

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who specialises in advising on the acquisition of shares and other securities and is duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom or, if you are not, another appropriately authorised financial adviser.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM, a market operated by London Stock Exchange plc. It is expected that Admission will become effective, and dealings in the Enlarged Share Capital will commence, at 8.00 a.m. on 2 August 2018. The Existing Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required, pursuant to the AIM Rules, to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange plc has not itself examined or approved the contents of this Document.

Prospective investors should read the whole text of this Document and should be aware that an investment in the Company is speculative and involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" set out in Part II of this Document. All statements regarding the Company's business, financial position, trading position and prospects should be viewed in light of these risk factors.

This Document, which is drawn up as an AIM admission document in accordance with the AIM Rules, has been issued in connection with the application for admission to trading on AIM of the Enlarged Share Capital. This Document does not constitute, or contain, an offer, or any part of an offer, to the public requiring an approved prospectus under section 85 of FSMA and, accordingly, this Document does not constitute, or contain, a prospectus for the purposes of FSMA and the Prospectus Rules and has not been pre-approved by the FCA pursuant to section 85 of FSMA. Copies of this Document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and English public holidays excepted) at the offices of Zeus Capital at 82 King Street, Manchester M2 4WQ and the registered office of the Company from the date of this Document until one month after the date of Admission in accordance with the AIM Rules. A copy of this Document will also be available from the Company's website at www.CentralNic.com.

The Directors, whose names appear on page 15 of this Document, and the Company accept responsibility, both individually and collectively, for the information contained in this Document. To the best of the knowledge and belief of the Directors and the Company, each of whom has taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and contains no omission likely to affect the import of such information.

CentralNic Group Plc

(a company incorporated in England and Wales under the Companies Act 2006 with company number 08576358)

Proposed Placing of 46,153,847 Ordinary Shares at 52 pence per Ordinary Share

Proposed acquisition of KeyDrive

Proposed Admission of the Enlarged Share Capital to trading on AIM and

Notice of General Meeting

Nominated Adviser and Joint Bookrunner

Joint Bookrunner

Zeus Capital

STIFEL

Enlarged Share Capital immediately following Admission

<i>Number</i>	<i>Issued and fully paid</i>	<i>Nominal amount</i>
170,652,802	Ordinary Shares of £0.001 each	£170,652.80

The Placing is conditional, *inter alia*, on Admission taking place by 8.00 a.m. on 2 August 2018 (or such later date as the Company, Zeus Capital and Stifel may agree, being not later than 8.00 a.m. on 30 September 2018). The Placing Shares, the Consideration Shares and the Existing Ordinary Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared paid or made in respect of the Ordinary Shares after Admission. It is emphasised that no application is being made for the Enlarged Share Capital to be admitted to the Official List or to any other recognised investment exchange.

The notice convening the general meeting of the Company to be held at 10.00 a.m. on 1 August 2018 at CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF is set out at the end of this Document. CentralNic Shareholders will find enclosed with this Document a Form of Proxy to enable them to vote at the General Meeting. Whether or not CentralNic Shareholders intend to be present at the General Meeting, they are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon to Link Asset Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive no later than 10.00 a.m. on 30 July 2018.

Zeus Capital, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and joint broker to the Company in connection with the proposed Placing and Admission. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this Document. Zeus Capital will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to clients of Zeus Capital or for providing advice in relation to the contents of this Document or any other matter.

Stifel, which is authorised and regulated in the United Kingdom by the FCA, is acting as joint broker to the Company in connection with the proposed Placing and Admission. Stifel will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to clients of Stifel or for providing advice in relation to the contents of this Document or any other matter.

Without limiting the statutory rights of any person to whom this Document is issued, no representation or warranty, express or implied, is made by Zeus Capital or Stifel as to the contents of this Document. Apart from the responsibilities and liabilities, if any, which may be imposed on Zeus Capital by FSMA or the regulatory regime established thereunder, no liability whatsoever is accepted by Zeus Capital or Stifel for the accuracy of any information or opinions contained in this Document, for which the Directors and the Company are solely responsible, or for the omission of any information from this Document for which it is not responsible.

In accordance with the AIM Rules for Nominated Advisers, Zeus Capital will confirm to London Stock Exchange plc that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with.

This Document does not constitute an offer to sell or an invitation to purchase or subscribe for, or solicitation of an offer to purchase or subscribe for, shares to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this Document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States, Canada, Australia, Japan, or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries (subject to certain exceptions). Accordingly, the Placing Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, or from, the United States, Canada, Australia, Japan or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Placing Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, or the securities, laws or with any securities regulatory authority of any state or other jurisdiction of the United States, any province or territory of Canada, Australia, Japan or the Republic of South Africa and may not, subject to certain exceptions, be offered or sold, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States, Canada, Australia, Japan or the Republic of South Africa.

The distribution of this Document outside the UK may be restricted by law. No action has been taken by the Company, Zeus Capital or Stifel that would permit an offer of shares in any jurisdiction outside the UK where action for that purpose is required. Persons outside the UK who come into possession of this Document should inform themselves about the distribution of this Document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdiction.

In member states of the European Economic Area ("EEA") other than the United Kingdom, this information is only addressed to and directed at persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC and any amendments thereto including Directive 2010/73/EU to the extent implemented in the relevant EEA member state) and any relevant implementing measure in the relevant member state of the EEA ("Qualified Investors").

IMPORTANT INFORMATION

In deciding whether or not to invest in Ordinary Shares in connection with the Placing, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, Zeus Capital or Stifel. Neither the delivery of this Document nor any subscription or purchase made in connection with the Placing, under any circumstances, shall create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective investors should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see "Part II: Risk Factors" of this Document).

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that investors will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this Document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this Document or any subsequent communications from the Company as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the subscription, purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the subscription, purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the subscription, purchase, holding, transfer or other disposal of Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

This Document should be read in its entirety before making any investment in the Company.

Forward looking statements

Certain statements contained in this Document are forward looking statements and are based on current expectations, estimates and/or projections about the potential returns of the Group and the industry and markets in which the Group operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "may", "should", "could", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline", "predicts", "assumes", "envisages" (or, in each case, their negative) and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and

commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward looking statements speak only as of the date of this Document. The Company and the Directors expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Notice to prospective investors in the United States

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this document is truthful or complete. Any representation to the contrary is a criminal offence.

The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**"). The securities are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the Securities Act pursuant to registration or an exemption therefrom.

Available information

For so long as any of the Company's securities are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is not subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934, as amended ("**Exchange Act**"), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities, or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon request the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Enforceability of civil liabilities

The Company is organised as a public limited company incorporated under the laws of England and Wales. None of its directors or officers is a citizen or resident of the United States. In addition, the majority of the Company's assets and all the assets of its directors and officers are located outside the United States. As a result, it may not be possible for U.S. investors to effect service of process within the United States upon the Company or its directors and officers located outside the United States or to enforce in the U.S. courts or outside the United States judgments obtained against them in U.S. courts or in courts outside the United States, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the securities laws of any state or territory within the United States. There is doubt as to the enforceability in England and Wales, whether by original actions or by seeking to enforce judgments of U.S. courts, of claims based on the federal securities laws of the United States. In addition, punitive damages in actions brought in the United States or elsewhere may be unenforceable in England and Wales.

Transfer restrictions

Each purchaser of the securities in the United States will be deemed to have represented and agreed as follows:

1. The purchaser (a) is a qualified institutional buyer, ("**QIB**"), as more fully defined in Rule 144A under the Securities Act, or a broker-dealer acting for the account of a QIB, (b) is acquiring such securities for its own account or for the account of a QIB, and (c) is aware that the securities are restricted within the meaning of the Securities Act and may not be deposited into any unrestricted depository facility, unless at the time of such deposit the securities are no longer restricted.
2. The purchaser is aware that the securities have not been and will not be registered under the Securities Act and are being offered in the United States only to QIBs in a transaction not involving any public offering in the United States within the meaning of the Securities Act.

3. The purchaser understands and agrees that the securities may not be offered, sold, pledged or otherwise transferred, except (a) to a person that the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, or (b) outside the United States in accordance with Regulation S under the Securities Act or (c) pursuant to an exemption from registration under the Securities Act or (d) pursuant to an effective registration statement under the Securities Act.

Use of non-IFRS measures

Certain non-IFRS measures such as earnings before interest, tax, depreciation and amortisation as adjusted for exceptional and non-underlying items (“Adjusted EBITDA”) have been included in the financial information, as the Directors believe that these provide important alternative measures with which to assess the Group’s performance. Further narrative on the calculation of Adjusted EBITDA is provided in Part III of this Document.

You should not consider Adjusted EBITDA as an alternative for revenue or operating profit which are IFRS measures. Additionally, the Company’s calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

Rounding

The financial information contained in this Document, including that financial information presented in a number of tables in this Document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in this Document reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Percentages of share capital

The information contained in this Document as to percentages of share capital held at a particular time are to the percentage of voting rights held as at 13 July 2018 (being the latest practicable date prior to the publication of this Document).

No incorporation of website

The contents of the Company’s website (or any other website) do not form part of this Document and investors should not rely on them.

General notice

This Document has been drawn up in accordance with the AIM Rules and it does not comprise a prospectus for the purposes of the Prospectus Rules. It has been drawn up in accordance with the requirements of the Prospectus Directive only in so far as required by the AIM Rules and has not been filed with the FCA or any other governmental or regulatory body in any jurisdiction.

This Document has been prepared for the benefit only of a limited number of persons all of whom qualify as “qualified investors” for the purposes of the Prospectus Directive, to whom it has been addressed and delivered, and may not in any circumstances be used for any other purpose or be viewed as a document for the benefit of the public. The reproduction, distribution or transmission of this Document (either in whole or in part) without the prior written consent of the Company, Zeus Capital and Stifel is prohibited.

Governing law

Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and are subject to changes therein.

Third party information

Where information has been sourced from a third party the Directors confirm that such information has been accurately reproduced and so far as the Company is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

CONTENTS

	<i>Page</i>
PLACING STATISTICS	7
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	8
DEFINITIONS	9
GLOSSARY	14
DIRECTORS, SECRETARY AND ADVISERS	15
PART I – LETTER FROM THE CHAIRMAN	17
PART II – RISK FACTORS	40
PART III – FINANCIAL INFORMATION	48
A) HISTORICAL FINANCIAL INFORMATION ON THE COMPANY	48
B) ACCOUNTANTS’ REPORT ON THE KEYDRIVE GROUP	49
C) HISTORICAL FINANCIAL INFORMATION ON THE KEYDRIVE GROUP	51
D) ACCOUNTANTS’ REPORT ON SK.NIC, A.S.	80
E) HISTORICAL FINANCIAL INFORMATION ON SK.NIC, A.S.	82
F) ACCOUNTANTS’ REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE COMPANY	101
G) UNAUDITED PRO FORMA STATEMENT OF NET ASSETS	103
PART IV – ADDITIONAL INFORMATION	105
PART V – NOTICE OF GENERAL MEETING	148

PLACING STATISTICS⁽¹⁾

Number of Existing Ordinary Shares in issue immediately prior to Admission	96,492,348
Number of Consideration Shares to be issued pursuant to the Acquisition ⁽²⁾	28,006,607
Number of Placing Shares being issued pursuant to the Placing	46,153,847
Number of Ordinary Shares in issue on Admission	170,652,802
Percentage of the Enlarged Share Capital being issued pursuant to the Acquisition	43.5 per cent.
Percentage of the Enlarged Share Capital being placed pursuant to the Placing	27.0 per cent.
Market capitalisation on Admission (approximately) ⁽³⁾	£88.7 million
Placing Price	52 pence
Estimated gross proceeds from the Placing of the Placing Shares	£24 million
Estimated net proceeds from the Placing of the Placing Shares receivable by the Company	£20.5 million
Estimated expenses	£3.5 million
AIM 'ticker'	CNIC
ISIN number	GB00BCCW4X83

Notes

- (1) The placing statistics above assume that no other Ordinary Shares are issued, save for the Placing Shares and the Consideration Shares
- (2) The initial Consideration Shares are the Consideration Shares issued on Completion of the Acquisition and do not include any Additional Consideration Shares
- (3) Market capitalisation calculated on the basis of the Placing Price

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication and posting of this Document, and posting of Form or Proxy	16 July 2018
Trading of Existing Ordinary Shares recommences	16 July 2018
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 30 July 2018
General Meeting	10.00 a.m. on 1 August 2018
Expected completion of the Acquisition	2 August 2018
Admission and dealings in the Placing Shares and Consideration Shares to commence on AIM	8.00 a.m. on 2 August 2018
CREST stock accounts expected to be credited for Placing Shares (where applicable)	2 August 2018
Dispatch of definitive share certificates (where applicable)	9 August 2018

References to time are to London time unless otherwise stated. Each of the dates in the above timetable is indicative only and is subject to change without further notice.

DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise or unless defined in Part III of this Document, for the purposes of that part only:

“Acquisition”	the proposed acquisition by Holdco of the entire issued share capital of KeyDrive pursuant to the Acquisition Agreement, further details of which are set out in paragraph 10.1 of Part IV of this Document
“Acquisition Agreement”	the share sale and purchase agreement dated 16 July 2018 between (1) Inter.Services (2) PrizeFlyer LLC (3) BIP Venture Partners S.A. (4) the Company and (5) Holdco pursuant to which, conditional on, <i>inter alia</i> , the passing of the Resolutions and Admission becoming effective, the Company and Holdco and shall acquire the entire issued share capital of KeyDrive
“Act”	the Companies Act 2006 (as amended)
“Additional Consideration”	the additional consideration which may be payable to Inter.Services pursuant to the Acquisition Agreement which may be satisfied by the allotment of the Additional Consideration Shares or cash
“Additional Consideration Shares”	Ordinary Shares which may be allotted to Inter.Services pursuant to the Acquisition Agreement in connection with the earn-out payable under it
“Admission”	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“Admission Document” or “Document”	this document dated 16 July 2018
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies (including, without limitation, any guidance notes or statements of practice) published by the London Stock Exchange which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM (as amended or reissued from time to time)
“AIM Rules for Nominated Advisers”	the rules setting out the eligibility, ongoing obligations and certain disciplinary matters in relation to nominated advisers, as published by the London Stock Exchange (as amended or reissued from time to time)
“Annual General Meeting Authorities”	means the authority to allot shares and the disapplication of pre-emption rights granted to the Directors following the passing of the resolutions at the annual general meeting of the Company held on 25 June 2018
“Articles”	the articles of association of the Company, as at the date of Admission, a summary of which is set out in paragraph 4 of Part IV of this Document
“Audit Committee”	the audit committee of the Board, as constituted from time to time
“Board”	the board of directors of the Company from time to time, or a duly constituted committee thereof

“certificated” or “certificated form”	recorded on the relevant register of the share or security concerned as being held in certificated form in physical paper (that is, not in CREST)
“Company” or “CentralNic”	CentralNic Group Plc, a public limited company incorporated in England and Wales with registered number 08576358 and registered office at 35-39 Moorgate, London EC2R 6AR
“Company’s Registrars”	the Company’s registrars, being Link Asset Services Limited
“Completion”	Completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Compliance Committee”	a committee established to be responsible for compliance with, <i>inter alia</i> , governance policies
“Consideration Shares”	the 28,006,607 Ordinary Shares to be allotted and issued by the Company to Inter.Services on Completion pursuant to the Acquisition Agreement
“CREST”	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & Ireland in accordance with the CREST Regulations
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including (i) any enactment or subordinate legislation which amends those regulations; and (ii) any applicable rules made under those regulations or such enactment or subordinate legislation for the time being in force (as amended)
“Directors”	the directors of the Company as at the date of this Document, whose details are set out on page 15 of this Document, and “Director” means any of them
“EBITDA”	earnings before interest, taxation, depreciation and amortisation
“EMI Scheme”	the Company’s Enterprise Management Incentive Scheme established prior to the date of this document
“Enlarged Group”	the combined group comprising the Group and the KeyDrive Group following the Acquisition
“Enlarged Share Capital”	the entire issued share capital of the Company immediately following Admission comprising the Existing Ordinary Shares and the New Ordinary Shares
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales with registered number 2878738 and the operator of CREST
“Existing Ordinary Shares”	the 96,492,348 Ordinary Shares issued as at the date of this Document
“FCA”	the UK Financial Conduct Authority
“Form of Proxy”	the form of proxy sent to eligible shareholders with this Document
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“FY15”	the financial year ended 31 December 2015

“FY16”	the financial year ended 31 December 2016
“FY17”	the financial year ended 31 December 2017
“General Authority Resolutions”	the resolutions to be put to Shareholders at the General Meeting in connection with the Directors seeking authority to allot shares and disapply pre-emption rights being the resolutions numbered 7 to 8 inclusive in the notice convening the General Meeting
“General Meeting” or “GM”	the general meeting of the Company to be held at CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF on 1 August 2018, notice of which is set out at the end of this Document
“General Meeting Resolutions”	the Transaction Resolutions, the Share Plan Resolutions and the General Authority Resolutions
“Group”	the Company and its subsidiary undertakings (prior to the Acquisition)
“Holdco”	CentralNic Germany GMBH, a holding company incorporated in Germany with registered number 23747 and registered office at Kaiserplatz 7-9 53113 Bonn
“IFRS”	International Financial Reporting Standards, as adopted for use in the European Union
“Integration Steering Committee”	a committee established to be responsible for integration between CentralNic and KeyDrive on which Don Baladasan, Alex Siffrin, Michael Riedl and Stuart Fuller sit
“Inter.Services”	Inter.Services GmbH
“Instra Group”	together, Instra Holdings (UK) Ltd, Instra Holdings (Aus) Pty Ltd, Instra Holdings (NZ) Ltd, Instra Corporation PTY Limited, Instra Domain Directors B.V., Instra Corporation PTE Limited, Instra-Internet Services One-person LLC, Instra Corporation Limited, Europe Registry Ltd, Domain Directors PTY Ltd, Domain Directors (Europe) Ltd, Domain Directors (Finland) Oy, Domain Directors (France) Sarl, Domain Directors CA Inc, Instra Domain Directors Inc. ²
“ISIN”	international security identification number
“KeyDrive” or the “KeyDrive Group”	KeyDrive S.A. and its subsidiaries
“LIBOR”	London Interbank Offered Rate
“London Stock Exchange”	London Stock Exchange plc
“Long Term Incentive Plan” or “LTIP”	the new share plan described in paragraph 8.5 of Part IV of this Document
“New Ordinary Shares”	the Consideration Shares and the Placing Shares
“New Share Plans”	the Long Term Incentive Plan and Share Option Plan
“Nomination Committee”	the nomination committee of the Board, as constituted from time to time
“Official List”	the official list maintained by the UK Listing Authority

“Option”	an option or any other right to acquire or receive Ordinary Shares
“Operating Board”	the Operating board comprised of all key members of the Company’s management responsible for the day to day management of the Company and executing the strategy laid out by the Board
“Ordinary Shares”	ordinary shares of £0.001 each in the capital of the Company
“Panel”	the UK Panel on Takeovers and Mergers
“Placing”	the conditional placing of the Placing Shares by Zeus Capital and Stifel as agents for the Company, pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 16 July 2018 between the Company, Holdco, the Directors, Zeus Capital and Stifel, relating to the, Placing, further details of which are set out in paragraph 10.2 of Part IV of this Document
“Placing Price”	52 pence per Placing Share
“Placing Shares”	the 46,153,847 Ordinary Shares to be allotted and issued by the Company pursuant to the Placing, such allotment being conditional upon Admission
“Prospectus Directive”	the EU Prospectus Directive 2003/71/EC (as amended)
“Prospectus Rules”	the prospectus rules made by the FCA under Part VI of FSMA (as amended or reissued from time to time)
“QCA”	the Quoted Companies Alliance
“QCA Code”	the Corporate Governance Code for Small and Mid-Size Quoted Companies issued by the QCA (as amended or reissued from time to time)
“Remuneration Committee”	the remuneration committee of the Board, as constituted from time to time
“Reporting Accountant”	Crowe U.K. LLP, a limited liability partnership registered in England with registered number OC307043 and its registered office is at St Bride’s House, 10 Salisbury Square, London, EC4Y 8EH
“Shareholder(s)”	holder(s) of Ordinary Shares
“Share Option Plan” or “SOP”	the share option plan described in paragraph 8.6 of Part IV of this Document
“Share Plan Resolutions”	the resolutions to be put to Shareholders at the General Meeting in connection with the New Share Plans being the resolutions numbered 5 and 6 inclusive in the notice convening the General Meeting
“SK-NIC”	SK-NIC A.S., a company incorporated in Slovakia with registered number 35698446 and registered office at Borská 6, Bratislava 841 04.
“Stifel”	Stifel Nicolaus Europe Limited, a company incorporated in England and Wales with registered number 3719559 and registered office at 150 Cheapside, London EC2V 6ET
“SVB”	Silicon Valley Bank

“Takeover Code”	the City Code on Takeovers and Mergers issued by the Panel (as amended or reissued from time to time)
“Transaction Resolutions”	the resolutions to be put to Shareholders at the General Meeting in connection with the Acquisition and the Placing, being the resolutions numbered 1 to 4 inclusive in the notice convening the General Meeting
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“Unapproved Share Option Scheme”	the Company’s unapproved share option plan established prior to the Date of this Document
“uncertificated” or “uncertificated form”	recorded on the relevant register of the share or security as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“United States” or “US”	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
“USD” or “US\$”	United States Dollars
“VAT”	value added tax
“Zeus Capital”	Zeus Capital Limited, a company incorporated in England and Wales with registered number 4417845 and registered office at 82 King Street, Manchester M2 4WQ

GLOSSARY

“API”	an application programming interface, which is part of the server that receives requests and sends responses
“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
“DNS” or “domain name system”	a hierarchical distributed naming system for computers, services, or any resource connected to the internet or a private network
“domain name registrar” or “registrar”	an organisation or commercial entity that manages the reservation of internet domain names
“Domain Registries”	organisations that manage the registration of domain names within the domains for which they are responsible, control the policies of domain name allocation and technically operate their domains
“GDPR”	the General Data Protection Regulation (GDPR) EU 2016/679
“gTLD”	generic top level domain
“ISO”	International Organisation for Standardisation
“MAR”	the Market Abuse Regulation (EU) No. 596/2014 (MAR)
“recurring revenue”	revenue associated with subscription services that require periodic renewal payments to ensure continuity of service, such as domain names and hosting contracts
“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
“Registry Service Providers”	a company that runs the operations of a TLD on behalf of the TLD owner or licensee. (the registry service provider keeps the master database and generates zone files to allow computers to route internet traffic using the DNS)
“SLD”	second level domain
“SSL Certificates”	data files that encrypt data packets such as login and credit card details
“SSL Certification”	the installing of a secure sockets layer on a web server that enables encrypted communication between a web browser and a web server, designed to decrease the risk of sensitive information from being stolen or tampered with
“The Internet Corporation for Assigned Names and Numbers” or “ICANN”	a nonprofit private organisation that was created to oversee a number of internet-related tasks previously performed directly on behalf of the US government
“Tier III”	a Tier III data center is a location with redundant and dual-powered servers, storage, network links and other IT components
“top level domain” or “TLD”	the suffix attached to internet domain names e.g. .com, .net

DIRECTORS, SECRETARY AND ADVISERS

Directors: **Michael Wallace Turner** (*Non-Executive Chairman*)
Benjamin Peter Crawford (*Chief Executive Officer*)
Donald Ahelan Baladasan (*Chief Financial Officer*)
Iain McDonald (*Non-Executive Director*)
Samuel Mansour Joseph Dayani (*Non-Executive Director*)
Thomas Johannes Rickert (*Non-Executive Director*)
Thomas Clifford Pridmore (*Non-Executive Director*)

each of whose business address is at the registered address of the Company

Registered office: 35 – 39 Moorgate
London
EC2R 6AR

Company secretary: DWF LLP

Company website: www.CentralNic.com

Nominated adviser, joint bookrunner and joint broker: Zeus Capital Limited
82 King Street and 10 Old Burlington Street
Manchester London
M2 4WQ W1S 3AG

Joint bookrunner and joint broker: Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

Auditor and reporting accountants: Crowe U.K. LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Solicitors to the Company CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Solicitors to Zeus Capital and Stifel: Addleshaw Goddard LLP
One St Peter's Square
Manchester
M2 3DE

U.S. Lawyers to Zeus Capital and Stifel: Proskauer Rose LLP
110 Bishopsgate
London
EC2N 4AY

Financial public relations: Abchurch Communications
32 Threadneedle Street
London
EC2R 8AY

Company registrars:

Link Asset Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Principal bankers:

Silicon Valley Bank
Alphabeta
14-18 Finsbury Square
London EC2A 1BR

PART I

LETTER FROM THE CHAIRMAN

CentralNic Group Plc

(incorporated in England and Wales with registered number 08576358)

Directors:

Mike Turner *(Non-Executive Chairman)*
Benjamin Crawford *(Chief Executive Officer)*
Don Baladasan *(Chief Financial Officer)*
Iain McDonald *(Non-Executive Director)*
Samuel Dayani *(Non-Executive Director)*
Thomas Rickert *(Non-Executive Director)*
Thomas Pridmore *(Non-Executive Director)*

Registered Office:

35 – 39 Moorgate
London
EC2R 6AR

To the holders of Existing Ordinary Shares and, for information purposes, to the holders of Options:

Dear Shareholders,

**Proposed Placing of 46,153,847 Ordinary Shares at 52 pence per Ordinary Share,
Proposed acquisition of KeyDrive,
Proposed Admission of the Enlarged Share Capital to trading on AIM and
Notice of General Meeting**

1. Introduction

CentralNic has today announced that it has entered into a conditional agreement to acquire the entire share capital of KeyDrive S.A. and its subsidiaries (“KeyDrive” or the “KeyDrive Group”) for an initial consideration of \$35.8 million, representing an enterprise value of \$44.5 million. The initial consideration comprises \$16.5 million in cash and the issue of 28,006,607 Consideration Shares, valued at \$19.3 million at the Placing Price. In addition, CentralNic may pay a performance-based earn-out of up to \$10.5 million, a minimum of 15 per cent. of which shall be settled in cash and up to 85 per cent. of which may be settled by the issue of Additional Consideration Shares (“the Acquisition”).

The Consideration Shares will be issued to Inter.Services, the principal shareholder of KeyDrive, the largest shareholder of which is Alex Siffrin, the founder and Chief Executive Officer of the KeyDrive Group. Following the Acquisition (and prior to the payment of any earn-out consideration), Inter.Services will have an interest of 28,006,607 Ordinary Shares representing 16.4 per cent. of the Enlarged Share Capital. The initial cash consideration of \$16.5 million will be paid to the minority shareholders of the KeyDrive Group. In addition Alex Siffrin will join the Operating Board as Group Chief Operating Officer on completion of the Acquisition. It is anticipated that Alex Siffrin may join the Board in due course, though there has been no agreement with Alex to this effect at the date of this Document.

In order to fund the cash payments required to effect the Acquisition, which include the purchase for cash of shares in KeyDrive owned by minority shareholders, and to repay debt-like items within the KeyDrive Group, the Company is proposing to raise £24 million by way of the Placing and to put in place additional debt facilities of £6 million. On completion of the Acquisition, the Enlarged Group will have a total drawn debt of £13 million under its facilities.

KeyDrive is a global technology business headquartered in Luxembourg, operating in the domain name services industry. KeyDrive develops and operates software platforms used for selling subscription-based tools for businesses to operate online including domain names, hosting, email, domain portfolio management and online advertising services.

Through its internally developed and managed software platforms, as at 31 March 2018, KeyDrive manages c.5.9 million domain names from c.870 domain name registries, supplied to c.1,400 resellers in 95 countries and over 44,000 end users in over c.200 countries worldwide.

KeyDrive generated revenues of \$58.26 million and adjusted EBITDA of \$5.87 million in FY17. KeyDrive generated 94 per cent. of its FY17 revenue from recurring sources and 76 per cent. of its revenues from existing customers renewing their contracts. Historical financial information on KeyDrive for the financial years ended 31 December 2015, 2016 and 2017 is presented in Section C of Part III of this Document.

The Directors believe there is a compelling strategic rationale for the Acquisition. KeyDrive's technology platforms and customer bases complement CentralNic's such that the Enlarged Group will own and operate high quality software platforms for each major customer type for domains and web presence services. Additionally, there is direct duplication of activities within CentralNic and KeyDrive in some areas, creating opportunities for cost synergies. In the medium term, the Board expects to realise operational and revenue synergies from cost rationalisation, and the cross-selling of products and services to the respective existing customer bases of each business.

The initial enterprise value of \$44.5 million represents a multiple of 7.58 times Adjusted EBITDA of the KeyDrive Group for the financial year ended 31 December 2017 (audited). The Acquisition would substantially increase CentralNic's scale and the proportion of its revenues derived from recurring sources. The Acquisition would also decrease CentralNic's reliance on earnings from premium domain trading and create a global technology platform to enable further acquisitions.

The Acquisition and Placing are conditional, *inter alia*, on their approval by CentralNic's shareholders at a General Meeting to be convened and held on 1 August 2018, and Admission taking place by no later than 30 September 2018.

CentralNic is seeking approval at the General Meeting to make the Acquisition, to grant the Directors authority to allot Ordinary Shares up to an aggregate nominal amount of £42,160.46 in connection with the issue of 28,006,607 Consideration Shares and 46,153,847 Placing Shares (which are to be issued at a price of 52 pence per share, representing a discount of 10.3 per cent. to the closing price of 58 pence on 13 March 2018, the last business day before trading in the shares was suspended pending an announcement regarding the proposed Acquisition) (such authority to be used in conjunction with the Annual General Meeting Authorities) and up to 12,943,787 Additional Consideration Shares; and to disapply pre-emption rights up to an aggregate nominal amount of £36,553.85 in respect of the Placing Shares (such authority to be used in conjunction with the Annual General Meeting Authorities). The Company is also seeking the approval of Shareholders for two new share plans, the CentralNic Group plc Long Term Incentive Plan ("LTIP") and the CentralNic Group plc Share Option Plan ("SOP"), the principal features of which are summarised in paragraphs 8.5 and 8.6 respectively of Part IV of this Document and set out in Appendix I and Appendix II respectively of the notice of General Meeting set out in Part V of this Document. As the Annual General Meeting Authorities are being utilised in connection with the issue of the Consideration Shares and the Placing Shares (in conjunction with the authorities sought under the Transaction Resolutions), the Company is seeking authority to allot new shares in the Company up to an aggregate nominal value of £56,884.27 (equivalent to 56,884,270 Ordinary Shares, which is approximately equal to thirty three per cent. of the issued share capital of the Company immediately following Admission).

The Company has received irrevocable undertakings from Shareholders to vote in favour of the General Meeting Resolutions in respect of a total of 31,017,273 Ordinary Shares, representing 32.14 per cent. of the Existing Ordinary Shares. The Company has also received a binding commitment from Kestrel Partners LLP to vote in favour of the Transaction Resolutions in respect of a total of 18,086,593 Ordinary Shares representing 18.7 per cent. of the Existing Ordinary Shares.

The Acquisition, if completed, is of sufficient size to constitute a reverse takeover under the AIM Rules. Accordingly, it is subject to the publication of this Document and conditional upon the passing of the Resolutions by Shareholders to approve the Acquisition. The Acquisition is expected to complete on 2 August 2018, and the Admission is expected to occur at 8.00 a.m. on 2 August 2018.

The purpose of this Document is, *inter alia*, to give you further information regarding the matters described above and to seek your approval of the Resolutions at the General Meeting. The notice of General Meeting is set out in Part V of this Document.

2. Background to and Rationale for the Acquisition

The Directors believe the Enlarged Group will represent a domain end users services business of substantial scale which is highly cash generative, based on a recurring revenue model, and has the

management and organisational structure to take advantage of significant opportunities for growth. The Directors believe that there is a strong strategic rationale for the Acquisition.

CentralNic has an established position in the global domain name and web presence services industry. Principally, it operates software platforms serving end users (such as small businesses and website design companies) and domain name registries (the rights holders to Top-Level Domain names such as .xyz, .online, .sk and .la).

Since Admission to AIM in September 2013, the Directors believe that CentralNic has become a leading “registry service provider” for new Top-Level Domain names. Today, CentralNic is ranked as the number two registry service provider globally by volume for new Top-Level Domains and the number five registry service provider globally based on total number of Domain Registries supported. Despite the strong market position, this activity now represents less than 10 per cent. of CentralNic’s total revenue, as CentralNic has expanded into other domain related businesses. Today the majority of its activities are in the area of retailing domain names to end users.

As part of its expansion, CentralNic has successfully executed an acquisition strategy, targeting companies with strong existing customer bases and recurring revenues, focusing on selling established products such as .com and country code domains, particularly with exposure to high growth emerging markets. CentralNic has completed three significant acquisitions since admission to AIM in September 2013, Internet.BS in the Bahamas, Instra Group in Australia, and New Zealand and SK.NIC, the manager of the exclusive country code top-level domain for Slovakia, .sk.

The acquisition of KeyDrive represents a continuation of this acquisition strategy but represents CentralNic’s most transformational deal to date. It allows CentralNic to add significant scale and new market leading technology platforms serving two additional important markets: domain resellers and large corporations, as well as creating opportunities for savings by eliminating duplication in costs. The Enlarged Group will also serve as a robust foundation for future growth, able to leverage a suite of software and services, a large and experienced management team and significant staff resources around the world.

KeyDrive’s reseller platform operations are highly complementary to CentralNic. RRPproxy is a supplier of domain names to established registrars in mature and emerging markets. In addition, KeyDrive has a presence in corporate domain name management, through its BrandShelter business and associated ThomsenTrampedach GmbH (26.5 per cent. owned) business. Corporate domain name management represents an attractive segment of the market as corporates look to protect against cyber-crime and maintain domain portfolios to protect their brands around the world.

The Directors believe the Acquisition will also give the Enlarged Group an improved market position in its existing markets. The Directors believe the Enlarged Group would rank as the 11th largest domain name registrars by gTLD volume globally and be among the top five Registry Service Providers globally by number of registry clients. The Enlarged Group will also have the opportunity to upsell services including shared hosting, SSL Certificates, email, online brand protection and online advertising to its enlarged customer base.

Further detail on the strategy of the Enlarged Group and potential synergies that could be realised as a result of the Acquisition is set out in paragraph 6 of this Part I.

CentralNic and KeyDrive entered into a strategic alliance in 2017, each outsourcing to the other tasks where the other company had a stronger operation and superior technology. This work was done on the basis that each company carried its own costs, and with no cross-company billing in 2017. As part of this process, the companies have developed joint working groups and made substantial progress in collaboration, allowing post-acquisition integration plans to be designed based on actual experience of working together.

3. Information on KeyDrive

Since its foundation in 2000, KeyDrive has emerged as one of the leading European companies for the distribution and management of domain names. Its reseller, corporate and retail platforms administer in excess of 5.9 million domains for more than 1,400 resellers plus c.44,000 direct end-user and corporate customers in more than 200 countries. KeyDrive currently has over 110 employees and is headquartered in Luxembourg-city, Luxembourg, with the majority of staff located at St. Ingbert, Germany.

The largest division of KeyDrive by revenues is its reseller platforms, which supply retailers globally with domain names for resale. KeyDrive's reseller platform makes the long tail of domain name inventory available to retailers by sourcing domain names from hundreds of suppliers then reselling them through a single channel. The Directors believe KeyDrive is a top global provider in domain name reseller platforms and has a wide range of customers including some of the key global internet players.

KeyDrive has also developed and manages a platform providing corporate services, including domain name portfolio management, to enterprise clients including blue chip players in the automotive and consumer products sectors. KeyDrive's other main business activities include a registry services platform, website hosting and online advertising services.

For FY17, KeyDrive generated revenues of \$58.26 million and adjusted EBITDA of \$5.87 million.

Revenue Model

All services offered by KeyDrive (like the core services operated by CentralNic) are on a time-limited basis, requiring customers to pay renewal fees to retain the services at the end of each term. For example, domain name registrations, which represent 95 per cent. of KeyDrive's reseller platform revenues, are not outright sales where title passes to a buyer. Rather they are contracts that allow the buyer use of the domain name for one or more years with an option to renew that registration in subsequent periods.

The KeyDrive businesses also exhibit excellent cash conversion rates, as domain name registration and renewal fees are paid at the beginning of the one-or-more year subscription period.

While the various business units of KeyDrive generate different levels of gross margin, within those business units, margins are relatively stable, as continuous improvements in automation and economies of scale reduce costs in parallel to downward pressure on pricing.

History

The KeyDrive group of companies has grown both organically, through the in-house development and management of software platforms, and through the acquisition of a number of businesses, under the continuous management of the Chief Executive Officer and largest shareholder of Inter.Services, Alex Siffrin. Inter.Services will, on Admission, be a significant shareholder in the Company (as a result of the issue of Consideration Shares to Inter.Services) with an interest of 16.4 per cent. in the share capital of CentralNic. Alex Siffrin will join the Operating Board of the Enlarged Group as Group Chief Operating Officer.

KeyDrive was founded in 2000 by Alex Siffrin in Friedrichsthal, Germany with the launch of the Germany-focused retail website DomainDiscount24, selling domain names to German businesses on a subscription basis. The global reseller platform RRPproxy was launched by KeyDrive a year later in 2001, selling domain names to retailers globally on a subscription basis. RRPproxy allows retailers to obtain domains from many registry suppliers using different technologies and based in different countries through a single wholesale channel, vastly simplifying the supply chain. This reseller platform grew significantly in scale and as at 31 December 2017 represented c.53 per cent. of KeyDrive's revenues. In addition to RRPproxy, KeyDrive operates PartnerGate, a similar business focused on German-speaking markets, and Toweb, a leading wholesaler of .br domain names outside of its native Brazil. In aggregate, KeyDrive's reseller platform business ranks among the top in the world in terms of volume, with reseller clients notably including some of the world's largest technology companies and domain retailers.

KeyDrive's corporate platform, BrandShelter, a portal for domain administration and online brand protection, was launched in 2009, as a technology-led European challenger in the corporate registrar industry, which is dominated by two US-based companies. As more enterprises around the world grow internationally and globalise, the need for them to acquire domain portfolios to protect their brands in different countries increases. A highly technically advanced, international supplier like BrandShelter is increasingly attractive to these global, cost conscious businesses.

In April 2017, KeyDrive acquired European Domain Centre and merged this business into BrandShelter.

KeyDrive launched the data centre business SKYWAY in 2010, as its initial entry into the hosting market, a recurring revenue business. Hosting is an important upsell service, with hosting revenues contributing the

majority of the revenue from web services of many of the largest companies in the industry, including United Internet, GoDaddy and OVH.

KSRegistry, KeyDrive's registry services platform and a direct competitor to CentralNic's original business, was launched in 2012. It is now the registry service provider for 14 gTLDs and 3 ccTLDs, with particular strength in the "DotBrand" area – companies obtaining their own brands as new TLDs. In 2017 KSRegistry acquired OpenRegistry, another competitor in the space, from Group NCC. It has since merged OpenRegistry into KSRegistry and outsourced the technical fulfilment of 14 TLDs it managed to CentralNic in September 2017, which was one of the first commercial arrangements between the two companies.

In 2012, KeyDrive acquired Moniker, a domain retailer based in the United States offering specialist services for domain investors including brokered domain aftermarket sales, escrow and appraisals services. Established in 2001 in the USA, Moniker has a substantial client base, with c.19,600 clients with c.514,000 domains. Moniker's US staff were made redundant, with the business now wholly managed from Germany.

KeyDrive Divisions

Today, KeyDrive operates the following divisions, each with a number of brands and products as set out below.

Reseller Platform

KeyDrive's reseller platform division streamlines and automates the domain name supply chain, earning subscription fees on a per domain basis. It does this by connecting registries that own domains to retailers, on a global scale. This activity represents c.69 per cent. of KeyDrive's revenues. KeyDrive operates three key reseller platform brands:

- **RRPproxy:** A leading Europe-based domain reseller program and technology leader with c.3.0 million domain names from c.1,400 direct resellers;
- **Toweb Brasil:** Leading not-in-country .br reseller to non-residents of Brazil with more than 88,500 .br domain names under management; and
- **PartnerGate GmbH:** Reseller to primarily German-speaking countries with c.1.7 million domain names on its platform.

Corporate Platform

This division, represents c.7 per cent. of KeyDrive's revenues and, provides companies and brand owners with services aimed at managing and securing domain names as well as protecting companies from intellectual property abuse on the internet. It comprises one wholly owned and one partially owned company:

- **BrandShelter** manages its corporate clients' domain portfolios and offers monitoring of trademark use on the internet by unauthorised persons and provides support for the corresponding countermeasures. BrandShelter also offers support for the realisation of company-owned ".BRAND" Top-Level Domains;
- KeyDrive has a 26.5 per cent. shareholding in **Thomsen Trampedach GmbH**, which assists international brands on implementation of online brand promotion and protection strategies, including corporate domain name management, domain name recovery, brand anti-counterfeiting monitoring and enforcement.

Registry Platform

The KeyDrive registry platform represents 2 per cent. of KeyDrive Group revenues. It is a leader in registry backend services in the field of DotBrand top level domains in continental Europe. Together KeyDrive's registries are responsible for the backend of 31 top level domains:

- **KSRegistry GmbH** located in St. Ingbert, Germany, was founded by the KeyDrive Group in 2012 in anticipation of the ICANN new gTLD programme;
- **OpenRegistry S.A.** provides back-end technology solutions for registrars, such as new generic top-level domain names registration systems and DNS solutions; and

- KeyDrive also owns the registry **DotSaarland GmbH**, the registry for .SAARLAND domain names. The .SAARLAND TLD is operated in the interest and with the participation of the Saarland people with the purpose of promoting the regional identity of the Saarland people.

