CentralNic

CentralNic Group Plc

Annual report 2021

Building a better digital economy

Purpose

To make the internet everybody's domain.

Vision

The extraordinary potential of the internet available to all.

Mission

To provide tools to as many people as possible to realise their aspirations online.

FT FINANCIAL TIMES statista

1000 EUROPE'S FASTEST GROWING COMPANIES 2022

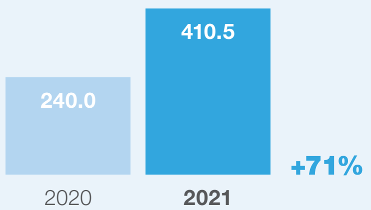
Contents

Our highlights

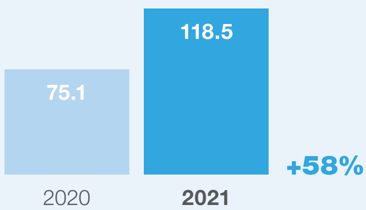
Building leading marketplaces for Online Presence and Marketing.

Financial highlights

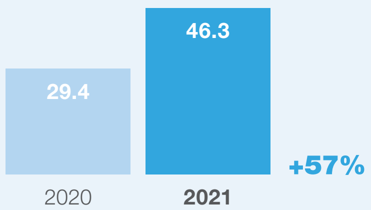
Revenue growth (USD m)



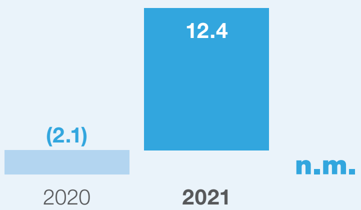
Net revenue/gross profit growth (USD m)



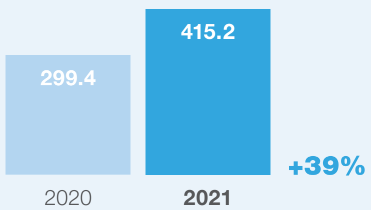
Adjusted EBITDA growth (USD m)



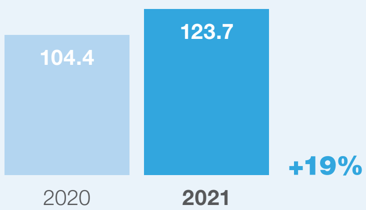
Operating profit growth (USD m)



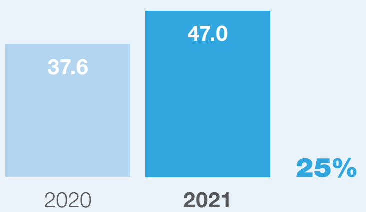
Organic revenue growth (USD m)



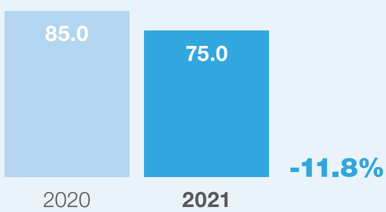
Organic net revenue/ gross profit growth (USD m)



Organic adjusted EBITDA growth (USD m)



Net debt deleverage (USD m)



As CentralNic made four acquisitions in 2021 and one in 2020, the Company also prepared a non-GAAP pro forma comparable financial summary including all businesses currently controlled by CentralNic (a definition of which is provided in note 3 to the consolidated financial statements), to effectively isolate organic growth. Throughout this report, figures qualified by 'organic' refer to this pro forma financial summary.

2021 highlights

Very strong traction for the Group's privacy-safe online marketing technologies in context of GDPR and the privacy-conscious policies of Big Tech.

New Data and AI group established to improve customer service, optimise business operations and decision making, enhance marketing, reduce customer churn, and automate detection of non-compliant customer activity.

New customer wins include JISC, Dot London and Yahoo!

Non-recurring revenue products contributed less than 1% of total revenue.

Successful bond tap issue of EUR 15 million at 104.5% of nominal value.

Experienced Non-Executive Directors added to the Board.

Post year end highlights

The Financial Times listed CentralNic among the top 250 fastest-growing companies and among the top 50 fastest-growing technology companies in Europe.

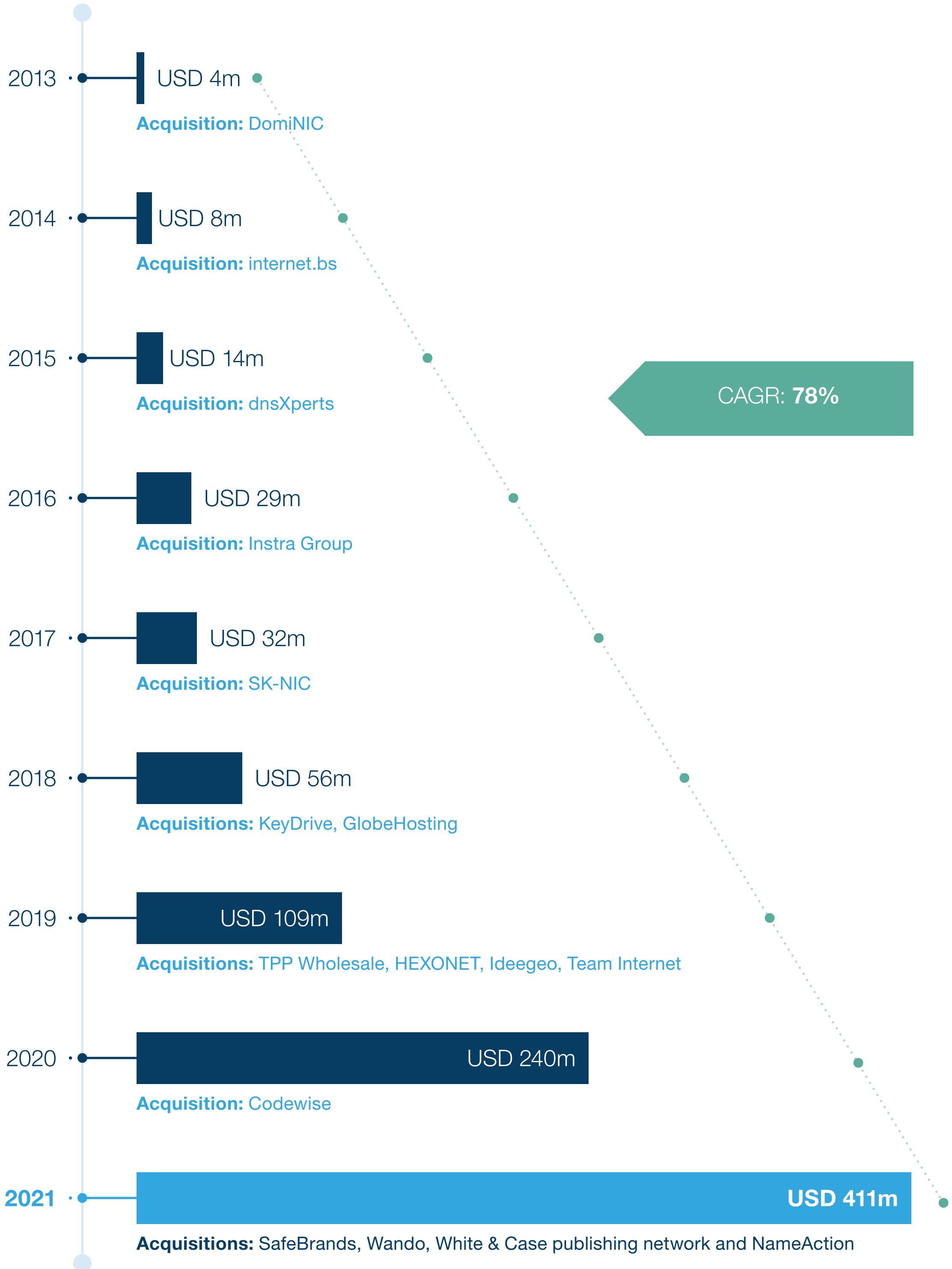
Acquisition of VGL Verlagsgesellschaft mbH (VGL) in March 2022 for a total consideration of EUR 67 million (approx. USD 75 million) funded via successful GBP 42 million equity and EUR 21 million bond placing.

Acquisition of Fireball GmbH and the . ruhr TLD in February 2022 for a total of c.USD 0.7 million.

Exceptionally strong start to 2022.

Journey so far

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



What we do

CentralNic provides the tools for businesses to succeed online via two marketplaces, Online Presence and Online Marketing.

Online Presence

Business

Selling the basic tools for companies to get online

Products

Web addresses, websites, hosting, email, etc.

Recurring revenue model

Annual subscriptions

Online Marketing

Business

Selling the tools for websites to acquire customers and generate revenues

Products

Tools for monetising web traffic and media buying tools for acquiring customers

Recurring revenue model

Rolling open-ended revenue share contracts

Online Presence

USD 149.3 million
2020: 127.9 million
Revenue

USD 53.3 million
2020: 45.1 million
Net revenue/gross profit

12.3 million
2020: 11.3 million
Processed domain registration years

USD 9.24
2020: 9.02
Average revenue per domain year

Online Marketing

USD 261.3 million
2020: 112.1 million
Revenue

USD 65.2 million
2020: 30.0 million
Net revenue/ gross profit

3.1 billion
2020: 2.1 billion
Visitor sessions

USD 64.92
2020: USD 47.90
Revenue per thousand sessions (RPM)

Team Internet case study: Team Internet has delivered continuous double-digit growth under CentralNic's ownership

Internal:

Acquired December 2019
Annual revenue: USD 75 million(1)

CentralNic invests in staff and technology development

Current revenue: Revenue almost tripled to USD 205 million(2), a 65% CAGR

External:

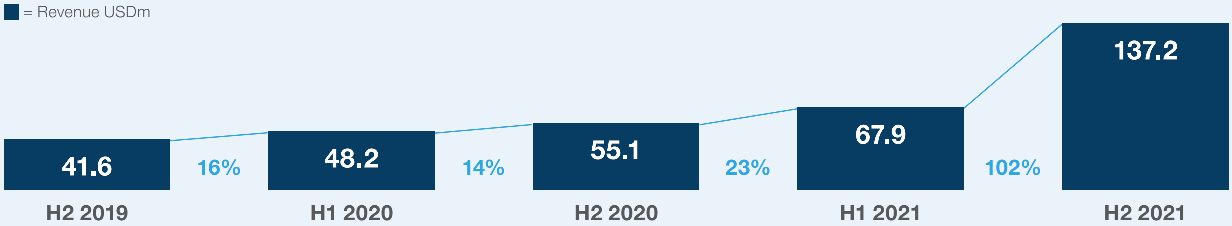
Acquired by CentralNic

Safari blocks third-party cookies by default

Apple's iOS 14 enables Tracking Prevention in all browsers and apps

Apple's iOS 15 includes Mail Privacy Protection

■ = Revenue USDm



(1) Revenue for the full year ended 31 December 2019.
(2) Revenue for the full year ended 31 December 2021.

Chairman's statement

"

2022 has started off as the most volatile year in recent memory, yet CentralNic has continued on its growth trajectory despite the headwinds all businesses are currently experiencing.

Iain McDonald
Chairman

CentralNic's results for 2021 demonstrate the potential of the business to drive organic growth far ahead of standard market metrics by investing in staff and systems and integrating acquisitions into marketplaces where the value of the whole is much greater than the sum of the acquired parts. It is particularly pleasing to see that in only two years of participation in the online marketing space, CentralNic is already outpacing most of its competitors in its relentless path towards becoming a multi-billion dollar online services company.

Notably, where the many changes in the legal, policy and technical environment have impacted negatively on many tech companies – from the end of COVID-19 restrictions to privacy measures including the banning of third-party cookies – CentralNic has taken these in its stride and indeed has benefited from the same market conditions that have slowed many of its rivals.

While the mix of businesses evolved during this rapid growth, margins remained resilient for each business line, and the Company continued to generate high levels of operating cash flow, continuously improving its net debt position.

We continue to see exciting M&A opportunities matching our investment criteria. Indeed, the Group supplemented its organic growth with four earnings-accretive acquisitions during the year 2021, and has started 2022 with an oversubscribed equity raise to support its most exciting acquisition yet, the German product comparison website group, VGL.

2022 has started off as the most volatile year in recent memory, yet CentralNic has continued on its growth trajectory despite the headwinds all businesses are currently experiencing. The Group's continued flourishing is the result of enormous hard work from our executives, staff and Board, and I thank them on behalf of the Shareholders for their efforts.

Iain McDonald
Chairman
4 April 2022

Investment case

A hugely resilient
recurring revenue business.

Recurring revenues

Online Presence services sold as **annual subscriptions**

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

High customer stickiness

Only 3% of Online Presence customers change supplier each year

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

Proven resilience

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

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

Future proof

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

No cookies used or **private user data** collected as part of the Online Marketing business

Chief Executive Officer's report

> Organic growth was up to 39% from a traditional base of 5-6%.

Ben Crawford
Chief Executive Officer

CentralNic's growth rate of 71% in 2021 is broadly in line with our Compound Annual Growth Rate since we first listed in 2013; however, for the first time in our Company's history, half of that growth was organic. Organic growth was up to 39% from a traditional base of 5-6% – driven by our service diversification into Online Marketing, our investment in people and systems, new customer wins, increased spend from our customers, and improvements to the competitiveness of our products.

Market and strategy

CentralNic is a global provider of increasing importance of the tools to help businesses and other organisations to succeed online, by applying a marketplace model to internet services. These services are delivered through our two operating segments – Online Presence and Online Marketing.

Online Presence

CentralNic's Online Presence segment supplies a range of domain names second to none, together with such value-added services as email software, hosting, SSL Certificates, website builders and online brand protection.

We are an omni-channel distributor of these services, supplying all customer types via targeted brands and tailored offerings. CentralNic supplies around 20,000 retailers (including many of the world's best-known domain retailers) with virtually any domain name in the world, through a single API, with a single invoice and a single customer service number to call. In addition to domain names, the Group is starting to sell in-demand services such as Microsoft Office 365 and AWS hosting through this channel. CentralNic's Registry Services business is the world's premier distributor of new Top-Level Domains – it manages around the same number of domains as all our competitors combined, as well as SK-NIC, operator of the official country code domain for Slovakia, home to one of the fastest-growing economies in Europe.

CentralNic also supplies over 1,000 enterprise customers under the brands BrandShelter and SafeBrands, with particularly strong footprints in the French and German markets, as well as a significant presence in the USA. These enterprise clients, including a number of the Global 1,000 companies, view domain names as intellectual property – like trade marks of the internet – and they retain large portfolios of domain names to protect their brands globally, as well as procuring CentralNic's internet monitoring and online brand protection services to identify and stop trademark abuse on the internet. Our in-house retail brands provide small-to-medium sized businesses in almost every country in the world with the tools to build their online presence. Lastly, our Government channel supports the efforts of a dozen governments to build their local digital economies.

The size of the domain name market is estimated at around USD 5 billion with 3% growth, while the value-added services related to and bundled with domains (website builders, website hosting, email software, etc.) has estimated annual revenues of an additional USD 25 billion. These services are sold on a subscription basis – CentralNic provides access to continuous services, in exchange for a stable and predictable recurring stream of annual customer payments. The cash conversion from this revenue stream is consistently over 100% as CentralNic does not offer credit to most of its customers, who are therefore required to pre-fund their accounts.

As the Online Presence market is extremely sticky, with only 2% of customers switching providers each year, CentralNic's growth strategy in Online Presence been focused on acquisitions, with each acquisition adding new suppliers, distribution channels and customers. This carefully curated group of businesses acquired around the world has been operationally integrated into a marketplace, allowing us to cross-sell suppliers from acquisition X to customers from acquisition Y, creating a network effect, which in 2021 has produced organic growth at 9% – double the rate of previous years.

Online Marketing

CentralNic's Online Marketing segment is for companies that have their web presence in place and are seeking to acquire new customers or monetise the traffic coming to their website. The total size of the online marketing market is estimated at around USD 450 billion in 2021 with a growth rate of around 20% per year – reflecting the fact that millions of companies now use online marketing to attract new customers – including of course e-commerce companies, which in 2021 enjoyed over USD 4 trillion in revenues.

CentralNic's range of online marketing solutions use proprietary artificial intelligence and contextual data to optimise return on advertising spend for advertisers and to maximise revenues for websites with high quality traffic. The recurring revenue model for Online Marketing is utility-style, in that customers have rolling contracts with CentralNic. CentralNic gets paid every time an end user clicks on an ad – providing a reliable stream of new customers to advertisers and revenues to publishers. Again, the cash conversion from this revenue stream is consistently over 100%, as here also CentralNic does not offer credit to most of its customers, who are therefore required to pre-fund their accounts.

CentralNic's anti-fraud and compliance software and teams are industry leading, and they too benefit from AI applications for early detection of any suspicious behaviour. All of CentralNic's solutions are privacy-safe and compliant with all data laws and recent policies restricting third-party data handling and cookies. As well as complying with the regulatory environment, CentralNic's online marketing solutions are aligned with public sentiment opposing the collection and sale of private data. These qualities may have contributed to the growth of CentralNic's Online Marketing segment in 2021, as advertisers were forced to abandon some traditional ways of working.

CentralNic's strategy in our Online Marketing segment follows the same approach as for Online Presence – except here, instead of selling domain names and related services, we are selling internet traffic – generating new customers for online merchants and providing monetisation revenues to website publishers with high quality traffic. As in our Online Presence business, we are creating an operational marketplace from disparate acquisitions – with each acquisition adding new traffic sources and revenue partners to our marketplace. To date the results have been extraordinary – by acquiring, investing in and combining three companies, CentralNic has been able to increase their combined growth organic rate from single digit to 65% in 2021.

Head office functions

The critical mass of CentralNic Group's technical and operations staff is concentrated in Germany and Poland, with regional staff in Australasia and North and South America, and the corporate headquarters located in the UK. From those centres, CentralNic services customers in almost every country in the world.

Following initial investments in new staff and systems in 2020, CentralNic continued its restructuring programme to build a robust central hub of IT and corporate services designed to optimise efficiency and transparency across the Group, freeing up staff in individual businesses and channels to focus on customer-facing activities. The Company made significant progress in rolling out new Company-wide software tools including Salesforce, Jira, Confluence, HiBob, Zendesk and Tableau during 2021. We significantly increased the size of our shared functions, building out the teams working on products, finance, people, development, integrations, and a single procurement function for domains and other microservices, streamlining the internal supply chain. The Data and Artificial Intelligence function was promoted from the Online Marketing segment to the head office, to assist all business activities across the Group.

At the end of 2021 CentralNic appointed Carsten Sjoerup to the new position of Chief Technology and Product Officer, responsible inter alia for the technical integration of CentralNic's acquired businesses, and a consistent approach to platform and product development across the Group.

Strategic priorities

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

- organic growth in all its forms – winning new customers, growing existing customer relationships, launching new products, and contracting with new suppliers;
- achieving stronger operating leverage by scaling up our online marketplaces, as these platform businesses can support higher volumes of transactions with relatively fixed costs;
- continuing to manage our debt ratios – we ended the year at our strongest position since 2019 with net debt/EBITDA at 1.6x and interest coverage at 4.5x; and
- taking continued opportunity of our competitive advantages as an acquirer, assembling a curated group of quality companies meeting our criteria of recurring revenues, high cash conversion and customer stickiness – and integrating them into robust marketplaces with network effects driving growth.

Chief Executive Officer's report continued

Results and operational highlights

CentralNic's 39% organic growth rate in 2021 is in itself ample evidence that ours was not among the tech businesses 'riding the COVID-19 wave'. Our growth actually accelerated as the impact of COVID-19 waned, reflecting a return on our acquisition strategy and internal investment, and the long-term trend towards privacy-safe online marketing.

Online Presence

Meaningful growth was achieved in the Online Presence segment in 2021, with revenues increasing by USD 21.4 million for the year – up 17% from 127.9 million to 149.3 million. Organic growth of the segment was 9% over the year, thanks largely to growth of our largest existing customers. Customer wins during the period notably included Ingram Micro and government contracts ranging from Hillsborough County, Florida to Kingdom of Lesotho in Southern Africa.

On 9 January 2021, CentralNic acquired SafeBrands, a France-based award-winning innovator in enterprise domain name and online marketing technologies, for a total cash consideration of up to EUR 3.6 million (USD 4.4 million), representing 0.9x its FY2020 revenue. SafeBrands operated at approximately breakeven in FY2019 and generated EBITDA of EUR 0.2 million (USD 0.2 million) in FY2020. Out of the total consideration, EUR 2.5 million (USD 3.0 million) was paid upfront, EUR 0.5 million (USD 0.6 million) was deferred for one year, and the remaining EUR 0.6 million (USD 0.8 million) was paid subsequently, as SafeBrands met agreed FY2020 financial objectives.

The Online Presence segment growth increased further with two smaller acquisitions in Q4 2021 – NameAction, a leading reseller of domain names in Latin America, which has now become CentralNic's Latin American sales hub across all our activities, and a portfolio of websites acquired from White & Case Ltd.

Online Marketing

We entered this exciting high-growth market at the very end of 2019, and spent under USD 100 million in acquisition costs to create a business that ended 2021 with USD 261.3 million in revenues – reflecting an extraordinary organic growth rate of 65%. The three acquisitions were Team Internet, bought at the end of 2019, the ZeroPark and Voluum businesses acquired from Codewise in 2020, and finally Wando Internet Solutions, acquired on 22 February 2021 for USD 6.6 million plus an additional earnout of up to USD 6.6 million.

By combining the data, AI-based software, expertise and sources of traffic of these three companies, we were able to supercharge our growth with existing customers and attract new customers – including those seeking out our privacy-safe solutions. Media buyers used our platforms to place advertisements for many of the best-known internet native brands in America, and many internet-savvy small businesses were able to obtain extraordinary results from CentralNic's solutions. We also contracted with new partners including Yahoo! and Opera Mobile.

Head office

Other operational highlights that helped to drive our growth in 2021 included adding two experienced Non-Executive Directors to the Board; a successful tap of our Norway-issued bond for EUR 15 million at 104.5% of nominal value; and successfully hedging our currency exposure on the bond at 3.3% below the level at 31 December 2020.

Post year end and outlook

Current trading updates

The strong growth experienced during 2021 has continued into 2022, with the Company announcing on 14 February 2022 and on 28 February 2022 that its year-on-year revenue growth, largely driven by the performance of the Online Marketing segment, was materially ahead of the revenue growth rates implied by analyst consensus expectations for the full year to 31 December 2022. Given the early stage of the current financial year, the Directors have yet to fully ascertain the expected impact on full-year performance, but the outlook remains positive for the Company, despite the impact of the war in Ukraine.

We note that CentralNic's direct exposure to the Russian, Belarusian and Ukrainian economies constitutes an immaterial contribution to the business.

Strategic acquisitions

CentralNic has entered into agreements to acquire Fireball Search GmbH ('Fireball') as well as the .ruhr Top-Level Domain (TLD) ('.ruhr') for a total aggregate consideration of EUR 0.6 million (USD 0.7 million) in cash. The acquisitions are expected to complete immediately and on or around 31 May 2022 respectively and will be financed from available cash resources. Combined historical revenue and EBITDA for both acquisitions are c.EUR 0.2 million and c.EUR 0.1 million respectively. The acquisitions are expected to be immediately earnings accretive.

VGL acquisition and related equity and debt raises

CentralNic announced on 28 February 2022 the acquisition of VGL Verlagsgesellschaft mbH (VGL) for an enterprise value of EUR 60 million, with initial consideration of EUR 67 million (approx. USD 75 million), payable in cash on completion, inclusive of customary adjustments for cash and working capital.

The acquisition brings additional scale and capabilities to CentralNic's Online Marketing division, contributing traffic-generating websites, content and media buying expertise and new partner relationships to enhance CentralNic's AI-driven business.

The acquisition is expected to be double-digit earnings enhancing for the financial year ending 31 December 2022, prior to any synergies being realised. VGL generated USD 55.3 million of revenue (unaudited) and USD 10.9 million of Adjusted EBITDA (unaudited) in the twelve months to 31 December 2021.

The acquisition was funded via an equity bookbuild that raised gross proceeds of GBP 42 million (before expenses) through the successful placing of 35,000,000 Placing Shares at the Issue Price of 120 pence per New Ordinary Share. The Placing was significantly oversubscribed. 2,500,000 additional shares were placed via an Open Offer for existing Shareholders at the same price per share as the Placing, raising gross proceeds of GBP 3 million, on the basis of 1 Open Offer Share for every 100.46403360 existing ordinary share. An additional EUR 21 million was raised through a bond tap issue at a premium of 0.08% above the par value of the bond.

Conclusion

2021 was a year of extraordinary organic growth for CentralNic, following successful business diversification into Online Marketing, successful investment in staff and systems, and successfully attaining network effects of integrating the acquired businesses into online marketplaces.

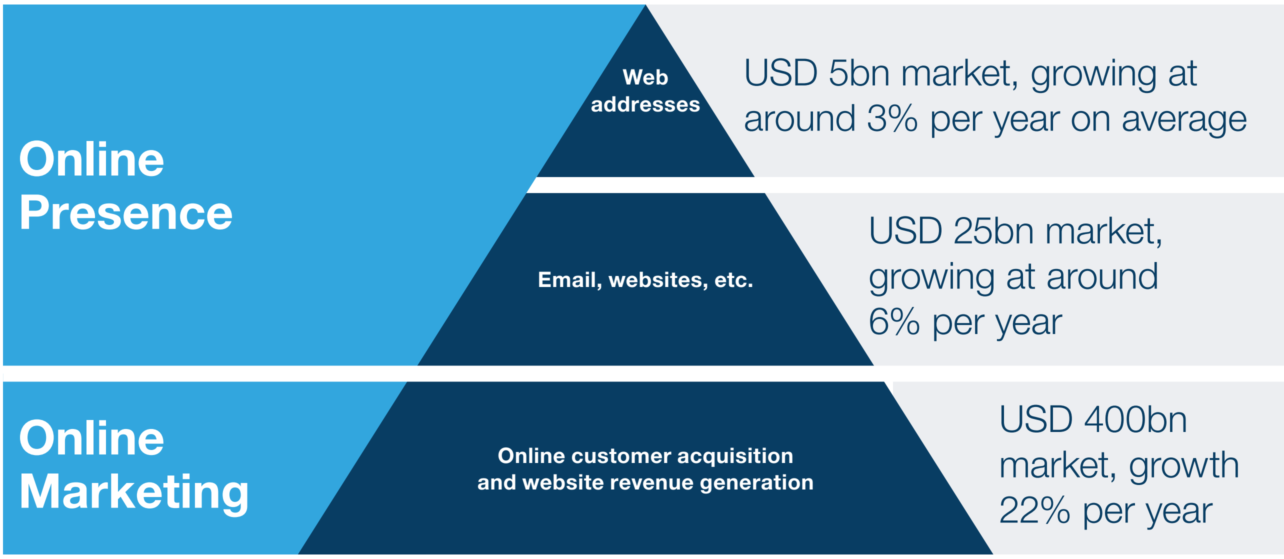
I thank our people, our Directors, our customers and our suppliers for their valuable contributions to our progress. As 2022 starts with very promising impetus for CentralNic, this year has also been marked by terrible conflict that affects us all. We expect CentralNic's progress to continue unabated, and we hope for a stable and peaceful environment for ourselves and the global community.

Ben Crawford
Chief Executive Officer
4 April 2022

Market opportunity

CentralNic's organic growth is driven by the underlying growth of the internet and the e-commerce sector.

