**31 August 2021**

**CENTRALNIC GROUP PLC**

("CentralNic" or "the Company" or "the Group")

**UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

CentralNic Group Plc (AIM: CNIC), the global internet platform company that derives revenue from the sales of online presence and marketing services, announces its unaudited financial results for the six months ended 30 June 2021. Both revenue and adjusted EBITDA have significantly increased year-on-year, driven by a combination of underlying organic growth and acquisitions

**Financial summary:**

- Revenue increased by 57% to USD 174.7m (H1 2020: USD 111.3m)
- Organic revenue growth of 20% between H1 2020 and H1 2021, with standout performance from the Online Marketing segment which grew organically by 28%
- Net revenue (gross profit) increased by 57% to USD 55.2m (H1 2020: USD 35.2m)
- Adjusted EBITDA* increased by 36% to USD 20.5m (H1 2020: USD 15.1m)
- Operating profit of USD 4.7m (H1 2020: USD 2.8m)
- Adjusted operating cash conversion of 126% (H1 2020: 75%), driven by EBITDA generation and working capital optimisation
- Net debt** down to USD 83.8m (gross interest-bearing debt of USD 123.3m, cash of USD 39.5m) as compared to USD 85.0m on 31 December 2020 (gross interest-bearing debt of USD 113.6m, cash of USD 28.6m) despite two acquisitions for a combined USD 11.1m in the period, and the settlement of combined deferred consideration of USD 1.7m

**Financial highlights:**

- Acceleration of organic growth from 9% in 2020 to 16% in Q1 2021 to 25% in Q2 2021, resulting in 20% overall for H1 2021
- Non-recurring revenue products contributed less than 1% of our total revenues
- Successful bond tap issue of EUR 15m at 104.5% of nominal value
- Acquisition of SafeBrands (Direct segment) in January 2021 and Wando Internet Solutions (Online Marketing segment) in February 2021
- Final and interim deferred consideration payments made for Team Internet (Online Marketing segment) and SafeBrands (Direct segment) respectively
- Currency exposure on EUR 80m of the total EUR 105m bond has been hedged, locking in a EUR/USD rate of 1.1930

**Operational highlights:**

- Very strong traction for the Group's privacy enabled online marketing technologies in view of a high cadence of privacy-conscious decisions of Big Tech
- Significant investment in new management, staff and systems accelerated organic growth to record levels and positions the Group well for continued growth
- New Data and AI group established in order to improve customer service, optimise business operations and decision making, enhance marketing, reduce customer churn and automate detection of non-compliant customer activity
- Experienced non-executive directors added to the board
- New customer wins for the Registry business include JISC and Dot London

**Post period-end highlights:**

- The EUR 25m balance of the Group's EUR/USD exposure resulting from the EUR 105m bond has been hedged at a rate of 1.1765, taking the average rate on the total EUR 105m of currency exposure to 1.1891

**Outlook:**

- Management expects full year revenues and profits to be at least at the upper end of market expectations
- The accelerated organic growth seen during H1 2021 is expected to be sustained following the investment in new management, staff and systems
- The Company's market consolidation strategy continues, with opportunities being continually assessed in what is a large, globally fragmented and growing market

**Ben Crawford, CEO of CentralNic, commented:** *"CentralNic has enjoyed a very strong first half across both our online presence subscriptions products and our privacy enabled online marketing technologies - achieving record organic growth of 25% in the second quarter, following 16% organic growth for the first quarter 2021 and 9% for the full year 2020. By virtue of our significant investment in resources, restructuring and market-leading products and promotions, we expect full year revenue and profits to be at least at the upper end of market expectations. As our investment levels plateau, we expect future periods to benefit from increasing operational leverage.*

*These robust results reflect CentralNic's continued success in sourcing, completing and integrating transformative acquisitions and driving the organic growth of all our businesses. Moreover, as the business scales rapidly, the underlying qualities of our recurring revenues and excellent cash generation become increasingly meaningful. The pipeline of future acquisition targets remains strong, while the net debt level remains comfortable and easily serviced given the profitability and cash generation of the existing CentralNic Group and the additional contribution from recent acquisitions. We are confident in continuing our trajectory towards joining the ranks of the global leaders in our industry."*

** Subsidiary and associate earnings before interest, tax, depreciation, amortisation, non-cash charges and non-core operating expenses*
*** Includes gross cash, debt and prepaid finance costs*

These unaudited financial results have been prepared for the purpose of fulfilling the information undertaking requirements included in the bond terms for the Senior Secured Callable Bond Issue.

