2 September 2019

CENTRALNIC GROUP PLC
("CentralNic" or "the Company" or "the Group")

HALF YEAR RESULTS 2019
Trading at the top end of market expectations for 2019:
Revenues and Adjusted EBITDA triple Year-on-Year

CentralNic Group Plc (AIM: CNIC), the global internet platform that derives revenue from the subscription sales of domain names and web services, is pleased to announce its half year results for the six months ended 30 June 2019. Both revenues and Adjusted EBITDA have tripled year-on-year, driven by a combination of growth through acquisition and underlying organic growth of c.6%. As indicated in the 2018 year end results, the Directors were considering amending the Group's presentational currency to US Dollars and in H1 2019 concluded to revise the Group's presentational currency for all periods ending after 1 January 2019, bringing it in line with its principal trading currency and industry peers.

Financial Summary:

- Revenue increased by 225% to $49.7m (H1 2018: $15.3m), which was virtually all subscription based
- Gross profit increased by 127% to $19.7m (H1 2018: $8.7m)
- Adjusted EBITDA* increased by 203% to $9.2m (H1 2018: $3.1m)
- Operating profit increased by 266% to $2.4m (H1 2018: operating loss of $1.4m)
- Cash balance increased 73% to $17.9m (H1 2018: $10.4m)
- Net debt** was reduced by 47% to $6.0m (H1 2018: $11.3m)

**Excludes impact of share-based payments expense for options, premium domain sales, foreign exchange, and non-core operating costs*
*** Includes gross cash, debt and prepaid costs; please see section "Post half year end highlights"*

Operational Highlights:

- Numerous notable client wins, including:
  - Automattic, the parent company of WordPress and of the .blog TLD
  - The Alpnames portfolio of c. 680,000 domain names assigned by ICANN
  - The Kingdom of Bahrain, for registry services
  - A major contract from a global luxury car manufacturer
  - A significant registry project from a South East Asian government
- On track to make more than $1.0m of cost savings in the full year ending December 2019, from the integration of the KeyDrive acquisition, as demonstrated by strong H1 2019 performance
- Completion of first stage of earn-out for the KeyDrive acquisition, which exceeded financial targets
- Successful placing of the debut offering of a €50.0m oversubscribed senior secured bond, used to repay debt and to fund acquisitions

Post half year end highlights:

- TPP Wholesale acquisition completed 1 August 2019 for a gross consideration of c. $16.6m
- Hexonet acquisition completed 7 August 2019 after CentralNic paid an initial cash consideration of c.$7.8m for all Hexonet shares
- Ideegeo acquisition completed 7 August 2019 for a total consideration of c.$3.4m
- Settlement of the €50.0m senior secured bond issue on 3 July 2019 and repayment of the prior acquisition facility provided by Silicon Valley Bank on 30 July 2019
- The debt markets have demonstrated confidence in our recurring business model and acquisition strategy by over subscribing to our debut bond offering
- The cumulative annual adjusted EBITDA (including ongoing cost reductions of Hexonet) from the three newly acquired businesses, as per their latest completed financial years is $4.6m
- Net Debt restated for the bond issuance and the three new acquisitions would be approximately $35m,

assuming the simultaneous completion of all the transactions on 30 June 2019

Outlook

- Strong growth in the first half and three successful acquisitions, taking the Company to c. $130m revenues on a proforma annualised basis, demonstrate the successful execution of our buy and build strategy
- Performance of last year's key acquisition, KeyDrive, demonstrates CentralNic's ability to generate network effect and economies of scale beyond initial hard cost synergies, thereby improving gross margin and adjusted EBITDA margin
- This gives us confidence to continue with this consolidation strategy and we continue to assess a number of opportunities in what is a huge, fragmented and growing market
- Having achieved strong results in the first half of 2019, management is confident that the full year result should be around the top end of the current range of analyst forecasts

Ben Crawford, CEO of CentralNic, commented: *"In the first half of 2019 CentralNic's adjusted EBITDA exceeded our full year performance in 2018. These outstanding results not only demonstrate that CentralNic can source and complete transformative acquisitions, but that it can also integrate them successfully while continuing to deliver organic growth. Moreover, as we scale up rapidly, the underlying qualities of high recurring revenues and excellent cash conversion become increasingly meaningful.*

"Our pipeline of future deals remains strong, while our net debt level remains comfortable particularly given the profitability of the existing CentralNic Group and the expected contribution from recent acquisitions. We are confident in continuing our trajectory towards joining the ranks of the global leaders in our industry."

For further information:

CentralNic Group Plc	
Ben Crawford, Chief Executive Officer	+44 (0) 203 388 0600
Don Baladasan, Group Managing Director	
Michael Riedl, Chief Financial Officer	
Zeus Capital – NOMAD and Joint Broker	
Nick Cowles / Jamie Peel (Corporate Finance)	+44 (0) 161 831 1512
John Goold / Rupert Woolfenden (Institutional Sales)	+44 (0) 203 829 5000
Stifel – Joint Broker	
Fred Walsh / Neil Shah / Alex Price	+44 (0) 20 7710 7600
Newgate Communications (for Media)	
Bob Huxford	+44 (0) 203 757 6880
Tom Carnegie	centralnic@newgatecomms.com
Robin Tozer	

Forward-Looking Statements

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

About CentralNic Group Plc

CentralNic (AIM: CNIC) is a London-based AIM-listed company which drives the growth of the global digital economy by developing and managing software platforms allowing businesses globally to buy subscriptions to domain names, used for their own websites and email, as well as for protecting their brands online. Its core growth strategy is identifying and acquiring cash-generative businesses in its industry with annuity revenue streams and exposure to growth markets and migrating them onto the CentralNic software and operating platforms.

CentralNic operates globally with customers in almost every country in the world. It earns recurring revenues from the worldwide sales of internet domain names and other services on an annual subscription basis.

For more information please visit: www.centralnicgroup.com

CHIEF EXECUTIVE OFFICER'S STATEMENT

Introduction

CentralNic's acquisition of KeyDrive in August 2018 substantially increased the scale and capabilities of the Company. The effect of this is fully demonstrated in our H1 2019 results which show a transformational increase in revenues and adjusted EBITDA, both of which have more than tripled against the comparative period for 2018. Contributing to this strong performance in H1 2019, the Company is on track to make more than $1.0m of cost savings in 2019 from the integration of KeyDrive.

Our strategy to rapidly consolidate the recurring revenue domain name industry has continued apace with a further four acquisitions since KeyDrive. The three acquisitions post 30 June 2019 were funded through an oversubscribed €50.0m senior secured bond issue. Together, these acquisitions further increase our scale and global presence, improve our product set and competitive positioning, and are earnings enhancing. We are therefore confident of further strong growth with the support of both our investors and new bond lenders providing considerable financial flexibility over the medium term to continue to pursue accretive acquisitions.

Performance Overview

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

	30 June 2019	**30 June 2018**	**Change**
	$'000	$'000	%
Revenue	49,693	15,304	**225%**
Gross profit	19,731	8,703	**127%**
Adjusted EBITDA[1]	9,230	3,051	**203%**
Operating profit / (loss)	2,400	(1,442)	**266%**
Loss after tax	(2,995)	(1,499)	**(100%)**
EPS - Basic (cents)	(1.75)	(1.55)	**(13%)**
EPS - Adjusted earnings - Basic (cents) [2]	4.25	3.19	**34%**

[1] Excludes impact of share-based payments expense for options, premium domain sales, foreign exchange, and non-core operating costs

[2] Please refer to note 11

The KeyDrive acquisition represented a significant proportion of the strong performance in the period, with the acquisition exceeding the first stage of its earn-out targets. As a result of this, the Company released additional consideration in cash and shares in respect of KeyDrive's FY2018 earn-out target on 14 June 2019. The Company grew by c.6% organically in H1 2019, as compared to H1 2018 performance on a proforma basis.

