399)	USA, Florida	Domain registrar services provider	13727 SW 152nd Street #513, Miami, FL 33177
Moniker.com Inc	Moniker Privacy Services LLC (M10000001115)	USA, Florida	Domain registrar services provider	13727 SW 152nd Street #513, Miami, FL 33177

Particulars of subsidiaries and associates continued

CentralNic Group Plc's interest is 100% in the issued ordinary share capital of these undertakings included in the consolidated accounts:

Subsidiary	Country of incorporation and principal operations	Principal activity	Registered office
Instra Holdings (Aus) Pty Limited (609 143 599)	Australia	Holding company	Collins Square, Tower 5, Level 22, 727 Collins St, Docklands VIC 3008, Australia
CentralNic Canada Inc. (BC1239317)	Canada, British Columbia	Holding company	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC V6C 2B5
CentralNic Chile SpA (14524)	Chile	Holding company	Premio Nobel 1762, Ñuñoa, Región Metropolitana, 7800179, Chile
CentralNic Limited* (04985780)	England and Wales	Domain registry services provider	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
Hoxton Domains Limited* (09332447)	England and Wales	Aftermarket domain services	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
Instra Holdings (UK) Limited* (09877716)	England and Wales	Holding company	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
TLD Registrar Solutions Limited* (07629187)	England and Wales	Domain registrar services provider	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
M.A. Aporia Ltd (515353621)	Israel	Monetisation of internet traffic	Masda 5, Ramat Hasharon 4729097, Israel
CentralNic EU SE (B224488)	Luxembourg	Holding company	1-3, Boulevard de la Foire, L-1528 Luxembourg
CentralNic NZ Limited (5846027)	New Zealand	Holding company	C/o Grant Thornton New Zealand, LR, 152, Fanshawe Street, Auckland, 1010, New Zealand
CentralNic Services DWC-LLC (10217)	UAE	Holding company	Business Center Logistics City, Dubai Aviation City, P.O.Box: 390667, Dubai, U.A.E.
CentralNic USA Limited (C3183691)	USA, California	Holding company	C T Corporation System, 818 West 7th Street, Los Angeles, CA 90017

S479A Exemption from audit of subsidiary companies

Certain UK companies have elected to make use of the audit exemption, for non-dormant subsidiaries, under section 479A of the Companies Act 2006. In order to fulfil the conditions, set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year to 31 December 2022. The UK companies which have made use of the audit exemption are marked with an asterisk (*) in the tables above.

Shareholder information

Financial calendar

Annual General Meeting

The Annual General Meeting is due to take place on Monday 24 April 2023 at 10.30am.

Announcements

- Interim unaudited results for the three-month period ended 31 March 2023 are expected in May 2023.
- Interim unaudited results for the six-month period ended 30 June 2023 are expected in August 2023.
- Interim unaudited results for the nine-month period ended 30 September 2023 are expected in November 2023.
- Full-year unaudited results for the twelve-month period ended 31 December 2023 are expected in February 2024.
- Full-year audited results for the twelve-month period ended 31 December 2023 are expected in March 2024.

Dates are correct at the time of printing, but are subject to change.

Directors

Iain McDonald (Chairman)

Michael Riedl (Chief Executive Officer)

William Green (Chief Financial Officer)

Samuel Dayani (Non-Executive Director)

Claire MacLellan (Non-Executive Director)

Thomas Rickert (Non-Executive Director)

Max Royde (Non-Executive Director)

Horst Siffrin (Non-Executive Director)

Company Secretary

Elona Ganaj

Registered office

4th Floor, Saddlers House
44 Gutter Lane
London EC2V 6BR

Company website

www.centralnicgroup.com

Nominated Adviser and Joint Broker

Zeus Capital Limited

82 King Street
Manchester M2 4WQ

41 Conduit Street
London W1S 2YQ

3 Brindley Place
Birmingham B1 2JB

Joint Broker

Joh. Berenberg, Gossler & Co. KG

60 Threadneedle Street
London EC2R 8HP

Auditor

Crowe UK LLP

55 Ludgate Hill
London EC4M 7JW

Solicitors to the Company

DWF LLP

20 Fenchurch Street
London EC3M 3AG

Solicitors to the Nominated Adviser and Broker

DAC Beachcroft LLP

100 Fetter Lane
London EC4A 1BN

Financial PR

Newgate Communications

Sky Light City Tower
50 Basinghall Street
London EC2V 5DE

Bankers

HSBC UK Bank plc

89 Buckingham Palace Road
London SW1W 0QL

Company registrars

Link Asset Services

The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Link Asset Services is our registrar and they offer many services to make managing your shareholding easier and more efficient.