**For further information:**

| | |
|---|---|
| **CentralNic Group Plc** | |
| Ben Crawford, Chief Executive Officer | +44 (0) 203 388 0600 |
| Don Baladasan, Group Managing Director | |
| Michael Riedl, Chief Financial Officer | |
| | |
| **Zeus Capital Limited – NOMAD and Joint Broker** | |
| Nick Cowles / Jamie Peel (Corporate Finance) | +44 (0) 161 831 1512 |
| John Goold / Rupert Woolfenden (Institutional Sales) | +44 (0) 203 829 5000 |
| | |
| **Stifel – Joint Broker** | |
| Fred Walsh / Alex Price / Richard Short | +44 (0) 20 7710 7600 |
| | |
| **SEC Newgate UK (for Media)** | |
| Bob Huxford / Tom Carnegie / Isabelle Smurfit | +44 (0) 203 757 6880 |
| | centralnic@secnewgate.co.uk |

**Forward-Looking Statements**

This document includes forward-looking statements. Whilst these forward-looking statements are made in good faith, they are based upon the information available to CentralNic at the date of this document and upon current expectations, projections, market conditions and assumptions about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about the Group and should be treated with an appropriate degree of caution.

**About CentralNic Group Plc**

CentralNic (AIM: CNIC) is a London-based AIM-listed company which drives the growth of the global digital economy by developing and managing software platforms allowing businesses globally to buy subscriptions to domain names, used for their own websites and email, as well as for protecting their brands online. These platforms can also be used for distributing domain name related software and services, an opportunity that contributes significantly to CentralNic's organic growth. The Company's inorganic growth strategy is identifying and acquiring cash-generative businesses in its industry with annuity revenue streams and exposure to growth markets and migrating them onto the CentralNic software and operating platforms. CentralNic operates globally with customers in almost every country in the world. It earns recurring revenues from the worldwide sales of internet domain names and other services on an annual subscription basis. For more information please visit: www.centralnicgroup.com

**MANAGEMENT COMMENTARY ON PERFORMANCE**

**Introduction**

CentralNic's organic growth, combined with its 2021 and 2020 acquisitions, substantially increased the scale and capabilities of the Company. The effect of this is demonstrated in our unaudited H1 2021 results which show a transformational increase in revenue and adjusted EBITDA, both of which have grown by 57% and 36% respectively compared to H1 2020.

**Performance Overview**

The Company has performed strongly during the quarter with the key financial metrics listed below:

| | 30 June 2021 | 30 June 2020 | Change |
|---|---|---|---|
| | USD m | USD m | % |
| **Revenue** | 174.7 | 111.3 | 57% |
| **Net revenue (gross profit)** | 55.2 | 35.2 | 57% |
| **Adjusted EBITDA** | 20.5 | 15.1 | 36% |
| **Operating profit** | 4.7 | 2.8 | 68% |
| **Adjusted operating cash conversion**[1] | 126% | 75% | +51% |
| **Loss after tax** | (1.5) | (3.1) | 52% |
| **EPS - Basic (cents)** | (0.68) | (1.68) | 60% |
| **EPS - Adjusted earnings - Basic (cents)**[2] | 5.74 | 4.45 | 29% |

[1] Please refer to note 8

[2] Please refer to note 7

**Segmental analysis**

In our Direct and Indirect segments , which provide the essential tools for businesses to go online, growth in domain name sales has accelerated notably. More importantly, our efforts to deliver value-added services through our direct and indirect channels are paying off, with the sales of associated services outpacing domain names sales. The Company intends to combine the Direct and Indirect segment into a single Online Presence segment as of the next reporting date.

Organic growth rates quoted below are calculated on a pro forma basis including all the Group's constituents as of the last balance sheet dates and adjusted for non-recurring or non-cash revenues and constant currency basis.

**Indirect segment**

Significant scale was achieved in the Indirect segment, with revenues increasing by USD 10.1m in the six months ended 30 June, or 25%, from USD 41.2m to USD 51.3m. The growth has been carried by the Group's key Wholesale brands and traction was particularly strong in the North American markets. Organic growth of the segment was 12% over the period.

**Direct segment**

Revenue in the Direct segment increased by USD 5.4m, or 25%, from USD 21.6m to USD 27.0m. On an organic basis, revenue grew by 10%. Management is particularly pleased with this development as both the Retail business and the Enterprise business have continued their return to growth and successfully onboarded the SafeBrands acquisition.

**Online Marketing segment**

After the recent acquisitions of Zeropark, Voluum and Wando, which have substantially expanded the service offering beyond monetising traffic to a full suite of online customer acquisition solutions, including data analytics, management resolved to rename the segment more fittingly as "Online Marketing". The Online Marketing segment was the fastest growing one, with revenues increasing by USD 47.9m, or 99%, from USD 48.5m to USD 96.4m. Revenue continued to grow organically at a high rate of 28%, largely driven by Team Internet's PubTONIC, with the remainder being contributed by the acquisitions of Zeropark, Voluum and Wando.