Retail Platform

KeyDrive's retailer division sells domain names and web services, including hosting and email, direct to end users. KeyDrive operates two retail brands, representing c.19 per cent. of KeyDrive Group's total revenues:

- **Moniker.com, Inc.:** Captive reseller for the US market with c.514,000 domain names from c.19,600 customers; and
- **DomainDiscount24:** Captive reseller for the European market with c.431,000 domain names from c.24,600 customers.

Value-Added Services

SKYWAY DataCenter GmbH supplies worldwide companies and individuals with multi-purpose IT services from a modern Tier III datacenter. This activity represents c.1 per cent. of KeyDrive Group's revenues.

PTS GmbH together with its subsidiary Local Presence Services Ltd. offers professional privacy and trustee services for domains.

KeyDrive has a 66.7 per cent. holding in **TrafficClub**, an innovative online advertising platform in its early stages of development.

KeyDrive Strategy

KeyDrive's core strategy has been and will continue to be to expand its software platforms along the value chain of domain name services by:

- continuing to provide, launch and cross sell adjacent and complementary services to existing clients;
- expanding into new developed and developing geographies using existing services and brands to reach new clients; and
- partnering with businesses that provide technological or service offerings that allow KeyDrive to reduce costs or add complementary services.

4. Information on CentralNic

CentralNic's primary business is operating its proprietary retail platforms selling domain names and associated web presence services including hosting and email on a subscription basis. The main customer segments it addresses include small businesses, small-cap corporations and internet professionals. As a retailer, CentralNic currently manages c.938,000 domain names and c.233,000 end-user customers.

CentralNic's retail business has customers globally with particular concentrations in the USA, the UK and emerging markets. The Company's retail business, which contributes the majority of its revenues through its 27 websites, has focused on selling legacy TLD's including .com and ccTLDs, which account for approximately 90 per cent. of all domain sales in the wider market. Its technical platforms support retail websites targeted at specific countries, with localisation features including local language, currency and pricing, products, preferred payment method, and customer service. This localisation capability has enabled CentralNic retailers to obtain market share in growth markets such as the UAE and Singapore despite having no physical presence in those territories.

CentralNic is also active in registry services, providing a registry platform and associated services (technology, compliance, distribution, marketing, billing and cash collection) for new Top-Level Domain registries and for country-code TLD registries. Over 6.150 million domains and 102 domain extensions are directly managed by CentralNic's software platform. CentralNic is a leading registry service provider for new Top-Level Domains, with six of the top twenty sellers (out of over 1,500 launched) using the CentralNic platform, and it ranks fifth in the world for number of TLDs supported.

Since admission to AIM, CentralNic has been focused on growth by new customer acquisition, and has successfully won the registry platform contracts for 54 domains registries not contracted to it at the time of admission, including 14 registry contracts that were previously serviced by the OpenRegistry division of KeyDrive. These include country codes as well as new Top-Level Domains. CentralNic also operates a full stand-alone registry service in Slovakia, providing c.375,000 domains ending in .SK (the exclusive Slovak country-code) to c.2,600 local retailers.

Lastly, CentralNic trades in valuable premium domain names. This is a high margin business which involves acquiring portfolios of premium domain names, and then selling those domain names to end user customers typically wishing to use them for websites and email. Following an acquisition of domain portfolios in January 2018 for £2.5 million, CentralNic's premium domain inventory consists of c.42,300 domain names. Trading in premium domain names is expected to contribute a decreasing proportion of CentralNic's revenues moving forward.

As announced on 31 May 2018, in FY17, CentralNic reported revenues of £24.3 million, adjusted EBITDA of £6.6 million and profit before tax and exceptional items of £5.6 million. These results reflected a 10 per cent. year-on-year increase in revenues, and a 20 per cent. year-on-year increase in adjusted EBITDA over the year prior. Net debt at 31 December 2017 was £7.2 million.

Since admission to AIM, CentralNic has strengthened its Board with the additions of Non-Executive Chairman Mike Turner, a prominent corporate lawyer, leading Taylor Wessing's Technology M&A practice across the UK and USA, and Non-Executive Director Iain McDonald, a successful technology investor and an experienced Non-Executive Director. At a management level, CEO Ben Crawford has been joined by Don Baladasan as CFO, who brings significant acquisition and integration experience in a listed environment, and Corporate Development Director Sarah Ryan, who previously headed mergers and acquisitions for Europe at Lexis-Nexis and Thomson Financial. CentralNic has also recruited Group Commercial Director Stuart Fuller and Group Marketing Director Andy Churley, both formerly of Group NBT/NetNames.

Key Corporate Activity Since Flotation

Since admission to AIM, CentralNic has made three significant acquisitions, as detailed below:

Internet.bs (June 2014)

CentralNic acquired the business and assets of Internet.bs for £2.9 million in cash plus £1.5 million in shares, providing CentralNic with a profitable retail business specialising in selling the most popular domains to domain investors and internet professionals globally, which CentralNic has since developed.

Instra Group (January 2016)

CentralNic acquired the entire share capital of Instra Group for £16.8 million in cash and £1.9 million in shares, extending the Company's retail offerings to include all new TLDs and most ccTLDs as well as hosting services, and extending its customer base to include more small businesses and small cap corporations globally and increasing CentralNic's exposure to the Asia-Pacific region.

SK.NIC (December 2017)

CentralNic acquired the entire share capital of SK.NIC, the manager of the exclusive country-code for Slovakia, .sk, for £19 million in cash at completion plus deferred payments of a maximum of £4.3 million. This resulted in CentralNic becoming the owner of the rights holder to the exclusive official country-code domain name for Slovakia, .sk, and access to an additional 2,600 retail registrars in Slovakia. This business provides a substantial embedded customer base in Slovakia, with significant growth potential to be achieved through combining the strongest domain product in the growing Slovak market with CentralNic's specialist technical and sales and marketing expertise.

CentralNic Strategy

The Directors intend to continue to grow CentralNic both organically and through further acquisitions and the key elements of this strategy are as follows:

- remain focused on the domain and web services industry;

- introduce new products and services to its customers;
- focus on new customer acquisition;
- leverage its customer base to upsell and cross-sell additional products and solutions; and
- continue to make earnings enhancing acquisitions to achieve further economies of scale and growth of the Group's global footprint.

5. The Enlarged Group's Market

The domain name and web presence services industry supplies the tools for businesses to get online including domain names, websites, shared hosting, email, security and protection services.

The growth of the industry is driven primarily by the global adoption of the internet. As consumers get online, businesses' need for their own websites, email, and ecommerce capabilities to communicate with and service customers increases. There are currently c.4 billion internet users worldwide¹, with the focus now on the next generation of global internet users. This focus is reflected in Goal 9c of the new Sustainable Development Goals adopted by the United Nations, which is to "provide universal and affordable access to the internet in least developed countries by 2020".

CentralNic's and KeyDrive's current businesses are predominantly active in the domain name sector, where the size of the global retail domain name market is estimated by the Directors to be worth between \$3 billion to \$4 billion. The Enlarged Group's exposure to the allied markets, including shared hosting, website building, SSL certificates, email and digital marketing, is currently very small, representing a considerable opportunity for future expansion through cross-selling of these services.

The total number of domain names registered globally as at the end of Q1 2018 is c.333.8 million, including c.167.3 million (50 per cent.) using traditional gTLDs (such as .com, .net, .org), c.146.3 million (44 per cent.) using country-code TLDs (such as .cn, .de, .co.uk), and 20.2 million (6 per cent.) using new TLDs (such as .xyz, .online, .site). The cumulative average growth rate for domain name registration from 2012 to 2017 was 7 per cent. Pricing of domain names is extremely heterogeneous. The wholesale prices vary from under \$1 to many hundreds of dollars for standard domains in the primary market. Premium domain names can sell for hundreds to millions of dollars each.²

The table below shows the number of domains that CentralNic and KeyDrive hold under management on their retail and reseller platforms as at December 2017.

<i>Registrar Brand</i>	<i>Domains (m)</i>	<i>Market Share (%)</i>
CentralNic Retail	1.0	0.3
CentralNic Reseller	0.3	0.1
KeyDrive Retail	1.0	0.3
KeyDrive Reseller	4.8	1.5
Total	7.1	2.2

The table below ranks registrars by number of gTLD domains under management as accurate figures are not available for the majority of ccTLDs. The market is heavily skewed to the largest registrar, GoDaddy, which reports having 72 million domains under management (gTLDs and ccTLDs).

¹ Source: Global Digital Report 2018 compiled by We are social Ltd.

² Source: Domain Name Industry Brief by Verisign, Inc (June 2018).

Top Registrars of gTLDs

Rank	Registrar/Registrar Group	Symbol	Market Capitalisation	No. of gTLD domains (millions)	Market Share
1	GoDaddy	NYSE:GDDY	\$12.4 bn	62.2	32.3%
2	Tucows	NASDAQ:TCX	\$0.7 bn	21.1	10.9%
3	Alibaba	NYSE:BABA	\$522 bn	12.2	6.4%
4	Endurance International Group	NASDAQ: EIGI	\$1.4 bn	11.1	5.8%
5	Web.com	NASDAQ:WEB	\$1.2 bn	10.3	5.4%
6	United Internet	ETR:UTDI	\$13.9 bn	8.1	4.2%
7	Turncommerce	Private	–	4.8	2.5%
8	GMO	TYO:9449	\$2.8 bn	4.8	2.5%
9	Namecheap	Private	–	4.5	2.3%
10	Chengdu West	Private	–	4.5	2.3%
11	CentralNic	AIM: CNIC	£0.06 bn	3.2	1.7%

Source: Company research based on third party data. Market Capitalisation as at 15 June 2018.

As a provider of distribution services to TLD registries, CentralNic's Registry Services division supports c.6.15 million domains, representing 1.8 per cent. of all domains registered globally. This ranking is also heavily skewed, with the market leader Verisign commanding c.50 per cent. market share based on domains under management, reflecting the market dominance of .com. The table below shows the top five registry providers when ranked by the number of individual registries they support, as a measure of their ability to win and retain clients. The Enlarged Group will provide registry backend services to a total of 119 TLDs, ranking it number five globally for number of TLDs supported.

Top Five Registry Service Providers

Rank	Registrar/Registrar Group	Market Capitalisation	No. of Registries	Market Share
1	Neustar	Taken private in 2017 for \$2.9 bn	275	17.4%
2	Rightside	Taken private in 2017 for \$0.2 bn	240	15.2%
3	Afilias	Private	211	13.4%
4	Verisign	\$17.3 bn	165	10.5%
5	CentralNic	£0.06 bn	118	7.5%

Source: Company research based on third party data

KeyDrive is a small-scale competitor to CentralNic in this area (ranked 13th globally on a standalone basis), so the Enlarged Group will not support a significantly greater volume of domains than CentralNic does currently. However, both companies operate "DotBrand" services for enterprises, which enable large companies to operate their own new Top-Level Domain names – an important newly launched category of online intellectual property. The Enlarged Group will be one of the largest Registry Service Providers for DotBrands outside of the USA and Japan, combining existing CentralNic clients such as Saudi Telecom, Etisalat, Kuwait Finance House and William Morris Endeavour, with KeyDrive clients including leading Germany-based global companies.

The web services industry is significantly larger than the domain sector and is estimated by the Directors to make between \$22 billion to \$30 billion in annual revenues. Companies such as GoDaddy in the USA, United Internet in Germany, and OVH in France have gained significant scale through selling additional services to domain name customers.

While domain name subscription sales currently represent the largest revenue contributor to CentralNic and KeyDrive, the Enlarged Group will have exposure to shared hosting, website builder, SSL Certification, online advertising and other related "upsell" subscription services.

6. The Enlarged Group’s Strategy, Synergies and Post-Acquisition Plan

Enlarged Group’s Strategy

The Enlarged Group’s core areas of strategic focus will be:

- realising cost synergies through the integration of back-end registry platforms to CentralNic’s platform and the migration of CentralNic’s wholesale and retail registrar platforms to KeyDrive’s RRPproxy platform;
- initiating cross-selling opportunities of both CentralNic’s and KeyDrive’s existing customers and distribution channels;
- implementing an effective business integration of shared corporate services; and
- leveraging its platform by identifying selective value-accretive acquisitions.

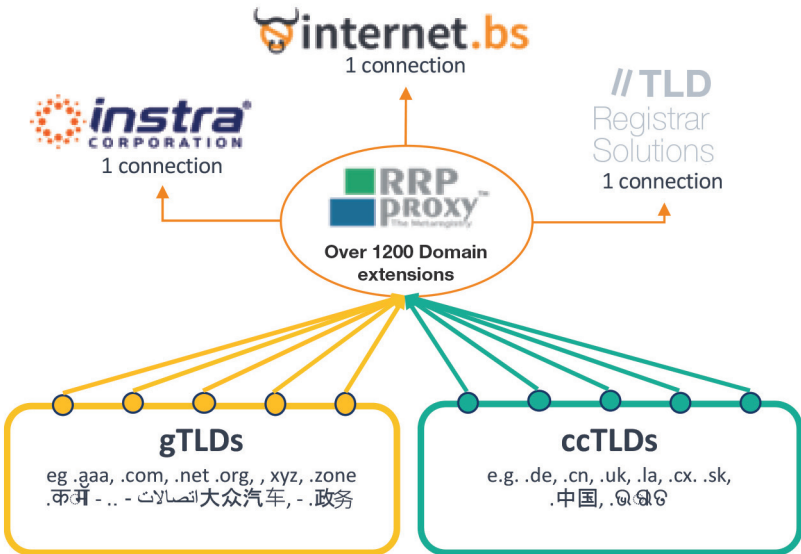
Synergies

A key part of the integration plan is to build on the due diligence already undertaken and continue to identify and quantify potential synergies that could be generated from the combination of the two businesses, and to develop a detailed plan to deliver the benefits of these.

A single reseller platform supporting all in-house retailers

RRPproxy is a leading Europe-based global domain retail platform – with 3.0 m domain names from 1,400 resellers – offering almost all domains through a single API. CentralNic will migrate its registrars to the RRPproxy platform, providing technical upgrades and cost synergies. RRPproxy will become the core of the Enlarged Group’s retail platform.

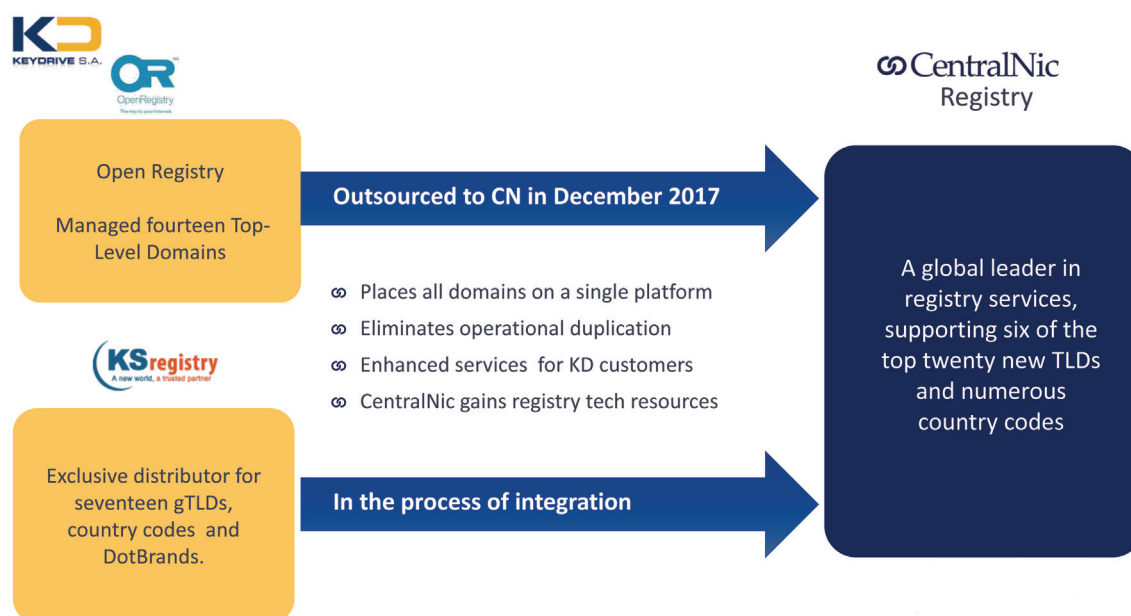
CentralNic Registrars post-integration



A single registry platform supporting all TLD clients

KeyDrive’s registry divisions will be migrated and merged onto CentralNic’s market leading registry technology platform:

Cost synergies 1: Integrating KeyDrive Registries into CentralNic Registry



Revenue Synergies

The Company has identified a number of potential revenue synergies including the following:

- CentralNic is accredited to sell a number of country codes from the Asia-Pacific region not historically sold by KeyDrive. These can be offered by the combined group to KeyDrive's reseller and end user customers, including corporations;
- over recent years CentralNic has established an enterprise-focused business development team including the former heads of sales and marketing from Group NBT/NetNames. The merger will enable those sales resources to offer potential clients the full services suite of BrandShelter, a corporate registrar platform offering a range of services not formerly available from CentralNic, with significant global customers;
- CentralNic's Registry services division, which distributes domains to retailers globally, supplies many more retailers than the KeyDrive companies that compete with it. Merging the CentralNic and KeyDrive Registry services businesses will not only save costs, but will also immediately expose KeyDrive's registry customers to a wider base of potential retailers that could sell their domain; and
- KeyDrive's corporate and value-added services can be sold to CentralNic's existing customers.

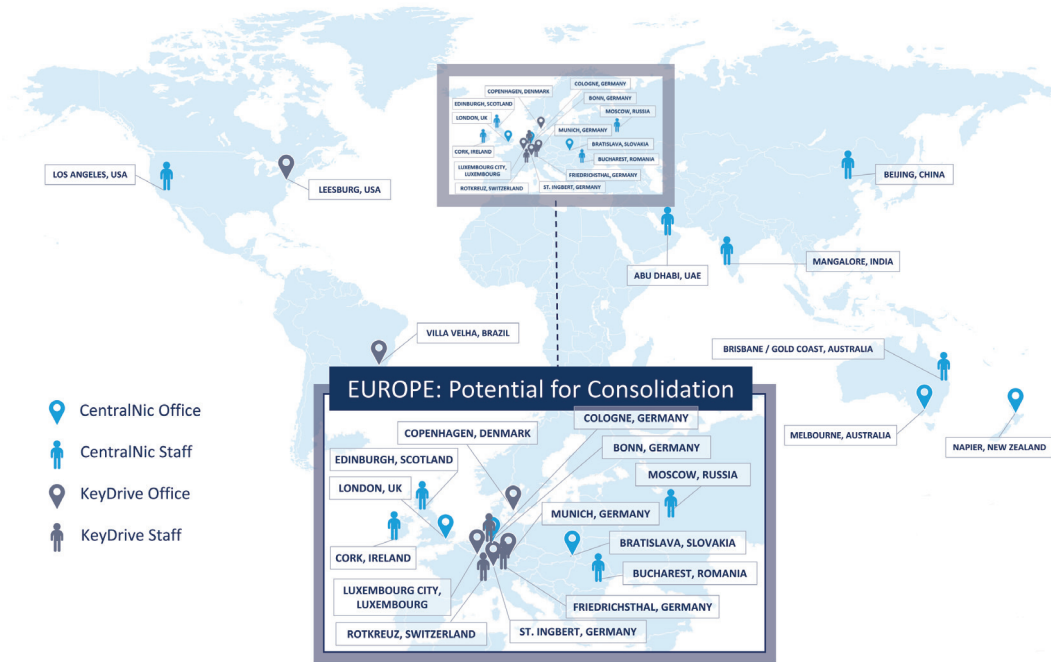
Post-Acquisition Plan

CentralNic has a detailed plan to maximise the successful integration of the Acquisition, as it aims to be the "GoDaddy of Emerging Markets". A new management structure has been developed, with all operations and technical staff from both companies reporting up to the new Group Chief Operating Officer Alex Siffrin (formerly Chief Executive Officer of KeyDrive), and all sales and marketing staff from both companies reporting up to CentralNic's heads of Sales and Marketing. In addition to the projects already underway since 2017, initial planning meetings for all integration projects have already taken place, facilitated by an external change management consultancy.

The Directors anticipate that the integration process will be ongoing for 18 to 24 months post completion of the Acquisition. Plans have started to achieve key integration milestones within three months of the acquisition as part of a 100 day plan, with initial costs in year one followed by recurring savings.

Following the Acquisition, the Enlarged Group will have personnel in the following locations, allowing it to market and cross sell its services across the world.

Enlarged Group: Global Points of Presence



6. Integration Plan and Systems and Controls of the Enlarged Group

Group Integration Programme Structure

A change management programme has already been initiated with key personnel from CentralNic and KeyDrive collaborating in working groups.

The integration has been formalised by the formation of the Integration Steering Committee which is responsible for overseeing successful delivery of the integration plan.

The Integration Steering Committee (ISC) is chaired by Don Baladasan with other members being Alex Siffrin, Michael Riedl and Stuart Fuller, supported by an overall programme manager. Individual project managers report to the programme manager, and are responsible for integration in the following areas: technical, sales, marketing, finance and human resources, and governance and compliance.

Integration Plan

The 100-day plan forms the first phase of the integration programme and is divided into the functional business areas. Key items included in the plan, by business area, are:

- **HR & Staff Communications**
 - Roll out of the combined operational and management structure
 - Programme of staff communications
 - Welcome event(s) and individual staff meetings
 - Harmonisation of employee benefits
 - Alignment of policies for pay and performance, training and development, recruitment etc
 - Review and revision of other local staff policies
- **Legal and Compliance**
 - Rollout of Group policies and training for sanctions, anti-bribery and corruption, anti-money laundering, whistle-blowing, MAR (*inter alia*)
 - Rationalisation of legal entity structure
- **Finance**
 - Implement new financial reporting procedures and delegated authorities
 - Review and revise Group reporting pack

- o Migrate CentralNic to KeyDrive data warehouse and management information systems
- o Review finance systems
- o Consolidation of enlarged Group insurances
- o Review and revise transfer pricing, management fees and tax structures
- o Implement FX strategy

- **Operations and Technical**

- o Rollout Group communication and collaboration tools
- o Rollout CentralNic's client relationship management system to KeyDrive
- o Rollout CentralNic's automated marketing tools to KeyDrive
- o Implementation of new sales and marketing strategies for combined product set
- o Cross-training of sales, operations and technical staff on combined product set

Integration Work Already Underway

In addition to the above, a number of integration initiatives have already commenced following CentralNic and KeyDrive entering into a strategic alliance in October 2017:

- Working groups established covering sales and marketing, operations, technical, human resources, finance and legal and compliance
- Migration of KeyDrive to CentralNic's registry platform
- Migration to KeyDrive's reseller platform
- Cross-training of sales teams on combined product set
- Evaluation of operational tools and processes

Systems and Controls

The Board of CentralNic places governance and controls at the centre of its strategy. CentralNic has a dedicated Compliance Committee that meets monthly. The remit of the Compliance Committee is to ensure that all governance policies are administered, reviewed and complied with across the CentralNic Group. Don Baladasan chairs this committee and provides a conduit between the Board and the Compliance Committee. This ensures timely decisions and challenges are communicated to the Board. In addition, a formal summary report relating to the Compliance Committee is reported at Board meetings.

CentralNic uses formalised frameworks and directives including the QCA Code, GDPR, MAR, ICANN, ISO standards and AIM regulations to help build and maintain a compliant governance structure. In addition, CentralNic takes a multi-disciplinary approach to governance and the Compliance Committee has representation from the sales, marketing, technology, operations, legal and finance departments. In order to achieve a compliant and robust governance structure, governance at CentralNic is embedded in its policies and procedures. CentralNic views governance not only as a compliance driven requirement but also as an opportunity to gain commercial sustainability and advantage by placing all stakeholders at the centre of governance policy and implementation.

Financial Systems and Reporting

CentralNic has reviewed the month end reporting processes within KeyDrive and has started the process to integrate these reporting processes into the timetable and existing processes at CentralNic. Management reporting within the Enlarged Group will be enhanced by extending the KeyDrive data warehouse to cover the CentralNic data. The migration of portions of CentralNic data to this warehouse has already started. The use of this data warehouse by the Enlarged Group will improve the reporting capability of the Enlarged Group.

A number of accounting systems within CentralNic and KeyDrive are currently in use including Sage, Xero, Omega, and Datev, and consolidations are prepared as part of the month-end accounting process. A post-acquisition review of all ledger and consolidation systems will be undertaken to identify any efficiencies and improvements in this area.

The Group monthly reporting pack and timetable will be revised to incorporate the KeyDrive business and implemented to gather all of the information relating to all members of the Group in a consistent and

thorough manner. This information will be both statutory and commercial in nature. It will also seek to ensure that internal controls are being effectively implemented within the KeyDrive Group, such as key balance sheet reconciliations, and that material items are approved by the Group CEO and/or CFO prior to being committed.

Immediately following the acquisition of KeyDrive the finance functions will continue to operate in their existing structure, and a review will be undertaken within the first 3 months to determine the optimal future operating structure.

7. Financial Information

Audited historical financial information on CentralNic for the three years ended 31 December 2017 is incorporated by reference into Section A of Part III as set out in paragraph 20 of Part IV of this Document. Section C of Part III of this Document contains audited historical financial information on KeyDrive for the three years ended 31 December 2017. Audited historical information on SK.NIC for the three years ended 31 December 2017 is contained in Section E of Part III of this Document.

The following summary financial information on KeyDrive, CentralNic and SK.NIC has been derived from the financial information contained in Section C of Part III of this Document (in the case of KeyDrive) from the financial information incorporated by reference into Section A of Part III of this Document (in the case of CentralNic) and from the financial information contained in Section E of Part III of this Document (in the case of SK.NIC). The following summary financial information should be read in conjunction with the full text of this Document and with the financial information incorporated by reference into Section A of Part III, as set out in paragraph 20 of Part IV of this Document.

Investors should not rely solely on this summarised financial information.

Summary Financial Information on KeyDrive

<i>\$'000 (except percentage figures)</i>	<i>Year ended 31 December 2015</i>	<i>Year ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>
Revenue	53,840	54,473	58,262
Gross Profit	7,587	8,609	9,000
<i>Gross Profit Margin</i>	14.10%	15.80%	15.44%
Operating Profit	2,554	3,994	4,328
Profit after tax	3,485	2,095	199
Adjusted EBITDA	3,847	5,487	5,873
Depreciation	(499)	(453)	(440)
Amortisation of intangible assets	(794)	(1,040)	(1,105)
Operating profit	2,554	3,994	4,328

Revenue has increased in the KeyDrive Group from \$53.8 million in FY15 to \$58.3 million in FY17 driven by organic growth in RRPproxy and BrandShelter, in addition to the acquisition of OpenRegistry in January 2017.

Gross margin has increased to 15.4 per cent. in FY17 (14.1 per cent. in FY15). This is primarily due to a higher share of less saturated and hence higher margin TLDs, such as .io.

The growth in FY17 revenue from FY16 is due to the OpenRegistry acquisition (contributing \$838k revenue) and revenue increases in Toweb Lux and Partner Gate.

Although employee numbers remained stable across the three years ended 31 December 2017, staff costs (primarily within Key Systems and mostly Euro denominated) had an adverse effect on EBITDA in FY17 due to the strengthening of the Euro against the US Dollar.

Summary financial information on SK.NIC

<i>£'000 (except percentage figures)</i>	<i>Year ended 31 December 2015</i>	<i>Year ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>
Revenue	2,916	3,397	3,207
Gross Profit	2,592	3,010	2,106
<i>Gross Profit Margin</i>	88.9%	88.6%	65.6%
Operating Profit	2,418	2,823	1,917
Profit after tax	1,851	2,163	1,508
Adjusted EBITDA	2,429	2,839	1,942
Depreciation	(7)	(12)	(15)
Amortisation of intangible assets	(4)	(4)	(10)
Operating profit	2,418	2,823	1,917

SK.NIC has seen increasing registration volumes over the three years ended 31 December 2017, during which period has seen revenue increase from £2.9 million to £3.2 million.

The increased registrations have also been converted into increased renewal volumes with over 300,000 renewals in FY17. The percentage of customers renewing has increased to over 86.3 per cent. in FY17 (85.4 per cent. FY16).

One reason for the increase of registrations and renewal volumes in FY17, is the reduction in pricing of SK.NIC domains. SK.NIC management took the decision to reduce pricing to align more closely with the pricing of .com domains, and this was approved by the policy committee, representing the Company, the Government of Slovakia, the domain industry and the local internet community. Given their recent experience, the Directors believe the current pricing model provides for sustainable growth.

Gross profit decreased in FY17 to £2.1 million (£3.0 million FY16) with the gross profit margin decreasing to 65.6 per cent. (85.6 per cent. FY16). This was partly due to planned price reductions and other certain one-off mitigation and system upgrade costs. In the first 4 months of the current financial year margins have increased back to in excess of 80 per cent. and the SK.NIC business has traded in-line with the Directors expectations.

Summary financial information on CentralNic

<i>£'000 (except percentage figures)</i>	<i>Year ended 31 December 2015</i>	<i>Year ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>
Revenue	10,393	22,129	24,348
Gross Profit	4,860	7,667	9,794
<i>Gross Profit Margin</i>	46.76%	34.65%	40.23%
Operating Profit	1,459	1,409	1,888
Profit after tax	906	955	1,022
Adjusted EBITDA	3,254	5,483	6,607
Depreciation	(71)	(125)	(100)
Amortisation of intangible assets	(578)	(2,066)	(2,184)
Operating profit	1,459	1,409	1,022

Revenue has grown over the three years from £10.4 million in FY15 to £24.3 million in FY17. This growth has primarily occurred as the result of the acquisition of Instra on 14 January 2016, which contributed £10.4 million of revenue in FY16 and £11.1 million in FY17. In December 2016 the sale of premium domain names generated in excess of £3.5 million of revenue. In November 2017, the Group generated £3.0 million of revenue from the sale of various SLDs.

Gross margin has decreased from 47 per cent. in FY15 to 40 per cent. in FY17, primarily as a result of the Instra acquisition which has diluted the overall Group margin. Instra's revenue stream comes from the retail segment, which generates approximately 20 per cent. to 25 per cent. gross margin, by contrast CentralNic's wholesale and enterprise gross margins are typically between 40 per cent. to 75 per cent.

Recurring revenue comprises subscription based domain names and ongoing contracts for set services. Over the review period the proportion of recurring revenue increased from 66 per cent. in FY15 to 85 per cent. in FY17.

8. Principal Terms of the Acquisition

CentralNic has agreed, subject to a number of conditions, including the approval of the Acquisition by Shareholders at the General Meeting and subject to Admission, to acquire 100 per cent. of KeyDrive's share capital for an initial consideration of \$35.8 million, representing an Enterprise Value of \$44.5 million. At completion, KeyDrive is estimated to have approximately \$8.7 million of net debt which the Company intends to discharge. The initial consideration is subject to adjustment following a completion accounts exercise. The initial consideration comprises \$16.5 million in cash and the issue of 28,006,607 Consideration Shares valued at \$19.3 million at the Placing Price. CentralNic has incorporated a wholly owned German subsidiary (Holdco) and both CentralNic and Holdco will acquire shares in KeyDrive as part of the Acquisition. In addition to the cash and Consideration Shares, if certain financial performance tests are met, CentralNic will pay Inter.Services a performance-based earn-out of up to \$10.5 million, a minimum of 15 per cent. of which shall be settled in cash and up to 85 per cent. of which may be settled by the issue of Additional Consideration Shares, taking the total maximum enterprise value to \$55.0 million. If the performance-based earn-out pays out less than \$10.5 million in total, CentralNic will pay for certain tax losses within the KeyDrive Group on the same basis as the payment of the performance-based earn-out but only to the extent that such tax losses are used by the Enlarged Group and provided that the aggregate consideration for the earn-out and the tax losses does not exceed \$10.5 million.

The Consideration Shares will be issued to Inter.Services, the largest shareholder of which is Alex Siffrin, the founder and CEO of the KeyDrive Group. Following the Acquisition (and prior to payment of any earn-out consideration), Inter.Services will have an interest in 28,006,607 Ordinary Shares representing 16.4 per cent. of the Enlarged Share Capital. The initial cash consideration of \$16.5 million will be paid to the minority shareholders of the KeyDrive Group.

The Acquisition Agreement contains provisions to ensure Inter.Services is not capable of holding in excess of 25 per cent. of the issued share capital of the Company following the issue of Additional Consideration Shares.

The Acquisition Agreement contains certain warranties given by the shareholders of KeyDrive in relation to the KeyDrive Group, subject to certain limitations as to quantum. Claims under the warranties must be brought within two years of Completion. Please refer to paragraph 10.1 of Part IV of this Document for further details about the Acquisition Agreement.

9. Financial Impact of the Acquisition

CentralNic is financing the Acquisition and associated expenses through the Placing, raising gross proceeds of £24 million, its own cash resources and debt. SVB will be providing debt of c.£6 million, which is an extension of the current facilities entered in to for the SK.NIC acquisition (summarised in paragraph 10.7 of Part IV of this Document). The Company estimates that the gross debt of the Enlarged Group following completion of the Acquisition will be c.£13 million.

Following the acquisition the Directors believe the Group will have improved quality of earnings due to a higher percentage of recurring revenue. Based on 2017 financial years for CentralNic, SK.NIC and KeyDrive, the Enlarged Group would have had a 91 per cent. recurring revenue profile. The existing CentralNic Group (comprising CentralNic and SK.NIC) currently has an 86 per cent. recurring revenue profile based on 2017 pro forma numbers.

The Company will incur advisers' fees, commission and expenses of c.£3.5 million in connection with the Acquisition, the Placing and Admission.

In addition, the Company has agreed with Jabella Group Limited ("Jabella") that shortly after Admission, Jabella will repay the loan of £772,000 outstanding to the Company. This would be funded by a sale of shares by Jabella to Kestrel Partners LLP at the Placing Price on the date of Admission. Further details of this agreement are set out in paragraph 10.12 of Part IV of this Document.

10. Current Trading and Future Prospects

CentralNic has traded in line with expectations for the first four months of 2018 with revenue of £6.5 million. Management are especially pleased with SK.NIC's performance as it has integrated well within the Group

and is trading in line with expectations with revenue of c.£1.0 million for the first four months of the year. The gross profit margin for the first four months of 2018 in SK.NIC has increased to 85 per cent., compared to 66 per cent. in 2017. The reduction in 2017 was due to the inclusion of one-off infrastructure investment and price reductions.

In addition, Instra, an acquisition made in 2016, has shown year on year growth in both revenue and EBITDA with revenue for the first four months of 2018 of £3.2 million.

Gross profit margin across CentralNic remains in line with expectations for the first four months of the year at approximately 30 per cent. reflecting lower activity within the premium domain trading business during the first four months of the year.

CentralNic's net debt at 30 April 2018 was £10.6 million, which was slightly more than expected due to timing differences relating to deferred consideration payments to SK.NIC. Net operating cashflow for the first four months of the year is in line with expectations.

KeyDrive performance for the first four months has been in line with management expectations, achieving revenues of c.\$21 million with margins being achieved in line with management expectations.

11. Directors and Senior Management

Directors

Mike Turner *(Non-Executive Chairman, age 57)*

Mike is a recognised leader in UK and cross-border technology mergers and acquisitions. He has over 30 years of experience working in London, New York and Los Angeles, advising private and publicly held clients on corporate transactions in technology, telecoms, advertising/marketing services, traditional/digital media, internet and e-commerce sectors. Mike is a Partner and Global Head of Technology Media and Communications at the international law firm Taylor Wessing, as well as holding a number of non-executive board positions with media and technology companies. Previously, Mike was a general partner responsible for technology investments at Oakfield Partners. Mike obtained an LLB at the University of Reading.

Ben Crawford *(Chief Executive Officer, age 53)*

Ben Crawford has been the CEO of CentralNic for nine years, over which time the Company built its global distribution platform, listed on AIM, became a leading distributor of new Top-Level Domains, and then commenced its roll-up strategy to build a retail business focused on emerging markets. Ben is a specialist in global business and corporate development – his former positions included Founding President of Louise Blouin Media, integrating 11 acquisitions in three countries and launching artinfo.com; Managing Director of SportBusiness Group and Executive Producer of the official website of the Sydney Olympic Games. Ben has an MBA from the Australian Graduate School of Management and a First Class Honours Degree from the University of Sydney.

Don Baladasan *(Chief Financial Officer, age 44)*

Don, a Chartered Management Accountant, has several years' experience of being Finance Director of AIM listed companies. Over the last five years he has assisted AIM listed businesses in raising several million pounds of equity in addition to overseeing a series of acquisitions including reverse takeovers. Don has several years' experience of integrating internationally acquired companies from a finance, governance and commercial perspective. This experience was gained at Stemcor, an international steel trader which at the time had operations in 46 countries and a turnover in excess of £6 billion, where Don was Head of Accounting Development. Don initially studied Medicine at Guys Hospital before completing a BSc in Economics at CASS Business School. He was then awarded a place on the Financial Times graduate scheme where he trained as a Chartered Management Accountant.

Iain McDonald *(Non-Executive Director, age 47)*

Iain is a global expert in technology and e-commerce, having had a 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 advisor 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 My Sale Group plc, The Hut Group and Boohoo.com. Previously, Iain was a 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.

Samuel Dayani *(Non-Executive Director, age 40)*

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 Real Estate, Medtech, Energy & Renewables, Fashion and Technology & Telecoms sectors. 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 on Sky, when it was sold to Yoomedia plc in 2004. Samuel graduated from Queen Mary College, University of London with a Bachelor of Science in Business and Biology in 2000.

Thomas Rickert *(Non-Executive Director, age 48)*

Thomas Rickert is an attorney-at-law in Germany. He is the owner of Rickert Rechtsanwalts-gesellschaft 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 4 years (2011-2015). He is one of the co-chairs of the CCWG-ACCT, a group that works on improving ICANN's accountability.

Tom Pridmore *(Non-Executive Director, age 46)*

Tom Pridmore began his career as a solicitor at Norton Rose, specialising in investment funds and corporate finance, where he acted on behalf of institutional clients in relation to a variety of Fund management and commercial activities. Tom then joined Telewest Plc as Head of Corporate Strategy, where he was responsible for directing investment into strategic internet and interactive television companies. Since 2000, Tom has acted as a fund manager, founding a number of investment management platforms in the UK and internationally. In this capacity he has managed real estate investment and development operations across the EMEA region, on behalf of both institutional and private clients.

KeyDrive Senior Management

Alex Siffrin *(Chief Executive Officer, age 41)*

Alex Siffrin is CEO of KeyDrive S.A. He founded KeyDrive, in 2000, whilst still a student studying physics and computer science at the Saarland University, Germany. Originally KeyDrive was an extension of his academic research in computer science and now he has grown the company to offer a range of domain name and web services globally. Alex is responsible for the corporate and operational strategy of KeyDrive, and has overseen the organic and acquisitive growth of the company over nearly 20 years. On completion of the Acquisition, Alex will become Group Chief Operating Officer on the Operating Board of the Enlarged Group.

Michael Riedl *(Executive Vice President and CFO, age 42)*

Michael Riedl has been Executive Vice President and CFO of KeyDrive S.A. since August 2011, overseeing the growth of the company over the last 6 years. Prior to joining KeyDrive, Michael held managing positions in the private equity and ICT industries. He started his career with Roland Berger Strategy Consultants where he specialised in performance improvement programs. Michael was Chief Restructuring Officer at Group Saint-Paul in Luxembourg from 2004 to 2007 before joining DZ Equity Partners, the private equity firm, in Frankfurt in 2007. In 2008, Michael joined BIP Investment Partners where he worked on private equity opportunities with a focus on buyouts until 2011, when he joined KeyDrive. Michael holds a Bachelor's degree in Computer Science from James Madison University, USA, a Master of Science degree in Business Administration from European Business School, Germany, and a LL.M. from Frankfurt School of Finance and Management. He is also a Chartered Management Accountant. On completion of the Acquisition, Michael will continue as Chief Financial Officer of the KeyDrive business, reporting to the Chief Financial Officer of the Enlarged Group.

Volker Greimann *(Chief Legal Officer and General Counsel, age 43)*

Volker has been the Chief Legal Officer and General Counsel at Key-Systems GmbH (a member of KeyDrive S.A. Group) since July 2008. Current appointments include Non-Executive Director and Nominations Committee member at Nominet UK, the official registry of UK domain names, a position he has held since April 2016. Volker is an experienced internet industry executive and has been involved at ICANN in the Registry Stakeholders Group from 2011 to 2012 and the GNSO Council where he served as Vice-Chair for

2 years from October 2012. At Key-Systems, Volker is responsible for registry policy management, contractual and legal compliance, contractual work, litigation management and providing legal and policy advice to the company. Volker studied Law and Japanese studies at the University of Trier. On completion of the Acquisition, Volker will become the Internal Legal Counsel for the Enlarged Group's registrar businesses.

12. Corporate Governance

The Directors acknowledge the importance of the principles set out in the QCA Code. Although this code is not compulsory for AIM quoted companies, the Company intends to continue to apply the principles set out in the QCA Code, as far as they consider appropriate for a company of CentralNic's size and nature. From 28 September 2018 the Company will disclose and explain where it departs from the QCA Code on the Company's website.

The Board comprises seven Directors, two of whom are executive Directors, a chairman and four of whom are non-executive Directors, each bringing a different experience set and background. Each of Iain McDonald, Thomas Rickert and Thomas Pridmore are considered to be "independent" non-executive Directors under the criteria identified in the QCA Code. Mike Turner is the non-executive Chairman.

The Board shall meet regularly to consider 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 Chief Financial Officer, 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.

The Nominations Committee continually assesses the composition of the Board to ensure it has an appropriate balance of skills, diversity, experience, knowledge and independence, and is planning to further strengthen the Board in the course of 2018.

