30 August 2022

CENTRALNIC GROUP PLC

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

UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

Transformational increase in Revenue and Adjusted EBITDA

CentralNic Group Plc (AIM: CNIC), the global internet platform that derives recurring revenue from operating a marketplace model for online presence and online marketing services, announces its unaudited financial results for the six months ended 30 June 2022. Record revenue and Adjusted EBITDA achieved, driven by continued organic growth, supplemented with acquisitions.

Financial summary H1 2022:

- Revenue increased by 93% to USD 334.6m (H1 2021: USD 173.8m)
- Organic revenue growth* for the trailing twelve months ending 30 June 2022 of c.62%
- Net revenue/gross profit increased by 51% to USD 82.1m (H1 2021: USD 54.3m)
- Adjusted EBITDA** increased by 97% to USD 38.6m (H1 2021: USD 19.6m)
- Operating profit of USD 21.7m (H1 2021: USD 3.1m)
- Non-core operating expenses reduced by 51% to USD 2.5m (H1 2021: 5.1m)
- Adjusted operating cash conversion of 110% (H1 2021: 132%)
- Net debt*** down by 22% to USD 63.6m as compared to USD 81.4m on 31 December 2021

Operational highlights:

- The Company's organic growth further accelerated during the period, driven by the ongoing market share gains of its proprietary privacy-safe online marketing solutions facing a USD 100bn+ opportunity
- EBITDA as a percentage of Net Revenue has increased from 36% in H1 2021 to 47% in H1 2022, demonstrating that CentralNic's growth translates into operating leverage
- The Financial Times listed CentralNic among the top 250 fastest-growing companies and among the top 50 fastest-growing technology companies in Europe in its FT 1000 list
- On 20 June 2022, the FTSE Russell included CentralNic in its AIM 100 and AIM UK 50 indices for the first time

Corporate highlights:

- Leverage**** as defined under the Bond Terms reduced from 2.2x pro forma EBITDA as of 31 December 2021 to 1.3x due to improved profitability and continued deleverage
- Acquisition of VGL, a leading product review website publisher, in March 2022 for an enterprise value of EUR 60 million (c. USD 65 million)
- Oversubscribed GBP 42 million equity raise on 28 February 2022, EUR 21 million bond placing on 7 March 2022 and fully taken up Open Offer of GBP 3 million on 21 March 2022
- Acquisition of Fireball GmbH and the .ruhr TLD in February 2022 for a total consideration of c USD 0.7 million

Outlook:

- CentralNic's results for H1 2022 demonstrate the continued momentum within the business and significant potential of its strong marketplace model for Online Presence and Online Marketing services
- The Directors are confident that the Company is comfortably trading towards the high end of the recently upgraded forecasts[1] The Company will issue its Q3 trading update on 17 October 2022
- CentralNic is currently in advanced discussions with a number of banks to refinance its bonds maturing in July 2023, at favourable terms and expects to announce the outcome of the refinancing, before the date of the October trading update

[1] Analysts forecasts have recently been upgraded with FY22 revenue now projected to be between USD c.574 million and USD c.642 million, and FY22 EBITDA between USD c.66 million and USD c.74 million

Ben Crawford, CEO of CentralNic, commented: "*CentralNic has enjoyed a strong first half of the year with year-on-year organic growth now reaching a record 62%, with our high cash conversion driving our net debt down to below our consensus EBITDA for 2022. CentralNic continues to deliver sustainable growth thanks to our privacy safe solutions and the enormous scale of the market opportunities we are addressing".*

** Pro forma revenue, adjusted for acquired revenue, constant currency FX impact and non-recurring revenues is estimated at USD 608 million for the trailing 12 months ending 30 June 2022 and at USD 374 million for the trailing 12 months ending 30 June 2021*
*** Parent, subsidiary and associate earnings before interest, tax, depreciation, amortisation, non-cash charges and non-core operating expenses*
**** Includes gross cash, bond and bank debt, prepaid finance costs and the Mark-To-Market (MTM) valuations for the bond hedges (gross interest-bearing debt of USD 142.2m, hedging liabilities of USD 16.6m, cash of USD 95.2m as of 30 June 2022 as compared to USD gross interest-bearing debt of USD 131.1m, hedging liabilities of USD 6.4m, cash of USD 56.1m as of 31 December 2021)*
***** Includes Net Debt as defined under *** plus (i) lease liabilities, (ii) guarantee obligations, and (iii) the best estimate of any Deferred Consideration payable in cash, all divided by pro forma EBITDA, i.e. last twelve months' EBITDA including acquired entities' EBITDA on a pro forma basis*