CentralNic is a leader in online privacy, as none of our marketing platforms make use of third-party cookies or collect personal data on our customers. We therefore expect that restrictions placed on those practices (e.g. the ban of third-party cookies in Google Chrome or App Tracking Transparency in Apple's iOS 14.5) will benefit CentralNic, as we provide an alternative to online marketers that is proven to be highly effective whilst respecting the privacy of internet users, putting us at the forefront of companies offering solutions for a more privacy conscious world.

**Ben Crawford**
**Chief Executive Officer**

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | Note | Unaudited Six months ended 30 Jun 2021 USD m | Unaudited Six months ended 30 Jun 2020 USD m | Audited Year ended 31 Dec 2020 USD m |
|---|---|---|---|---|
| Revenue | 4 | 174.7 | 111.3 | 241.2 |
| Cost of sales | | (119.5) | (76.1) | (164.9) |
| Gross profit | | 55.2 | 35.2 | 76.3 |
| Administrative expenses | | (48.8) | (29.7) | (70.8) |
| Share-based payment expenses | | (1.7) | (2.7) | (5.1) |
| **Operating profit** | | **4.7** | **2.8** | **0.4** |
| **Adjusted EBITDA**[a] | | **20.5** | **15.1** | **30.6** |
| Depreciation of property, plant and equipment | | (1.7) | (1.0) | (2.1) |
| Amortisation of intangible assets | | (8.3) | (5.4) | (12.5) |
| Non-core operating expenses[b] | 5 | (5.1) | (2.8) | (8.2) |
| Foreign exchange gain/(loss) | | 1.0 | (0.4) | (2.1) |
| Share of associate EBITDA | | - | - | (0.2) |
| Share-based payment expenses | | (1.7) | (2.7) | (5.1) |
| **Operating profit** | | **4.7** | **2.8** | **0.4** |
| Finance costs | 6 | (5.3) | (4.6) | (10.0) |
| Foreign exchange gain on borrowings | 6 | - | - | 0.1 |
| Net finance costs | | (5.3) | (4.6) | (9.9) |
| Share of associate income | | - | - | 0.1 |
| **(Loss)/profit before taxation** | | **(0.6)** | **(1.8)** | **(9.4)** |
| Income tax (expense)/income | | (0.9) | (1.3) | 1.0 |
| **Loss after taxation** | | **(1.5)** | **(3.1)** | **(8.4)** |
| **Items that may be reclassified subsequently to profit and loss** | | | | |
| Exchange difference on translation of foreign operation | | 2.4 | (3.1) | 3.2 |
| **Total comprehensive income/(loss) for the period** | | **0.9** | **(6.2)** | **(5.2)** |
| **Loss is attributable to:** | | | | |
| Owners of CentralNic Plc | | **(1.5)** | **(3.1)** | **(8.4)** |
| **Total comprehensive income/(loss) is attributable to:** | | | | |
| Owners of CentralNic Plc | | **0.9** | **(6.2)** | **(5.2)** |
| **Earnings per share:** | | | | |
| Basic (cents) | | (0.68) | (1.68) | (4.28) |
| Diluted (cents) | | (0.68) | (1.68) | (4.28) |
| Adjusted earnings – Basic (cents) | | 5.74 | 4.45 | 10.57 |
| Adjusted earnings – Diluted (cents) | | 5.50 | 4.30 | 10.16 |

All amounts relate to continuing activities.

(a) Subsidiary and associate earnings before interest, tax, depreciation, amortisation, non-cash charges and non-core operating expenses.

(b) 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.