Board Committees

The Company has constituted three committees of its Board, namely the Audit, Nomination and Remuneration Committees.

The Audit Committee has Iain McDonald as Chairman, and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee meets at least twice a year. Samuel Dayani, Thomas Rickert and Thomas Pridmore are the other members of the Audit Committee. Don Baladasan attends Audit Committee meetings by invitation.

The Nomination Committee has Mike Turner as Chairman, and as necessary identifies and nominates for the approval of the Board, candidates to fill board vacancies as and when they arise. The Nomination Committee meets at least once a year. Samuel Dayani, Thomas Rickert and Thomas Pridmore are the other members of the Nomination Committee. Duties include reviewing the board composition and skills set, considering succession planning and keeping Board performance under evaluation with a view to continuous development.

The Remuneration Committee has Mike Turner as Chairman, and reviews the performance of the executive Directors and determines their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meets at least once a year. Samuel Dayani, Thomas Rickert and Thomas Pridmore are the other members of the Remuneration Committee. The Remuneration Committee also considers broad policy in relation to the remuneration of the Chairman of the Board. Non-executive Director remuneration is a matter for the Chairman and the executive members of the Board. No Director is involved in any decisions as to their own remuneration or benefits.

13. Share Dealing Code

The Directors understand the importance of complying with the AIM Rules, MAR and applicable legislation relating to dealings by directors and certain other employees of the Group in the Ordinary Shares and has established a share dealing code. The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with that code. The Directors believe that the share dealing code adopted by the Board is appropriate for a company quoted on AIM and is compliant with rule 21 of the AIM Rules and applicable legislation relating to dealing policies.

14. Applicability of the Takeover Code

The Takeover Code is issued and administered by the Panel and governs, amongst other things, transactions involving companies to which the Takeover Code applies. The Takeover Code applies to the Company and therefore its Shareholders are entitled to the protection afforded by the Takeover Code. Under Rule 9 of the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's and its concert parties' percentage interest in the Company's shares.

15. The Bribery Act

The government of the United Kingdom has issued guidelines setting out appropriate procedures for companies to follow to ensure that they are compliant with the UK Bribery Act 2010. The Company has implemented an anti-bribery and anti-corruption policy that has been adopted by the Board.

16. Dividend Policy

The objective of the Directors has historically been to focus on capital growth for Shareholders through its expansion strategy. However, taking into consideration the increased scale and cash generation potential of the Enlarged Group and the importance of dividend income to Shareholders, subject to the availability of distributable reserves, the Directors intend to commence a progressive dividend policy with a maiden final dividend (subject to Shareholder approval) of 0.75p payable for the year ending 31 December 2019.

All Ordinary Shares, including the New Ordinary Shares, carry equal dividend rights. As a holding company, the ability of the Company to pay dividends will principally depend on dividends or interest paid to it by its subsidiaries.

17. Share Incentive Schemes

The Directors believe that the success of the Enlarged Group will depend to a high degree on the retention and future performance of the management team and key employees. Prior to its admission to AIM in September 2013, the Company implemented share option schemes for key executives and employees (the "**Unapproved Share Option Scheme**" and the "**EMI Scheme**"). The final tranche of the three rounds of Options granted under the EMI Scheme vested in April 2018. The Company also granted further options under the EMI Scheme and Unapproved Share Option Scheme in February 2016 and August 2016. The principal terms of the Unapproved Share Option Scheme and EMI Scheme are summarised in paragraph 8 of Part IV of this Document.

The Company is seeking the approval of Shareholders for the New Share Plans, the CentralNic Group Plc Long Term Incentive Plan ("LTIP") and the CentralNic Group Plc Share Option Plan ("SOP"), the principal features of which are summarised in paragraph 8 of Part IV of this Document and set out in Appendix I and Appendix II respectively of the notice of General Meeting set out in Part V of this Document.

The rules of the LTIP and the SOP are available for inspection during normal business hours at the registered office of the Company and at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF from the date of despatch of this Document until the conclusion of the meeting and will also be available for inspection at the meeting venue immediately prior to and during the meeting itself. In connection with the New Share Plans, the Directors recommend that CentralNic Shareholders approve the Share Plan Resolutions at the General Meeting.

The Directors intend to grant options to Ben Crawford and Don Baladasan under the proposed LTIP. Further details of these grants are set out at paragraph 5 of Part IV of this Document.

18. Information on the Placing

£24 million (before fees and expenses) is being raised by way of a placing of 46,153,847 Ordinary Shares at a placing price of 52 pence per Ordinary Share. The Placing Shares will represent c.27.0 per cent. of the Enlarged Group's issued share capital immediately following completion of the Acquisition. The Placing Price represents a discount of c.10.3 per cent. to the closing middle market price of 58 pence per Ordinary Share on 13 March 2018 (being the last business day before the shares were suspended pending an announcement regarding a reverse takeover). The Placing is not being underwritten.

The Placing Agreement contains certain provisions (including customary market related provisions) entitling Zeus Capital to terminate the Placing Agreement, and Stifel to terminate its rights and obligations under the Placing Agreement, in each case in certain limited circumstances at any time prior to Admission.

An application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. The Placing Shares will rank *pari passu* with the Group's existing issued Ordinary Shares.

The Placing is conditional on the Placing Agreement becoming unconditional (and not being terminated) and the Placing Agreement is conditional, among other things, on the Acquisition Agreement becoming unconditional (other than as regards any condition relating to the Placing Agreement or Admission having taken place) and on Admission becoming effective by no later than 8.00 a.m. on 2 August 2018 (or such later time as CentralNic, Zeus Capital and Stifel may agree). Admission is expected to become effective, and dealings in the Placing Shares to commence, at 8.00 a.m. on 2 August 2018. The Placing Agreement is not subject to any right of termination after Admission.

Upon Admission, CentralNic's Enlarged Share Capital will comprise 170,652,802 Ordinary Shares with voting rights. CentralNic does not hold any shares in treasury. This figure of 170,652,802 Ordinary Shares may be used by shareholders in CentralNic following Admission as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of CentralNic under the FCA's Disclosure Guidance and Transparency Rules.

19. Interests in Ordinary Shares

As at 13 July 2018, being the latest practicable date prior to publication of this Document, the Directors were in aggregate interested, directly or individually, in 84,417 Ordinary Shares, representing c.0.09 per cent. of the Existing Ordinary Shares.

The Directors intend to grant options to Ben Crawford and Don Baladasan under the proposed LTIP. At Admission, the Directors will in aggregate be interested, directly or indirectly, in 7,345,806 Ordinary Shares, representing c. 4.3 per cent. of the Enlarged Share Capital.

As part of the Transaction, by way of participation in the Placing Don Baladasan will acquire 86,538 Ordinary Shares, Iain McDonald will acquire 96,153 Ordinary Shares and Michael Riedl (via an entity called Neozoon Sàrl) will acquire 1,087,713 Ordinary Shares. In addition, at Admission, Inter.Services, in which Alex Siffrin is the largest Shareholder, will hold 28,006,607 Ordinary Shares as a result of the issue of Consideration Shares.

20. Lock-ins and Orderly Market Arrangements

At Admission, Inter.Services will hold, or be interested in, directly and indirectly, an aggregate of 28,006,607 Ordinary Shares, representing c.16.4 per cent. of the Enlarged Share Capital.

Inter.Services has undertaken not to dispose of any interest in such Ordinary Shares for the period of 12 months following Admission or any interest in the Additional Consideration Shares for the period of 12 months following their issue, save for in certain limited circumstances. In addition, Inter.Services has further agreed that, for a further period of six months, it shall only dispose of any interest in the Ordinary Shares or the relevant Additional Consideration Shares (as the case may be) through Zeus Capital and/or Stifel and in accordance with certain orderly market requirements.

Details of these lock-in and orderly marketing arrangements are set out in paragraph 10.3 of Part IV of this Document.

21. Admission, Settlement and Dealings

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be re-admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Share Capital on AIM will commence at 8.00 a.m. on 2 August 2018.

The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST).

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations.

22. Taxation

Information regarding taxation is set out in paragraph 14 of Part IV of this Document. These details are intended only as a general guide to the current tax position in the UK. If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.

23. Risk Factors

Your attention is drawn to the risk factors set out in Part II of this Document and to the section entitled "Important Information" on pages 2 to 5 of this Document. In addition to all other information set out in this Document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

24. Related party transactions

Kestrel Partners LLP is a substantial shareholder in the Company (and therefore a related party of the Company for the purposes of the AIM Rules), and has conditionally subscribed for 2,375,000 Placing Shares. In addition Don Baladasan and Iain McDonald have subscribed for 85,538 and 96,153 Placing Shares respectively. The participation of each of these parties in the Placing constitutes a related party transaction under Rule 13 of the AIM Rules.

In the case of each of the Directors above who has conditionally committed to subscribe, the remaining Directors are deemed to be independent and, in the case of Kestrel Partners LLP, all Directors are deemed to be independent. Therefore, having consulted with the Company's nominated adviser, Zeus Capital, each of the aforementioned Directors' participation, and Kestrel Partners LLP's participation in the Placing is considered, by the relevant independent Directors, to be fair and reasonable insofar as Shareholders are concerned.

25. Additional Information

You should read the whole of this Document and not just rely on the information contained in this Part I. Your attention is drawn to the information set out in Parts II to IV (inclusive) of this Document which contain further information on the Company and the Group.

26. Action to be Taken

You will find enclosed a Form of Proxy for use in respect of the General Meeting. As a member you are entitled to appoint one or more persons as proxies to exercise all or any of your rights to attend, speak and vote at the General Meeting. A proxy need not be a member of the Company.

Whether or not you intend to attend the General Meeting, please complete and sign the Form of Proxy in accordance with the instructions printed on it and return this as soon as possible but, in any event, to be valid, so as to reach the Company's Registrar, Link Asset Services Limited at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.00 a.m. on 30 July 2018 (or, in the event that the meeting is adjourned, no later than two days before the time of any adjourned meeting). If you attend the meeting, you will still be able to vote but this will only be necessary if you intend to change the voting instructions given on your Form of Proxy.

27. General Meeting

The General Meeting is to be held at 10.00 a.m. on 1 August 2018 at CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF to consider and, if thought fit, pass the Resolutions proposed in connection with, *inter alia*, the Acquisition and the Placing.

The General Meeting Resolutions to be proposed are set out in the notice of General Meeting in Part V of this Document, and are summarised below:

- an ordinary resolution that, subject to the passing of the next three resolutions referred to below, the Acquisition be approved for the purposes, *inter alia*, of Rule 14 of the AIM Rules;
- an ordinary resolution to authorise the Directors to allot Ordinary Shares up to an aggregate nominal amount of (a) £42,160.46 (such amount to include the Placing Shares and the Consideration Shares);
- an ordinary resolution to authorise the Directors to allot Ordinary Shares up to an aggregate nominal amount of £12,943.79 (such amount being an estimate of the maximum number of Additional Consideration Shares which may be issued pursuant to the Acquisition Agreement to Inter.Services). This resolution expires on 31 July 2023, the anticipated time period in which Additional Consideration Shares may be required to be issued.

- a special resolution to grant the Directors power to allot Ordinary Shares for cash on a non pre-emptive basis up to an aggregate nominal amount of £36,553.85 in connection with the Placing;
- an ordinary resolution that:
 - (a) the rules of the LTIP (the principal features of which are set out in Appendix I of the notice of General Meeting set out in Part V of this Document) be approved; and
 - (b) the Directors be authorised to adopt further schemes for the benefit of employees outside the UK based on the LTIP but modified for local laws provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the LTIP;
- an ordinary resolution that:
 - (a) the rules of the SOP (the principal features of which are set out in Appendix II of the notice of General Meeting set out in Part V of this Document) be approved; and
 - (b) the Directors be authorised to adopt further schemes for the benefit of employees outside the UK based on the SOP but modified for local laws provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the SOP;
- an ordinary resolution to authorise the Directors to allot Ordinary Shares up to an aggregate nominal amount of £56,884.27 (such amount being approximately equal to thirty three per cent. of the issued share capital of the Company immediately following Admission); the Directors currently intend only to make use of this authority (a) to issue Ordinary Shares as consideration in connection with any acquisitions of companies or businesses which the Company may wish to make in the future; and/or (b) in connection with an offer for subscription or placing of Ordinary Shares with investors to raise additional funds for the Company in the future;
- a special resolution to grant the Directors power to allot Ordinary Shares for cash on a non pre-emptive basis up to an aggregate nominal amount of £17,065.28 (such amount being approximately 10 per cent. of the issued share Capital of the Company immediately following Admission); the proposed resolution also disapplies the statutory pre-emption provisions in connection with a rights issue or other pre-emptive offer.

28. Recommendation and Irrevocable Undertakings

The Directors consider that the Acquisition and the Placing are in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the Transaction Resolutions at the General Meeting, as they have irrevocably undertaken to do so in respect of their own aggregate holdings of 84,417 Ordinary Shares, representing 0.09 per cent. of the issued share capital as at the latest practicable date before publication of this Document.

The Directors consider that the New Share Plans are in the best interests of the Company and Shareholder as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the Share Plan Resolutions at the General Meeting, as they have irrevocably undertaken to do so in respect of their own holdings.

The Directors consider that the Directors' authorities granted by the General Authority Resolutions are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the General Authority Resolutions at the General Meeting, as they have irrevocably undertaken to do so in respect of their own holdings.

In addition, irrevocable undertakings to vote in favour of the General Meeting Resolutions at the General Meeting have been secured from Shareholders holding in aggregate 31,017,273 Ordinary Shares, representing 32.14 per cent. of the issued share capital.

The Company has also received a binding commitment from Kestrel Partners LLP to vote in favour of the Transaction Resolutions in respect of a total of 18,086,593 Ordinary Shares representing 18.7 per cent. of the Existing Ordinary Shares.

Yours faithfully

Mike Turner
Chairman

PART II

RISK FACTORS

Before making any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below. Ordinary Shares may not be a suitable investment for all recipients of this Document. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities. In addition to the usual risks associated with an investment in a company, the Directors consider that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this Document, prior to making any investment decision in respect of the Ordinary Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority. It should be noted that the risks described below are not the only risks faced by the Enlarged Group and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware. If any of the events described in the following risks actually occur, the Enlarged Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment. The information set out below is not set out in any order of priority. The Enlarged Group's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it operates or intends to operate as well as overall global financial conditions.

Risks specific to the Enlarged Group's business

The following sets out some of the risks relating to the Enlarged Group's business. If any of the following risks are borne out in reality, the Enlarged Group's business, financial condition or results of operations could be seriously affected.

The Acquisition may not complete

Completion of the Acquisition is subject to the satisfaction of a number of conditions precedent contained in the Acquisition Agreement including but not limited to, the approval of the Acquisition and Placing by the Shareholders at the General Meeting.

The Enlarged Group may not be able fully to realise the benefits of the Acquisition

The Enlarged Group's success will partially depend upon the Company's ability following the Acquisition to integrate the businesses of CentralNic and KeyDrive without significant disruption to the business. The integration may divert management's attention from the ordinary operations of the business and raise unexpected issues and may take longer or prove more costly than anticipated. Although the Directors believe that such disruption is unlikely, issues may come to light during the course of integrating the Enlarged Group that may have an adverse effect on the financial condition and results of operations of the Enlarged Group.

The Enlarged Group is targeting significant synergies from the Acquisition and the Enlarged Group's financial planning is based in part on realising these synergies. There is no assurance that the Company will realise the potential benefits of the Acquisition including, without limitation, attracting additional customers and recurring revenue to the extent and within the time frame contemplated. There is a risk that synergy benefits from the Acquisition may fail to materialise or they may be lower than have been estimated. If the Company and KeyDrive are unable to integrate successfully into the Enlarged Group then this could have a negative impact on the results of the operations and/or financial condition of the Enlarged Group. In addition, the cost of funding these synergies may exceed expectations and such eventualities may have a material adverse effect on the financial position of the Enlarged Group.

The Enlarged Group's success will partially depend on there being no adverse change in the businesses of CentralNic and KeyDrive between the date of this document and the date of the completion of the proposed Acquisition.

The Acquisition will have a dilutive effect on the proportionate shareholdings

As a result of the issuance of the Placing Shares, Consideration Shares and the Additional Consideration Shares on Completion and thereafter, the CentralNic Shareholders will experience dilution of their holdings and voting interest in the Company in comparison to their holdings and voting interest in the Company prior to the Placing and the Acquisition.

The Enlarged Group's Acquisition related costs may exceed its expectations

The Enlarged Group's transaction-related costs may exceed its expectations. The Enlarged Group will incur a number of costs in relation to the Acquisition, including integration and post-Completion costs in order to successfully combine the operations of the Company and KeyDrive. In addition, the Company and KeyDrive will incur legal, accounting and other fees and costs relating to the Acquisition, some of which are payable whether or not the Acquisition completes.

Operational and integration risks may occur post Acquisition

Operating and combining two established businesses together is a complex exercise and carries associated risks. If not managed carefully the operational effectiveness and efficiency of the two businesses could be negatively affected, impacting upon profitability and cash generation as well as relations with key stakeholders.

The protections for the Company in the Acquisition Agreement may be inadequate

Whilst commercial, legal and financial due diligence have been conducted on KeyDrive there can be no guarantee that the Acquisition does not involve or include any hidden liabilities, issues or defects and that the warranties and indemnities obtained under the Acquisition Agreement will provide an adequate remedy for the Company to seek compensation for any loss or liability arising therefrom.

Exposure to fluctuations in currency exchange rates

There are currency exchange rate risks relating to the Acquisition. The Company intends to raise funds in Sterling through the Placing in order to fund cash consideration payment to certain of the sellers of KeyDrive and such amounts are to be paid by Holdco (a German entity) in US Dollars. In addition, any payments relating to the Additional Consideration and any tax losses related consideration will be payable in US Dollars. Whilst the Company intends to hedge certain currency exchange rate risks associated with the Acquisition, it does not intend to hedge all the possible currency exchange rate risks that the Acquisition presents. Any material currency fluctuations between US Dollars, Euros and Sterling may have a negative impact on the value of the funds raised to fund the Acquisition.

Debt financing and interest rate risk

CentralNic has existing debt facilities and the use of borrowings creates a risk that the Group will be unable to service debt payments, or comply with other requirements of the borrowings in the future, rendering it repayable. There is also a risk that borrowings will not be able to be refinanced in the future, or that the terms of such refinancing may not be as favourable as the existing terms of borrowing. This may impact on the operational and financial flexibility that the Enlarged Group would otherwise have with respect to (among other things) granting security, making acquisitions or disposals or incurring financial indebtedness. If the Group is required to repay all of its borrowings, it may be required to sell assets at less than their market value at a time or in circumstances where the realisation proceeds are reduced because of a downturn in values generally, or because there is a limited time to market the assets effectively. The Enlarged Group will also be subject to interest rate risk.

The Company's reliance on key customers

Whilst no single customer in the Enlarged Group represents over 10 per cent. of sales or gross margin, and large customers are under contract, loss of several major customers would have a negative impact on the financial performance of the Enlarged Group. Due to the long term contracts within the Enlarged Group,

the risk of losing a major customer is limited, however if one or more key clients were to withdraw, this could have a negative impact on the Enlarged Group's performance. A number of customer and supplier contracts contain change of control provisions that will be triggered by the Acquisition. Whilst in a limited number of cases these provisions would enable customers or suppliers to terminate their contracts with the Enlarged Group, CentralNic management have taken steps to mitigate this risk and do not believe that any customers or suppliers are planning to exercise this termination right.

Change of control provisions in customer and supplier contracts

A number of the contracts entered into between KeyDrive Group entities and various third parties require the consent of those third parties to the change of control of the KeyDrive Group pursuant to the Acquisition Agreement. The Company has not been able to approach these third parties for their consent to the change of control. Accordingly, there can be no guarantee that all the third parties will provide their consent and any such failure to obtain consent may result in the Enlarged Group not enjoying the full benefit of the relevant contracts.

Regulatory risk

Adverse developments in the political, legal, economic and regulatory environments of the geographies which the Enlarged Group may operate in may materially and adversely affect the financial position and business prospects of the Enlarged Group. Political and economic uncertainties include, but are not limited to, expropriation, acts of nationalisation, changes in interest rates, changes in the retail prices index, and changes in taxation and changes in law (for example, introduction of the GDPR). Whilst the Enlarged Group strives to take effective measures such as prudent financial management, deploying robust policies and efficient operating procedures, there is no assurance that adverse political, economic, legal and regulatory factors will not materially and adversely affect the Enlarged Group. There may be a change in the regulatory environment which may materially adversely affect the Enlarged Group's ability to implement successfully the strategy set out in this Document.

All the Group's clients' ICANN applications for new gTLDs that have completed initial evaluation have passed ICANN's technical evaluation of the Group's registry services, and the Group holds ISO9001 and ISO27001 certifications in relation to IT security and quality management. The businesses of both registries and registrars are subject to the legal environment and consensus policies, which may themselves be subject to change, which may affect business outcomes. Both the ICANN gTLD registry and registrar agreements have not yet been published in their final forms, which when published may impact on the business outcomes of the Group. Both ICANN and the Group's clients could be subject to legal challenges which could impact on the launch schedule of new TLDs, with an impact to the Group's business.

Risk of ICANN approval not being provided in respect of dotSaarland GmbH

One of the KeyDrive Group entities, dotSaarland GmbH, is a registry operator that has been delegated the .saarland TLD. Pursuant to its registry agreement with ICANN, dotSaarland GmbH is obliged to notify ICANN of a direct or indirect change of control of dotSaarland GmbH at least 30 days in advance of such a change. ICANN is required to approve of the change of control and such approval may not be unreasonably withheld. However, if ICANN fails to expressly provide or withhold its consent within 30 days of receipt of notification of the change of control, ICANN shall be deemed to have consented to such change. Where prior consent is not obtained, there is a risk that ICANN could terminate the registry agreement in which case KeyDrive would no longer be able to operate the .dotsaarland TLD. However, given CentralNic's assessment of the value of the dotSaarland GmbH business to the KeyDrive Group being minimal and the risk of ICANN terminating the registry agreement being low, due to the CentralNic Group's experience with ICANN managing registry operators, CentralNic has decided to notify ICANN of the change of control following signing the Acquisition Agreement. Without it being a condition to completion of the Acquisition. There is no guarantee however that ICANN will approve of such change of control, which may lead to termination of the registry agreement.

As ICANN accredited registrars, KeyDrive Group entities Moniker Online Services, LLC, Key-Systems GmbH and Key-Systems LLC will need to notify ICANN of the Acquisition within seven days after completion of the Acquisition. ICANN does not have the power to block completion of the Acquisition. However there is a risk that it could impose requirements to maintain the registrars' accreditations. CentralNic considers this unlikely as the registrars will continue to operate in substantively the same manner following integration into the Enlarged Group.

Risk of undertaking commercial activities without relevant business licences

On the basis of the commercial activities undertaken, two KeyDrive Group entities require a business license to carry out their activities. Both companies have applied for such business licences and expect to receive these shortly.

A company carrying on business without a required business licence may be subject to a fine of between EUR 500 and EUR 125,000 and could potentially be dissolved, depending on the severity of the breach. The amount of the fine and dissolution is at the discretion of the relevant court and may be based on factors including the gravity of the breach and the profits of the relevant company. The directors of KeyDrive could also receive a fine of up to two thirds of the fine levied on the company. Accordingly, although neither KeyDrive Group entity received notice from the Luxembourg authorities that they required such business licences, there is a risk that the fines and penalties described above may be applicable to any or both of the KeyDrive Group entities in respect of activities carried out prior to the granting of their business licences.

Reputation with customer base

The Enlarged Group has direct interaction with the end customer. There is a risk that circumstances outside the Group's control may lead to reputational issues which may affect the future performance of the Enlarged Group. Similarly, the Enlarged Group's reputation is key to maintaining its existing customers and attracting new customers. Any reputational issues could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

Market and competition

Both CentralNic and KeyDrive operate in a competitive marketplace and there can be no guarantee that existing clients will continue to use their services or that new clients can be won. Competitive pressures may reduce the margins available to both CentralNic and KeyDrive, thus impacting their future profitability. In addition, a significant shift in market dynamics could lead to customers and/or suppliers facing difficulties which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

Intellectual property rights

The Enlarged Group's success will depend in part on its ability to protect its intellectual property. To the extent the Enlarged Group does not have registered intellectual property rights granted in respect of any of its intellectual property, it relies on a portfolio of intellectual property rights, including trade secrets, contractual provisions and licences to protect its intellectual property. However, such intellectual property rights may be difficult to protect. Monitoring and defending the Enlarged Group's intellectual property rights can entail significant expense, and the outcome is unpredictable. The Enlarged Group may initiate claims or litigation against third parties for infringement of its proprietary rights or to establish the validity of its proprietary rights. Any such litigation, whether or not it is ultimately resolved in the Enlarged Group's favour, could result in significant expense to the Enlarged Group and divert the efforts of the Enlarged Group's technical and management personnel. If the Enlarged Group fails to protect its intellectual property rights adequately, its competitors might gain access to its technology and its business would be harmed.

Any of the Enlarged Group's intellectual property rights might be challenged by others or invalidated by administrative processes or litigation. Additionally, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective trademark, copyright and trade secret protection may not be available to the Enlarged Group in every country in which it markets products or services. The laws of some foreign countries may not be as protective of intellectual property rights as those in the United Kingdom, and domestic and international mechanisms for enforcement of intellectual property rights may be inadequate. Accordingly, despite the best efforts, it may be unable to prevent third parties from infringing upon or misappropriating its intellectual property or otherwise gaining access to the Enlarged Group's technology.

Future strategy

There can be no certainty that the Enlarged Group will be able to implement successfully the strategy set out in this Document. The ability of the Enlarged Group to implement its strategy in a competitive market will require effective management planning and operational controls.

Data security and IT reliability

The Enlarged Group will rely on the IT infrastructure of both CentralNic and KeyDrive although the existing IT systems of each of CentralNic and KeyDrive will require integration to facilitate realisation of synergies and provision of combined management information. Although any such upgrades are subject to testing and detailed planning, continued functionality cannot be guaranteed. The Enlarged Group will continue to work with its suppliers to ensure transition is designed to have a minimal impact on the Enlarged Group's operations whilst ensuring component systems can interface to improve functionality. A risk exists that a major breach or malfunction of this system would cause significant disruption to the Enlarged Group and would impact its performance.

IT systems may be impacted by breaches of security or may fail

The Enlarged Group will use its in-house technology infrastructure to support its operations and shall maintain security measures that it believes are up to date and appropriate. However, there is no assurance that these measures will prevent security breaches and any such breaches may have material adverse consequences for the Enlarged Group.

In addition, both CentralNic and KeyDrive rely on (and the Enlarged Group shall rely on) the provision of certain information technology services from third parties. If these are disrupted or withdrawn then it may have a material adverse impact on the Enlarged Group's business, prospects for growth and/or financial position. Factors outside of the Enlarged Group's control, such as fire, flood, natural disasters, power loss, terrorism or factors impacting the Enlarged Group's information technology service providers' businesses may give rise to such consequences.

Any system security breaches could lead to liability under data protection laws and the domain industry is still in the process of becoming compliant with GDPR

The Enlarged Group shall process personal data as part of its business. There is a risk that this data could become public if there was a security breach at the Enlarged Group or third party service providers in respect of such data and, if one were to occur, the Enlarged Group could face liability under data protection laws and could also lose the goodwill of its customers and suffer reputational damage which could have a material adverse effect on its business.

The General Data Protection Regulation ("GDPR") came into force on 25 May 2018. GDPR poses challenges on all companies working in the domain industry that are beyond their control. In addition to internal processes that need to be in compliance with GDPR, registries have interfaces in particular with registrars, who sell domain name registrations to registrants. For registrars, both the supplier as well as the customer side has to be assessed. The Enlarged Group deals with hundreds of registries at the global level as well as with thousands of resellers. Many of these parties are still in the process of working on their GDPR compliance. However, the historical issue of publishing personal data via the "Whois" service appears to have been the biggest liability risk for registries and registrars apart from data breaches. The Enlarged Group has addressed this issue by limiting access to public "Whois" data. However, various agreements that need to be entered into between various parties involved in gTLD registrations are still in the process of being drafted and agreed.

In the light of this, the Enlarged Group will need to review the processing of personal data carried out by or on behalf of the Enlarged Group to ensure this and all related policies and procedures are compliant with the requirements of the GDPR. As part of this, it will need to review all existing agreements under which personal data is processed and ensure that appropriate action is taken in relation to such contracts to ensure that they are updated to reflect the new requirements of the GDPR.

Failure to comply with the GDPR could result in the Enlarged Group being liable under the GDPR, including for fines. The maximum level of these fines is significantly higher than previously and (depending on the nature of the breach in question) is up to EUR 20 million or 4 per cent. of the global annual turnover.

Technical risk

New technology, changing commercial circumstances and new entrants to the markets in which the Enlarged Group operates may adversely affect the Enlarged Group's value. Unforeseen technical issues with the Enlarged Group's technology may arise which could adversely affect the Enlarged Group's ongoing technical development, growth and business performance.

Acquisition risk

The Enlarged Group may acquire other businesses if suitable opportunities become available. Any future acquisition poses integration and other risks which may significantly affect the Enlarged Group's results or operations. To the extent that suitable opportunities arise, the Enlarged Group may expand its business through the identification and acquisition of companies, technologies, products and services.

There can be no assurance that the Enlarged Group will identify suitable acquisitions or opportunities, obtain the financing necessary to complete and support such acquisitions or acquire businesses on satisfactory terms, or that any business acquired will prove to be profitable. In addition, the acquisition and integration of independent companies is a complex, costly and time-consuming process involving a number of possible problems and risks, including possible adverse effects on the Group's operating results, diversion of management's attention, failure to retain personnel, failure to maintain customer service levels, disruption to relationships with customers and other third parties, risks associated with unanticipated events or liabilities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired companies. No assurance can be given that the Enlarged Group will be able to manage future acquisitions profitably or to integrate such acquisitions successfully without substantial costs, delays or other problems and any failure to achieve successful integration of such acquisitions could have a material adverse effect on the results of operations or financial condition of the Enlarged Group.

Reliance on key staff members

If the Enlarged Group is unable to attract and retain key officers, managers and technical personnel, its ability to execute its business strategy successfully and to provide quality services to its customers could be materially and adversely affected.

Reliance on key suppliers

The Enlarged Group relies upon certain key suppliers which, if relationships with such suppliers are not maintained, could in the short term disrupt the Enlarged Group's business, in particular in respect of (i) suppliers of certain products from a limited number of brand owners/manufacturers, (ii) reliance on IT systems owned and/or maintained by third parties. Although alternative suppliers are readily available to provide the services or supplies required by the Enlarged Group, any disruption to supply or transition between suppliers may adversely impact the Enlarged Group's business until an alternative supplier can be engaged, and the costs of alternative supply may increase the Enlarged Group's cost base.

Operational costs

Any change in the costs of operating the business could impact on the Enlarged Group's profitability. Such cost increases could be driven by increases in supplier costs (including, amongst other things, rents for property leases) or increases in costs to be incurred due to regulatory change, e.g. following increases to the contribution required to be made by employers to employee pension schemes. Although such costs are accounted for, where these can be estimated, in future budgets for the Enlarged Group, not all cost increases are capable of being estimated adequately in advance. However, it is expected competitors would be subject to similar commercial or regulatory cost increases.

Dependence on key personnel

The Enlarged Group has a relatively small senior management team and the loss of any key individual or the inability to attract appropriate personnel could impact upon the Enlarged Group's future performance and execution of the strategy within this Document

Customers, pricing and payment terms

Some of the Enlarged Group's customers may have substantial purchasing power and negotiating leverage. While the Group has historically been able to secure good contractual terms, there can be no assurance that the Enlarged Group will continue to be able to do so in the future. In certain cases, the Enlarged Group may accept payment terms which impact adversely upon the revenue received by, the margins achieved by, and the cash flow of, the Enlarged Group in any given period.

Currency fluctuations could materially adversely affect the Enlarged Group's results

As the Enlarged Group's revenue streams may come from outside of the UK, exchange rate fluctuations could have a material adverse effect on the Enlarged Group's profitability or the price competitiveness of its products. There can be no guarantee that the Enlarged Group would be able to compensate for, or hedge against, such adverse effects and therefore, adverse exchange rate movements could have a material adverse effect on the Enlarged Group's business, results of operations and/or financial condition.

Non-IFRS financial information

This Document contains certain financial measures that are not defined or recognised under IFRS, including adjusted EBITDA (being earnings before interest, tax, depreciation, amortisation, acquisition cost, exceptional items and non-cash charges). Information regarding these measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Enlarged Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

Reduction or impairment of the value of goodwill or other intangible assets

If goodwill or other intangible assets that the Enlarged Group records in connection with the Acquisition become impaired, the Enlarged Group may have to take significant charges against earnings. In connection with the accounting for the Acquisition, the Enlarged Group is expected to record an amount of goodwill and other intangible assets. Under IFRS, the Enlarged Group will need to assess, at least annually and potentially more frequently, whether the value of goodwill and other intangible assets has been impaired. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings, which could materially adversely affect the Enlarged Group's results of operations and shareholders' equity in future periods.

Changes in tax laws or their interpretation could affect the Enlarged Group's financial condition or prospects

The nature and amount of tax which the Enlarged Group expects to pay and the reliefs expected to be available to the Enlarged Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties in a number of jurisdictions and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Enlarged Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Enlarged Group.

Any change in the Enlarged Group's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Enlarged Group or the Enlarged Group's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this Document concerning the taxation of the Enlarged Group and its investors are based upon current tax law and practice which is, in principle, subject to change. Current and potential investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Ordinary Shares.

Brexit risk

On 23 June 2016, the UK held a referendum on its continued membership of the European Union. This resulted in a vote for the UK to exit the European Union. There are significant uncertainties as to the terms of such an exit and the time frame for doing so in the case that a transition period is agreed with the other members of the European Union. There are also significant uncertainties as to the current and future fiscal, monetary and regulatory landscape in the UK. There is also uncertainty in relation to how, when and to what extent the exit will have an impact more generally on the economy of the UK and the growth of various industries, levels of investor activity and confidence in market performance. Although it is not possible to

predict the effect of the UK's exit from the European Union, any of these risks would have a material adverse impact on the financial condition, profitability and share price of the Company.

General risk factors

Liquidity and possible price volatility

Following Admission, the market price of the Ordinary Shares may be subject to significant fluctuations in response to many factors, including variations in the results of the Enlarged Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Enlarged Group's sector and other events and factors outside of the Enlarged Group's control. In addition, stock market prices may be volatile and may go down as well as up. The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Enlarged Group and others of which are extraneous. These factors could include the performance of the Enlarged Group's business, changes in the values of its investments, changes in the amount of distributions or dividends, changes in the Enlarged Group's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Enlarged Group encounters competition, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, legislative or regulatory or taxation changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value. Investors may realise less than the original amount invested. Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise an investment in the Enlarged Group than in a company whose shares are quoted on the Official List. In addition, the market price of the Ordinary Shares may not reflect the underlying value of the Enlarged Group's net assets.

Legislation and tax status

This Document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, regulation, rules and practice may change. Any change in legislation, regulation, rules or practice and in particular in tax status or tax residence of the Enlarged Group or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Enlarged Group.

Economic, political, judicial, administrative, taxation or other regulatory matters

In addition to the impact of the downturn of the world's economies, the Enlarged Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters.

Any change in the Enlarged Group's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Enlarged Group or the Enlarged Group's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this Document concerning the taxation of the Enlarged Group and its investors are based upon current tax law and practice which is, in principle, subject to change. Current and potential investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Ordinary Shares.

Future sales of Ordinary Shares

The Company is unable to predict whether substantial amounts of Ordinary Shares will be sold in the open market following Admission. Any sales of substantial amounts of Ordinary Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Ordinary Shares.

Risk of litigation

There can be no guarantee that the past, current or future actions of the Company or KeyDrive or their respective subsidiaries will not result in litigation. Costs of defending claims and/or settling matters can be substantial, even with respect to claims that have little or no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding or any adverse publicity surrounding such claim will not have a material adverse effect on the Enlarged Group's business, reputation, prospects, financial condition or results of operations.

PART III

FINANCIAL INFORMATION

(A) HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

In accordance with Rule 28 of the AIM Rules, this Document does not contain historical financial information on the Company which would be required by Section 20 of Annex I of the Prospectus Rules.

The following documents are incorporated by reference into this Document:

- the consolidated financial statements of the CentralNic Group included in the annual report and accounts of the CentralNic Group for the financial year ended 31 December 2015, together with the report thereon;
- the consolidated financial statements of the CentralNic Group included in the annual report and accounts of the CentralNic Group for the financial year ended 31 December 2016, together with the report thereon; and
- the consolidated financial statements of the CentralNic Group included in the annual report and accounts of the CentralNic Group for the financial year ended 31 December 2017, together with the report thereon.

Further information about the documents incorporated by reference into this Document is set out in paragraph 20 of Part IV of this Document.

Crowe U.K. LLP (formerly Crowe Clark Whitehill LLP) of St Bride's House, 10 Salisbury Square, London EC4Y 8EH has issued an unqualified audit opinion on the consolidated financial statements of the CentralNic Group for the years ended 31 December 2015, 2016 and 2017.

(B) ACCOUNTANTS' REPORT ON THE KEYDRIVE GROUP



Crowe U.K. LLP
Chartered Accountants
Member of Crowe Global
St Bride's House
10 Salisbury Square
London EC4Y 8EH, UK
Tel +44 (0)20 7842 7100
Fax +44 (0)20 7583 1720
DX: 0014 London Chancery Lane
www.crowe.co.uk

16 July 2018

The Directors
CentralNic Group Plc
35-39 Moorgate
London EC2R 6AR

The Directors
Zeus Capital Limited
82 King Street
Manchester M2 4WQ

Dear Sirs,

Introduction

We report on the audited combined and consolidated historical financial information of Keydrive Group set out in Section C of Part III (the "Historical Financial Information") of the Admission document dated 16 July 2018 (the "Document") of CentralNic Group Plc (the "Company"). This Historical Financial Information has been prepared for inclusion in the Document on the accounting policies and basis of preparation set out in note 3 to the Historical Financial Information. This report is required by paragraph 20.1 of Annex 1 of the Prospectus Directive Regulation as applied by paragraph (a) of Schedule Two to the AIM Rules for Companies (the "AIM Rules") and is given for the purposes of complying with the AIM Rules and for no other purpose.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the Historical Financial Information on the basis of preparation and accounting policies set out in note 2 and 3 to the Historical Financial Information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the Historical Financial Information as to whether the financial information gives a true and fair view, for the purposes of the Document and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

Crowe U.K. LLP is a limited liability partnership registered in England and Wales with registered number OC307043. The registered office is at St Bride's House, 10 Salisbury Square, London EC4Y 8EH. A list of the LLP's members is available at the registered office. Authorised and regulated by the Financial Conduct Authority. All insolvency practitioners in the firm are licensed in the UK by the Insolvency Practitioners Association. Crowe U.K. LLP is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe U.K. LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Document.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Document, a true and fair view of the state of affairs of the Keydrive Group as at the date stated and of the results, financial position, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 3.2 to the Historical Financial Information and International Financial Reporting Standards as adopted by the European Union.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with paragraph (a) of Schedule Two of the AIM Rules.

Yours faithfully,

Crowe U.K. LLP

Chartered Accountants

(C) HISTORICAL FINANCIAL INFORMATION ON THE KEYDRIVE GROUP

Combined and consolidated statement of profit or loss and other comprehensive income

The statements of profit or loss and other comprehensive income of the KeyDrive Group for each of the three years ended 31 December 2017 are set out below:

	Note	2015 US\$'000	2016 US\$'000	2017 US\$'000
Revenue	5	53,840	54,473	58,262
Cost of sales		(46,253)	(45,864)	(49,262)
Gross profit		7,587	8,609	9,000
Other operating income		83	122	141
Administrative expenses		(5,116)	(4,737)	(4,813)
Operating profit	6	2,554	3,994	4,328
Adjusted EBITDA*		3,847	5,487	5,873
Depreciation		(499)	(453)	(440)
Amortisation of intangible assets		(794)	(1,040)	(1,105)
Operating profit	6	2,554	3,994	4,328
Finance income	7	3,361	941	349
Finance costs	7	(1,196)	(1,269)	(2,812)
Finance income/(costs) net		2,165	(328)	(2,463)
Profit before income taxation		4,719	3,666	1,865
Income tax expense	8	(1,234)	(1,571)	(1,666)
PROFIT FOR THE YEAR		3,485	2,095	199
Profit for the year attributable to:				
– Owners of the Parent		3,151	1,799	272
– Non-controlling Interests		334	296	(73)
		3,485	2,095	199
Items that may be reclassified subsequently to profit and loss				
Exchange differences on translation of foreign operation		232	132	(313)
Total Other comprehensive income		232	132	(313)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,717	2,227	(114)
Total comprehensive income for the year attributable to:				
– Owners of the Parent		3,383	1,931	(41)
– Non-controlling Interests		334	296	(73)
		3,717	2,227	(114)
Earnings per share:				
Basic, US\$ cents	19	3.6	2.2	0.2

*Earnings before interest, tax, depreciation and amortisation.