Selling the tools companies need to do business online:



CentralNic's unique market position:

Online Presence	Online Marketing
CentralNic has operationally integrated its acquisitions into a marketplace selling almost all domain names and other value added services to all customer types through dedicated channels with direct accounts and connections with almost all the worldwide suppliers of country code and generic domain names	CentralNic is integrating its acquisitions into a marketplace selling domain name traffic from almost the full range of sources to customers using a range of leading demand side platforms
Leading domain market place connecting more than 1,500 domain name suppliers (TLDs) to more than 20,000 resellers	Exclusive revenue generation right to 25 million websites
Trusted guardians of the domain portfolios of hundreds of internationally recognised brands	4,500 online marketers/media buying platforms use our customer acquisition tools
c.250,000 direct SMB customers	CentralNic's privacy-enabled marketing solution resonates perfectly with market demand

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

Our business model

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

Inputs

Our people

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

Our technology

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

Our operational structure

CentralNic Group's finance, people, product, project management, integrations, technical and operations staff are concentrated in Germany and Poland, with regional staff in Australasia, North and South America, and corporate headquarters in the UK. A truly global operation, CentralNic services customers in almost every country in the world.

Our global perspective

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

Creating value for stakeholders

Customers

99%

Renewal by value

Colleagues

675

Expert employees

Investors

39%

Organic growth

Regulators and governments

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

Partners

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

Communities

€600,000

Grants donated through the SK-NIC Fund

Focused on sustainability

Environment

See more on our environmental strategy and carbon neutrality on pages 25 and 26.

Communities

See more on how we support local communities on pages 24 and 25.

Diversity and inclusion

See more on our approach to diversity and inclusion on pages 22 to 24.

Governance

See more on how we are creating long-term sustainable success on pages 20 to 21.

Our business model continued

How Online Presence services work:

Foundation of the internet

Domain names are the key navigator for the internet and basis for email, two key innovations of the last few decades

More than 365 million domain names are currently in existence under more than 1,500 top level domains (i.e., the rightmost part of a web address, such as '.com')

Subscription revenue

CentralNic connects more c.250,000 direct and four million indirect customers with more than 1,000 domain name registries all around the world

This network makes CentralNic a favourite marketplace serving all user types - SMBs, enterprise customers, governments and resellers - who can obtain any domain name their customer wants through a single API and a single invoice, with a single support number to call

Basis for value-added services

Additional services can be bundled with domain names, such as SSL certificates or hosting packages

Domain parking services, as offered by our Online Marketing segment, allow owners to generate recurring income from advertising placed on their domain names

Also, domain names can be used as a crypto currency wallet, and in conjunction with blockchain applications. CentralNic has co-developed and supported blockchain applications for domains over several years

CentralNic's business characteristics:

Resilience –
Not one year of receding revenues in more than 20 years, not even during the dotcom bubble burst, the sub-prime crisis, the sovereign debt crisis, or COVID-19

Automation –
CentralNic's RRP proxy was the first platform allowing automated registration of ccTLDs through an API, and CentralNic continues to be a leader in automation in domain names

Powerful partners –
CentralNic is the partner of choice for the majority of the world-leading hosting companies to procure domain names as the foundation for their customers' online presences

Multi brand retail business –
CentralNic operates different brands that cater to various customer personas, from micro businesses in emerging countries to large North American enterprises

How Online Marketing services work:

Massive underlying growth

Over 4 billion people access the internet

320 million+ new users expected in 2022, annualised growth rate 7%

E-commerce generated **USD 4.3 trillion** in 2020, growing at **27%** p.a.

Online customer acquisition

Over USD 400 billion was spent in 2020 (growing at 21%) on online marketing, by e-commerce operators and others to acquire customers

Online revenue generation

Websites with 'traffic' (people surfing the internet) are able to generate revenue through placing advertisements on their websites

CentralNic's business characteristics:

Future proof – CentralNic's Online Marketing businesses have no exposure to:

- Cookies
- Private user data

Hence, we are at the forefront of ESG-friendly online advertising

CentralNic accesses tens of millions of websites and domains with traffic from more than 25 million domains on an exclusive basis

CentralNic uses AI and enormous processing power to identify potential customers for its clients using contextual advertising (analysing domain names and website content)

Recurring revenues – Rolling contracts and 'programmatic advertising' tools for clients to automate a continuous stream of new customers to their websites deliver utility-style predictable revenues

Our strategy

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

Strategic priorities:	Description:	Notes:
Organic growth	New customer wins, supporting existing customers, and cross-selling our services. Launching new products and contracting with new suppliers.	As CentralNic has made a number of major acquisitions in recent years, the Company also prepares pro forma comparable financial summaries including all businesses currently controlled by CentralNic to effectively isolate organic growth.
Focused M&A	Website and e-commerce targets matching CentralNic's current recurring revenue, cash generation profile. Strong pipeline of attractively priced deals.	CentralNic has cultivated excellent capabilities in sourcing, completing and integrating transformative acquisitions, integrating them into marketplaces enjoying network effects, and driving organic growth.
Operating leverage	Achieve cost savings in future periods by successfully integrating acquired businesses. Operational gearing is expected to enhance margins as the Group scales.	M&A activity targets specific financial synergies to ensure that the cost base continues to be well controlled.
Sustainable debt	Reduce interest rate on historic debt (latest effective interest rate <5%). Retain net debt/EBITDA ratio of <2.5x and interest coverage of >4x.	Given the amortisation-free nature of our Norwegian bond, improving the interest cover takes precedence.

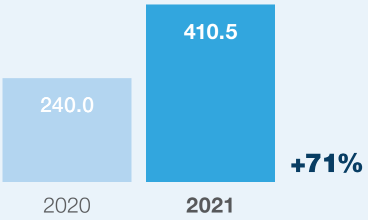
2021 achievements:	Priorities for 2022:	Link to KPIs:
• Record organic revenue growth of 39% in 2021 demonstrates the success of the Company's strategy of investing during the pandemic. • The Financial Times listed CentralNic among the top 250 fastest-growing companies and among the top 50 fastest-growing Technology companies in Europe; one criteria for inclusion is that revenue growth must have been primarily organic. Further, other companies included in the ranking are significantly smaller than CentralNic, which demonstrates growth at an unusual rate for companies of our size.	• Dedicated business development teams established in late 2021 to continue to drive incremental revenues. • Organic growth to be driven by cross-selling of services through capitalising on capabilities of newly acquired entities.	1 2 3 4 5 7 9 10 11 12
• Acquisition of SafeBrands (Online Presence segment) in January 2021. • Acquisition of Wando Internet Solutions (Online Marketing segment) in February 2021. • Acquisition of a publishing network of revenue-generating websites from White & Case Ltd in October 2021. • Acquisition of NameAction (Online Presence segment) in December 2021.	• Execute on strong pipeline for future acquisition targets to ensure the business continues its trajectory, scaling the ranks of the global leaders in our industry.	1 2 3 4 5 6 7 8 9 10 11 12
• Cost to net revenue ratio kept stable as compared to FY20 despite notable upfront investment in growth. • Operational leverage already started materialising in H2.	• The growth sparked by the Company's investment in talent and systems is expected to materially continue whereas the growth in operational expenditure will be underproportional in comparison.	1 2 3 4 5 7
• Oversubscribed bond tap issue at 104.5% of nominal value provided a market test of yield expectations for CentralNic's much improved credit profile. • Interest cover, as measured by adjusted cash flow divided by cash interest, improved from 3.7x in FY20 to 6.2x in FY21.	• The refinancing window opening in July 2022 provides a formidable opportunity to manage towards the goal of further notable improvements of the interest cover.	3 6 8

Key performance indicators

A range of financial and non-financial key performance indicators are used to measure and monitor performance across the Group.

Financial:

1 Revenue growth (USD m)

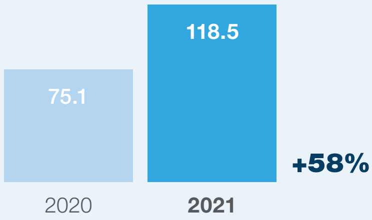


Why it's important
Revenue increase is the key indicator of growth of the Group

2021 performance
71% growth achieved organically and through M&A activity

Outlook
Analyst expectations of 2022 revenue currently range from USD 499.9 million to USD 532.0 million

2 Net revenue/gross profit growth (USD m)

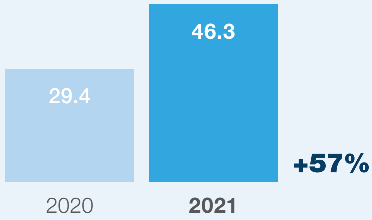


Why it's important
Principal indicator of core profitability given 'pass through' nature of some revenue streams

2021 performance
58% growth in 2021

Outlook
Analyst expectations of 2022 net revenue currently range from USD 132.2 million to USD 145.6 million

3 Adjusted EBITDA growth (USD m)

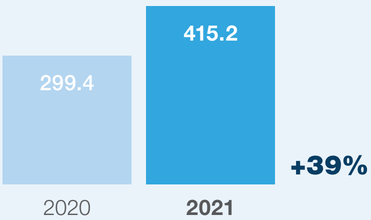


Why it's important
Adjusted EBITDA is the key measure of the Group's operational excellence

2021 performance
57% growth due to strong revenue growth and focus on cost control

Outlook
Analyst expectations currently range from USD 56.4 million to USD 63.0 million

4 Organic revenue growth (USD m)

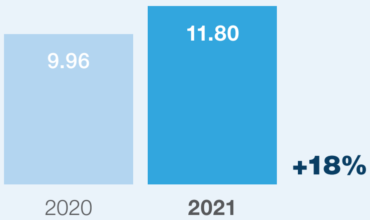


Why it's important
Given the highly acquisitive nature of the Group, organic growth is a key metric illustrating the underlying revenue growth of the Group

2021 performance
Record organic growth of 39% in 2021

Outlook
2021's investments are expected to continue to drive organic growth into 2022

5 Adjusted diluted EPS (cents)

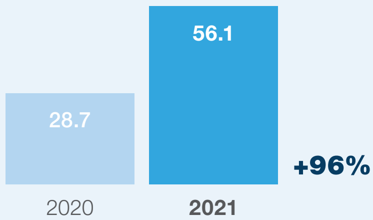


Why it's important
Measure of the underlying growth in earnings

2021 performance
18% growth is testament to organic and M&A-led growth of the Group

Outlook
Growth expected from continuing operational leverage benefits and accretive acquisitions in FY22

6 Cash balance (USD m)

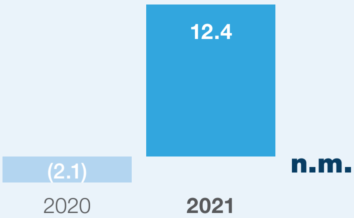


Why it's important
Cash balances are monitored weekly for working capital and M&A funding requirements

2021 performance
Cash reserves almost doubled to USD 56.1 million at end of 2021

Outlook
Continued operational cash conversion greater than 100% expected in 2022

7 Operating profit growth (USD m)

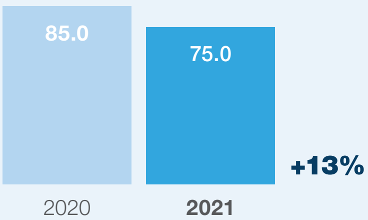


Why it's important
Demonstrates that the Group's acquisition-led non-core and amortisation charges are recovered

2021 performance
Operating profit increased to 12.4 million

Outlook
Metric will benefit from operational leverage but expected to be impacted by 2021 and 2022 M&A activity

8 Net debt deleverage (USD m)



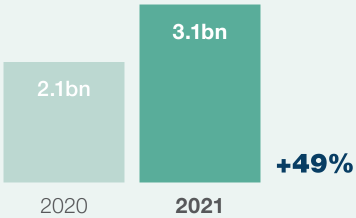
Why it's important
Net debt deleverage expected over time

2021 performance
Reduction despite significant investing cash flows in 2021

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

Non-Financial:

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

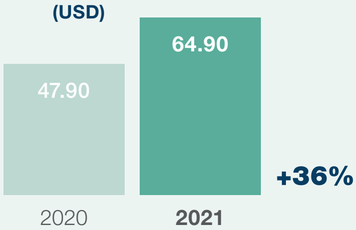


Why it's important
Indicative of the Group's total audience

2021 performance
Strong growth in particular from social media, following the audience to short form video

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

10 Revenue Per Thousand Impressions (Online Marketing) (USD)

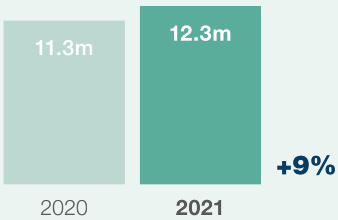


Why it's important
Indicative of how good CentralNic is at monetising traffic, creating a competitive advantage

2021 performance
Notable improvements made through optimisation of algorithms

Outlook
Further improvement is to be expected, in particular in the first half of 2022

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

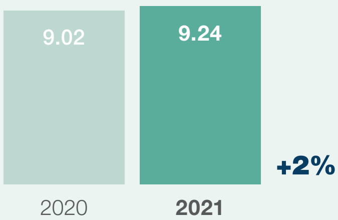


Why it's important
Indicates whether CentralNic is winning market share

2021 performance
Growth of 9% to 12.3 million processed domain registration years despite the stagnant market

Outlook
Further market share gain by volume expected in 2022

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



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

2021 performance
Growth of 2% achieved in 2021

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

Environmental, social and governance (ESG)

The Board invests appropriately to address ESG issues which affect the Group's stakeholders.

Introduction

We believe that the best way to influence positive change is by making a commitment to our key stakeholders – who will hold us accountable. With this in mind, we will be adding a page dedicated to ESG to our website in the coming months.

The initiatives that we have undertaken and prioritised during the year are summarised in the following pages.

Read more about:

- the Group's goals, strategy and business model in the strategic report on pages 02 to 19;
- how we manage risks on pages 32 to 35; and
- corporate governance on pages 38 to 40.

Adoption of the United Nations Sustainable Development Goals

We adopted the United Nations Sustainable Development Goals (UN SDGs) to help guide our sustainability strategy

One CentralNic

In 2021 we launched our purpose and values – making an impact, collaborating and taking ownership

Carbon intensity reduced

Group emissions per employee have reduced by 17.5% and emissions per turnover have reduced by 22.7% in 2021

Embracing future reporting standards

The Group is welcoming the upcoming Task Force on Climate-Related Disclosures (TCFD) requirements and is actively preparing for them. In this endeavour, we are exploring how to weave the industry-specific reporting metrics for Software & IT Services (TC-SI) provided by the Sustainability Accounting Standards Board (SASB) into the TCFD framework and align them with the Global Reporting Initiative (GRI) standards

Our sustainability strategy

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

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

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

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

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

UN Goals	How CentralNic Contributes
Good health and wellbeing	Health and wellbeing are embedded in the CentralNic strategic people priorities and contribute to its core sustainability mission
Gender equality	CentralNic is committed to ensuring equal opportunities for all, irrespective of gender, and to maintaining a culture of inclusion, in which diversity is seen as a strength
Decent work and economic growth	CentralNic employs over 600 employees across the globe. Our employees are crucial to delivering our sustainability goals and mission
Sustainable development	CentralNic is at the forefront of innovation within the domain and online marketing industry. Our mission is to provide tools to as many people to realise their aspirations online, demonstrating our commitment to effective digital work and social practices, such as data privacy
Responsible consumption and production	CentralNic makes sustainability a key factor when managing suppliers
Climate action	CentralNic is taking action to reduce its GHG emissions whilst also investing in green energy projects

Environmental, social and governance continued

Uniting our people behind a common purpose, vision and set of clear values is a powerful driver of our culture and performance.

Our people and culture

Coming together as One CentralNic

To bring us together as one aligned CentralNic, in 2021 we launched our purpose and values – Impact, Collaboration and Ownership – and are embedding these in everything we do. The Executive Team is committed to building One CentralNic with a culture, purpose and heartbeat that our people are motivated by and feel proud to be a part of, and that delivers the value our stakeholders deserve. Our people, financial and sustainability goals will support our Company performance, ambition and purpose and will be part of our 2022 corporate objectives and key results (OKRs) on which we will be measured.

To drive this, we have recruited 17 Culture Ambassadors from among our staff, who ensure our values are lived throughout the business and provide a values lens to all our new initiatives.

Uniting our people behind a common purpose, vision and set of clear values, rather than the many we have inherited via our acquisitions, was an important strategic step for CentralNic and will be a powerful driver of our performance and culture both now and in the future.

Growing the team

It is CentralNic's conviction that its assembled workforce is its key asset. In line with this conviction, it is CentralNic's strategy to retain the talent that it acquires in its M&A growth strategy. CentralNic invests into itself and its acquisitions and is proud to announce that, adjusted for acquisitions, the Group had net employment growth of 15% or 82 FTE, from 562 FTE on average in 2020 to 644 FTE on average in 2021.

Attraction and engagement: Our evolving flexible working model

We are working tirelessly to create a culture and way of working that is inclusive, where people feel they belong and are able to be themselves, enabling them to thrive in our dynamic, fast-paced environment.

Covid has presented us with challenges, and our people have risen to meet them. We have taken the opportunity to think about the ways of working best suited to underpin our day-to-day lives as we emerge from the pandemic. We listened to our people who want flexibility and we are evolving a dynamic team-driven working model focused on output.

We recognise a hybrid working model is not easy, especially as many people have struggled to find the right rhythm between work and personal life in a predominantly remote pandemic world. To address this, our manager training and facilitated sessions will support teams as they determine their most effective hybrid working models together with working practices and commitments to their stakeholders and to each other. We believe supporting our people to take ownership is critical, not just to maintaining a sustainable way of working, but also in ensuring our people are happy, engaged and motivated.

During 2022 we will be rethinking how we use our spaces for when work is best done in-office and ensuring we harness the best technology solutions not just to ensure a great user experience, but to cut travel time, costs and therefore our carbon footprint. We are now building harmonised processes across the Group to support our new working model to ensure its ultimate success for the benefit of our customers, our people and our business.

Group ethics

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

Inclusive at all times

Recruiting and retaining excellent staff is a key focus, and we provide an environment and culture designed to enable our people to feel supported and to do their best work. We continue to build on the foundations in place, providing education and training for all hiring managers to make sure we recruit at all times with an inclusive mindset. For full transparency and equal opportunity, we advertise all roles internally and have a supportive process to enable our people to apply for roles. Our 2022 manager development programme includes unconscious bias training through which managers earn the right to hire.

Coming together as One CentralNic means we have a clearer view on our overall inclusivity across the Group. Our inclusivity policy, processes and training are designed to remove conditions that place people at a disadvantage in respect of gender, race, ethnicity, disability, age, sexual orientation, class, or faith. We recognise and encourage the valuable contribution that people from all backgrounds and experience bring to our company. We are very proud to have over 40 nationalities across our business, speaking more than 30 different languages. We look forward to providing more insights in future reports around our inclusive nature, working within the constraints imposed on collecting personal data in many jurisdictions.

The gender balance at year end 2021 was 36% female and 61% male[1] and whilst this is broadly reflective of our industry, it will be a key focus for the Group as we move into 2022 and beyond.

We are pleased our gender balance within the senior leadership team had increased to 28% of leadership being female by the end of 2021. This remains below our expectations and through our new career structure, manager training and talent programmes, we plan to further address this during 2022. However an excellent example of the promotion of leaders regardless of gender within the Group is the appointment in January 2021 of Gaelle Lallement as CEO of Team Internet, CentralNic's largest subsidiary.

Wellbeing: Looking after ourselves and each other

Our response has evolved from the urgent provision of home office equipment in 2020, to a more holistic approach recognising that our people's wellbeing is a complex mix of social, physical and psychological factors. In 2021 all managers attended mental health training, highlighting the need to prioritise their own wellbeing to better support their team as well as how to recognise and help people struggling.

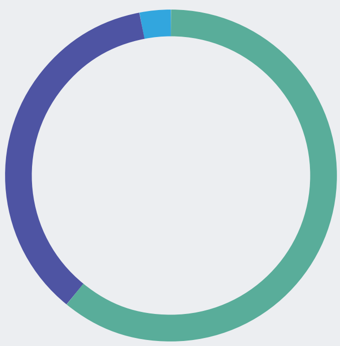
During 2021 we listened to our people, carrying out over 35 focused interviews and pulse surveys to check the temperature of the business. Given the pandemic and continued remote working, encouragingly 91% of people said they continued to be involved in impactful work, with 84% saying they still felt connected to the business despite working remotely. 12% of our people felt negatively impacted by working remotely but 71% of those negatively impacted felt they were getting support from the business.

We continue to encourage proactive measures to support our people, such as walking meetings, virtual meet-ups, gentle stretch sessions, and a global step challenge. The last initiative not only got people moving, it created a social, team-spirited opportunity for people to team up with their colleagues across the globe and helped create a more One CentralNic camaraderie. It will be repeated in 2022 with everyone using their CentralNic fitbit, our 2021 gift to launch our holistic approach to wellbeing in 2022, to capture their steps.

Recognising some people have struggled to switch off, we gave the 'gift of time' over the 2021 holiday season with two additional days off work for our people. We hope to extend this in 2022.

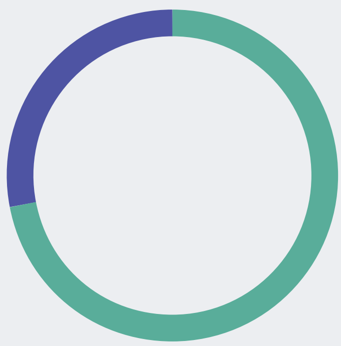
Our people also have access to Lifeworks, offering confidential specialist support when needed and a vast library of resources.

Group gender diversity



- 61% male
- 36% female
- 3% undisclosed

Senior leadership gender diversity



- 72% male
- 28% female

Environmental, social and governance continued

Coming together as One CentralNic continued

Learning and development: Growing together

As a fast-growing company, there are many opportunities for our business and our people to grow together.

Responding to feedback in our 2021 engagement survey, we are creating a clearer career framework underpinned by agile performance across the Group. Everyone now has an annual career and growth conversation with continuous coaching and feedback throughout the year. People own their careers and we have allocated a sizeable training budget to support identified development needs.

2021 was our first year of having a company-wide training policy, and over 1,111 online training hours were delivered, including English language skills and key softer skills to enable our people to manage and work more effectively remotely. We also rolled out LinkedIn learning to everyone, providing access to a wealth of learning opportunities, together with tailored training modules truly embracing e-learning opportunities globally.

We will continue to evolve this during 2022 to ensure we have the right skills in the business to deliver our future aspirations and a rich pool of talent ready to step up into new roles created by our growth.

Fair pay and living wage

We aim to ensure that everyone is not just paid a living wage or above, but also appropriately and fairly rewarded for their contribution. To ensure this, we now have one aligned annual salary review, and using the data gathered as part of getting to know our talent bench, we are now able to more accurately benchmark our people's roles to the market. Based on our review of the 2021 salary review outcomes we know our people are paid a local market salary and we are confident we reward people equally for equal roles.

Values

Ownership

We always act for the good of our customers, partners, people, company, and planet – for a more inclusive, reliable and safe internet.

Impact

Driven by a passion for the immense potential of the internet, we continuously seek to make a bigger and more positive impact.

Collaboration

Relationships underpinned by common goals, excellence and openness enable us to thrive in and create a real contribution to the online economy.

Engaging with our communities

Internet accessibility

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

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

Global cybersecurity initiatives

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

CentralNic has adopted extensive policies for protecting users from digital fraud and other forms of cybercrime. The Company actively co-operates with international organisations on protecting users against cyber threats. For example, CentralNic Group has partnered with the Global Cyber Alliance on the Domain Trust initiative which provides registries and registrars with high-quality, large-scale sets of data on suspected criminal and malicious domains through which they can take further action, protecting their users.

The Company has a strict policy of adhering to local laws and regulations in every jurisdiction in which it operates, and co-operates with national regulators and law enforcement.

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

To further help prevent online crime, CentralNic Group proactively scans internet domains for signs of illegitimate activities and abuse. In 2021, the Company performed over 70 million domain scans.

Data privacy

Data privacy is a fast evolving subject, with regulators and industry leaders setting the pace, as demonstrated by Apple's implementation of IDFA or the Belgian DPA's recent cookie ruling. CentralNic stands behind the transition towards data privacy by employing dedicated staff and retaining recognised advisors to constantly stay ahead of the curve for its internal compliance. CentalNic also provides modern Online Marketing tools that allow advertisers to successfully promote their products and services without a need to intrude into consumers privacy.

World Economic Forum

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

(1) 3% undisclosed.

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

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

ICANN

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

International Telecommunication Union

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

Alliance of Democracies

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

SK-NIC fund

SK-NIC, part of the CentralNic Group and manager of the .sk ccTLD, has made an official commitment to donate 5% of its annual revenue to support the Slovakian digital economy and internet community. Since 2017, CentralNic has donated USD 678,000 (USD 123,000 in 2021) to philanthropic technology projects, such as accessibility software to enable visually impaired people to use smartphones (Corvus), a nationwide Slovakian online suicide prevention service (IPecko), a dedicated programme launched to help girls prepare for a career in the IT sector, and a specialised training programme for school teachers, enabling them to use modern online tools and technology for remote teaching during the COVID-19 pandemic.

Environmental

Energy consumption reduction

Streamlined Energy and Carbon Reporting (SECR)

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

Methodology

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

The GHG emissions have been assessed following the ISO 14064-1:2018 standard and have used the 2020 emission conversion factors published by the Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the location-based approach for assessing Scope 2 emissions from electricity usage. The financial control approach has been used.

Results

The table below summarises the GHG emissions for reporting year 1 January 2021 to 31 December 2021. This is the second year CentralNic Group Plc has assessed its emissions. In 2021 the majority of our employees continued to work from home and there was less travel across the Group. Emissions reduced by 27% in 2021 to 42,719 kWh (2020: 58,579) kWh.

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

Element	2021 (tCO_2e)	2020 (tCO_2e)
Direct emissions (Scope 1)	–	–
Indirect emissions (Scope 2) – Purchased electricity	8.60	13.66
Total tCO_2e (Scope 1 and 2)	**8.60**	13.66
Other indirect emissions (Scope 3) – Employee-owned car travel	0.54	–
Other indirect emissions (Scope 3) – Transmission and distribution of electricity	0.76	1.17
Total tCO_2e (Scope 3)	**1.30**	1.17
Gross total tonnes of CO_2e	**9.90**	14.83
Tonnes of CO_2e per UK employee	0.11	0.22
Tonnes of CO_2e per UK turnover (in USD million)	1.45	3.80
Total energy consumption (kWh)	**42,719**	58,579

As Scope 3 emission reporting is an ever evolving space, CentralNic is looking at the best way to collect this information going forward. In the meantime, we continue to encourage all our suppliers to reduce their carbon footprint and take sustainability into consideration throughout the suppplier management process.

Environmental, social and governance continued

Energy efficiency

Some of our goals for 2022 to improve energy efficiency are:

- waste and recycling – reducing the waste generated by CentralNic and diverting waste from landfill through recycling and recovery; and
- electricity consumption – Although some of our sites already operate on renewable energy, we aim to switch to renewable energy sources across all premises where feasible.
- Group travel – updating the travel policy aiming to continue to reduce our emissions and phasing out the use of hire car travel and employee owned vehicle business mileage.

Carbon neutrality

Following the review conducted by Carbon Footprint Ltd on the GHG emissions of the Group, CentralNic decided to offset these emissions by investing in promoting improved cooking practices in Nigeria. The project activity involves replacement of existing inefficient cookstoves being used by majority of Nigerian population with highly efficient cookstoves. CentralNic is a certified Carbon Neutral Company.

Tree plantation programme

CentralNic continued to contribute in 2021 to a global tree plantation programme, where over 15,000 trees were planted through the help of Eden Reforestation Projects (EFP). In this effort CentralNic helped EFP in its mission to plant trees around the world in Ethiopia, Madagascar, Nepal, Haiti, Indonesia, Mozambique, Kenya and Central America.

Group GHG Emissions

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

Element	2021 (tCO_2e)	2020 (tCO_2e)	
Gross total tonnes of CO_2e	**1,071.52**	810.65	+32.2%
Tonnes of CO_2e per Group employee	1.65	2.00	-17.5%
Tonnes of CO_2e per Group turnover (in USD million)	2.61	3.38	-22.7%

Although there is an increase in total GHG emissions for the Group, the emissions per employee have reduced by 17.5% and the emissions per turnover have reduced by 22.7%. CentralNic has also included emissions generated by employees working from home in this year's emissions in an effort to provide a clearer picture of the Group's total emissions.