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. To the best of our knowledge, these unaudited financial results have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer and the Group taken as a whole. In addition, to the best of our knowledge, these unaudited financial results include a fair review of the development and performance of the business and the position of the Issuer and the Group taken as a whole. The principal risks and uncertainties that the business faces remain materially consistent with the risks and uncertainties described in the Risks section of the Group's 2021 annual report.

Ben Crawford – CEO
Don Baladasan – Group Managing Director
Michael Riedl – CFO

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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 2022 results which show a transformational increase in revenue and adjusted EBITDA, which have grown by 93% and 97% respectively compared to H1 2021.

Performance Overview

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

Six months to 30 June	**30 June 2022**	**30 June 2021**	**Change**
	USD m	**USD m**	**%**
Revenue	334.6	173.8	93%
Net revenue/ gross profit	82.1	54.3	51%
Adjusted EBITDA	38.6	19.6	97%
Operating profit	21.7	3.1	n.m.
Adjusted operating cash conversion *****	110%	132%	n.m.
Profit / (loss) after tax	6.9	(3.1)	n.m.
EPS – Basic (cents)	2.61	(1.41)	n.m.
EPS – Adjusted earnings – Basic (cents) ******	8.46	5.33	59%

***** Please refer to note 8

****** Please refer to note 7

Segmental analysis

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 on a constant currency basis.

Online Marketing segment

The Online Marketing segment proved entirely immune to any adverse signals from the market and further accelerated its growth with revenues increasing by USD 161.4 million, or 167%, from USD 96.4 million to USD 257.8 million. Organic revenue grew at a rate of 98%, predominantly driven by CentralNic's TONIC media buying business, was higher than for the group as a whole. Inorganic growth was obtained from the full semester impact of the Wando and White & Case acquisitions, as well as the impact of acquiring VGL and, to a lesser degree, Fireball.

The number of visitor sessions also increased by 82% from 1.1 billion in H1 2021 to 2.0 billion in H1 2022 and the revenue per thousand sessions ("RPM") increased by 87% from USD 56.8 to USD 106.0[2].

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 continue to benefit CentralNic, as we provide an alternative for online marketers that is proven to be highly effective, whilst respecting the privacy of internet users. This puts us at the forefront of companies offering solutions for a more privacy conscious world.

Online Presence segment

The Online Presence segment was impacted by exchange rates as foreign currency revenues translated into less USD in the period. As a result, revenue in the segment reduced by 1%, from USD 77.4 million in H1 2021 to USD 76.8 million. Nonetheless, organic growth for this segment was 5% for the trailing twelve months ended 30 June 2022.

[2] Based on analysis of c.84% of the segment which can be adequately and reliably be described by these KPI

In the Online Presence segment, the Company steered away from increasing sales through discounted bulk sales improving the quality of revenue. The average revenue per domain year increased by 8% from USD 8.90 to USD 9.60, while the number of processed domain registrations decreased from 6.5 million in H1 2021 to 6.0 million in H1 2022. The share of Value-Added Service revenue for the period ended 30 June 2022 remained stable at 7.9%[3].

Outlook

CentralNic enjoyed a very strong start to 2022, particularly in our Online Marketing segment. In H1 2022, we reported 62% organic revenue growth on a pro forma basis for the trailing twelve months ended 30 June 2022[4]

The Directors are pleased with this strong set of results delivered in H1 2022. Whilst the Directors remain cognisant of the current global macro-economic environment, they are confident that the Group will comfortably trade towards the high end of the recently upgraded market expectations for the year. Targeted investment in people and our market-leading products, in particular our suite of privacy-safe online marketing technologies, position us well to succeed even in a challenging global environment.