Combined and consolidated statements of financial position

The statements of financial position of the KeyDrive Group as at 31 December 2015, 2016 and 2017 are set out below:

	Note	2015 US\$'000	2016 US\$'000	2017 US\$'000
<i>Non-current assets</i>				
Property, plant and equipment	9	903	735	734
Intangible assets	10	39,526	39,532	41,725
Investments	11	123	120	136
Deferred tax assets	12	730	621	792
Other receivables	13	14	1,273	4
Total non-current assets		<u>41,296</u>	<u>42,281</u>	<u>43,391</u>
<i>Current assets</i>				
Trade and other receivables	13	26,299	25,960	30,192
Cash and bank balances		5,863	4,164	5,571
Total current assets		<u>32,162</u>	<u>30,124</u>	<u>35,763</u>
Total assets		<u><u>73,458</u></u>	<u><u>72,405</u></u>	<u><u>79,154</u></u>
<i>Non-current liabilities</i>				
Trade and other payables	14	191	78	1,465
Borrowings	16	3,000	3,555	–
Total non-current liabilities		<u>3,191</u>	<u>3,633</u>	<u>1,465</u>
<i>Current liabilities</i>				
Trade and other payables	15	39,030	37,896	47,163
Borrowings	16	–	–	3,600
Current tax liabilities		658	709	1,076
Total current liabilities		<u>39,688</u>	<u>38,605</u>	<u>51,839</u>
Total liabilities		<u>42,879</u>	<u>42,238</u>	<u>53,304</u>
<i>Equity</i>				
Issued share capital	17	4,765	4,765	4,765
Capital reserves		23,206	23,206	23,206
Legal reserve		103	103	473
Foreign exchange translation reserve		80	611	307
Retained earnings		1,801	762	(2,763)
		<u>29,955</u>	<u>29,447</u>	<u>25,988</u>
Non-controlling Interests		<u>624</u>	<u>720</u>	<u>(138)</u>
Total equity		<u>30,579</u>	<u>30,167</u>	<u>25,850</u>
Total equity and liabilities		<u><u>73,458</u></u>	<u><u>72,405</u></u>	<u><u>79,154</u></u>

Combined and consolidated statements of changes in equity

The statements of changes in equity of the KeyDrive Group for each of the three years ended 31 December 2015, 2016 and 2017 are set out below:

	<i>Share capital</i> US\$'000	<i>Capital Reserves</i> US\$'000	<i>Legal reserve</i> US\$'000	<i>Foreign exchange translation reserve</i> US\$'000	<i>Retained Earnings</i> US\$'000	<i>Subtotal</i> US\$'000	<i>Non-controlling interest</i> US\$'000	<i>Total Equity</i> US\$'000
Balance at 1 January 2015	4,765	23,206	–	(152)	112	27,931	501	28,432
Profit for the period	–	–	–	–	3,151	3,151	334	3,485
Other comprehensive income/(expense)								
– translation of foreign operations	–	–	–	232	–	232	–	232
Total comprehensive income for the year	–	–	–	232	3,151	3,383	334	3,717
Transactions with owners;								
Dividends paid to owners of the parent	–	–	–	–	(1,386)	(1,386)	–	(1,386)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(197)	(197)
Prior year Adjustment	–	–	–	–	13	13	–	13
Creation of legal reserve	–	–	103	–	(103)	–	–	–
Reclassification of NCI (see note 21)	–	–	–	–	14	14	(14)	–
Balance at 31 December 2015	4,765	23,206	103	80	1,801	29,955	624	30,579
Profit for the period	–	–	–	–	1,799	1,799	296	2,095
Other comprehensive income/(expense)								
translation of foreign operations	–	–	–	132	–	132	–	132
Total comprehensive income for the year	–	–	–	132	1,799	1,931	296	2,227
Transactions with owners;								
Dividends paid to owners of the parent	–	–	–	–	(221)	(221)	–	(221)
Partnergate consideration (see note 21)	–	–	–	–	(2,428)	(2,428)	–	(2,428)
Non-cash contribution from minority	–	–	–	–	–	–	10	10
Foreign exchange difference on prior year dividend	–	–	–	399	(399)	–	–	–
Reclassification of NCI (see note 21)	–	–	–	–	210	210	(210)	–
Balance at 31 December 2016	4,765	23,206	103	611	762	29,447	720	30,167
Profit for the period	–	–	–	–	272	272	(73)	199
Other comprehensive income/(expense)								
– translation of foreign operations	–	–	–	(313)	–	(313)	–	(313)
Total comprehensive income for the year	–	–	–	(313)	272	(41)	(73)	(114)
Transactions with owners;								
Dividends paid to owners of the parent	–	–	–	–	(359)	(359)	–	(359)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(650)	(650)
Partnergate consideration (see note 21)	–	–	–	–	(3,194)	(3,194)	–	(3,194)
Legal reserve classification	–	–	370	–	(370)	–	–	–
Foreign exchange difference on prior year dividend	–	–	–	9	(9)	–	–	–
Reclassification of NCI (see note 21)	–	–	–	–	135	135	(135)	–
Balance at 31 December 2017	4,765	23,206	473	307	(2,763)	25,988	(138)	25,850

Combined and consolidated statements of cash flows

The statements of cash flow statements of the KeyDrive Group for each of the three years ended 31 December 2017 are set out below:

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Cash flows from operating activities			
Profit for the year	4,719	3,666	1,865
<i>Adjustment for:</i>			
Depreciation of property, plant and equipment	499	453	440
Amortisation of intangible assets	794	1,040	1,105
Operating cash flows before movements in working capital	6,012	5,159	3,410
Decrease/(Increase) in trade and other receivables	27	(2,322)	2,219
(Decrease)/Increase in trade and other payables	(639)	(222)	3,836
Cash generated from operating activities	5,400	2,615	9,465
Income tax paid	(992)	(897)	(1,755)
Net cash generated from operating activities	<u>4,408</u>	<u>1,718</u>	<u>7,710</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(486)	(307)	(344)
Purchase of intangible assets, net of cash acquired	(71)	(1,063)	(76)
Purchase of investments	–	–	–
Acquisition of a subsidiary, net of cash acquired	13	–	(2,129)
Acquisition of a subsidiary, net of cash acquired (partnergate)	–	(2,428)	(3,194)
Net cash used in investing activities	<u>(544)</u>	<u>(3,798)</u>	<u>(5,743)</u>
Dividends paid to owners of the parent	(1,386)	(221)	(359)
Dividends paid to non-controlling interests	(197)	–	(650)
Proceeds/(repayment) of borrowings	(262)	555	45
Net cash used in financing activities	<u>(1,845)</u>	<u>334</u>	<u>(964)</u>
Net increase in cash & cash equivalents	2,019	(1,746)	1,003
Cash and equivalent at beginning of period	3,804	5,863	4,164
Exchange differences on cash and cash equivalents	40	47	404
Cash and equivalent at end of period	<u>5,863</u>	<u>4,164</u>	<u>5,571</u>

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The KeyDrive Group is a group of companies incorporated in Luxembourg, Germany, United States and Brazil engaged in the provision of global domain name services.

KeyDrive S.A. is the holding company of a group of companies which are engaged in the provision of global domain name services. The company is registered in Luxembourg. Its registered office and principal place of business is 1-3, Boulevard de la Foire, L-1528 Luxembourg.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

2.1 *Statement of Compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

2.2 *Standards, amendments and interpretations to published standards not yet effective*

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

As described below, the directors have completed their detailed review of IFRS 9 and IFRS 15 and concluded that the adoption of these standards would have no material impact on Financial Instruments and Revenue Recognition respectively from the next set of financial statements. Whilst the directors carry out their detailed review on IFRS 16, which is effective from 1 January 2019, it is currently expected that no material impact will arise from the adoption of this standard.

IFRS 15 is a prescriptive standard which requires a business to identify the performance obligations which are contracted with its customer base. The transaction price of the contract is determined after which the transaction price is allocated against the identified performance obligations. Revenue is recognised against each of the performance obligations as they are satisfied and as control is transferred. The KeyDrive Group has evaluated the revenue recognition policy in place against the requirement of the standard. Performance obligations within customer contracts have been identified where domain names are sold for a term, where the management, customer and technical support is available to the customer over the period of that term, in both Wholesale and Retail Division.

The transaction price of the contract is evaluated in accordance with IFRS 15, and is attached to the performance obligations of the customer contract. Performance obligations are deemed to be satisfied by transferring control rateably over the period of contractual time, being the anniversary of the expiry date of the domain name. Enterprise and consultancy revenues take a similar approach, however revenues here are either recognised when control is passed onto the customer either on a percentage completion basis inline with contractual milestones or immediately recognised on delivery of the contracted work. Overall, the business has determined that there is no material impact on the adoption of IFRS 15.

IFRS 9 relates to Financial Instruments which contains the requirement for a) the classification and measurement of financial assets and financial liabilities, b) Impairment methodology, and c) general hedge accounting. As disclosed in note 19, the KeyDrive Group measures its financial assets and liabilities and accounts for any expected credit losses on the basis of fair value recognition. Therefore, the adoption of the IFRS 9 causes no material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 *BASIS OF PREPARATION*

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the KeyDrive Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these combined and consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 **BASIS OF CONSOLIDATION**

The combined and 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 combined and 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 KeyDrive Group. Control is achieved when the KeyDrive 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.

3.3 **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 and the amount of any non-controlling interests in the acquiree. For each business combination, the KeyDrive Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the KeyDrive 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.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope

of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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 KeyDrive 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 reassessment 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 KeyDrive 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 in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.4 **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.

Revenue from the sale of services is recognised when the amounts of revenue and cost can be measured reliably. In particular:

i. *Sale of Wholesale ("registry") services for domain names ("Wholesale Domain sales")*

Wholesale revenues are generated from the provision of wholesale and related services between a registrar and registry operator. The sub revenue streams would be those of new registrations and renewals. The division performs the role of both the registry operator and registry service provider for the legacy proprietary domains that the company owns and operates. For third party domain names, the division provides the registry service provision, whether this be purely technical provision, or incorporate marketing and billing and cash collection services. An invoice under the wholesale division could cover the sale of a domain name for a fixed term period which could vary between one and ten years. An invoice generated to the registrar is offset by invoice from the registry operator to derive net revenues. Revenues that relate to the period in which the services are performed are recognised in the income statement of that period, with the amounts relating to future periods being deferred into 'Deferred revenues.'

Revenue from strategic consultancy and similar services is recognised in profit and loss in proportion to the stage of completion of the assignment at the reporting date. The stage of completion is determined based on completion of work performed to date as a percentage of total services to be performed.

ii. *Sale of Retail ("registrar") services for domain names ("Retail Domain sales")*

Retail revenues are generated from the provision of retail and similar services to domain registrants and resellers. The sub revenue streams would be those of new registrations and renewals. Revenue originates when a transaction is generated on the service registry platform by the customer. The transaction constitutes a term period which may vary between one and ten years. Revenues that relate to the period in which the services are performed are recognised in the income statement of that period, with the amounts relating to future periods being deferred into 'Deferred revenues.' These revenues are matched to deferred wholesale costs which cover the same period of the underlying sale.

iii. *Sale of Enterprise services including premium domain names (“Enterprise”)*

Revenue from enterprise services and premium domain name sales are recognised in profit and loss at the point of sale. Revenue from the provision of computer software to a customer is recognised when the KeyDrive Group has delivered the related software and completed all of the adaptations required by the customer for either the whole contract or for a specific milestone deliverable within the contract. Where no adaptations are required revenue is recognised on delivery.

Revenue from strategic consultancy and similar services is recognised in profit and loss in proportion to the stage of completion of the assignment at the reporting date. The stage of completion is determined based on completion of work performed.

3.5 **FOREIGN CURRENCIES**

i. *Functional and Presentation Currency*

The financial information is presented in US Dollars (“US\$”) which is the primary economic environment in which the ultimate beneficial owner operates.

The functional currency of the KeyDrive Group of companies are US Dollars, Euros or Danish Krone.

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 re-measured. 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 administrative expenses.

iii. *Group companies*

The results and financial position of all of the KeyDrive 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 KeyDrive Group are translated 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).
- (c) All resulting exchange differences are recognised in other comprehensive income.

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.

3.6 **EMPLOYEE BENEFITS**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the KeyDrive Group.

3.7 **INCOME TAXES**

Income tax 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 reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

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 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 items is recognised in the P&L except for transactions that are recognised outside the P&L either in comprehensive income or directly in equity.

3.8 PROPERTY, PLANT & EQUIPMENT

(a) Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use.

(b) Depreciation

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line basis to write off the depreciable amount of the assets net of the estimated residual values 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.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Computer Equipment 3 to 5 years – straight line method
- Furniture and fittings 3 to 15 years – straight line method

(c) Cost

Subsequent 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 KeyDrive 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 dismantling and removing the asset and restoring the site on which it is located for which the KeyDrive Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant 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.

3.9 **INTANGIBLE FIXED ASSETS AND AMORTISATION**

(a) *Owned Assets*

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use.

(b) *Amortisation*

Amortisation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line basis to write off the depreciable amount of the assets net of the estimated residual values over their estimated useful lives.

Amortisation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Software Development	3 to 6 years – straight line method
Domain Names	10 years – straight line method
Customer List	5 to 10 years – straight line method
Patents & Trademarks	5 to 13 years – straight line method

(c) *Cost*

Subsequent 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 KeyDrive Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised.

An intangible asset 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.

3.10 **IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS OTHER THAN GOODWILL**

At the end of each reporting period, the KeyDrive Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the KeyDrive Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.11 **FINANCIAL INSTRUMENTS**

Financial instruments are recognised in the statements of financial position when the KeyDrive Group has become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the

financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(a) *Financial Assets*

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

At 31 December 2017 the KeyDrive Group only has loans and receivables financial assets and available-for-sale financial assets with the following policies being applied;

(i) *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are premeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the KeyDrive Groups right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iv) *Derecognition of financial assets*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference

between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

(b) *Financial Liabilities*

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

At 31 December 2017 the KeyDrive Group only has financial liabilities at amortised cost with the following policy being applied;

(i) *Financial Liabilities at amortised cost*

Other financial liabilities (including borrowings and trade and other payables) are subsequently 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 expense 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.

(ii) *Derecognition of Financial Liabilities*

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the CentralNic Group's accounting policies, which are described in note 3, the directors are required to make judgments, 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 on-going 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:

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 or 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 available for sale assets held at fair value, the directors review the appropriateness and reasonableness of (i) the valuation technique(s) followed to determine the fair value and corroborative support (ii) the assumptions used in preparing such valuations and the evaluation of the sensitivity in such assumptions (iii) the evidence of indicators of a change in fair value and (iv) 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 carrying value of the KeyDrive Group's investments, tangible and intangible assets are disclosed in notes 9, 10 and 21 respectively.

Acquisition accounting and goodwill

Where the KeyDrive 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.

Judgement was exercised in determining the fair value of Openregistry S.A. and European Domain Centre ApS acquisitions. Further details are set out in note 21.

5. SEGMENT ANALYSIS

The KeyDrive Group provides Wholesale, Retail and Enterprise services. Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. The wholesale division is a global distributor of domain names. The retail domain division provides domain names and ancillary services to end users and resellers, also on a global basis. The Enterprise segments represents revenue generated by the provision of corporate domain name products. Management reviews the activities of the KeyDrive Group in the segments disclosed below.

	2017					
	<i>Revenue</i>	<i>Adjusted EBITDA</i>	<i>Non-current assets</i>	<i>Current assets</i>	<i>Non-current liabilities</i>	<i>Current liabilities</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Wholesale Domain Sales	1,288	71	3,221	1,060	–	1,107
Retail Domain Sales	53,334	6,670	6,028	31,525	(179)	40,905
Enterprise	3,640	(261)	543	1,913	201	2,578
KeyDrive Group Administration Expenses	–	(607)	33,599	1,265	1,443	7,249
	<u>58,262</u>	<u>5,873</u>	<u>43,391</u>	<u>35,763</u>	<u>1,465</u>	<u>51,839</u>

	2016					
	<i>Revenue</i>	<i>Adjusted EBITDA</i>	<i>Non-current assets</i>	<i>Current assets</i>	<i>Non-current liabilities</i>	<i>Current liabilities</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Wholesale Domain Sales	1,090	810	381	528	–	399
Retail Domain Sales	50,296	5,722	5,302	26,996	(140)	33,819
Enterprise	3,085	(499)	349	1,195	218	1,978
KeyDrive Group Administration Expenses	2	(546)	36,249	1,405	3,555	2,409
	<u>54,473</u>	<u>5,487</u>	<u>42,281</u>	<u>30,124</u>	<u>3,633</u>	<u>38,605</u>

	2015					
	<i>Revenue</i> <i>US\$'000</i>	<i>Adjusted EBITDA</i> <i>US\$'000</i>	<i>Non-current assets</i> <i>US\$'000</i>	<i>Current assets</i> <i>US\$'000</i>	<i>Non-current liabilities</i> <i>US\$'000</i>	<i>Current liabilities</i> <i>US\$'000</i>
Wholesale Domain Sales	923	574	64	590	–	555
Retail Domain Sales	50,401	4,565	6,050	29,549	(26)	34,271
Enterprise	2,516	(685)	202	1,180	217	1,818
KeyDrive Group						
Administration Expenses	–	(607)	34,980	843	3,000	3,044
	<u>53,840</u>	<u>3,847</u>	<u>41,296</u>	<u>32,162</u>	<u>3,191</u>	<u>39,688</u>

The geographical locations of the non-current and current assets and non-current and .p liabilities are located in the following geographic territories:

	2017			
	<i>Non-current assets</i> <i>US\$'000</i>	<i>Current assets</i> <i>US\$'000</i>	<i>Non-current liabilities</i> <i>US\$'000</i>	<i>Current liabilities</i> <i>US\$'000</i>
North America	1,431	3,278	–	4,552
Europe – Luxembourg	38,199	3,286	1,443	10,223
Europe – Germany	2,969	29,199	22	37,064
	<u>42,599</u>	<u>35,763</u>	<u>1,465</u>	<u>51,839</u>

	2016			
	<i>Non-current assets</i> <i>US\$'000</i>	<i>Current assets</i> <i>US\$'000</i>	<i>Non-current liabilities</i> <i>US\$'000</i>	<i>Current liabilities</i> <i>US\$'000</i>
North America	2,026	3,117	–	5,342
Europe – Luxembourg	36,720	2,017	3,565	4,609
Europe – Germany	2,914	24,990	68	28,654
	<u>41,660</u>	<u>30,124</u>	<u>3,633</u>	<u>38,605</u>

	2015			
	<i>Non-current assets</i> <i>US\$'000</i>	<i>Current assets</i> <i>US\$'000</i>	<i>Non-current liabilities</i> <i>US\$'000</i>	<i>Current liabilities</i> <i>US\$'000</i>
North America	2,589	3,327	–	5,766
Europe – Luxembourg	34,984	900	2,058	4,097
Europe – Germany	2,993	27,935	1,133	29,825
	<u>40,566</u>	<u>32,162</u>	<u>3,191</u>	<u>39,688</u>

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

<i>Revenue by Customer Location</i>	<i>2015</i> <i>US\$'000</i>	<i>2016</i> <i>US\$'000</i>	<i>2017</i> <i>US\$'000</i>
Germany	16,503	17,927	20,390
United States of America	14,049	13,016	13,408
Netherlands	7,855	7,995	8,243
China	2,216	2,641	2,916
Poland	1,405	1,397	1,426
Japan	1,690	1,670	1,195
France	977	925	949
Belgium	723	995	880
Denmark	481	631	818
Austria	569	661	783
United Kingdom	953	595	687
Italy	536	547	615
Russia	240	298	497
Cayman Islands	317	380	462
Norway	418	431	455
Canada	427	389	383
Luxembourg	445	356	363
Sweden	189	253	355
Turkey	410	385	341
Saint Kitts and Nevis	472	363	320
Other	2,965	2,618	2,776
	<u>53,840</u>	<u>54,473</u>	<u>58,262</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	<i>2015</i> <i>US\$'000</i>	<i>2016</i> <i>US\$'000</i>	<i>2017</i> <i>US\$'000</i>
Employee benefit expense – wages and salaries	6,515	6,484	6,904
Employee benefit expense – social security	1,201	1,188	1,306
Employee benefit expense – pension	50	49	85
Staff Consultancy fees	212	61	79
Directors' remuneration – fees and salaries	482	553	395
Depreciation of tangible fixed assets owned by the company	499	411	375
Amortisation of intangible fixed assets owned by the company	794	1,082	1,170
Operating Leases – land & buildings	78	69	264
Net loss on foreign currency translation	306	305	321
Fees payable to the company's auditor for the audit of parent company and consolidated financial statements	179	250	183
	<u>179</u>	<u>250</u>	<u>183</u>

7. FINANCE INCOME & COSTS

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Finance Income			
Interest Income	21	45	11
Foreign exchange gains	528	252	311
Other non-operating income	2,812	644	27
	<u>3,361</u>	<u>941</u>	<u>349</u>

The Other non-operating income in 2015 primarily relates to the disposal of the NameDrive business for \$2.7m.

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Finance Costs			
Interest Expense – subordinated debts	271	434	274
Interest Expense – On bank loans and overdrafts	90	33	89
Interest Expense other	111	102	159
Foreign exchange losses	539	373	526
Other non-operating expense	185	327	1,764
	<u>1,196</u>	<u>1,269</u>	<u>2,812</u>

The Other non-operating expense primarily relates to a dispute with Prizeflyer originating in 2012 which gave rise to a claim over the shares of KeyDrive group. A provision of US\$1.7m has been recognised in 2017 in relation to the settlement of this claim.

8. TAXATION

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Analysis of tax charge in the year			
Current tax			
Current tax charge on profit for the year	1,195	1,465	1,696
Deferred tax (see note 12)	39	106	(30)
	<u>1,234</u>	<u>1,571</u>	<u>1,666</u>
Tax on profit on ordinary activities			

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the respective tax jurisdictions. The differences are explained below:

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Profit on ordinary activities before tax	4,719	3,666	1,865
Profit on ordinary activities multiplied by standard rate of corporation tax in the respective countries	1,449	1,072	443
Effects of:			
– Expenses not deductible for tax purposes	117	188	296
– Utilisation of previously unrecognised tax losses	(493)	(71)	(290)
– Tax losses for which no deferred income tax assets was recognised	161	382	1,217
	<u>1,234</u>	<u>1,571</u>	<u>1,666</u>
Tax charge for the year			

9. PROPERTY, PLANT & EQUIPMENT

Cost	<i>Computer equipment US\$'000</i>	<i>Furniture and fittings US\$'000</i>	<i>Total US\$'000</i>
At 1 January 2015	2,672	86	2,758
Additions	487	–	487
Exchange differences	(285)	(7)	(292)
As at 31 December 2015	2,874	79	2,953
Additions	152	155	307
Disposals	–	(17)	(17)
Exchange differences	(99)	(9)	(108)
At 31 December 2016	2,927	208	3,135
Additions	307	37	344
Exchange differences	421	31	452
At 31 December 2017	3,655	276	3,931
Accumulated Depreciation	<i>Computer equipment US\$'000</i>	<i>Furniture and fittings US\$'000</i>	<i>Total US\$'000</i>
At 1 January 2015	1,726	13	1,739
Charge for the year	474	25	499
Exchange differences	(187)	(1)	(188)
As at 31 December 2015	2,013	37	2,050
Charge for the year	404	49	453
Disposals	–	(17)	(17)
Exchange differences	(82)	(4)	(86)
At 31 December 2016	2,335	65	2,400
Charge for the year	375	65	440
Exchange differences	343	14	357
At 31 December 2017	3,053	144	3,197
Property, plant, and equipment, net	<i>Computer equipment US\$'000</i>	<i>Furniture and fittings US\$'000</i>	<i>Total US\$'000</i>
At 31 December 2017	602	132	734
At 31 December 2016	592	143	735
At 31 December 2015	861	42	903

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

10. INTANGIBLE FIXED ASSETS

Cost	<i>Domain Names US\$'000</i>	<i>Software US\$'000</i>	<i>Customer List US\$'000</i>	<i>Patents & Trademarks US\$'000</i>	<i>Goodwill US\$'000</i>	<i>Total US\$'000</i>
At 1 January 2015	73	3,484	3,439	1,740	38,227	46,963
Additions	–	70	–	–	–	70
Exchange differences	(8)	(96)	(18)	–	(23)	(145)
As at 31 December 2015	65	3,458	3,421	1,740	38,204	46,888
Additions	–	547	450	10	66	1,073
Exchange differences	(2)	17	(5)	–	(10)	–
At 31 December 2016	63	4,022	3,866	1,750	38,260	47,961
Additions	76	–	–	–	–	76
Acquisition of Subsidiary	26	264	1,752	264	800	3,106
Disposals	(80)	–	–	–	–	(80)
Exchange differences	9	196	21	–	36	262
At 31 December 2017	94	4,482	5,639	2,014	39,096	51,325

Accumulated Amortisation	<i>Domain Names US\$'000</i>	<i>Software US\$'000</i>	<i>Customer List US\$'000</i>	<i>Patents & Trademarks US\$'000</i>	<i>Goodwill US\$'000</i>	<i>Total US\$'000</i>
At 1 January 2015	–	3,230	1,376	390	1,646	6,642
Charge for the year	6	173	481	134	–	794
Exchange differences	(6)	(66)	(2)	–	–	(74)
As at 31 December 2015	–	3,337	1,855	524	1,646	7,362
Charge for the year	5	392	508	135	–	1,040
Exchange differences	(2)	31	(2)	–	–	27
At 31 December 2016	3	3,760	2,361	659	1,646	8,429
Charge for the year	90	134	692	189	–	1,105
Disposals	(80)	–	–	–	–	(80)
Exchange differences	7	132	7	–	–	146
At 31 December 2017	20	4,026	3,060	848	1,646	9,600

	<i>Domain Names US\$'000</i>	<i>Software US\$'000</i>	<i>Customer List US\$'000</i>	<i>Patents & Trademarks US\$'000</i>	<i>Goodwill US\$'000</i>	<i>Total US\$'000</i>
<i>Intangible fixed assets, net</i>						
At 31 December 2017	74	456	2,579	1,166	37,450	41,725
At 31 December 2016	60	262	1,505	1,091	36,614	39,532
At 31 December 2015	65	121	1,566	1,216	36,558	39,526

Amortisation of intangible assets is included in administrative expenses in the combined and consolidated statement of comprehensive income.

Goodwill and Customer List

The KeyDrive Group tests goodwill recognised through business combinations annually for impairment. Additions to goodwill arose through the business combinations outlined in note 20. The carrying value of goodwill and the customer list is allocated to the respective segments as follows:

	<i>Customer List</i> <i>US\$'000</i>	<i>Goodwill</i> <i>US\$'000</i>
Retail Division	989	281
KeyDrive Group Overheads	1,590	37,169
Total carrying value	<u>2,579</u>	<u>37,450</u>

The recoverable amount of goodwill of US\$37,450,000 at 31 December 2017, has been determined based on a combination of value in use using cash flow projections from financial budgets approved by senior management and signed heads of terms which include the enterprise value of the combined KeyDrive Group.

As a result of the analysis, management did not identify any impairment of goodwill.

11. INVESTMENTS

Available for sale investments carried at fair value	<i>US\$'000</i>
At 31 December 2014	136
Exchange differences	<u>(13)</u>
At 31 December 2015	<u>123</u>
Exchange differences	<u>(3)</u>
At 31 December 2016	<u>120</u>
Exchange differences	<u>16</u>
At 31 December 2017	<u>136</u>

The company owns the following undertaking which is incorporated in Switzerland with a permanent place of establishment in Denmark:

<i>Name</i>	<i>Principal activities</i>	<i>Issued and paid-up/ registered capital</i>	<i>Effective interest</i>
Thomsen Trampedach	Domain Name Management Consultancy	Ordinary shares	26.5%

This investment is categorised in the fair value hierarchy under Level 3 as no observable market data was available.

The fair value of the investment at 31 December 2017 has been assessed using an income approach as there have been no recent transactions to apply a market price valuation technique.

The income valuation measures have been determined using a discounted cashflow technique, the key significant unobservable inputs include cumulative compounded average growth rate (68 per cent.), weighted average cost of capital (10 per cent.) and expected operating margins (55 per cent.).

A reasonable change to the input assumptions, such as 2 per cent. change in weighted average cost of capital would lead to an increase or decrease in the value of this investment of approximately US\$125,000.

In the event that the performance of Thomsen Trampedach does not meet future expectations there is a risk that a reduction in the fair value of the investment could arise.

12. DEFERRED TAX ASSETS

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Deferred Tax Asset			
At beginning of year	850	730	621
Acquisition of Subsidiary	–	–	95
(Charge)/Credit for year (P&L)	(120)	(109)	76
At end of year	<u>730</u>	<u>621</u>	<u>792</u>

The deferred tax asset is made up as follows:

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Temporary timing differences	<u>730</u>	<u>621</u>	<u>792</u>

Deferred Tax Liabilities

	2015 US\$'000	2016 US\$'000	2017 US\$'000
At beginning of year	86	5	2
Charge/(Credit) for year (P&L)	(81)	(3)	46
At end of year	<u>5</u>	<u>2</u>	<u>48</u>

The deferred tax liability is made up as follows:

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Temporary timing differences	<u>5</u>	<u>2</u>	<u>48</u>

13. TRADE AND OTHER RECEIVABLES

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Due after more than one year			
Other receivables	<u>14</u>	<u>1,273</u>	<u>4</u>
Due within one year			
Trade debtors	4,102	3,503	4,421
Prepayments	815	785	1,028
Deferred expenses	19,986	20,958	23,645
Other Current Assets	1,396	714	1,098
	<u>26,299</u>	<u>25,960</u>	<u>30,192</u>

As of 31 December 2017, there were no trade receivables past due but not impaired. The KeyDrive Group predominately requires customers to pay for the provision of domain names in advance or at the point of sale. However, for large customers who have a line of credit (typically 30 days) cash remittances received in the subsequent period will be allocated against the oldest unpaid domains on a first-in-first-out basis which results in there being limited credit risk.

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

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Other creditors	191	78	1,465

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Trade creditors	2,603	2,028	2,680
Payments received in advance	2,513	2,757	2,494
Accruals	1,035	1,043	1,858
Other provisions and creditors	5,393	4,135	4,534
Deferred Consideration	–	–	3,194
Deferred income	27,486	27,933	32,403
	<u>39,030</u>	<u>37,896</u>	<u>47,163</u>

16. BORROWINGS

	2015 US\$'000	2016 US\$'000	2017 US\$'000
Non-current			
BIP Venture Partners – Bonds	3,000	3,000	–
IS-Interservices Loan	–	555	–
	<u>3,000</u>	<u>3,555</u>	<u>–</u>
Current			
BIP Venture Partners – Bonds	–	–	3,000
IS-Interservices Loan	–	–	600
	<u>–</u>	<u>–</u>	<u>3,600</u>
Total Borrowings	<u>3,000</u>	<u>3,555</u>	<u>3,600</u>

Reconciliation of liabilities arising from financing activities

The table below details changes in the KeyDrive Group's liabilities arising from financing activities, including both cash and non-cash charges. Liabilities arising from financing activities are those for which cash flows were classified in the KeyDrive Group's combined and consolidated statement of cash flows cash flows from financing activities.

	<i>BIP Venture Partners – Bonds</i> US\$'000	<i>IS- Interservices Loan</i> US\$'000	<i>Total</i> US\$'000
Balance at 1 January 2015	3,000	262	3,262
Financing cash flows	–	(262)	(262)
Balance at 31 December 2015	3,000	–	3,000
Financing cash flows	–	555	555
Balance at 31 December 2016	3,000	555	3,555
Financing cash flows	–	45	45
Balance at 31 December 2017	<u>3,000</u>	<u>600</u>	<u>3,600</u>

17. SHARE CAPITAL AND RESERVES

	2015 US\$'000	2016 US\$'000	2017 US\$'000
KeyDrive S.A Consisting of 4,733,437 Class A shares having a par value of US\$1	4,733	4,733	4,733
PTS GmbH Consisting of one ordinary share with a nominal amount of EUR 25,000	32	32	32
Allotted, called up and fully paid	<u>4,765</u>	<u>4,765</u>	<u>4,765</u>

- Issued Share capital represents the nominal value of the company's cumulative issued share capital.
- Capital reserves 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.
- Legal reserve – under Luxembourg law, a company needs to allocate each year at least 5 per cent. of its profit to a so called “legal reserve” until such legal reserve is 10 per cent. of subscribed capital.
- Foreign exchange translation reserve represents the cumulative exchange differences arising on KeyDrive 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 KeyDrive Group.

18. DIVIDENDS

	2015 US\$'000	2016 US\$'000	2017 US\$'000
<i>Dividends paid on equity capital</i>			
– to owners of Parent	1,386	221	359
– to non-controlling Interests	197	–	650
	<u>1,583</u>	<u>221</u>	<u>1,009</u>

19. EARNING PER SHARE

It is of limited significance to calculate earnings per share on the historical combined equity. Accordingly, a pro-forma earnings per share has been included based on the relevant number of shares in CentralNic Group Plc following the reorganisation but prior to the issues of shares to raise new funds.

	Years ended 31 December		
	2015	2016	2017
Profit after taxation (US\$'000s)	3,485	2,095	199
Weighted average number of ordinary shares	95,894,348	95,894,348	95,894,348
Basic earnings per share (US\$ cents)	3.6	2.2	0.2

20. FINANCIAL INSTRUMENTS

Due to the nature of its activities the KeyDrive Group is exposed to market, credit, interest rate and liquidity risk.

The KeyDrive Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

FINANCIAL RISK MANAGEMENT POLICIES

The KeyDrive group's policies in respect of the major areas of treasury activity are as follows:

(a) **Market Risk**

The KeyDrive Group operates in many geographic territories and markets and is therefore exposed to foreign currency risk on transactions and balances that are denominated in a currency other than its functional currencies. Foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

The KeyDrive Group's exposure to foreign currency risk is minimal as it trades predominantly in US Dollars and Euros. Exposure to currency risk is negated by the KeyDrive Group holding adequate reserves in these 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.

The carrying amounts of the KeyDrive Group's financial instruments are denominated in the following currencies at 31 December 2017:

	<i>Other currencies</i>	€	US\$	<i>Total</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Financial assets				
<i>Loan and receivables</i>				
Trade and other receivables	501	2,684	2,339	5,524
Investments	–	136	–	136
Cash and cash equivalents	512	3,228	1,831	5,571
	<u>1,013</u>	<u>6,048</u>	<u>4,170</u>	<u>11,231</u>
Financial liabilities measured at amortised costs				
Trade and other payables	427	3,427	6,686	10,540
Borrowings	–	3,000	600	3,600
	<u>427</u>	<u>6,427</u>	<u>7,286</u>	<u>14,140</u>

The sensitivity analyses in the table below details the impact of changes in foreign exchange rates on the KeyDrive Group's post-tax profit or loss for the year ended 31 December 2017.

It is assumed that the named currency is strengthening or weakening against all other currencies, while all the other currencies remain constant.

If the US Dollar strengthened or weakened by 10 per cent. against the other currencies, with all other variables in each case remaining constant, then the impact on the KeyDrive Group's post-tax profit or loss would be gains or losses as follows:

	<i>Strengthen/Weaken</i>
	<i>US\$'000</i>
2017	
EUR	+/- 38
Other currencies	+/- 59

The KeyDrive Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) **Credit Risk**

The KeyDrive Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. KeyDrive manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis, with the majority of clients having

to prepay for services before the service is provided. For other financial assets (including cash and bank balances), the KeyDrive Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Credit risk concentration profile

The KeyDrive Group does not have any major concentration of credit risk related to any individual customer or counterparty.

Exposure to credit risk

As KeyDrive Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting periods.

The KeyDrive Group believes that no impairment allowance is necessary in respect of overdue trade receivables. The debtors are substantially companies with good collection track record and no recent history of default.

(c) **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The KeyDrive 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 KeyDrive Group's debt facility agreement with BGL bears interest at a margin plus a floating interest rate.

	<i>2015</i> <i>US\$'000</i>	<i>2016</i> <i>US\$'000</i>	<i>2017</i> <i>US\$'000</i>
Cash and bank balances	5,863	4,164	5,571
Effect of interest rate change of 100 basis points on cash and bank balances	+/- 59	+/- 42	+/- 56
Borrowings	3,000	3,555	3,600
Effect of interest rate change of 100 basis points on borrowings	+/- 30	+/- 36	+/- 36

(d) **Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The KeyDrive Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The carrying amounts of financial liabilities at the end of the reporting periods below represent the maximum exposure and to liquidity risk:

<i>US\$'000</i>	<i>Carrying amount</i>	<i>Total Within 1 year</i>		<i>1 – 5 years</i>
Trade and other payables and accruals				
31 December 2017	14,140	14,140	12,675	1,465
31 December 2016	10,651	10,651	7,018	3,633
31w December 2015	12,125	12,125	8,934	3,191

CAPITAL RISK MANAGEMENT

The KeyDrive Group manages its capital to ensure that entities will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, KeyDrive Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

KeyDrive Group manages its capital based on regulatory requirements. There was no change in KeyDrive Group's approach to capital management during the financial period under review.

CLASSIFICATION OF FINANCIAL INSTRUMENTS

	<i>As at 31 December</i>		
	<i>2015</i>	<i>2016</i>	<i>2017</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Financial Asset			
Trade and other receivables	5,512	5,489	5,524
Investments	123	120	136
Cash and bank balances	5,863	4,164	5,571
	<u>11,498</u>	<u>9,773</u>	<u>11,231</u>
Financial Liability			
Trade and other payables	9,125	7,096	10,540
Borrowings	3,000	3,555	3,600
	<u>12,125</u>	<u>10,651</u>	<u>14,140</u>

FAIR VALUES MEASUREMENTS

At 31 December 2015, 2016 and 2017, with the exception of the Investment in Thomsen Trampedach which is described in note 11 above there were no financial instruments carried at fair values.

For the remaining financial assets and financial liabilities the fair values approximated their carrying amounts. The fair values are determined by discounting the relevant cash flows at rates equal to the current market interest rate plus appropriate credit rating, where necessary.

21. BUSINESS COMBINATIONS

Openregistry S.A

On 4 January 2017 the KeyDrive Group completed the acquisition of the entire share capital of Openregistry s.a. for a total consideration of US\$1.8m. The primary reason for the business combination was to acquire the registry operations for certain new gTLDs bringing scale to the existing registry business within the KeyDrive Group.

The following table summarises the consideration to acquire the share capital of the Openregistry s.a. and the provisional fair value of the assets and liabilities at the acquisition date in line with KeyDrive Group accounting policies.

Consideration	<i>US\$'000s</i>
Total Consideration	<u>1,766</u>
Fair value recognised on acquisition	<i>US\$'000s</i>
Assets	
Intangible assets – customer list	1,502
Other acquired intangible assets	554
Trade receivables	256
Other receivables	978
	<u>3,290</u>
Liabilities	
Trade payables	(15)
Other payables and accruals	(2,164)
Other income tax liabilities	(145)
	<u>(2,324)</u>
Total identifiable assets at fair value	<u>966</u>
Goodwill arising on acquisition	<u>800</u>
Purchase consideration	<u>1,766</u>

Management have evaluated the value of the acquired customer list in relation to the expected future revenues generated from the customer contracts in place at the time of acquisition and the expected discounted future cashflow that is expected to derive from these clients, with the other intangibles acquired including software, trademarks and domain names. The residual intangible asset being classed as goodwill. Goodwill arising on acquisition primarily relates to the inherent value of the acquired gTLDs and goodwill in relation to employees.

For the post-completion period to 31st December 2017 revenues of US\$748k, an Adjusted EBITDA loss of US\$282k and a loss after tax of US\$320k have been generated by Openregistry. During 2017 the KeyDrive Group has undertaken a restructuring of the business which is expected to result in significant costs savings in future periods.

The trade and other receivables are stated at gross valuation which equates to the contractual amounts with no provisions being made against them in line with the director's expectations.

European Domain Centre ApS

On 17 May 2017 the KeyDrive Group completed the acquisition of the entire share capital of European Domain Centre ApS ('EDC') for a total consideration of US\$0.4m. The acquisition of EDC strengthens KeyDrive's corporate domain division BrandShelter. BrandShelter supports customers in protecting their company's name, brands and trademarks on the Internet and develops customized strategies for the ideal handling of domain portfolios.

The following table summarises the consideration to acquire the share capital of EDC and the provisional fair value of the assets and liabilities at the acquisition date in line with KeyDrive Group accounting policies.

Consideration	<i>US\$'000s</i>
Total Consideration	364
Fair value recognised on acquisition	<i>US\$'000s</i>
Assets	
Intangible assets – customer list	250
Cash	102
Trade Receivables	27
Other receivables	3
	<hr/> 382
Liabilities	
Trade payables	(8)
Other payables and accruals	(10)
	<hr/> (18)
Total identifiable assets at fair value	<hr/> 364
Goodwill arising on acquisition	<hr/> –
Purchase consideration	<hr/> 364

Management have evaluated the value of the acquired customer list in relation to the expected future revenues generated from the customer contracts in place at the time of acquisition and the expected discounted future cashflow that is expected to derive from these clients, there were no other intangible assets acquired.

For the post-completion period to 31st December 2017 revenues of US\$41k, an Adjusted EBITDA loss of US\$83k and a loss after tax of US\$94k have been generated by EDC.

The trade and other receivables are stated at gross valuation which equates to the contractual amounts with no provisions being made against them in line with the director's expectations.

The revenue and profit of the combined KeyDrive Group for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period are US\$58,173k and US\$408k respectively.

Partnergate GmbH

The KeyDrive Group acquired 51 per cent. of the issued share capital of Partnergate GmbH on 1 July 2011 for a consideration of €1.6m (US\$2.3m). On 1 July 2016 the KeyDrive Group exercised an option to purchase 23.9 per cent. of the issued share capital for a consideration of €2.2m (US\$2.4m). With the remaining 22.1 per cent. of the issued share capital purchased on 1 July 2017 for a consideration of €2.7m (US\$3.2m).

Non-controlling Interests

At 31 December 2017, the KeyDrive Group holds a non-controlling interest of 66.67 per cent. in Traffic.club Sarl and a 60 per cent. non-controlling interest of 60 in dot Saarland GmbH. The negative non-controlling interests in the companies are US\$55k and \$83k respectively.