Section 172(1) statement

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

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

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

The Board considers the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, environment and the Group's reputation, when making all decisions. The Board, acting fairly between members, and acting in good faith, considers what is most likely to promote the success of the Group for its Shareholders in the long term.

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

Stakeholder engagement

Shareholders and investors

The Board regards effective communication with Shareholders as essential.

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

How we engage

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

Employees

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

How we engage

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

Customers

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

How we engage

- Customer support function
- Newsletters
- Customer satisfaction surveys

Suppliers

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

How we engage

- Supplier audits and assessments

Regulators and governments

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

How we engage

- Participation and attendance at events with government and regulators

Communities

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

How we engage

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

Chief Financial Officer's report

> CentralNic's share price improved from an 84p average in 2020 to a 103p average in 2021, a 23% increase.

Michael Riedl
Chief Financial Officer

In the financial year 2021, the Group recorded overall year-on-year growth in revenues of 71% from USD 240.0 million to USD 410.5 million. Organic growth was 39%. Net revenue increased by 58% from USD 75.1 million to USD 118.5 million. Adjusted EBITDA increased by 57% from USD 29.4 million to USD 46.3 million. The lower adjusted EBITDA margin of 11.3% compared with 12.2% in the prior year is due to the different business mix post the 2019 and 2020 acquisitions, as the businesses constituting the Online Marketing segment have a lower blended gross margin of 25% than the businesses constituting the Online Presence segment 36%. Expressed as a percentage of net revenue or gross profit, hence abstracting from pass-through costs such as revenue shares and registry fees, the EBITDA margin stayed perfectly constant at 39.1%. This margin, which the Directors consider a more reliable metric of profitability and which forms the basis of reporting for a notable number of CentralNic's peers, together with the notable organic growth puts the Company comfortably into the group of 'Rule of 40' companies.

This profile of notable growth and attractive margins is complemented by a decent cash generative profile with net operating cash flow before tax of USD 43.3 million in 2021 as compared to 2020 (USD 22.7 million). Cash at the end of 2021 was USD 56.1 million (2020: USD 28.7 million).

In 2021, in view of the significance of the expansion into domain name monetisation, the Company amended its segmental reporting. As the acquisitions of Zeropark and Voluum in November 2020 had notably broadened the scope of the former 'Monetisation' segment, it has now been rebranded as 'Online Marketing'. It encompasses the tools that businesses need to win customers and ultimately generate revenues. The former Indirect and Direct segments have been merged into one segment called 'Online Presence', which provides the tools that businesses need to go online, with the journey typically starting with registering a domain name. For each segment, revenue and gross profit contributions to the total operating expenditure to operate the omni-platform shared services core are reported below, both on a reported basis as well as on a pro forma basis.

Online Presence

The Online Presence segment now addresses c.274,000 active customers owning c.27 million domain names and yielded revenue of USD 149.3 million, an increase of 16.7% over the USD 127.9 million recorded in 2020. Gross profit in 2021 was USD 53.3 million, an increase of 18.1% over the 2020 figure of USD 45.1 million. On a pro forma basis, revenue grew by 9.2% from USD 139.8 million in FY2020 to USD 152.7 million in FY2021.

Online Marketing

The fastest-growing segment of CentralNic's business was Online Marketing. Revenue in the Online Marketing segment was USD 261.3 million with gross profit of USD 65.2 million and, on a pro forma basis, revenue increased strongly by USD 102.9 million, or 65%, from USD 159.6 million to USD 262.5 million. It served c.4,000 customers on the advertiser side, being those who want traffic, and more than 6,000 customers on the publisher side, being those who have traffic. The segment's offering to the advertisers comprises both demand-side platforms to acquire traffic, but also subscriptions to analytics software to help advertisers measuring their marketing effectiveness. On behalf of the publishers, the segment managed c.26 million domain names and other traffic sources.

The recent acquisition of VGL has further diversified our pool of monetisation partners, including the leading names in e-commerce, as well as publishing partners. It is expected to positively impact our gross margin and EBITDA margin as well as the RPM KPI of the Online Marketing segment.

Earnings profile

The quality of the Group's earnings remains an important strategic priority for CentralNic Group and its investors, as the Group increases the proportion of revenues derived from predictable sources. Today, virtually all of the Group's revenue comes from recurring services, and around half of it is also subscription based.

Group overhead expenses excluding foreign exchange, depreciation, amortisation, impairment and non-core operating expenses increased 58% from USD 45.7 million to USD 72.2 million. Non-core expenses of USD 8.7 million included USD 3.1 million acquisition expenses, USD 3.9 million integration expenses and USD 1.7 million other expenses. The latter primarily related to business reviews and restructuring expenses. Other non-cash expenses included the acquired amortisation of intangible assets of USD 18.3 million (2020: USD 13.7 million). The increase reflects the full-year effect of scheduled amortisation for identified intangible assets arising from the acquisition of the Zeropark and Voluum businesses from Codewise, as well as amortisation also being included for the majority of the year for the SafeBrands and Wando acquisitions.

Adjusted EBITDA of USD 46.3 million (2020: 29.4 million) has been derived from the operating profit of USD 12.4 million (2020: loss of USD 2.1 million) after adjusting for the following items: a) depreciation of USD 3.5 million (2020: USD 2.1 million); b) amortisation of intangible assets of USD 18.3 million (2020: 13.7 million) c) non-core operating expenses of USD 8.7 million (2020: USD 8.2 million); d) foreign exchange profits of USD 1.6 million (2020: USD 2.1 million loss); and e) share-based payment expense of USD 5.0 million (2020: USD 5.1 million).

Adjusted diluted earnings per share were 11.46 cents (2020: 9.57 cents) after consideration of non-recurring acquisition costs and acquired amortisation charges. Unadjusted diluted earnings per share were (1.56) cents (2020: (5.52) cents). Further details of the earnings per share calculations are provided in note 12 to the financial statements.

Cash flow and net cash

The cash flow statement for the Group includes two major themes: the entries related to the financing and completion of acquisitions and the results of the ongoing operations of the business, considering fluctuations in working capital. Net cash flow from operating activities after tax was higher than the previous year at USD 43.3 million (2020: USD 22.7 million). When adjusted for non-operating and one-off items, in both years the net cash flow from operating activities was in line with expectations relative to adjusted EBITDA.

Investing activities were mainly related to the acquisitions of SafeBrands, Wando, White & Case and NameAction completed during the financial year. The net cash inflow totalled USD 30.2 million in 2021 as compared with USD 1.4 million in 2020. Other than acquisitions, for which further details on the fair value are provided in note 25 to the financial statements, the Group had relatively limited capital expenditure. Excluding acquisitions, USD 4.8 million of tangible and intangible assets have been added, representing just over 1% of Group revenue. Further, USD 21.5 million of tangible and intangible assets have been acquired.

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

Investor relations

The Company continues to evolve its investor relations. In the course of the year, record numbers of online investor conferences have been attended and the cadence of virtual one-on-one meetings remained high.

Further, CentralNic has engaged Edison to produce in-depth and regular research on the Company which is available to everyone. It is hoped this research will raise the visibility of CentralNic and enable investors of all classes, in any country, to develop an improved understanding of the business. Edison's research is read on a free-to-access basis by individuals and institutions across the globe. It has been accessed by more than 5,000 professional investment institutions since MiFID II was introduced and many other market participants including private investors, sell side, advisers and press. Edison only produces research that falls under the minor non-monetary benefit definition in MiFID II. Berenberg initiated coverage of CentralNic in mid-2021 and Finncap followed suit in early 2022, being testament to the increased interest of the capital markets in our story.

Chief Financial Officer's report continued

Augmented and accelerated financial reporting

Already in 2020, the Group augmented and accelerated its financial reporting. In particular, the Group started to include pro forma figures in its interim report for the period ended 30 June 2020. These pro forma figures include all constituents of the Group for the entire reporting and comparative periods, regardless of the change of control date, and are also adjusted to eliminate the impacts of non-recurring or non-cash revenues, foreign exchange rate changes and changes to accounting standards. This pro forma reporting has been provided in order to allow the discerning reader to more accurately identify the impact of the Group's M&A activity. Further, the Group has undertaken to release quarterly interim reports, effective with the interim report for the period ended 30 September 2020. The Group is continuously improving its processes to provide reliable trading updates shortly after quarter end and to shorten the delivery time of its quarterly and annual reports.

The Directors believe that a higher cadence of financial reporting is reasonable given the Group's fast-paced growth pattern. A Q1 trading update is scheduled for 25 April 2022 and the full Q1 2022 interim report is expected to be released on or around 23 May 2022.

Capital increase

On 1 June 2021, CentralNic issued and allotted 17,422,058 ordinary shares to RBC Cees Trustee Limited (RBC) the trustee of the CentralNic Employee Benefit Trust (EBT) in order to satisfy the potential future exercise of options held by employees of the Company under its employee share schemes. As of that time, the EBT held a number of shares equivalent to the number of options granted to all employees and Directors of the CentralNic Group. All dividend and voting rights attaching to these ordinary shares are waived whilst held by the EBT.

The Group had net assets of USD 114.0 million at 31 December 2021 (2020: USD 113.9 million).

Post the balance sheet date, on 28 February 2022, the Group raised gross proceeds of GBP 42 million through the successful private placing of 35,000,000 Placing Shares. The Placing Shares were placed at a price of 120 pence per Placing Share, representing a discount of c.10% to the last closing price and the placing was significantly oversubscribed. The net proceeds have been used to fund the consideration and fees in respect of the acquisition of VGL Verlagsgesellschaft mbH and its subsidiaries. Zeus Capital and Berenberg acted as joint bookrunners and joint brokers in connection with the placing.

On 18 March 2022, 2,500,000 additional shares were placed via an Open Offer for existing Shareholders at the same price per share as the Placing Shares, i.e. 120 pence, raising gross proceeds of GBP 3 million.

This post-balance sheet equity raise was carried out via a cash box placing which was conducted in consultation with the Company's major Shareholders representing c.80% of the share capital in issue. The cash box placing was warranted as the highly accretive and strategic acquisition of VGL took place in a competitive bidding process and the sellers would not grant a window of exclusivity long enough to conduct a standard rights issue or to convene a general meeting. Holder orders were fully filled before allocating any shares to new Shareholders. An Open Offer process has been put in place to allow retail Shareholders to participate at the same terms and conditions as institutional investors.

Bond tap issue

A bondholder meeting held on 29 January 2021 approved the amendment to the bond terms disclosed in our announcement on 15 January 2021. The Company successfully completed a EUR 15 million tap issue under the Company's existing senior secured callable bonds listed on Oslo Børs. The tap issue was priced at 104.5% of par value. The transaction was oversubscribed. The additional bonds have been issued under the bond's ordinary ISIN (NO0010856750) and listed on Oslo Børs under the ordinary ticker code (CNIC01).

On 7 March 2022, a tranche of EUR 21.0 million (approximately USD 23 million) was subscribed for under a commitment letter issued by Macquarie Private Credit at a price of 100.8% of par value. The total outstanding amount after the tap issue is EUR 126 million.

The Directors believe that given the cash conversion and recurring revenue nature of the business, the use of debt instruments in the Group's financing mix allows for lower cost of capital and improved tax efficiency. The Group is comfortably below the leverage limits of the bond terms and conditions, which currently allow to raise up to 3.5x net debt/EBITDA and to maintain a net debt/EBITDA ratio lower than 6.0x. The Directors, however, give guidance that the Company intends to maintain net debt/EBITDA below 2.5x and interest cover above 4x.

The two recent tap issues imply a yield expectation of 5% or below, giving the Directors confidence in the Company's ability to refinance at a lower coupon than what is currently in place. The Directors will observe the market and deliberate on refinancing options at the appropriate time. Refinancing at lower interest rates holds notable potential for an enhancement of EPS and interest cover and cash interest cover, which the Company considers the most relevant debt metric. Cash interest cover, as defined as adjusted cash flow over cash interest, improved from 3.7x in FY20 to 6.2x in FY21.

The Company has also been able to obtain a super senior revolving credit facility (SSRCF) of EUR 13 million and a letter of credit facility (LCF) of EUR 5.3 million with HSBC which substitutes the former facilities provided by Silicon Valley Bank. After the balance sheet date, in March 2022, the SSRCF was increased to EUR 19 million.

Further detail is provided in notes 23 and 29 to the financial statements.

Foreign exchange

Foreign exchange profits were USD 1.6 million, after USD 2.1 million losses in 2020. EUR 105 million of the amount outstanding under the bond have been hedged at a EUR/USD exchange of 1.1893.

Earnout and deferred consideration

In relation to Team Internet, the last payment of USD 1.0 million was made in April 2021.

No deferred consideration was due for SK-NIC in 2021. Further tranches of USD 0.7 million and USD 1.1 million will become payable subject to the achievement of performance criteria in 2022 and 2024 respectively. For KeyDrive, USD 2.2 million of earnout (USD 0.3 million in cash and USD 1.9 million in shares) was paid on 3 November 2020. Up to USD 1.4 million of earnout may still be earned.

In 2021, new deferred purchase price and earnout obligations were entered into, namely USD 1.3 million and USD 6.6 million pertaining to SafeBrands and Wando respectively. As SafeBrands met agreed financial year 2020 objectives, deferred contingent consideration of EUR 0.6 million was settled in May 2021.

Deferred consideration and earnout obligations are recorded on the balance sheet at their net present value, which may be lower than the maximum obligation, and are being trued up in line with the best knowledge of the Directors at each balance sheet date. As of the balance sheet date, a total of USD 5.2 million was recorded under current and non-current liabilities.

Other post-completion obligations

For the TPP Wholesale acquisition, a two-year migration programme has been commissioned from the seller, who is a public IT services business, to move the operations out of the seller's IT infrastructure into a cloud environment. The project cost was estimated at USD 2 million and to be completed in Q3 2021. It is now expected that the project will complete in Q2 2022.

International tax compliance

The Group is undergoing an exercise to identify any potential tax obligations in jurisdictions beyond those in which its subsidiaries and itself are organised or operating from. This relates mostly to indirect taxes, such as Value Added Tax or General Sales Tax. The Directors believe that any such risk has been adequately provided for.

Significant accounting policies and critical accounting judgements

The summary of the Group's significant accounting policies is set out in note 3 and the Group's critical accounting judgements are set out in note 4 to the financial statements.

Michael Riedl
Chief Financial Officer

4 April 2022

Risks

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

Group financial risk management

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

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

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

Risks	Mitigation	Opportunities	Change
COVID-19 risk	To date, CentralNic Group has not experienced interruptions in its services to customers or in its supply chain as a result of the COVID-19 pandemic. As providers of essential internet services, a number of CentralNic Group companies were well prepared for the current conditions, with business continuity plans already in place precisely for situations where staff were unable to work from the office. CentralNic Group continually assesses travel, meetings and office working needs across its global locations in advance of formal government directives. CentralNic Group has run all services Group-wide without interruption and all staff continue to work productively either remotely or in the office where permissible.	CentralNic Group's business is expected to remain resilient. Its services are procured and delivered over the internet, and the majority of CentralNic Group's revenues are payments from existing subscribers and customers on rolling contracts. The Group's core product is the sale of domain names, which are core infrastructure that enable the functioning of email and websites – the most important communication tools used between work colleagues working remotely and between companies and their customers.	⌄
Geopolitical risk	The Group operates geographically distributed operations and maintains global customer and supplier relationships. Crises in individual countries have normally a limited impact on the going concern.	Proven to be a resilient supply chain partner, CentralNic is well positioned as a partner of other international businesses and organisations.	⌃
Market risk	There is a risk that the market for domains for which the Group provides registry and registrar services may not increase as quickly as expected by the Directors. Also, the market for monetisation of domain names may alter its pace of growth. In either case, the Group's revenues could reduce below expectations with an impact on profitability. The risk is mitigated to a degree by operating multiple lines of business, themselves exposed to many vertical and geographical markets and segments, which are only loosely correlated.	Future M&A activity provides additional opportunity for diversification of revenue streams both in terms of activity type and geography.	⌄

Risks	Mitigation	Opportunities	Change
IT security risk	If the Group does not prevent security breaches or becomes susceptible to cyber-attacks, it may be exposed to lawsuits, lose customers, suffer harm to its reputation, and incur additional costs. Unauthorised access, computer viruses, accidents, employee error or malfeasance, intentional misconduct by computer 'hackers' and other disruptions can occur that could compromise the security of the Group's infrastructure or confidential information. In order to mitigate these risks, the Group has created a resilient network infrastructure. Key platforms of the Group have been certified under ISO 27001/2013 for data security, ISO 27017 for cloud security, ISO 27018 for cloud privacy, PCI DSS Level 1, and SOC 1, SOC 2 and SOC 3, as the case may be, thereby mitigating risk by adherence to international best practice. The Company conducts independent IT audits on new acquisitions and from time to time on its existing businesses.	In 2021, a new Head of Information Security was hired from an international technology leader to further mitigate the IT security risks faced and to further streamline and consolidate security policies across the Group.	∨
Foreign currency risk	The Directors note that the Group predominantly trades in USD, EUR, GBP and AUD, and considers the exposure to foreign currency risk to be acceptable. The Group holds reserves in each of these currencies to meet trading obligations as required. The currency risk is actively monitored through a periodic review of inflows and outflows by currency, including an assessment of the extent to which currencies are naturally hedged across the Group's business lines. Where this is not the case, consideration is given to the use of hedging instruments and, where available at reasonable terms and conditions, the Group has entered into hedging agreements, e.g. to cover the GBP overheads associated with its UK headquarters. In 2021, currency exposure on the EUR 105 million bond was hedged at a locked-in average EUR/USD rate of 1.1891, 3.3% below the prior year balance sheet date.	The Group continues to deploy increasingly sophisticated tools for monitoring cash balances and to carry out cash flow forecasting. The full implementation of these tools will allow for increased analysis of the Group's foreign currency reserves, thus further enabling management of foreign currency risk.	∧
Salary inflation risk	The Company leverages its presence in different countries through various time zones to attract the right talent where it is available at the right cost. Further, it is working on automation of repetitive processes. A good example is Team Internet, a highly automated and machine learning based business model that achieves c.USD 3.5 million annual revenue per employee, putting it into the same league as major companies such as Google, Facebook or Netflix on the efficiency scale. Also, the 2020 acquisition of Zeropark and Voluum created another geographic hub in Krakow, Poland, further diminishing the dependency on specific labour markets.	The Group actively engages with its employees on reward and recognition, thus ensuring that salary is only one component of an attractive remuneration package.	∧

Change in risk

∧ Increase ∨ Decrease — No change

Risks continued

Group financial risk management continued

Risks	Mitigation	Opportunities	Change
Global tax compliance risk	The OECD, policymakers, legislators and tax authorities promote a global tax system that is more adequately designed for a globally distributed and largely digitalised value chain. While the search for a global system continues, individual countries roll out new taxes, mostly indirect taxes, that also apply to non-resident service providers, creating tax liabilities not only in jurisdictions with strong nexus, such as a permanent establishment, but also with weak nexus, such as immaterial amounts of sales. The Group has implemented a process in which tax compliance obligations outside the country of residence are identified and addressed.	The central tax function has oversight of the global tax position of the constituent legal entities of the Group and works with advisers to ensure compliance with local laws and regulations as well as assessing opportunities for tax efficiencies and streamlining of operations.	–
Regulatory risk	The Group monitors additional regulatory requirements relevant to the domain industry made by national or supranational lawmakers relevant to the markets in which the Group operates, as well as monitoring ongoing policy developments by ICANN or the London Stock Exchange (LSE). The Group also monitors pronouncements from sanctioning bodies such as OFAC and national DPAs which may impact on GDPR compliance.	The Group welcomes all regulatory developments as an opportunity to enhance internal processes and to ensure best practices are in place across all businesses.	^
Credit risk	The Group's exposure to credit risk from trade receivables is relatively low, due to the fact that the business has traditionally dealt with customers who often pay at the point of sale or in advance. Where there are credit accounts, these are typically with the largest and most reputable technology companies in the world and receivables are controlled through credit limits and regular monitoring.	Whilst minimal for the Group as a whole, credit risk experience informs the Group's operating strategy in terms of customer engagement and credit terms.	–
Deposit risk	Deposit risk is mitigated by the Group's policy of only placing deposits with banks and financial institutions with high credit ratings.	Group-wide cash pooling is being established in order to maximise returns on cash deposits.	–

CentralNic specific risk mitigants

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

Risk	Description
Channel partners	The Group does not rely solely on its own outreach, reputation and distribution power, but also strategically uses channel partners to promote its unique capabilities. Through its distribution partners, among them some of the most prominent technology companies in the world, CentralNic reaches more than four million domain registrants and more than four million advertisers for which it does not bear customer acquisition or customer service cost.
Intent/ contextual marketing	Being a believer in privacy rights, all monetisation services of the Group have been systematically built on intent or contextual marketing principles, not requiring the collection of personal data for retargeting purposes. The Group is hence prepared for a future world without third-party cookies and cross-app tracking. As a matter of fact, the growth of CentralNic's Online Marketing business accelerated as these legacy practices are gradually being banned. In particular, the increasing penetration of iOS versions adopting IDFA fuels the migration to privacy-safe marketing solutions such as CentralNic's.
Search algorithms	Monetised domain names do not appear in the search indexes of major search engines. They source their traffic from so-called direct navigation traffic, i.e. users entering the domain name or clicking on a link to that domain name. Changes of search algorithms have therefore no notable impact on the volume of traffic received in the business models operated in the course of 2021.
Financing cost	While the coupon on the Group's bonds is fixed, the price at which the bonds are issued may vary. For the latest tap issue, investors bid 100.8% of par value, which given the maturity, implies a yield to maturity and hence financing cost to the Company of sub 5%. Through this mechanism, financing cost for new funds floats with the credit risk of the Group, which has materially improved over 2019, 2020 and 2021 as evidenced by the successful tap issue.

The Company's strategic report is set out on pages 02 to 35 of the annual report.

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

Approved by the Board and signed on its behalf by:

Iain McDonald
Chairman
4 April 2022

Change in risk

Increase Decrease No change

Board of Directors

Iain McDonald
Chairman (aged 51)

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

Ben Crawford
Chief Executive Officer (aged 56)

Ben Crawford has led CentralNic's growth since 2009, taking the company from a small domain name business turning over USD 3 million, to the current online service holding company with USD 400 million in revenues and 39% organic growth - bringing to CentralNic both his expertise in managing roll-up strategies and a long career in the global media and marketing industry.

His former positions included Founding President of Louise Blouin Media, integrating eleven acquisitions in three countries and personally managed relationships with the Chinese Government; 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.

Donald Baladasan
Group Managing Director (aged 48)

Don Baladasan has several years of experience executing the strategic plans of high growth companies. He has operated as COO and CFO for businesses that have undergone rapid transformation. This includes raising capital, internationalisation, restructuring and developing management teams. Don has integrated newly acquired brands, products and companies with a focus on finance, governance and commercial synergies.

Don founded Mataxis, a consultancy that specialises in advising and partnering fast-growing entities. Don initially studied Medicine at Guy's Hospital before completing a BSc in Economics at Bayes Business School. He trained as a chartered management accountant on the Financial Times graduate scheme. He holds a PGDip in Artificial Intelligence for Business from the University of Oxford. Don has held senior finance and operational roles in blue chip businesses such as Pearson, WPP and BUPA. Don was CFO of CentralNic at the time of its IPO on AIM.

Michael Riedl
Chief Financial Officer (aged 46)

Michael Riedl was Executive Vice President and CFO of KeyDrive S.A. from August 2011, overseeing the growth of the company over the next seven years. Prior to joining KeyDrive S.A., 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 programmes. 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. 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 an LLM from Frankfurt School of Finance and Management. He is also a Chartered Management Accountant.

Samuel Dayani
Non-Executive Director (aged 44)

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 Group 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.

Tom Pridmore
Non-Executive Director (aged 50)

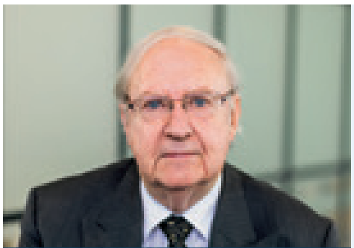
Tom Pridmore is a Group Director and co-founder of Civitas Investment Management, a leading real estate social impact investor, and has been involved in investment management for over 20 years, having originated, underwritten, financed and asset managed a wide range of property investments both in the UK and abroad. Tom is also a director and co-founder of Beaufort Capital Management, a UK debt investment manager, and was formerly a solicitor at Norton Rose Fulbright, specialising in corporate finance and investment funds.

Thomas Rickert
Non-Executive Director (aged 52)

Thomas Rickert is an attorney-at-law in Germany. He is the owner of Rickert Rechtsanwaltsgesellschaft mbH, a law firm based in Bonn, Germany. Thomas has extensive experience in the domain industry, working on domain disputes as well as advising registrars, registry service providers and registry operators both on contractual as well as policy matters. Thomas is an expert speaker on domain-related subjects both at the national and international level. Thomas served on the Council of the Generic Names Supporting Organisation (GNSO), which is the body responsible for developing policy for generic domain names, for four years (2011-2015), and was appointed to the GNSO Council for another term in October 2021.

Max Royde
Non-Executive Director (aged 50)

Max Royde is currently managing partner at Kestrel Partners, an investment management company specialising in business-critical software companies, which has a beneficial holding in CentralNic of 56,583,670 shares, or 22.53%. Max co-founded Kestrel Partners in 2009 and is a fund manager of Kestrel Opportunities. Prior to Kestrel, Max was a managing director of KBC Peel Hunt, running its technology franchise. He has over 20 years' experience focusing on the technology sector.



Horst Siffrin
Non-Executive Director (aged 74)

Horst Siffrin started his career as a German diplomat serving in Germany, the UK, Ethiopia, Nigeria, Bolivia, Poland and Spain. He is partner of inter.services holding/investments, which has a beneficial holding in the Company of 37,085,870 shares, or 14.77%, and owner of H.O. Siffrin Consulting based in Berlin. From August 2011 until the reverse takeover of CentralNic in August 2018 he was Chairman of the Supervisory Board of KeyDrive SA, Luxemburg and member of the Advisory Board of the Key-Systems Group. In 2018 he co-founded AstraPharma.

Corporate governance

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

Introduction

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

The Board of CentralNic Group Plc places governance and controls at the centre of its strategy. The Company has a dedicated Compliance Committee which meets monthly. The remit of the Compliance Committee is to ensure that all governance policies are administered, reviewed and complied with across the Group. Michael Riedl, the Chief Financial Officer of the Group, chairs this Committee and provides a conduit between the Board and the Committee. This ensures timely decisions and challenges are communicated to the Board.

Board governance and policy

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

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

The majority of the Board is made up of independent Non-Executive Directors. We judged the Chairman to be independent at the time of his appointment. More information on the Directors' independence can be found on page 45 of the Directors' report.

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

Directors' time commitment

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

The attendance of each Director at Board and Committee meetings during the financial year ended 31 December 2021 is set out in the table below.

Attendance table

	Board	Audit Committee	Remuneration & Nominations Committee
Iain McDonald	13/13	4/5	—
Ben Crawford	13/13	—	—
Donald Baladasan	12/13	—	—
Michael Riedl	13/13	—	—
Samuel Dayani	12/13	—	2/2
Tom Pridmore	8/13	2/5	2/2
Thomas Rickert	13/13	5/5	2/2
Max Royde	8/8	—	1/1
Horst Siffrin	7/7	1/1	—

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

Board performance evaluation

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

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

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

Board committees

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

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

Audit Committee

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

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

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

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

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

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

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

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

Remuneration & Nominations Committee

The Group's Remuneration & Nominations Committee is responsible, on behalf of the Board, for developing remuneration policy and proposing new candidates to the board. Details of objectives and policy are provided in the remuneration report on pages 42 to 44.