The pipeline of future acquisition targets also remains strong, while our net debt level has substantially reduced and is now only 1.3x trailing 12-month EBITDA[5]. CentralNic is therefore comfortably positioned, particularly given the Group's high cash generation and expected contribution from the recently completed acquisitions. We are confident in continuing our trajectory towards joining the ranks of the global leaders in our industry.

These outstanding results demonstrate that CentralNic can source and complete transformative acquisitions, but more importantly, that it can also integrate them successfully into marketplaces while continuing to deliver strong organic growth. Moreover, as the Company rapidly scales up, the underlying qualities of high recurring revenues and excellent cash conversion become increasingly meaningful, demonstrated by EBITDA as a percentage of Net Revenue increasing from 36% in H1 2021 to 47% in H1 2022.

As a virtually pure play recurring revenue business with high inherent cash conversion consistently above 100%, CentralNic continues to improve its key financial metrics as it grows, including its cash position, interest coverage and net debt to EBITDA ratio. As our investment levels plateau moving forward, we expect future periods to benefit from increasing operational leverage.

Ben Crawford
Chief Executive Officer

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[3] Based on analysis of c.75% of the segment which can be adequately and reliably be described by these KPI

[4] Pro forma revenue, adjusted for acquired revenue, constant currency FX impact and non-recurring revenues is estimated at USD 608 million for the trailing 12 months ending 30 June 2022 and at USD 374 million for the trailing 12 months ending 30 June 2021

[5] Pursuant to the bond terms, including deferred consideration and lease liabilities

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note	Unaudited Six months ended 30 June 2022 USD m	Restated [a] Unaudited Six months ended 30 June 2021 USD m	Audited Year ended 31 December 2021 USD m
Revenue	4	334.6	173.8	410.5
Cost of sales		(252.5)	(119.5)	(292.0)
Gross profit		82.1	54.3	118.5
Administrative expenses		(57.7)	(49.5)	(101.1)
Share-based payments expense		(2.7)	(1.7)	(5.0)
Operating profit		**21.7**	**3.1**	**12.4**
Adjusted EBITDA[b]		**38.6**	**19.6**	**46.3**
Depreciation of property, plant and equipment		(1.4)	(1.7)	(3.5)
Amortisation of intangible assets		(14.0)	(9.0)	(18.3)
Non-core operating expenses[c]	5	(2.5)	(5.1)	(8.7)
Foreign exchange gain		3.7	1.0	1.6
Share-based payment expenses		(2.7)	(1.7)	(5.0)
Operating profit		**21.7**	**3.1**	**12.4**
Finance income	6	-	-	0.1
Finance costs	6	(5.9)	(5.3)	(10.9)
Net finance costs		(5.9)	(5.3)	(10.8)
Profit / (loss) before taxation		**15.8**	**(2.2)**	**1.6**
Income tax expense		(8.9)	(0.9)	(5.1)
Profit / (loss) after taxation		**6.9**	**(3.1)**	**(3.5)**
Items that may be reclassified subsequently to profit and loss				
Exchange difference on translation of foreign operation		(4.8)	2.4	1.6
Loss arising on changes in fair value of hedging instruments		(10.2)	(0.8)	(6.4)
Total comprehensive income/(loss) for the period		**(8.1)**	**(1.5)**	**(8.3)**
Profit / (loss) is attributable to:				
Owners of CentralNic Plc		**6.9**	**(3.1)**	**(3.5)**
Total comprehensive income/(loss) is attributable to:				
Owners of CentralNic Plc		**(8.1)**	**(1.5)**	**(8.3)**
Earnings per share:				
Basic (cents)		2.61	(1.41)	(1.56)
Diluted (cents)		2.53	(1.41)	(1.56)
Adjusted earnings – Basic (cents)		8.46	5.33	11.80
Adjusted earnings – Diluted (cents)		8.21	5.11	11.46

All amounts relate to continuing activities.

[a] The consolidated statement of comprehensive income for the six months ended 30 June 2021 has been restated as follows:

(i) Revenue has reduced by USD 0.9m due to the recognition of liabilities for prior period credit notes

(ii) Amortisation of intangible assets has increased by USD 0.7 million due to a restatement of intangible assets

[b] Parent, subsidiary and associate earnings before interest, tax, depreciation, amortisation, non-cash charges and non-core operating expenses.