Soon after, on 24 June 2019, the Company announced the successful completion of its first senior secured bond issue of €50.0m, which was oversubscribed. The bond, which matures in July 2023, has a coupon of 7% above EURIBOR p.a., with quarterly interest payments. The bond settled on 3 July 2019 with the proceeds released on 30 July 2019 and used to repay incumbent debt and fund the acquisitions of TPP Wholesale, Hexonet and Ideegeo. Therefore, the bond debt was reflected in the financial statements post half year end.

The acquired businesses have similar patterns of recurring revenue and cash conversion as CentralNic's prior business, and hence recurring revenue and cash conversion are expected to remain in line with the long-term trend. This underpins the Company's financial stability and visibility of earnings. The decrease in average gross margin from 57% to 40% reflects the change in the business blend as a result of the KeyDrive acquisition, with the current rate, being the minimum expected rate, maintained throughout the first half.

Segmental Analysis

Reseller customers

We achieved significant scale in our reseller customer segment, with revenues increasing by $19.4m or 317%, from $6.1m to $25.5m, chiefly driven by the KeyDrive acquisition.

During the period, the Company successfully completed a number of key integration projects within its reseller segment, including the migration of KS Registry customers to CentralNic Registry and the migration of CentralNic EPP Gateway customers to the Key-Systems reseller platform.

At the same time, CentralNic continued to secure new reseller clients. Notable wins in the period include Automattic, the parent company of WordPress, for the provision of their domain names and the exclusive distribution of .blog, one of the top 25 new gTLD registries; exclusive registry back-end provision for the Kingdom of Bahrain; and major projects for middle Eastern and South East Asian ccTLDs.

These wins helped the Company to successfully maintain its position as the leading distributor of new Top-Level Domains to retailers, as well as supplier of the long tail of country code domain names to many of the world's leading domain resellers.

Small business customers

Revenue from our small business customers grew by $11.1m or 127%, from $8.7m to $19.8m, which was mainly driven due to the KeyDrive acquisition.

In addition, the Company was assigned the business of defunct domain registrar Alpnames at no consideration, resulting in the bulk transfer of 679,840 domain names onto the CentralNic platform. This followed a competitive application process with ICANN (the gTLD governance body), the winning of which was a clear endorsement of CentralNic's industry reputation and the quality of the Company's platform. Revenues from these are received when individual domain names are renewed.

Progress was also made within the small business customer segment in migrating the Instra websites to the Key-Systems retail platform.

Corporate customers

The fastest growing segment of CentralNic's business was from corporate customers where total revenues grew by $3.9m or 826%, from $0.5m to $4.4m through the KeyDrive acquisition.

Key wins in the corporate segment include exclusive domain name registration projects from a luxury car manufacturer; a major fashion retailer and one of the world's largest online gaming organisations. CentralNic continues to expand its service offering in intellectual property management and protection for the biggest global brands.

Post half year end acquisitions

Acquisition of TPP Wholesale:
On 1 August 2019, CentralNic completed the acquisition of TPP Wholesale in an asset deal for a headline consideration of $24m AUD. TPP Wholesale is the leading platform for resellers of domain names and hosting in Australasia, with around 14,000 reseller customers and 840,000 domains under management. The acquisition highlights CentralNic's strategy as a rapidly growing global consolidator in the domain name industry. Further, it introduces new subscription revenue streams to CentralNic – selling Microsoft Office 365 and Amazon's AWS hosting, as well as increasing the Group's exposure to the soon-to-be-launched new .au country code domain for Australia.

TPP Wholesale's stand-alone revenues and Adjusted EBITDA for the financial year ended 31 December 2018 were determined to be $17.0m AUD ($11.7m) and $3.9m AUD ($2.7m) respectively on an unaudited basis.

Acquisition of Hexonet:
CentralNic completed the acquisition of Hexonet, with operations in Canada and Germany, on 7 August 2019. Hexonet sells domain name subscriptions directly and via more than a thousand resellers in over 110 countries, managing over 3.8 million domains on its proprietary software platforms. The acquisition increases CentralNic's domains under management by c.28%.

CentralNic paid €7.0m ($7.8m) on a net cash/debt free basis for all shares in Hexonet and will make a deferred payment of up to €3.0m ($3.3m) on the first anniversary of completion, payable in cash or CentralNic shares at prevailing market price, at the Company's discretion. In 2018 Hexonet's revenues were c.€16.5m (c.$19.4m), representing a CAGR of 8% on a US Dollar basis for the two preceding years, with an EBITDA of c.€0.8m (c.$0.9m). Hexonet was delivered by the seller with over €0.3m (c.$0.4m) of ongoing cost reductions compared to the 2018 cost base, which is materially completed, and CentralNic is filling staff vacancies budgeted at €0.3m (c.$0.4m) with staff from Hexonet.

Acquisition of Ideegeo:
The acquisition of Ideegeo on 7 August 2019 was the Company's fifth in 12 months. CentralNic acquired Ideegeo, a privately owned domain name retailer registered in New Zealand serving an international customer base, for a purchase price on a net cash/debt free basis of $5.2m NZD (c.$3.4m), of which $520,000 NZD (c.$0.3m) constitutes a deferred payment, held in escrow until May 2021.

For the financial year ended 31 March 2019, Ideegeo's revenues were c. $6.2m NZD (c.$4.2m), with an EBITDA (adjusted for the emoluments of the shareholders leaving the business) of $0.9m NZD (c.$0.6m). The consideration represents a multiple of 5.8 times trailing adjusted EBITDA and is paid in cash.

The cumulative annual adjusted EBITDA (including ongoing cost reductions of Hexonet) from the three newly acquired businesses, as per their latest completed financial years is $4.6m.

Outlook
In the first half of 2019 CentralNic's adjusted EBITDA exceeded our full year performance in 2018. Having achieved strong results in the first half of 2019, management is confident that the full year result should be around the top end of the current range of analyst forecasts.

These outstanding results not only demonstrate that CentralNic can source and complete transformative acquisitions, but that it can also integrate them successfully while continuing to deliver organic growth. Moreover, as we scale up rapidly, the underlying qualities of high recurring revenues and excellent cash conversion become increasingly meaningful.

Our pipeline of future deals remains strong, while our net debt level remains comfortable particularly given the profitability of the existing CentralNic Group and the expected contribution from recent acquisitions. We are confident in continuing our trajectory towards joining the ranks of the global leaders in our industry.

Ben Crawford
Chief Executive

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note	Unaudited Six months ended 30 Jun 2019 $'000	Restated[c] Unaudited Six months ended 30 Jun 2018[b] $'000	Restated[c] Audited Year ended 31 Dec 2018 $'000
Revenue	8	49,693	15,304	55,991
Cost of sales		(29,962)	(6,601)	(30,080)
Gross profit		19,731	8,703	25,911
Administrative expenses		(17,303)	(9,867)	(29,053)
Share based payments expense		(28)	(278)	(469)
Operating profit / (loss)		**2,400**	**(1,442)**	**(3,611)**
Adjusted EBITDA[a]		**9,230**	**3,051**	**9,115**
Depreciation		(576)	(48)	(326)
Amortisation of intangible assets		(3,598)	(2,210)	(5,600)
Fair value movement of investment		-	-	(1,265)
Non-core operating expenses[d]		(2,154)	(1,708)	(5,840)
Foreign exchange		(485)	(280)	788
Premium domain sales		11	31	31
Share of associate income		-	-	(45)
Share based payment expense		(28)	(278)	(469)
Operating profit /(loss)		**2,400**	**(1,442)**	**(3,611)**
Finance income		5	18	3
Finance costs	9	(4,031)	(489)	(1,433)
Net finance costs		(4,026)	(471)	(1,430)
Share of associate income		-	-	45
Loss before taxation		**(1,626)**	**(1,913)**	**(4,996)**
Taxation	10	(1,369)	414	(1,428)
Loss after taxation		**(2,995)**	**(1,499)**	**(6,424)**
Items that may be reclassified subsequently to profit and loss				
Exchange difference on translation of foreign operation		(271)	(1,499)	(648)
Total comprehensive loss for the financial year		**(3,266)**	**(2,998)**	**(7,072)**
Loss is attributable to:				
Owners of CentralNic Plc		(2,995)	(1,499)	(6,424)
Non-controlling interest		43	-	5
		(2,952)	**(1,499)**	**(6,419)**
Total comprehensive loss is attributable to:				
Owners of CentralNic Plc		(3,266)	(2,998)	(7,072)
Non-controlling interest		43	-	5
		(3,223)	**(2,998)**	**(7,067)**
Earnings per share (note 11):				
Basic (cents)		(1.75)	(1.55)	(5.04)
Diluted (cents)		(1.75)	(1.55)	(5.04)
Adjusted earnings - Basic (cents)		4.25	3.19	5.00
Adjusted earnings - Diluted (cents)		4.10	2.99	4.76

All amounts relate to continuing activities.