22. RELATED PARTY DISCLOSURE

The related party balances for the KeyDrive Group as at 31 December 2015, 2016 and 2017 are set out below:

<i>Name of related party</i>	<i>Note</i>	<i>2015 US\$'000</i>	<i>2016 US\$'000</i>	<i>2017 US\$'000</i>
BIP Investment Partners SA	(b)	(2)	3	1
BIP Venture Partners SA, SICAR	(c)	–	(3)	
DevKey Domain management Solutions	(d)	–	-	2
DI SA	(e)	(0)	84	(1)
eBrand Services SA	(f)	–	-	(1)
EuroDNS SA	(g)	(10)	(16)	0
Inter.Services GmbH	(i)	10	555	573
Tamiva Ventures GmbH	(j)	191	306	73
Kiefer + Jochum GbR	(k)	13	1	(27)
Local Presence Services Ltd	(l)	1	2	1
Matthias Kaiser	(m)	-	5	(5)
Neozoon Sarl	(n)	62	65	(63)
Prize Flyer LLC	(o)	186	167	1,644
Privacy & Trustee Services GmbH	(p)	37	38	41
Rolf Roszkopf	(q)	–	2	4
Thomsen Trampedach GmbH	(s)	(359)	(342)	(152)
Worklabs GmbH	(u)	–	–	–
Wundermix GmbH	(v)	–	2	–

The related party transactions for the KeyDrive Group for each of the three years ended 31 December 2015, 2016 and 2017 are set out below:

<i>Name of related party</i>	<i>Note</i>	<i>2015 US\$'000</i>	<i>2016 US\$'000</i>	<i>2017 US\$'000</i>
ACT	(a)	(7)	(22)	(6)
BIP Investment Partners SA	(b)	2	(9)	(15)
BIP Venture Partners SA, SICAR	(c)	(569)	(247)	(240)
DI SA	(e)	2	(1)	(0)
eBrandServices SA	(f)	–	–	(2)
EuroDNS SA	(g)	217	197	190
Horst Siffrin	(h)	(22)	(21)	(22)
Inter.Services GmbH	(i)	(1,063)	(492)	(520)
Tamiva Ventures GmbH	(j)	(936)	(1,151)	(123)
Kiefer + Jochum GbR	(k)	(137)	(146)	(107)
Local Presence Services Ltd	(l)	(9)	(9)	(16)
Matthias Kaiser	(m)	–	(10)	(4)
Neozoon Sarl	(n)	(284)	(273)	(204)
Prize Flyer LLC	(o)	(408)	(167)	(1,644)
Privacy & Trustee Services GmbH	(p)	(391)	(424)	(465)
Rolf Roszkopf	(q)	–	(22)	(43)
Roman Schliessmeyer	(r)	1	1	1
Thomsen Trampedach GmbH	(s)	490	741	570
Ulrich Kiefer	(t)	(15)	(15)	(15)
Worklabs GmbH	(u)	(73)	(101)	(132)
Wundermix GmbH	(v)	–	–	(1)

Notes:

- (a) ACT Audit, Controlling, Tax GmbH is a company controlled by Ulrich Kiefer, a member of the supervisory board of the KeyDrive Group. ACT charged the KeyDrive Group audit fees in FY15 and FY16.
- (b) BIP Investment Partners SA is the controlling shareholder of BIP Venture Partners SA, a shareholder of the KeyDrive Group. BIP Investment Partners SA charged the KeyDrive Group directors' fees in FY16 and paid the Group extraordinary income in FY15.

- (c) BIP Venture Partners SA, SICAR are a shareholder of the Group. They were paid dividends and charged the KeyDrive Group directors' fees and interest.
- (d) DevKey Domainmanagement Solutions are a shareholder in Traffic.club. As at 31 December 2017 amounts were due from DevKey Domainmanagement Solutions in relation to IT licences.
- (e) DI SA have a common board member with the KeyDrive Group, Natalia Sutugina. The KeyDrive Group charged DI SA for server usage throughout the period.
- (f) eBrandServices SA are an entity controlled by EuroDNS; a company the KeyDrive Group have a common board member with, Natalia Sutugina. eBrandServices SA charge the KeyDrive Group for domain registration services.
- (g) EuroDNS SA have a common board member with the KeyDrive Group, Natalia Sutugina. EuroDNS SA pays the KeyDrive Group for RRPproxy services.
- (h) Horst Siffrin is the Chairman of the supervisory board of the KeyDrive Group and a shareholder of Inter.Services. Horst Siffrin charges the KeyDrive Group management fees.
- (i) Inter.Services GmbH are a shareholder of the KeyDrive Group. Inter.Services GmbH were paid dividends; the KeyDrive Group owes amounts in relation to loans and interest. They also charge the KeyDrive Group for office and data centre rental expense. As at 31 December 2017, there is a disputed invoice for re invoicing of Legal fees.
- (j) Tamiva Ventures GmbH are a shareholder in PartnerGate; a company within the KeyDrive Group. Tamiva Ventures GmbH charged the KeyDrive Group for licence/support, management, telecom and financial accounting fees. Tamiva Ventures GmbH were paid dividends.
- (k) Kiefer & Jochum GbR is a company controlled by Ulrich Kiefer, a member of the supervisory board of the KeyDrive Group. Kiefer & Jochum GbR charge the KeyDrive Group professional fees for accounting and tax services.
- (l) Local Presence Services Ltd. is a company under common control with Inter.Services; who are a shareholder of the KeyDrive Group. Tamiva Ventures GmbH charged the Group Local Presence Services for the UK.
- (m) Matthias Kaiser is a shareholder of DevKey Domainmanagement Solutions UG; who are a shareholder in Traffic.club. Matthias Kaiser charges revenue share on domain traffic.
- (n) Neozoon Sarl is a company controlled by Michael Riedl; the Executive Vice President of the Group. Neozoon charged IP royalty fees and revenue share on domain traffic; Neozoon procured domain name registration services from the KeyDrive Group.
- (o) Prize Flyer LLC are a shareholder of the KeyDrive Group; Prize Flyer was paid dividends; further provisions for interest in FY15 and FY16 were accrued. End of 2017, an additional provision for the settlement has been booked.
- (p) Privacy & Trustee Services GmbH are under common control with Inter.Services; who are a shareholder of the KeyDrive Group. Privacy & Trustee Services GmbH charged the KeyDrive Group for trustee and privacy services as well as consulting work.
- (q) Rolf Roszkopf is a shareholder of DevKey Domainmanagement Solutions UG, a shareholder in Traffic.club, who charged revenue shared on domain traffic.
- (r) Roman Schliessmeyer is the CEO of SkyWay and paid the KeyDrive Group for server usage throughout the period.
- (s) Thomsen Trampedach GmbH are an affiliated company who paid the KeyDrive Group for registry, server usage and the gross margin split in relation to the agreement in place with KS Registry whereby there is a gross margin split between the two entities for domain sales that relate to BrandShelter.
- (t) Ulrich Kiefer is a member of the supervisory board of the KeyDrive Group who charged the KeyDrive Group directors' fees.
- (u) Worklabs GmbH is a company controlled by InterNetWire Communications; a shareholder in PartnerGate. Worklabs GmbH charged the KeyDrive Group for rent and other office costs.
- (v) Wundermix GmbH is a company controlled by InterNetWire Communications; a shareholder in PartnerGate. Wundermix GmbH paid the KeyDrive Group for master lab licences.

23. PARENT AND ULTIMATE PARENT COMPANY

At the date of this report the parent company of the KeyDrive Group is KeyDrive S.A. The ultimate controlling party of the KeyDrive Group is considered to be Inter.Services gmbh, which is incorporated in Germany.

24. NATURE OF FINANCIAL INFORMATION

The financial information presented above does not constitute statutory financial statements for the reporting period under review.

(D) ACCOUNTANT'S REPORT ON SK.NIC, A.S.



Crowe U.K. LLP
Chartered Accountants
Member of Crowe Global
St Bride's House
10 Salisbury Square
London EC4Y 8EH, UK
Tel +44 (0)20 7842 7100
Fax +44 (0)20 7583 1720
DX: 0014 London Chancery Lane
www.crowe.co.uk

16 July 2018

The Directors
CentralNic Group Plc
35-39 Moorgate
London EC2R 6AR

The Directors
Zeus Capital Limited
82 King Street
Manchester M2 4WQ

Dear Sirs,

Introduction

We report on the audited historical financial information of SK.NIC A.S. set out in Section E of Part III (the "Historical Financial Information") of the Admission document dated 16 July 2018 (the "Document") of CentralNic Group Plc (the "Company"). This Historical Financial Information has been prepared for inclusion in the Document on the accounting policies and basis of preparation set out in note 3 to the Historical Financial Information. This report is required by paragraph 20.1 of Annex 1 of the Prospectus Directive Regulation as applied by paragraph (a) of Schedule Two to the AIM Rules for Companies (the "AIM Rules") and is given for the purposes of complying with the AIM Rules and for no other purpose.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the Historical Financial Information on the basis of preparation and accounting policies set out in note 2 and 3 to the Historical Financial Information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the Historical Financial Information as to whether the financial information gives a true and fair view, for the purposes of the Document and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

Crowe U.K. LLP is a limited liability partnership registered in England and Wales with registered number OC307043. The registered office is at St Bride's House, 10 Salisbury Square, London EC4Y 8EH. A list of the LLP's members is available at the registered office. Authorised and regulated by the Financial Conduct Authority. All insolvency practitioners in the firm are licensed in the UK by the Insolvency Practitioners Association. Crowe U.K. LLP is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe U.K. LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Document.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Document, a true and fair view of the state of affairs of SK.NIC A.S. as at the date stated and of the results, financial position, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 3.2 to the Historical Financial Information and International Financial Reporting Standards as adopted by the European Union.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with paragraph (a) of Schedule Two of the AIM Rules.

Yours faithfully,

Crowe U.K. LLP

Chartered Accountants

(E) HISTORICAL FINANCIAL INFORMATION ON SK.NIC

Statements of profit or loss and other comprehensive income

The statements of profit or loss and other comprehensive income of SK.NIC a.s. for each of the three years ended 31 December 2017 are set out below:

	Note	2015 £'000	2016 £'000	2017 £'000
Revenue	5,6	2,916	3,397	3,207
Cost of sales		(324)	(387)	(1,101)
Gross profit		<u>2,592</u>	<u>3,010</u>	<u>2,106</u>
Administrative expenses		(174)	(187)	(189)
Operating profit		2,418	2,823	1,917
Adjusted EBITDA*		2,429	2,839	1,942
Depreciation		(7)	(12)	(15)
Amortisation of intangible assets		(4)	(4)	(10)
Operating profit	7	<u>2,418</u>	<u>2,823</u>	<u>1,917</u>
Finance costs	9	(5)	(7)	(12)
Profit before taxation		2,413	2,816	1,905
Income tax expense	10	(562)	(653)	(397)
Profit for the year		1,851	2,163	1,508
Items that may be reclassified subsequently to profit and loss				
Exchange differences on translation of foreign operation		(97)	694	229
Total comprehensive income for the year		<u><u>1,754</u></u>	<u><u>2,857</u></u>	<u><u>1,737</u></u>
Earnings per share:				
Basic, (pence)	20	1.9	2.3	1.6

*Earnings before interest, tax, depreciation and amortisation.

Statements of financial position

The statements of financial position of SK.NIC a.s. as at 31 December 2015, 2016 and 2017 are set out below:

	Note	2015 £'000	2016 £'000	2017 £'000
<i>Non-current assets</i>				
Property, plant and equipment	11	34	28	46
Intangible assets	12	5	85	131
Amounts due from shareholders	13	4,984	8,390	8,302
Deferred tax assets	16	27	34	66
Total non-current assets		<u>5,050</u>	<u>8,537</u>	<u>8,545</u>
<i>Current assets</i>				
Trade and other receivables	13	308	241	188
Cash and bank balances		153	253	694
Total current assets		<u>461</u>	<u>494</u>	<u>882</u>
Total assets		<u><u>5,511</u></u>	<u><u>9,031</u></u>	<u><u>9,427</u></u>
<i>Non-current liabilities</i>				
Trade and other payables	15	–	1	–
Deferred tax liabilities	16	79	92	87
Total non-current liabilities		<u>79</u>	<u>93</u>	<u>87</u>
<i>Current liabilities</i>				
Trade and other payables	14	1,307	1,557	2,380
Current tax liabilities		416	815	929
Total current liabilities		<u>1,723</u>	<u>2,372</u>	<u>3,309</u>
<i>Equity</i>				
Issued share capital	17	1,076	1,076	1,076
Other capital fund		442	442	–
Legal reserve		215	215	215
Foreign exchange translation reserve		(97)	597	774
Retained earnings		2,073	4,236	3,966
Total equity		<u>3,709</u>	<u>6,566</u>	<u>6,031</u>
Total equity and liabilities		<u><u>5,511</u></u>	<u><u>9,031</u></u>	<u><u>9,427</u></u>

Statements of changes in equity

The statements of changes in equity of SK.NIC a.s. for each of the three years ended 31 December 2015, 2016 and 2017 are set out below:

	<i>Issued share capital £'000</i>	<i>Other capital fund £'000</i>	<i>Legal reserve £'000</i>	<i>Foreign exchange translation reserve £'000</i>	<i>Retained profits £'000</i>	<i>Total £'000</i>
Balance at 1 January 2015	1,076	442	215	–	441	2,174
Profit for the period	–	–	–	–	1,851	1,851
Other comprehensive income/(expense)						
– translation of foreign operations	–	–	–	(97)	–	(97)
Dividends	–	–	–	–	(219)	(219)
Balance at 31 December 2015	1,076	442	215	(97)	2,073	3,709
Profit for the period	–	–	–	–	2,163	2,163
Other comprehensive income/(expense)						
– translation of foreign operations	–	–	–	694	–	694
Balance at 31 December 2016	1,076	442	215	597	4,236	6,566
Profit for the period	–	–	–	–	1,508	1,508
Other comprehensive income/(expense)						
– translation of foreign operations	–	52	–	177	–	229
Dividends	–	(494)	–	–	(1,778)	(2,272)
Balance at 31 December 2017	1,076	–	215	774	3,966	6,031

- Issued share capital represents the nominal value of SK.NIC a.s.'s cumulative issued share capital.
- Other capital funds represent contributions provided by shareholders without increasing the issued share capital. Other capital funds may subsequently be;
 - o converted to new share capital or;
 - o distributed back to shareholders as approved by a general meeting of the shareholders.
- Legal reserve represents a fund created upon incorporation in the amount of at least 10 per cent. of its registered capital and supplemented each year with the amount of at least 10 per cent. of the net profit up to the total amount of 20 per cent. of the registered share capital.
- Foreign exchange translation reserve represents the cumulative exchange differences arising on translation.
- Retained earnings represent the cumulative value of the profits not distributed to shareholders, but retained to finance the future capital requirements of SK.NIC a.s.

Statements of cash flows

The statements of cash flows of SK.NIC a.s. for each of the three years ended 31 December 2017 are set out below:

	2015 £'000	2016 £'000	2017 £'000
Cash flows from operating activities			
Profit for the year	2,413	2,816	1,905
<i>Adjustment for:</i>			
Depreciation of property, plant and equipment	7	12	15
Amortisation of intangible assets	4	4	10
Finance income – net	5	7	20
Operating cash flows before movements in working capital	2,429	2,839	1,950
Decrease/(increase) in trade and other receivables	(1,774)	(2,380)	449
Increase/(decrease) in trade and other payables	(140)	30	734
Cash generated from operating activities	515	489	3,133
Income tax paid	(168)	(337)	(353)
Net cash generated from operating activities	347	152	2,780
Cash flows from investing activities			
Purchase of property, plant and equipment	(20)	(1)	(32)
(Purchase)/disposal of intangible assets	1	(79)	(53)
Net cash used in investing activities	(19)	(80)	(85)
Cash flows from financing activities			
Dividends paid	(219)	–	(2,272)
Net cash used in financing activities	(219)	–	(2,272)
Net increase in cash and cash equivalents	109	72	423
Cash and equivalent at beginning of period	45	153	253
Exchange differences on cash and cash equivalents	(1)	28	18
Cash and equivalent at end of period	153	253	694

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

SK.NIC a.s. is a Slovakian joint stock company which is engaged in the provision of global domain name services. The company is registered in Slovakia and its registered office and principal place of business is Borska 6, 841 04 Bratislava.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

Standards, amendments and interpretations to published standards not yet effective

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

SK.NIC a.s. has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the International Accounting Standards Board (IASB) but are not yet effective for the current financial period:

<i>IFRSs</i>	<i>Effective Date</i>
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019

The directors have completed their detailed review of IFRS 9 and IFRS 15 and concluded that the adoption of these standards would have no material impact on Financial Instruments and Revenue Recognition respectively from the next set of financial statements. Whilst directors carry out their detailed review on IFRS 16, which is effective from 1 January 2019, it is currently expected that no material impact will arise from the adoption of this standard.

IFRS 15 is a prescriptive standard which requires a business to identify the performance obligations which are contracted with its customer base. The transaction price of the contract is determined after which the transaction price is allocated against the identified performance obligations. Revenue is recognised against each of the performance obligations as they are satisfied and as control is transferred. SK.NIC a.s. has evaluated the revenue recognition policy in place against the requirement of the standard. Performance obligations within customer contracts have been identified where domain names are sold for a term, where the management, customer and technical support is available to the customer over the period of that term. The transaction price of the contract is evaluated in accordance with IFRS 15, and is attached to the performance obligations of the customer contract. Performance obligations are deemed to be satisfied by transferring control rateably over the period of contractual time, being the anniversary of the expiry date of the domain name.

Based on an analysis of SK.NIC a.s.'s financial position as at 31 December 2017 and on the basis of the facts and circumstances that exist at that date, the directors of SK.NIC a.s. have performed a preliminary assessment of the impact of the above amendments to SK.NIC a.s.'s financial information and concluded that the application of IFRS 15 is expected to have no material impact on SK.NIC's future financial information.

IFRS 9 relates to Financial Instruments which contains the requirement for a) the classification and measurement of financial assets and financial liabilities, b) Impairment methodology, and c) general hedge accounting. The credit risk attached to trade debtors is likely to be immaterial and therefore, the adoption of the IFRS 9 causes no material impact on the financial information.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 STATEMENT OF COMPLIANCE

The financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

3.2 **BASIS OF PREPARATION**

The financial information has been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, SK.NIC a.s. takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial information is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

3.3 **REVENUE RECOGNITION**

Revenues are 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.

Revenue from the sale of services is recognised when the amounts of revenue and cost can be measured reliably.

Revenue from the provision of wholesale and similar services under contracts for the sale of domain names by registrars and re-sellers reflect the period over which the underlying sales contract has been entered into by the registrar or re-seller, which can be for periods of between one and ten years. Revenues attributable to future periods are deferred to future periods and included in 'Deferred revenues'.

3.4 **FOREIGN CURRENCIES**

(a) *Functional and Presentation Currency*

The financial information is presented in Great British Pound ("£") which is the primary economic environment in which the ultimate beneficial owner operates.

The functional currency of SK.NIC. a.s. is Euro (€).

(b) *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

3.5 **EMPLOYEE BENEFITS**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of SK.NIC.

3.6 **INCOME TAXES**

Income tax 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 reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

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 information.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise 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 outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

3.7 PROPERTY, PLANT AND EQUIPMENT

(a) Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use.

(b) Depreciation

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line basis to write off the depreciable amount of the assets net of the estimated residual values 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.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer Equipment	25 per cent. straight line method
--------------------	-----------------------------------

(c) Cost

Subsequent 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 SK.NIC a.s. 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 dismantling and removing the asset and restoring the site on which it is located for which SK.NIC a.s. is obligated to incur when the asset is acquired, if applicable.

An item of property, plant 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.

3.8 INTANGIBLE FIXED ASSETS AND AMORTISATION

(a) Owned Assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use.

(b) *Amortisation*

Amortisation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line basis to write off the depreciable amount of the assets net of the estimated residual values 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.

Amortisation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Software Development	20-25 per cent. straight line method
----------------------	--------------------------------------

(c) *Cost*

Subsequent 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 SK.NIC a.s. and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised.

An intangible asset 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.

3.9 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At the end of each reporting period, SK.NIC a.s. reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, SK.NIC a.s. estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.10 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when SK.NIC a.s. has become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(a) *Financial Assets*

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

At 31 December 2017 SK.NIC a.s. only has loans and receivables financial assets with the following policy being applied;

(i) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Impairment of Financial Assets

All financial assets are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Derecognition of financial assets

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

(b) *Financial Liabilities*

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

At 31 December 2017 SK.NIC a.s. only has financial liabilities at amortised cost with the following policy being applied:

(i) Financial Liabilities at amortised cost

Other financial liabilities (including borrowings and trade and other payables) are subsequently 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 expense 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.

(ii) Derecognition of Financial Liabilities

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) *Equity Instruments*

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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of SK.NIC a.s.'s accounting policies, which are described in note 3, the directors are required to make judgments, 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 on-going 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.

There are no 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 information.

5. SEGMENT ANALYSIS

Following the acquisition of SK.NIC a.s. by CentralNic Group Plc on 5 December 2017. SK.NIC a.s. has adopted the reporting structure of its new parent company.

Centralnic Group Plc provides wholesale, retail and enterprise services. With operating segments prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. The segmental analysis is organised around the products and services of the business.

The wholesale division provides for the distribution of domain names to retailers, which is SK.NIC's sole business.

Management reviews the activities of SK.NIC a.s. in the segments disclosed below:

	2015					
	<i>Revenue</i>	<i>Adjusted EBITDA</i>	<i>Non-current assets</i>	<i>Current assets</i>	<i>Non-current liabilities</i>	<i>Current liabilities</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Wholesale Domain Sales	2,916	2,429	5,023	461	79	1,723
	<u>2,916</u>	<u>2,429</u>	<u>5,023</u>	<u>461</u>	<u>79</u>	<u>1,723</u>

	2016					
	<i>Revenue</i>	<i>Adjusted EBITDA</i>	<i>Non-current assets</i>	<i>Current assets</i>	<i>Non-current liabilities</i>	<i>Current liabilities</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Wholesale Domain Sales	3,397	2,839	8,503	494	93	2,372
	<u>3,397</u>	<u>2,839</u>	<u>8,503</u>	<u>494</u>	<u>93</u>	<u>2,372</u>

	2017					
	<i>Revenue</i>	<i>Adjusted EBITDA</i>	<i>Non-current assets</i>	<i>Current assets</i>	<i>Non-current liabilities</i>	<i>Current liabilities</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Wholesale Domain Sales	3,207	1,942	8,479	882	87	3,309
	<u>3,207</u>	<u>1,942</u>	<u>8,479</u>	<u>882</u>	<u>87</u>	<u>3,309</u>

	2015			
	<i>Non-current assets</i> £'000	<i>Current assets</i> £'000	<i>Non-current liabilities</i> £'000	<i>Current liabilities</i> £'000
Europe – Slovakia	5,023	461	79	1,723
Rest of the World	–	–	–	–
	<u>5,023</u>	<u>461</u>	<u>79</u>	<u>1,723</u>
	2016			
	<i>Non-current assets</i> £'000	<i>Current assets</i> £'000	<i>Non-current liabilities</i> £'000	<i>Current liabilities</i> £'000
Europe – Slovakia	8,503	494	93	2,372
Rest of the World	–	–	–	–
	<u>8,503</u>	<u>494</u>	<u>93</u>	<u>2,372</u>
	2017			
	<i>Non-current assets</i> £'000	<i>Current assets</i> £'000	<i>Non-current liabilities</i> £'000	<i>Current liabilities</i> £'000
Europe – Slovakia	8,479	882	87	3,309
Rest of the World	–	–	–	–
	<u>8,479</u>	<u>882</u>	<u>87</u>	<u>3,309</u>

6. TURNOVER

Turnover is generated from wholesale domain sales. An analysis of turnover is given below:

	2015 £'000	2016 £'000	2017 £'000
Europe – Slovakia	2,916	3,397	2,989
Europe – other	–	–	218
Rest of the World	–	–	–
	<u>2,916</u>	<u>3,397</u>	<u>3,207</u>

7. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £'000	2016 £'000	2017 £'000
Employee benefit expense – wages and salaries	110	129	142
Employee benefit expense – social security	43	50	56
Depreciation of tangible fixed assets owned by SK.NIC a.s.	7	12	15
Amortisation of intangible fixed assets owned by SK.NIC a.s.	4	4	10
Operating Leases – land and buildings	23	22	24
Fees payable to SK.NIC a.s.'s auditor for the audit of parent company and financial information	4	5	17
	<u>4</u>	<u>5</u>	<u>17</u>

8. EMPLOYEE INFORMATION

Remuneration for key management personnel is set out below in aggregate:

	2015 £'000	2016 £'000	2017 £'000
Short term benefits	<u>34</u>	<u>52</u>	<u>45</u>

9. FINANCE COSTS

	2015 £'000	2016 £'000	2017 £'000
On bank fees and other charges	<u>5</u>	<u>7</u>	<u>12</u>

10. TAXATION

	2015 £'000	2016 £'000	2017 £'000
Analysis of tax charge in the year			
Current tax			
Current tax charge on profit for the year	563	647	434
Deferred tax (see note 16)			
Current year – tax asset	1	(7)	(32)
Current year – tax liability	(2)	13	(5)
Tax on profit on ordinary activities	<u>562</u>	<u>653</u>	<u>397</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in Slovakia of 21 per cent. (2015-16: 22 per cent.). The differences are explained below:

	2015 £'000	2016 £'000	2017 £'000
Profit on ordinary activities before tax	2,413	2,816	1,905
Profit on ordinary activities multiplied by standard rate of corporation tax in Slovakia of 21 per cent. (2015-16: 22 per cent.)	531	620	399
Effects of:			
Expenses not deductible for tax purposes	31	33	–
Re-measurement of deferred tax – change in tax rate	–	–	(2)
Tax charge for the year	<u>562</u>	<u>653</u>	<u>397</u>

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £'000
Cost	
At 1 January 2015	126
Additions	20
Exchange differences	(7)
As at 31 December 2015	139
Additions	1
Exchange differences	23
At 31 December 2016	163
Additions	32
Exchange differences	6
Disposals	(104)
At 31 December 2017	<u>97</u>

	<i>Computer equipment £'000</i>
Accumulated depreciation	
At 1 January 2015	104
Charge for the year	7
Exchange differences	(6)
	<hr/>
At 31 December 2015	105
Charge for the year	12
Exchange differences	18
	<hr/>
At 31 December 2016	135
Charge for the year	15
Exchange differences	5
Disposals	(104)
	<hr/>
	51
	<hr/> <hr/>
Property, plant, and equipment, net	
At 31 December 2017	46
	<hr/> <hr/>
At 31 December 2016	28
	<hr/> <hr/>
At 31 December 2015	34
	<hr/> <hr/>

12. INTANGIBLE FIXED ASSETS

	<i>Software £'000</i>
Cost	
At 1 January 2015	111
Additions	1
Exchange differences	(6)
Disposals	(1)
	<hr/>
As at 31 December 2015	105
Additions	79
Exchange differences	20
	<hr/>
At 31 December 2016	204
Additions	53
Exchange differences	8
Disposals	(81)
	<hr/>
At 31 December 2017	184
	<hr/> <hr/>

	<i>Software</i> £'000
Accumulated depreciation	
At 1 January 2015	100
Charge for the year	4
Exchange differences	(3)
Disposals	(1)
	<hr/>
At 31 December 2015	100
Charge for the year	4
Exchange differences	15
	<hr/>
At 31 December 2016	119
Charge for the year	10
Exchange differences	5
Disposals	(81)
	<hr/>
	53
	<hr/> <hr/>
Intangible assets, net	
At 31 December 2017	131
	<hr/> <hr/>
At 31 December 2016	85
	<hr/> <hr/>
At 31 December 2015	5
	<hr/> <hr/>

13. TRADE AND OTHER RECEIVABLES

	<i>2015</i> £'000	<i>2016</i> £'000	<i>2017</i> £'000
Due after more than one year			
Amounts due from shareholders	4,984	8,390	8,302
	<hr/>	<hr/>	<hr/>
Due within one year			
Trade debtors	298	239	188
Other taxes and social security	8	2	–
Prepayments	2	–	–
	<hr/>	<hr/>	<hr/>
	308	241	188
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

No trade receivables were past due in 2015, 2016 or 2017.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>2015</i> £'000	<i>2016</i> £'000	<i>2017</i> £'000
Trade creditors	75	109	684
Other creditors	25	28	143
Other tax and social security	5	7	11
Deferred income	1,082	1,257	1,214
Accruals	120	156	328
	<hr/>	<hr/>	<hr/>
	1,307	1,557	2,380
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	2015 £'000	2016 £'000	2017 £'000
Other creditors	<u>–</u>	<u>1</u>	<u>–</u>

16. DEFERRED TAX**Deferred Tax Asset**

	2015 £'000	2016 £'000	2017 £'000
At beginning of year	28	27	34
Credit/(charge) for year (profit or loss account)	<u>(1)</u>	<u>7</u>	<u>32</u>
At end of year	<u>27</u>	<u>34</u>	<u>66</u>

The deferred tax asset is made up as follows:

	2015 £'000	2016 £'000	2017 £'000
Temporary timing differences	<u>27</u>	<u>34</u>	<u>66</u>

Deferred Tax Liability

	2015 £'000	2016 £'000	2017 £'000
At beginning of year	81	79	92
(Credit)/charge for year (profit or loss account)	<u>(2)</u>	<u>13</u>	<u>(5)</u>
At end of year	<u>79</u>	<u>92</u>	<u>87</u>

The provision for deferred taxation is made up as follows:

	2015 £'000	2016 £'000	2017 £'000
Temporary timing differences	<u>79</u>	<u>92</u>	<u>87</u>

17. SHARE CAPITAL**Allotted, called up and fully paid**

	2015 £'000	2016 £'000	2017 £'000
1,000 shares @ €34	27	27	27
4,040 shares @ €332	<u>1,049</u>	<u>1,049</u>	<u>1,049</u>
	<u>1,076</u>	<u>1,076</u>	<u>1,076</u>

SK.NIC a.s. has no authorised share capital.

18. DIVIDENDS

	2015 £'000	2016 £'000	2017 £'000
Dividends paid on equity capital	<u>219</u>	<u>-</u>	<u>1,778</u>

19. OPERATING LEASE COMMITMENTS

At 31 December 2017 all of the operating lease arrangements held by SK.NIC a.s. are cancellable, there are no commitments under non-cancellable leases.

20. EARNING PER SHARE

It is of limited significance to calculate earnings per share on the historical combined equity. Accordingly, a pro-forma earnings per share has been included based on the relevant number of shares in Centralnic Group Plc following the reorganisation but prior to the issues of shares to raise new funds.

	Years ended 31 December		
	2015	2016	2017
Profit after taxation (£000's)	1,851	2,163	1,508
Number of ordinary shares	95,894,348	95,894,348	95,894,348
Basic earnings per share (pence)	1.9	2.3	1.6

21. FINANCIAL INSTRUMENTS

SK.NIC a.s.'s activities are primarily exposed to credit and liquidity risk, due to the nature of its operations it is not exposed to significant market risk (including foreign currency risk, interest rate risk and equity price risk).

SK.NIC a.s.'s overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on SK.NIC's financial performance.

21.1 FINANCIAL RISK MANAGEMENT POLICIES

SK.NIC a.s.'s policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

SK.NIC a.s. operates solely in Europe with Euro being the functional currency, as a result there is minimal exposure to other currencies from a trading perspective. However as the SK.NIC a.s.'s presentational currency is Great British Pound, there is a risk of fluctuation when translating the Euro trading performance to Great British Pound. SK.NIC a.s. does not hold any interest bearing financial assets or liabilities and is therefore not subject to significant interest rate risk. SK.NIC a.s. does not have any quoted investments and hence is not exposed to equity price risk.

The sensitivity analyses in the table below details the impact of changes in foreign exchange rates on the Group's post-tax profit or loss for the year ended 31 December 2017.

If the Euro strengthened or weakened by 10 per cent., with all other variables in each case remaining constant, then the impact on SK.NIC a.s.'s post-tax profit or loss would be gains or losses as follows:

	Strengthen/ Weaken £'000
2017	
EUR	+/-151

(b) *Credit Risk*

SK.NIC a.s.'s exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. SK.NIC a.s. manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis, with the majority of clients having to prepay for services before the service is provided. For other financial assets (including cash and bank balances), SK.NIC a.s. minimises credit risk by dealing exclusively with high credit rating counterparties.

Credit risk concentration profile

SK.NIC a.s. does not have any major concentration of credit risk related to any individual customer or counterparty.

Exposure to credit risk

As SK.NIC a.s. does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting periods.

The following carrying amounts of financial assets at the end of the reporting periods represent the maximum credit exposure:

	2015 £'000	2016 £'000	2017 £'000
Trade receivables	301	239	188
Cash and bank balances	153	253	694
	<u>454</u>	<u>492</u>	<u>882</u>

(c) *Liquidity Risk*

Liquidity risk arises mainly from general funding and business activities. SK.NIC a.s. practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The carrying amounts of financial liabilities at the end of the reporting periods below represent the maximum exposure and to liquidity risk:

£'000	Carrying amount	Total	Within 1 year	1 – 5 years
Trade and other payables and accruals				
31 December 2015	221	221	220	1
31 December 2016	295	295	294	1
31 December 2017	1,156	1,156	1,156	–

21.2 **CAPITAL RISK MANAGEMENT**

SK.NIC a.s. manages its capital to ensure that it will be able to maintain an optimal capital structure so as to support its business and maximise shareholders' value. To achieve this objective, SK.NIC a.s. may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

SK.NIC a.s. also manages its capital based on regulatory requirements. There was no change in SK.NIC a.s.'s approach to capital management during the financial period under review.

21.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	As at 31 December		
	2015	2016	2017
	£'000	£'000	£'000
Financial Asset			
Loans and Receivables Financial Assets			
Trade receivables	301	239	188
Amounts due from shareholders	4,984	8,390	8,302
Cash and bank balances	153	253	694
	<u>5,438</u>	<u>8,882</u>	<u>9,184</u>
Financial Liability			
Financial Liabilities at amortised cost			
Trade payables	75	109	684
Other payables and accruals	146	186	472
	<u>221</u>	<u>295</u>	<u>1,156</u>

21.4 FAIR VALUES MEASUREMENTS

At 31 December 2015, 2016 and 2017, there were no financial instruments carried at fair values. The fair values of the financial assets and financial liabilities approximated their carrying amounts due to the relatively short-term maturity of the financial instruments (maturity within the next 12 months).

22. RELATED PARTY DISCLOSURE

There were no related party disclosures in the reporting period.

23. ULTIMATE PARENT COMPANY

At the date of this report the ultimate controlling party of SK.NIC a.s. is considered to be Centralnic Group Plc, which is incorporated in United Kingdom.

24. NATURE OF FINANCIAL INFORMATION

The financial information presented above does not constitute statutory financial statements for the reporting period under review.

(F) ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE COMPANY



Crowe U.K. LLP
Chartered Accountants
Member of Crowe Global
St Bride's House
10 Salisbury Square
London EC4Y 8EH, UK
Tel +44 (0)20 7842 7100
Fax +44 (0)20 7583 1720
DX: 0014 London Chancery Lane
www.crowe.co.uk

16 July 2018

The Directors
CentralNic Group Plc
35-39 Moorgate
London EC2R 6AR

The Directors
Zeus Capital Limited
82 King Street
Manchester M2 4WQ

Dear Sirs,

Introduction

We report on the unaudited pro forma statement of net assets of CentralNic Group Plc (the "Company") and its subsidiaries (the "Group"), combined with those of KeyDrive Group (together, the "Enlarged Group") (the "Pro Forma Financial Information") set out in Section G of Part III "Unaudited Pro Forma Statement of Net Assets" of the Company's AIM admission document dated 16 July 2018 (the "Admission Document"). The Pro Forma Financial Information has been prepared on the basis of the notes thereto, for illustrative purposes only, to provide information about how the acquisition, placing and re-admission of the Company and its securities to trading on AIM, might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing its financial information for the year ended 31 December 2017. This report is required by Schedule Two of the AIM Rules for Companies (the "AIM Rules") and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro Forma Financial Information. It is our responsibility to form an opinion on the Pro Forma Financial Information as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Crowe U.K. LLP is a limited liability partnership registered in England and Wales with registered number OC307043. The registered office is at St Bride's House, 10 Salisbury Square, London EC4Y 8EH. A list of the LLP's members is available at the registered office. Authorised and regulated by the Financial Conduct Authority. All insolvency practitioners in the firm are licensed in the UK by the Insolvency Practitioners Association. Crowe U.K. LLP is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe U.K. LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting 4000 as issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial information with the Directors.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully,

Crowe U.K. LLP

Chartered Accountants

(G) UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro-forma statement of net assets of the Enlarged Group (the "Pro-Forma Financial Information"), which has been prepared on the basis of CentralNic Group Plc and KeyDrive Group's financial information at 31 December 2017, as adjusted for the proceeds of the Placing and adjustments for cash and debt-like items being settled on Acquisition, as set out in the notes below. The unaudited pro forma statement has been prepared for illustrative purposes only and because of its nature will not represent the actual consolidated financial position of the CentralNic Group Plc at the date of Admission.

Unaudited pro-forma statement of net assets

(£'000s)	<i>CentralNic Group Plc (Audited) (Note 1)</i>	<i>Keydrive Group (Audited) (Note 2)</i>	<i>Cash-free, debt-free adjustments (Note 3)</i>	<i>Adjustments (Note 4)</i>	<i>Enlarged Group pro forma net assets (Unaudited)</i>
Non-current assets					
Property, plant & equipment	208	543	–	–	751
Intangible assets	53,460	30,881	–	–	84,341
Deferred receivables	1,050	–	–	–	1,050
Investments	997	101	–	–	1,098
Deferred tax assets	1,502	586	–	–	2,088
Other receivables	–	3	–	–	3
Total non-current assets	57,217	32,114	–	–	89,331
Current assets					
Trade and other receivables	14,054	22,345	–	–	36,399
Inventory	327	–	–	–	327
Cash and cash equivalents	10,862	4,123	(4,123)	1,872	12,734
Total current assets	25,243	26,468	(4,123)	1,872	49,460
Total assets	82,460	58,582	(4,123)	1,872	138,791
Non-current liabilities					
Other payables	(5,634)	(1,084)	1,068	–	(5,650)
Deferred tax liabilities	(5,519)	–	–	–	(5,519)
Borrowings	(15,541)	–	–	–	(15,541)
Total non-current liabilities	(26,694)	(1,084)	1,068	–	(26,710)
Current liabilities					
Trade and other payable and accruals	(27,047)	(34,905)	5,437	–	(56,515)
Taxation payable	(413)	(796)	–	–	(1,209)
Borrowings	(1,854)	(2,664)	2,664	–	(1,854)
Total current liabilities	(29,314)	(38,365)	8,101	–	(59,578)
Total liabilities	(56,008)	(39,449)	9,169	–	(86,288)
Net assets/(liabilities)	26,452	19,133	5,046	1,872	52,503

Notes:

1. The financial information relating to CentralNic Group Plc has been extracted, without further adjustment, from the final results which can be found at the Company's website (www.centralnic.com) and also from the offices of CentralNic Group Plc, 35-39 Moorgate, London, EC2R 6AR. No account has been taken of the results of CentralNic Group Plc subsequent to 31 December 2017.
2. The financial information relating to KeyDrive Group has been extracted from KeyDrive Group's financial information for the year ended 31 December 2017, as set out in Section C of Part III of the Document. No account has been taken of the results of the KeyDrive Group subsequent to 31 December 2017. This financial information has been converted from USD\$ to GBP£ using the exchange rate 1:0.7401.
3. The financial information relating to the KeyDrive Group includes a number of cash and debt-like items which are being settled on Acquisition.
4. The proceeds of the Placing are expected to be £24 million gross, £21 million net after deduction of transaction costs of approximately £3 million (exclusive of VAT where applicable). The total transaction costs are approximately £3.5 million, however, £0.5 million has been settled to date. The reconciliation of the adjustment to cash and cash equivalents is as follows:

	<i>GBP</i> <i>£'000</i>
Placing proceeds received	24,000
Transaction costs paid	(3,041)
Acquisition price paid	(12,426)
Settlement of debt-like items	(6,660)
	<hr/>
Net adjustment to cash and cash equivalents	1,872
	<hr/> <hr/>

PART IV

ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors accept responsibility individually and collectively for the information contained in this Document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company, each of whom has taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1. The Company was incorporated on 19 June 2013 in England and Wales with company number 08576358 as a private company limited by shares. The Company was re-registered as a public limited company on 12 August 2013. The Company changed its name to CentralNic Group Plc on 12 August 2013 pursuant to a special resolution of the Company. On 2 September 2013, the Company's entire issued share capital was admitted to trading on AIM.
- 2.2. The registered office and principal place of business of the Company is 35-39 Moorgate, London EC2R 6AR and its telephone number is +44 (0)203 388 0600. The Company is domiciled in the United Kingdom.
- 2.3. The Company's accounting reference date is 31 December.
- 2.4. The Company's auditors are Crowe U.K. LLP (formerly Crowe Clark Whitehill LLP) (registered in England and Wales under number OC307043) of St Bride's House, 10 Salisbury Square, London EC4Y 8EH. The auditors are chartered accountants registered with the Institute of Chartered Accountants in England and Wales.
- 2.5. The liability of the members of the Company is limited to the amount paid up or to be partly paid up on their shares. The principal legislation under which the Company was formed and operates (and under which the Ordinary Shares have been created) is the Act.
- 2.6. The Company's website address is: www.CentralNic.com.
- 2.7. The ISIN (International Security Identification Number) is GB00BCCW4X83.
- 2.8. The Company is a holding company and its principal activity is that of a holding company. Following the Acquisition, it shall be the ultimate parent company of the Enlarged Group comprising the Company and the subsidiaries set out in paragraphs 2.9 and 2.10 below.
- 2.9. As at the date of this Document, the Company has the following significant subsidiary undertakings, all of which are directly or indirectly wholly owned:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of issued share capital or interest held</i>	<i>Principal activity</i>
Holdco	Germany	100 per cent. by the Company	Holding company
CentralNic Limited	England and Wales	100 per cent. by the Company	Domain registry services provider
TLD Registrar Solutions Limited	England and Wales	100 per cent. by the Company	Domain registry services provider
Instra Holdings (Aus) Pty Ltd	Australia	100 per cent. by the Company	Holding company

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of issued share capital or interest held</i>	<i>Principal activity</i>
Instra Holdings (NZ) Ltd	New Zealand	100 per cent. by the Company	Holding company
SK.NIC, A.S. ⁸	Slovakia	100 per cent. owned by SK.NIC Slovakia A.S.	Domain registry operator
SK.NIC Slovakia, A.S.	Slovakia	100 per cent. owned by the Company	Domain registry services provider
Internet Domain Service BS Corp	Commonwealth of the Bahamas	100 per cent. by TLD Registrar Solutions Limited	Holding company
Domain Directors PTY Ltd	Australia	100 per cent. by Instra Holdings (Aus) Pty Ltd	Domain registrar services provider
Instra Corporation Limited	New Zealand	100 per cent. by Instra Holdings (NZ) Ltd	Domain registrar services provider
Only Domains Limited	New Zealand	100 per cent. by Instra Holdings (NZ) Ltd	Domain registrar services provider

2.10. On completion of the Acquisition and on Admission, the Company shall also have the following significant subsidiary undertakings, all of which shall be directly or indirectly wholly owned:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of issued share capital or interest held</i>	<i>Principal activity</i>
KeyDrive S.A.	Luxembourg	100 per cent. by HoldCo	Holding company
Key-Systems GmbH	Germany	100 per cent. by KeyDrive	Domain registrar services provider
KSRegistry GmbH	Germany	100 per cent. by Key-Systems GmbH	Domain registry services provider
SkyWay DataCenter GmbH	Germany	100 per cent. by Key-Systems GmbH	Trading company
PartnerGate GmbH	Germany	100 per cent. by Key-Systems GmbH	Domain registrar services provider
RegistryGate GmbH	Germany	100 per cent. by PartnerGate GmbH	Domain registrar services provider
PTS GmbH	Germany	100 per cent. by Key-Systems GMBH	Domiciliation services
OpenRegistry S.A.	Luxembourg	100 per cent. by KeyDrive	Domain registry services provider
Toweb Sarl	Luxembourg	100 per cent. by KeyDrive	Domain registrar services provider
Moniker.com, Inc.	USA	100 per cent. by KeyDrive	Domain registrar services provider
Moniker Online Services, LLC	USA	100 per cent. by Moniker.com, Inc.	Domain registrar services

⁸ To be merged with SK.NIC Slovakia, A.S. following Admission for tax purposes, with SK.NIC, A.S as the successor company.