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | Unaudited<br>Six months ended<br>30 Jun 2021<br>USD m | Unaudited<br>Six months ended<br>30 Jun 2020<br>USD m | Audited<br>Year ended<br>31 Dec 2020<br>USD m |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 2.1 | 1.6 | 2.2 |
| Right-of-use assets | 6.5 | 4.1 | 6.5 |
| Intangible assets | 262.7 | 199.1 | 257.0 |
| Deferred receivables | 0.5 | 0.6 | 0.7 |
| Investments | 0.1 | 1.5 | 0.1 |
| Deferred tax assets | 5.7 | 2.9 | 5.3 |
| | **277.6** | **209.8** | **271.8** |
| **CURRENT ASSETS** | | | |
| Trade and other receivables | 68.0 | 38.6 | 47.9 |
| Inventory | 0.9 | 0.5 | 1.0 |
| Cash and bank balances | 39.5 | 27.6 | 28.7 |
| | **108.4** | **66.7** | **77.6** |
| **TOTAL ASSETS** | **386.0** | **276.5** | **349.4** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Share capital | 0.3 | 0.2 | 0.3 |
| Share premium | 39.8 | 74.8 | 39.8 |
| Merger relief reserve | 5.3 | 5.3 | 5.3 |
| Share-based payments reserve | 11.6 | 8.0 | 11.0 |
| Cash flow hedging reserve | (0.8) | - | - |
| Foreign exchange translation reserve | 3.8 | (4.9) | 1.4 |
| Retained earnings/(losses) | 58.9 | (10.2) | 59.3 |
| **TOTAL EQUITY** | **118.9** | **73.2** | **117.1** |
| **NON-CURRENT LIABILITIES** | | | |
| Other payables | 3.5 | 5.2 | 2.9 |
| Lease liabilities | 4.8 | 3.2 | 5.2 |
| Deferred tax liabilities | 22.1 | 21.6 | 22.0 |
| Derivative financial instruments | 0.8 | - | - |
| Borrowings | 121.8 | 98.4 | 107.8 |
| | **153.0** | **128.4** | **137.9** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables and accruals | 110.8 | 68.3 | 87.3 |
| Lease liabilities | 1.8 | 0.9 | 1.3 |
| Borrowings | 1.5 | 5.7 | 5.8 |
| | **114.1** | **74.9** | **94.4** |
| **TOTAL LIABILITIES** | **267.1** | **203.3** | **232.3** |
| **TOTAL EQUITY AND LIABILITIES** | **386.0** | **276.5** | **349.4** |

| CENTRALNIC GROUP PLC CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY | Share capital USD m | Share premium USD m | Merger relief reserve USD m | Share-based payments reserve USD m | Cash flow hedging reserve USD m | Foreign exchange translation reserve USD m | Retained earnings/ (losses) USD m | Equity attributable to owners of the Parent Company USD m | Non-Controlling Interest USD m | Total USD m |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2020** | **0.2** | **74.8** | **5.3** | **6.1** | **-** | **(1.8)** | **(7.5)** | **77.1** | **(0.1)** | **77.0** |
| Loss for the period | - | - | - | - | - | - | (3.1) | **(3.1)** | - | **(3.1)** |
| Adjustment to non-controlling interest | - | - | - | - | - | - | - | **-** | 0.1 | **0.1** |
| Translation of foreign operation | - | - | - | - | - | (3.1) | - | **(3.1)** | **-** | **(3.1)** |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **(3.1)** | **(3.1)** | **(6.2)** | **0.1** | **(6.1)** |
| Share-based payments | - | - | - | 2.4 | - | - | - | **2.4** | **-** | **2.4** |
| Share-based payments – deferred tax asset | - | - | - | (0.1) | - | - | - | **(0.1)** | **-** | **(0.1)** |
| Share-based payments – exercised and lapsed | - | - | - | (0.4) | - | - | 0.4 | **-** | **-** | **-** |
| **Balance as at 30 June 2020** | **0.2** | **74.8** | **5.3** | **8.0** | **-** | **(4.9)** | **(10.2)** | **73.2** | **-** | **73.2** |
| Loss for the period | - | - | - | - | - | - | (5.4) | **(5.4)** | - | **(5.4)** |
| Translation of foreign operation | - | - | - | - | - | 6.3 | - | **6.3** | **-** | **6.3** |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | 6.3 | (5.4) | **0.9** | **-** | **0.9** |
| Issue of new shares | 0.1 | 43.7 | - | - | - | - | - | **43.8** | **-** | **43.8** |
| Share issue costs | - | (3.9) | - | - | - | - | - | **(3.9)** | **-** | **(3.9)** |
| Capital reduction | - | (74.8) | - | - | - | - | 74.8 | **-** | **-** | **-** |
| Share-based payments | - | - | - | 2.8 | - | - | - | **2.8** | **-** | **2.8** |
| Share-based payments – deferred tax asset | - | - | - | 0.3 | - | - | - | **0.3** | **-** | **0.3** |
| Share-based payments – exercised and lapsed | - | - | - | (0.1) | - | - | 0.1 | **-** | **-** | **-** |
| **Balance as at 31 December 2020** | **0.3** | **39.8** | **5.3** | **11.0** | **-** | **1.4** | **59.3** | **117.1** | **-** | **117.1** |
| Loss for the period | - | - | - | - | - | - | (1.5) | **(1.5)** | - | **(1.5)** |
| Translation of foreign operation | - | - | - | - | - | 2.4 | - | **2.4** | - | **2.4** |
| **Total comprehensive income for the period** | **-** | - | **-** | **-** | **-** | **2.4** | (1.5) | **0.9** | - | **0.9** |
| Loss arising on changes in fair value of hedging instruments | - | - | - | **-** | (0.8) | - | - | **(0.8)** | **-** | **(0.8)** |
| Share-based payments | - | - | - | 1.7 | - | - | - | 1.7 | - | **1.7** |
| Share-based payments – exercised and lapsed | - | - | - | (1.1) | - | - | 1.1 | **-** | **-** | **-** |
| **Balance as at 30 June 2021** | **0.3** | **39.8** | **5.3** | **11.6** | **(0.8)** | **3.8** | **58.9** | **118.9** | **-** | **118.9** |