[a]Earnings before interest, tax, depreciation and amortisation, acquisition costs and non-cash charges

[b]H1 2018 numbers have been restated to reclassify salaries of $2.5m from cost of sales into administrative expenses, in line with the 2018 presentational change

[c]The comparative figures have been restated in respect of changes to the presentational currency as described in note 6 (b)

[d] Non-core operating expenses include items related to acquisition and integration costs, which are not incurred as part of the underlying trading performance of the Business, and therefore adjusted for, in line with Group policy

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 Jun 2019 $'000	Restated [c] Unaudited 30 Jun 2018 $'000	Restated[c] Audited 31 Dec 2018 $'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	12	1,082	306	931
Right-of-use assets	12	3,875	-	-
Intangible assets	13	123,220	67,898	127,267
Deferred receivables	14	1,514	764	1,106
Investments fair value through other comprehensive income		-	1,312	-
Investments		1,431	-	1,392
Deferred tax assets		1,705	2,020	1,625
		132,827	**72,300**	**132,321**
CURRENT ASSETS				
Trade and other receivables	15	24,872	18,484	24,382
Taxation receivable		-	1,068	-
Inventory		3,876	3,814	3,906
Cash and bank balances		17,885	10,362	23,090
		46,633	**33,728**	**51,378**
TOTAL ASSETS		**179,460**	**106,028**	**183,699**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	18	227	120	216
Share premium		74,835	20,624	69,238
Merger relief reserve		2,314	2,314	2,314
Share based payments reserve		3,359	3,181	3,330
Foreign exchange translation reserve		3,880	3,300	4,151
Retained earnings		(4,073)	3,734	(1,186)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE GROUP		**80,542**	**33,273**	**78,063**
Non-controlling interests		(49)	-	5
TOTAL EQUITY		**80,493**	**33,273**	**78,068**
NON-CURRENT LIABILITIES				
Other payables		5,736	5,663	7,660
Lease liabilities	6	3,482	-	-
Deferred tax liabilities		12,138	6,814	12,595
Borrowings	19	-	19,310	22,933
		21,356	31,787	43,188
CURRENT LIABILITIES				
Trade and other payables and accruals	16	52,486	38,644	59,719
Taxation payable		825	-	452
Lease liabilities	6	462	-	-
Borrowings[e]	19	23,838	2,324	2,272
		77,611	40,968	62,443
TOTAL LIABILITIES		**98,967**	**72,755**	**105,631**
TOTAL EQUITY AND LIABILITIES		**179,460**	**106,028**	**183,699**

[e]As at 30 June 2019, the SVB term loan has been reflected in short term due to its repayment in July 2019 from the Bond proceeds. In July 2019, this will be replaced with the €50.0m bond proceeds under long term borrowings category

CENTRALNIC GROUP PLC CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	Share capital $'000	Share premium $'000	Merger relief reserve $'000	Share based payments reserve $'000	Foreign exchange translation reserve $'000	Retained earnings $'000	Equity attributable to owners of the Parent Company $'000	Non-Controlling Interest $'000	Total $'000
Balance as at 1 January 2018	**119**	**20,369**	**2,314**	**3,133**	**4,799**	**5,026**	**35,760**	**-**	**35,760**
Profit/(loss) for the period	-	-	-	-	-	(1,499)	**(1,499)**	-	**(1,499)**
other comprehensive income/(expense)									
– translation of foreign operation	-	-	-	-	(1,499)	-	**(1,499)**	-	**(1,499)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(1,499)**	**(1,499)**	**(2,998)**	**-**	**(2,998)**
Transactions with owners									
Issue of new shares	1	255	-	-	-	-	**256**	-	**256**
Share based payments	-	-	-	278	-	-	**278**	-	**278**
Share based payments – deferred tax asset	-	-	-	(23)	-	-	**(23)**	-	**(23)**
Share based payments – exercised and lapsed	-	-	-	(207)	-	207	**-**	-	**-**
Balance as at 30 June 2018	**120**	**20,624**	**2,314**	**3,181**	**3,300**	**3,734**	**33,273**	**-**	**33,273**
Loss for the period	-	-	-	-	-	(4,925)	**(4,925)**	**5**	**(4,920)**
other comprehensive income/(expense)	-	-	-	-	-	-	**-**	**-**	**-**
– translation of foreign operation	-	-	-	-	851	-	**851**	**-**	**851**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**851**	**(4,925)**	**(4,074)**	**5**	**(4,069)**
Transactions with owners									
Shares issued	96	49,971	-	-	-	-	**50,067**	**-**	**50,067**
Share issue costs	-	(1,357)	-	-	-	-	**(1,357)**	**-**	**(1,357)**
Share based payments	-	-	-	191	-	-	**191**	**-**	**191**
Share based payments – deferred tax asset	-	-	-	(37)	-	-	**(37)**	**-**	**(37)**
Share based payments – exercised and lapsed				(5)		5	**-**	**-**	**-**
Balance as at 31 December 2018	**216**	**69,238**	**2,314**	**3,330**	**4,151**	**(1,186)**	**78,063**	**5**	**78,068**
Impact of IFRS 16	**-**	**-**	**-**	**-**	**-**	-	**-**	-	**-**
Loss for the period	**-**	**-**	**-**	**-**	**-**	(2,952)	**(2,952)**	(43)	**(2,995)**
Adjustment to non-controlling Interest	-	-	-	-	-	11	**11**	(11)	**-**
– translation of foreign operation	-	-	-	-	(271)	-	**(271)**	-	**(271)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(271)**	**(2,941)**	**(3,212)**	**(54)**	**(3,266)**
Transactions with owners									
Issue of new shares	11	5,597	-	-	-	-	**5,608**	-	**5,608**
Share based payments	-	-	-	25	-	-	**25**	-	**25**
Share based payments – deferred tax asset	-	-	-	58	-	-	**58**	-	**58**
Share based payments – reclassify lapsed options	-	-	-	(54)	-	54	**-**	-	**-**
Balance as at 30 June 2019	**227**	**74,835**	**2,314**	**3,359**	**3,880**	**(4,073)**	**80,542**	**(49)**	**80,493**

- Share capital represents the nominal value of the company's cumulative issued share capital.
- Share premium represents the cumulative excess of the fair value of consideration received for the issue of shares in excess of their nominal value less attributable share issue costs and other permitted reductions.
- Merger relief reserve represents the cumulative excess of the fair value of consideration received for the issue of shares in excess of their nominal value less attributable shares issue costs and other permitted reductions.
- Retained earnings represent the cumulative value of the profits not distributed to shareholders but retained to finance the future capital requirements of the CentralNic Group.
- Share based payments reserve represents the cumulative value of share-based payments recognised through equity.
- Foreign exchange translation reserve represents the cumulative exchange differences arising on Group consolidation.
- Foreign currency hedging reserve represents the effective portion of changes in the fair value of derivatives.