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

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

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

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

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

Corporate governance continued

Risk management and internal controls

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

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

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

Accounting procedures

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

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

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

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

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

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

Corporate responsibility, the environment and health and safety

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

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

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

Communications with Shareholders

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

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

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

Annual General Meeting date

The Annual General Meeting will be convened in accordance with the provisions of the Companies Act 2006. Although the date is subject to change as the Directors reserve the right to resolve to convene the AGM later depending on government guidance in respect of COVID-19, the Annual General Meeting is due to take place on Wednesday, 4 May 2022 at 10:00am.

The proposed resolutions, together with this annual report, will be distributed to Shareholders on or around Monday, 11 April 2022.

Audit Committee report

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

Thomas Rickert
Chair of the Audit Committee

The role of the Audit Committee and its members are outlined on page 39.

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

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

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

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

Since the year end the Committee has met further with the auditor to consider the 2021 financial statements and in particular considered the significant audit risks. The Committee reviewed and discussed the auditor’s comments on improvements which could be made to the internal controls. In addition, the Committee monitors the auditor firm’s independence from Company management and the Company.

Thomas Rickert
Chair of the Audit Committee

Attendance table

	Meetings attended
Thomas Rickert	●●●●●
Iain McDonald	●●●●
Tom Pridmore	●●
Horst Siffrin	●

Remuneration report

"

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

Tom Pridmore
Chair of the Remuneration & Nominations Committee

As the Company is an AIM listed company, it is not required to present a Directors' remuneration report. However, the Board has chosen to do so in line with evolving best practice.

Remuneration & Nominations Committee

The membership of the Committee and the principal activities are detailed in the corporate governance section of this annual report on page 39.

Remuneration policy

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

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

As CentralNic is a very rapidly growing company, each year provides the Directors with the challenge of managing revenues and personnel roughly 80% greater than the year before. To ensure remuneration is in line with the scale of the challenges faced and performance delivered, the Remuneration & Nominations Committee has over recent years engaged specialists at PWC to benchmark the salaries and bonuses of the Directors against Directors at AIM companies managing businesses of comparable size.

Attendance table

	Meetings attended
Tom Pridmore	● ●
Samuel Dayani	● ●
Thomas Rickert	● ●
Max Royde	●

Pay rises and bonuses to the Directors have been granted based on this advice.

Directors' remuneration

The average number of staff employed by the Group is included in note 8 to the financial statements.

Disclosure of the remuneration for key management personnel, as required under IAS 24, is also detailed in note 8 to the financial statements.

In terms of the remuneration of the Company's Directors, entries to profit and loss included in the statement of comprehensive income include:

	Salaries and fees USD'000	Bonus USD'000	Employer taxes USD'000	Pension USD'000	Share-based payments USD'000	**2021 USD'000**	2020 USD'000	Contractual notice periods
Non-Executive Directors								
Iain McDonald	138	—	16	7	171	**332**	361	3 months
Samuel Dayani	62	—	—	—	—	**62**	58	—
Tom Pridmore	62	—	6	3	—	**71**	88	3 months
Thomas Rickert	62	—	8	—	—	**70**	111	3 months
Max Royde	34	—	—	—	—	**34**	—	—
Horst Siffrin	34	—	—	—	—	**34**	—	—
Mike Turner	—	—	—	—	—	**—**	15	—
Executive Directors								
Ben Crawford	658	570	191	—	1,075	**2,494**	2,686	12 months
Donald Baladasan	567	263	13	—	938	**1,781**	2,078	12 months
Michael Riedl	424	261	26	29	763	**1,503**	1,477	3 months
Alexander Siffrin	—	—	—	—	—	**—**	144	—
	2,041	1,094	260	39	2,947	**6,381**	7,018	—

Share options

No new share options were issued to Directors in 2021.

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

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

To reflect existing commitments, the options granted in June 2013 for the unapproved option scheme and the EMI scheme vested in twelve equal instalments at three-month intervals following the admission. The unapproved options granted on 14 October 2013 vested three years after the date of grant. The unapproved options granted under the LTIP on 2 August 2019 and 10 March 2020 and 1 June 2021 vest over a three-year period in equal instalments.

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

The table below shows the outstanding share options issued to Directors at 31 December 2021:

	Number of options	Exercise price	Options granted
Outstanding at 31 December 2021			
Ben Crawford	1,316,000	10p	1 June 2013
Ben Crawford	850,000	57p	1 September 2013
Ben Crawford	2,260,000	nil	2 August 2019
Ben Crawford	672,146	nil	10 March 2020
Ben Crawford	1,008,219	nil	10 March 2020
Ben Crawford	1,008,219	nil	10 March 2020
Donald Baladasan	586,301	nil	2 August 2019
Donald Baladasan	879,452	nil	10 March 2020
Donald Baladasan	879,452	nil	10 March 2020
Thomas Rickert	88,000	57p	1 September 2013
Thomas Rickert	350,000	40p	4 February 2016
Tom Pridmore	88,000	57p	1 September 2013
Tom Pridmore	350,000	40p	4 February 2016
Iain McDonald	350,000	40p	4 February 2016
Iain McDonald	500,000	nil	10 March 2021
Michael Riedl	48,611	nil	2 August 2019
Michael Riedl	106,499	nil	10 March 2020
Michael Riedl	462,100	nil	10 March 2020
Michael Riedl	693,150	nil	10 March 2020
Michael Riedl	693,150	nil	10 March 2020
Total	**13,189,299**		

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

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Remuneration report continued

Share options continued

The following options were exercised during the year by Directors:

	Number of ordinary shares acquired on exercise of options	Date of grant of option
Ben Crawford	336,073	10 March 2020
Donald Baladasan	293,151	10 March 2020
Donald Baladasan	1,808,000	10 March 2020
Michael Riedl	48,611	2 August 2019
Michael Riedl	53,249	10 March 2020
Michael Riedl	231,050	10 March 2020

No other Directors or former Directors have exercised any options and no options have expired. All options expire within ten years of having vested.

Further details on share-based payment expenses are provided in note 28 to the financial statements.

In addition, a further 5,795,918 options over ordinary shares were in issue at 31 December 2021 (2020: 5,713,066), being held by the Group's employees.

The IFRS 2 charge in the year for all share option plans relating to the Directors was USD 2,947,000 (2020: USD 3,845,000).

On 31 December 2021, the closing market price of CentralNic Group Plc ordinary shares was 140 pence. The lowest and highest prices of these shares in the year were 81 pence during March 2021 and 150 pence during November 2021 respectively. The average share price for the year was 103 pence.

Directors' interests

a) As at 31 December 2021, the interests of the Directors, including persons connected with the Directors within the meaning of section 252 of the Companies Act 2006, in the issued share capital of the Company are as follows:

	Ordinary shares	Percentage
Kestrel Investment Partners(1)	56,551,056	22.52%
inter.services GmbH(2)	37,085,870	14.77%
Erin Invest & Finance Ltd(3)	15,790,279	6.29%
Clevebeam Limited(4)	3,699,000	1.47%
Jabella Group Ltd(4)	2,711,668	1.08%
Donald Baladasan	2,101,151	0.84%
Michael Riedl	1,474,178	0.59%
Ben Crawford	336,073	0.13%
Iain McDonald(5)	11,500	0.00%

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

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

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

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

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

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

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

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

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

f) There are no outstanding loans made or guarantees granted or provided by the Company to or for the benefit of any Director other than disclosed in note 25 to the financial statements.

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

Tom Pridmore

Chair of the Remuneration & Nominations Committee

Directors' report

Principal activities

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

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

A list of the subsidiary undertakings is disclosed in the particulars of subsidiaries and associates on pages 102 to 104 of the financial statements.

Financial instruments

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

Results and dividends

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

The Directors do not propose a final dividend for 2021. The Directors continuously observe the balance between the accretive opportunities that the Company can pursue and the capacity to return cash to Shareholders and will consider a maiden dividend at the appropriate time.

Post year end

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

Directors

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

The Directors who served during the year were as follows:

Executive Directors

Ben Crawford (Chief Executive Officer)

Donald Baladasan (Group Managing Director)

Michael Riedl (Chief Financial Officer)

Non-Executive Directors

Iain McDonald (Non-Executive Chairman)

Samuel Dayani

Tom Pridmore

Thomas Rickert

Max Royde (appointed 18 June 2021)

Horst Siffrin (appointed 18 June 2021)

The biographical details of the Directors are provided on pages 36 and 37 of this annual report.

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

The Directors and their interests in the shares of the Group

The Directors of the Company, and their interests in the shares and share options of the Company, are shown in the remuneration report on pages 42 to 44 of this annual report.

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

Independence of Directors

Having independent Non-Executive Directors on the Board is a core element of our governance philosophy, and our Chairman, Iain McDonald, and the Directors Tom Pridmore (Chair of the Remuneration & Nominations Committee) and Thomas Rickert (Chair of the Audit Committee) meet the independence requirements of the QCA which CentralNic has adopted in accordance with the AIM market regulation. There are no business relationships between Independent Directors and the Group, other than a law firm led by Thomas Rickert providing specialist advice to the Group on data privacy matters and a company associated with Horst Siffrin renting office space to the Group, as disclosed in the related parties section of this report. In both cases, the amounts payable fall below the de minimis threshold considered to be material pursuant to AIM rule 13. The Independent Directors have been issued share options in the Company, and the Company maintains that this is in line with best practice for technology companies and in no way prejudices Director independence. Three Non-Executive Directors are associated with major Shareholders in the Company.

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

Directors' conflicts of interest

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

Articles of Association

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

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

Subject to the provisions of legislation, the Company's Articles of Association and any directions given by resolutions of the Shareholders, the Board may exercise all powers of the Company and may delegate authorities to committees and management as it sees fit. Details of the committees of the Board and their activities are contained in the corporate governance report on pages 38 to 40 of this report.

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

Directors' report continued

Principal risks and uncertainties

The Board's assessment of the principal risks and uncertainties, together with the mitigating factors, are presented in the strategic report on pages 32 to 35.

Substantial Shareholders

In addition to the Directors' interests disclosed in the remuneration report, the Company has been notified that the following Shareholders' interests exceeded 3% of the Company's ordinary share capital in issue at 28 February 2022:

	Ordinary shares	Percentage
Kestrel Investment Partners	56,551,056	22.52%
inter.services GmbH	37,085,870	14.77%
Erin Invest & Finance Limited	15,790,279	6.29%
JTC Employer Solutions Trustee	18,685,958	7.44%
Canaccord Genuity Wealth Management	16,975,803	6.76%
Chelverton Asset Management	15,000,000	5.97%
Schroder Investment Management	11,400,000	5.45%
Herald Investment Management	9,576,281	3.81%
Slater Investments	8,759,639	3.48%

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

Following the equity raise in March 2022, the above Shareholder interests changed and up-to-date information is available on the Company's website.

Corporate governance

The corporate governance report, on pages 38 to 40, is incorporated into this annual report by reference and details how the Board communicates with stakeholders.

Streamlined Energy and Carbon Reporting

The ESG report, on pages 20 to 27, is incorporated into this Directors' report by reference.

Corporate responsibility

The Board recognises its employment, environmental and health and safety responsibilities, and devotes appropriate resources towards monitoring and improving compliance with existing standards. For more information, please refer to the ESG section on pages 22 to 27.

Management and staff

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

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

Our people represent a number of different nationalities, and we are pleased by the gender diversity in our business.

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

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

Communication with employees is primarily through formal and informal meetings and through the use of the Group's information systems. This comprises regular communication of information affecting our managers and their teams, to ensure all employees are kept up to date with issues affecting them. In addition, in 2021 the Group implemented Culture Amp, a culture and engagement survey platform, which provided everyone with the ability to provide regular and open feedback to the management team as well as facilitated two-way communication and increased engagement with the business.

The Board recognises the importance of engaged employees working within the Group and how they are vital to the future success of the business. However, given the size of the Group and the specialist nature of its technical operations, there is dependency on a few key individuals, and this is discussed further in the strategic report on pages 23 to 25.

The Group is committed to achieving equal opportunities and to complying with anti-discrimination legislation. The Group is committed to offering employees and job applicants equal and fair opportunity to benefit from employment without regard to their sex, sexual orientation, marital status, race, religion or belief, age or disability.

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

The Board of Directors comprises nine members, all of whom are male, and the overall number of employees at the year end is 675, which contains 411 men, 242 women, two non-binary and 20 prefer not to disclose.

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

Standards accreditations

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

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

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

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

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

Environment

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

The community, charitable and political donations

The Directors consider the impact on the community when making decisions. During the year charitable donations totalling USD 140,000 were made (2020: USD 55,000).

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

Policy on the payment of creditors

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

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

R&D activity

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

Health and safety

The Directors are committed to providing for the welfare, health and safety of the Group's employees and have procedures in place, including regular monitoring by third-party specialists, to ensure compliance with its legal and contractual obligations. For more information, please refer to the ESG section on pages 20 to 27.

Business continuity

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

Going concern

The Directors have procedures in place to review the forecasts and budgets for the going concern review period, which have been drawn up with appropriate regard for the macroeconomic environment in which the Group operates, particular circumstances influencing the domain name and online advertising industry and the Group itself. These were prepared with reference to historical and current industry knowledge, as well as contractual trading activities and prospects that relate to the future strategy of the Group. As a result, at the time of approving the financial statements, the Directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in the preparation of the financial statements. The COVID-19 pandemic, and the Group's ability to adapt to it, have been duly considered in making the judgement on the going concern assumption.

As with all forecasts, the Directors cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty relating to future events. Principal areas of uncertainty and risks are highlighted on pages 32 to 35.

Auditor

The Company's independent external auditor, Crowe U.K. LLP, was initially appointed on 17 July 2013 and was most recently re-appointed at the Company's Annual General Meeting of 3 June 2021. The most recent rotation of audit partner was effective from the 2020 Annual Report. It is proposed by the Board that they be put forward for re-appointment as auditor and a resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting.

Directors' report continued

Registered office

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

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

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

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

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

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

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

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

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

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

Disclosure of audit information

The Directors confirm that, as at the date of approval of this annual report, so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware and that he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board and signed on its behalf by:

Iain McDonald
Chairman
4 April 2022

Independent auditor's report
to the Members of CentralNic Group Plc

Opinion

We have audited the financial statements of CentralNic Group Plc and its subsidiaries (the Group) and CentralNic Group Plc (the Parent Company) for the year ended 31 December 2021, which comprise:

- the Group consolidated statement of comprehensive income for the year ended 31 December 2021;
- the Group consolidated and Parent Company statements of financial position as at 31 December 2021;
- the Group consolidated and Parent Company statements of changes in equity for the year then ended;
- the Group consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Our evaluation of the Directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included obtaining and reviewing management's assessment of going concern. This involved gaining an understanding of management's basis for the identification of events or conditions that may cast a significant doubt on the ability of the Group and the Company to continue as a going concern, and whether a material uncertainty related to going concern exists. Furthermore, we performed specific audit procedures around going concern, whereby we obtained and reviewed actual financial results against budgeted results, assessed the reasonableness of budgets and forecasts for successive financial years, evaluated the feasibility of management's plans in respect of going concern as well as considered whether new facts or information have become available since management made their assessment. We also considered explicitly whether there was any evidence of management bias in the preparation of the going concern assessment. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview of our audit approach

Materiality

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

Based on our professional judgement, we determined overall materiality for the Group and Company financial statements as a whole to be USD 1,000,000 (2020: USD 750,000) and USD 200,000 (2020: USD 210,000) respectively. In determining this, we considered a range of benchmarks with specific focus on approximately 2-3% of adjusted EBITDA (a key performance measure used by the Group), and 5% of the Group's loss before tax for the financial year.

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

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

We agreed with the Audit Committee to report to it all identified errors in excess of USD 33,000 (2020: USD 25,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Independent auditor's report continued

to the Members of CentralNic Group Plc

Overview of our audit approach continued

Overview of the scope of our audit

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

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

Key audit matters

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

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

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition	
The Group's operating revenue which comprises registry, retail, corporate and monetisation revenues amounted to USD 411 million for the year ended 31 December 2021. The key revenue recognition risks are in respect of the following: • Appropriate recognition of revenue in accordance with the stated policies ensuring satisfaction of the respective performance obligations of each revenue stream, appropriate cut-off is applied for the recognition in the correct period and of accrued and deferred revenue; • Completeness of revenue; and • Segmental recognition and classification of revenue.	We obtained an understanding of the revenue agreements and evaluated the Group's processes and controls in place to calculate the amount and timing of subscription and activity based revenue transactions. We performed the following audit procedures on a sample basis, for both existing and new contracts, having regard to satisfaction of performance obligations, to assess the appropriateness of revenue recognition for individual transactions: • Assessed the appropriateness of the allocation of various revenue elements with reference to the terms of the contract; • Ensured revenue recognised from subscription fees was supported by signed contracts; • Assessed the existence of debtors through testing to contracts, cash received where applicable and a review of credit notes issued after year-end; • Assessed that revenue was recognised in the correct period, agreeing back to supporting documentation the contract price and the period in which the services were delivered including the assessment of contractual liabilities; • Performed analytical procedures and assessed revenue recognition policies for consistency and compliance with IFRS 15: Revenue from contracts with customers; • Performed substantive procedures designed to test the accuracy and completeness of revenue recorded in the year; and • Reviewed revenue segmental classifications to ensure compliance with revenue recognition policies. In our instructions to component auditors, our discussions with them, our review of their files and our assessment of their reporting, we examined and evaluated the work undertaken and their conclusions in respect of revenue recognition.

Key audit matter	How the scope of our audit addressed the key audit matter
Business combinations and acquisition accounting (including the carrying value of goodwill and separately identifiable intangible assets)	
During the year, the Group completed acquisitions of SafeBrands, Wando Internet Solutions, websites from White & Case and NameAction, disclosed in note 25. The Group has determined these acquisitions to be business combinations, the accounting for which can be complex. For the acquisitions, the Group determined the amounts to be recognised for the fair value of both the consideration paid and the acquired assets and liabilities. This can involve significant estimates and judgements including, at the acquisition date, determining how the purchase price is to be allocated between acquired assets and liabilities and identified intangible assets, and leading to the resultant recognition of goodwill at their respective fair values. There is a risk that inappropriate assumptions could result in material errors in the acquisition accounting. The Group used projected financial information in the purchase price allocation (PPA) exercise. Management use their best knowledge to make estimates when utilising the Group's valuation methodologies. In order to determine the fair value of the separately identifiable intangible assets on a business combination, the valuation methodologies require input based on assumptions about the future and use discounted cash flows and cash flow forecasts. Due to the Group's estimation process in the PPA exercise and the work effort from the audit team, business combinations is considered a key audit matter.	Our procedures included the following: • Assessing the competence and independence of third party engaged in undertaking the PPA valuation for Management; • Reviewing the asset purchase agreement in respect of the business combination to understand the nature and terms of the transaction and to agree the consideration paid; • Assessing whether the acquisition during the year met the criteria of a business combination in accordance with IFRS 3: Business Combinations; • Validating whether the date of acquisition was correctly determined by scrutinising the key transaction documents to understand key terms and conditions; • Assessing the fair value of assets and liabilities recorded in the purchase price allocation, by performing procedures including considering the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in their respective valuations and this would also include assessment on the reasonableness of the useful lives of the intangible assets and the consideration given; • Assessing and challenging the valuation techniques, assumptions (including those relating to growth rates and discount rates), models and calculations used to determine the fair value of the separately identifiable intangible assets recognised on date of acquisition; • Assessing the amount of goodwill recognised on acquisition; and • Assessing the disclosures in respect of the business combination.
Carrying value of goodwill, investments and intangible assets	
When assessing the carrying value of goodwill, investments (including fair value) and intangible assets, management make judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill, investments and/or intangible assets were impaired.	We evaluated, in comparison to the requirements set out in IAS 36: Impairment of Assets, management's assessment (using discounted cash flow models) as to whether goodwill, investments and/or intangible assets were impaired. We performed sensitivity analysis on the key assumptions in relation to growth rates and discount rates utilised within managements impairment assessment. We performed stress testing where we examined the change in goodwill value should the growth rate fall or if the discount rate were to increase. We examined management's evaluation of the fair value of investments. We challenged, reviewed and considered by reference to external evidence, management's impairment and fair value models as appropriate and their key estimates, including the discount rate. We reviewed the appropriateness and consistency of the process for making such estimates.

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

Responsibilities of the Directors
As explained more fully in the Directors' responsibilities statement set out on page 48, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of the consolidated financial statements of CentralNic Group Plc for the year ended 31 December 2021 that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The Directors of CentralNic Group Plc are responsible for presenting the annual financial report for the 2021 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital files prepared by Parent Company's Directors, in accordance with EU legislation. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been affected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Use of our report

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

Leo Malkin

(Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

4 April 2022

Consolidated statement of comprehensive income

for the year ended 31 December 2021

	Note	2021 USD'000	Restated 2020 USD'000
Revenue	5,6	**410,540**	240,012
Cost of sales		**(292,041)**	(164,894)
Gross profit		**118,499**	75,118
Administration expenses		**(101,140)**	(72,084)
Share-based payment expenses		**(5,006)**	(5,113)
Operating profit/(loss)		**12,353**	(2,079)
Adjusted EBITDA(1)		**46,251**	29,394
Depreciation of property, plant and equipment	13	**(3,514)**	(2,084)
Amortisation of intangible assets	14	**(18,291)**	(13,747)
Non-core operating expenses(2)	9	**(8,702)**	(8,237)
Foreign exchange		**1,615**	(2,137)
Share of associate EBITDA		**—**	(155)
Share-based payment expenses		**(5,006)**	(5,113)
Operating profit/(loss)	7	**12,353**	(2,079)
Finance income	10	**59**	5
Finance costs	10	**(10,857)**	(9,976)
Foreign exchange gain on borrowings	10	**—**	137
Net finance costs		**(10,798)**	(9,834)
Share of associate income		**—**	79
Profit/(loss) before tax	11	**1,555**	(11,834)
Income tax		**(5,097)**	975
Loss after tax		**(3,542)**	(10,859)
Exchange differences included in other comprehensive income		**1,573**	3,243
Loss arising on changes in fair value of hedging instruments		**(6,419)**	—
Total comprehensive loss for the period		**(8,388)**	(7,616)

	Note	2021 Cents	2020 cents
Earnings per share			
Basic (cents)	12	**(1.56)**	(5.52)
Diluted (cents)	12	**(1.56)**	(5.52)

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

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

All amounts relate to continuing activities.

The notes on pages 58 to 93 form an integral part of these financial statements.

The prior year figures have been restated due to the recognition of liabilities for prior period credit notes and due to the restatement of intangible asset amortisation; please refer to note 31 for further details.

Consolidated statement of financial position

as at 31 December 2021

	Note	2021 USD'000	Restated 2020 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**1,820**	2,222
Right-of-use assets	13,27	**6,781**	6,455
Intangible assets	14	**254,169**	255,716
Other non-current assets	15	**439**	661
Investments	16	**58**	114
Deferred tax assets	21	**8,563**	5,410
		271,830	270,578
Current assets			
Trade and other receivables	17	**71,363**	47,941
Inventory		**895**	1,011
Cash and bank balances	18	**56,133**	28,654
		128,391	77,606
Total assets		**400,221**	348,184
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**290**	290
Share premium	19	**39,845**	39,845
Merger relief reserve	19	**5,297**	5,297
Share-based payment reserve		**19,506**	11,032
Cash flow hedging reserve		**(6,419)**	—
Foreign exchange translation reserve		**2,933**	1,360
Accumulated profits/(losses)		**52,530**	56,072
Total equity		**113,982**	113,896
Non-current liabilities			
Other payables	20	**4,420**	2,878
Lease liabilities	27	**5,105**	5,204
Deferred tax liabilities	21	**20,334**	21,965
Borrowings	23	**119,251**	107,820
		149,110	137,867
Current liabilities			
Trade, other payables and accruals	22	**117,016**	89,256
Lease liabilities	27	**1,837**	1,346
Borrowings	23	**11,857**	5,819
Derivative financial instruments	24	**6,419**	—
		137,129	96,421
Total liabilities		**286,239**	234,288
Total equity and liabilities		**400,221**	348,184

These financial statements were approved and authorised for issue by the Board of Directors on 4 April 2022 and were signed on its behalf by:

Iain McDonald

Chairman

Company Number: 08576358

The notes on pages 58 to 93 form an integral part of these financial statements.

The prior year figures have been restated due to the recognition of liabilities for prior period credit notes and due to the restatement of intangible asset amortisation; please refer to note 31 for further details.

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Share capital USD'000	Share premium USD'000	Merger relief reserve USD'000	Share-based payment reserve USD'000	Cash flow hedging reserve USD'000	Restated foreign exchange translation reserve USD'000	Restated accumulated (losses)/ retained earnings USD'000	Restated equity attributable to owners the Parent Company USD'000	Non-controlling interests USD'000	Restated total equity USD'000
Balance as at 31 December 2019	232	74,840	5,297	6,095	—	(1,883)	(8,308)	76,273	(69)	76,204
Loss for the year	—	—	—	—	—	—	(10,859)	(10,859)	—	(10,859)
Adjustment to non-controlling interest	—	—	—	—	—	—	—	—	69	69
Other comprehensive income										
Translation of foreign operation	—	—	—	—	—	3,243	—	3,243	—	3,243
Total comprehensive loss for the year	—	—	—	—	—	3,243	(10,859)	(7,616)	69	(7,547)
Transactions with owners										
Issue of share capital	58	43,674	—	—	—	—	—	43,732	—	43,732
Share issue costs	—	(3,829)	—	—	—	—	—	(3,829)	—	(3,829)
Capital reduction	—	(74,840)	—	—	—	—	74,840	—	—	—
Share-based payments	—	—	—	5,179		—	—	5,179	—	5,179
Share-based payments – deferred tax assets	—	—	—	157	—	—	—	157	—	157
Share-based payments – exercised and lapsed	—	—	—	(399)	—	—	399	—	—	—
Balance as at 31 December 2020	290	39,845	5,297	11,032		1,360	56,072	113,896	—	113,896
Loss for the year	—	—	—	—	—	—	(3,542)	(3,542)	—	(3,542)
Other comprehensive income										
Translation of foreign operation	—	—	—	—	—	1,573	—	1,573	—	1,573
Loss arising on changes in fair value of hedging instruments	—	—	—	—	(6,419)	—	—	(6,419)	—	(6,419)
Total comprehensive loss for the year	—	—	—	—	(6,419)	1,573	(3,542)	(8,388)	—	(8,388)
Transactions with owners										
Share-based payments	—	—	—	7,110	—	—	—	7,110	—	7,110
Share-based payments – deferred tax assets	—	—	—	2,227	—	—	—	2,227	—	2,227
Share-based payments – exercised and lapsed	—	—	—	(863)	—	—	—	(863)	—	(863)
Balance as at 31 December 2021	**290**	**39,845**	**5,297**	**19,506**	**(6,419)**	**2,933**	**52,530**	**113,982**	**—**	**113,982**

- Share capital represents the nominal value of the Company's cumulative issued share capital.
- Share premium represents the cumulative excess of the fair value of consideration received for the issue of shares in excess of their nominal value less attributable share issue costs and other permitted reductions.
- Merger relief reserve represents the cumulative excess of the fair value of consideration received for the issue of shares in excess of their nominal value, less attributable share issue costs and other permitted reductions, where the consideration for shares in another company includes issued shares, and 90% of the equity is held in the other company.
- Retained earnings represent the cumulative value of the profits not distributed to Shareholders but retained to finance the future capital requirements of the Group.
- Share-based payments reserve represents the cumulative value of share-based payments recognised through equity and deferred tax assets arising thereon, net of exercised and lapsed options.
- Cash flow hedging reserve represents the effective portion of changes in the fair value of derivatives.
- Foreign exchange translation reserve represents cumulative exchange differences arising on Group consolidation.
- The non-controlling interests comprise the portion of equity of subsidiaries that are not owned, directly or indirectly, by the Group. These non-controlling interests are individually not material for the Group.
- The prior year figures have been restated due to the recognition of liabilities for prior period credit notes and due to the restatement of intangible asset amortisation; please refer to note 31 for further details.