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of issued share capital or interest held</i>	<i>Principal activity</i>
Moniker Privacy Services, LLC	USA	100 per cent. by Moniker.com, Inc.	Domiciliation services
Key-Systems USA, Inc.	USA	100 per cent. by Key-Systems GmbH	Online Brand protection services
Key-Systems, LLC	USA	100 per cent. by Key-Systems USA, Inc.	Domain registrar services
Local Presence Services Ltd	England and Wales	100 per cent. by PTS GmbH	Domiciliation services
Traffic.club Sarl	Luxembourg	66.7 per cent. held by KeyDrive	Trading company
Toweb Brasil LTDA	Brazil	99 per cent. held by Key-Systems GmbH	Domain registrar services
ThomsenTrampedach GmbH	Switzerland	26.5 per cent. held by Key-Systems GmbH	Online Brand protection services
DotSaarland GmbH	Germany	100 per cent. held by Key-Systems GmbH	Domain registry services provider

3. Share capital of the Company

- 3.1. On the date of incorporation, the issued share capital of the Company was £1.00, divided into one ordinary share of £1.00, which share was in issue fully paid to the subscriber to the Company's memorandum of association.
- 3.2. The following changes in the share capital of the Company have taken place between incorporation and the date of this Document:
- (a) on 9 August 2013, the Company issued 49,999 new ordinary shares of £1.00 each in the capital of the Company in exchange for the entire issued share capital of CentralNic Limited which the Company acquired on 9 August 2013;
 - (b) on 9 August 2013, the Company sub-divided its 50,000 ordinary shares of £1.00 each into 50,000,000 ordinary shares of £0.001 each pursuant to an ordinary resolution of the Company;
 - (c) on 2 September 2013, the Company issued 9,090,909 new ordinary shares of £0.001 each in the capital of the Company;
 - (d) on 19 June 2014, the Company issued 2,090,738 new ordinary shares of £0.001 each in the capital of the Company pursuant to the agreement for the acquisition of the business and assets of Internet.BS Corp between the Company and Internet.BS Corp dated 17 June 2014;
 - (e) on 18 May 2015, the Company issued 75,834 new ordinary shares of £0.001 each in the capital of the Company in respect of the exercise of share options granted by the Company;
 - (f) on 18 June 2015, the Company issued 5,750,000 new ordinary shares of £0.001 each in the capital of the Company in connection with the placing of such shares;
 - (g) on 29 December 2015, the Company issued 25,000,000 new ordinary shares of £0.001 each in the capital of the Company in connection with the placing of such shares;
 - (h) on 14 January 2016, the Company issued 3,656,450 new ordinary shares of £0.001 each in the capital of the Company in connection with its acquisition of the entire issued share capital of the companies forming the Instra Group;
 - (i) on 21 July 2016, the Company issued 210,000 new ordinary shares of £0.001 each in the capital of the Company to senior management in respect of the exercise of share options granted by the Company; and

- (j) on 8 February 2018, the Company issued 20,417 new ordinary shares of £0.001 each in the Capital of the Company in respect of the exercise of share options granted by the Company;
- (k) on 9 February 2018, the Company issued 598,000 new ordinary shares of £0.001 each in the capital of the Company in respect of the exercise of share options granted by the Company;
- (l) on 8 February 2016, the Company issued 20,417 new ordinary shares of £0.001 each in the capital of the Company in respect of the exercise of share options granted by the Company.

3.3. At the General Meeting, the following resolutions are proposed:

- (a) an ordinary resolution that, subject to the passing of the Transaction Resolutions, the Acquisition be approved for the purposes of, *inter alia*, Rule 14 of the AIM Rules;
- (b) an ordinary resolution that the Directors be generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers to allot Ordinary Shares up to an aggregate nominal amount of £42,160.46 (in connection with the Placing and the Acquisition);
- (c) an ordinary resolution that the Directors be generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers to allot Ordinary Shares up to an aggregate nominal amount of £12,943.79 (an estimate of the number of shares required in connection with the maximum number of Additional Consideration Shares which may be issued pursuant to the Acquisition Agreement). This resolution expires on 31 July 2023, which the Directors anticipate will be sufficient time to cover the time period in which Additional Consideration Shares may be required to be issued;
- (d) a special resolution that, subject to the passing of the above resolution, the Directors shall have the power to allot Ordinary Shares on a non-pre-emptive basis as if section 561 of the Act did not apply to the allotment and this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £36,553.85 (in connection with the Placing);
- (e) an ordinary resolution that:
 - (i) the rules of the LTIP (the principal features of which are set out in Appendix I of the notice of General Meeting set out in Part V of this Document) be approved;
 - (ii) the Directors be authorised to adopt further schemes for the benefit of employees outside the UK based on the LTIP but modified for local laws provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the LTIP;
- (f) an ordinary resolution that:
 - (i) the rules of the SOP (the principle features of which are set out in Appendix II of the notice of General Meeting set out in Part V of this Document) be approved; and
 - (ii) the Directors be authorised to adopt further schemes for the benefit of employees outside the UK based on the SOP but modified for local laws provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the SOP;
- (g) an ordinary resolution that the Directors be generally and unconditionally authorised to allot Ordinary Shares up to an aggregate nominal amount of £56,884.27 (such amount being approximately equal to thirty three per cent. of the issued share capital of the Company immediately following Admission); and
- (h) a special resolution that, subject to the passing of the above resolution, the Directors shall have the power to allot Ordinary Shares for cash on a non pre-emptive basis as if section 561 of the Act did not apply to the allotment and this power shall be limited up to an aggregate nominal amount of £17,065.28 (such amount being approximately 10 per cent. of the issued share capital of the Company immediately following Admission) and the proposed resolution also disapplies the statutory pre-emption provisions in connection with a rights issue or other pre-emptive offer.

3.4. The following table shows the issued share capital of the Company as at the date of this Document and as it is expected to be immediately following Admission:

<i>Number of Ordinary Shares at the date of this Document</i>	<i>Aggregate nominal value of Ordinary Shares at the date of this Document</i>	<i>Number of Ordinary Shares comprising the Enlarged Share Capital</i>	<i>Aggregate nominal value of the Enlarged Share Capital</i>
96,492,348	£96,492.34	170,652,802	£170,652.80

3.5. The New Ordinary Shares will on issue rank *pari passu* for all dividends and other distributions (if any) declared or made or paid in respect of Ordinary Shares after the date of issue and will otherwise rank *pari passu* in all respects with the Existing Ordinary Shares and no Shareholders enjoy different or enhanced voting rights.

3.6. The holders of Existing Ordinary Shares will be diluted by the issue of the New Ordinary Shares. The effective dilution rate, assuming none of the holders of the Existing Ordinary Shares participates in the Placing, is 44 per cent. excluding the exercise of the options referred to in paragraph 5 of this Part IV.

3.7. The legislation under which the New Ordinary Shares will be created is the Act and regulations made under the Act. The New Ordinary Shares will be denominated in sterling. It is expected that they will be allotted on 1 August 2018, conditional only on Admission taking place, and issued on Admission, which is expected to be on 2 August 2018.

3.8. The New Ordinary Shares will be in registered form. They will be capable of being held in certificated form or in uncertificated form and traded in CREST. The records in respect of New Ordinary Shares held in uncertificated form will be maintained by Link Asset Services Limited.

3.9. There is no class of shares in issue other than Ordinary Shares and no Ordinary Shares have been issued other than as fully paid.

3.10. Save for the 1,772,727 warrants entitling Zeus Capital to subscribe for an aggregate of 1,772,727 Ordinary Shares, the Company has issued no warrants.

3.11. The Ordinary Shares are freely transferable provided that they are fully paid.

3.12. Save as set out in this Part IV, as at the date of this Document:

- (a) no share or loan capital in the Company or of any member of the Enlarged Group is under option or is the subject of any agreement, conditional or unconditional, to be put under option;
- (b) no share or loan capital in the Company has been issued or proposed to be issued;
- (c) there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
- (d) no person has any preferential subscription rights for any share capital of the Company;
- (e) none of the Ordinary Shares have been sold or made available to the public in conjunction with the application for Admission;
- (f) the Company does not hold any of its own Ordinary Shares as treasury shares and none of the Company's subsidiaries hold any Ordinary Shares; and
- (g) there is no undertaking to increase capital.

3.13. The Company has unrestricted corporate capacity and can borrow, guarantee and give security.

3.14. The Existing Ordinary Shares are currently admitted to trading on AIM and application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. The

Ordinary Shares have not been admitted to dealing on any other recognised investment exchange or other trading facility nor has any application for such admission been made and it is not intended to make such arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with the Admission.

4. Articles of Association

The articles of association of the Company ("**Articles**") were adopted on 9 August 2013 pursuant to a special resolution of the Company.

The Articles include provisions to the following effect:

4.1. Objects

The Articles contain no specific restrictions on the Company's objects and therefore, pursuant to section 31 of the Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law.

4.2. Voting rights

- (a) At general meetings of the Company, on a show of hands, every member present in person has one vote, each authorised person appointed by a corporate member has one vote and every proxy present has one vote, unless he has been appointed by more than one member and has been instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, in which case he has one vote for and one vote against the resolution.
- (b) In the case of a poll at a general meeting of the Company every member has one vote for every share held by him and his voting rights may be exercised by one or more proxies.
- (c) These voting rights are subject to any special rights or restrictions as to entitlement to vote on a particular resolution or at particular meetings imposed by or pursuant to the Articles or attached to any shares. These include, for example, that a person becoming entitled to a share by reason of a transmission event (such as death or bankruptcy) shall not be entitled to vote with respect to those shares before being registered as holder of such shares.

4.3. Allotment of shares

Subject to the Act and any resolution of the members, the board may offer, allot (with or without conferring a right of renunciation), grant options over or otherwise deal with or dispose of any new shares to such persons, at such times and generally on such terms as the board may decide.

4.4. Share rights

The share capital of the Company consists of a single class of ordinary shares of £0.001 each. The Ordinary Shares carry full voting rights and rights to dividend and to participate in any return of capital by the Company. They do not confer any rights of redemption.

4.5. Variation of class rights

- (a) Whenever the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class may be varied or abrogated in such manner (if any) as may be provided by those rights or (in the absence of any such provision) either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the authority of a special resolution passed at a separate general meeting of the holders of the shares of that class.
- (b) The provisions of the Articles relating to general meetings of the Company apply to every separate general meeting of the holders of any class of shares except that:
 - (i) the necessary quorum (other than at an adjourned meeting) is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class;
 - (ii) if any such separate general meeting is adjourned, the quorum at the adjourned meeting shall be those holders who are present in person or by proxy;

- (iii) every holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him; and
- (iv) any holder of shares of the class in question who is present in person or by proxy and entitled to vote may demand a poll.

4.6. **Power to attach rights and issue redeemable shares**

Subject to the Act and to any rights attached to any existing share or class of shares, shares may be issued with, or have attached to them, such rights as the Company may by ordinary resolution determine, including shares which are redeemable at the option of the Company or the holder.

4.7. **Alteration of capital and pre-emption rights**

The Articles do not impose any conditions governing changes in the capital of the Company which are more stringent than is required by law, or prescribe any rights of pre-emption in relation to offers for subscription of shares in addition to or in substitution for those in the Act.

4.8. **Share certificates**

Every member who opts to hold shares in certificated form shall be entitled, without payment, to receive once certificate for each class of shares held by him. If a member transfers part of the shares represented by a certificate, or elects to hold part in uncertificated form, he shall be entitled, without payment, to receive a new certificate in respect of the balance.

4.9. **Uncertificated shares**

The board may permit shares of any class to be held in uncertificated form, pursuant to and subject to the CREST Regulations.

4.10. **Calls and liens**

- (a) The Company shall have a first and paramount lien on every share which is not fully paid, for all amounts paid (whether or not due) in respect of that share. The Company may sell any share subject to a lien in such manner as the board may decide if an amount in respect of which the lien exists is due and not paid within 14 days of demand.
- (b) The board may make calls on members in respect of any amount unpaid on their shares.

4.11. **Transfers of shares**

- (a) Shares may be held in uncertificated form and uncertificated shares may be transferred in accordance with the rules, procedures and practices of the relevant system and the CREST Regulations. The directors may refuse to register a transfer of any such share where permitted by the CREST Regulations.
- (b) Transfers of shares in certificated form may be effected by an instrument of transfer in any usual form or in any other form approved by the directors. The instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.
- (c) The directors may refuse to register the transfer of a share held in certificated form unless the instrument of transfer is:
 - (i) in respect of a share which is fully paid up;
 - (ii) in respect of a share over which the Company has no lien;
 - (iii) in respect of only one class of shares;
 - (iv) in favour of a single transferee or not more than four joint transferees;
 - (v) duly stamped (if required); and

- (vi) accompanied by the certificate(s) for the shares to which it relates and such other evidence as the directors may reasonably require to prove the title of the transferor to make the transfer.
- (d) A transferor shall remain the holder of the share concerned (whether a certificated share or an uncertificated share) until the name of the transferee is entered in the register of members as the holder of that share.

4.12. **Disclosure of interests in shares**

- (a) If a member or any person appearing to be interested in shares in the Company has been duly served with a notice under section 793 of the Act and is in default in supplying to the Company the information required in respect of the shares to which the notice relates (“default shares”) within 14 days after the service of such notice, (the “direction notice”) the restrictions set out below shall apply.
- (b) The default shares shall not confer on the member concerned any entitlement to attend or vote, either personally or by proxy, at a general meeting or class meeting of the Company.
- (c) Where default shares represent at least 0.25 per cent. of the class of shares concerned, the holder of the default shares shall not be entitled in respect of the default shares:
 - (i) to receive any dividend or other distribution; and/or
 - (ii) to transfer or agree to transfer the default shares unless the transfer is an exempt transfer.

For this purpose, an “exempt transfer” is a transfer by the acceptance of a takeover offer or a transfer on sale of the whole beneficial interest to a *bona fide* unconnected third party (including through a sale through a recognised investment exchange as defined in the FSMA).

- (d) The terms of a direction notice shall cease to have effect seven days following due compliance, to the satisfaction of the directors, with the notice under section 793 of the Act or, if waived in whole or part by the directors, or if the transfer of any default shares is by way of an approved transfer, but only in respect of the default shares which are transferred.

4.13. **Dividends**

- (a) The Ordinary Shares confer no fixed dividend entitlement. The Company may, by ordinary resolution, declare dividends but no such dividend shall exceed the amount recommended by the directors. The directors may from time to time pay such interim dividends as appear justified by the financial position of the Company.
- (b) The directors may deduct from any dividend or other moneys payable to any person or in respect of a share all such sums as may be due from him to the Company in relation to the shares of the Company.
- (c) All unclaimed dividends may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. Any dividend which has remained unclaimed for a period of twelve years after having been declared or become due for payment shall be forfeited and shall revert to the Company.

4.14. **General meetings**

- (a) Annual general meetings of the Company shall be convened in accordance with the Act. The directors may convene other general meetings whenever they think fit, and are required to do so if requisitioned by members in accordance with the Act. If at any time there are not within the United Kingdom sufficient directors to call a general meeting, any director or any two members may convene a general meeting.
- (b) An annual general meeting shall be called by at least 21 clear days’ notice. All other general meetings shall be called by at least 14 days’ notice. Subject to the Act, a general meeting may be called on shorter notice, if it is so agreed:
 - (i) in the case of an annual general meeting, by all members entitled to attend and vote at that meeting; and

- (ii) in the case of any other meeting, by a majority of the members having a right to attend and vote at the meeting, being a majority holding together not less than 95 per cent. in nominal value of the shares conferring such right.
- (c) Notice of a general meeting may be given in hard copy form, in electronic form or by means of a website.
- (d) Except as otherwise provided in the Articles, two persons entitled to vote upon the business to be transacted (each being a member or a proxy of a member or a duly authorised representative of a corporation) shall be a quorum at any general meeting of the Company.
- (e) At a general meeting, a resolution put to the vote shall be decided on a show of hands unless a poll is duly demanded before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll.
- (f) The Company shall determine the time, being no more than 48 hours before the time fixed for the meeting, by which a person must be entered on the register of members in order to be entitled to attend or vote at a general meeting.

4.15. **Proxies**

- (a) The appointment of a proxy shall be made in writing and shall be in any usual common form, or such other form as may be approved by the board.
- (b) A proxy need not be a member, and a member may appoint more than one proxy to attend on the same occasion, provided that each such proxy is appointed to exercise the rights attached to a different share or shares held by that member.

4.16. **Suspension of rights**

Unless the board otherwise decides, a member shall not be entitled to attend or vote, either in person or by proxy, at any general meeting of the Company or to exercise any other right as a member in respect of any share held by him unless and until all calls and other sums presently payable by him in respect of that share have been paid.

4.17. **Directors and their remuneration**

- (a) Unless otherwise determined by the Company by ordinary resolution, the number of directors shall not be fewer than two and shall not be subject to any maximum.
- (b) A director is not required to hold any shares in the Company. A director who is not a member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at all general meetings and class meetings of the Company.
- (c) Remuneration paid to the directors (other than executive directors) for their services as officers of the Company shall be such aggregate amount as the directors shall decide, provided that such fees do not exceed the sum of £300,000 per annum or such higher sum as the Company may by ordinary resolution determine. Any such remuneration shall be distinct from any salary, remuneration or other amounts which may be paid to a director pursuant to any other provision of the Articles.
- (d) Any director who performs services which, in the opinion of the directors, go beyond the ordinary duties of a director and not in his capacity as a holder of employment or executive officer may be paid such reasonable special remuneration as the directors or the remuneration committee may determine.
- (e) The Company may also pay or repay to any director all travelling, hotel and other expenses reasonably and properly incurred in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or separate meetings of the holders of any class of shares or debentures in the Company.

- (f) The directors may establish and/or contribute to any pension, retirement or superannuation scheme or fund and may pay or agree to pay pension, retirement, superannuation benefits, annuities and other emoluments to (or to any person in respect of) any person who is or was at the time a director or officer or employee of the Company or any associated company, for his benefit or for the benefit of any member of his family. The directors may also establish and/or contribute to any death and/or disability scheme for the benefit of any person who is or was at the time a director or officer or employee of the Company or any associated company or for the benefit of any member of his family.

4.18. Retirement and removal of directors

- (a) The Company may by ordinary resolution appoint any person who is willing to act as a director, either to fill a vacancy or as an additional director, but so that the total number of directors does not exceed any maximum fixed by or in accordance with the Articles.
- (b) The board may appoint any person who is willing to act as a director, either to fill a vacancy or as an additional director, but so that the total number of directors does not exceed any maximum fixed by or in accordance with the Articles.
- (c) Any director appointed by the board shall retire at the next annual general meeting after his appointment and shall be eligible for re-election but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.
- (d) A non-executive director who has held office for nine years or more since his first appointment by general meeting shall retire at each annual general meeting of the Company and shall be eligible for re-election but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.
- (e) The arrangements for retirement of directors by rotation are as follows:
 - (i) at any annual general meeting, any director who has not been appointed or re-appointed at either of the two previous annual general meetings of the Company shall retire;
 - (ii) if the number of directors required to retire in accordance with the above paragraph is less than one third of the total number of directors (rounded down to the nearest whole number), one or more additional directors shall be required to retire (being the longest to have held office since their appointment or last re-appointment) such that once third of the directors (rounded down to the nearest whole number) retire at each annual general meeting.
- (f) A director who retires at an annual general meeting may (if willing to act) be re-appointed.
- (g) The Company may, by ordinary resolution of which special notice has been given in accordance with the Act, remove any director from office before his period of office has expired (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company).
- (h) A director shall cease to be a director on the happening of any of the following events:
 - (i) he is disqualified from acting as a director or becomes prohibited by law from acting as a director, or shall cease to be a director by virtue of any provision of the Act or the Articles;
 - (ii) he gives notice of his wish to resign;
 - (iii) he becomes bankrupt or he makes any arrangement or composition with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that act;
 - (iv) by reason of his mental health, an order is made by a court which wholly or partly prevents him from personally exercising any power or right which he would otherwise have;
 - (v) a registered medical professional gives a written opinion to the Company stating that he is physically or mentally incapable of acting as a director and will remain so for more than three months;

- (vi) he or his alternate (if any) are absent from meetings of the directors for the greater of six consecutive months without the consent of the directors and the directors resolve that his office should be vacated;
- (vii) he is requested to resign as a director by notice in writing signed by all of his co-directors (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company);
- (viii) he is convicted of an indictable offence or his conduct is subject to an investigation by an inspector appointed by the Secretary of State or by the Serious Fraud Office and the other directors resolve that it is undesirable in the interests of the Company for him to remain a director; or
- (ix) notice is given to terminate his employment or engagement with the Company where he is in breach of contract.

4.19. Proceedings of directors

- (a) The quorum necessary for the transaction of the business of the directors may be fixed from time to time by the directors and unless so fixed at any other number shall be two.
- (b) Questions arising at any meeting of the directors shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.
- (c) A resolution in writing signed by such number of the directors as are for the time being entitled to vote on that resolution shall be as effective as a resolution duly passed at a meeting of the directors.

4.20. Alternate directors

- (a) Any director (other than an alternate director) has the power to appoint as his alternate, to exercise his powers and carry out his responsibilities during his absence (whether for a limited or an unlimited term), either another director or any other person approved for that purpose by a resolution of the directors. The appointment of an alternate director automatically determines: if his appointor terminates the appointment; or on the happening of any event which, if he were a director, would cause him to vacate the office of director; or if his appointor ceases for any reason to be a director otherwise than by retiring and being re-appointed at the same general meeting.
- (b) An alternate director is entitled to receive notice of meetings of the directors and committees of which his appointor is a member and to attend and, in place of his appointor, to vote and be counted for the purpose of a quorum at any such meeting at which his appointor is not personally present and generally to perform all functions as a director of his appointor in his absence.

4.21. General powers of the board

Subject to the Act and the Articles and any directions given by special resolution of the Company, the business of the Company shall be managed by the board, which may exercise all of the powers of the Company.

4.22. Borrowing powers

The directors may exercise all the powers of the Company to borrow or raise money and mortgage or charge all or any part of its undertaking, property and assets (present and future), and uncalled capital, and subject to the Act, to create and issue debentures, other loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

4.23. Interests and conflicts of directors

- (a) The directors are empowered pursuant to section 175 of the Act to authorise any matter which would or might otherwise constitute a breach of the duty of a director to avoid a situation in which he has an interest that conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation shall be subject to such conditions or limitations as the

directors may determine, whether at the time such authorisation is given or subsequently, and may be terminated by the directors at any time. Neither the director in question nor any other interested director shall be counted in the quorum at the meeting at which the matter is considered or vote on any resolution concerning any such authorisation. Under section 175(3) of the Act, no such authorisation is required in relation to a conflict of interest arising in relation to a transaction or arrangement with the Company.

- (b) A director, notwithstanding his office, may be or become a director or other officer of, or hold any place of profit in, or act in a professional capacity for, or otherwise be interested in, any company in which the Company may be interested.
- (c) Where a director has an interest that conflicts, or possibly may conflict, with the interests of the Company or his duties to the Company and the matter constituting such conflict has been authorised by the directors or by the Company or is otherwise permitted by the Articles, subject to the terms on which any authorisation has been given:
 - (i) the director in question need not disclose to or use for the benefit of the Company any information relating to the relevant matter which he obtains or has obtained otherwise than as a director or employee of the Company and in respect of which he owes a duty of confidentiality to a person other than the Company;
 - (ii) the director in question shall not, unless otherwise agreed, be liable to account to the Company for any profit, remuneration or other benefit realised by him as a consequence and no contract, transaction or arrangement relating to the relevant matter shall be liable to be avoided on the grounds of his conflict of interests or duties;
 - (iii) the director in question need not attend meetings of the board relating to the relevant matter.
- (d) Save as provided in the Articles, a director shall not vote (or, if he does, his vote shall not be counted) on any resolution at a meeting of the directors (and he shall not count in the quorum in respect of such resolution) in respect of any contract, arrangement, or transaction in which he has an interest which, together with any interest of a person connected with him (within the meaning of sections 252 and 253 of the Act) is to his knowledge a material interest. This prohibition does not apply in respect of any of the following matters:
 - (i) any contract, arrangement, transaction or proposal in which he is interested by virtue of an interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
 - (ii) the giving of any guarantee, security or indemnity in respect of:
 - (A) money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings; or
 - (B) a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part (either alone or jointly with others) under a guarantee or indemnity or by the giving of security;
 - (iii) any issue or offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings in respect of which he is or may be entitled to participate in his capacity as a holder of any such securities or as an underwriter or sub-underwriter;
 - (iv) any contract, arrangement, transaction or proposal concerning any other company in which he, and any persons connected with him (within the meaning of sections 252 and 253 of the Act), do not to his knowledge hold an interest in shares (within the meaning of sections 820 to 825 of the Act) representing one per cent. or more of any class of the equity share capital of that company or of the voting rights available to members of that company;
 - (v) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not accord to him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and/or

- (vi) the purchase or maintenance of insurance for the benefit of directors or for the benefit of persons including directors.

4.24. **Winding up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company (and subject to any authority required under the Act):

- (a) divide the assets of the Company between the members (in whole or in part), and determine how that division should be carried out as between the members of different classes of members; or
- (b) vest the whole or any part of the assets in trustees upon trust for the benefit of the members, as he shall think fit.

4.25. **Indemnity and insurance**

- (a) Subject to the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every director or other officer (excluding an auditor) of the Company shall be indemnified out of the assets of the Company against any liabilities incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company including where the Company is trustee of an occupational pension fund (provided that no indemnity shall be provided to the extent that it would be void under the Act).
- (b) Subject to the Act, the directors may purchase and maintain insurance at the expense of the Company for the benefit of any person who is or was at any time:
 - (i) a director or other officer or employee of the Company (other than auditor) or anybody which is or was the holding company or subsidiary undertaking of the Company, or in which the Company or such holding company or subsidiary undertaking has or had any interest (whether direct or indirect) or with which the Company (or any such holding company or subsidiary undertaking) is or was in any way associated or allied; or
 - (ii) a trustee of any pension fund in which employees of the Company or any other body referred to in the above paragraph is or has been interested; including, without limitation, insurance against any liability incurred by such person in respect of any act or omission in the actual or purported exercise of his powers or otherwise in relation to his duties, powers or offices in relation to the relevant body or fund.

4.26. The provisions of section 561 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employee share scheme as defined in section 1166 of the Act) will apply to the extent not disapplied by a special resolution of the Company.

4.27. There is nothing contained in the Articles which would have an effect of delaying, deferring or preventing a change in control of the Company.

4.28. There is nothing contained in the Articles which governs the ownership threshold above which member ownership must be disclosed.

4.29. Save as set out above, there are no provisions in the Articles or otherwise which give any person enhanced rights in the Company's profits.

4.30. There are no conversion rights attached to any of the shares in the Company pursuant to the Articles or otherwise.

5. **Disclosure of interests**

5.1. **Directors' shareholding and other interests**

- (a) As at the date of this Document and following the Placing, Acquisition and Admission, the interests of the Directors, their immediate families and, as far as they are aware (having made

due and careful enquiries), the interests of persons connected with them (within the meaning of sections 252 to 254 of the Act), in the share capital of the Company are as follows:

<i>Name of shareholder</i>	<i>As at the date of this Document</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Erin Finance and Invest Limited ¹	21,630,382	22.42	21,630,382	12.68
Jabella Group Limited ²	5,687,891	5.89	4,216,738	2.47
NatWest FIS Nominees ³	3,699,000	3.83	3,699,006	2.17
Don Baladasan	72,917	0.08	159,455	0.06
Iain McDonald ⁴	11,500	0.01	107,653	0.09

At Admission:

- (1) The beneficial owner of Erin Finance and Invest Limited and NatWest FIS Nominee Limited is the father of Samuel Dayani, a Director of the Company.
 - (2) Jabella Group Limited is a BVI company owned *inter alia* by Erin Finance and Invest Limited.
 - (3) 5,687,891 Ordinary Shares are held by Jabella Group Limited in which NatWest FIS Nominee Limited has a 8.40 per cent. interest.
 - (4) Iain McDonald has an interest, held through a contract for difference, in 11,500 Ordinary Shares.
- (b) The following options over Ordinary Shares have been granted to the following Directors at the date of this Document:

<i>Name of director</i>	<i>Number of Ordinary Shares under option</i>	<i>Date granted</i>	<i>Exercise price (pence)</i>
Ben Crawford	1,316,000	1 June 2013	10p
Ben Crawford	850,000	14 October 2013	55p
Total	2,166,000		
Don Baladasan	52,083	1 June 2013	10p
Total	52,083		
Thomas Rickert	88,000	14 October 2013	55p
Thomas Rickert	350,000	4 February 2016	55p
Total	438,000		
Tom Pridmore	88,000	14 October 2013	55p
Tom Pridmore	350,000	4 February 2016	40p
Total	438,000		
Mike Turner	750,000	4 February 2016	40p
Total	750,000		
Iain McDonald	350,000	4 February 2016	40p
Total	350,000		

- (c) The following options over Ordinary Shares are proposed to be granted to Directors on or shortly after Admission under the terms of the new LTIP, further details of which are disclosed in paragraph 8 below:

<i>Name of Director</i>	<i>Number of Ordinary Shares under option</i>
Ben Crawford	2,500,000
Don Baladasan	384,615

Ben Crawford will be granted the following under the new LTIP:

- 500,000 nil cost options which vest on the third anniversary subject to continued employment; and
- 2,000,000 nil cost options, vesting after three years subject to absolute Total Shareholder Return ("TSR") targets with a maximum payout only being made for exceptional performance;

Ben Crawford has agreed that as a condition of grant of the above award he will surrender his options over 850,000 shares granted on 14 October 2013.

Don Baladasan will be granted 384,615 nil cost options under the new LTIP. The Remuneration Committee have agreed that 80 per cent. of the award will vest on grant and be exercisable at any time. The remaining 20 per cent. will vest on the completion of the integration of KeyDrive as determined by the Board.

In total up to 5,000,000 options will be granted on or shortly after Admission to the executives as noted above and the broader staff population across all share plans.

- (d) None of the Directors have shareholders' voting rights which are different to any other holders of Ordinary Shares.
- (e) Save as disclosed in this paragraph 5, none of the Directors nor any members of their families, nor any person connected with them within the meaning of sections 252 to 255 of the Act, has any interest in the issued share capital of the Company or its subsidiaries or any option or warrant to subscribe for any shares in the Company.
- (f) None of the Directors nor any members of their families, nor any person connected with them within the meaning of sections 252 to 255 of the Act, has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.
- (g) Save as disclosed in this Document, none of the Directors are or have 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 since its incorporation and as at the date of this Document remains in any respect outstanding or unperformed.
- (h) There are no outstanding loans made or guarantees granted or provided by the Company or any member of the Enlarged Group to or for the benefit of any Director.
- (i) Save as disclosed in this Document, there are no potential conflicts of interest between any duties to the Company of the Directors and their private interests or their other duties.

5.3 **Significant Shareholders**

- (a) In addition to the holdings of the Directors, details of which are disclosed at paragraph 5.1(a) above, the Company is aware of the following holdings of Ordinary Shares which as at 13 July 2018 (being the last practicable date before publication of this Document) represent, and

at Admission shall represent, three (3) per cent. or more of the Enlarged Share Capital (the “**Significant Shareholders**”):

<i>Name of shareholder</i>	<i>As at the date of this Document</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Erin Finance and Invest Limited	21,630,382	22.42	21,630,382	12.68
Kestrel Partners LLP	17,375,593	18.01	21,932,746	12.85
Living Bridge VC LLP	9,083,019	9.41	13,427,571	7.87
Schroders Plc	7,509,131	7.78	11,100,867	6.50
Jabella Group Limited	5,687,891	5.89	4,216,738	2.47
Herald Investment Management Limited	5,025,000	5.21	8,909,615	5.22
Cavendish Asset Management Ltd	4,943,201	5.12	6,220,124	3.64
NatWest FIS Nominees	3,699,000	3.83	3,699,000	2.17
Unicorn Asset Management Ltd	3,611,479	3.74	3,611,479	2.12
Miton Asset Management Ltd	3,250,000	3.37	3,250,000	3.77
Estate of Antonio Lentino	3,047,042	3.16	3,047,042	1.78
Inter.Services	Nil	Nil	28,006,607	16.41
Chelverton Asset Management	Nil	Nil	10,384,615	6.09

- (b) The Significant Shareholders hold one class of shares with one class of voting rights. The Significant Shareholders do not have different voting rights from any of the Company’s other Shareholders.
- (c) The Company is neither directly nor indirectly owned or controlled by any person or body corporate. Save as disclosed in this paragraph 5, the Company and the Directors are not aware of any arrangements the operation of which may, at a subsequent date, result in a change of control of the Company.

6. Directors’ service agreements and letters of appointment

6.1 The Company has entered into the following service agreements and letters of appointment:

- (a) On 15 September 2015, Mike Turner entered into a letter of appointment with the Company to act as a non-executive Director and independent Chairman of the Company on a non-fixed term basis but with the intention that the appointment shall be for an initial term of three years. The terms of the contract as amended, provide for a fee of £40,000 per annum, plus options over Ordinary Shares as disclosed in paragraph 5.1(b) above. The appointment is terminable on three months’ notice given by either party.
- (b) On 12 August 2013, Ben Crawford entered into a consultancy agreement with the Company. Under the terms of the agreement, Mr Crawford has agreed to serve the Company as Chief Executive Officer and shall provide other services consistent with the services of Chief Executive Officer including complying at all times with his duties as a Director of the Company. The terms of the contract as amended provide for salaries paid by CentralNic Plc and Domain Directors Ltd. totaling £175,000 per annum, plus an annual bonus of £60,000 for on-target performance, plus additional bonuses for successful acquisitions, plus options over Ordinary Shares disclosed in paragraph 5.1(b) above. The agreement is terminable on twelve months’ notice given by either party and contains post termination restrictions, which Mr Crawford will be subject to for a period of six month’s following termination.
- (c) On 24 July 2017, Maxis Limited entered into a consultancy agreement with the Company. Under the terms of the agreement, Maxis Limited has agreed to make Don Baladasan available to serve the Company as Chief Financial Officer on a full time basis and to provide other services consistent with the services of Chief Financial Officer. The terms of the contract as amended provide for fees Company has agreed to pay Maxis Limited a fee at a gross rate of £99,000 per annum for providing services in accordance with the agreement as Chief Financial Officer, plus £99,000 for the provision of services in accordance with the agreement to provide transactional services, plus additional bonuses for successful acquisitions, plus options over

Ordinary Shares as outlined in 5.1(b) above. Pursuant to the terms of the agreement, Maxis Limited has given certain indemnities in favour of the Company. The agreement is terminable on three months' notice given by either party

- (d) On 8 December 2015, Iain McDonald entered into a letter of appointment with the Company to act as a non-executive Director of on a non-fixed term basis but with the intention that the appointment shall be for an initial term of three years. The terms of the contract as amended provide for the Company to pay Mr McDonald a fee of £45,000 per annum, plus options over Ordinary Shares as disclosed in paragraph 5.1(b) above. The appointment is terminable on three months' notice given by either party.
- (e) On 12 August 2013, Samuel Dayani entered into a letter of appointment with the Company to act as a non-executive Director on a non-fixed term basis but with the intention that the appointment shall be for an initial term of three years. The terms of the contract as amended, provide for Mr Dayani to act as a non-executive Director of the Company without payment. The appointment is terminable on three months' notice given by either party.
- (f) On 12 August 2013, Thomas Rickert entered into a letter of appointment with the Company to act as a non-executive Director on a non-fixed term basis but with the intention that the appointment shall be for an initial term of three years. The terms of the contract as amended provide for the Company to pay Mr Rickert a fee of £45,000 per annum, plus options over Ordinary Shares as disclosed in paragraph 5.1(b) above. The appointment is terminable on three months' notice given by either party.
- (g) On 12 August 2013, Thomas Pridmore entered into a letter of appointment with the Company to act as a non-executive Director on a non-fixed term basis but with the intention that the appointment shall be for an initial term of three years. The terms of the contract as amended provide for the Company, to pay Mr Pridmore a fee of £45,000 per annum, plus options over Ordinary Shares as disclosed in paragraph 5.1(b) above. The appointment is terminable on three months' notice given by either party

7. Additional information on the Directors

7.1. The Directors currently hold or have held within the five (5) years prior to the date of this Document the following directorships and/or interests in companies and/or partnerships in addition to their directorships within CentralNic:

<i>Director</i>	<i>Current directorships and partnerships</i>	<i>Former directorships and partnerships held in the last five (5) years</i>
Mike Turner	Ashton Partners Limited; Bristol Rovers (1883) Limited Cansas Digital Ventures Limited; CentralNic Group Plc Taylor Wessing LLP; The Basildon Academies;	Cansas Nominees Limited; Osborne Clarke LLP; Oakfield Partners Limited
Ben Crawford	Accent Media Ltd; Ben Crawford Consulting FZE; CentralNic Group Plc; CentralNic Limited; CentralNic USA Ltd; Domain Directors (Europe) Limited; Domain Directors (Finland) OY; Domain Directors (France) SARL; Domain Directors PTY Ltd; Domain Escrow Services Limited; Europe Registry Ltd; Extreme Sport Business Limited GB.COM Ltd; Hoxton Domains Limited; Instra Corporation (Europe) Ltd;	

<i>Director</i>	<i>Current directorships and partnerships</i>	<i>Former directorships and partnerships held in the last five (5) years</i>
Ben Crawford	Instra Corporation Ltd; Instra Corporation Pte Ltd; Instra Corporation PTY Ltd; Instra Domain Directors BV; Instra Domain Directors Inc.; Instra Holdings (AUS) PTY Ltd; Instra Holdings (NZ) Ltd; Instra Holdings (UK) Limited; Only Domains Ltd; OZENUM PTY Ltd; Private Ranger Ltd; SK.NIC, A.S.; SK.NIC Slovakia, A.S.; Sublime Technologies (France) SARL; Sublime Technology Limited; TLD Registrar Solutions Ltd; Tunglim International PTY Limited; White Label Domains SDN BHD B12 Whois Privacy Ltd;	
Don Baladasan	Balmoor Ltd; CentralNic Group Plc; Domain Directors Pty Ltd; D4B Ltd; Instra Corporation Ltd; Instra Corporation Pty Ltd; Instra Holdings (AUS) Pty Ltd; Instra Holdings (NZ) Ltd; Mataxis Ltd; Only Domains Ltd; OZENUM Pty Limited; Private Ranger Ltd; SK.NIC A.S. Totally Plc; Zombit Ltd; Zoopachat Ltd;	About Health Limited; Advanced Oncotherapy Plc; Carecapital Limited; Classic Leather Limited; Foxley Stables Limited; Mobi Capital Ltd; Northern Land Developments Ltd; Oncotherapy Resources Limited; Opes Industries Limited; Opes MRF 2013 Limited; Optimum Sports Performance Centre Limited; Premier Physical Healthcare Ltd; PureCycle Limited; Sebaris Ltd; The Healthcare Property Company
Samuel Dayani	Angel Court Developments Limited CentralNic Limited; CentralNic Group Plc CityProton Limited; Classic Leather Limited; Dudley Overseas Limited; Joseph Samuel Group; Maunsell Developments Limited; Northern Land Developments Ltd; Opes Industries Limited; PureCycle Limited;	Laniado Hospital UK; OPES MRF 2013 Limited; OPES Skips and Recycling Limited
Iain McDonald	Belerion Capital Limited; Boohoo.com Plc; CentralNic Group Plc Connex One Limited; Fishing Republic Plc; MetaPack Limited (alternate director); MySale Group Plc; The Hut Group Limited;	Anatwine Limited; Belerion Capital Limited; Belvedere Energy Investments Limited; Belvedere Schools Ltd; Houseology Design Group Limited; Infusion 2002 Limited; Maison Seven Ltd

<i>Director</i>	<i>Current directorships and partnerships</i>	<i>Former directorships and partnerships held in the last five (5) years</i>
Thomas Rickert	Rickert Rechtsanwalts-gesellschaft mbH; CentralNic Group Plc	None
Thomas Pridmore	Beaufort Capital Management; CentralNic Group Plc Civitas AIFM LLP; Civitas Housing Advisors Limited; Civitas Social Housing; Civitas Social Housing Finance; Civitas Social Housing Finance; Civitas SPV1 Limited; Civitas SPV2 Limited; Civitas SPV22 Limited; Civitas SPV24 Limited; Civitas SPV27 Limited; Civitas SPV28 Limited; Civitas SPV29 Limited; Civitas SPV3 Limited; Civitas SPV30 Limited; Civitas SPV31 Limited; Civitas SPV32 Limited; Civitas SPV4 Limited; Civitas SPV45 Limited; Civitas SPV46 Limited; Civitas SPV47 Limited; Civitas SPV48 Limited; Civitas SPV49 Limited; Civitas SPV5 Limited; Civitas SPV53 Limited; Civitas SPV54 Limited; Civitas SPV55 Limited; Civitas SPV56 Limited; Civitas SPV57 Limited; Civitas SPV59 Limited; Civitas SPV6 Limited; Civitas SPV60 Limited; Civitas SPV69 Limited; Civitas SPV79 Limited; Civitas SPV81 Limited; Civitas SPV82 Limited; Civitas SPV83 Limited; Civitas SPV84 Limited; Company 1 Limited; Company 2 Limited; Company 3 Limited; CSH SPV77 Limited; CSH SPV78 Limited; The Regeneration Group Limited; UK Limited; WJP Consulting Limited; Xenia Management Limited;	Be Heard Group Plc; Big Blu Broadband Plc; Columbus Satellite Ventures Ltd; Company Limited; Development Capital Management Ltd; FAH ServiceCo Limited; FAHHA ServiceCo Limited; Funding Affordable Homes Service; Opes Industries Limited; Opes MRF 2013 Limited; Pro-Dome Limited; PureCycle Limited; Salamanca Housing Advisors Limited; Satellite Solutions Worldwide Group Plc; The Regeneration Incentive Co Ltd

7.2 On 4 December 2001, Samuel Dayani was appointed as a director of Airtime Leasing Limited. On 12 May 2005 Airtime Leasing Limited entered a creditors voluntary liquidation and was dissolved on 7 February 2007. Mr Dayani has not been the subject of public criticism regarding the creditors voluntary liquidation.