CONSOLIDATED STATEMENT OF CASH FLOWS	Unaudited Six months ended 30 Jun 2019	Restated(c) Unaudited Six months ended 30 Jun 2018	Restated(c) Audited Year ended 31 Dec 2018
	$'000	$'000	$'000
Cash flow from operating activities			
Loss before taxation	(1,626)	(1,913)	(4,996)
Adjustments for:			
Depreciation of property, plant and equipment	576	48	326
Amortisation of intangible assets	3,598	2,210	5,600
Fair value movement of investment	-	-	1,265
Profit on investment in associate	-	-	(45)
Finance income/(cost) – net	4,026	471	1,430
Share based payments	28	278	469
(Increase)/Decrease in trade and other receivables	(685)	606	2,524
Increase/(Decrease) in trade and other payables (f)	(5,885)	1,522	8,894
(Increase)/Decrease in inventories	62	(3,539)	(3,635)
Cash flow from operations	**94**	**(317)**	**11,832**
Income tax paid	(1,479)	(1,529)	(3,015)
Net cash flow from operating activities	**(1,385)**	**(1,846)**	**8,817**
Cash flow used in investing activities			
Purchase of property, plant and equipment	(449)	(96)	(399)
Purchase of intangible assets, net of cash acquired	-	(12)	(4,521)
Payment of deferred consideration	(1,024)	-	(680)
Acquisition of a subsidiary, net of cash acquired	-	-	(11,965)
Net cash flow used in investing activities	**(1,473)**	**(108)**	**(17,565)**
Cash flow used in financing activities			
(Repayments) / Proceeds from borrowings (net)	(1,156)	(1,375)	3,124
Proceeds from issuance of ordinary shares (net)	43	14	32,263
Costs from share issue	-	-	(1,394)
Payment of liabilities arising from KeyDrive acquisition	-	-	(14,923)
Lease rentals	(180)	-	-
Lease interest	(50)	-	-
Interest paid	(311)	-	(682)
Net cash flow generated from / (used in) financing activities	**(1,654)**	**(1,361)**	**18,388**
Net (decrease)/increase in cash and cash equivalents	**(4,512)**	**(3,315)**	**9,640**
Cash and cash equivalents at beginning of the period/year	23,090	14,675	14,675
Exchange differences on cash and cash equivalents	(693)	(998)	(1,225)
Cash and cash equivalents at end of the period/year	**17,885**	**10,362**	**23,090**
Bank borrowings (excluding prepaid costs)	**(23,838)**	**(21,634)**	**(25,205)**
Net (debt)/cash excluding issue costs of debts	**(5,953)**	**(11,272)**	**(2,115)**

(f) One off unwinding negative effect from delayed revenue share payment of $5.3m (full year 2018: positive impact)

NOTES TO THE FINANCIAL INFORMATION

1. **General information**

CentralNic Group Plc is the UK holding company of a group of companies which are engaged in the provision of global domain name services. The company is registered in England and Wales. Its registered office and principal place of business is 4th Floor, Saddlers House, 44 Gutter Lane, London, England, EC2V 6BR.

The CentralNic Group provides Wholesale (“registry”), Retail (“registrar”) and Enterprise services and strategic consultancy for new Top Level Domains (“TLDs”), Country Code TLD’s (“ccTLDs”) and Second-Level Domains (“SLDs”) and it is the owner and registrant for a portfolio of domain names, which it uses as SLD domain extensions and for resale on the domain aftermarket.

2. **Basis of preparation**

The condensed interim financial information is unaudited and has been prepared on the basis of the accounting policies set out in the Group’s 2018 statutory accounts in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The condensed interim consolidated financial statements do not represent statutory accounts within the meaning of section 435 of the Companies Act 2016. The financial information for the year ended 31 December 2018 is based on the statutory accounts for the year ended 31 December 2018. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax, and the adoption of new and amended standards and accounting policies as set out below.

As reflected in these financial statements, the Group has generated more than half of its adjusted EBITDA in the first half of the year, against the full year market consensus due to seasonality.

3. **New and amended standards adopted by the Group**

As described in the 2018 Annual Report, the Accounting Standard IFRS 16 has been adopted as of 1 January 2019. Directors have completed their detailed review of IFRS 16 and further guidance on this change in accounting policy is given in note 6 below.

A number of other new or amended standards became applicable for the current reporting period but did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

4. **Critical accounting judgments and key sources of estimating uncertainty**

In the application of the CentralNic Group’s accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other sources. The estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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

The recoverable amounts of individual non-financial assets are determined based on the higher of the value-in-use calculations and the recoverable amount, or 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 tangible and intangible assets.

The Directors review and test the carrying value of 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 dependent on cash flows of other assets or liabilities. If there are indications that impairment may have occurred, estimates of expected future cashflows will be prepared for each group of assets.

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.

Estimation of useful life

The charge in respect of periodic amortisation and depreciation is derived after determining an estimate of an asset's expected useful life. The useful lives of the assets are determined by management at the time the asset is acquired and are reviewed continually for appropriateness.

Deferred Consideration

The fair value of the contingent 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 deferred consideration in the KeyDrive acquisition, as described in note 16.

5. Significant accounting policy

a) Revenue recognition

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

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

(i) Sale of Reseller services for domain names to registrars

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

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

(b) Reseller channel – Revenues are derived by facilitating the sale of domain names to registrars by acting as a reseller platform provider.

(c) Registry Operator channel – CentralNic is an asset holder for Country Code TLD .SK, and therefore generates revenues through sale of domain names of .SK extension to registrars.

In accordance with IFRS 15, each segment evaluates the representation of the underlying customer contracts with the registrars and identifies the performance obligation that are required to be met under the customer contract. Determining the transaction price and allocating the transaction price to the performance obligation is done is also considered, followed by the fulfilment of the performance obligation, therefore leading to the revenue recognition of the sale.

For the Registry revenues and Registry operator channels, upon evaluation of the customer contract, the registry channel has several performance obligations that need to be met over the term of the domain name sale. An invoice under these divisions could cover the sale of a domain name for a fixed term period which could vary between one and ten years, and the performance obligations are 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 income statement of that period, with the amounts relating to future periods being deferred into 'Deferred revenues'.

For the Reseller channel, upon evaluation of the customer contract, the registry channel has performance obligations that are met at point of sale of the domain name. An invoice under this division could cover the license 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.

(ii) Sale of Small business services for domain names to domain registrants

Small business revenues are generated from the provision of retail and similar services to domain registrants. The sub revenue streams would be those of new registrations and renewals. Revenue originates when a transaction is generated on the service registry platform by the customer.

For the small business division, upon evaluation of the customer contract, the registry channel has performance obligations that are met at point of sale of the domain name. An invoice under this division could cover the license 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.

(iii) Sale of Corporate services

Revenue from the provision of computer software to a customer is recognised when the Group has delivered the related software and completed all of the adaptions required by the customer for either the whole contract or for a specific milestone deliverable within the contract. The revenue is recognised at the point of fulfilment of the performance obligation, in line with the customer contract.

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

(iv) Changes in previous year

By exception, due to the refund policy which has been amended on 1 November 2018 as part of the integration, revenues of Instra (Small business and Reseller segments) and UK (small business segments) billed before the 1 November 2018 have been recognised over the course fixed term period of domain name sale, with the amounts relating to future periods being deferred into 'Deferred revenues' which are effectively customer payments on account in advance of satisfaction of the performance obligations.

6. Changes in accounting policy

a) Adjustments recognised on adoption of IFRS 16

CentralNic has adopted the IFRS 16 modified retrospective approach from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

CentralNic previously classified leases as operating or finance lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, CentralNic recognises right-of-use assets and the corresponding lease liabilities for most leases by recording them on the balance sheet.

In applying IFRS 16 on transition, the Group has used the following practical expedients permitted by the standard:

- The Group has elected not to reassess whether a contract is or contains a lease as defined in IFRS 16 at the date of initial application. For contracts entered into before the transition date, the Group relied on its assessment made when applying IAS 17 and IFRIC 4.
- For the majority of leases, reliance has been placed on previous assessments of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. For leases where the right-of-use asset has been determined as if IFRS 16 had been applied since the lease commencement date, this expedient has not been taken.
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

The Group has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less or leases that are of low value ($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, CentralNic 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, CentralNic elected not to separate non-lease components and will instead account for the lease and non-lease component as a 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 profit or loss over the lease period so as 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.