[c] 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 Six months ended 30 June 2022 USD m	Restated* Unaudited Six months ended 30 June 2021 USD m	Audited Year ended 31 December 2021 USD m
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1.8	2.1	1.8
Right-of-use assets	6.3	6.5	6.8
Intangible assets	317.5	260.8	254.2
Deferred receivables	0.4	0.5	0.4
Investments	-	0.1	0.1
Deferred tax assets	8.2	5.7	8.6
	334.2	**275.7**	**271.9**
CURRENT ASSETS			
Trade and other receivables	93.1	68.0	71.4
Inventory	1.0	0.9	0.9
Cash and bank balances	95.2	39.5	56.1
	189.3	**108.4**	**128.4**
TOTAL ASSETS	**523.5**	**384.1**	**400.3**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	0.3	0.3	0.3
Share premium	98.3	39.8	39.8
Merger relief reserve	5.3	5.3	5.3
Share-based payments reserve	20.8	11.6	19.5
Cash flow hedging reserve	(16.6)	(0.8)	(6.4)
Foreign exchange translation reserve	(1.9)	3.8	2.9
Accumulated profits	59.5	54.1	52.6
TOTAL EQUITY	**165.7**	**114.1**	**114.0**
NON-CURRENT LIABILITIES			
Other payables	7.4	3.5	4.4
Lease liabilities	2.2	4.8	5.1
Deferred tax liabilities	29.6	22.1	20.3
Borrowings	131.6	121.8	119.3
	170.8	**152.2**	**149.1**
CURRENT LIABILITIES			
Trade and other payables and accruals	155.4	113.7	117.1
Lease liabilities	4.4	1.8	1.8
Borrowings	10.6	1.5	11.9
Derivative financial instruments	16.6	0.8	6.4
	187.0	**117.8**	**137.2**
TOTAL LIABILITIES	**357.8**	**270.0**	**286.3**
TOTAL EQUITY AND LIABILITIES	**523.5**	**384.1**	**400.3**

* The consolidated statement of financial position as at 30 June 2021 has been restated as follows (please refer to the Annual Report for the year ended 31 December 2021 for further disclosure): (i) Trade and other payables and accruals have increased by USD 2.9 million due to the recognition of liabilities for prior period credit notes. USD 0.9 million relates to the six month period ended 30 June 2021, USD 1.2 million relates to the year ended 31 December 2020, and USD 0.8 million relates to the year ended 31 December 2019; (ii) Intangible assets have decreased by USD 1.9 million due to increased amortisation charges. USD 1.2 million relates to the year ended 31 December 2020 and USD 0.7 million relates to the six month period ended 30 June 2021

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	Restated* Accumulated profits / (losses) USD m	Restated Equity attributable to owners of the Parent Company USD m
Balance as at 1 January 2021	**0.3**	**39.8**	**5.3**	**11.0**	**-**	**1.4**	**56.1**	**113.9**
Loss for the period	-	-	-	-	-	-	(3.1)	**(3.1)**
Translation of foreign operation	-	-	-	-	-	2.4	**-**	**2.4**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**2.4**	**(3.1)**	**(0.7)**
Loss arising on fair value of hedging instruments	-	-	-	-	(0.8)	-	-	(0.8)
Share-based payments	-	-	-	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**	**54.1**	**114.1**
Loss for the period	**-**	**-**	**-**	**-**	**-**	-	(0.4)	**(0.4)**
Translation of foreign operation	-	-	-	-	-	(0.9)	**-**	**(0.9)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	-	**(0.9)**	**(0.4)**	**(1.3)**
Loss arising on fair value of hedging instruments	-	-	-	-	(5.6)	-	**-**	**(5.6)**
Share-based payments	-	-	-	5.5	-	-	**-**	**5.5**
Share-based payments – deferred tax asset	-	-	-	2.2	-	-	**-**	**2.2**
Share-based payments – exercised and lapsed	-	-	-	0.2	-	-	(1.1)	**(0.9)**
Balance as at 31 December 2021	**0.3**	**39.8**	**5.3**	**19.5**	**(6.4)**	**2.9**	**52.6**	**114.0**
Profit for the period	-	-	-	-	-	-	6.9	**6.9**
Translation of foreign operation	-	-	-	-	-	(4.8)	-	**(4.8)**
Total comprehensive income for the period	**-**	-	**-**	**-**	**-**	**(4.8)**	**6.9**	**2.1**
Issue of share capital	-	59.6	-	-	-	-	**-**	**59.6**
Share issue costs	-	(1.1)	-	-	-	-	**-**	**(1.1)**
Loss arising on fair value of hedging instruments	-	-	-	-	(10.2)	-	**-**	**(10.2)**
Share-based payments	-	-	-	2.7	-	-	**-**	**2.7**
Share-based payments – deferred tax asset	-	-	-	0.4	-	-	**-**	**0.4**
Share based payments – exercised and lapsed	-	-	-	(1.8)	-	-	**-**	**(1.8)**
Balance as at 30 June 2022	**0.3**	**98.3**	**5.3**	**20.8**	**(16.6)**	**(1.9)**	**59.5**	**165.7**