The notes on pages 58 to 93 form an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2021

	2021 USD'000	Restated 2020 USD'000
Cash flow from operating activities		
Profit/(loss) before taxation	**1,555**	(11,834)
Adjustments for:		
Depreciation of property, plant and equipment	**3,514**	2,084
Amortisation of intangible assets	**18,291**	13,747
Share of associate EBITDA	**—**	(155)
Gain on sale of associate	**—**	(266)
Finance costs (net)	**10,798**	9,834
Share-based payments	**5,006**	5,113
Increase in trade and other receivables	**(20,816)**	(9,266)
Increase in trade and other payables and accruals	**24,605**	13,395
Decrease in inventories	**302**	—
Cash flow from operations	**43,255**	22,652
Income tax paid	**(2,230)**	(1,957)
Net cash flow generated from operating activities	**41,025**	20,695
Cash flow used in investing activities		
Purchase of property, plant and equipment	**(722)**	(1,296)
Purchase of intangible assets	**(4,088)**	(2,963)
Payment of deferred consideration	**(1,719)**	(5,467)
Proceeds from disposal of investment in associate	**—**	1,814
Acquisition of subsidiaries, net of cash acquired	**(18,344)**	(37,065)
Net cash flow used in investing activities	**(24,873)**	(44,977)
Cash flow generated from/(used in) financing activities		
Proceeds from borrowings	**25,700**	2,208
Arrangement fees	**(979)**	(645)
Proceeds from issuance of ordinary shares (net)	**—**	34,667
Payment of lease liability	**(1,981)**	(1,081)
Interest paid	**(8,695)**	(9,512)
Net cash flow generated from financing activities	**14,045**	25,637
Net increase in cash and cash equivalents	**30,197**	1,355
Cash and cash equivalents at beginning of the year	**28,654**	26,182
Exchange (losses)/gains on cash and cash equivalents	**(2,718)**	1,117
Cash and cash equivalents at end of the year	**56,133**	28,654

The notes on pages 58 to 93 form an integral part of these financial statements.

The prior year figures have been restated due to the recognition of liabilities for prior period credit notes and due to the restatement of intangible asset amortisation; please refer to note 31 for further details.

Notes to the consolidated financial statements

for the year ended 31 December 2021

1. General information

(a) Nature of operations

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

(b) Component undertakings

The principal activities of the subsidiaries and other entities included in the financial statements are presented within the particulars of subsidiaries and associates on pages 58 to 93 of these financial statements.

2. Application of IFRS

(a) Basis of preparation

The financial statements are measured and presented in USD rounded to the nearest thousand, unless otherwise stated, which is the currency of the primary economic environment in which many of the entities operate. They have been prepared in accordance with UK adopted International Accounting Standards under the historical cost convention, except for those financial instruments which have been measured at fair value through profit and loss.

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. The financial statements have been prepared in accordance with International Accounting Standards (IFRS).

In assessing the Group's going concern position as at 31 December 2021, the Directors have considered a number of factors, including the current statement of financial position, the principal and emerging risks which could impact the performance of the Group and the Group's strategic and financial plan. The assessment concluded that, for the foreseeable future, the Group has sufficient capital to support its operations, has a funding and liquidity base which is strong, robust, diversified and well managed with future capacity, and has expectations that performance will continue to improve as the Group's strategy is executed.

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

(b) Standards adopted in the year

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

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

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

3. Summary of significant accounting policies

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

(a) Basis of consolidation

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

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

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

Non-controlling interest in the result and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the 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 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.

Where not all of the equity of a subsidiary is acquired, the non-controlling interests are recognised at the non-controlling interest's share of the acquiree's net identifiable assets. Upon obtaining control in a business combination achieved in stages, the Group remeasures its previously held equity interest at fair value and recognises a gain or a loss to the income statement.

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

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

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

3. Summary of significant accounting policies continued

(c) Functional and foreign currencies

(i) Functional and presentational currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

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

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

(d) Financial instruments

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

The Group's financial assets and liabilities are initially measured at fair value plus any directly attributable transaction costs. The carrying value of the Group's financial assets (primarily cash and bank balances) and liabilities (primarily trade payables and other accrued expenses) approximate their fair values.

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

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

(i) Amortised cost

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

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

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

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

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

(ii) Fair value through other comprehensive income

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

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

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

(iii) Financial liabilities and equity instruments

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

3. Summary of significant accounting policies continued

(d) Financial instruments continued

(iii) Financial liabilities and equity instruments continued

Financial liabilities

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

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

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

Equity instruments

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

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

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

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

(iv) Derivative financial instruments and cash flow hedges

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not due to be realised or settled within twelve months.

Hedge accounting

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

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

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

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss. The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the cash flow hedging reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

(e) Property, plant and equipment

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

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

	Australia	France	Germany	Luxembourg	New Zealand	Poland	Slovakia	UK
Depreciation method	Reducing balance	Reducing balance	Straight line	Straight line	Reducing balance	Straight line	Straight line	Reducing balance
Computer equipment	10-66.67%	33%	33%	20-25%	20-50%	30%	25%	60-65%
Furniture and fittings	15-40%	33%	9-10%	—	12-50%	20%	16.67%	15-20%

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

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

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

(f) Intangible assets

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

The useful economic life for the software acquired as part of the Internet.BS, Instra and SK-NIC acquisitions is five years and the acquired customer lists are amortised over ten years. The useful economic lives for the software acquired as part of the KeyDrive and Team Internet acquisitions are three to nine years and the acquired customer lists are amortised over seven to ten years. The useful economic lives for all of the intangible assets acquired as part of the Codewise acquisition are five years. The useful economic lives for the intangible assets acquired as part of the SafeBrands acquisition are six years for customer lists and brand name, and four years for technology. The useful economic lives for the intangible assets acquired as part of the Wando acquisition are a blended c.four years for technology. The useful economic lives for the websites acquired from White & Case and in the NameAction acquisition are five years.

Patents and trademarks acquired as part of the acquisitions of KeyDrive and GlobeHosting are amortised over the shorter of their useful life and/or their contractual life (or length of legal right to assets). If the contractual or legal rights are renewed, the useful life will include the renewal period. Patents and trademarks are amortised over five to 15 years.

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

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

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

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

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

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

3. Summary of significant accounting policies continued

(f) Intangible assets continued

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

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

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

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

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

(g) Impairment of non-financial assets

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

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

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

(h) Cash and cash equivalents

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

(i) Employee benefits

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

(j) Leases

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

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

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

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

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

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

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

(k) Taxation

Taxation for the year comprises current and deferred tax.

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

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

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

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

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

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

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

(l) Share-based payments

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

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

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

(m) Provisions, contingent liabilities and contingent assets

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

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

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

Notes to the consolidated financial statements continued
for the year ended 31 December 2021

3. Summary of significant accounting policies continued

(n) Revenue recognition

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

The Company has combined the previous Direct and Indirect segments into a single Online Presence segment. This segment provides the essential tools for businesses to go online. The Online Marketing (formerly 'Monetisation') segment, was renamed as its service offering has been substantially expanded through the acquisitions of Zeropark, Voluum and Wando, to a full suite of online customer acquisition solutions, including data analytics. The prior year figures in note 5 Segment analysis have been adjusted to conform to the current year presentation. These segmental adjustments have had no impact on the Group's reported consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

Please refer to note 5 for further details.

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

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

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

a) Reseller channel – revenues are derived by facilitating the sale of domain names and associated digital subscription products to registrars by acting as a wholesale platform provider;
b) Registry operator channel – CentralNic is an asset holder for Country Code TLD '.SK', and therefore generates revenues through sales of domain names with the '.SK' extension to registrars; and
c) Registry service provider channel – these revenues are generated from the provision of services through the registry service provider mechanism. CentralNic operates as a back-end service provider for third-party TLDs on an exclusive basis, enabling the registrars to sell domain names to registrants.

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

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

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

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

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

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

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

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

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

(iii) Monetisation services (Online Marketing segment)

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

(o) Inventories

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

(p) Associates

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

(q) Non-core operating expenses

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

(r) Definition of organic growth

Given that the Group has made a number of key strategic acquisitions in 2020 and 2021, unaudited, non-GAAP pro forma information has been estimated to provide period-to-period comparison of performance. In doing so, the following assumptions have been made:

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

4. Critical accounting judgements and key sources of estimating uncertainty

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

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

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

Impairment testing and fair value assessment

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

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

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

Expected future cash flows used to determine the value-in-use of tangible and intangible assets will be inherently uncertain and could materially change over time. The discount rate used in the impairment testing for CGUs was 11.0%, using the Capital Asset Pricing Method (CAPM), with a long-term growth rate of 2.0%. The carrying value of the Group's tangible, intangible and investment assets are disclosed in notes 13, 14 and 16, respectively.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

4. Critical accounting judgements and key sources of estimating uncertainty continued

Acquisition accounting and goodwill

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

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

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

Taxes

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

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

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

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

5. Segment analysis

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

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

The Company has combined the previous Direct and Indirect segments into a single Online Presence segment. This segment provides the essential tools for businesses to go online. The Online Marketing (formerly 'Monetisation') segment, was renamed as its service offering has been substantially expanded through the acquisitions of Zeropark, Voluum and Wando, to a full suite of online customer acquisition solutions, including data analytics

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

	2021		
	Online Presence USD'000	**Online Marketing USD'000**	**Total USD'000**
Revenue	**149,274**	**261,266**	**410,540**
Gross profit	**53,250**	**65,249**	**118,499**
Total administrative expenses			**(101,140)**
Share-based payment expenses			**(5,006)**
Operating profit			**12,353**
Adjusted EBITDA			**46,251**
Depreciation of property, plant and equipment			**(3,514)**
Amortisation of intangible assets			**(18,291)**
Non-core operating expenses			**(8,702)**
Foreign exchange gain			**1,615**
Share-based payment expenses			**(5,006)**
Operating profit			**12,353**
Finance cost (net)			**(10,798)**
Profit before taxation			**1,555**
Income tax charge			**(5,097)**
Loss after taxation			**(3,542)**

	Restated 2020		
	Online Presence USD'000	Online Marketing USD'000	Total USD'000
Revenue	127,939	112,073	240,012
Gross profit	45,091	30,027	75,118
Total administrative expenses			(72,084)
Share-based payment expenses			(5,113)
Operating loss			(2,079)
Adjusted EBITDA			29,394
Depreciation of property, plant and equipment			(2,084)
Amortisation of intangible assets			(13,747)
Non-core operating expenses			(8,237)
Foreign exchange loss			(2,137)
Share of associate EBITDA			(155)
Share-based payment expenses			(5,113)
Operating loss			(2,079)
Finance cost (net)			(9,834)
Share of associate income			79
Loss before taxation			(11,834)
Income tax expense			975
Loss after taxation			(10,859)

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

5. Segment analysis continued

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

	2021			
	Non-current assets USD'000	Current assets USD'000	Non-current liabilities USD'000	Current liabilities USD'000
UK	**68,762**	**21,307**	**(136,971)**	**(51,383)**
North America	**7,205**	**4,508**	**—**	**(3,507)**
Europe	**158,429**	**96,858**	**(11,505)**	**(77,641)**
Australasia	**34,375**	**4,162**	**(257)**	**(3,729)**
ROW	**3,059**	**1,556**	**(377)**	**(869)**
	271,830	**128,391**	**(149,110)**	**(137,129)**

	Restated 2020			
	Non-current assets USD'000	Current assets USD'000	Non-current liabilities USD'000	Current liabilities USD'000
UK	26,809	17,811	(110,119)	37,157
North America	8,149	3,143	(191)	(3,334)
Europe	200,217	49,504	(24,746)	(124,084)
Australasia	32,304	5,795	(2,811)	(4,595)
ROW	3,099	1,353	—	(1,565)
	270,578	77,606	(137,867)	(96,421)

6. Revenue

The Online Presence segment, which provides the essential tools for businesses to go online, has generated revenue totalling USD 149,274,000 (2020: USD 127,939,000). The Online Marketing segment's service comprises a full suite of online customer acquisition solutions, including data analytics, and has generated revenue totalling USD 261,266,000 (2020: USD 112,073,000).

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

	2021 USD'000	Restated 2020 USD'000
Online Presence		
UK	**3,648**	3,365
North America	**43,279**	34,766
Europe	**70,462**	64,087
ROW	**31,885**	25,721
	149,274	127,939
Online Marketing		
UK	**3,239**	575
North America	**19,045**	6,197
Europe	**217,211**	100,129
ROW	**21,771**	5,172
	261,266	112,073
Total revenue	**410,540**	240,012

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

	2021 USD'000	Restated 2020 USD'000
Revenue by customer location(1)		
Ireland	**200,964**	95,829
United States of America	**55,756**	37,609
Germany	**26,816**	25,074
UK	**6,887**	3,940
Australia	**12,712**	11,693
Netherlands	**8,098**	7,933
Switzerland	**7,272**	6,561
Canada	**6,568**	3,353
China	**4,362**	3,013
Slovakia	**3,764**	3,510
Other	**77,341**	41,497
	410,540	240,012

(1) Largely aggregator revenues, not representative of the actual location of consumption of services.

For the year ended 31 December 2021, there was one customer that represented more than 10% of the Group's revenue, amounting to USD 208,863,000 (2020: 100,129,000) across two segments (Online Presence USD 9,869,000 (2020: 4,378,000) and Online Marketing USD 198,994,000 (2020: 95,751,000). The customer is an aggregator who does not procure the services for its own use but provides access to an estimated three to four million end customers who order and consume the services.

7. Profit/(loss) before taxation

The profit / (loss) before taxation is stated after charging the following amounts:

	2021 USD'000	Restated 2020 USD'000
Employee benefit expense – wages and salaries	**38,510**	25,455
Employee benefit expense – social security	**6,720**	3,683
Employee benefit expense – pension	**476**	577
Employee benefit expense – share-based payments	**2,059**	1,268
Staff consultancy fees	**4,614**	3,357
Directors' remuneration – fees and salaries	**3,434**	3,173
Directors' remuneration – share-based payments	**2,947**	3,845
Fees payable to the Company's auditor for the audit of Parent Company and consolidated financial statements – UK auditor office	**330**	282
Fees payable to the Company's auditor for the audit of subsidiary companies – overseas auditor associates	**–**	3
Fees payable to the Company's auditor for:		
– Assurance-related services	**91**	64
– Due diligence and other acquisition costs	**41**	126
Depreciation and amortisation expense	**21,805**	15,831

8. Employee information

The average number of persons employed by the Group (excluding Directors) during the year was 644 (2020: 405), analysed by category as follows:

	2021 Number	2020 Number
Management and finance	**108**	62
Technical	**217**	140
Sales and marketing	**158**	84
Administrative	**34**	26
Operations	**127**	93

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

8. Employee information continued

Key management personnel

The total remuneration of the Directors, who are considered to be the key management personnel of the Group, is USD 6,381,000 (2020: USD 7,018,000) and is set out below in aggregate for each of the categories specified in IAS 24: Related Party Disclosures.

Compensation has been disclosed in this note, while further information can be found in the remuneration report on page 42.

	2021 Directors USD'000	2020 Directors USD'000
Wages and salaries	**1,862**	2,431
Social security	**260**	160
Pension	**39**	29
Share-based payment expenses	**2,947**	3,845
Directors' consultancy fees	**1,273**	553
	6,381	7,018

The Group made contributions to defined contribution personal pension schemes for three Directors in the period (2020: six). Included in the above tables, the highest paid Director had wages and salaries, including employer's taxes, of USD 849,000 (2020: USD 587,000), a bonus of USD 570,000 (2020: USD 531,000), and share-based payment expenses of USD 1,075,000 (2020: 1,568,000) totalling USD 2,494,000 (2020: USD 2,686,000).

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

9. Non-core operating expenses

	2021 USD'000	2020 USD'000
Acquisition-related costs	**3,081**	1,386
Integration and streamlining	**3,915**	3,613
Other costs[1]	**1,706**	3,238
	8,702	8,237

(1) Other costs include items related primarily to business reviews and restructuring expenses.

10. Finance income and costs

	2021 USD'000	2020 USD'000
Finance income	**(59)**	(5)
Impact of unwinding of discount on net present value of deferred consideration[1]	**246**	221
Reappraisal of deferred consideration	**(71)**	921
Foreign exchange loss on revaluation of revolving credit facility	**—**	(137)
Arrangement fees on borrowings	**1,553**	1,115
Interest expense on current borrowings	**269**	235
Interest expense on non-current borrowings	**8,664**	7,324
Interest expense on leases	**196**	160
Finance costs	**10,857**	9,839
Net finance costs	**10,798**	9,834

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

11. Income tax expense

	2021 USD'000	2020 USD'000
UK corporation tax		
Current tax on profits for the year	**8,970**	2,840
Adjustments in respect of prior years	**(376)**	(344)
Current income tax	**8,594**	2,496
Deferred income tax (note 21)	**(3,497)**	(3,471)
Income tax expense	**5,097**	(975)

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

	2021 USD'000	2020 USD'000
Profit / (loss) before taxation	**1,555**	(11,834)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**449**	(2,485)
Tax effects of:		
– Expenses not deductible for tax purposes	**93**	674
– Tax losses not utilised	**9,606**	5,358
– Tax losses movement	**(2,210)**	(7,068)
– Share-based payment expenses	**729**	959
– Deferred tax	**(3,497)**	(3,471)
– Withholding tax	**539**	274
– Other adjustments	**(236)**	5,128
– Adjustments in respect of prior years	**(376)**	(344)
Income tax expense	**5,097**	(975)

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

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

- the various tax rates and tax regimes applicable in all of the different jurisdictions in which the businesses of CentralNic operate;
- the diverse tax treatments of deferred consideration amounts applied in each jurisdiction;
- the tax loss carry forward regulations in different jurisdictions;
- the impact of some entities' profits being set off against goodwill amortisation in certain jurisdictions; and
- the high level of non-cash charges which are mainly not deductible for income taxes in the certain jurisdictions, and largely represent permanent differences between accounting and taxable profits.

As the tax loss carry forward position varies in each jurisdiction, this has resulted in the Group paying income tax totalling USD 2,230,000 for the year ended 31 December 2021 (year ended 31 December 2020: USD 1,957,000).

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

- Australia: Standard corporate income tax rate is 30%. A 26% tax rate applies to base rate entities defined as being corporate tax entities with no more than 80% of their assessable income being passive income and with an aggregate turnover of less than AUD 50 million;
- Brazil: Corporate income tax is assessed at the fixed rate of 15% on annual taxable income. Corporate taxpayers are also subject to a surcharge of 10% on the annual taxable income in excess of 240,000 Brazilian Reals. All legal entities are generally also subject to a social contribution on net income at the rate of 9%;
- Canada: Federal income tax is due at 15%. Companies are also subject to provincial/territorial income tax, which is levied with rates determined by the province and vary from 8% to 16%;
- Chile: The basic tax on income of a legal entity domiciled or resident in Chile and engaged in commerce, mining, fishing or industrial activities is the first category tax, which is assessed at a 25% rate for SMEs and 27% rate for entities subject to the partially integrated system on the entity's worldwide income;
- France: As a general rule, the standard corporate tax rate is 26.5% (27.5% for companies with a turnover of EUR 250 million or more);
- Germany: Federal taxes are due at 15% of taxable income, with an additional 5.5% solidarity surcharge due on the income tax; a community business tax is also levied with rates determined by the municipality, taking the total effective tax charge to c.30%-35%;
- New Zealand: Income taxes are due at 28% of taxable income;
- Poland: Income tax is due at 19% (standard corporate tax rate) of taxable income;
- Slovakia: Income tax is due at 21% (standard corporate tax rate) of taxable income;
- UK: The applicable statutory tax rate is 19%; and
- USA: Federal taxes are due at 21% of taxable income. Companies are also subject to a state tax that varies from state to state and generally ranges from 1% to 12%. Under California tax legislation, a statutory minimum of USD 800 of state tax is due.

Notes to the consolidated financial statements continued
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12. Earnings per share

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

Diluted earnings per share has been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of the dilutive potential ordinary shares as calculated using the treasury stock method (arising from the Group's share option scheme and warrants) into ordinary shares has been added to the denominator. There are no changes to the profit (numerator) as a result of the dilutive calculation. Due to the loss made in each year, the impact of the potential shares to be issued on exercise of share options and warrants would be anti-dilutive and therefore diluted earnings per share is reported on the same basis on earnings per share.

	2021 USD'000	2020 USD'000
Loss after tax attributable to owners	**(3,542)**	(10,859)
Operating profit/(loss)	**12,353**	(2,079)
Depreciation of property, plant and equipment	**3,514**	2,084
Amortisation of intangible assets	**18,291**	13,747
Non-core operating expenses	**8,702**	8,237
Foreign exchange gains/(losses)	**(1,615)**	2,137
Share of associate income	**—**	155
Share-based payment expenses	**5,006**	5,113
Adjusted EBITDA	**46,251**	29,394
Depreciation	**(3,514)**	(2,084)
Finance costs	**(10,857)**	(8,698)
Finance income	**59**	5
Taxation	**(5,097)**	975
Adjusted earnings	**26,842**	19,592
Weighted average number of shares:		
Basic	**227,380,670**	196,680,310
Effect of dilutive potential ordinary shares	**6,856,289**	8,019,971
Diluted average number of shares	**234,236,959**	204,700,281
Earnings per share:		
Basic (cents)	**(1.56)**	(5.52)
Diluted (cents)	**(1.56)**	(5.52)
Adjusted earnings – Basic (cents)	**11.80**	9.96
Adjusted earnings – Diluted (cents)	**11.46**	9.57

Basic and diluted earnings per share of (1.56) cents (2020: (5.52) cents) have been impacted by amortisation charges, non-core operating expenses, foreign exchange gains and losses, share of associate income and share-based payment expenses. Tax on adjusted earnings is the same figure as that shown in the consolidated statement of comprehensive income given that the majority of the adjusting items in the earnings per share calculation above are also adjusted for when calculating the Group's tax expense.

The weighted average number of shares for the Company is disclosed above. The issued share capital of the Company at 31 December 2021 was 251,160,084 and the total number of shares that were vested but not exercised were 10,614,252. Exercises of options will largely be covered by the shares held by the Group's Employee Benefit Trust.

13. Property, plant and equipment

	Right-of-use assets USD'000	Motor vehicles USD'000	Computer equipment USD'000	Furniture and fittings USD'000	Total USD'000
Cost					
At 1 January 2020	5,401	12	2,646	580	8,639
Additions	186	—	1,205	24	1,415
Acquisition of subsidiary	2,422	—	17	87	2,526
Exchange differences	365	—	215	26	606
At 31 December 2020	8,374	12	4,083	717	13,186
Additions	2,317	—	669	53	3,039
Acquisition of subsidiary	107	—	83	16	206
Disposal	—	(2)	(1,050)	(110)	(1,163)
Exchange differences	(313)	(3)	(322)	19	(618)
At 31 December 2021	**10,485**	**7**	**3,463**	**695**	**14,650**
Accumulated depreciation					
At 1 January 2020	669	12	1,323	208	2,212
Charge for the year	1,124	—	854	106	2,084
Exchange differences	126	—	77	10	213
At 31 December 2020	1,919	12	2,254	324	4,509
Charge for the year	1,967	—	1,272	275	3,514
Disposals	—	(2)	(1,007)	(92)	(1,101)
Exchange differences	(182)	(3)	(471)	(217)	(873)
At 31 December 2021	**3,704**	**7**	**2,048**	**290**	**6,049**
Net book value at 31 December 2021	**6,781**	**—**	**1,415**	**405**	**8,601**
At 31 December 2020	6,455	—	1,829	393	8,677

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

14. Intangible assets

	Domain names USD'000	Software USD'000	Customer list USD'000	Patents and trademarks USD'000	Goodwill USD'000	Intellectual property USD'000	Total USD'000
Cost or deemed cost							
At 1 January 2020	11,838	18,317	79,182	5,174	110,237	1,640	226,388
Additions	29	3,069	7	2	4,757	8	7,872
Acquisition of subsidiary	—	8,001	1,400	5,111	26,206	—	40,718
Reclassification from inventory	(7)	—	—	—	—	—	(7)
Exchange differences	543	510	5,173	170	8,456	159	15,011
At 31 December 2020	12,403	29,897	85,762	10,457	149,656	1,807	289,982
Additions	421	3,666	—	1	—	—	4,088
Acquisition of subsidiary	6,492	5,501	1,733	364	7,159	—	21,249
Disposals	—	(27)	—	—	—	—	(27)
Reclassification to inventory	—	—	—	—	(841)	—	(841)
Exchange differences	3	784	(2,435)	1,183	(9,507)	274	(9,698)
At 31 December 2021	**19,319**	**39,821**	**85,060**	**12,005**	**146,467**	**2,081**	**304,753**
Amortisation							
At 1 January 2020	1,076	5,953	12,848	378	—	78	20,333
Charge for the year	1,425	3,056	8,586	518	—	162	13,747
Exchange differences	78	155	—	(69)	—	22	186
At 31 December 2020	2,579	9,164	21,434	827	—	262	34,266
Charge for the year	2,479	6,067	8,847	788	—	110	18,291
Disposals	—	(27)	—	—	—	—	(27)
Exchange differences	(22)	30	(1,489)	(193)	—	(272)	(1,946)
At 31 December 2021	**5,036**	**15,234**	**28,792**	**1,422**	**—**	**100**	**50,584**
Net book value at 31 December 2021	**14,283**	**24,587**	**56,268**	**10,583**	**146,467**	**1,981**	**254,169**
At 31 December 2020	9,824	20,733	64,328	9,630	149,656	1,545	255,716

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

14. Intangible assets continued

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

When testing for impairment, intangible assets are evaluated according to the cash-generating units (CGUs) to which they belong, which are specifically the typically identifiable entities in each acquisition.

Acquisitions completed in the current financial year will be tested for impairment in subsequent financial years.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at closing foreign exchange rates.

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

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

Goodwill and customer lists

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

	Customer list		Goodwill	
	2021 USD'000	2020 USD'000	**2021 USD'000**	2020 USD'000
Online Presence	**32,642**	34,644	**91,089**	102,762
Online Marketing	**23,626**	29,684	**55,378**	46,894
Total carrying value	**56,268**	64,328	**146,467**	149,656

The recoverable amount of goodwill at 31 December 2021 of USD 146,467,000 (2020: USD 149,656,000) is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by key management personnel covering a one-year period. Cash flow projections beyond the one-year time frame are extrapolated by applying a flat growth rate into perpetuity as set out in the table below. These long-term growth rates are based on historical trends, expected return on investments, and management's judgement, experience and discretion. The pre-tax discount rate applied to the cash flow projections is 11.0% depending on the segment within each CGU. Based on the value-in-use calculation, goodwill does not need to be impaired in any of the CGUs.

	Growth rates
Online Presence segment	2%
Online Marketing segment	2%

Discount rates

Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU and to determine the pre-tax rate. The cost of equity is derived from the expected return on investment by the Group's investors.

The Directors consider that no reasonable change in these key assumptions would cause the carrying amount of this asset to exceed its value-in-use.

15. Other non-current assets

	2021 USD'000	2020 USD'000
Deferred costs	**439**	600
Amounts due from related parties	**—**	61
	439	661

In June 2017 the Company loaned Accent Media Ltd USD 100,000. During 2020, USD 40,000 was repaid. The balance outstanding at 31 December 2020 was USD 60,000, which was fully repaid on 20 April 2021. The loan incurred interest at 5% until the loan was repaid in full. Please refer to note 26 for further details.

Deferred costs are invoices relating to domain name purchases from wholesalers which are prepaid for periods over twelve months.