The table below summarises the IFRS 16 impact on transition for lease liabilities and the corresponding right-of-use assets along with the movement from 1 January 2019 to 30 June 2019:

Lease liabilities	$'000
Operating lease commitment disclosed as at 31 December 2018	1,317
Less short-term and low value lease	(309)
Exchange difference	(5)
Operating lease commitment at 31 December 2018 falls under IFRS 16	1,003
Discounted using borrowing incremental rate at initial application	(224)
Lease liabilities recognised at 1 January 2019	**779**
Current lease liabilities	**779**
Non-current lease liabilities	**-**

Lease liabilities movement from 1 Jan 2019 to 30 June 2019	$'000
At 1 January 2019	779
New leases in period	3,361
Prepaid and accrued lease payments	(231)
Interest charge	50
Exchange difference	(15)
Total lease liabilities at 30 June 2019	**3,944**
Current lease liabilities	**462**
Non-current lease liabilities	**3,482**

Right-of-use assets	$,000 30 June 2019	$'000 1 January 2019
Properties	3,792	683
Motor vehicles	75	96
Equipment	8	-
Total right-of-use assets	**3,875**	**779**

b) Change of presentation currency – basis of presentation

In the 2018 Annual Report, CentralNic indicated that the Directors were considering amending the currency in which it presents its financial results from UK pounds sterling ('GBP') to US Dollars ('USD') for all financial years beginning after 1 January 2019. In 2019 the Directors concluded to change the presentational currency to US Dollars as the board believes that US Dollar financial reporting provides more relevant presentation of the Group's financial affairs given more than half its trade is in US Dollar and the industry in which it operates is predominantly trading in US Dollars.

To assist shareholders during this change, comparative financial information for the financial year ended 31 December 2018, interim financial report ended 30 June 2018 and financial year ended 31 December 2017 have been restated in US Dollars. For comparative purposes, only financial year ended 31 December 2018 and interim financial report ended 30 June 2018 have been presented in this report.

The change in presentation currency represents a change in accounting policy in terms of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requiring the restatement of comparative information. In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, the following methodology was followed in restating historical financial information from Sterling into US Dollars:

- Assets and liabilities were translated into US Dollars at closing rates of exchange at the end of the reporting period. Trading results were translated into US Dollars at average rates of exchange for the period. Differences resulting from the re-translation on the opening net assets and the results for the year have been taken to the foreign currency translation reserve;
- The equity section of the Consolidated Statement of Financial Position, including share capital and premium, foreign currency translation reserve and other reserves, as appropriate, were translated at the historic rates prevailing at the dates of underlying transactions;
- The effects of translating the Group's financial results and financial position into US Dollars were recognised in the foreign currency translation reserve; and
- All exchange rates used were extracted from the Group's underlying financial records.

The exchange rates used were as follows:

GBP/US$ exchange rate	30 June 2019	31 December 2018	30 June 2018	31 December 2017
Closing rate	1.2693	1.2800	1.3129	1.3587
Average rate	1.2673	1.2681	1.3288	-

7. Segment analysis

CentralNic is an independent global domain name service provider. It provides Reseller, Small business and Corporate services and is the owner and registrant of a portfolio of domain names. Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance.

The Directors do not rely on segmental cash flows or analysis of segment assets and liabilities arising from the operating, investing and financing activities for each reportable segment for their decision making and have therefore not included them. There was a change in the composition in the segmental analysis and the comparatives have been updated. The segmental analysis is organised around the products and services of the business.

The Reseller division is a global distributor of domain names and provides consultancy services to retailers. The Small business division provides domain names and ancillary services to end users, also on a global basis. The Corporate division represents revenue generated by providing technical and consultancy services to corporate clients, licencing of the Group's in house developed registry management platform, and selling premium domain names.

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

	Period to 30 June 2019			
	Reseller $000	**Small business $000**	**Corporate $000**	**Total $000**
Revenue	**25,509**	**19,768**	**4,416**	**49,693**
Gross profit	8,229	8,218	3,284	19,731
Total administrative expenses				(17,303)
Share based payments expense				(28)
Operating profit				**2,400**

Adjusted EBITDA	**9,230**
Depreciation	(576)
Amortisation of intangibles assets	(3,598)
Fair value movement of investment	-
Non-core operating expenses	(2,154)
Foreign exchange	(485)
Premium domain sales	11
Share of associate income	-
Share based payment expense	(28)
Operating profit	**2,400**
Finance cost (net)	(4,026)
Share of associate income	-
Loss before taxation	**(1,626)**
Income tax expense	(1,369)
Loss after taxation	**(2,995)**

	Period to 30 June 2018			
	Reseller $000	**Small business $000**	**Corporate $000**	**Total $000**
Revenue	**6,120**	**8,707**	**477**	**15,304**
Gross profit	4,616	3,606	481	8,703
Total administrative expenses				(9,867)
Share based payments expense				(278)
Operating loss				**(1,442)**

Adjusted EBITDA	**3,051**
Depreciation	(48)
Amortisation of intangibles assets	(2,210)
Fair value movement of investment	-
Non-core operating expenses	(1,708)
Foreign exchange	(280)
Premium domain sales	31
Share of associate income	-
Share based payment expense	(278)
Operating loss	**(1,442)**
Finance cost (net)	(471)
Share of associate income	-
Loss before taxation	**(1,913)**
Income tax expense	414
Loss after taxation	**(1,499)**

	Year to 31 December 2018			
	Reseller $000	**Small business $000**	**Corporate $000**	**Total $000**
Revenue	**27,288**	**24,223**	**4,480**	**55,991**
Gross profit	12,853	9,858	3,200	25,911
Total administrative expenses				(29,053)
Share based payments expense				(469)
Operating loss				**(3,611)**

Adjusted EBITDA	**9,115**
Depreciation	(326)
Amortisation of intangibles assets	(5,600)
Fair value movement of investment	(1,265)
Non-core operating expenses	(5,840)
Foreign exchange	788
Premium domain sales	31
Share of associate income	(45)
Share based payment expense	(469)
Operating loss	**(3,611)**
Finance cost (net)	(1,430)
Share of associate income	45
Loss before taxation	**(4,996)**
Income tax expense	(1,428)
Loss after taxation	**(6,424)**

8. Revenue

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

	Unaudited 30 Jun 2019 $'000	Unaudited 30 Jun 2018 $'000	Audited 31 Dec 2018 $'000
Reseller domain sales			
UK	305	315	660
North America	5,570	881	5,297
Europe	17,416	3,167	17,689
ROW	2,218	1,757	3,642
	25,509	**6,120**	**27,288**
Small business domain sales			
UK	1,233	782	1,919
North America	5,368	1,792	6,045
Europe	6,850	2,669	5,805
ROW	6,317	3,464	10,454
	19,768	**8,707**	**24,223**
Corporate sales			
UK	198	-	680
North America	1,409	34	1,431
Europe	2,066	300	2,265
ROW	743	143	104
	4,416	**477**	**4,480**
Total revenue	**49,693**	**15,304**	**55,991**

Corporate sales including premium domain name sales by nature are subject to annual variation depending on customer demand.

No customer contributes greater than 10% or more of the Small business sales division.

The following table shows customers that represented 10% or more of the reseller domain division:

	Unaudited 6 months ended 30 Jun 2019 $'000	Unaudited 6 months ended 30 Jun 2018 $'000	Audited Year ended 31 Dec 2018 $'000
Customer A	2,777	1,137	-
Customer B	-	585	-
Customer C	-	-	-
Other customers	22,732	4,398	27,288
	25,509	**6,120**	**27,288**

In the six months ended 30 June 2019, in the corporate sales division, one customer represented over 10% of the sector revenues totaling $710k. In the six months ended 30 June 2018, corporate sales revenues were principally driven by $140k of Dotbrand registry support, software licensing and consulting of $448k, and premium domain name sales of $30k. There were four customers representing over 10% of the revenues totaling $46k, $99k, $103k, and $186k.

9. Finance costs

	Unaudited 6 months ended 30 Jun 2019 $'000	Unaudited 6 months ended 30 Jun 2018 $'000	Audited year ended 31 Dec 2018 $'000
Impact of unwinding of discount on Net Present Value of deferred consideration	(273)	(80)	(117)
Reappraisal of deferred consideration	(3,173)	-	-
Arrangement fees on borrowings	(157)	(115)	(185)
Interest expense on loans from Shareholders	-	(3)	(6)
Interest expense on short-term borrowings	(38)	(44)	(84)
Interest expense on long-term borrowings	(340)	(247)	(1,041)
Interest expense on leases	(50)	-	-
	(4,031)	**(489)**	**(1,433)**

Details on the impact of deferred consideration on the Finance costs is discussed in detail in note 16.