- 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 shares issue costs and other permitted reductions.
- Share-based payments reserve represents the cumulative value of share-based payments recognised through equity.
- Cash flow hedging reserve represents the effective portion of changes in the fair value of derivatives.
- Foreign exchange translation reserve represents the cumulative exchange differences arising on Group consolidation.
- Retained earnings represent the cumulative value of the profits not distributed to shareholders but retained to finance the future capital requirements of the CentralNic Group.
- The non-controlling interests comprise the portion of equity of subsidiaries that are not owned, directly or indirectly, by the Group. These non-controlling interests are individually not material for the Group.

| CONSOLIDATED STATEMENT OF CASH FLOWS | Unaudited Six months ended 30 Jun 2021 | Unaudited Six months ended 30 Jun 2020 | Audited Year ended 31 Dec 2020 |
|---|---|---|---|
| | USD m | USD m | USD m |
| **Cash flow from operating activities** | | | |
| (Loss)/profit before taxation | (0.6) | (1.8) | (9.4) |
| *Adjustments for:* | | | |
| Depreciation of property, plant and equipment | 1.7 | 1.0 | 2.1 |
| Amortisation of intangible assets | 8.3 | 5.4 | 12.5 |
| Share of associate EBITDA | - | - | (0.2) |
| Gain on sale of associate | - | - | (0.3) |
| Finance cost (net) | 5.3 | 4.6 | 9.9 |
| Share-based payments | 1.7 | 2.7 | 5.1 |
| (Increase)/decrease in trade and other receivables | (20.1) | 2.3 | (9.3) |
| Increase/(decrease) in trade and other payables | 20.3 | (8.7) | 12.3 |
| **Cash flow generated from operations** | 16.6 | 5.5 | 22.7 |
| Income tax paid | (0.9) | 0.6 | (2.0) |
| **Net cash flow generated from operating activities** | 15.7 | 6.1 | 20.7 |
| **Cash flow used in investing activities** | | | |
| Purchase of property, plant and equipment | (0.4) | (0.2) | (1.2) |
| Purchase of intangible assets | (1.1) | - | (3.0) |
| Payment of deferred consideration | (1.7) | (3.0) | (5.5) |
| Proceeds from disposal of investment in associate | - | - | 1.8 |
| Acquisition of subsidiaries | (11.1) | (1.0) | (37.1) |
| **Net cash flow used in investing activities** | (14.3) | (4.2) | (45.0) |
| **Cash flow used in financing activities** | | | |
| Proceeds/(repayments) from borrowings | 13.8 | 2.6 | 2.2 |
| Bond arrangement fees | (0.4) | - | (0.6) |
| Proceeds from issuance of ordinary shares (net) | - | - | 34.7 |
| Payment of lease liability | (0.9) | (0.5) | (1.1) |
| Interest paid | (2.3) | (3.6) | (9.5) |
| **Net cash flow generated/(used in) from financing activities** | 10.2 | (1.5) | 25.7 |
| **Net increase/(decrease) in cash and cash equivalents** | 11.6 | 0.4 | 1.4 |
| Cash and cash equivalents at beginning of the period/year | 28.7 | 26.2 | 26.2 |
| Exchange (losses)/gains on cash and cash equivalents | (0.8) | 1.0 | 1.1 |
| **Cash and cash equivalents at end of the period/year** | **39.5** | **27.6** | **28.7** |

**NOTES TO THE UNAUDITED FINANCIAL RESULTS**

## 1. General information

CentralNic Group Plc 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.

The CentralNic Group is a global internet platform that derives revenue from the worldwide sales of internet domain names and related web services.

## 2. Basis of preparation

The financial results for the six months ended 30 June 2021 are unaudited and have been prepared on the basis of the accounting policies set out in the Group's 2020 statutory accounts for the purpose of fulfilling the information undertaking requirements included in the bond terms for the Senior Secured Callable Bond Issue and, for all periods presented, in line with the principal disclosure requirements of IAS 34: Interim Financial Reporting.

The unaudited financial results are condensed and do not represent statutory accounts within the meaning of section 435 of the Companies Act 2016. The statutory accounts for the year ended 31 December 2020, upon which the auditors issued an unqualified opinion, are available on the Group's website and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

As a profitable provider of online subscription services with high cash conversion and solid organic growth, de-centrally organised and catering to solid customers distributed over the entire globe, CentralNic has not been, and is not expected to be, severely affected by COVID-19. The Directors have taken the necessary precautions to preserve the Group's cash and review the acquisition pipeline and financing plans to ensure stability and optimisation of the business strategies in the current global climate.