16. Investments

Fair value through other comprehensive income

The Company owns less than 20% of the following undertakings which are measured at fair value through other comprehensive income. The values of these investments at 31 December 2021 are USD 58,000 (2020: USD 114,000):

Name	Place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital	Effective interest	Net assets of 100% of investment(1) USD'000	**2021 Value USD'000**	2020 Value USD'000
Accent Media Ltd	UK	Domain registry operator	Ordinary shares	10.40%	2,818	**–**	–
Verve Capital Partners AG	Switzerland	Investment fund	Ordinary shares	2.00%	280	**–**	55
Matomy Media Group Ltd	Israel	Dormant company	Ordinary shares	1.23%	4,391	**58**	59
						58	114

(1) As per the most recently available financial information.

These investments are categorised in the fair value hierarchy under level 3 as no observable market data is available.

A full impairment of USD 997,000 was applied to the investment in Accent Media Ltd in 2018. Accent Media is currently in liquidation and CentralNic will recognise the proceeds upon confirmation by the liquidator.

17. Trade and other receivables

	2021 USD'000	2020 USD'000
Trade receivables	**48,661**	27,241
Accrued revenue	**6,491**	6,725
Deferred costs	**1,770**	1,395
Supplier payments on account	**3,260**	3,478
Prepayments and other receivables	**11,181**	9,102
	71,363	47,941

As of 31 December 2021, trade receivables of USD 4,801,000 (2020: USD 4,112,000) were past due but not impaired. These primarily relate to several customers for whom there is considered a low risk of default.

The ageing of the trade receivables past due but not impaired is as follows: 0-30 days USD 1,890,000 (2020: USD 2,506,000), 30-60 days USD 908,000 (2020: USD 359,000), 60-90 days USD 815,000 (2020: USD 298,000), and over 90 days USD 1,188,000 (2020: USD 949,000).

Deferred costs are invoices relating to domain name purchases from wholesalers which are prepaid for periods within twelve months.

Supplier payments on account reflect payments to domain name registries for use against future wholesale domain purchases within the Internet.BS and Instra retail businesses. Other receivables primarily relate to rebates due from registries in the KeyDrive and UK businesses.

Within trade and other receivables, accrued revenue of USD 6,491,000 (2020: 6,725,000) is classified as a contract asset.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

18. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Amounts held on deposit	2021 USD'000	2020 USD'000
GBP	**2,064**	1,176
USD	**37,162**	15,830
EUR	**13,732**	9,588
AUD	**1,440**	473
NZD	**—**	926
CAD	**123**	178
PLN	**395**	300
Other	**1,217**	183
	56,133	28,654

19. Share capital

The Company's issued and fully paid share capital is as follows:

Ordinary shares of 0.1 pence each	Number	Share capital USD'000	Share premium USD'000	Merger relief reserve USD'000
At 31 December 2019	182,486,128	232	74,840	5,297
Capital reduction	—	—	(74,840)	—
Shares issued to settle deferred consideration in respect of Hexonet acquisition	3,208,819	4	3,324	—
Shares issued to fund Codewise acquisition	40,000,000	52	38,444	—
Shares issued to settle deferred consideration in respect of KeyDrive acquisition	1,685,723	2	1,906	—
Share issue costs	—	—	(3,829)	—
At 31 December 2020 and 31 December 2021	**227,380,670**	**290**	**39,845**	**5,297**

The actual number of ordinary shares in issue is 251,160,084, however 23,779,414 ordinary shares are held by the CentralNic Employee Benefit Trust (the 'Trust') which is consolidated into these financial statements as it is considered that CentralNic Group Plc controls the Trust (in line with the IFRS 10: Consolidated Financial Statements definition of 'control'). Therefore, these 23,779,414 ordinary shares are eliminated on consolidation. In addition to the issued share capital of 251,160,084 noted above, the total number of shares that were vested but not exercised as at 31 December 2021 was 10,614,252.

The Company has authority to allot shares up to an aggregate nominal value equal to GBP 77,133, thereof GBP 23,373 with suspended pre-emptive rights. This authority expires at the earlier of the AGM held in 2022 and 3 September 2022.

20. Non-current other payables

	2021 USD'000	2020 USD'000
Deferred revenue	**3,459**	1,208
Deferred consideration	**961**	1,670
	4,420	2,878

Deferred revenue represents amounts billed in advance of the performance obligation being satisfied.

21. Deferred tax

Deferred tax assets	Share-based payments USD'000	Losses USD'000	Other temporary differences USD'000	Total USD'000
At 1 January 2020	1,681	355	509	2,545
Acquisition of subsidiary	—	—	1,017	1,017
Credit to profit and loss	877	—	432	1,309
Credit to equity	157	—	—	157
Exchange differences	442	—	(60)	382
At 31 December 2020	3,157	355	1,898	5,410
Credit to profit and loss	450	359	161	970
Credit to equity	2,227	—	—	2,227
Exchange differences	(361)	(355)	672	(44)
At 31 December 2021	**5,473**	**359**	**2,731**	**8,563**

Deferred tax liabilities	Hexonet intangible assets USD'000	Ideegeo intangible assets USD'000	Instra intangible assets USD'000	KeyDrive intangible assets USD'000	SK-NIC intangible assets USD'000	SafeBrands USD'000	Team Internet intangible assets USD'000	Wando USD'000	Others USD'000	Total USD'000
At 1 January 2020	633	194	2,303	4,783	2,413	—	10,245	—	2,038	22,609
(Credit)/charge to profit and loss	(111)	(33)	(511)	(642)	(319)	—	(728)	—	182	(2,162)
Exchange differences	50	10	170	—	199	—	891	—	198	1,518
At 31 December 2020	572	171	1,962	4,141	2,293	—	10,408	—	2,418	21,965
Acquisition of subsidiary	—	—	—	—	—	386	—	1,513	—	1,899
(Credit)/charge to profit and loss	(17)	(36)	(347)	(642)	(259)	(72)	(1,536)	(312)	694	(2,527)
Exchange differences	(472)	(8)	(97)	—	(161)	(26)	(770)	(39)	570	(1,003)
At 31 December 2021	**83**	**127**	**1,518**	**3,499**	**1,873**	**288**	**8,102**	**1,162**	**3,682**	**20,334**

The total credit to the profit and loss account is USD 3,497,000 (2020: USD 3,471,000) and the total credit to equity is USD 2,227,000 (2020: USD 157,000). The deferred tax assets of USD 8,563,000 include an amount of USD 359,000 in carried forward tax losses which relates to the Group's entities located in Australia. The losses relate to one-off costs of integrating acquired operations and are not expected to recur in the future. The Group has concluded that the deferred tax assets will be recoverable based on the estimated future taxable income in the management-approved business plans and budgets. The Group is expected to generate taxable income from 2022 onwards. The losses can be carried forward indefinitely and have no expiry date. Management does not expect the prior period loss to adversely impact future deferred tax asset recovery to a significant extent. Elsewhere in the Group, based on latest filed tax returns, the amount of unused tax losses available for carry forward for which no deferred tax asset has been recognised is USD 37,718,000.

22. Trade and other payables and accruals

	2021 USD'000	Restated 2020 USD'000
Trade payables	**42,108**	23,869
Accrued expenses	**39,688**	31,875
Other taxes and social security	**4,615**	546
Deferred consideration	**4,243**	1,931
Deferred revenue	**2,752**	7,729
Customer payments on account	**15,323**	20,631
Accrued interest	**—**	32
Other liabilities	**2,618**	2,643
Corporation tax	**5,669**	—
	117,016	89,256

Deferred consideration is subject to actuarial and net present value discounts. The maximum amount of deferred consideration payable is USD 5,400,000 (2020: 3,996,000), a part of which may be settled in shares, the remainder in cash.

Deferred revenue represents amounts billed in advance of the performance obligation being satisfied.

Notes to the consolidated financial statements continued
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23. Borrowings

	2021 USD'000	2020 USD'000
Non-current		
Bank borrowings	**119,884**	110,447
Prepaid finance costs	**(633)**	(2,627)
	119,251	107,820
Current		
Bank borrowings	**13,451**	6,327
Prepaid finance costs	**(1,594)**	(508)
	11,857	5,819
Total borrowings	**131,108**	113,639

	Bank borrowings USD'000	Prepaid finance costs USD'000	Total USD'000
Bank borrowings 1 January 2020	104,710	(3,530)	101,180
New financing RCF	3,026	125	3,151
New financing bond	—	1,046	1,046
Repayment of financing	(812)	—	(812)
Exchange differences	9,851	(777)	9,074
Total borrowing as at 31 December 2020	116,775	(3,136)	113,639
New financing RCF	15,189	(608)	15,189
New financing bond	18,162	(371)	18,162
Repayment/amortisation	(7,651)	1,811	(6,130)
Exchange differences	(9,140)	77	(9,752)
Total borrowing as at 31 December 2021	**133,335**	**(2,227)**	**131,108**

The borrowings amounting to USD 118,923,000 (EUR 105,000,000) relate to three successful placements of senior secured non-convertible bond issues in the amount of EUR 50,000,000 completed on 24 June 2019, EUR 40,000,000 completed on 20 December 2019, and EUR 15,000,000 completed on 12 February 2021, respectively. The bond matures in July 2023 and has a coupon of three-month EURIBOR plus 7% per annum with interest payable quarterly. The EUR 105,000,000 bond is currently listed on the Oslo Stock Exchange and can also be traded on the open market of the Frankfurt Stock Exchange. The bond proceeds have been used to fund the acquisitions which occurred during the financial years ended 31 December 2019 and 31 December 2021, and also to repay existing interest-bearing liabilities.

Bank borrowings amounting to USD 13,025,000 (EUR 11,500,000) relate to the EUR 13,000,000 senior secured revolving credit facility (RCF) entered into with HSBC UK Bank Plc on 7 May 2021. The RCF drawdown was used to fund the working capital requirement of the Parent Company, which has no income other than dividend income, interest income and intercompany recharge income from subsidiaries, which may or may not coincide with the payment obligations of the Parent Company. A previous secured debt facility of EUR 7,500,000 entered into with Silicon Valley Bank (SVB) on 11 September 2019 was repaid and terminated on 11 March 2021.

24. Derivative financial instruments

	2021 USD'000	2020 USD'000
Forward foreign exchange contracts – cash flow hedges	**6,419**	—

On 24 June 2021, the Company entered into a forward foreign exchange contract with HSBC Bank Plc (HSBC) and, on 20 July 2021, the Company entered into a further forward foreign exchange contract with Global Reach Partners Ltd (Global Reach). This results in a notional EUR 105,000,000 of the amount outstanding under the bond being hedged at a weighted average EUR/USD exchange rate of 1.1893 and at a 1:1 hedge ratio. The forward contract with HSBC expires on 13 July 2022 and has an early exercise right from 4 July 2022. The forward contract with Global Reach matures on 15 July 2022 with an early exercise right from 8 July 2022. The Company has prepared hedging documentation which demonstrates that the hedging instrument and the hedged item offset each other in currency terms and in amounts, meaning there is a clear economic relationship between the hedging instrument and hedged item as required under international accounting standards. At the balance sheet date, the forward foreign exchange contracts have been measured based on the mark-to-market valuation reports provided by each of HSBC and Global Reach, with no ineffectiveness recognised. The change in the fair value of the derivative financial instrument in 2021 is USD 6,419,000 (2020: USD nil) and the balance in the cash flow hedging reserve at the year end is USD 6,419,000 (2020: USD nil).

25. Business combinations

SafeBrands

On 9 January 2021, CentralNic acquired SafeBrands, a France-based corporate domain management and brand protection company, for a purchase price of up to EUR 3.0 million (approximately USD 3.6 million). Additional consideration of EUR 0.6 million (USD 0.8 million) was paid as SafeBrands met agreed FY2020 financial objectives. SafeBrands offers registration management for all Top-Level Domains and a wide range of value-added services for domain management and brand protection, including secure hosting, DNS optimisation and SSL management. SafeBrands' online brand protection products and expertise have, to date, been available to companies based in French-speaking markets. CentralNic plans to offer these services, which help businesses protect their revenue streams in digital channels, through its global brand services offering, which currently serves clients worldwide through teams based in the US, the UK, Canada, Australia, Germany, New Zealand, and other countries. SafeBrands' strong presence in France, one of the largest internet services markets globally, complements CentralNic's brand services business, which includes a leading corporate registrar in Germany. This positions CentralNic as the European champion for corporate domain portfolio management and online brand protection, as well as one of the top three global leaders available to serve customers in any country.

The following table summarises the consideration paid for SafeBrands and the fair values of the assets and liabilities at the acquisition date, in line with Group policies.

Consideration	USD'000
Initial cash consideration	3,136
Deferred consideration	551
Deferred contingent consideration	735
Total consideration	**4,422**

Fair value recognised on acquisition	USD'000
Assets	
Technology	458
Customer relationships	666
Brand name	364
Property, plant and equipment	89
Inventories	157
Trade receivables	1,573
Other assets	186
	3,493
Liabilities	
Trade payables	(135)
Other provisions	(117)
Other liabilities	(732)
Deferred tax	(386)
	(1,370)
Total identifiable estimated net assets at fair value	**2,123**
Goodwill arising on acquisition	2,299
Purchase consideration	**4,422**

For the post-completion period to 31 December 2021 revenues of USD 5,318,000, adjusted EBITDA of USD 524,000 and a post-tax loss of USD 582,000 have been generated by SafeBrands.

Goodwill arising on acquisition primarily relates to the specific synergistic benefits able to be realised through SafeBrands being a part of the larger CentralNic Group, as well as goodwill in relation to employees.

Wando Internet Solutions

On 22 February 2021, CentralNic acquired Wando Internet Solutions, a Berlin-based technology company specialising in social marketing, search engine marketing (SEM) advertising and display advertising that enables augmentation of the quality and volume of internet traffic on domain names and websites in order to generate superior returns. The acquisition is a vertical integration and more than half of Wando's historical revenue generation has come from CentralNic; it has been integrated into CentralNic's Online Marketing segment. The initial consideration for the acquisition is EUR 5.4 million (c.USD 6.6 million) and the sellers of Wando may earn up to another EUR 5.4 million (c.USD 6.6 million) payable in Q3 2022 subject to stretched performance targets being met.

The following table summarises the consideration paid for Wando Internet Solutions and the fair values of the assets and liabilities at the acquisition date, in line with Group policies.

Notes to the consolidated financial statements continued
for the year ended 31 December 2021

25. Business combinations continued

Wando Internet Solutions continued

Consideration	USD'000
Initial cash consideration	6,557
Purchase price adjustment	1,427
Deferred contingent consideration	1,960
Total consideration	**9,944**

Fair value recognised on acquisition	USD'000
Assets	
Technology	5,043
Trade receivables	508
Other assets	2,284
	7,835
Liabilities	
Other provisions	(472)
Other liabilities	(734)
Deferred tax	(1,513)
	(2,719)
Total identifiable estimated net assets at fair value	**5,116**
Goodwill arising on acquisition	4,828
Purchase consideration	**9,944**

For the post-completion period to 31 December 2021 revenues of USD 5,992,000, adjusted EBITDA of USD 1,167,000 and a post-tax loss of USD 134,000 have been generated by Wando Internet Solutions. Goodwill arising on acquisition primarily relates to the specific synergistic benefits able to be realised through Wando being a part of the larger CentralNic Group, as well as goodwill in relation to employees.

White & Case Ltd

On 1 October 2021, the Company announced that it had entered into an agreement to acquire a publishing network of revenue-generating websites for a consideration of USD 6.5 million in cash, including assumed working capital liabilities, from White & Case Ltd. The acquisition completed on 15 November 2021 and has been financed from available liquidity. CentralNic is already monetising roughly half of the websites' traffic and the acquisition is part of a larger vertical integration strategy, providing the Group's Online Marketing segment with more proprietary and exclusive traffic to monetise.

The following table summarises the consideration paid to White & Case Ltd and the fair values of the assets and liabilities at the acquisition date, in line with Group policies.

Consideration	USD'000
Initial cash consideration	5,317
Working capital adjustment	591
Deferred contingent consideration	584
Total consideration	**6,492**

Fair value recognised on acquisition	USD'000
Assets	
Domain name assets	6,492
Total identifiable estimated net assets at fair value	**6,492**
Purchase consideration	**6,492**

For the post-completion period to 31 December 2021 revenues of USD 608,000, adjusted EBITDA of USD 608,000 and a post-tax profit of USD 298,000 have been generated by White & Case.

NameAction

On 6 December 2021, CentralNic acquired the domain name and brand protection business trading as NameAction, in a share and asset deal for a total consideration of USD 1.0 million in cash from NameAction Inc.

The acquisition comprised an asset purchase of domain names and assumed working capital liabilities for an initial consideration of USD 0.7 million in cash, and a share purchase of two Chilean entities and one Brazil-based entity for an initial consideration of USD 0.1 million in cash. In addition, there are two deferred consideration payments of USD 0.1 million each due on 6 December 2022 and 6 December 2023. The acquisition was financed from available liquidity. This acquisition provides CentralNic with a greater presence in the South American market.

The following table summarises the consideration paid for NameAction and the fair values of the assets and liabilities at the acquisition date, in line with Group policies.

Consideration	USD'000
Initial cash consideration	750
Deferred consideration	250
Total consideration	**1,000**

Fair value recognised on acquisition	USD'000
Assets	
Customer relationships	1,067
Property, plant and equipment	10
Trade receivables	38
Other receivables	17
Cash and cash equivalents	94
	1,226
Liabilities	
Trade payables	(218)
Other liabilities	(39)
	(257)
Total identifiable estimated net assets at fair value	**969**
Goodwill arising on acquisition	32
Purchase consideration	**1,000**

For the post-completion period to 31 December 2021 revenues of USD 169,000, adjusted EBITDA of USD 169,000 and a post-tax loss of USD 18,000 have been generated by NameAction.

Goodwill arising on acquisition primarily relates to the specific synergistic benefits able to be realised through NameAction being a part of the larger CentralNic Group, as well as goodwill in relation to employees.

Acquisitions of business after the end of the reporting period

After the end of the reporting period, the Group acquired VGL Verlagsgesellschaft mbH, Fireball Search Gmbh and the .ruhr TLD. Further details of these acquisitions are included in note 30.

Full disclosure of the fair values of assets acquired and liabilities assumed for these acquisitions is not possible as the initial accounting is incomplete at the date of issue of these financial statements.

26. Related party disclosures

(a) Ultimate controlling party

The Company is not controlled by any one party.

(b) Related party transactions

Key management personnel are considered to be the Directors. Compensation has been disclosed in note 8, while further information can be found in the remuneration report on page 42. The Directors have assured themselves that all related party transactions are at normal market conditions and in the best interest of the Group.

(i) Directors

The Group provided registry services amounting to USD 263,000 (2020: USD 285,000) to Shortdot S.A., a company of which Michael Riedl is a Director. The amount outstanding at the year end amounted to USD 82,000 (2020: USD 71,000).

Neozoon Sàrl, a company of which Michael Riedl is a Director and shareholder, provided domain registration and monetisation services to the Group for a net amount of USD 15,000 (2020: the Group provided domain registration and monetisation services to Neozoon Sàrl for a net amount of USD 4,000). The net amount owed to Neozoon Sàrl at the year end amounted to USD 44,000 (2020: USD 24,000).

Am Bongert Business Advisory SARL, a company of which Michael Riedl is a Director, provided services amounting to USD 446,000 (2020: USD 228,000) to the Group; these services form part of the compensation package of Michael Riedl and are disclosed as part of his remuneration in the remuneration report. The amount outstanding at the year end amounted to USD 246,000 (2020: USD 57,000).

Mataxis Ltd, a company of which Donald Baladasan is a Director, provided services amounting to USD 532,000 (2020: USD 490,000) to the Group; these services form part of the compensation package of Donald Baladasan and are disclosed as part of his remuneration in the remuneration report. The amount outstanding at the year end amounted to USD 35,000 (2020: USD 258,000).

At 31 December 2021, USD 300,000 was owed to the Group by Donald Baladasan for payroll tax on exercise of share options; arrangements have been made to set off the amount with future compensation.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

26. Related party disclosures continued

(b) Related party transactions continued

(ii) Non-Executive Directors

Rental income payable to inter.services GmbH, a company of which Horst Siffrin is a shareholder, under the lease of a property based in Sankt Ingbert, Germany (see note 27), amounted to USD 522,000 (2020: USD 511,000). USD nil (2020: USD nil) was outstanding at the year end. The Group recognises a right-of-use asset of USD 605,000 and a lease liability of USD 632,000 in respect of this lease.

During the year the Group incurred rental costs of USD 9,000 (2020: USD 7,000) from Horst Siffrin.

During the year, CentralNic engaged with Rickert Rechtsanwaltsgesellschaft mbH, of which Thomas Rickert has a controlling interest, to provide advice and compliance services around data protection. The fees were USD 167,000 (2020: USD 164,000) and USD 5,000 was outstanding at 31 December 2021 (2020: USD 97,000). The Company intends to in-source these services in 2022.

On 28 February 2022, Kestrel Partners LLP, a substantial shareholder in the Company, of which Max Royde is an LLP Designated Member, conditionally subscribed for 6,500,000 Placing Shares in CentralNic Group at a purchase price of 120 pence, totalling GBP 7,800,000.

H.O. Siffrin Consulting and inter.services GmbH, companies of which Horst Siffrin is a Director, provided Non-Executive Director and other consultancy services amounting to USD 64,000 (2020: USD nil) to the Group; Horst Siffrin's total remuneration is further disclosed in the remuneration report. The amount outstanding at the year end amounted to USD nil (2020: USD nil).

Kestrel Investment Partners, a partnership of which Max Royde is an LLP Designated Member, provided Non-Executive Director services amounting to USD 34,000 (2020: USD nil) to the Group; Max Royde's total remuneration is further disclosed in the remuneration report. The amount outstanding at the year end amounted to USD 12,000 (2020: USD nil).

Clevebeam Limited and Laura Trading Limited, companies of which Samuel Dayani is a Director, provided Non-Executive Director services amounting to USD 62,000 (2020: USD 58,000) to the Group; Samuel Dayani's total remuneration is further disclosed in the remuneration report. The amount outstanding at the year end amounted to USD nil (2020: USD nil).

(iii) Other related parties

Balances outstanding with other related parties:

	2021 USD'000	2020 USD'000
Accent Media Ltd	**–**	60

In June 2017 the Company loaned Accent Media Ltd USD 100,000. At 31 December 2020, USD 60,000 was outstanding. This balance accrued interest at 5% which was payable quarterly in arrears. Interest receivable in the year amounted to USD 1,000 (2020: USD 4,000). On 20 April 2021, the loan was fully repaid and the balance owing at 31 December 2021 is nil.

Accent Media is currently in liquidation and CentralNic will recognise the proceeds upon confirmation of the amounts receivable from the liquidator.

27. Leases

The Group leases various offices and vehicles under non-cancellable leases expiring within three months to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Lease liabilities	**31 December 2021 USD'000**	31 December 2020 USD'000
Current lease liabilities	**1,837**	1,346
Non-current lease liabilities	**5,105**	5,204
Total lease liabilities	**6,942**	6,550

Right-of-use assets	**31 December 2021 USD'000**	31 December 2020 USD'000
Properties	**6,722**	6,378
Motor vehicles	**55**	72
Equipment	**4**	5
Total right-of-use assets	**6,781**	6,455

Interest expense related to the lease liabilities and depreciation related to the right-of-use assets recognised in the consolidated statement of comprehensive income at 31 December 2021 are shown below:

	31 December 2021 USD'000	31 December 2020 USD'000
Depreciation for right-of-use assets	**1,967**	1,124
Interest expense on lease liabilities	**196**	160

Properties

The Group leases office space at the following locations:

Melbourne, Australia. The lease agreement was renewed on 18 June 2021 with an expiry date of 17 June 2023.

Richmond (BC), Canada. The Group acquired leases on the acquisition of the Hexonet Group for a period of twelve months. The leases can be renewed for an additional period of five years upon expiration with the same term.

Marseilles, France. The Group acquired an office lease on the acquisition of SafeBrands which expires in May 2023.

Berlin, Germany. The Group acquired an office sublease on the acquisition of Wando Internet Solutions which expires in March 2023 and can be terminated by Wando with two months' notice.

Bonn, Germany. The lease agreement was entered into on 1 January 2015 for an initial term of three years. The lease will renew each year for a further year unless either party terminates with six months' notice.

Friedrichsthal, Germany. The lease agreement was originally entered into on 2 July 2012, is now renewed tacitly, and can be terminated by either party with six months' notice.

Görlitz, Germany. The Group acquired an office lease on the acquisition of Internexum which is renewed tacitly and is subject to six months' notice by either party.

Homburg, Germany. The Group acquired office leases on the acquisition of the Hexonet Group which expired in March 2022 and the premises have now been vacated.

Munich, Germany. The Group acquired several leases on its acquisition of KeyDrive Group for a period of 36 months from August 2012. The leases are renewed tacitly, and termination is subject to a month's notice by either party.

Munich, Germany. The Group acquired several leases on its acquisition of Team Internet. The leases have been renewed and now expire in July 2025.

Sankt Ingbert, Germany. The lease agreement was entered into on 1 July 2018 for an initial term until 31 December 2023. The lease will then be renewed for two years after the lease date unless a year's notice is provided.

Luxembourg, Luxembourg. The lease agreement was acquired on acquisition of the KeyDrive Group. The contracts are renewed by tacit agreement for a period of twelve months subject to a notice period either side of three months.

Napier, New Zealand. The lease agreement was entered into on 16 April 2019 for an initial term of three years with the right to renew every three years. The final expiry date is 31 July 2027.

Krakow, Poland. The Group acquired an office lease on the acquisition of Codewise which expires on 31 July 2026.

Bratislava, Slovakia. The lease agreement was acquired on acquisition and can be terminated at any point in time with immediate effect, i.e. there exists no minimum commitment period.

Edinburgh, UK. The lease agreement was entered into on 8 April 2021 with an expiry date of 23 April 2023.

London, UK. The lease agreement was entered into on 7 March 2019 with a break clause on 6 March 2024 and an expiry date of 6 March 2029.

Leesburg (VA), USA. The lease agreement was entered into on 1 October 2013 for an initial term of three years. The lease will renew each year for a further year unless either party terminates with six months' notice.

Motor vehicles

The Group also acquired several motor vehicle leases on the acquisition of KeyDrive Group in 2018 and Hexonet Group and Team Internet in 2019. These leases run for a period of 36 months.

Equipment

The Group leases equipment under various short-term or low-value leases, the majority of which can be terminated immediately, and equate to immaterial sums.

28. Share options and warrants

Share options

The share option scheme, adopted by CentralNic during 2013, was established to reward and incentivise the executive management team and staff for delivering share price growth. The option schemes are all equity settled.

The share option scheme is administered by the Remuneration & Nominations Committee.

3,694,797 options were granted during 2021 (2020: 9,101,271) with a weighted average fair value of 81 pence (2020: 54 pence). As the exercise price for these options is nil, an option pricing model was not used and the fair values were based on the Company's share price at the dates of grant. Out of the outstanding options of 19,185,251 (2020: 21,390,916), 10,614,252 options (2020: 8,347,828) were exercisable.

4,528,612 share options were exercised in 2021 (2020: 568,128), with 1,371,850 options lapsing during the year (2020: 251,901).

A charge of USD 5,006,000 (2020: USD 5,113,000) has been recognised in the consolidated statement of comprehensive income for the year relating to these options.

Options are exercisable in accordance with the contracted vesting schedules; if the employee leaves the employment of the Group prior to the options vesting, then the share options previously granted will lapse.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

28. Share options and warrants continued

Share options continued

Details of the share options outstanding at the year end are as follows:

	Number 2021	WAEP[1] 2021	Number 2020	WAEP[1] 2020
Outstanding at 1 January	**21,390,916**	**23p**	13,109,674	28p
Granted during year	**3,694,797**	**0p**	9,101,271	0p
Exercised during year	**(4,528,612)**	**8p**	(568,128)	22p
Lapsed during year	**(1,371,850)**	**0p**	(251,901)	4p
Outstanding at 31 December	**19,185,251**	**7p**	21,390,916	9p
Thereof exercisable at 31 December	**10,614,252**	**12p**	8,347,828	23p

(1) Weighted average exercise price.