10. Income tax expense

	Unaudited 6 months ended 30 Jun 2019 $'000	Unaudited 6 months ended 30 Jun 2018 $'000	Audited Year ended 31 Dec 2018 $'000
Current tax on profits for the period- UK and foreign	(1,886)	34	(1,641)
Adjustments in respect of previous periods	(20)	(78)	(500)
Current income tax	(1,906)	(44)	(2,141)
Deferred income tax	537	458	713
	(1,369)	**414**	**(1,428)**

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 are as follows:

	Unaudited 6 months end 30 Jun 2019 $'000	Unaudited 6 months ended 30 Jun 2018 $'000	Audited Year ended 31 Dec 2018 $'000
(Loss)/profit before taxation	(1,626)	(1,913)	(4,996)
Tax calculated at domestic tax rates applicable to profits in the respective countries	441	576	830
Tax effects of:			
Expenses not deductible for tax purposes	105	(475)	(1,721)
Profit set off against goodwill amortisation – SK-NIC	(245)	-	-
Adjustments in respect of previous periods	20	(145)	(325)
Effects of different jurisdictional tax rates	(226)		
Tax loss movement	(978)	-	(518)
Deferred consideration amounts capitalised in local entity	(1,016)		
Deferred tax	537	458	713
Withholding tax	(7)	-	(356)
Other adjustments	-	-	(51)
Current tax credit/(expense) for the period/year	**(1,369)**	**414**	**(1,428)**

The Company estimates for income taxes in the condensed financial statements 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 period was 84% (Six months ended 2018: 21.6%), mainly driven by the different jurisdictions tax rate, local tax treatment of deferred consideration amounts, tax losses carried forward and the impact of SK-NIC's profits set off against amortisation of goodwill. As illustrated above the business incurs a high level of non-cash charges which are mainly not deductible for income taxes in the relevant jurisdictions and largely represent permanent differences between accounting and taxable profits. As a percentage of the adjusted EBITDA less non-core operating expenses, the tax charge was 19.4% for the six months ended 30 June 2019, which in the opinion of the Directors is a more appropriate measure of the tax cost to the business.

In the UK, the applicable statutory tax rate for 2019/20 is 19% (2018/19: 19%).

In the USA, federal taxes are due at 21% on taxable income. Under California tax legislation a statutory minimum of $800 of state tax is due.

In Germany, federal taxes are due at 15% on taxable income. With an additional 5.5% solidarity surcharge due on the income tax. A community business tax of 14%-c.17% is also levied with rates determined by the municipality taking the total effective tax charge to circa 30%-34%.

In Australia and New Zealand, income taxes are due at 30% and 28% respectively on taxable income.

In Slovakia, income tax is due at 21% of taxable income.

11. Earnings per share

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

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

	Unaudited As at 30 Jun 2019 $'000	**Unaudited As at 30 Jun 2018 $'000**	**Audited As at 31 Dec 2018 $'000**
Loss after tax attributable to owners	(2,995)	(1,499)	(6,424)
Operating profit /(loss)	2,400	(1,442)	(3,611)
Depreciation	576	48	326
Amortisation of intangible assets	3,598	2,210	5,600
Fair value movement of investment	-	-	1,265
Non-core operating expenses	2,154	1,708	5,840
Foreign exchange	485	280	(788)
Premium domain sales	(11)	(31)	(31)
Share of associate income	-	-	45
Share based payment expense	28	278	469
Adjusted EBITDA	9,230	3,051	9,115
Finance costs (excluding deferred consideration related amounts – note 9)	(585)	(409)	(1,316)
Finance income	5	18	3
Taxation	(1,369)	414	(1,428)
Adjusted Earnings	7,281	3,074	6,374
Weighted average number of shares:			
Basic	171,396,695	96,492,348	127,515,308
Effect of dilutive potential ordinary shares	6,224,426	6,450,928	6,371,914
Diluted	177,621,121	102,943,276	133,887,222
Earnings per share:			
Basic (cents)	(1.75)	(1.55)	(5.04)
Diluted (cents)	(1.75)	(1.55)	(5.04)
Adjusted earnings - Basic (cents)	4.25	3.19	5.00

Adjusted earnings - Diluted (cents)	4.10	2.99	4.76

At 30 June 2018, 31 December 2018 and 30 June 2019, for the purposes of the unadjusted Earnings Per share calculation, the contingently issuable potential ordinary shares included within the share options are anti-dilutive and are not included in the calculation.

12. Property, plant and equipment

	Right of use assets $'000	Motor vehicles $'000	Computer equipment $'000	Furniture and fittings $'000	Total $'000
Cost					
At 1 January 2018	-	-	961	130	1,091
Additions	-	-	75	-	75
Exchange differences	-	-	(29)	(6)	(35)
At 30 June 2018	**-**	**-**	**1,007**	**124**	**1,131**
Additions	-	-	302	8	310
Acquisition of subsidiary	-	29	468	140	637
Exchange differences	-	1	(55)	(15)	(69)
At 31 December 2018	**-**	**30**	**1,722**	**257**	**2,009**
IFRS 16 adjustment on 1 January 2019	779	-	-	-	779
Additions	3,406	-	273	176	3,855
Exchange differences	(15)	-	(4)	(1)	(20)
At 30 June 2019	**4,170**	**30**	**1,991**	**432**	**6,623**
Accumulated depreciation					
At 1 January 2018	-	-	720	88	808
Charge for the period	-	-	46	2	48
Exchange differences	-	-	(27)	(4)	(31)
At 30 June 2018	**-**	**-**	**739**	**86**	**825**
Charge for the period	-	10	242	26	278
Exchange differences	-	1	(23)	(3)	(25)
At 31 December 2018	**-**	**11**	**958**	**109**	**1,078**
Charge for the period	295	3	239	39	576
Exchange differences	-	(1)	13	-	12
At 30 June 2019	**295**	**13**	**1,210**	**148**	**1,666**
Property, plant and equipment- carrying value					
At 30 June 2018	**-**		**268**	**38**	**306**
At 31 December 2018	**-**	**19**	**764**	**148**	**931**
At 1 January 2019 restated NBV	**779**	**19**	**764**	**148**	**1,710**
At 30 June 2019	**3,875**	**17**	**781**	**284**	**4,957**

The carrying value of property, plant and equipment excluding right of use assets recognised under IFRS 16 at 30 June 2019 was $1,082k.

13. Intangible assets

	Domain Names $000	Patents & Trademarks $'000	Software $'000	Customer List $'000	Goodwill $'000	Total $'000
Cost or deemed cost						
At 1 January 2018	1,550	-	5,170	33,069	39,413	**79,202**
Additions	-	-	12	-	-	**12**
Exchange Differences	(49)	-	(229)	(1,387)	(1,191)	**(2,856)**
At 30 June 2018	**1,501**	**-**	**4,953**	**31,682**	**38,222**	**76,358**
Additions	-	319	471	1,472	2,065	**4,327**
Acquisition of subsidiary	12	2,794	8,982	8,978	37,192	**57,958**
Exchange Differences	(41)	97	233	(186)	121	**224**
At 31 December 2018	**1,472**	**3,210**	**14,639**	**41,946**	**77,600**	**138,867**
Additions	-	-	-	-	-	**-**
Exchange Differences	(13)	(2)	(39)	(255)	(256)	**(566)**
At 30 June 2019	**1,459**	**3,208**	**14,600**	**41,691**	**77,344**	**138,301**
Amortisation						
At 1 January 2018	299	-	2,284	3,982	-	**6,565**
Charge for the period	63	-	566	1,581	-	**2,210**
Exchange differences	(12)	-	(110)	(193)	-	**(315)**
At 30 June 2018	**350**	**-**	**2,741**	**5,369**	**-**	**8,460**
Charge for the period	59	89	1,050	2,192	-	**3,390**
Exchange Differences	(10)	(1)	(72)	(167)	-	**(250)**
At 31 December 2018	**399**	**88**	**3,719**	**7,394**	**-**	**11,600**
Charge for the period	54	111	1,135	2,298	-	**3,598**
Exchange Differences	(4)	-	(27)	(85)	-	**(116)**
At 30 June 2019	**449**	**199**	**4,827**	**9,607**	**-**	**15,081**
Carrying value						
At 30 June 2018	**1,151**	**-**	**2,212**	**26,313**	**38,222**	**67,898**
At 31 December 2018	**1,073**	**3,122**	**10,920**	**34,553**	**77,600**	**127,267**
At 30 June 2019	**1,010**	**3,009**	**9,773**	**32,084**	**77,344**	**123,220**