## 3. Segment analysis

CentralNic is an independent global service provider distributing domain names and associated digital subscription products through Indirect and Direct channels, 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.

The Indirect segment is a global distributor of domain names through a network of channel partners. The Direct segment sells domain names and ancillary services to end users, monitoring services to protect brands online, technical and consultancy services to corporate clients, and licenses the Group's in-house developed registry management platform, also on a global basis. 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. ecommerce website operators and affiliates on a global basis, including AI based data analytics and automation tools.

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

| | Six months ended 30 June 2021 | | | |
|---|---|---|---|---|
| | **Indirect USD m** | **Direct USD m** | **Online Marketing USD m** | **Total USD m** |
| **Revenue** | 51.3 | 27.0 | 96.4 | 174.7 |
| Gross profit | 16.3 | 12.8 | 26.1 | 55.2 |
| Total administrative expenses | | | | (48.8) |
| Share-based payment expenses | | | | (1.7) |
| **Operating profit** | | | | 4.7 |

| | |
|---|---|
| **Adjusted EBITDA** | 20.5 |
| Depreciation of property, plant and equipment | (1.7) |
| Amortisation of intangibles assets | (8.3) |
| Non-core operating expenses | (5.1) |
| Foreign exchange gain | 1.0 |
| Share-based payment expenses | (1.7) |
| **Operating profit** | 4.7 |
| Net finance cost | (5.3) |
| **Loss before taxation** | (0.6) |
| Income tax expense | (0.9) |
| **Loss after taxation** | (1.5) |

### 3. Segment analysis (continued)

| | Six months ended 30 June 2020 | | | |
|---|---|---|---|---|
| | Indirect USD m | Direct USD m | Online Marketing USD m | Total USD m |
| **Revenue** | 41.2 | 21.6 | 48.5 | 111.3 |
| Gross profit | 11.9 | 10.4 | 12.9 | 35.2 |
| Total administrative expenses | | | | (29.7) |
| Share-based payment expenses | | | | (2.7) |
| **Operating profit** | | | | 2.8 |

| | |
|---|---|
| **Adjusted EBITDA** | 15.1 |
| Depreciation of property, plant and equipment | (1.0) |
| Amortisation of intangibles assets | (5.4) |
| Non-core operating expenses | (2.8) |
| Foreign exchange loss | (0.4) |
| Share-based payment expenses | (2.7) |
| **Operating profit** | 2.8 |
| Net finance cost | (4.6) |
| **Loss before taxation** | (1.8) |
| Income tax expense | (1.3) |
| **Loss after taxation** | (3.1) |

| | Year ended 31 December 2020 | | | |
|---|---|---|---|---|
| | Indirect USD m | Direct USD m | Online Marketing USD m | Total USD m |
| **Revenue** | 85.8 | 43.3 | 112.1 | 241.2 |
| Gross profit | 25.8 | 20.5 | 30.0 | 76.3 |
| Total administrative expenses | | | | (70.8) |
| Share-based payment expenses | | | | (5.1) |
| **Operating profit** | | | | 0.4 |

| | |
|---|---|
| **Adjusted EBITDA** | 30.6 |
| Depreciation of property, plant and equipment | (2.1) |
| Amortisation of intangibles assets | (12.5) |
| Non-core operating expenses | (8.2) |
| Foreign exchange loss | (2.1) |
| Share of associate income | (0.2) |
| Share-based payment expenses | (5.1) |
| **Operating profit** | 0.4 |
| Net finance cost | (9.9) |
| Share of associate income | 0.1 |
| **Loss before taxation** | (9.4) |
| Income tax expense | 1.0 |
| **Loss after taxation** | (8.4) |

## 4. Revenue

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

| | Unaudited Six months ended 30 June 2021 USD m | Unaudited Six months ended 30 June 2020 USD m | Audited Year ended 31 December 2020 USD m |
|---|---|---|---|
| **Indirect services** | | | |
| UK | 0.5 | 0.5 | 1.0 |
| North America | 15.8 | 10.8 | 22.5 |
| Europe | 25.5 | 21.4 | 45.8 |
| ROW | 9.5 | 8.5 | 16.5 |
| | **51.3** | **41.2** | **85.8** |
| **Direct services** | | | |
| UK | 1.2 | 1.4 | 2.4 |
| North America | 6.9 | 6.8 | 13.4 |
| Europe | 12.3 | 8.8 | 18.3 |
| ROW | 6.6 | 4.6 | 9.2 |
| | **27.0** | **21.6** | **43.3** |
| **Online Marketing** | | | |
| UK | 1.5 | 0.2 | 0.6 |
| North America | 9.6 | 1.8 | 6.2 |
| Europe | 74.2 | 45.2 | 100.1 |
| ROW | 11.1 | 1.3 | 5.2 |
| | **96.4** | **48.5** | **112.1** |
| **Total revenue** | **174.7** | **111.3** | **241.2** |