- 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.
- 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.
- 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 the cumulative exchange differences arising on Group consolidation.

* Please refer to the consolidated statement of comprehensive income and the consolidated statement of financial position for details of the prior period restatements

CONSOLIDATED STATEMENT OF CASH FLOWS	Unaudited Six months ended 30 June 2022	Restated* Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
	USD m	USD m	USD m
Cash flow from operating activities			
Profit / (loss) before taxation	15.8	(2.2)	1.6
Adjustments for:			
Depreciation of property, plant and equipment	1.4	1.7	3.5
Amortisation of intangible assets	14.0	9.0	18.3
Finance cost (net)	5.9	5.3	10.8
Share-based payments	2.7	1.7	5.0
Decrease in trade and other receivables	(10.9)	(19.2)	(20.8)
Increase in trade and other payables	9.3	20.3	24.4
Decrease in inventories	-	-	0.3
Cash flow generated from operations	38.2	16.6	43.1
Income tax paid	(1.5)	(0.9)	(2.2)
Net cash flow generated from operating activities	36.7	15.7	40.9
Cash flow used in investing activities			
Purchase of property, plant and equipment	(0.4)	(0.4)	(0.7)
Purchase of intangible assets	(1.9)	(1.1)	(4.1)
Payment of deferred consideration	(1.4)	(1.7)	(1.7)
Proceeds from disposals of investments	0.1	-	-
Acquisition of subsidiaries	(65.2)	(11.1)	(18.3)
Net cash flow used in investing activities	(68.8)	(14.3)	(24.8)
Cash flow used in financing activities			
Proceeds from borrowings	23.0	13.8	25.7
Accrued interest on bond tap	0.4	-	-
Bond arrangement fees	(0.5)	(0.4)	(1.0)
Proceeds from issuance of ordinary shares (net)	58.5	-	-
Payment of lease liability	(1.1)	(0.9)	(2.0)
Interest paid	(2.5)	(2.3)	(8.7)
Net cash flow generated/(used in) from financing activities	77.8	10.2	14.0
Net increase in cash and cash equivalents	45.7	11.6	30.1
Cash and cash equivalents at beginning of the period/year	56.1	28.7	28.7
Exchange losses on cash and cash equivalents	(6.6)	(0.8)	(2.7)
Cash and cash equivalents at end of the period/year	**95.2**	**39.5**	**56.1**

* Please refer to the consolidated statement of comprehensive income and the consolidated statement of financial position for details of the prior period restatements

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 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.

2. **Basis of preparation**

The financial results for the six months ended 30 June 2022 are unaudited and have been prepared on the basis of the accounting policies set out in the Group's 2021 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 2021, 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 recurring revenue 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 recessionary external factors. 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 building and managing platforms that sell Online Presence and 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 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. The Online Marketing segment uses privacy-safe AI based data analytics and automation tools to provide advertising placement services to match websites that have traffic with online marketers who want qualified traffic that translates into new customers.