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

14. Deferred receivables

	Unaudited As at 30 Jun 2019 $'000	Unaudited As at 30 Jun 2018 $'000	Audited As at 31 Dec 2018 $'000
Deferred costs	1,414	664	1,006
Loans to related parties	100	100	100
	1,514	**764**	**1,106**

15. Trade and other receivables

	Unaudited As at 30 Jun 2019 $'000	Unaudited As at 30 Jun 2018 $'000	Audited As at 31 Dec 2018 $'000
Trade receivables	10,124	4,489	12,393
Accrued revenue	7,840	6,046	5,141
Deferred costs	1,112	5,017	3,556
Prepayments and other receivables	2,803	1,338	1,742
Supplier payments on account	2,993	576	1,550
Amounts due from shareholders	-	1,018	-
	24,872	**18,484**	**24,382**

16. Trade and other payables and accruals

	Unaudited As at 30 Jun 2019 $'000	Unaudited As at 30 Jun 2018 $'000	Audited As at 31 Dec 2018 $'000
Accounts payable	5,447	4,888	9,248
Accrued expenses	15,054	7,360	12,144
Other taxes and social security	262	228	327
Deferred consideration	5,838	-	7,581
Deferred revenue	6,852	13,766	9,992
Customer payments on account	18,393	11,935	19,693
Accrued interest	245	183	230
Other liabilities	395	284	504
	52,486	**38,644**	**59,719**

On 2 August 2018 CentralNic Group completed the acquisition of the entire share capital of KeyDrive S.A. for an initial consideration of US$35.8m plus a performance based deferred consideration of US$10.5m (discounted at US$6.5m). It was agreed that if certain financial performance tests were met, CentralNic would pay inter.services a performance-based earn-out of up to US$10.5m, 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. As at 31 December 2018, the deferred consideration of US$10.5m was discounted to US$6.5m. The KeyDrive acquisition delivered a strong performance exceeding the first stage of its earn-out targets. As a result of this, the Company settled additional consideration in cash of $1,025k and in shares of $5,809k on 14 June 2019. The second stage of its earn-out is dependent on KeyDrive's 2019 financial performance, and payable in 2020. Due to the continual strong performance of the KeyDrive, in 2019, there was an upward reappraisal of the deferred consideration amounts for KeyDrive. These costs were recorded in the finance cost in the Consolidated Statement of Comprehensive Income as described in note 9. The deferred consideration and the finance costs also reflected the unwinding of the discount factor resulting from the passage of time.

17. Financial instruments

The CentralNic Group is exposed to market risk, credit risk and liquidity risk arising from financial instruments. The CentralNic Group's overall financial risk management policy focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the CentralNic 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:

	Unaudited As at 30 Jun 2019 $'000	Unaudited As at 30 Jun 2018 $'000	Audited As at 31 Dec 2018 $'000
Financial assets			
Loan and receivables			
Trade and other receivables	23,292	12,472	18,954
Cash and cash equivalents	17,885	10,362	23,090
	41,177	**22,834**	**42,044**
Financial liabilities measure at amortised costs			
Trade and other payables	25,351	12,941	22,378
Loan and borrowings (short and long term)	23,838	21,634	25,205
	49,189	**34,575**	**47,583**

18. Share capital

	Number	Share Capital $'000	Share Premium $'000	Merger Relief $'000
At 1 January 2018	95,894,348	119	20,369	2,314
Options exercised on 1 February 2018	598,000	1	255	-
At 30 June 2018	**96,492,348**	**120**	**20,624**	**2,314**
Shares issued in respect of KeyDrive acquisition	74,160,454	96	49,971	-
Transactions costs	-	-	(1,357)	
At 31 December 2018	**170,652,802**	**216**	**69,238**	**2,314**
Foreign exchange movement	-	-	-	-
Proceeds from shares issued in connection with the employee share option schemes	100,000	1	44	-
Shares issued to settle the deferred consideration in respect of KeyDrive acquisition	7,384,978	10	5,553	
At 30 June 2019	**178,137,780**	**227**	**74,835**	**2,314**

On 1 April 2019, share options of 100,000 exercised at 35p each, resulted in additional share premium of $44k being recognised in the period.

On 14 June 2019, 7,384,798 shares were issued to settle the deferred consideration in respect of the Keydrive acquisition.

19. Borrowings

At 30 June 2019, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

	Less than 6 months	Less than 6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/liabilities
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Trade and other payables and accruals	25,351	-	-	-	-	25,351	25,351
Borrowings (include prepaid costs)	23,838	-	-	-	-	23,838	23,838
Lease liabilities	271	290	720	2,279	1,101	4,661	4,661
Total non-derivatives	**49,460**	**290**	**720**	**2,279**	**1,101**	**53,850**	**53,850**

As at 30 June 2019, the SVB term loan has been reflected in short term due to its repayment in July 2019 from the Bond proceeds. In July 2019, this will be replaced with the €50.0m bond proceeds under long term borrowings category.

At 31 December 2018, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

	Less than 6 months	Less than 6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/liabilities
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Trade and other payables and accruals	22,378	-	-		-	22,378	22,378
Borrowings (include prepaid costs)	1,137	1,137	2,274	20,657	-	25,205	25,205
Lease liabilities	-	-	-	-	-	-	-
Total non-derivatives	**23,515**	**1,137**	**2,274**	**20,657**	**-**	**47,583**	**47,583**

20. Events occurring after the reporting period

The below transactions are completed since 30 June 2019. The financial effects of the transactions below have not been brought into account at 30 June 2019. The operating results together with the assets and liabilities of the companies will be brought into the Group financial statements from the respective dates of acquisition.

Senior Secured bond

On 23 May 2019, CentralNic mandated Pareto Securities to arrange a series of fixed income investor meetings to potentially issue a senior secured non-convertible bond of approximately €50.0m which was successfully completed on 24 June 2019 for c.$56.8m. The bond has a maturity of 4 years and a coupon rate of three-month EURIBOR plus 7% per annum with a quarterly interest payment.

On 30 July 2019, CentralNic received the disbursement of the Bond issue amounting to €50.0m less associated costs of €1.125m. Following the disbursement, the proceeds were used to repay the existing SVP interest bearing loan for an amount of €25.2m and fund the following acquisitions:

- The Sydney-based business, TPP Wholesale for a total cash consideration amount of $21.3m AUD (Headline consideration of $24.0m AUD);
- The Hexonet group of companies for an amount of €7.9m, including a purchase price adjustment and;
- The Ideegeo transaction amounting to €3.4m.

The senior secured bond has been listed on the Open Market of Frankfurt Stock Exchange and an application made to list the bond on the Oslo Stock Exchange.