## 5. Non-core operating expenses

| | Unaudited Six months ended 30 June 2021 USD m | Unaudited Six months ended 30 June 2020 USD m | Audited Year ended 31 December 2020 USD m |
|---|---|---|---|
| Acquisition related costs | 1.8 | 0.2 | 1.4 |
| Integration and streamlining costs | 2.1 | 2.1 | 3.6 |
| Other costs[1] | 1.2 | 0.5 | 3.2 |
| | **5.1** | **2.8** | **8.2** |

[1] Other costs include items related primarily to business reviews and restructuring expenses.

## 6. Finance costs

| | Unaudited Six months ended 30 June 2021 USD m | Unaudited Six months ended 30 June 2020 USD m | Audited Year ended 31 December 2020 USD m |
|---|---|---|---|
| Impact of unwinding of discount on net present value of deferred consideration | (0.1) | - | (0.2) |
| Reappraisal of deferred consideration | 0.1 | - | (0.9) |
| Foreign exchange (gain)/loss on revaluation of revolving credit facility | - | (0.3) | 0.1 |
| Arrangement fees on borrowings | (0.7) | (0.5) | (1.1) |
| Interest expense on current borrowings | (0.2) | (0.1) | (0.3) |
| Interest expense on non-current borrowings | (4.3) | (3.6) | (7.3) |
| Interest expense on leases | (0.1) | (0.1) | (0.2) |
| **Net finance costs** | **(5.3)** | **(4.6)** | **(9.9)** |

## 7. Earnings per share

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

Diluted earnings per share have 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 all the dilutive potential ordinary shares (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) because of the dilutive calculation. Due to the loss made in the year ended 31 December 2020, 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.

| | Unaudited Six months ended 30 June 2021 USD m | Unaudited Six months ended 30 June 2020 USD m | Audited Year ended 31 December 2020 USD m |
|---|---|---|---|
| Loss after tax attributable to owners | **(1.5)** | **(3.1)** | **(8.4)** |
| Operating profit | 4.7 | 2.8 | 0.4 |
| Depreciation of property, plant and equipment | 1.7 | 1.0 | 2.1 |
| Amortisation of intangible assets | 8.3 | 5.4 | 12.5 |
| Non-core operating expenses | 5.1 | 2.8 | 8.2 |
| Foreign exchange (gain)/loss | (1.0) | 0.4 | 2.1 |
| Share of associate income | - | - | 0.2 |
| Share-based payment expenses | 1.7 | 2.7 | 5.1 |
| Adjusted EBITDA | 20.5 | 15.1 | 30.6 |
| Depreciation | (1.7) | (1.0) | (2.1) |
| Finance costs (excluding deferred consideration related amounts – note 6) | (5.3) | (4.6) | (8.7) |
| Taxation | (0.9) | (1.3) | 1.0 |
| Adjusted earnings | **12.6** | **8.2** | **20.8** |
| **Weighted average number of shares:** | | | |
| Basic | 219,559,661 | 184,434,668 | 196,680,310 |
| Effect of dilutive potential ordinary shares | 9,536,719 | 6,371,718 | 8,019,971 |
| Diluted average number of shares | 229,096,380 | 190,806,386 | 204,700,281 |
| **Earnings per share:** | | | |
| Basic (cents) | (0.68) | (1.68) | (4.28) |
| Diluted (cents) | (0.68) | (1.68) | (4.28) |
| Adjusted earnings – Basic (cents) | 5.74 | 4.45 | 10.57 |
| Adjusted earnings – Diluted (cents) | 5.50 | 4.30 | 10.16 |

Basic and diluted earnings per share of (0.68) cents (H1 2020: (1.68) cents) has been impacted by interest, tax, depreciation, amortisation, non-cash charges and non-core operating expenses. Tax on adjusted earnings is the same figure as that shown in the consolidated statement of comprehensive income given that most of the adjusting items in the earnings per share calculation above are also adjusted for when calculating the Group’s tax expense.

## 8. Financial instruments

The CentralNic Group is exposed to market risk, credit risk and liquidity risk arising from financial instruments. The Group's overall financial risk management policy focusses 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.

Cash conversion for the six-month period ended 30 June 2021 was as follows:

| | **Unaudited Six months ended 30 June 2021 USD m** | **Unaudited Six months ended 30 June 2020 USD m** | **Unaudited Year ended 31 December 2020 USD m** |
|---|---|---|---|
| **Cash conversion** | | | |
| Cash flow from operations | 16.6 | 5.5 | 22.7 |
| Exceptional costs incurred and paid during the year | 7.1 | 2.8 | 7.5 |
| Settlement of one-off working capital items from the prior year | 2.1 | 3.0 | 5.1 |
| **Adjusted cash flow from operations** | **25.8** | **11.3** | **35.3** |
| Adjusted EBITDA | 20.5 | 15.1 | 30.6 |
| Conversion % | 126% | 75% | 115% |

Half yearly cash conversion may diverge notably from the long-term trend and should be expected to converge towards annual averages as demonstrated historically.