- 7.3 On 2 August 2012 and 24 October 2013 Mr Dayani was appointed as a director of each of Opes Industries Limited and Opes MRF 2013 Limited (a wholly owned subsidiary of Opes Industries Limited) respectively. On 9 March 2016, following a fire at the company's premises, joint administrators of both companies were appointed pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986. Opes Industries Limited is currently in administration. The administrators of Opes MRF 2013 Limited proposed that the company entered into a creditors voluntary arrangement as part of a business sale, which took effect on 31 August 2017. Notice of the end of administration was filed in respect of Opes MRF 2013 Limited on 14 March 2018. Mr Dayani resigned as a director of Opes MRF 2013 Limited on 2 May 2017 and has not been the subject of public criticism regarding the administrations.
- 7.4 On 3 October 2012 and 24 October 2013 Don Baladasan was appointed as a director of each of Opes Industries Limited and Opes MRF 2013 Limited (a wholly owned subsidiary of Opes Industries Limited) respectively. On 9 March 2016, following a fire at the company's premises, joint administrators of the Company were appointed pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986. Opes Industries Limited is currently in administration. The administrators of Opes MRF 2013 Limited proposed that the company entered into a creditors voluntary arrangement as part of a business sale, which took effect on 31 August 2017. Notice of the end of administration was filed in respect of Opes MRF 2013 Limited on 14 March 2018. Mr Baladasan resigned as a director of Opes Industries Limited on 26 July 2017 and of Opes MRF 2013 Limited on 10 April 2017 and has not been the subject of public criticism regarding either administration.
- 7.5 On 8 January 2013 and 24 October 2013, Thomas Pridmore was appointed as a director of Opes Industries Limited and Opes MRF 2013 Limited respectively. Mr Pridmore resigned as a director of both companies on 8 December 2015. On 9 March 2016, following a fire at the company's premises, joint administrators of the companies were appointed pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986. Opes Industries Limited is currently in administration. Notice of the end of administration was filed in respect of Opes MRF 2013 Limited on 14 March 2018. Mr Pridmore has not been the subject of public criticism regarding either administration.
- 7.6 On 29 April 2015, Iain McDonald was appointed as a director of Maison Seven Ltd. On 30 December 2016 Maison Seven Ltd entered a creditors voluntary liquidation. It is currently in liquidation. Mr McDonald has not been the subject of public criticism regarding the creditors voluntary liquidation.
- 7.7 On 6 May 2006, 6 May 2005, 4 December 2006, 4 December 2006 and 29 December 2006, Mike Turner was appointed as a director of each of Nobok Limited, Nobok Group Limited, Fanbanta Limited, Fanbanta Holdco Limited and Sportasylum Limited respectively. Joint administrators were appointed pursuant to Schedule B1 of the Insolvency Act 1986 on 20 November 2007 in respect of Nobok Limited and Sportasylum Limited and on 11 January 2008 in respect of Fanbanta Limited. Nobok Limited and Sportasylum Limited were both dissolved on 18 August 2009, Fanbanta Limited was dissolved on 10 November 2009, Fanbanta Holdco Limited was dissolved on 14 July 2009 and an application was submitted for the strike off of Nobok Group Limited on 27 October 2009. Mr Turner has not been the subject of public criticism regarding these administrations and dissolutions.
- 7.8 Save as set out in this Document, no Director has:
- (a) any unspent convictions in relation to indictable offences;
 - (b) had any bankruptcy order made against him or entered into any individual voluntary arrangements;
 - (c) been a director of a company which has been placed into receivership, creditors' voluntary liquidation, compulsory liquidation or administration, or been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company at that time or within the twelve (12) months preceding such events;
 - (d) been a partner in any partnership which has been placed into compulsory liquidation or administration or been subject of a partnership voluntary arrangement whilst he was a partner in that partnership at that time or within the twelve (12) months preceding such events;

- (e) had any asset belonging to him placed in receivership or been a partner in a partnership whose assets were placed in receivership whilst he was a partner of that partnership or within the twelve (12) months preceding such events;
- (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

8. Share incentive arrangements

8.1. Overview of existing share incentive arrangements

The Company has various existing share option schemes which are summarised below.

8.2. The Unapproved Share Option Scheme

(a) Operation of the Unapproved Share Option Scheme

The Board of the Company (or duly authorised committee thereof) will be responsible for the operation of the Unapproved Share Option Scheme.

(b) Eligibility

The Board will use its discretion in nominating participants for the Unapproved Share Option Scheme. Awards will generally be restricted to key senior employees of the Company.

(c) Grant of Options

Options may be granted within the period of 42 days following the date of adoption of the Unapproved Share Option Scheme. Thereafter, options may normally only be acquired in the 42 days following the announcement by the Company of its results for any period, in the 14 days immediately after the person to whom the option is granted first becomes an employee or director of any group company or where there are circumstances considered by the Board to be exceptional.

No options may be granted in close periods or more than ten years after the respective date of adoption of the Unapproved Share Option Scheme by the Company.

Options are not transferable or assignable (other than to the personal representatives of the option holder on death).

No consideration will be payable for the grant of options under the Unapproved Share Option Scheme.

(d) Exercise Price

The Board may determine the exercise price of the options subject to the exercise price not being less than the market value at the date of grant, or, if greater, the nominal value.

(e) Exercise of Options

To reflect existing commitments, the options granted on the date of establishment of the Unapproved Share Option Scheme will vest in 12 equal instalments at three month intervals following the Company's admission to AIM in September 2013, meaning that all the options fully vested three years after the date of grant.

Subject to this, options will not generally be exercisable earlier than the third anniversary of the date of grant (or such other time as the Board may specify).

Exercise of options granted under the Unapproved Share Option Scheme may also generally be subject to achievement of performance conditions and, subject as described below, to remaining in employment with the Company.

The Board determined the performance conditions to be applied after the Unapproved Share Option Scheme had been adopted.

The performance conditions applying to any option may be varied in certain circumstances so as to achieve their original purpose but not so as to make their achievement materially more or less difficult to satisfy.

Option holders will normally have up to seven years (or such shorter period as may be specified) to exercise options after they have vested after which they will lapse and cease to be exercisable (i.e. options shall be exercisable after, and shall lapse on, the tenth anniversary of the date of grant).

(f) *Leaving employment*

If an option holder leaves because of death, illness, injury, disability, redundancy, retirement or dismissal other than for good cause (as determined by the Board) he will be classified as a "Good Leaver".

Where an option holder is a Good Leaver, the option holder's options may at the absolute discretion of the Board vest and become exercisable, in whole or in part, within such period as the Board permit taking into account any performance conditions that have been met at the time employment ceases and other factors such as the option holder's conduct.

In the event of an option holder's death in service, the options may to the extent vested at the date of death be exercised by their personal representatives within 12 months following the date of death.

If an option holder ceases employment for reasons other than as a Good Leaver, the option holder's options will immediately lapse.

(g) *Change of control*

In the event of a takeover of the Company it is intended that the options will normally vest and be exercisable.

In the event of a reconstruction or winding up of the Company it is intended that the options will only be exercisable to the extent vested at that time.

(h) *Variation of capital*

On a variation of the capital of the Company, or in the event of a demerger, payment of a special dividend, reorganisation, reconstruction of the Company or similar event, the Board may make such adjustment to the options as it considers reasonable.

(i) *Alterations to the Unapproved Share Option Scheme*

The Board may, at any time, amend the Unapproved Share Option Scheme in any respect provided that the prior approval of the Company in general meeting is obtained for amendments to the provisions of the Unapproved Share Option Scheme relating to the overall limits on the issue of new shares and eligibility. Shareholder approval is not, however, required for minor amendments to benefit the administration of the Unapproved Share Option Scheme, to take account of changes in legislation or to obtain or maintain favourable taxation or regulatory treatment for option holders or group companies.

8.3. **The EMI Scheme**

(a) *Exercise Price*

The Board may determine the exercise price of options granted under the EMI Scheme ("EMI Options") subject to the exercise price not being less than the market value at the respective date of grant, or if greater, the nominal value.

(b) *Performance conditions*

EMI Options may generally be subject to achievement of performance conditions set at the respective time of grant.

(c) *Exercise of EMI Options*

To reflect existing commitments, EMI Options granted on or shortly following the Company's admission to AIM in September 2013 vested in 12 equal instalments at three month intervals following such date, meaning that the EMI Options fully vested three years after they were respectively granted.

Subject to this, the EMI Options will, subject to any applicable performance conditions having been satisfied or waived, normally only be exercisable between the third and tenth anniversaries of the respective date of grant.

No EMI Options shall be capable of exercise, and shall lapse on, the tenth anniversary of the respective date of grant.

(d) *Leaving employment*

If an EMI Option holder leaves because of death, illness, injury, disability, redundancy, retirement or dismissal other than for good cause (as determined by the Board) he will be classed as a "Good Leaver".

Where an EMI Option holder is a Good Leaver, the option holder's options may at the absolute discretion of the Board vest and become exercisable, in whole or in part, within such period as the Board permit taking into account any performance conditions that have been met at the time employment ceases and other factors such as the option holder's conduct.

In the event of an EMI Option holder's death in service, the options may, to the extent vested at the date of death, be exercised by their personal representatives within 12 months following the date of death.

If an EMI Option holder ceases employment for reasons other than as a Good Leaver, the option holder's options will immediately lapse.

(e) *Change of control*

In the event of a takeover of the Company it is intended that the EMI Options will normally vest and be exercisable.

In the event of a reconstruction or winding up of the Company it is intended that the EMI Options will only be exercisable to the extent vested at that time.

(f) *Variation of capital*

On a variation of the capital of the Company, or in the event of a demerger, payment or a special dividend, reorganisation, reconstruction of the Company or similar event, the Board may make such adjustment to the EMI Options as it considers reasonable.

(g) *Alterations to the EMI Scheme*

The Board may, at any time, amend the EMI Scheme in any respect provided that the prior approval of the Company in general meeting is obtained for amendments to the provisions of the EMI Scheme relating to the overall limits on the issue of new shares and eligibility.

Shareholder approval is not, however, required for minor amendments to benefit the administration of the EMI Scheme, to take account of changes in legislation or to obtain or maintain favourable taxation or regulatory treatment for option holders or group companies.

8.4 **Proposed share incentive arrangements**

Following the Acquisition, the Company intends to operate a discretionary executive share plan, the CentralNic Group plc Long Term Incentive Plan (the “**LTIP**”) and a discretionary share option plan, the CentralNic Group plc Share Option Plan (the “**SOP**”) (together the “**New Share Plans**”).

A reference in this paragraph 8 to the Board includes any designated committee of the Board.

Information on certain awards to be made at or following Admission and the principal features of the LTIP is summarised below.

8.5 **The LTIP**

It is anticipated that the LTIP will be adopted by the Board on 16 July 2018.

8.5.1 *Status*

The LTIP is a discretionary executive share plan. Under the LTIP, the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees (i) nil cost options over Ordinary Shares (“**LTIP Options**”) and/or (ii) Ordinary Shares which are subject to restrictions and the risk of forfeiture (“**LTIP Restricted Shares**”), (together “**LTIP Awards**”).

8.5.2 *Eligibility*

All employees (including Directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Board.

8.5.3 *Grant of LTIP Awards*

It is anticipated that LTIP Awards shall be calculated as a percentage of salary for each participant, by reference to their annual salary (or pro rata salary as applicable) from the previous year.

LTIP Awards may be granted at any time subject to not being in a closed period, however, no LTIP Awards may be granted more than 10 years from the date when the LTIP was adopted.

8.5.4 *Performance and other conditions*

The Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the underlying measurement period for such conditions will ordinarily be three years.

Where applicable, any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of LTIP Awards.

8.5.5 *Malus and Clawback*

The Board may decide, at the vesting of LTIP Awards or at any time before and in the two years following vesting, that the number of Ordinary Shares subject to an LTIP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- (a) discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company; and/or
- (b) the assessment of any performance target or condition in respect of an LTIP Award was based on error, or inaccurate or misleading information; and/or
- (c) action or conduct of a participant which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.

Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards.

8.5.6 Vesting and exercise

In general it is intended that LTIP Awards will vest as to one third on each of the first 3 anniversaries of the date of grant and the LTIP Options will become exercisable on the third anniversary of the date of grant to the extent permitted following any operation of malus or clawback (if applicable).

LTIP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from grant.

8.5.7 Cessation of employment

Unless the Board determines otherwise, any LTIP Award will lapse on cessation of employment with the Group.

If a participant dies or ceases to be employed by the Group by reason of ill-health, injury, disability, or any other reason at the discretion of the Board, LTIP Awards shall not lapse and shall remain exercisable in accordance with the rules of the LTIP. Unless the Board determines otherwise, LTIP Awards shall be reduced pro rata to reflect the period of time that had elapsed from the date of grant to the date of death or cessation of employment.

8.5.8 Corporate events

In the event of a takeover, scheme of arrangement, or winding-up of the Company, the LTIP Awards will vest early. In the event of a takeover LTIP Awards shall vest in full, but in all other circumstances, LTIP Awards may be exercised to the extent vested.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of takeover, 40 days or such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger or any other corporate event, the Board may determine that LTIP Awards shall vest. In the event of an agreement for the sale of the whole of the business and assets of the Company LTIP Awards shall vest in full, but in any other circumstances, the proportion of the LTIP Awards which vest shall be determined by the Board. LTIP Options that vest in the case of a demerger may be exercised during such period as the Board determines (not exceeding 30 days) and will otherwise lapse at the end of that period. LTIP Options that vest on a sale of the business and assets of the Company may be exercised during a period of 40 days (or such other period as the Board determines) measured from the date of sale and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may alternatively decide that LTIP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

8.6 The SOP

It is intended that the SOP will be adopted by the Board on 16 July 2018.

8.6.1 Status

The SOP is a discretionary share plan. Under the SOP, the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible participants (i) nil cost options over Ordinary Shares ("**SOP Options**") and/or (ii) Ordinary Shares which are subject to restrictions and the risk of forfeiture ("**SOP Restricted Shares**"), (together "**SOP Awards**").

8.6.2 Eligibility

All consultants or contractors of the Group (other than Directors) are eligible for selection to participate in the SOP at the discretion of the Board.

8.6.3 Grant of SOP Awards

It is anticipated that SOP Awards shall be calculated as a percentage of the remuneration for each participant, by reference to their contracted remuneration for services (or pro rata remuneration as applicable) from the previous year.

SOP Awards may be granted at any time subject to not being in a closed period, however, no SOP Awards may be granted more than 10 years from the date when the SOP was adopted.

8.6.4 Performance and other conditions

The Board may impose performance conditions on the vesting of SOP Awards. Where performance conditions are specified for SOP Awards the underlying measurement period for such conditions will ordinarily be three years.

Any performance conditions applying to SOP Awards may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of SOP Awards.

8.6.5 Malus and Clawback

The Board may decide, at the vesting of SOP Awards or at any time before and in the two years following vesting, that the number of Ordinary Shares subject to a SOP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- (a) discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company; and/or
- (b) the assessment of any performance target or condition in respect of a SOP Award was based on error, or inaccurate or misleading information; and/or
- (c) action or conduct of a participant which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.

Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards.

8.6.6 Vesting and exercise

In general it is intended that SOP Awards will vest as to one third on each of the first 3 anniversaries of the date of grant and the SOP Options will become exercisable on the third anniversary of the date of grant to the extent permitted following any operation of malus or clawback (if applicable).

SOP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from grant.

8.6.7 Cessation of service

Unless the Board determines otherwise, any SOP Award will lapse on cessation of service and to the extent that the participant no longer holds any contract for services with the Group.

If a participant dies or ceases to hold any contract for services with the Group by reason of ill-health, injury, disability, or any other reason at the discretion of the Board, SOP Awards shall not lapse and shall remain exercisable in accordance with the rules of the SOP. Unless the Board determines otherwise, SOP Awards shall be reduced pro rata to reflect the period of time that had elapsed from the date of grant to the date of death or cessation of services.

8.6.8 Corporate events

In the event of a takeover, scheme of arrangement, or winding-up of the Company, the SOP Awards will vest early. In the event of a takeover SOP Awards shall vest in full, but in all other circumstances, SOP Awards may be exercised to the extent vested.

To the extent that SOP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of takeover, 40 days or such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger or any other corporate event, the Board may determine that SOP Awards shall vest. In the event of an agreement for the sale of the whole of the business and assets of the Company SOP Awards shall vest in full, but in any other circumstances, the proportion of the SOP Awards which vest shall be determined by the Board. SOP Options that vest in the case of a demerger may be exercised during such period as the Board determines (not exceeding 30 days) and will otherwise lapse at the end of that period. SOP Options that vest on a sale of the business and assets of the Company may be exercised during a period of 40 days (or such other period as the Board determines) measured from the date of sale and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may alternatively decide that SOP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

8.7 Provisions applying to each of the New Share Plans

8.7.1 Awards not transferable

Awards granted under the New Share Plans are not transferable other than to the participant's personal representatives in the event of his death provided that awards and Ordinary Shares may be held by the trustees of an employee as nominee for the participants.

8.7.2 Overall Limits

The New Share Plans may operate over newly issued Ordinary Shares, treasury Ordinary Shares or Ordinary Shares purchased in the market. The rules of the New Share Plans provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the New Share Plans and under any other employees' share scheme operated by the Company. Ordinary Shares issued out of treasury under the New Share Plans will count towards these limits for so long as this is required under institutional shareholder guidelines. Awards which are renounced or lapse shall be disregarded for the purposes of these limits.

8.7.3 Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under the New Share Plans, including the number of Ordinary Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

8.7.4 Alternative settlement

At its discretion, the Board may decide to satisfy awards granted under the New Share Plans with a payment in cash or Ordinary Shares equal to any gain that a participant would have made had the relevant award been satisfied with Ordinary Shares.

8.7.5 Rights attaching to Shares

Ordinary Shares issued and/or transferred under the New Share Plans will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when an option is exercised or an award vests will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue).

8.7.6 Amendments

The Board may, at any time, amend the provisions of the New Share Plans in any respect. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

8.7.7 Overseas plans

The Board may, at any time, establish further plans based on the LTIP or SOP for overseas territories. Any such plan shall be similar to the LTIP or SOP but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

8.7.8 Benefits not pensionable

The benefits received under the New Share Plans are not pensionable.

8.8 **The Company's employee trust**

The Company is intending to establish an employee trust (the "**CentralNic Group plc Employee Benefit Trust**" or "**EBT**") which is constituted by a trust deed which will be entered into between the Company and a trustee. The Company has the power to appoint and remove the trustee.

The EBT can be used to benefit employees and former employees of the Company and its subsidiaries and certain members of their families. The trustee of the EBT has the power to acquire the Ordinary Shares. Any Ordinary Shares acquired may be used for the purposes of the LTIP or other employee share plans established by the Group from time to time.

The Group may fund the EBT by loan or gift to acquire Ordinary Shares either by market purchase or by subscription. Any awards to subscribe for Ordinary Shares granted to the EBT or Ordinary Shares issued to the EBT will be treated as counting against the dilution limits that apply to the relevant plan.

The EBT will not make an acquisition of shares if that acquisition would mean that (after deducting any Ordinary Shares held as nominee for beneficiaries under the EBT) it held more than 5 per cent. of the Company's ordinary share capital, without prior shareholder approval.

9. **Employees**

9.1. **CentralNic**

- (a) The average number of persons employed by the Company during the year to 31 December 2017 was 92, analysed by category as follows:

<i>Category of activity</i>	<i>Number of permanent employees</i>
Administration	5
Management and finance	10
Operations	26
Sales and marketing	23
Technical	28
Total	92

- (b) The average number of persons employed by the Company during the year to 31 December 2016 was 87, analysed by category as follows:

<i>Category of activity</i>	<i>Number of permanent employees</i>
Administration	6
Management and finance	7
Operations	4
Sales and marketing	21
Technical	29
Total	87

- (c) The average number of persons employed by the Company during the year to 31 December 2015 was 30, analysed by category as follows:

<i>Category of activity</i>	<i>Number of permanent employees</i>
Administration	3
Management and finance	3
Operations	3
Sales and marketing	8
Technical	13
Total	30

9.2. **KeyDrive**

- (a) In the year to 31 December 2017, KeyDrive employed 110 employees as follows:

<i>Category of activity</i>	<i>Number of permanent employees</i>
Administration	5
Management and finance	22
Operations	25
Sales and marketing	22
Technical	38
Total	112

- (b) In the year to 31 December 2016, KeyDrive employed 97 employees as follows:

<i>Category of activity</i>	<i>Number of permanent employees</i>
Administration	6
Management and finance	20
Operations	30
Sales and marketing	28
Technical	40
Total	124

(c) In the year to 31 December 2015, KeyDrive employed 107 employees as follows:

<i>Category of activity</i>	<i>Number of permanent employees</i>
Administration	7
Management and finance	23
Operations	25
Sales and marketing	29
Technical	35
Total	<u><u>119</u></u>

10. Material Contracts

Other than as set out below and other than contracts in the ordinary course of business, no member of the Enlarged Group has entered into any contracts in the two years immediately prior to the date of this Document which are or may be material, or which contain any provision under which any Enlarged Group company has any obligation or entitlement which is material to the Enlarged Group as at the date of this Document:

CentralNic Group:

10.1. Acquisition Agreement

The Acquisition Agreement was entered into on 16 July 2018 between Inter.Services, Prize Flyer LLC and BIP Venture Partners S.A., SICAR. (together the “Sellers”), the Company and Holdco (together the “Buyers”) for the sale and purchase of the entire issued share capital of KeyDrive S.A. The Company is guaranteeing the obligations of Holdco under the Acquisition Agreement. The Acquisition Agreement is conditional upon the passing of the Transaction Resolutions and upon Admission. The Acquisition Agreement may be terminated by the Buyers prior to Completion in certain circumstances, including if there is a breach of the warranties or the pre-completion undertakings given by the Sellers that is material in the context of the Acquisition, the Placing Agreement is terminated by Zeus or the Company or a matter is disclosed in the Second Disclosure Letter (as such term is defined in the Acquisition Agreement) that requires the Company to publish a supplementary admission document.

The initial consideration payable under the Acquisition is \$35.8 million representing an enterprise value of \$44.5 million. The initial consideration comprises \$16.5 million in cash payable by HoldCo to Prize Flyer LLC and BIP Venture Partners S.A., SICAR in accordance with their respective shareholdings and the issue of 28,006,607 Consideration Shares by the Company to Inter.Services, valued at \$19.3 million at the Placing Price. In addition, the Buyers will procure that \$8.7 million of the initial consideration will be utilised by the Target Group to repay debt and debt like items to the Sellers and various third parties. The Acquisition Agreement provides that completion accounts will be drawn up in accordance with certain agreed accounting policies and the initial consideration may be subject to a post completion price adjustment to be settled in cash by the Sellers or the Buyers (as relevant). In addition to the initial consideration, the Buyers will pay a performance-based earn-out of up to \$10.5 million as additional consideration, a minimum of 15 per cent. of which shall be settled in cash by Holdco and up to 85 per cent. of which may be settled by the issue of Additional Consideration Shares by the Company, taking the total maximum enterprise value to \$55.0 million. The earn out is split into four separate targets that are to be calculated by reference to the revenue of the Target Group in 2018 and 2019 and the profit of the Enlarged Group in 2018 and 2019. If the performance-based earn-out pays out less than \$10.5 million in total, the Buyers will pay for certain tax losses within the KeyDrive Group on the same basis as the payment of the performance-based earn-out but only to the extent that such tax losses are actually utilised by the Enlarged Group and provided that the aggregate consideration for the earn-out and the tax losses does not exceed \$10.5 million.

To the extent that the issue of Additional Consideration Shares to Inter.Services under the Acquisition Agreement would mean that Inter.Services’ total shareholding in the Company (together with any

such shareholdings of Inter.Services' associates and concert parties) would be equal to or exceed 25 per cent. of the total issued share capital of the Company (at the relevant time immediately following such issue) (the "Total Share Threshold"), then the amount of Additional Consideration Shares to be issued shall be reduced by such number of Additional Consideration Shares as is required in order for the Total Share Threshold not to be so equalled or exceeded. The value of the Additional Consideration Shares which are not so issued as a result of the Total Share Threshold shall be settled in cash by Holdco.

The Acquisition Agreement provides for customary warranties as to title, capacity and solvency (the "Fundamental Warranties") given by all the Sellers in favour of the Buyers. In addition, Inter.Services has given a customary tax covenant and customary business warranties in favour of the Buyers, which are to be repeated at Completion. These warranties are qualified by the Disclosure Letters (as such term is defined in the Acquisition Agreement) and certain limitations on liability. The maximum liability of Prize Flyer LLC and BIP Venture Partners S.A., SICAR in respect of the Fundamental Warranties is limited to their respective proportion of the initial consideration. The maximum liability of Inter.Services under the Acquisition Agreement is limited to its respective proportion of the initial consideration, the total amount of Additional Consideration it receives in respect of the earn-out or the tax losses (if any) and any debt or debt like items that KeyDrive repays to it or its associates at Completion. The time limit for bringing warranty claims (other than for tax or Fundamental Warranties) expires two years after Completion (or six years after Completion in respect of claims under the tax warranties or the Fundamental Warranties). The Sellers also give to the Buyers customary restrictive covenants in respect of competing businesses and key employees of the KeyDrive Group for a three year period from Completion. A shareholder guarantee of the obligations of Prize Flyer LLC under the Acquisition Agreement is being granted in favour of the Company and Holdco.

In addition to the warranty coverage under the Acquisition Agreement, the Buyers are obtaining a warranty and indemnity insurance policy from Capital Risks Limited (the "W&I Policy"). The W&I Policy has customary terms and conditions and provides a scope of coverage for claims for the above-mentioned warranties and the tax covenant on a basis that is comparable to the coverage under the Acquisition Agreement. The Acquisition Agreement provides that where there is a warranty claim that exceeds the excess under the W&I Policy, the Buyers are required to pursue such warranty claim under the W&I Policy in the first instance and can only pursue Inter.Services to the extent that the aggregate claim limit of US\$ 13.5 million under the W&I Policy has been exceeded or the W&I Policy does not pay out for the warranty claim for any other reason.

10.2. *Placing Agreement*

On 16 July 2018, the Company, Holdco, the Directors, Zeus Capital and Stifel entered into the Placing Agreement. Under the terms of the Placing Agreement, the Company appointed Zeus Capital and Stifel as joint brokers to procure subscribers for the Placing Shares at the Placing Price and Zeus Capital and Stifel agreed to use their reasonable endeavours to procure such subscribers. The obligations of each of Zeus Capital and Stifel are conditional, *inter alia*, on Admission occurring on or before 30 September 2018 or such later date as the Company and Zeus Capital and Stifel may agree. Subject to Admission, the Company shall pay to Zeus Capital a corporate finance fee of £200,000 and will pay to Zeus Capital and Stifel a commission of up to 4 per cent. of the gross value of funds raised pursuant to the Placing. The Placing Agreement contains certain warranties given by the Company and the Directors in favour of Zeus Capital and Stifel (including warranties relating to the accuracy of the information in this Document and the Company's incorporation and capacity). The Placing Agreement also contains an indemnity given by the Company in favour of Zeus Capital and Stifel.

10.3. *Lock-in and orderly market agreement*

On 16 July 2018, the Joint Brokers, the Company and Inter.Services entered into a lock in and orderly market deed pursuant to which Inter.Services undertook not to dispose of any interest in the Consideration Shares for the period of 12 months following Admission or any interest in the Additional Consideration Shares for the period of 12 months following their issue, save for in certain limited circumstances. Inter.Services further undertook that for a further period of six months, it shall only dispose of any interest in the Consideration Shares or the relevant Additional Consideration Shares

(as the case may be) through Zeus Capital and/or Stifel and in accordance with certain orderly market requirements.

10.4 *Nominated adviser and broker agreement*

A nominated adviser and broker agreement dated 16 July 2018 between the Company and Zeus Capital Limited was entered into pursuant to which Zeus Capital Limited will act as nominated adviser to the Company for the purpose of AIM and joint broker. The agreement includes various warranties and representations given by the Company to Zeus Capital.

10.5. An engagement letter was entered into on 29 May 2018 between the Company and Stifel Nicolaus Europe Limited pursuant to which Stifel Nicolaus Europe Limited will act as joint broker to the Company. The agreement contains various representations and warranties given by the Company to Stifel Nicolaus Europe Limited.

10.6. *Engagement letter with Sequence Advisers LLP*

On 12 September 2016, the Company entered into an agreement with Sequence Advisers LLP ("Sequence") pursuant to which the Company appointed Sequence to act as its financial advisers in connection with its acquisition strategy and in respect of certain acquisitions from the date of the agreement and thereafter subject to termination on the giving of one month's written notice by either party. On completion of an acquisition contemplated by the agreement, Sequence is also to receive a success fee based in part on the value of such acquisition, in the minimum of £75,000 and in the maximum of £500,000, an additional £50,000 in the event of a reverse takeover of the Company and, in the event shareholder approval is required for an acquisition that is not a reverse takeover of the Company, an additional £25,000 may also be payable. A proportion of the success fee is applicable to acquisitions contemplated by the agreement that complete within a period of 12 months following termination of the agreement.

10.7. *SK.NIC acquisition agreement*

On 30 November 2017, the Company entered into an agreement with Danubia Tel Netherlands B.V. to acquire the entire issued share capital of SK.NIC. The maximum total consideration for the acquisition is EUR 26,122,600 and comprises an initial cash consideration of EUR 20,272,600 and a deferred cash consideration of up to EUR 5,850,000 over a period running until 2025, of which EUR 4,850,000 is payable contingent on SK.NIC meeting certain growth targets during the three years following the date of the agreement and EUR 1,000,000 is payable irrespective of performance. The agreement contains warranties and indemnities given by Danubia Tel Netherlands B.V. in favour of the Company and completed on 5 December 2017. In connection with this acquisition, on 30 November 2017 SK.NIC entered into a transitional services agreement with Danubia Tel A.S. whereby Danubia Tel A.S. would continue to provide finance, human resources and information technology services to SK.NIC A.S. for a period of one year following its acquisition by the Company.

10.8. *First Silicon Valley Bank facilities*

On 8 December 2015, the Company entered into a £3,500,000 three year term loan facility agreement with Silicon Valley Bank (the "**First Silicon Valley Facility**"). The Company agreed to pay interest at a rate of up to 2.95 per cent. per annum over LIBOR (subject to adjustment down depending on the level of indebtedness of the Group) plus fees. Interest and loan repayments were payable by the Company quarterly. In connection with the First Silicon Valley Facility, the Company granted security over its assets in favour of Silicon Valley Bank, with guarantees (and such security as Silicon Valley Bank may require) also being required from any Group company contributing five per cent. or more of the Group's total EBITDA, net assets, gross assets or turnover and Group companies with, in aggregate, over 90 per cent. of the Group's total EBITDA and consolidated gross assets, net assets and turnover. The First Silicon Valley Facility was drawn down on 12 January 2016.

10.9. *Second Silicon Valley Bank facilities*

On 29 August 2017, the Company and Silicon Valley Bank entered into a facilities agreement pursuant to which Silicon Valley Bank agreed to make available to the Company a five year

multicurrency term loan facility of up to £12,000,000, a multicurrency revolving credit facility of up to £6,000,000 and an uncommitted 'accordion' facility option of up to £15,000,000 (together the "**Second Silicon Valley Facility**"). A portion of Silicon Valley Bank's commitments under the revolving credit facility were made available by way of a £3,000,000 overdraft facility pursuant to an agreement dated 25 August 2017. The Second Silicon Valley Facility was made available on a syndicateable basis (with Silicon Valley Bank acting as Original Lender, Agent and Security Agent). Under the Second Silicon Valley Facility, the Company agreed to pay interest at a rate of 2.85 per cent. per annum over LIBOR or EURIBOR (subject to adjustment up (by up to 0.35 per cent. per annum) or down depending on the level of indebtedness of the Group) plus fees. Interest and loan repayments are payable by the Company quarterly. £1,750,000 of the revolving facility was drawn down on 30 August 2017 to refinance the First Silicon Valley Facility in full. As part of the refinancing, existing security granted in favour of Silicon Valley Bank on a bilateral basis was released and replaced with security granted in favour of Silicon Valley Bank in its capacity as Security Agent.

10.10. *Third Silicon Valley Bank facilities*

On 30 November 2017, the Company and Silicon Valley Bank entered into an agreement to amend and restate the facility agreement dated 25 August 2017 and the terms pursuant to which the Company was granted a multicurrency £12,000,000 five year term loan facility, a multicurrency £6,000,000 revolving credit facility and a £15,000,000 uncommitted 'accordion' facility option by Silicon Valley Bank (the "**Third Silicon Valley Facility**"). Under the Third Silicon Valley Facility, as amended, the Company agreed to pay interest at a rate of 3.10 per cent. per annum over LIBOR or EURIBOR (subject to adjustment up (by up to 0.35 per cent per annum).or down depending on the level of indebtedness of the Group) plus fees. Interest and loan repayments are payable by the Company quarterly. In connection with the Third Silicon Valley Facility, Silicon Valley Bank is also entitled to guarantees (and such security as Silicon Valley Bank may require) from any Group company contributing five per cent. or more of the Group's total EBITDA, net assets, gross assets or turnover or holding intellectual property that is required or desirable in connection with five per cent. or more of the Group's total EBITDA and from Group companies with, in aggregate, over 85 per cent. of the Group's total EBITDA and consolidated gross assets, net assets and turnover. The £12,000,000 term loan facility and remaining £4,250,000 revolving credit facility were drawn down on 30 November 2017.

10.11 *Amendment to the Silicon Valley Bank facilities*

On 16 July 2018, the Company and Silicon Valley Bank entered into an amendment agreement to amend the terms of the Third Silicon Valley Facilities. Subject to Silicon Valley Bank's satisfaction with certain conditions precedent (which include, *inter alia*, the grant of supplemental security from the Company and existing guarantors. The amount available under the revolving credit facility will be increased by £6,000,000 to £12,000,000 and the maximum amount of the uncommitted 'accordion' facility will be reduced by £6,000,000 to £9,000,000. The term of the loans remains as stated above.

10.12. *Jabella Group Limited*

On 16 July 2018, the Company, Jabella Group Limited and Kestrel Partners LLP entered into an agreement whereby Jabella Group Limited agreed to sell 1,484,615 Ordinary Shares in the Company to Kestrel Partners LLP at the Placing Price on or shortly after Admission. Jabella Group Limited has agreed to utilise £772,000 of the consideration payable by Kestrel Partners LLP in full and final settlement of a debt owed by Jabella Group Limited to the Company. Further details on Jabella Group Limited are set out in the notes to the table in paragraph 5.1(a) of this Part IV. Jabella Group Limited has its registered at Trident Chambers, Wickhams Cay Road Town, Tortola, British Virgin Islands.

KeyDrive Group

In addition to the agreements described in paragraphs 10.1 and 10.3 above in this Part IV members of KeyDrive Group have entered into the following:

10.13. *PTS SPA*

On 16 July 2018, Key-Systems GmbH (subsidiary of the Company) and Inter.Services GmbH entered into a share purchase agreement for the sale by Inter.Services GmbH to Key-Systems GmbH of the entire issued share capital of PTS SPA, conditional on Admission. The consideration payable by Key-Systems GmbH to Inter.Services GmbH is US\$ 3,000,000, which will be treated as a debt like item for the purposes of the Acquisition Agreement. The agreement provides that completion accounts will be drawn up in accordance with certain agreed accounting policies and the consideration may be subject to a post completion price adjustment to be settled in cash as a result. Under the agreement Inter.Services provides certain limited customary warranties to Key-Systems GmbH.

10.14. *BGL BNP Paribas S.A. working capital facilities*

On 6 November 2016, KeyDrive entered into a working capital facility agreement with BGL BNP Paribas S.A. ("BGL") for up to USD 3,250,000 to be used for cash management or backing up letters of credit. The facility was extended on 28 December 2017, until further notice and the amount was reduced to USD 2,950,000. Liability under the agreement is held jointly and severally between KeyDrive, Traffic.club Sàrl. In addition to this facility, KeyDrive entered into three other loan agreements with BGL in December 2017: (1) a loan of USD 3,000,000 to KeyDrive in order to provide for the refinancing of the 8 per cent. mezzanine loan granted by BIP Venture Partners S.A., subject to interest calculated on the three month LIBOR rate plus an annual margin rate of 3.75 per cent. and due to be fully repaid by 30 November 2020, with Key-Systems GmbH and PartnerGate GmbH as guarantors of KeyDrive's obligations under the loan; (2) a loan of USD 2,400,000 to KeyDrive in order to finance the out-of-court settlement between KeyDrive and one of its shareholders, PrizeFlyer LLC, subject to interest calculated on the three month LIBOR rate plus an annual margin rate of 3.75 per cent. and due to be fully repaid by 30 November 2020, with Key-Systems GmbH and PartnerGate GmbH acting as guarantors; and (3) a loan of EUR 2,500,000 to Key-Systems GmbH in order to finance its purchase of 25.1 per cent. of the entire issued shares of PartnerGate GmbH, subject to interest and due to be repaid by 30 May 2020, with KeyDrive and Key-Systems GmbH as guarantors. Please refer to paragraph 10.19 of this Part IV for details about the settlement with PrizeFlyer LLC and paragraph 10.18 of this Part IV for details of the acquisition of 25.1 per cent. of PartnerGate GmbH. It is the Company's intention to repay these loans on or shortly after Admission.

10.15. *OpenRegistry S.A. acquisition agreement*

On 13 January 2017, KeyDrive entered into a sale and purchase agreement with NCC to acquire the entire issued share capital of OpenRegistry S.A. The consideration comprises provisional and deferred consideration. The provisional consideration, which was paid in cash on completion of the acquisition, was EUR 371,000, and the deferred consideration of EUR 1,156,000 is due 18 months from the date of the agreement. The deferred consideration is also subject to an annual interest rate of 4 per cent. KeyDrive may elect to make early payment of the deferred consideration (in an amount of at least EUR 100,000, or equal to the sum of the deferred consideration outstanding) on at least five business days' written notice to NCC. Customary warranties were given by NCC in favour of KeyDrive under the agreement, subject to a time limit of five years after the date of the agreement for taxation warranties and 18 months after the date of the agreement for all other warranties. NCC and the members of its group are subject to non-competition and non-solicitation covenants, for a period of 24 months immediately following completion.