Share Awards and exercise of Options

On 1 August 2019, CentralNic awarded ordinary shares of £0.001 each ("Ordinary Shares") under the CentralNic Group Plc Long Term Incentive Plan and Share Option Plan (the "LTIP" and "SOP" and together, the "Plans") to Group employees including persons discharging managerial responsibilities ("PDMRs"). These awards were granted to regularise the position in relation to Awards previously agreed in principle by the Remuneration Committee and the options granted were as follows;

Awards granted

PDMR	Type of Award	No of Ordinary Shares subject to award	Exercise price
Ben Crawford	LTIP Award	2,500,000	Nil
Don Baladasan	LTIP Award	2,000,000	Nil
Stuart Fuller	LTIP Award	500,000	47p
Michael Riedl	LTIP Award	145,833	Nil

Conditions attached to the Awards Granted:

1. The LTIP awards granted to Ben Crawford and Don Baladasan are subject to stretching performance targets for the share price and only on achievement of these targets and them remaining in employment with CentralNic, the LTIP will vest three years from the acquisition of KeyDrive S.A, i.e 16 July 2021.
2. The LTIP Award granted to Stuart Fuller will vest on 27 February 2020, three years from the date of his recruitment as Group Commercial Director and subject to his continued employment with CentralNic.
3. The LTIP Award granted to Michael Riedl will vest three years from the date issue subject to his continued employment with CentralNic.

The awards granted to the remaining PDMRs in the table above and to certain other employees were granted as nil-cost options under the terms of the LTIP and/or the SOP (as relevant) over a total of 1,893,276 Ordinary Shares. The Awards under the LTIP and SOP vest subject to the continued employment of the Award holder.

Issue of Ordinary Shares

On 1 August 2019, CentralNic issued and allotted 3,655,698 Ordinary Shares to satisfy:

1. The exercise by certain employees of share options previously granted by the Company ("Options"), including to the following PDMRs:

PDMR	No of Ordinary Shares acquired on exercise of options	Date of grant options
Don Baladasan	52,083	1 June 2013
Don Baladasan	384,615	1 August 2019

2. The awards previously granted, will be held jointly by the participant and RBC Cees Trustee Limited (''RBC''), the trustee of CentralNic Employee Benefit Trust ("EBT"). These Ordinary shares have no voting and dividend rights whilst unvested and the table below summarises the issue:

PDMR	Granted date of original option	No of Ordinary Shares subject to options
Don Baladasan	1 August 2019	1,600,000
Tom Pridmore	14 October 2019	88,000
Tom Pridmore	5 February 2016	350,000
Iain McDonald	5 February 2016	350,000

Please note that the resulting Ordinary Shares have been purchased by the EBT at a price of £0.59 per Ordinary Share from the Option holders and an application has been made to the London Stock Exchange for the admission of the Ordinary Shares which are expected to be admitted to trading on 8 August 2019.

Further on 1 August 2019, CentralNic has agreed to allow Ben Crawford to retain the 850,000 options which were previously announced to be cancelled in partial recognition of his performance in leading the Company over the 12 months since the acquisition of KeyDrive S.A.

A total number of 11,869,412 Ordinary Shares are held under options granted to all employees and Directors of the CentralNic Group.

Acquisitions

TPP Wholesale

On 1 August 2019, the Group completed the acquisition of TPP Wholesale, a carve out of certain trade and assets from ARQ Group Limited (ASX: ARQ) (''ARQ''), a company listed on the Australian Securities Exchange. TPP Wholesale is Australasia's leading domain name and hosting reseller platform business with around 14,000 reseller customers and 840,000 domains under management, including 19% of all.com.au registrations. The total cash consideration for the acquisition comprises an initial purchase price of $22m AUD less the Purchase Price Adjustment of $0.7m AUD which is an estimated Working Capital Adjustment restated at the completion date representing a total gross consideration/headline consideration of $24.0m AUD including taxes. The initial purchase price of TPP Wholesale amounting to $22m AUD represent 4.5 x EBITDA, less $0.7m AUD of adjustment. Given the nature of the acquisition, the transition period is expected to stipulate a 2 years transition in order to migrate the customer base giving rise to a number of one-off costs of approximately $1.8m AUD, of which $0.7m AUD are expected to be incurred in CentralNic's financial year ending 31 December 2019.

The table below summarises the cash consideration paid and the total acquisition costs of the trade and business assets:

Cash consideration	**$'000**	**AUD$'000**
Purchase price	15,156	22,000
Purchase price adjustment	(504)	(732)
Total Cash Consideration	**14,651**	**21,268**

Acquisition costs	**$'000**	**AUD$'000**
Total cash consideration	14,651	21,268
Stamp Duty @ 5.5%	806	1,170
Customer's deposits	254	369
Deferred Revenue	855	1,241
Employee Liabilities	23	33
Total Gross Consideration/Headline Consideration	**16,589**	**24,081**

Fair value recognised on acquisition	**$'000**	**AUD$'000**
Trademarks	1,070	1,553
Intellectual property	1,558	2,262
Customer relationship	6,425	9,327
Goodwill purchased	5,598	8,126
Total identifiable intangible assets at fair value	**14,651**	**21,268**

Hexonet

On 7 August 2019, CentralNic Group completed the acquisition of the entire issued share capital of Mediasiren Advertising Inc. and Hexonet GmbH for €5.0m and €5.9m respectively, a privately-owned Group of companies with operations in Canada and Germany. The companies sell domain name subscriptions directly and via more than a thousand resellers in over 110 countries, managing over 3.8 million domains on its proprietary software platforms. The acquisition increases the number of domains under management on CentralNic's reseller platforms by c.28%. The total consideration comprises a $7.8m (€7m) cash payment plus a purchase price adjustment of $0.9m at the completion date and a deferred consideration payment €3.0m on the first anniversary of the completion, either payable in cash or CentralNic shares at prevailing market price, at the Company's discretion.

The following table summarises the consideration paid for the share capital of Mediasiren Advertising Inc. and Hexonet GmbH and the provisional fair value of the assets and liabilities at the acquisition date on a combined basis:

Consideration	**$'000**	**€'000**
Initial Cash consideration	7,834	7,029
Purchase price adjustment	1,038	931
Deferred consideration (in cash or shares)	3,310	2,970
Total consideration	**12,182**	**10,930**

Fair value recognised on acquisition	**$'000**	**€'000**
Assets		
Intangible assets	40	36
Property, plant & equipment	80	72
Other investments	201	181

Trade receivables	762	683
Other receivables	1,322	1,186
Cash	1,196	1,073
	3,601	**3,231**
Liabilities		
Trade payables	343	308
Other payables and accruals	1,403	1,259
Corporation and deferred tax liabilities	44	40
	1,790	**1,607**
Total identifiable estimated net assets at fair value	**1,811**	**1,624**
Initial estimated goodwill arising on acquisition+	**10,371**	**9,306**
Purchase consideration	**12,182**	**10,930**

Ideegeo

On 7 August 2019, the Company completed the acquisition of Ideegeo Group Limited, a privately-owned domain name retailer serving an international customer base from New Zealand for a total consideration of $5.2m NZD (c.$3.4m), of which $0.5m NZD (c.$0.3m) constitutes a deferred payment which will be held in an escrow account until May 2021. The total consideration represents a multiple of 5.8 times trailing adjusted EBITDA. Ideegeo Group Limited, sells domain name subscriptions directly to small business customers, with a high level of recurring revenues and excellent customer retention. Further, CentralNic strongly believes that there would be cross selling opportunities by providing Ideegeo's existing 80,000 customers with CentralNic's extended product offering such as hosting, SSL certificates and other additional subscription products and services.

The following table summarises the consideration paid for the share capital of Ideegeo and the provisional fair value of the assets and liabilities at the acquisition date in line with Group accounting policies.

Consideration	**$'000**	**NZD$'000**
Cash	3,090	4,680
Deferred consideration (in cash or shares)	343	520
Total consideration	**3,433**	**5,200**

Fair value recognised on acquisition	**$'000**	**€'000**
Assets		
Intangible assets	-	-
Property, plant & equipment	11	17
Other investments	33	50
Trade receivables	4	6
Other receivables	7	10
Cash	349	528
	404	**611**
Liabilities		
Trade payables	10	16
Other payables and accruals	11	17
Deferred revenue	-	-
Corporation and deferred tax liabilities	56	85
	77	**118**
Total identifiable estimated net assets and liabilities at fair value	**327**	**493**
Initial estimated goodwill arising on acquisition+	3,106	4,707

Purchase consideration	**3,433**	**5,200**

+ The Company will be reviewing further the fair value of assets and liabilities acquired and to determine the Purchase Price Allocation for the acquisition of Hexonet and Ideegeo.