Shareholder information continued

Share portal

The share portal is a secure online site where you can manage your shareholding quickly and easily. You can:

- view your holding and get an indicative valuation;
- change your address;
- arrange to have dividends paid into your bank account;
- request to receive Shareholder communications by email rather than post;
- view your dividend payment history;
- make dividend payment choices;
- buy and sell shares and access a wealth of stock market news and information;
- register your proxy voting instruction; and
- download a stock transfer form.

To register for the share portal just visit www.signalshares.com. All you need is your investor code, which can be found on your share certificate or your dividend tax voucher.

Customer support centre

Alternatively, you can contact Link's Customer Support Centre which is available to answer any queries you have in relation to your shareholding:

By phone – UK: 0871 664 0300 (UK calls cost 12p per minute plus network extras). From overseas: +44 371 664 0300.

Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays.

By email – shareholderenquiries@linkgroup.co.uk

By post – Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

Sign up to electronic communications

Help us to save paper and get your Shareholder information quickly and securely by signing up to receive your Shareholder communications by email.

Registering for electronic communications is very straightforward. Just visit www.signalshares.com. All you need is your investor code, which can be found on your share certificate or your dividend tax voucher.

Donate your shares to charity

If you have only a small number of shares which are uneconomical to sell you may wish to donate them to charity free of charge through ShareGift (Registered Charity 10528686). Find out more at www.sharegift.org.uk or by telephoning 020 7930 3737.

Share fraud warning

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority (FCA) has found most share fraud victims are experienced investors who lose an average of GBP 20,000, with around GBP 200 million lost in the UK each year.

PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- get the name of the person and organisation contacting you;
- check the Financial Services Register at http://www.fca.org.uk/ to ensure they are authorised;
- use the details on the FCA Register to contact the firm;
- call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the Register or you are told they are out of date; and
- search our list of unauthorised firms and individuals to avoid doing business with.

REMEMBER: if it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

REPORT A SCAM

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at http://www.fca.org.uk/scams, where you can find out about the latest investment scams. You can also call the Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

Identity theft

Tips for protecting your shares in the Company:

- ensure all your certificates are kept in a safe place or hold your shares electronically in CREST via a nominee;
- keep correspondence from us and Link in a safe place and destroy any unwanted correspondence by shredding;
- if you change address, inform Link in writing or update your address online via the share portal. If you receive a letter from Link regarding a change of address but have not moved, please contact them immediately;
- consider having your dividend paid directly into your bank. This will reduce the risk of the cheque being intercepted or lost in the post. If you change your bank account, inform Link of the details of your new account. You can do this by post or online via the share portal;
- if you are buying or selling shares, only deal with brokers registered and authorised to carry out that type of business; and
- be wary of phone calls or emails purporting to come from us or Link asking you to confirm personal details or details of your investment in our shares. Neither we nor Link will ever ask you to provide information in this way.

Glossary

Adtech
An umbrella term for advertising technology

Application Programming Interface or 'API'
A software intermediary that allows two applications to talk to each other

Artificial Intelligence or 'AI'
The theory and development of computer systems able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.

Cost Per Click or 'CPC'
The price paid for each click in pay-per-click (PPC) marketing campaigns

Cost Per Thousand or 'CPM'
A marketing term that refers to the cost that an advertiser pays per one thousand advertisement impressions on a web page

Country Code Top-Level Domain or 'ccTLD'
An internet Top-Level Domain generally used or reserved for a country, a sovereign state, or a dependent territory e.g. .uk, .jp

Demand-Side Platform or 'DSP'
A system that allows buyers of digital advertising inventory to manage multiple ad exchange and data exchange accounts through one interface

Domain Name Registrar
An organisation or commercial entity that manages the reservation of internet domain names

Domain Name System or 'DNS'
A hierarchical distributed naming system for computers, services, or any resource connected to the internet or a private network