10.16. *OpenRegistry S.A. share pledge agreement*

On 3 January 2017, KeyDrive and NCC Group (Solutions) Limited ("**NCC**") entered into a first ranking share pledge agreement in respect of the shares in OpenRegistry S.A. The shares were pledged in connection with the deferred consideration under the agreement detailed in paragraph 10.15 above. KeyDrive is entitled to receive and retain all future dividends and all interests in the shares and exercise its voting powers in respect of the shares whilst they are pledged to NCC, however, these rights may be affected in the event of a continuing event of default, including insolvency KeyDrive S.A, non-payment of any amount due under the pledge agreement or the acquisition agreement detailed in paragraph 10.15 above, cross-default on KeyDrive's other borrowings and if any proceedings, claim or investigation is in progress against KeyDrive. The

pledge will be released upon the payment of the deferred consideration. Please refer to paragraph 12.1 of this Part IV for details about the dispute between NCC and KeyDrive.

10.17. *OpenRegistry netting agreements*

A netting agreement was entered into between KeyDrive and OpenRegistry on 19 January 2017, to outline various debts and liabilities that the parties owed to each other as a result of certain payments made as part of the acquisition. The parties agreed to net the liabilities with the result being that a liability of OpenRegistry to KeyDrive of EUR 1,032,803.03 remained. EUR 32,803.03 was by paid OpenRegistry immediately to KeyDrive with the remaining EUR 1,000,000 being deferred under a promissory note. The repayment schedule for OpenRegistry, as provided in the promissory note, is:

- (a) EUR 100,000 no later than 31 December 2017 (already paid);
- (b) EUR 200,000 no later than 31 December 2018;
- (c) EUR 300,000 no later than 31 December 2019; and
- (d) EUR 400,000 no later than 31 December 2020.

A second netting agreement was entered into between KeyDrive, Terrain.com SA., OpenRegistry, Clearing House for Intellectual Property SA (CHIP), Sensirius CVBA and Nexperteam CVBA on 26 January 2017. The agreement notes that as at 31 December 2016 OpenRegistry owed a net amount of EUR 1,105,698.37 to CHIP, Sensirius CVBA and Nexperteam CVBA and, on 29 December 2016, KeyDrive had effected a prepayment of the debt of Terrain.com SA (owner of CHIP, Sensirius CVBA and Nexperteam CVBA) of EUR 1,027,000.

10.18. *PartnerGate GmbH acquisition agreement*

On 4 July 2016, Key-Systems GmbH, then a majority shareholder with 51 per cent. of the shares in PartnerGate GmbH, entered into a share purchase agreement with InterNet Wire Communications GmbH (now called tamiva Ventures GmbH) to acquire an additional 23.9 per cent. of the total shareholding of PartnerGate GmbH for EUR 2,149,451.09. The agreement contains limited title warranties only in favour of Key-Systems GmbH, as Key-Systems GmbH had been a majority shareholder of PartnerGate GmbH since 2011, and these warranties are subject to a time limit of 10 years after the date of the agreement. A call option and a put option in respect of the remaining 25.1 per cent. of the shareholding in PartnerGate GmbH was agreed between Key-Systems GmbH on the same terms and conditions as the share purchase agreement dated 4 July 2016, which included in an appendix the share purchase agreement to be used for the acquisition of the remaining 25.1 per cent. of PartnerGate GmbH with a purchase price based on a 7.4 EBITDA multiple and containing standard provisions, limited title warranties with a statute of limitation of ten years and a non-compete clause for tamiva ventures GmbH and Andreas Schreiner on domain reselling for Germany, Austria and Switzerland for a period of two years starting from 30 June 2017. The put option was exercised by tamiva Ventures GmbH on 20 June 2017 and the consideration in respect of the transfer of the remaining 25.1 per cent. was agreed on 21 January 2018 as EUR 2,662,956.35 which Key-Systems GmbH has paid.

10.19. *Intra-group asset transfer agreement in respect from OpenRegistry S.A. to KSRegistry*

Following KeyDrive's acquisition of the entire issued share capital of Open Registry S.A. pursuant to a sale and purchase agreement between KeyDrive and NCC dated 3 January 2017 (please refer to paragraph 10.15 of this Part IV for further details), KSRegistry GmbH acquired OpenRegistry S.A.'s backend registry services business with effect from 31 December 2017, pursuant to the asset purchase agreement between the parties entered into on 8 November 2017. The purchase price of this acquisition was EUR 3,250,000 to be satisfied by payment in cash of EUR 650,000 three business days after entry into the asset purchase agreement and KSRegistry GmbH issuing a promissory note to OpenRegistry S.A. in respect of the remainder on 31 December 2017. The asset purchase agreement contains warranties given by OpenRegistry S.A., expressed as guarantees, in relation to title and capacity, insolvency, validity of agreements transferred, conduct between signing and completion and compliance with laws. OpenRegistry S.A. is subject to restrictive covenants preventing it from: engaging in any activity competing with the backend registry services business (including holding directly or indirectly any equity interest in an entity

operating such a business); causing any registry operator or supplier of OpenRegistry S.A. to cease or reduce their dealings with the transferred business; or making available any know-how, confidential information or goodwill to any person involved in any activity concerned in a business similar to the transferred business, each for three years after closing, i.e. until 31 December 2020. All claims under the asset purchase agreement are time barred following two years after closing (31 December 2019), however, claims in relation to the restrictive covenants become time barred six months after KSRRegistry GmbH becomes aware of a breach of such covenants.

10.20. *Letter of commitment in respect of DotSaarland GmbH*

On 2 April 2012, Key-Systems GmbH and Inter.Services issued a letter of commitment in respect of DotSaarland GmbH to ICANN in respect of Dotsaarland GmbH's application for the .SAARLAND TLD. The total cost of the operation was estimated at USD 577,244 of which Key-Systems GmbH has provided USD 130,000 as a current account and USD 195,000 as credit. Key-Systems GmbH have committed to "covering all costs related to the application of DotSaarland GmbH and reviewing and adjusting the funding of the TLD required in future years". Accordingly, depending on the total cost of the application project and the financial stability of DotSaarland GmbH, Key-Systems GmbH could be held liable by ICANN or any third party for any costs arising out of or in connection with the application process for .SAARLAND TLD. The application was successful and cost reductions have been introduced, accordingly, Key-Systems GmbH and Inter.Services have applied to ICANN to reduce the committed amount to USD 18,000, although this is unlikely to be completed before Completion.

10.21. *PrizeFlyer Settlement*

A settlement agreement dated 16 July 2018 between, amongst others, KeyDrive and PrizeFlyer LLC pursuant to which PrizeFlyer LLC agrees to irrevocably waive a claim against KeyDrive in respect of a historical loan provided by PrizeFlyer LLC to KeyDrive in return for the payment of approx US\$10.7 million to PrizeFlyer LLC (the "Settlement Amount"). The Settlement Amount will be satisfied on Completion in three parts via: (i) the payment pursuant to the Acquisition Agreement by the Company to PrizeFlyer LLC of c. US\$6.9 million as its proportion of the initial Consideration; (ii) the release to PrizeFlyer LLC of c. US\$1.1 million held in escrow by Greenberg & Lieberman LLC in respect of the claim; and (iii) a balancing payment of US\$2.7 million payable by KeyDrive S.A. to PrizeFlyer LLC, which will be treated as a debt like item for the purposes of the Acquisition Agreement. The Settlement Amount accrues interest on a daily basis up until it is settled and so the final Settlement Amount will be calculated shortly before Completion once the completion date is known. The settlement agreement is conditional upon Admission and the payment in full of the Settlement Amount.

10.22. *Michael Riedl's intellectual property license*

Michael Riedl, Neozoon Sàrl (which is controlled by Michael Riedl) and KeyDrive entered into the "Terms and Conditions of an Intellectual Property License and of an appointment as chief financial officer," on 1 July 2011 as amended on 8 December 2017, which appoints Mr Riedl as Chief Financial Officer of KeyDrive and gives KeyDrive a licence to use the licensor's (Neozoon Sàrl) intellectual property, being the know-how of Mr Riedl (a director of KeyDrive). Pursuant to the agreement, Mr Riedl shall provide other services, for an initial period of six years from 1 July 2011. The licensor has granted KeyDrive unlimited and exclusive access to the relevant intellectual property subject to certain royalty fees payable to the licensor. These are a monthly fixed royalty fee of EUR 11,037.73 and an annual royalty fee of 2.25 per cent. of the consolidated earnings of KeyDrive (subject to a minimum amount of EUR 60,000 or its US\$ equivalent) and a one-time royalty fee of US\$750,000 payable on the change of control of KeyDrive in lieu of the stock options in respect of a total of 135,000 shares in KeyDrive. The Acquisition will trigger the payment of US\$ 750,000 to Neozoon Sàrl which will be payable on Completion. Neozoon Sàrl, the Company and Key Drive have entered into an agreement under which, subject to Admission, this payment will be set off against Neozoon's commitment to subscribe for US\$750,000 of Placing Shares at the Placing Price.

In addition to the payments that Mr Riedl is entitled to as set out above, the licence agreement as amended on 8 December 2017 provides for: compensation representing two years of the contractual fixed monthly royalty in the event of termination of Mr Riedl's CFO appointment without

cause; compensation representing one year of the contractual fixed monthly royalty in the event KeyDrive declines to renew Mr Riedl's appointment without providing 12 months' prior notice; but no compensation for termination with cause (a cause being grave misconduct, a breach of the amended licence agreement or a change of ownership or control of the licensor).

11. Related party transactions

11.1. CentralNic Group

Other than as disclosed in the historical financial information for the three year period ended 31 December 2017 as incorporated by reference in Section C of Part III of this Document or elsewhere in this Document and up to the date of this Document, there are no related party transactions that were entered into by CentralNic or any member of the Group.

11.2. KeyDrive Group

11.2.1. The following related party transactions have been entered into by KeyDrive and/or the members of the KeyDrive Group since 31 December 2017:

- (a) Horst Siffrin is the Chairman of the supervisory board of the KeyDrive Group, a member of the advisory board of Key-Systems GmbH and a shareholder of Inter.Services. Horst Siffrin is to receive a payment of USD 100,000 and a payment of EUR 30,000 for his resignation from the supervisory board of the KeyDrive Group and the advisory board of Key-Systems GmbH respectively.
- (b) Ulrich Kiefer is a member of the supervisory board of the KeyDrive Group and the advisory board of Key-Systems GmbH. He is to receive a payment of USD 100,000 and a payment of EUR 30,000 for his resignation from the supervisory board of the KeyDrive Group and the advisory board of Key-Systems GmbH respectively.
- (c) Michael Riedl a member of the advisory board of Key-Systems GmbH and is to receive a payment of EUR 30,000 for his resignation from this board.
- (d) Natalia Sutugina is a member of the supervisory board of the KeyDrive Group. She is to receive a payment of USD 100,000 for her resignation from the supervisory board of the KeyDrive Group.
- (e) Alex Siffrin is a member of the management board of the KeyDrive Group and certain other subsidiaries of KeyDrive S.A. and a shareholder of Inter.Services. Alex Siffrin charges the KeyDrive Group managing director fees.
- (f) BIP Venture Partners SA, SICAR is a shareholder of the KeyDrive Group. They are to be paid USD 187,500 by KeyDrive S.A. for the cancellation of 75,000 warrants issued to it by KeyDrive S.A. pursuant to a warrant settlement agreement to be entered into at completion of the Acquisition.
- (g) Inter.Services GmbH are a shareholder of the KeyDrive Group. Inter.Services GmbH charge the KeyDrive Group for office and data centre rental expense pursuant to lease agreements which are to be amended prior to completion of the Acquisition.

11.2.2. Other than as disclosed in the historical financial information for the three year period ended 31 December 2017 as set out in Section C of Part III of this Document is in paragraph 11.2.1 of this Part IV or elsewhere in this Document and up to the date of this Document, there are no related party transactions that were entered into by KeyDrive or any member of the KeyDrive Group.

12. Litigation

12.1. Save as disclosed in this paragraph 12, there are no and have been no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company or the Enlarged Group is aware) during the 12 months preceding the date of this Document, which may have, or have had, a significant effect on the Company's and/or the Enlarged Group's financial position or profitability.

12.2 KeyDrive is currently in dispute with NCC following the acquisition by KeyDrive of OpenRegistry S.A. The purchase price of the acquisition was to be adjusted after completion based on a completion statement, however, KeyDrive disputes the content of the completion statement on the basis that it disagrees with the net liabilities of OpenRegistry S.A. provided by NCC. In addition, OpenRegistry S.A. has received an invoice in the amount of EUR 66,682.60 for services rendered in 2015 to 2017, which KeyDrive claims should be settled by NCC rather than OpenRegistry S.A. as details were not disclosed as part of the acquisition process. The total amount in dispute is EUR 206,453. An independent firm of chartered accountants has now been appointed for the purpose of resolving this dispute.

13. Working capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company and the Enlarged Group, taking into account the estimated net proceeds of the Placing, will be sufficient for its present requirements, that is for at least twelve (12) months from the date of Admission.

14. United Kingdom taxation

14.1. General

- (a) The following paragraphs are intended as a general guide only and (save where expressly stated to apply to non-UK resident Shareholders) apply only to certain Shareholders who are resident (and, in the case of individuals, domiciled) solely in the UK. The statements relate only to certain limited aspects of the UK tax treatment of holding and disposing of New Ordinary Shares. The statements are not applicable to all categories of Shareholders, and in particular are not addressed to any of the following: (i) Shareholders who do not hold their New Ordinary Shares as capital assets or investments or who are not the absolute beneficial owners of those shares or dividends in respect of those shares, (ii) special classes of Shareholders such as dealers in securities, broker-dealers, insurance companies, trustees of certain trusts and investment companies, (iii) Shareholders who hold New Ordinary Shares as part of hedging or commercial transactions, (iv) Shareholders who hold New Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or permanent establishment or otherwise), (v) Shareholders who hold New Ordinary Shares acquired by reason of their employment, (vi) Shareholders who hold New Ordinary Shares in an individual savings account or a self-invested personal pension, (vii) (save where expressly stated to apply to non-UK resident Shareholders) Shareholders who are subject to UK taxation on a remittance basis, or (viii) Shareholders who are not resident in the UK for tax purposes.
- (b) The following paragraphs are based on current UK tax law and HM Revenue & Customs published practice as at the date of this document, which is subject to change, possibly with retrospective effect.
- (c) The information in these paragraphs is intended as a general summary of the UK tax position. It does not purport to be a complete analysis or listing of all the potential tax consequences of acquiring, holding or disposing of New Ordinary Shares and it should not be construed as constituting tax advice.
- (d) Any person who is in any doubt about their tax position or who is subject to taxation in a jurisdiction other than the UK should consult their own professional adviser.

14.2. Taxation of dividends

Withholding tax

- (a) The Company is not required to withhold UK tax when paying a dividend. This applies regardless of whether the Shareholder is resident for tax purposes in the UK.

Individual Shareholders

- (b) For the tax year 6 April 2017 to 5 April 2018, UK resident individuals are entitled to a tax-free dividend allowance of £5,000. For tax years beginning on or after 6 April 2018, this allowance will reduce to £2,000. Dividends received from the Company (when aggregated with taxable

dividends and other distributions received from any other source in the same tax year) up to the amount of the dividend allowance will not be subject to UK income tax for UK resident individual Shareholders. Dividends within the dividend allowance which would otherwise have fallen within the basic or higher rate bands will still use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

- (c) To the extent that dividends from the Company received in a tax year (taking account of taxable dividends and other distributions received from any other source in the same tax year) exceed the dividend allowance, they will be subject to UK income tax at the basic, higher or additional dividend income rates. For the tax year 6 April 2017 to 5 April 2018, those rates are 7.5 per cent., 32.5 per cent. and 38.1 per cent. respectively. When calculating a UK resident individual Shareholder's overall UK income tax liability, including when determining into which tax band any dividend income falls, dividends are treated as the top slice of the Shareholder's income.

Corporate Shareholders

- (d) Shareholders who are within the charge to UK corporation tax in respect of dividends received from the Company will be subject to UK corporation tax at 19 per cent. (falling to 17 per cent. from 1 April 2020) on the dividends received, unless the dividends fall within an exempt class or certain other conditions are met. Whether an exemption applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder, although it is expected that dividends paid by the Company would normally be exempt.

14.3. Taxation of chargeable gains

- (a) If a Shareholder disposes (or is treated for UK tax purposes as disposing) of all or some of their New Ordinary Shares, a liability to UK tax on chargeable gains may, depending on their circumstances and subject to any available exemptions or reliefs, arise. A chargeable gain or allowable loss is generally calculated by reference to the consideration received (or treated for UK tax purposes as having been received) for the disposal less the allowable cost to the Shareholder of acquiring the New Ordinary Shares.

Individual Shareholders

- (b) Subject to the availability of any exemptions, reliefs or allowable losses, a gain realised on a disposal of New Ordinary Shares by a UK resident individual Shareholder will generally be subject to UK capital gains tax at the current rates of 10 per cent. (for basic rate taxpayers) or 20 per cent. (for higher or additional rate taxpayers). Each individual has a UK capital gains tax annual exemption each tax year (£11,300 for the tax year 6 April 2017 to 5 April 18): chargeable gains realised by a UK resident individual Shareholder up to that amount are not subject to UK capital gains tax.
- (c) An individual Shareholder who disposes of New Ordinary Shares whilst temporarily non-resident in the UK for UK tax purposes may be liable to UK capital gains tax on any chargeable gain realised on the disposal on their return to the UK.

Corporate Shareholders

- (d) Subject to the availability of any exemptions, reliefs or allowable losses, a gain realised on a disposal of New Ordinary Shares by a Shareholder within the charge to UK corporation tax in respect of its New Ordinary Shares will generally be subject to UK corporation tax at the current rate of 19 per cent. (falling to 17 per cent. from 1 April 2020).

14.4. Stamp Duty and Stamp Duty Reserve Tax

- (a) The following paragraphs are intended only as a general and non-exhaustive guide to the UK stamp duty and stamp duty reserve tax ("**SDRT**") position in relation to New Ordinary Shares under current UK law. They apply in relation to New Ordinary Shares irrespective of the residence or domicile of the relevant Shareholder or prospective Shareholder. They do not apply in relation to any issue or transfer of New Ordinary Shares to, or to a nominee or agent for, a depository

receipt issuer or clearance service operator, or to persons such as market makers, brokers, dealers or intermediaries.

- (b) The issue of the New Ordinary Shares by the Company will not be subject to UK stamp duty or SDRT.
- (c) Transactions in shares such as the New Ordinary Shares are exempt from UK stamp duty and SDRT where those shares are admitted to trading on a Recognised Growth Market but they are not listed on a Recognised Stock Exchange. AIM is a Recognised Growth Market. As a result, it is expected that purchases of New Ordinary Shares should not be subject to either UK stamp duty or SDRT if and for so long as the shares are admitted to trading on AIM, but they are not listed on any Recognised Stock Exchange and AIM continues to be a Recognised Growth Market.
- (d) Should this growth market exemption not be available, the following would apply:
 - (i) Transfers on sale of New Ordinary Shares in certificated form will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given for the transfer, rounded up if necessary to the nearest multiple of £5.00. The purchaser generally pays the UK stamp duty. An exemption from UK stamp duty will be available on an instrument transferring New Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.
 - (ii) An unconditional agreement to transfer New Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. However, if a duly stamped or exempt transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is generally the liability of the purchaser.
 - (iii) Agreements to transfer New Ordinary Shares within the CREST system will generally be liable to SDRT (rather than stamp duty) at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of New Ordinary Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration in money or money's worth.

15. No Significant Change

- 15.1. There has been no significant change in the financial or trading position of the CentralNic Group since 31 December 2017, being the date to which CentralNic's latest audited financial statements were prepared.
- 15.2. There has been no significant change in the financial or trading position of KeyDrive since 31 December 2017, being the date to which KeyDrive's latest audited financial statements were prepared.
- 15.3. There has been no significant change in the financial or trading position of SK.NIC's since 31 December 2017, being the date to which SK.NIC, latest audited financial statements were prepared.

16. General

- 16.1. The gross proceeds of the Placing receivable by the Company are expected to amount to c.£24 million. Total costs and expenses payable by the Company in connection with the Placing and Admission (including London Stock Exchange fees, printing and advertising, distribution costs and

legal, accounting and corporate finance fees) are estimated to amount to c.£3.5 million (excluding any applicable VAT payable thereon).

- 16.2. The Placing Price is 52 pence per Ordinary Share. The Ordinary Shares are in registered form. The register of members for the Company will be maintained by the Company's Registrars.
- 16.3. The following persons have received from the Company within twelve months preceding the Company's application for Admission fees totalling £10,000 or more:
 - 16.3.1 Grant Thornton UK LLP
 - 16.3.2 Taylor Wessing e/n/w/c advokati s.r.o.
 - 16.3.3 DWF LLP
 - 16.3.4 PriceWaterhouseCoopers LLP
- 16.4. Save as set out in paragraph 16.3 of this Part IV above or elsewhere in this Document, no person (excluding professional advisers otherwise disclosed in this Document and trade suppliers) has:
 - 16.4.1 received, directly or indirectly, from the Company within the twelve (12) months preceding the Company's application for Admission; or
 - 16.4.1 entered into contractual arrangements (not otherwise disclosed in this Document) to receive, directly or indirectly, from the Company on or after Admission, any of the following:
 - (a) fees totalling £10,000 or more;
 - (b) securities in the Company within a value of £10,000 or more calculated by reference to the issue price; or
 - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 16.5. No financial information contained in this Document is intended to represent or constitute a forecast of profits by the Company nor to constitute publication of accounts by it.
- 16.6. Zeus Capital, the nominated adviser, joint bookrunner and joint broker of the Company, whose registered office is at 82 King Street, Manchester, M2 4WQ and which is authorised and regulated by the FCA, has given and not withdrawn its written consent to the inclusion in this Document of references to its name in the form and context in which it appears.
- 16.7. Stifel, the joint bookrunner and joint broker of the Company, whose registered office is at 150 Cheapside, London EC2V 6LT and which is authorised and regulated by the FCA, has given and not withdrawn its written consent to the inclusion in this Document of references to its name in the form and context in which it appears.
- 16.8. The Reporting Accountant has given and not withdrawn its written consent to the inclusion in this Document of its reports in Part III of this Document and the references to its name in the form and context in which it appears.
- 16.9. Save as disclosed in this Document, there are no investments in progress of the Company, which are or may be significant, nor, save as disclosed in this Document, has the Company made any firm commitments for future investments.
- 16.10. Save as disclosed in this Document, the Directors are not aware of any exceptional factors, which have influenced the Company's recent activities.
- 16.11. No public takeover bids have been made by third parties in respect of the Company's issued share capital since its incorporation until the date of this Document.
- 16.12. The Directors are not aware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

- 16.13. Save as disclosed in this Document, the Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Enlarged Group's prospects for the current financial year.
- 16.14. Save as set out in this Document, the Enlarged Group is not dependent on patents or other intellectual property rights licences or particular contracts which are or may be of fundamental importance to the Enlarged Group's business.

17. Mandatory Bids, Squeeze-Out and Sell-Out Rules relating to Ordinary Shares

17.1. Mandatory bid

The City Code on Takeovers and Mergers (the "**Takeover Code**") applies to the Company, as it is a public company with its registered office in the United Kingdom. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and any parties acting in concert with it to Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the Panel) to make a cash offer for the Ordinary Shares not already owned by the acquirer and its concert parties (if any) at a price not less than the highest price paid for Ordinary Shares by the acquirer or its concert parties (if any) during the previous 12 months. A similar obligation to make such mandatory cash offer would also arise on the acquisition of Ordinary Shares by a person holding (together with its concert parties, if any) Ordinary Shares carrying at least 30 per cent. but not more than 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties (if any).

17.2. Squeeze-out rules

Under the Act, if a person who has made a general offer to acquire Ordinary Shares (the "**offeror**") were to acquire, or contract to acquire, 90 per cent. of the Ordinary Shares which are the subject of such offer within four months of making its offer, the offeror could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding Shareholders telling them that the offeror will compulsorily acquire their Ordinary Shares and then, six weeks later, executing a transfer of the outstanding Ordinary Shares in the offeror's favour and paying the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to those Shareholders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the general offer.

17.3. Sell-out rules

17.3.1 The Act gives minority Shareholders a right to be bought out in certain circumstances by a person who has made a general offer as described in paragraph 17.2 above. If, at any time before the end of the period within which the general offer can be accepted, the offeror holds, or has agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of Ordinary Shares to which the general offer relates who has not accepted the general offer can, by a written communication to the offeror, require it to acquire that holder's Ordinary Shares.

17.3.2 The offeror is required to give each Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

18. Third party information

- 18.1. Various data used in this Document has been obtained from independent sources. The Company has not verified the data obtained from these sources and cannot give any guarantee of the

accuracy or completeness of the data. Forecasts and other forward looking information obtained from these sources are subject to the same qualifications, risks and uncertainties described above.

- 18.2. Where information has been sourced from a third party, the Company confirms that the information has been accurately reproduced and that as far as it is aware and is able to ascertain from information published by each of those third parties, no facts have been omitted which would render the information reproduced inaccurate or misleading.

19. Documents available for inspection

Copies of this Document will be available free of charge from the date of this Document until the date which is one month after Admission, from the offices of Zeus Capital, during normal business hours (except for Saturdays, Sundays and English public holidays) and also on the Company's website (www.CentralNic.com).

20. Documents incorporated by reference

- 20.1 The following information, available free of charge in electronic format on the CentralNic Group's website at www.CentralNic.com is incorporated into this document by reference.

<i>Information incorporated by reference</i>	<i>2017 Annual Report (page references)</i>	<i>2016 Annual Report (page references)</i>	<i>2015 Annual Report (page references)</i>
Independent auditors' report	32-36	34	32
Consolidated statement of comprehensive income	37	35	33
Consolidated statement of financial position	38	36	34
Consolidated statement of changes in equity	39	37	35
Consolidated statement of cash flow	40	38	36
Notes to the financial statements	41-70	39-72	37-72

- 20.2 The Company will provide, without charge, to each person to whom a copy of this document has been delivered, upon the oral or written request of such person, a hard copy of the aforementioned documents incorporated by reference. Written or telephone requests for such documents to be directed to the Company at its head office at 35-39 Moorgate, London EC2R 6AR or by telephone on +44 (0)20 33 88 0600. A hard copy of any document incorporated into this document by reference will not be sent to such persons unless requested.

Dated: 16 July 2018

PART V

NOTICE OF GENERAL MEETING

CentralNic Group Plc

(the "Company")

(Incorporated in England and Wales with registered number 08576358)

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF on 1 August 2018 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, resolutions numbered 1, 2, 3, 5, 6 and 7 as Ordinary Resolutions and resolutions 4 and 8 as Special Resolutions:

ORDINARY RESOLUTIONS

1. **THAT**, subject to and conditional upon the passing of resolutions 2, 3 and 4 below, the proposed acquisition by Holdco (a wholly owned subsidiary of the Company) of the entire issued share capital of Keydrive S.A. on the terms and subject to the conditions contained in the Acquisition Agreement (as defined in the admission document issued by the Company dated 16 July 2018 ("**Admission Document**")) be and is hereby approved for all purposes, including, without limitation, for the purposes of Rule 14 of the AIM Rules for Companies published by London Stock Exchange plc and that the directors of the Company, or a duly constituted committee of the directors, be and are hereby authorised to take all steps necessary or, in the opinion of the directors or a duly constituted committee of the directors of the Company, desirable to give effect to the Acquisition Agreement, including without limitation, waiving, amending, varying or extending any of the terms and conditions of the Acquisition or the Acquisition Agreement (both as defined in the Admission Document) or any related agreements.
2. **THAT** the directors of the Company be generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 in addition to all existing authorities, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("**Rights**") up to an aggregate nominal amount of £42,160.46 provided that such authority shall expire (unless previously varied as to duration, revoked or renewed by the Company) on 30 September 2018 and the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after the authority has expired and the directors of the Company may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding that this authority has expired.
3. **THAT** the directors of the Company be generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 in addition to all existing authorities, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("**Rights**") up to an aggregate nominal amount of £12,943.79 provided that such authority shall expire (unless previously varied as to duration, revoked or renewed by the Company) on 31 July 2023 and the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after the authority has expired and the directors of the Company may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding that this authority has expired.

SPECIAL RESOLUTION

4. **THAT** the directors of the Company be empowered pursuant to section 570 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant Rights for cash pursuant to the general authority conferred on them by resolution 2 as if section 561 of the Companies Act 2006 did not apply to any such allotment or grant up to an aggregate nominal value of up to £36,553.85 and such this power shall be in addition to existing powers and shall expire when the authority given by resolution 2 above expires (unless previously varied as to duration, revoked or renewed by the Company) but the Company may before expiry of this power make an offer or agreement which would or might require shares to be allotted or Rights to be granted after the authority

has expired and the directors of the Company may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding that the power has expired.

ORDINARY RESOLUTIONS

5. THAT:

- (a) the rules of the CentralNic Group Plc Long Term Incentive Plan (“**LTIP**”) (the principal features of which are summarised in Appendix I of this document and a copy of which is produced in draft to the meeting, initialled by the Chairman of the meeting for the purposes of identification) be and are hereby approved, and the Directors of the Company be and are hereby authorised to do all such things in accordance with applicable law as may be necessary or desirable to carry the LTIP into effect, including making such modifications as the Directors consider appropriate to take account of the requirements of the Financial Conduct Authority, HM Revenue and Customs and best practice; and
- (b) the Directors be authorised to adopt further schemes for the benefit of employees outside the UK based on the LTIP but modified to take account of local tax, exchange control or securities law in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the LTIP.

6. THAT:

- (a) the rules of the CentralNic Group Plc Share Option Plan (“**SOP**”) (the principal features of which are summarised in Appendix II of this document and a copy of which is produced in draft to the meeting, initialled by the Chairman of the meeting for the purposes of identification) be and are hereby approved, and the Directors of the Company be and are hereby authorised to do all such things in accordance with applicable law as may be necessary or desirable to carry the SOP into effect, including making such modifications as the Directors consider appropriate to take account of the requirements of the Financial Conduct Authority, HM Revenue and Customs and best practice; and
- (b) the Directors be authorised to adopt further schemes for the benefit of employees outside the UK based on the SOP but modified to take account of local tax, exchange control or securities law in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the SOP.

7. **THAT** pursuant to the provisions of section 551 of the Companies Act 2006 (“Act”), the Directors of the Company be and are hereby generally and unconditionally authorised (in addition to but not in substitution for all previous authorities conferred upon the Directors of the Company pursuant to section 551 of the Act and without prejudice to the allotment of any relevant securities already made or offered or agreed to be made pursuant to such authorities) to exercise all or any of the powers of the Company to allot or grant rights to subscribe for relevant securities (within the meaning of section 560(1) of the Act) of up to an aggregate nominal value equal to £56,884.27 (equivalent to 56,884,270 Ordinary Shares), to such persons at such times and generally on such terms and conditions as the Directors of the Company may determine (subject always to the articles of association of the Company) provided that this authority, unless it is (prior to its expiry) duly revoked or varied or is renewed, shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, 15 months after the passing of this resolution, save that the Directors of the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

SPECIAL RESOLUTION

8. **THAT**, subject to and conditional upon the passing of Resolutions 7 above and in addition but not in substitution for all existing and unexercised authorities and powers, the Directors of the Company be empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by Resolution 7 above in the Notice as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:

- (a) the allotment of equity securities or the sale of treasury shares (in either case, other than pursuant to the paragraph below) up to an aggregate nominal amount equal to £17,065.28 (equivalent to 17,065,280 Ordinary Shares); and
- (b) the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of Ordinary Shares on the register of members at such record dates as the Directors of the Company may determine and other persons entitled to participate therein where the equity securities respectively attributable to the interests of the holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares in the Company held or deemed to be held by them on any such record dates (which shall include the allotment of equity securities to any underwriter in respect of such issue or offer), subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever, provided that this authority and power shall expire at the conclusion of the next annual general meeting or, if earlier, 15 months after the passing of this resolution, save that the Company may, before the expiry of such period, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

By order of the Board

DWF LLP
Company Secretary

Registered Office:

35-39 Moorgate
London
EC2R 6AR

Appendix I

Long Term Incentive Plan principal features

The CentralNic Group Plc Long Term Incentive Plan (Resolution 5 of the General Meeting).

Set out below is a summary of the principal features of the CentralNic Group Plc Long Term Incentive Plan (“LTIP”).

1.1 **Overview**

The LTIP is a discretionary share plan. Under the LTIP, the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees (i) nil cost options over Ordinary Shares (“LTIP Options”) and/or (ii) Ordinary Shares which are subject to restrictions and the risk of forfeiture (“LTIP Restricted Shares”), (together “LTIP Awards”).

1.2 **Eligibility**

All employees (including Directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Board.

1.3 **Grant of LTIP Awards**

It is anticipated that LTIP Awards shall be calculated as a percentage of salary for each participant, by reference to their annual salary (or pro rata salary as applicable) from the previous year.

LTIP Awards may be granted at any time subject to not being in a closed period, however, no LTIP Awards may be granted more than 10 years from the date when the LTIP was adopted.

1.4 **Performance and other conditions**

The Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the underlying measurement period for such conditions will ordinarily be three years.

Where applicable, any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of LTIP Awards.

1.5 **Malus and clawback**

The Board may decide, at the vesting of LTIP Awards or at any time before and in the two years following vesting, that the number of Ordinary Shares subject to an LTIP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- (i) discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company; and/or
- (ii) the assessment of any performance target or condition in respect of an LTIP Award was based on error, or inaccurate or misleading information; and/or
- (iii) action or conduct of a participant which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.

Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards.

1.6 Vesting and exercise

In general it is intended that LTIP Awards will vest as to one third on each of the first 3 anniversaries of the date of grant and the LTIP Options will become exercisable on the third anniversary of the date of grant to the extent permitted following any operation of malus or clawback (if applicable).

LTIP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from grant.

1.7 Cessation of employment

Unless the Board determines otherwise, any LTIP Award will lapse on cessation of employment with the Group.

If a participant dies or ceases to be employed by the Group by reason of ill-health, injury, disability, or any other reason at the discretion of the Board, LTIP Awards shall not lapse and shall remain exercisable in accordance with the rules of the LTIP. Unless the Board determines otherwise, LTIP Awards shall be reduced pro rata to reflect the period of time that had elapsed from the date of grant to the date of death or cessation of employment.

1.8 Corporate events

In the event of a takeover, scheme of arrangement, or winding-up of the Company, the LTIP Awards will vest early. In the event of a takeover LTIP Awards shall vest in full, but in all other circumstances, LTIP Awards may be exercised to the extent vested.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of takeover, 40 days or such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger or any other corporate event, the Board may determine that LTIP Awards shall vest. In the event of an agreement for the sale of the whole of the business and assets of the Company LTIP Awards shall vest in full, but in any other circumstances, the proportion of the LTIP Awards which vest shall be determined by the Board. LTIP Options that vest in the case of a demerger may be exercised during such period as the Board determines (not exceeding 30 days) and will otherwise lapse at the end of that period. LTIP Options that vest on a sale of the business and assets of the Company may be exercised during a period of 40 days (or such other period as the Board determines) measured from the date of sale and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may alternatively decide that LTIP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

1.9 Awards not transferable

Awards granted under the LTIP are not transferable other than to the participant's personal representatives in the event of his death provided that awards and Ordinary Shares may be held by the trustees of an employee as nominee for the participants.

1.10 Overall Limits

The LTIP may operate over newly issued Ordinary Shares, treasury Ordinary Shares or Ordinary Shares purchased in the market. The rules of the LTIP provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the LTIP and under any other employees' share scheme operated by the Company. Ordinary Shares issued out of treasury under the LTIP will count towards these limits for so long as this is required under institutional shareholder guidelines. Awards which are renounced or lapse shall be disregarded for the purposes of these limits.

1.11 Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under the LTIP, including the number of Ordinary Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

1.12 Alternative settlement

At its discretion, the Board may decide to satisfy awards granted under the LTIP with a payment in cash or Ordinary Shares equal to any gain that a participant would have made had the relevant award been satisfied with Ordinary Shares.

1.13 Rights attaching to Shares

Ordinary Shares issued and/or transferred under the LTIP will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when an option is exercised or an award vests will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue).

1.14 Amendments

The Board may, at any time, amend the provisions of the LTIP in any respect. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

1.15 Overseas plans

The Board may, at any time, establish further plans based on the LTIP for overseas territories. Any such plan shall be similar to the LTIP but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

1.16 Benefits not pensionable

The benefits received under the LTIP are not pensionable.

Appendix II

Share Option Plan principal features

The CentralNic Group Plc Share Option Plan (Resolution 6 of the General Meeting).

Set out below is a summary of the principal features of the CentralNic Group Plc Share Option Plan ("SOP").

1.1 Overview

The SOP is a discretionary share plan. Under the SOP, the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible participants (i) nil cost options over Ordinary Shares ("SOP Options") and/or (ii) Ordinary Shares which are subject to restrictions and the risk of forfeiture ("SOP Restricted Shares"), (together "SOP Awards").

1.2 Eligibility

All consultants or contractors of the Group (other than Directors) are eligible for selection to participate in the SOP at the discretion of the Board.

1.3 Grant of SOP Awards

It is anticipated that SOP Awards shall be calculated as a percentage of the remuneration for each participant, by reference to their contracted remuneration for services (or pro rata remuneration as applicable) from the previous year.

SOP Awards may be granted at any time subject to not being in a closed period, however, no SOP Awards may be granted more than 10 years from the date when the SOP was adopted.

1.4 Performance and other conditions

The Board may impose performance conditions on the vesting of SOP Awards. Where performance conditions are specified for SOP Awards the underlying measurement period for such conditions will ordinarily be three years.

Any performance conditions applying to SOP Awards may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of SOP Awards.

1.5 Malus and clawback

The Board may decide, at the vesting of SOP Awards or at any time before and in the two years following vesting, that the number of Ordinary Shares subject to a SOP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- (i) discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company; and/or
- (ii) the assessment of any performance target or condition in respect of a SOP Award was based on error, or inaccurate or misleading information; and/or
- (iii) action or conduct of a participant which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.

Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards.

1.6 Vesting and exercise

In general it is intended that SOP Awards will vest as to one third on each of the first 3 anniversaries of the date of grant and the SOP Options will become exercisable on the third anniversary of the date of grant to the extent permitted following any operation of malus or clawback (if applicable).

SOP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from grant

1.7 Cessation of service

Unless the Board determines otherwise, any SOP Award will lapse on cessation of service and to the extent that the participant no longer holds any contract for services with the Group.

If a participant dies or ceases to hold any contract for services with the Group by reason of ill-health, injury, disability, or any other reason at the discretion of the Board, SOP Awards shall not lapse and shall remain exercisable in accordance with the rules of the SOP. Unless the Board determines otherwise, SOP Awards shall be reduced pro rata to reflect the period of time that had elapsed from the date of grant to the date of death or cessation of services.

1.8 Corporate events

In the event of a takeover, scheme of arrangement, or winding-up of the Company, the SOP Awards will vest early. In the event of a takeover SOP Awards shall vest in full, but in all other circumstances, SOP Awards may be exercised to the extent vested.

To the extent that SOP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of takeover, 40 days or such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger or any other corporate event, the Board may determine that SOP Awards shall vest. In the event of an agreement for the sale of the whole of the business and assets of the Company SOP Awards shall vest in full, but in any other circumstances, the proportion of the SOP Awards which vest shall be determined by the Board. SOP Options that vest in the case of a demerger may be exercised during such period as the Board determines (not exceeding 30 days) and will otherwise lapse at the end of that period. SOP Options that vest on a sale of the business and assets of the Company may be exercised during a period of 40 days (or such other period as the Board determines) measured from the date of sale and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may alternatively decide that SOP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

1.9 Awards not transferable

Awards granted under the SOP are not transferable other than to the participant's personal representatives in the event of his death provided that awards and Ordinary Shares may be held by the trustees of an employee as nominee for the participants.

1.10 Overall Limits

The SOP may operate over newly issued Ordinary Shares, treasury Ordinary Shares or Ordinary Shares purchased in the market. The rules of the SOP provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the SOP and under any other employees' share scheme operated by the Company. Ordinary Shares issued out of treasury under the SOP will count towards these limits for so long as this is required under institutional shareholder guidelines. Awards which are renounced or lapse shall be disregarded for the purposes of these limits.

1.11 Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under the SOP, including the number of Ordinary Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

1.12 Alternative settlement

At its discretion, the Board may decide to satisfy awards granted under the SOP with a payment in cash or Ordinary Shares equal to any gain that a participant would have made had the relevant award been satisfied with Ordinary Shares.

1.13 Rights attaching to Shares

Ordinary Shares issued and/or transferred under the SOP will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when an option is exercised or an award vests will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue).

1.14 Amendments

The Board may, at any time, amend the provisions of the SOP in any respect. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

1.15 Overseas plans

The Board may, at any time, establish further plans based on the SOP for overseas territories. Any such plan shall be similar to the SOP but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

1.16 Benefits not pensionable

The benefits received under the SOP are not pensionable.

NOTES TO THE NOTICE OF GENERAL MEETING

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the Company's registrars, Link Asset Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU on 0871 664 0300 or +44 (0)371 664 0300 from overseas.
2. To be valid any form of proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Link Asset Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 10.00 a.m. on 30 July 2018.
3. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in note 6 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
4. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 10.00 a.m. on 30 July 2018 (or, in the event of any adjournment, 48 hours before the adjourned meeting). Changes to the Register after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via web link). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (CREST Participant ID RA10) by 10.00 a.m. on 30 July 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

9. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
10. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