Net debt as at 30 June 2021, 30 June 2020 and 31 December 2020 is shown in the table below.

| | **Bond USD m** | **Bank debt USD m** | **Cash USD m** | **Net debt USD m** |
|---|---|---|---|---|
| **At 1 January 2020** | **(97.7)** | **(3.5)** | **26.2** | **(75.0)** |
| (Drawdown)/ repayment | - | (2.6) | 2.6 | - |
| Amortisation of costs | 0.5 | - | - | 0.5 |
| Other cash movements | - | - | (1.0) | (1.0) |
| Net cash flows before foreign exchange | 0.5 | (2.6) | 1.6 | (0.5) |
| Foreign exchange differences | (1.2) | 0.4 | (0.2) | (1.0) |
| **At 30 June 2020** | **(98.4)** | **(5.7)** | **27.6** | **(76.5)** |
| (Drawdown)/ repayment | - | 0.4 | (0.4) | - |
| Amortisation of costs | 0.5 | 0.1 | - | 0.6 |
| Other cash movements | - | - | 0.2 | 0.2 |
| Net cash flows before foreign exchange | 0.5 | 0.5 | (0.2) | 0.8 |
| Foreign exchange differences | (9.4) | (1.2) | 1.3 | (9.3) |
| **At 31 December 2020** | **(107.3)** | **(6.4)** | **28.7** | **(85.0)** |
| (Drawdown)/ repayment | - | 4.4 | (4.4) | - |
| Amortisation of costs | 0.4 | - | - | 0.4 |
| Placing proceeds (net of costs) | (18.2) | - | 18.2 | - |
| Other cash movements | - | - | (2.2) | (2.2) |
| Net cash flows before foreign exchange | (17.8) | 4.4 | 11.6 | (1.8) |
| Foreign exchange differences | 2.9 | 0.9 | (0.8) | 3.0 |
| **At 30 June 2021** | **(122.2)** | **(1.1)** | **39.5** | **(83.8)** |

## 9. Business combinations

**Acquisition of Wando Internet Solutions**

On 22 February 2021, CentralNic acquired Wando Internet Solutions, a Berlin-based technology company specialising in social marketing, search engine marketing (SEM) advertising and display advertising that enables augmentation of the quality and volume of internet traffic on domain names and websites in order to generate superior returns. In FY2020, Wando generated unaudited revenue of EUR 4.9m (c. USD 5.6m) and unaudited EBITDA of EUR 1.2m (c. USD 1.4m). The acquisition is a vertical integration and more than half of Wando's historical revenue generation has come from CentralNic; it has been integrated into CentralNic's Online Marketing segment. The initial consideration for the acquisition is EUR 5.4m (c. USD 6.6m) and the sellers of Wando may earn up to another EUR 5.4m (c. USD 6.6m) payable in Q3 2022 subject to stretched performance targets being met. The following table summarises the consideration paid for Wando Internet Solutions and the fair values of the assets and liabilities at the acquisition date, in line with Group policies.

| | **USD m** |
|---|---|
| Initial cash consideration | 6.6 |
| Purchase price adjustment | 1.4 |
| Deferred contingent consideration | 1.9 |
| **Total consideration** | **9.9** |
| | |
| **Fair values recognised on acquisition** | |
| **Assets** | |
| Developed technologies | 5.0 |
| Trade receivables | 0.5 |
| Other assets | 2.3 |
| **Total assets** | **7.8** |
| | |
| **Liabilities** | |
| Deferred tax | (1.5) |
| Other provisions | (0.6) |
| Other liabilities | (0.7) |
| **Total liabilities** | **(2.8)** |
| | |
| **Total identifiable estimated net assets at fair value** | **5.0** |
| **Goodwill arising on acquisition** | **4.9** |
| **Purchase consideration** | **9.9** |

For further details regarding the acquisition of SafeBrands on 9 January 2021, please refer to note 9 of the unaudited financial results for the three months ended 31 March 2021 as published and released on 1 June 2021.

## 10. Events occurring after the quarter end

Detailed below are the significant events that happened after the Group's half year end date of 30 June 2021 and before the signing of these Unaudited Financial Results on 31 August 2021.

- The EUR/USD exposure resulting from the EUR 105m bond has been hedged for a portion of another EUR 25m at 1.1765, taking the average rate to 1.1891, excluding forward spreads