Management reviews the activities of the CentralNic Group in the segments disclosed below up to a gross profit level only:

	Unaudited Six months ended 30 June 2022 USD m	**Restated Unaudited Six months ended 30 June 2021 USD m**	**Audited Year ended 31 December 2021 USD m**
Online Presence			
Revenue	76.8	77.4	149.3
Cost of sales	(50.1)	(49.2)	(96.0)
Gross profit	26.7	28.2	53.3
Online Marketing			
Revenue	257.8	96.4	261.2
Cost of sales	(202.4)	(70.3)	(196.0)
Gross profit	55.4	26.1	65.2
Total revenue	**334.6**	**173.8**	**410.5**
Total cost of sales	**(252.5)**	**(119.5)**	**(292.0)**
Gross profit	**82.1**	**54.3**	**118.5**

NOTES TO THE UNAUDITED FINANCIAL RESULTS (continued)

4. Revenue

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

	Unaudited Six months ended 30 June 2022 USD m	Restated Unaudited Six months ended 30 June 2021 USD m	Audited Year ended 31 December 2021 USD m
Online Presence			
UK	2.0	1.7	3.6
North America	22.8	22.7	43.3
Europe	37.8	36.9	70.5
ROW	14.2	16.1	31.9
	76.8	**77.4**	**149.3**
Online Marketing			
UK	1.2	1.5	3.2
North America	9.6	9.6	19.0
Europe	238.9	74.2	217.2
ROW	8.1	11.1	21.8
	257.8	**96.4**	**261.2**
Total revenue	**334.6**	**173.8**	**410.5**

5. Non-core operating expenses

	Unaudited Six months ended 30 June 2022 USD m	Unaudited Six months ended 30 June 2021 USD m	Audited Year ended 31 December 2021 USD m
Acquisition related costs	1.0	1.8	3.1
Integration and streamlining costs	1.4	2.1	3.9
Other costs[1]	0.1	1.2	1.7
	2.5	**5.1**	**8.7**

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

6. Finance income and costs

	Unaudited Six months ended 30 June 2022 USD m	Unaudited Six months ended 30 June 2021 USD m	Audited Year ended 31 December 2021 USD m
Finance income	-	-	(0.1)
Impact of unwinding of discount on net present value of deferred consideration	-	0.1	0.2
Reappraisal of deferred consideration	-	(0.1)	(0.1)
Arrangement fees on borrowings	0.9	0.7	1.6
Interest expense on current borrowings	0.3	0.2	0.3
Interest expense on non-current borrowings	4.6	4.3	8.7
Interest expense on leases	0.1	0.1	0.2
Net finance costs	**5.9**	**5.3**	**10.8**

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 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 all 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 the year ended 31 December 2021, 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 2022 USD m	Restated Unaudited Six months ended 30 June 2021 USD m	Audited Year ended 31 December 2021 USD m
Profit / (loss) after tax attributable to owners	**6.9**	**(3.1)**	**(3.5)**
Operating profit	21.7	3.1	12.4
Depreciation of property, plant and equipment	1.4	1.7	3.5
Amortisation of intangible assets	14.0	9.0	18.3
Non-core operating expenses	2.5	5.1	8.7
Foreign exchange gain	(3.7)	(1.0)	(1.6)
Share-based payment expenses	2.7	1.7	5.0
Adjusted EBITDA	38.6	19.6	46.3
Depreciation	(1.4)	(1.7)	(3.5)
Finance income	-	-	0.1
Finance costs	(5.9)	(5.3)	(10.9)
Taxation	(8.9)	(0.9)	(5.1)
Adjusted earnings	**22.4**	**11.7**	**26.8**
Weighted average number of shares:			
Basic	264,765,349	219,559,661	227,380,670
Effect of dilutive potential ordinary shares	7,955,487	9,536,719	6,856,289
Diluted average number of shares	272,720,836	229,096,380	234,236,959
Earnings per share:			
Basic (cents)	2.61	(1.41)	(1.56)
Diluted (cents)	2.53	(1.41)	(1.56)
Adjusted earnings – Basic (cents)	8.46	5.33	11.80
Adjusted earnings – Diluted (cents)	8.21	5.11	11.46

Basic and diluted earnings per share of 2.61 and 2.53 cents (H1 2021: (1.41) cents) has been impacted by amortisation charges, non-core expenses, foreign exchange gains and losses and share-based payment expenses. 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 the majority of the adjusting items in the earnings per share calculation above are also adjusted for when calculating the Group's tax expense.