Enterprise Management Incentive or 'EMI'
A tax-advantaged share option scheme designed to retain employees (Note: CentralNic no longer qualifies to issue new EMIs and only historic issues have been noted in this report)

Environmental, Social and Governance or 'ESG'
ESG criteria are a set of standards for a company's operations. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and Shareholder rights

The General Data Protection Regulation or 'GDPR'
The General Data Protection Regulation (GDPR) is a legal framework that sets guidelines for the collection and processing of personal information from individuals who live in the European Union (EU)

Global Reporting Initiative or 'GRI'
Global Reporting Initiative (known as GRI) is an international independent standards organisation that helps businesses, governments and other organisations understand and communicate their impacts on issues such as climate change, human rights and corruption

Identifier for Advertisers or 'IDFA'
IDFA is a random device identifier assigned by Apple to a user's device. Advertisers use this to track data so they can deliver customised advertising. The IDFA is used for tracking and identifying a user without revealing personal information

International Telecommunication Union or 'ITU'
The International Telecommunication Union is the United Nations specialised agency for information and communication technologies (ICTs)

Internet Corporation for Assigned Names and Numbers or 'ICANN'
A non-profit private organisation that was created to oversee a number of internet-related tasks previously performed directly on behalf of the US Government

Long Term Incentive Plan or 'LTIP'
Executive share option plans that reward executives for reaching specific goals that lead to increased shareholder value

The Office of Foreign Assets Control or 'OFAC'
The Office of Foreign Assets Control (OFAC) is a department of the US Treasury that is charged with enforcing economic and trade sanctions imposed by the US against countries and groups of individuals

Quoted Companies Alliance or 'QCA'
The QCA publishes the 'QCA Code' which is an approach to corporate governance that is tailored for small and mid-size quoted companies in the UK

Registry Operator
An entity that maintains the database of domain names for a given Top-Level Domain and generates the zone files which convert domain names to IP addresses. It is responsible for domain name allocation and technically operates its Top-Level Domain, sometimes by engaging a Registry Service Provider

Registry Service Provider
A company that performs the technical functions of a TLD on behalf of the TLD owner or licensee. The registry service provider keeps the master database and operates DNS servers to allow computers to route internet traffic using the DNS

Revenue Per Thousand or 'RPM'
A marketing term that refers to the revenue generated per one thousand advertisement impressions on a web page

Search Engine Marketing or 'SEM'
A digital marketing strategy that involves the promotion of websites by increasing their visibility in search engine results pages primarily through paid advertising

Second-Level Domain or 'SLD'
A domain that is directly below a Top-Level Domain e.g. uk.com

Secure Sockets Layer or 'SSL'
SSL is a secure protocol developed for sending information securely over the internet

Share Option Plan or 'SOP'
An unapproved share option plan under which employees are given options to acquire shares at a future date at a price specified by the Company

Small Business or 'SMB'
An internal term used to describe small business customers

Streamlined Energy and Carbon Reporting or 'SECR'
Streamlined Energy and Carbon Reporting (SECR) was introduced in 2019, as legislation to replace the Carbon Reduction Commitment (CRC) Scheme. SECR requires obligated companies to report on their energy consumption and associated greenhouse gas emissions within their financial reporting for Companies House

Sustainability Accounting Standards Board or 'SASB'
SASB standards guide the disclosure of financially material sustainability information by companies to their investors. Available for 77 industries, the standards identify the subset of ESG issues most relevant to financial performance in each industry. The 'TC-SI' standards are those applicable to the Software & IT services industry

Sustainable Development Goals or 'SDGs'
SDGs, also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity

Task Force on Climate-related Financial Disclosures or 'TCFD'
The Task Force on Climate-related Financial Disclosures was created by the Financial Stability Board to improve and increase reporting of climate-related financial information

Top-Level Domain or 'TLD'
The suffix attached to internet domain names e.g. .com, .net

United Nations or 'UN'
The United Nations, commonly referred to as the UN, is an international non-profit organisation formed in 1945 to increase political and economic co-operation among its member countries

Verified Carbon Standard or 'VCS'
A standard for certifying carbon emissions reductions, VCS is administered by Verra, a not-for-profit organisation. The VCS Programme is the world's leading voluntary programme for the certification of GHG emission reduction projects

World Economic Forum or 'WEF'
The World Economic Forum is an independent international organisation committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas

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