The weighted average remaining contractual life of the options outstanding at the statement of financial position date is 7.2 years. Exercises of options will largely be covered by the shares held by the Group's Employee Benefit Trust.

29. Financial instruments

The CentralNic Group is exposed to market risk, credit risk and liquidity risk arising from financial instruments. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not trade in financial instruments.

The principal financial instruments used by the CentralNic Group, from which financial instrument risk arises, are as follows:

	2021 USD'000	2020 USD'000
Financial assets measured at amortised cost		
Trade and other receivables	**69,616**	43,047
Cash and cash equivalents	**56,133**	28,654
	125,749	71,701
Financial liabilities measured at amortised cost		
Trade and other payables and accruals	**94,698**	55,879
Lease liabilities (note 27)	**6,942**	6,550
Borrowings (current liabilities)	**11,857**	5,819
	113,497	68,248
Financial liabilities measured at fair value		
Derivative financial liabilities	**6,419**	—
	6,419	—
Financial liabilities	**119,916**	68,248

Non-current borrowings are included within section (ii), credit risk, below.

(a) Financial risk management framework

The Directors' risk management policies are established to identify and analyse the risks faced by the CentralNic Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(i) Market risk

Foreign currency risk

The CentralNic Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than its principal functional currencies, primarily USD and EUR. Foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level.

The CentralNic Group's exposure to foreign currency risk is minimal as it trades predominantly in USD, EUR, GBP and AUD. Exposure to currency risk is negated by the holding of adequate reserves in these four currencies to meet trading and provisioned obligations as the need arises.

As the Group evolves, foreign currency risk will be monitored more closely given exposure to additional markets and currencies. For example, the Group has entered into USD/PLN forward agreements in relation to the acquisition of Codewise. In addition, GBP/USD forward agreements, first entered into in March 2020, continue to be renewed on a monthly basis.

The carrying amounts of the Group's financial instruments are denominated in the following currencies as at 31 December 2021:

	GBP USD'000	USD USD'000	EUR USD'000	AUD USD'000	Other currencies USD'000	Total USD'000
Current financial assets						
Loans and receivables						
Trade and other receivables	15,293	1,030	50,741	1,466	1,086	69,616
Cash and cash equivalents	2,064	37,162	13,732	1,440	1,735	56,133
	17,357	**38,192**	**64,473**	**2,906**	**2,821**	**125,749**
Current financial liabilities measured at amortised cost						
Trade and other payables	22,152	1,266	67,815	1,052	2,413	94,698
Lease liabilities	1,690	13	4,956	22	261	6,942
Loans and borrowings	—	—	11,857	—	—	11,857
	23,842	1,279	84,628	1,074	2,674	113,497
Current financial liabilities measured at fair value						
Derivative financial liabilities	—	—	6,419	—	—	6,419
	—	—	6,419	—	—	6,419
Current financial liabilities	**23,842**	**1,279**	**91,047**	**1,074**	**2,674**	**119,916**

The currency derivative financial liability is measured at fair value using Level 2 valuation inputs.

The sensitivity analyses in the table below detail the impact of changes in foreign exchange rates on the Group's post-tax profit or loss for the year ended 31 December 2021.

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

	2021 Strengthen/ weaken USD'000	2020 Strengthen/ weaken USD'000
GBP	**+/- 1,246**	+/- 771
EUR	**+/- 1,099**	+/- 393

Interest rate risk

Interest rate risk is the risk that the fair value of, or future cash flows of, a financial instrument will fluctuate because of changes in market interest rates. The CentralNic 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.

As at each of 31 December 2020 and 2021, the Group's debt facilities bear interest at EURIBOR plus a margin.

	2021 USD'000	2020 USD'000
Cash and bank balances	**56,133**	28,654
Effect of interest rate change of 100 basis points on cash and bank balances	**+/- 561**	+/- 287
Bank facilities	**14,412**	6,305
Effect of interest rate change of 100 basis points on cash and bank balances	**+/- 144**	+/- 63
Bond	**116,695**	107,334
Effect of interest rate change of 100 basis points on cash and bank balances	**+/- 1,167**	+/- 1,073

Equity price risk

The CentralNic Group does not have any quoted investments as at each of 31 December 2020 and 2021 and as such does not have significant exposure to equity price risk.

(ii) Credit risk

The CentralNic Group's exposure to credit risk arises mainly from a counterparty's failure to meet its obligation to settle a financial asset. The Directors consider the Group's exposure to credit risk arising from trade receivables to be minimal as the Group is often paid at the outset or in advance of a transaction. Credit risk arising from other receivables is controlled through monitoring procedures, including credit approvals and credit limits, with the balance largely offset by separate liabilities held on the balance sheet relating to the same party.

The CentralNic Group uses ageing analysis to monitor the credit quality of trade receivables. Any receivables which have significant past due balances or are aged for more than 90 days which are deemed to have a higher credit risk are monitored individually. Analysis of trade receivables past due is disclosed in note 17, and analysis of trade and other receivables by foreign currency exposure is noted above. There have been no material changes in the credit risk profile of the Group during the year.

Notes to the consolidated financial statements continued
for the year ended 31 December 2021

29. Financial instruments continued

(a) Financial risk management framework continued

(ii) Credit risk continued

Management considers these exposures to have low credit risk since, based on limited historical credit losses, these financial assets have low risk of default and have a strong capacity to meet their contractual cash flow obligations in the near term. As at the reporting date, there has been no significant increase of credit risk since initial recognition.

For cash and bank balances, the Directors minimise the Group's credit risk by dealing exclusively with banks and financial institution counterparties with high credit ratings.

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

	2021 USD'000	2020 USD'000
Trade and other receivables	**69,616**	43,047
Deferred receivables	**—**	61
Cash and bank balances	**56,133**	28,654
	125,749	71,762

(iii) Liquidity risk

Liquidity risk is the risk that the CentralNic Group will encounter difficulty in settling those financial obligations that are settled with cash or with another financial asset. The Directors' objective is to maintain, as much as possible, a level of cash and bank balances adequate to ensure that there will be sufficient liquidity to meet its liabilities when they fall due.

The following sets forth the remaining contractual maturities of financial liabilities as at:

	Carrying amount USD'000	**Total USD'000**	**Within 1 year USD'000**	**1-5 years USD'000**
31 December 2021				
Trade and other payables and accruals	**94,698**	**94,698**	**94,698**	**—**
Lease liabilities	**6,942**	**6,942**	**1,837**	**5,105**
Borrowings	**131,108**	**131,108**	**11,857**	**119,251**
Derivative financial liabilities	**6,419**	**6,419**	**6,419**	**—**
	239,167	**239,167**	**114,811**	**124,356**

	Carrying amount USD'000	Total USD'000	Within 1 year USD'000	1-5 years USD'000
31 December 2020				
Trade and other payables and accruals	55,879	55,879	55,879	—
Lease liabilities	6,550	6,550	1,346	5,204
Borrowings	113,639	113,639	5,819	107,820
	176,068	176,068	63,044	113,024

(b) Capital risk management

The Directors define capital as the total equity of the CentralNic Group. The Directors' objectives when managing capital are to safeguard the CentralNic Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Directors may adjust the amounts of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Directors manage the Group's capital based on a ratio which calculates total liabilities less cash and bank balances divided by total equity, as shown below:

	2021 USD'000	2020 USD'000
Total liabilities	**239,167**	176,068
Less: cash and bank balances	**(56,133)**	(28,654)
Total liabilities less cash and bank balances	**183,034**	147,414
Total equity	**113,982**	117,135
Total liabilities less cash and bank balances-to-equity ratio	**1.61**	1.26

The increase in the ratio is driven by the higher levels of trade payables and accrued expenses at the year end given the notably higher level of revenue during 2021.

The net debt of the CentralNic Group as at the end of each reporting period, excluding prepaid finance costs, was as follows:

	2021 USD'000	2020 USD'000
Cash and bank balances	**56,133**	28,654
Less: borrowings (excluding prepaid finance costs)	**(133,335)**	(116,774)
Net debt	**(77,202)**	(88,120)

The net debt of the CentralNic Group as at the end of each reporting period, including prepaid finance costs, was as follows:

	2021 USD'000	2020 USD'000
Cash and bank balances	**56,133**	28,654
Less: borrowings (including prepaid finance costs)	**(131,108)**	(113,639)
Net debt	**(74,975)**	(84,985)

(i) Bond and RCF covenant

Under the terms of the major borrowing facilities, the Group is required to comply with a financial covenant that the leverage ratio must be not more than 6.0x.

The Group has complied with this covenant throughout the reporting period.

(ii) Net debt reconciliation

	Cash/bank overdraft USD'000	Borrowings, due within 1 year USD'000	Borrowings, due after 1 year USD'000	Total USD'000
Net debt as at 1 January 2020	26,182	(3,307)	(101,402)	(78,527)
Cash flows	1,355	(3,020)	(9,045)	(10,710)
Foreign exchange adjustments	1,117	—	—	1,117
Net debt as at 31 December 2020	28,654	(6,327)	(110,447)	(88,120)
Cash flows	30,197	(7,124)	(9,437)	13,636
Foreign exchange adjustments	(2,718)	—	—	(2,718)
	56,133	**(13,451)**	**(119,884)**	**(77,202)**

(c) Fair values of financial instruments

In addition to the fair value of financial instruments disclosed elsewhere in the financial statements, the following carrying amounts of the financial assets and liabilities reported in the consolidated financial statements approximate their fair values:

	2021		2020	
	Carrying amount USD'000	**Fair value USD'000**	Carrying amount USD'000	Fair value USD'000
Trade and other receivables	**69,616**	**69,616**	43,047	43,047
Deferred receivables	**—**	**—**	61	61
Cash and bank balances	**56,133**	**56,133**	28,654	28,654
	125,749	**125,749**	71,762	71,762
Trade and other payables and accruals	**(94,698)**	**(94,698)**	(55,879)	(55,879)
Lease liabilities	**(6,942)**	**(6,942)**	(6,550)	(6,550)
	24,109	**24,109**	9,333	9,333

The SK-NIC acquisition on 5 December 2017 had an element of deferred and contingent cash consideration of EUR 5,850,000 that, subject to any claims, will be released to the vendor in tranches until 2024 dependent on SK-NIC attaining defined growth targets from 2018 to 2021. As at 31 December 2021, the deferred cash consideration has been accounted for in the consolidated statement of financial position at fair value, using a discount factor of 10%, which amounted to USD 1,695,000 (2020: USD 1,592,000) (including FX impacts). The growth rates in relation to the contingent consideration are calculated based on the number of registered domains at the end of each financial year over the three years post-acquisition, with the payment profile spread over eight years. The last payment on the profile is not subject to the defined growth rates. The Directors have considered the range of outcomes on the target growth rate which would trigger the unwinding of the deferred consideration and, on the basis that there exists sufficient headroom against management sensitivity to attain these domain name growth rates, they have concluded that the deferred consideration will be payable in full over the agreed period.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

29. Financial instruments continued

(c) Fair values of financial instruments continued

The KeyDrive Group acquisition on 2 August 2018 included earnout commitments whereby, if certain financial performance tests are met, CentralNic will pay inter.services GmbH a performance-based earnout of up to USD 6,500,000, a minimum of 15% of which shall be settled in cash and up to 85% of which may be settled by the issue of additional consideration shares. If the performance-based earnout pays out less than USD 6,500,000 in total, CentralNic will pay for certain tax losses within the KeyDrive Group on the same basis as the payment of the performance-based earnout, but only to the extent that such tax losses are used by the enlarged Group and provided that the aggregate consideration for the earnout and the tax losses does not exceed USD 6,500,000. As at 31 December 2021, the earnout element has been accounted for in the consolidated statement of financial position at fair value, using a discount factor of c.9%, which amounted to USD 921,000 (2020: USD 921,000).

(d) Fair value hierarchy

The different levels are defined as follows:

Level 1: Fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements are derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30. Post balance sheet events

Acquisition of TLD .ruhr

On 28 January 2022, CentralNic acquired domain assets of the .ruhr TLD for a purchase price of EUR 150,000. Additional consideration of EUR 150,000 is payable in May 2022. .ruhr is the domain address for the urban agglomeration centred around the river Ruhr in Germany, consisting of c.50 cities, including Dortmund and Essen, with roughly 5 million inhabitants. There are currently c.10,000 domain names registered using the .ruhr Top-Level Domain. .ruhr will be migrated from its existing service providers and will be fully managed by CentralNic's internal resources, joining another German regional TLD, .saarland.

Acquisition of Fireball Search GmbH

On 2 February 2022, CentralNic acquired Fireball Search GmbH for a purchase price of EUR 315,000. Founded in 1996, Fireball was once the leading search engine in Germany, and the name retains high consumer awareness, despite being acquired by and merged into Lycos Europe in the early 2000s. In 2016, Fireball was re-established as an independent company, with a completely overhauled version of the service, including a strong focus on privacy, a core value of CentralNic. Search results are powered by Bing. Fireball opens up new traffic sources for CentralNic to monetise through its proprietary online marketing tools, and it adds alternative monetisation channels for CentralNic to generate revenues from internet traffic.

Placing and launch of Open Offer to existing Shareholders

On 28 February 2022, the Group raised gross proceeds of GBP 42 million (before expenses) through the successful placing of 35,000,000 Placing Shares at the Issue Price of 120 pence per New Ordinary Share. The Placing was significantly oversubscribed. Conditional on admission of the Placing Shares to trading on AIM becoming effective, the Board also announced the launch of an Open Offer for existing Shareholders at the same price per share as the Placing. In aggregate, up to 2,500,000 Open Offer Shares are to be issued pursuant to the Open Offer, at the Issue Price, raising gross proceeds of up to GBP 3 million, on the basis of one Open Offer Share for every 100.46403360 existing ordinary share. The Placing is not conditional on the Open Offer proceeding or on any minimum take-up under the Open Offer. Assuming full subscription of the 2,500,000 Open Offer Shares to be offered pursuant to the Open Offer, combined with the 35,000,000 Placing Shares, will result in the issued share capital of the Company increasing to 288,660,084 ordinary shares. The New Ordinary Shares will represent approximately 13.0%. of the enlarged share capital of the Company.

Bond tap

On 7 March 2022, the Company successfully issued additional senior secured callable bonds for a nominal value of EUR 21 million under its existing senior secured bond, listed on Oslo Børs, at a price of 100.8% of par value. The maturity and call conditions are identical to the prior tranches of senior secured callable bonds.

Acquisition of VGL Verlagsgesellschaft mbH

On 8 March 2022, CentralNic acquired VGL Verlagsgesellschaft mbH (VGL), a German-based digital publishing and online marketing company headquartered in Berlin. Since its founding in 2014, VGL has grown into the leading German product comparison platform with more than 270 million visits a year to its high-quality content websites, notably the market leader Vergleich.org. VGL's organic traffic is supplemented by a large-scale media buying operation, and it is an important customer acquisition source for Amazon and other leading e-commerce companies in Germany. VGL is being acquired for an enterprise value of EUR 60 million, with initial consideration of EUR 67 million (approx. USD 75 million), payable in cash on completion, inclusive of customary adjustments for cash and working capital.

In FY2020, VGL generated unaudited revenue of EUR 46.7 million (c.USD 55.3 million) and unaudited EBITDA of EUR 9.3 million (c.USD 10.9 million).

31. Prior year restatement

The comparative figures for the year ended 31 December 2020 have been restated as follows:

- revenue has reduced by USD 1,200,000 due to the recognition liabilities for prior period credit notes; and
- amortisation charges have increased by USD 1,239,000 due to the restatement of intangible amortisation.

This results in a net decrease in net profit before tax for the year ended 31 December 2020 of USD 2,439,000.

The restatement has had a material impact on the Group's reported consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for the financial year ended 31 December 2020. The impact on the financial statements for the year ended 31 December 2019 was USD 800,000 and opening reserves at 1 January 2020 have been restated. Given the limited impact of the restatement on the balance sheet as at 31 December 2019, no consolidated statement of financial position as at that date has been presented in these financial statements.

The following tables show the financial impact of the restatements by comparing the previously stated and the now restated primary statements.

Consolidated statement of comprehensive income

	Note	As reported 2020 USD'000	Restatements 2020 USD'000	**As restated 2020 USD'000**
Revenue	5,6	241,212	(1,200)	**240,012**
Cost of sales		(164,894)	—	**(164,894)**
Gross profit		76,318	(1,200)	**75,118**
Administrative expenses		(70,845)	(1,239)	**(72,084)**
Share-based payment expenses		(5,113)	—	**(5,113)**
Operating profit/loss		360	(2,439)	**(2,079)**
Adjusted EBITDA[1]		30,594	(1,200)	**29,394**
Depreciation of property, plant and equipment	13	(2,084)		**(2,084)**
Amortisation of intangible assets	14	(12,508)	(1,239)	**(13,747)**
Non-core operating expenses[2]	9	(8,237)	—	**(8,237)**
Foreign exchange		(2,137)	—	**(2,137)**
Share of associate EBITDA		(155)	—	**(155)**
Share-based payment expenses	28	(5,113)	—	**(5,113)**
Operating profit/loss		360	(2,439)	**(2,079)**
Finance income	10	5	—	**5**
Finance costs	10	(9,976)	—	**(9,976)**
Foreign exchange gain on borrowings	10	137	—	**137**
Net finance costs	10	(9,834)	—	**(9,834)**
Share of associate income		79	—	**79**
Loss before taxation	7	(9,395)	(2,439)	**(11,834)**
Income tax expense	11	975	—	**975**
Loss after taxation		(8,420)	(2,439)	**(10,859)**
Items that may be reclassified subsequently to profit and loss				
Exchange differences included in other comprehensive income		3,243	—	**3,243**
Total comprehensive loss for the period		(5,177)	(2,439)	**(7,616)**
Loss is attributable to:				
Owners of CentralNic Plc		(8,420)	(2,439)	**(10,859)**
		(8,420)	(2,439)	**(10,859)**
Total comprehensive loss is attributable to:				
Owners of CentralNic Plc		(5,177)	(2,439)	**(7,616)**
		(5,177)	(2,439)	**(7,616)**

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

31. Prior year restatement continued

Consolidated statement of financial position

	Note	As reported 2020 USD'000	Restatements 2020 USD'000	**As restated 2020 USD'000**
ASSETS				
Non-current assets				
Property, plant and equipment	13	2,222	—	**2,222**
Right-of-use assets	13,26	6,455	—	**6,455**
Intangible assets	14	256,955	(1,239)	**255,716**
Other non-current assets	15	661	—	**661**
Investments	16	114	—	**114**
Deferred tax assets	21	5,410	—	**5,410**
		271,817	(1,239)	**270,578**
Current assets				
Trade and other receivables	17	47,941	—	**47,941**
Inventory		1,011	—	**1,011**
Cash and bank balances	18	28,654	—	**28,654**
		77,606	—	**77,606**
Total assets		349,423	(1,239)	**348,184**
EQUITY AND LIABILITIES				
Equity				
Share capital	19	290	—	**290**
Share premium	19	39,845	—	**39,845**
Merger relief reserve	19	5,297	—	**5,297**
Share-based payment reserve		11,032	—	**11,032**
Foreign exchange translation reserve		1,360	—	**1,360**
Accumulated losses		59,311	(3,239)	**56,072**
Total equity		117,135	(3,239)	**113,896**
Non-current liabilities				
Other payables	20	2,878	—	**2,878**
Lease liabilities	27	5,204	—	**5,204**
Deferred tax liabilities	21	21,965	—	**21,965**
Borrowings	23	107,820	—	**107,820**
		137,867	—	**137,867**
Current liabilities				
Trade and other payables and accruals	22	87,256	2,000	**89,256**
Lease liabilities	27	1,346	—	**1,346**
Borrowings	23	5,819	—	**5,819**
		94,421	2,000	**96,421**
Total liabilities		232,288	2,000	**234,288**
Total equity and liabilities		349,423	(1,239)	**348,184**

Consolidated statement of cash flows

	As reported 2020 USD'000	Restatements 2020 USD'000	**As restated 2020 USD'000**
Cash flow from operating activities			
Loss before taxation	(9,395)	(2,439)	**(11,834)**
Adjustments for:			
Depreciation of property, plant and equipment	2,084	—	**2,084**
Amortisation of intangible assets	12,508	1,239	**13,747**
Share of associate EBITDA	(155)	—	**(155)**
Gain on sale of associate	(266)	—	**(266)**
Finance cost – net	9,834	—	**9,834**
Share-based payment expenses	5,113	—	**5,113**
Increase in trade and other receivables	(9,266)	—	**(9,266)**
Increase in trade and other payables and accruals	12,195	1,200	**13,395**
Cash flow from operations	22,652	—	**22,652**
Income tax paid	(1,957)	—	**(1,957)**
Net cash flow generated from operating activities	20,695	—	**20,695**
Cash flow used in investing activities			
Purchase of property, plant and equipment	(1,296)	—	**(1,296)**
Purchase of intangible assets	(2,963)	—	**(2,963)**
Payment of deferred consideration	(5,467)	—	**(5,467)**
Proceeds from disposal of investment in associate	1,814	—	**1,814**
Acquisition of subsidiaries, net of cash acquired	(37,065)	—	**(37,065)**
Net cash flow used in investing activities	(44,977)	—	**(44,977)**
Cash flow used in financing activities			
Proceeds from borrowings	2,208	—	**2,208**
Arrangement fees	(645)	—	**(645)**
Proceeds from issuance of ordinary shares (net)	34,667	—	**34,667**
Payment of finance leases	(1,081)	—	**(1,081)**
Interest paid	(9,512)	—	**(9,512)**
Net cash flow generated from financing activities	25,637	—	**25,637**
Net increase in cash and cash equivalents	1,355	—	**1,355**
Cash and cash equivalents at beginning of the year	26,182	—	**26182**
Exchange losses on cash and cash equivalents	1,117	—	**1,117**
Cash and cash equivalents at end of the year	28,654	—	**28,654**

Company statement of financial position

as at 31 December 2021

	Note	2021 USD'000	2020 USD'000
ASSETS			
Fixed assets			
Property, plant and equipment		**74**	97
Right-of-use assets		**1,674**	1,956
Intangible assets		**324**	387
Investments	7	**81,929**	58,752
Deferred tax asset	8	**3,907**	2,330
		87,908	63,522
Current assets			
Other debtors, deposits and prepayments	9	**207,406**	200,577
Cash and bank balances		**2,326**	2,013
		209,732	202,590
Total assets		**297,640**	266,112
LIABILITIES			
Current liabilities			
Creditors – amounts falling due within one year			
Trade and other payables and accruals	11	**28,819**	11,125
Lease liabilities		**198**	205
Borrowings		**11,932**	5,493
Derivative financial liabilities		**6,419**	—
		47,368	16,823
Non-current liabilities			
Creditors – amounts falling due after one year			
Lease liabilities		**1,469**	1,812
Borrowings		**117,788**	107,820
		119,257	109,632
Total liabilities		**166,625**	126,455
Net assets		**131,015**	139,657
CAPITAL AND RESERVES			
Share capital	10	**323**	298
Share premium	10	**39,845**	39,845
Merger relief reserve	10	**5,297**	5,297
Share-based payment reserve		**18,629**	10,329
Cash flow hedging reserve		**(6,419)**	—
Foreign exchange translation reserve		**(1,538)**	3,523
Retained earnings		**74,878**	80,365
Shareholders' funds		**131,015**	139,657

The loss for the year, including other comprehensive income, was USD 6,845,000 (December 2020: loss of USD 1,000). The loss for the year, excluding other comprehensive income, was USD 5,487,000 (December 2020: loss of USD 285,000).

These financial statements were approved and authorised for issue by the Board of Directors on 4 April 2022 and were signed on its behalf by:

Iain McDonald
Chairman

Company Number: 08576358

The notes on pages 96 to 101 form an integral part of these financial statements.

Company statement of changes in equity

for the year ended 31 December 2021

	Share capital USD'000	Share premium USD'000	Merger relief reserve USD'000	Share-based payment reserve USD'000	Cash flow hedging reserve USD'000	Foreign exchange translation reserve USD'000	Retained earnings/ (accumulated losses) USD'000	Total USD'000
Balance at 1 January 2020	236	74,840	5,297	6,020	—	3,087	5,777	95,257
Loss for the year	—	—	—	—	—	—	(285)	(285)
Other comprehensive income								
Translation of foreign operation	—	—	—	(152)	—	436	—	284
Transactions with owners								
Capital reduction	—	(74,840)	—	—	—	—	74,840	—
Issue of share capital	62	43,674	—	—	—	—	—	43,736
Share issue costs	—	(3,829)	—	—	—	—	—	(3,829)
Share-based payments	—	—	—	4,451	—	—	—	4,451
Share-based payments – exercised and lapsed	—	—	—	(33)	—	—	33	—
Share-based payments – deferred tax assets	—	—	—	43	—	—	—	43
Balance at 31 December 2020	298	39,845	5,297	10,329	—	3,523	80,365	139,657
Loss for the year	—	—	—	—	—	—	(5,487)	(5,487)
Other comprehensive income								
Translation of foreign operation	—	—	—	—	—	(5,061)	—	(5,061)
Loss arising on changes in fair value of hedging instruments	—	—	—	—	(6,419)	—	—	(6,419)
Transactions with owners								
Issue of share capital	25	—	—	—	—	—	—	25
Share-based payments	—	—	—	6,539	—	—	—	6,539
Share-based payments – deferred tax assets	—	—	—	1,761	—	—	—	1,761
Balance at 31 December 2021	**323**	**39,845**	**5,297**	**18,629**	**(6,419)**	**(1,538)**	**74,878**	**131,015**

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

The notes on pages 96 to 101 form an integral part of these financial statements.

Notes to the Company financial statements

for the year ended 31 December 2021

1. General information

Nature of operations

CentralNic Group Plc (the 'Company') is the UK holding company of a group of companies which are engaged in the provision of global domain name services. The Company is registered in England and Wales. Its registered office and principal place of business is 4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR.

2. Basis of preparation

For the financial year ended 31 December 2021, the Company elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The purpose of this was to more closely align the Company's accounting policies with the Group's policies. This transition is not considered to have had a material effect on the financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Financial Reporting Standard 101 Reduced Disclosure Framework requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3 in the Group financial statements).

All accounting policies that are not unique to the Company are listed on pages 58 to 68. All additional accounting policies have been applied as detailed in note 3 below.

3. Significant accounting policies

(a) Going concern

As at 31 December 2021, the Company had net current assets of USD 162,364,000 (2020: USD 185,767,000) with the main current asset being amounts owed from its subsidiaries amounting to USD 206,346,000 (2020: USD 199,733,000). The Company has assessed its ongoing costs with cash generated by its subsidiaries to ensure that it can continue to settle its debts as they fall due.

In addition, the COVID-19 pandemic has been duly considered by the Directors in making their judgement on the going concern assumption. As the Parent Company of a group that is a provider of online subscription services with high cash conversion and solid organic growth, CentralNic has not been, and is not expected to be, severely affected by COVID-19, but the Directors will take the necessary precautions to preserve the Company's cash and review the acquisition pipeline and financing plans to ensure that stability is maintained and that business strategies are optimised in the new global climate.

The Directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements, and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

(b) Investments

Investments held as fixed assets are stated at cost less provision for impairment.

(c) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Taxation arising on disposal of a revalued asset is split between the profit and loss account and the statement of changes in equity on the basis of the tax attributable to the gain or loss recognised in each statement.

(d) Financial instruments

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

The Company's financial assets and liabilities are initially measured at fair value plus any directly attributable transaction costs. The carrying value of the Company's financial assets (primarily cash and bank balances) and liabilities (primarily trade payables and other accrued expenses approximate their fair values.