The weighted average number of shares for the Company is disclosed above. The issued share capital of the Company at 30 June 2022 was 288,660,084 and the total number of shares that were vested but not exercised were 8,877,594. Exercises of options will largely be covered by the shares held by the Group's Employee Benefit Trust.

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 periods ended 30 June 2022 and 30 June 2021, and for the year ended 31 December 2021 was as follows:

	Unaudited Six months to 30 June 2022 USD m	Restated Unaudited Six months to 30 June 2021 USD m	Audited Year ended 31 December 2021 USD m
Cash conversion			
Cash flow from operations	38.2	16.6	43.1
Exceptional costs incurred and paid during the year	3.1	7.1	11.0
Settlement of one-off working capital items from the prior year	1.1	2.1	2.0
Adjusted cash flow from operations	**42.4**	**25.8**	**56.1**
Adjusted EBITDA	38.6	19.6	46.3
Conversion %	110%	132%	121%

Single quarter 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 2022, 30 June 2021 and 31 December 2021 is shown in the table below.

	Bond USD m	Bank debt USD m	Cash USD m	Net debt USD m
At 1 January 2021	**(107.3)**	**(6.4)**	**28.7**	**(85.0)**
Placing proceeds (net of costs)	(18.2)	-	18.2	-
Amortisation of costs	0.4	-	-	0.4
Drawdown	-	4.4	(4.4)	-
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)**
Drawdown	-	(8.5)	8.5	-
Amortisation of costs	(0.7)	-	(0.2)	(0.9)
Other cash movements	-	(4.4)	10.3	5.9
Net cash flows before foreign exchange	(0.7)	(12.9)	18.6	5.0
Foreign exchange differences	6.2	(0.4)	(2.0)	3.8
At 31 December 2021	**(116.7)**	**(14.4)**	**56.1**	**(75.0)**
Drawdown	(23.2)	-	23.2	-
Amortisation of costs	0.3	-	-	0.3
Other cash movements	(1.3)	0.5	22.5	21.7
Net cash flows before foreign exchange	(24.2)	0.5	45.7	22.0
Foreign exchange differences	11.4	1.2	(6.6)	6.0
At 30 June 2022	**(129.5)**	**(12.7)**	**95.2**	**(47.0)**

8. Financial instruments (continued)

Derivative financial instruments

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; please refer to note 10 for further details of the post-balance sheet date settlement of these hedges. The Company has prepared hedging documentation which demonstrates that the hedging instrument and the hedged item offset each other in currency 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 balance sheet date, the forward foreign exchange contracts have been measured based on the mark-to-market valuation reports provided by each of HSBC and Global Reach, with no ineffectiveness recognised. The change in the fair value of the derivative financial instrument for the six months ended 30 June 2022 is USD 10.2 million (H1 2021: USD 0.8 million; FY2021 USD 6.4 million) and the balance in the cash flow hedging reserve at 30 June 2022 is USD 16.6 million (H1 2021: USD 0.8 million; FY2021 USD 6.4 million).

9. Business combinations

For further details regarding the acquisitions of VGL Verlagsgesellschaft mbH (VGL) on 7 March 2022, of the .ruhr TLD on 28 January 2022, and of Fireball Search GmbH on 2 February 2022, please refer to note 9 of the unaudited financial results for the three months ended 31 March 2022 as published and released on 23 May 2022.

Deferred consideration of EUR 0.1 million (USD 0.1 million) in respect of the .ruhr TLD acquisition was paid on 30 May 2022.

10. Events occurring after the quarter end

Detailed below are the significant events that happened after the Group's quarter end date of 30 June 2022 and before the signing of these Unaudited Financial Results on 30 August 2022.

- 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

- On 18 July 2022, the final additional consideration payment for the acquisition of KeyDrive SA was determined to be USD 1,138,400 and was settled in cash on 22 July 2022.