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

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

(i) Amortised cost

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

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

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

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

(ii) Fair value through other comprehensive income

Where the Company has an equity interest in a number of investments in unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Company has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss, as the Company considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss. Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investment's carrying amount.

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

(iii) Financial liabilities and equity instruments

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

Financial liabilities

Financial liabilities comprise long-term borrowings, short-term borrowings, trade and other payables and accruals, measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Bond issue costs are initially recorded as a deduction from the bond liability on the statement of financial position, and subsequently expensed to the consolidated statement of profit and loss over the life of the bond using the straight-line method.

Notes to the Company financial statements continued

for the year ended 31 December 2021

3. Significant accounting policies continued

(d) Financial instruments continued

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation. Dividends proposed or declared after the reporting date but before the financial statements have been authorised for issue are not recognised as a liability at the reporting date. However, the details of these dividends are disclosed in the notes in accordance with IAS 1.

(iv) Derivative financial instruments and cash flow hedges

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.
A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not due to be realised or settled within twelve months.

Hedge accounting

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

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

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

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss. The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

(e) Parent Company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 101:

- disclosures in respect of the Parent Company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided for the Group as a whole;
- no disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole;
- no cash flow statement has been presented for the Parent Company;
- related party transactions with wholly owned fellow Group companies have not been disclosed; and
- the effect of future accounting standards not yet adopted has not been disclosed.

(f) Share-based payments

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

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

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

4. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

5. Profit for the financial period

The Company has taken advantage of section 408 of the Companies Act 2006 and, consequently, a profit and loss account for the Company alone has not been presented. The Company's loss for the financial period was USD 5,487,000 (2020: loss USD 1,000) which excluded a net gain on foreign currency translation of USD 5,061,000 (2020: gain of USD 284,000) and a loss arising on changes in fair value of hedging instruments of USD 6,419,000 (2020: nil). The Company's loss for the financial year has been arrived at after charging auditor's remuneration payable to Crowe U.K. LLP for audit services to the Company of USD 330,000 (2020: USD 260,000).

Notes to the Company financial statements continued

for the year ended 31 December 2021

6. Employees and Directors' remuneration

Staff costs during the period incurred by the Company were as follows:

	2021 USD'000	2020 USD'000
Wages and salaries	**3,638**	1,867
Social security	**212**	157
Pension	**27**	26
Share-based payment expenses	**3,389**	3,845
Directors' consultancy fees	**827**	325
	8,093	6,220

The average number of employees of the Company, including Directors, performing under a service contract during the period was:

	2021 Number	2020 Number
Directors under employment contracts only	**4**	4
Directors under service contracts only	**3**	2
Directors under a combination of employment and service contracts	**2**	2
	9	8

The Group made contributions to defined contribution personal pension schemes for three Directors in the period (2020: three). Included in the above tables, the highest paid Director had wages and salaries, including employer's taxes, of USD 849,000 (2020: USD 587,000), a bonus of USD 570,000 (2020: USD 531,000), and share-based payment expenses of USD 1,075,000 (2020: 1,568,000) totalling USD 2,494,000 (2020: USD 2,686,000).

7. Investments

	USD'000
At 1 January 2020	79,538
Novation agreement with CentralNic EU SE (share premium reimbursement)	(19,800)
Share options issued to subsidiary employees issued on behalf of subsidiaries	530
Exchange differences	(1,516)
At 31 December 2020	58,752
Conversion of subsidiary loans into investments	21,289
Share options issued to subsidiary employees on behalf of subsidiaries	2,633
Novation agreement with CentralNic EU SE (share premium reimbursement)	(745)
At 31 December 2021	**81,929**

8. Deferred tax

Deferred tax assets	Share-based payments USD'000
At 1 January 2020	1,260
Credit to income	1,070
At 31 December 2020	2,330
Credit to income	62
Credit to equity	1,761
Exchange differences	(246)
At 31 December 2021	**3,907**

9. Debtors

	2021 USD'000	2020 USD'000
Amounts owed by Group undertakings	**206,346**	199,733
Other debtors	**1,060**	844
	207,406	200,577

10. Share capital and share premium

The Company's issued and fully paid share capital is as follows:

	Number	Share capital USD'000	Share premium USD'000	Merger relief reserve USD'000
Ordinary shares of 0.1 pence each				
At 31 December 2019	185,705,128	236	74,840	5,297
New shares issued	3,138,356	4	—	—
Capital reduction	—	—	(74,840)	—
Shares issued to settle deferred consideration in respect of Hexonet acquisition	3,208,819	4	3,324	—
Shares issued in respect of Codewise acquisition	40,000,000	52	38,444	—
Shares issued to settle deferred consideration in respect of KeyDrive acquisition	1,685,723	2	1,906	—
Share issue costs	—	—	(3,829)	—
At 31 December 2020	233,738,026	298	39,845	5,297
Shares issued to Employee Benefit Trust	17,422,058	25	—	—
At 31 December 2021	**251,160,084**	**323**	**39,845**	**5,297**

On 1 June 2021, 17,422,058 ordinary shares were issued and allocated in connection with the Employee Benefit Trust.

11. Creditors: amounts falling due within one year

	2021 USD'000	2020 USD'000
Trade creditors	**745**	2,442
Amounts owed to Group undertakings	**24,033**	6,055
Accruals and deferred income	**3,938**	2,514
Accrued interest	**—**	32
Other liabilities	**103**	82
	28,819	11,125

Particulars of subsidiaries and associates

The companies listed below are 100% subsidiaries of Group companies and only have ordinary share capital unless otherwise stated.

Parent Company	Subsidiary	Country of incorporation and principal operations	Principal activity	Registered office
Instra Holdings (Aus) Pty Ltd	Domain Directors Pty Ltd (100 504 596)	Australia	Domain registrar services provider	Level 2, 222 Beach Road, Mordialloc, VIC 3195, Australia
Instra Holdings (Aus) Pty Ltd	Instra Corporation Pty Limited (110 054 610)	Australia	Domain registrar services provider	Level 2, 222 Beach Road, Mordialloc, VIC 3195, Australia
Instra Holdings (Aus) Pty Ltd	Ozenum Pty Limited (111 198 246)	Australia	Dormant	Level 2, 222 Beach Road, Mordialloc, VIC 3195, Australia
TLD Registrar Solutions Limited	Internet Domain Service BS Corp (171543B)	Commonwealth of The Bahamas	Domain registrar services provider	PO Box SS-19084, Ocean Centre, Montagu Foreshore, East Bay Street, Nassau, New Providence, The Bahamas
TLD Registrar Solutions Limited	Whois Privacy Corp (171546B)	Commonwealth of The Bahamas	Domain registrar services provider	PO Box SS-19084, Ocean Centre, Montagu Foreshore, East Bay Street, Nassau, New Providence, The Bahamas
Asesorias En Dominios Latinoamerica SpA	Domain Under Protection Ltda (05.678.324/ 00001-05)	Brazil	Local presence domain registrar	Rua Vergueiro 00875 CONJ 44, Bairro Libertade, CEP: 01504-00, Sao Paulo, Brasil
Key-Systems GmbH	Toweb Brazil LTDA	Brazil	Domain registrar services provider	Av. Afonso Pena 423, Praia da Costa, Vilha Velha, Brasil
Safebrands SAS	9269-4785 Quebec Inc. (1168561083)	Canada	Domain registrar	300-575 Rue Saint-Joseph E Quebec, Quebec G1K3B7, Canada
CentralNic Chile SpA	Asesorias En Dominios Latinoamerica SpA (76.757.590-4)	Chile	Domain registrar services provider	Avenida Providencia número 201, oficina 22, comuna de Providencia, Región Metropolitana, Chile
CentralNic Chile SpA	Servicios y Asesorias Computacionales Offpaper SpA (76.346.410-5)	Chile	Domain registrar services provider	Avenida Providencia número 201, oficina 22, comuna de Providencia, Región Metropolitana, Chile
CentralNic Limited	Domain Escrow Services Ltd (06737803)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
CentralNic Limited	GB.com Limited (03797075)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
CentralNic Limited	Helium TLDs Limited* (11354799)	England and Wales	Operator of generic TLDs	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
CentralNic Limited	PremiumSale.com Limited (07560824)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
CentralNic Limited	Whois Privacy Limited (07881505)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
CentralNic Limited	Whoistrustee.com Limited (09729254)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
Helium TLDs Limited	dotBroker Registry Limited (09237714)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
Helium TLDs Limited	DotCFD Registry Limited (09237733)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
Helium TLDs Limited	DotForex Registry Limited (09237740)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
Helium TLDs Limited	dotMarkets Registry Limited (09237699)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
Helium TLDs Limited	DotSpreadbetting Limited (09237702)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
Helium TLDs Limited	DotTrading Registry Limited (09237708)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
Instra Holdings (UK) Limited	Domain Directors (Europe) Limited (5300465)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
Instra Holdings (UK) Limited	Europe Registry Limited (5524089)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR

Parent Company	Subsidiary	Country of incorporation and principal operations	Principal activity	Registered office
Instra Holdings (UK) Limited	Instra Corporation (Europe) Limited (5700131)	England and Wales	Dormant	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
CentralNic EU SE	Sublime Technology (France) Sarl (531906790)	France	Domain registrar services provider for .FR	2, Rue Robert Geffré Bat n°11-17000 La Rochelle – France
Sublime Technology (France) Sarl	Safebrands S.A.S.(FR) 412721524	France	Domain registrar services provider	37, rue Guibal, 13003 Marseille (France)
CentralNic EU SE	CentralNic Germany GmbH (HRB 23747)	Germany	Holding company	Im Oberen Werk 1, 66386 St. Ingbert
CentralNic EU SE	CentralNic Holding GmbH (HRB 24754)	Germany	Holding company	Im Oberen Werk 1, 66386 St. Ingbert
CentralNic Germany GmbH	Key-Systems GmbH (818835)	Germany	Domain registrar services provider	Im Oberen Werk 1, 66386 St. Ingbert, Germany
CentralNic Holding GmbH	Team Internet AG (HRB 200081)	Germany	Monetisation of internet traffic	Liebherrstr. 22, 80538 München, Germany
CentralNic Holding GmbH	Traffic.club IT GmbH (HRB 19295)	Germany	Domain registrar services provider	Im Oberen Werk 1, 66386 St. Ingbert Germany
CentralNic Holding GmbH	Wando Internet Solutions GmbH (135243)	Germany	Monetisation of internet traffic	Uhlandstraße 171/172, 10719 Berlin
Key-Systems GmbH	1API GmbH (HRB 15683)	Germany	Domain registrar services provider	Im Oberen Werk 1, 66386 St. Ingbert, Germany
Key-Systems GmbH	Dot Saarland GmbH (B19630)	Germany	Registry operator for Saarland	Im Oberen Werk 1, 66386 St. Ingbert Germany
Key-Systems GmbH	InterNexum GmbH (HRB 35328)	Germany	Domain registrar services provider	Blumenstraße 54, 02826 Görlitz, Germany
Key-Systems GmbH	PTS GmbH (B100445)	Germany	Domain registrar services provider	Neunkircher Straße 43, 66299 Friedrichsthal
Key-Systems GmbH	RegistryGate GmbH (B181621)	Germany	Domain registrar services provider	Wilhelm-Wagenfeld-Str. 16, 80807 Munich
Wando Internet Solutions GmbH	Pink Dodo Marketing Agentur UG (HRB 166015)	Germany	Monetisation of internet traffic	Uhlandstraße 171/172, 10719 Berlin
Wando Internet Solutions GmbH	QEONIX DIGITAL MEDIA AGENCY UG (166351)	Germany	Monetisation of internet traffic	Uhlandstraße 171/172, 10719 Berlin
Instra Corporation Pty Limited	Instra-Internet Services One-Person LLC (997994885)	Greece	Domain registrar services provider for .GR	1 Dimokraatias Square, Thessaloniki, 54629, Greece
Instra Holdings (UK) Limited	Sublime Technology Limited (1064594)	Hong Kong	Domain registrar services provider for .HK	2003, 20/F Towers China Hong Kong City, Tsim Sha Tsui, Kowloon, Hong Kong
Instra Holdings (UK) Limited	Tunglim International Pty Limited (1593163)	Hong Kong	Domain registrar services provider for .CN	2003, 20/F Towers China Hong Kong City, Tsim Sha Tsui, Kowloon, Hong Kong
Safebrands SAS	Mailclub Asia Registrar Services Limited 1171994	Hong Kong	Dormant	Flat/RM World Trust Tower, 50 Stanley StreetCentral, Hong-Kong City, China
CentralNic Limited	CNIC Services Private Limited (U74999DL2018 FTC337075)	India	Dormant	818, Indraprakash Building 21, Barakhamba Road New Delhi New Delhi Dl 110001
CentralNic EU SE	CentralNic Finance & IP Sarl (B157525)	Luxembourg	Domain registrar services provider	1-3, Boulevard de la Foire, L-1528 Luxembourg
Instra Holdings (UK) Limited	White Label Domains SDN BHD B12 (844839V)	Malaysia	Domain registrar services provider for .MY	No/ 36B, 2nd Floor, Jalan Tun Mohd Fuad 2. Taman Tun Dr Ismail, Kuala Lumpur, 60000, Malaysia
Key-Systems GmbH/ Brandshelter Inc (50% split in ownership)	KS Internet Solutions DE RL DE CV (KISO910211TA)	Mexico	Domain registrar services provider	San Pedro Garza García, N.L., Mexico
Instra Corporation Pty Limited	Instra Domain Directors B.V. (24436342)	The Netherlands	Domain registrar services provider for .NL	Beechavenue 54-62, 1119PW, Schiphol-Rijk, The Netherlands

Particulars of subsidiaries and associates continued

Parent Company	Subsidiary	Country of incorporation and principal operations	Principal activity	Registered office
CentralNic NZ Limited	Ideegeo Group Ltd (2131522)	New Zealand	Domain registrar services provider	c/o Grant Thornton New Zealand, LR, 152, Fanshawe Street, Auckland, 1010, New Zealand
CentralNic EU SE	CentralNic Poland Sp. z.o.o.(0000830352)	Poland	Monetisation of internet traffic	ul. Lubicz 17 G31-503 Kraków, Poland
Instra Corporation Pty Limited	Instra Corporation PTE Limited (200711838Z)	Singapore	Domain registrar services provider for .SG	c/o Asiabiz Services PTE Ltd, 30 Cecil Street, #19-08, Prudential Tower, Singapore 049712
CentralNic EU SE	SK-Nic A.S. (35 698 446)	The Slovak Republic	Registry operator for .SK	Námestie SNP 14 Bratislava – mestská cˇ ast’ Staré Mesto 811 06
CentralNic USA Ltd	Brandshelter Inc (4680526)	USA, Virginia	Domain registrar services provider	885 Harrison St. SE, Leesburg, VA 20175
Brandshelter Inc	Key-Systems LLC (34181990)	USA, Virginia	Domain registrar services provider	885 Harrison St. SE, Leesburg, VA 20175
CentralNic USA Ltd	Moniker.com Inc (P00000072934)	USA, Florida	Domain registrar services provider	6301 NW 5th Way, Suite 4500, Ft Lauderdale, FL 33309. Mailing address: 13727 SW 152nd Street #513, Miami, FL 33177
Moniker.com Inc	Moniker Online Services LLC (L020000016399)	USA, Florida	Domain registrar services provider	6301 NW 5th Way, Suite 4500, Ft Lauderdale, FL 33309. Mailing address: 13727 SW 152nd Street #513, Miami, FL 33177
Moniker.com Inc	Moniker Privacy Services LLC (M10000001115)	USA, Florida	Domain registrar services provider	6301 NW 5th Way, Suite 4500, Ft Lauderdale, FL 33309. Mailing address: 13727 SW 152nd Street #513, Miami, FL 33177

Subsidiary	Country of incorporation and principal operations	Principal activity	Registered office
Instra Holdings (Aus) Pty Limited (609 143 599)	Australia	Holding company	Level 2, 222-225 Beach Road, Mordialloc, Victoria, VIC3195
CentralNic Canada Inc. (BC1056960)	Canada, British Columbia	Holding company	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC V6C 2B5
CentralNic Chile SpA (14524)	Chile	Holding company	Premio Nobel 1762, Ñuñoa, Región Metropolitana, 7800179, Chile
CentralNic Limited* (04985780)	England and Wales	Domain registry services provider	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
Hoxton Domains Limited* (09332447)	England and Wales	Aftermarket domain services	4th Floor, Saddlers House,44 Gutter Lane, London EC2V 6BR
Instra Holdings (UK) Limited* (09877716)	England and Wales	Holding company	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR
TLD Registrar Solutions Limited* (07629187)	England and Wales	Domain registrar services provider	4th Floor, Saddlers House,44 Gutter Lane, London EC2V 6BR
CentralNic EU SE (B224488)	Luxembourg	Holding company	1-3, Boulevard de la Foire, L-1528 Luxembourg
CentralNic NZ Limited (5846027)	New Zealand	Holding company	C/o Grant Thornton New Zealand, LR, 152, Fanshawe Street, Auckland, 1010, New Zealand
CentralNic Services DWC – LLC 10217	UAE	Holding company	Business Center Logistics City, Dubai Aviation City, P.O.Box: 390667, Dubai, U.A.E.
CentralNic USA Limited (C3183691)	USA, California	Holding company	4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR

S479A Exemption from audit of subsidiary companies

Certain UK companies have elected to make use of the audit exemption, for non-dormant subsidiaries, under section 479A of the Companies Act 2006. In order to fulfil the conditions, set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year to 31 December 2021. The UK companies which have made use of the audit exemption are marked with an asterisk (*) in the tables above.

Shareholder information

CentralNic Group Plc's interest is 100% in the issued ordinary share capital of these undertakings included in the consolidated accounts:

Financial calendar

Annual General Meeting

Although the date is subject to change as the Directors reserve the right to resolve to convene the AGM later depending on government guidance in respect of COVID-19, the Annual General Meeting is due to take place on Wednesday, 4 May 2022 at 10:00am.

Announcements

- Full-year audited results for the twelve-month period ended 31 December 2021 are expected in April 2022.
- Interim unaudited results for the three-month period ended 31 March 2022 are expected in May 2022.
- Interim unaudited results for the six-month period ended 30 June 2022 are expected in August 2022.
- Interim unaudited results for the nine-month period ended 30 September 2022 are expected in November 2022.
- Full-year unaudited results for the twelve-month period ended 31 December 2022 are expected in February 2023.
- Full-year audited results for the twelve-month period ended 31 December 2022 are expected in April 2023.

Dates are correct at the time of printing, but are subject to change.

Directors

Iain McDonald (Chairman)

Ben Crawford (Chief Executive Officer)

Donald Baladasan (Group Managing Director)

Michael Riedl (Chief Financial Officer)

Samuel Dayani (Non-Executive Director)

Tom Pridmore (Non-Executive Director)

Thomas Rickert (Non-Executive Director)

Max Royde (Non-Executive Director)

Horst Siffrin (Non-Executive Director)

Registered office

4th Floor, Saddlers House, 44 Gutter Lane, London EC2V 6BR

Company Secretary

Michael Riedl (Chief Financial Officer)

Company website

www.centralnicgroup.com

Nominated Adviser and Joint Broker

Zeus Capital Limited

82 King Street
Manchester M2 4WQ

41 Conduit Street
London W1S 2YQ

3 Brindleyplace
Birmingham B1 2JB

Joint Broker

Joh. Berenberg, Gossler & Co. KG

60 Threadneedle St
London EC2R 8HP

Auditor

Crowe U.K. LLP

55 Ludgate Hill
London EC4M 7JW

Solicitors to the Company

DWF LLP

20 Fenchurch Street
London EC3M 3AG

Solicitors to the Nominated Adviser and Broker

DAC Beachcroft LLP

100 Fetter Lane
London EC4A 1BN

Financial PR

Newgate Communications

Sky Light City Tower
50 Basinghall Street
London EC2V 5DE

Bankers

HSBC UK Bank plc

89 Buckingham Palace Road
London SW1W 0QL

Company registrars

Link Asset Services

The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Link Asset Services is our registrar and they offer many services to make managing your shareholding easier and more efficient.

Shareholder information continued

Share portal

The share portal is a secure online site where you can manage your shareholding quickly and easily. You can:

- view your holding and get an indicative valuation;
- change your address;
- arrange to have dividends paid into your bank account;
- request to receive Shareholder communications by email rather than post;
- view your dividend payment history;
- make dividend payment choices;
- buy and sell shares and access a wealth of stock market news and information;
- register your proxy voting instruction; and
- download a stock transfer form.

To register for the share portal just visit www.signalshares.com. All you need is your investor code, which can be found on your share certificate or your dividend tax voucher.

Customer support centre

Alternatively, you can contact Link's Customer Support Centre which is available to answer any queries you have in relation to your shareholding:

By phone – UK: 0871 664 0300 (UK calls cost 12p per minute plus network extras). From overseas: +44 371 664 0300.

Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays.

By email – shareholderenquiries@linkgroup.co.uk

By post – Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

Sign up to electronic communications

Help us to save paper and get your Shareholder information quickly and securely by signing up to receive your Shareholder communications by email.

Registering for electronic communications is very straightforward. Just visit www.signalshares.com. All you need is your investor code, which can be found on your share certificate or your dividend tax voucher.

Donate your shares to charity

If you have only a small number of shares which are uneconomical to sell you may wish to donate them to charity free of charge through ShareGift (Registered Charity 10528686). Find out more at www.sharegift.org.uk or by telephoning 020 7930 3737.

Share fraud warning

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority (FCA) has found most share fraud victims are experienced investors who lose an average of GBP 20,000, with around GBP 200 million lost in the UK each year.

PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- get the name of the person and organisation contacting you;
- check the Financial Services Register at http://www.fca.org.uk/ to ensure they are authorised;
- use the details on the FCA Register to contact the firm;
- call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the Register or you are told they are out of date; and
- search our list of unauthorised firms and individuals to avoid doing business with.

REMEMBER: if it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

REPORT A SCAM

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at http://www.fca.org.uk/scams, where you can find out about the latest investment scams. You can also call the Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

Identity theft

Tips for protecting your shares in the Company:

- ensure all your certificates are kept in a safe place or hold your shares electronically in CREST via a nominee;
- keep correspondence from us and Link in a safe place and destroy any unwanted correspondence by shredding;
- if you change address, inform Link in writing or update your address online via the share portal. If you receive a letter from Link regarding a change of address but have not moved, please contact them immediately;
- consider having your dividend paid directly into your bank. This will reduce the risk of the cheque being intercepted or lost in the post. If you change your bank account, inform Link of the details of your new account. You can do this by post or online via the share portal;
- if you are buying or selling shares, only deal with brokers registered and authorised to carry out that type of business; and
- be wary of phone calls or emails purporting to come from us or Link asking you to confirm personal details or details of your investment in our shares. Neither we nor Link will ever ask you to provide information in this way.

Glossary

Adtech
An umbrella term for advertising technology

Application Programming Interface or 'API'
A software intermediary that allows two applications to talk to each other

Artificial Intelligence or 'AI'
The theory and development of computer systems able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.

Cost Per Click or 'CPC'
The price paid for each click in pay-per-click (PPC) marketing campaigns

Cost Per Thousand or 'CPM'
A marketing term that refers to the cost that an advertiser pays per one thousand advertisement impressions on a web page

Country Code Top-Level Domain or 'ccTLD'
An internet Top-Level Domain generally used or reserved for a country, a sovereign state, or a dependent territory e.g. .uk, .jp

Demand-Side Platform or 'DSP'
A system that allows buyers of digital advertising inventory to manage multiple ad exchange and data exchange accounts through one interface

Domain Name Registrar
An organisation or commercial entity that manages the reservation of internet domain names

Domain Name System or 'DNS'
A hierarchical distributed naming system for computers, services, or any resource connected to the internet or a private network

Enterprise Management Incentive or 'EMI'
A tax-advantaged share option scheme designed to retain employees (Note: CentralNic no longer qualifies to issue new EMIs and only historic issues have been noted in this report)

Environmental, Social and Governance or 'ESG'
ESG criteria are a set of standards for a company's operations. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights

The General Data Protection Regulation or 'GDPR'
The General Data Protection Regulation (GDPR) is a legal framework that sets guidelines for the collection and processing of personal information from individuals who live in the European Union (EU)

Global Reporting Initiative or 'GRI'
Global Reporting Initiative (known as GRI) is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption

Identifier for Advertisers or 'IDFA'
IDFA is a random device identifier assigned by Apple to a user's device. Advertisers use this to track data so they can deliver customized advertising. The IDFA is used for tracking and identifying a user without revealing personal information

Internet Corporation for Assigned Names and Numbers or 'ICANN'
A non-profit private organisation that was created to oversee a number of internet-related tasks previously performed directly on behalf of the US Government

International Telecommunication Union or 'ITU'
The International Telecommunication Union is the United Nations specialized agency for information and communication technologies (ICTs)

Long Term Incentive Plan or 'LTIP'
Executive share option plans that reward executives for reaching specific goals that lead to increased shareholder value

The Office of Foreign Assets Control or 'OFAC'
The Office of Foreign Assets Control (OFAC) is a department of the U.S. Treasury that is charged with enforcing economic and trade sanctions imposed by the U.S. against countries and groups of individuals

Quoted Companies Alliance or 'QCA'
The QCA publishes the 'QCA Code' which is an approach to corporate governance that is tailored for small and mid-size quoted companies in the UK

Registry Operator
An entity that maintains the database of domain names for a given Top-Level Domain and generates the zone files which convert domain names to IP addresses. It is responsible for domain name allocation and technically operates its Top-Level Domain, sometimes by engaging a Registry Service Provider

Registry Service Provider
A company that performs the technical functions of a TLD on behalf of the TLD owner or licensee. The registry service provider keeps the master database and operates DNS servers to allow computers to route internet traffic using the DNS

Revenue Per Thousand or 'RPM'
A marketing term that refers to the revenue generated per one thousand advertisement impressions on a web page

Glossary continued

Search Engine Marketing or 'SEM'
A digital marketing strategy that involves the promotion of websites by increasing their visibility in search engine results pages primarily through paid advertising

Second-Level Domain or 'SLD'
A domain that is directly below a Top-Level Domain e.g. uk.com

Secure Sockets Layer or 'SSL'
SSL is a secure protocol developed for sending information securely over the internet

Share Option Plan or 'SOP'
An unapproved share option plan under which employees are given options to acquire shares at a future date at a price specified by the Company

Small Business or 'SMB'
An internal term used to describe small business customers

Streamlined Energy and Carbon Reporting or 'SECR'
Streamlined Energy and Carbon Reporting (SECR) was introduced in 2019, as legislation to replace the Carbon Reduction Commitment (CRC) Scheme. SECR requires obligated companies to report on their energy consumption and associated greenhouse gas emissions within their financial reporting for Companies House

Sustainability Accounting Standards Board or 'SASB'
SASB standards guide the disclosure of financially material sustainability information by companies to their investors. Available for 77 industries, the standards identify the subset of ESG issues most relevant to financial performance in each industry. The 'TC-SI' standards are those applicable to the Software & IT services industry

Sustainable Development Goals or 'SDGs'
SDGs, also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity

Task Force on Climate-related Financial Disclosures or 'TCFD'
The Task Force on Climate-related Financial Disclosures was created by the Financial Stability Board to improve and increase reporting of climate-related financial information

Top-Level Domain or 'TLD'
The suffix attached to internet domain names e.g. .com, .net

United Nations or 'UN'
The United Nations, commonly referred to as the UN, is an international nonprofit organisation formed in 1945 to increase political and economic cooperation among its member countries

Verified Carbon Standard or 'VCS'
A standard for certifying carbon emissions reductions, VCS is administered by Verra, a not-for-profit organisation. The VCS Programme is the world's leading voluntary programme for the certification of GHG emission reduction projects

World Economic Forum or 'WEF'
The World Economic Forum is an independent international organization committed to improving the state of the world by engaging business, political, academic, and other leaders of society to shape global, regional, and industry agendas

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CentralNic

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