

28 February 2022

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

UNAUDITED PRELIMINARY ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

CentralNic Group Plc (AIM: CNIC), the global internet platform that derives recurring revenue from operating a marketplace model for online presence and online marketing services, announces its unaudited preliminary accounts for the financial year ended 31 December 2021. The audited annual report and accounts for 2021 will be published in early April 2022. Both revenue and Adjusted EBITDA have increased year-on-year, driven by a combination of acquisitions and underlying organic growth.

Financial summary:

- Revenue increased by 71% to USD 410.5m (FY2020: USD 240.0m)
- Organic revenue increased by 39% (FY2020: 9%)
- Net revenue (gross profit) increased by 58% to USD 118.5m (FY2020: USD 75.1m)
- Adjusted EBITDA* increased by 57% to USD 46.3m (FY2020: USD 29.4m) resulting in a margin of 11.3% on gross revenue and 39.0% on net revenue, i.e. excluding passthrough expenses such as registry fees and revenue shares
- Operating profit of USD 12.4m (FY2020: operating loss of USD 2.1m)
- Profit before tax of USD 1.6m (FY2020: loss before tax of USD 11.8m)
- Net debt** down to USD 75.0m (gross interest bearing debt of USD 131.1m, cash of USD 56.1m) as compared to USD 85.0m in FY2020 – despite four acquisitions for a combined USD 18.3m in the year, and the settlement of combined deferred consideration of USD 1.7m
- Adjusted cash conversion ratio of 116% (FY2020: 120%)
- Adjusted EPS for the year increased by 18% to USD 11.80 cents (FY2020: USD 9.96 cents)

Financial highlights:

- Non-recurring revenue products contributed less than 1% of our total revenue
- Successful bond tap issue of EUR 15m at 104.5% of nominal value, implying a yield to maturity of sub 5%
- Acquisition of SafeBrands (Online Presence segment) in January 2021, Wando Internet Solutions (Online Marketing segment) in February 2021, White & Case Ltd (Online Marketing segment) in November 2021 and NameAction (Online Presence segment) in December 2021
- Final and interim deferred consideration payments made for Team Internet (Online Marketing segment) and SafeBrands (Online Presence segment) respectively
- Currency exposure on the EUR 105m bond has been hedged at a locked-in average EUR/USD rate of 1.1891, 3.3% below the prior year balance sheet date

Operational highlights:

- Very strong traction for the Group's privacy-safe online marketing technologies in the context of privacy-conscious policies of Big Tech
- Significant investment in new management, staff and systems accelerated organic growth to record levels and positions the Group well for continued growth
- New Data and AI group established to improve growth and profitability, enhance customer service, optimise business operations and decision making, enhance marketing, reduce customer churn, and automate detection of non-compliant customer activity
- Appointment of Carsten Sjoerup in the new role of Chief Technology & Product Officer to lead the integration of technology and product teams across all brands, with a focus on technical expertise and new product launches
- Experienced non-executive directors added to the board
- New customer wins for the Registry business include JISC and Dot London

Post year-end highlights:

- Exceptionally strong start into the year augurs well for financial year 2022
- Acquisition of Fireball GmbH and the .ruhr TLD in February 2022 for a total of c.USD 0.7m

Outlook:

- The record organic growth in 2021 as the world started to come out of lockdown demonstrates the success of the Company's strategy of investing during the pandemic
- The Company's market consolidation strategy continues, with acquisition opportunities being continually evaluated in a large, global and fragmented market
- The Group is consolidating the carefully curated assets into its marketplace model for online presence and online marketing services which facilitates to develop network effects among the highly complementary businesses it has acquired
- The Company is pleased to announce that the strong growth experienced during 2021 has continued into 2022 to date
- The year-on-year revenue growth experienced during Q1 to date, which has been driven largely by the performance of the Online Marketing segment, is 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 and given the uncertainty implied by the geopolitical situation, the Directors have yet to fully ascertain the expected impact on full year performance; they however reconfirm their opinion that it should be at least at or above the high end of the latest range of analyst expectations***

Ben Crawford, CEO of CentralNic, commented: *“CentralNic has enjoyed a very strong 2021 across both our online presence subscription products and our privacy-safe online marketing solutions – achieving record organic growth of 39% for the year. Significant investment in human resources, restructuring and market-leading products has contributed to the Group having revised its performance expectations for 2021 upwards repeatedly over the course of the year.*

“A virtually pure play recurring revenue business with cash conversion of over 100%, CentralNic continues to improve its cash position, interest coverage and net debt to EBITDA ratio as it grows. As our investment levels plateau moving forward, we expect future periods to benefit from increasing operational leverage.

“These robust results reflect CentralNic’s continued success in sourcing, completing and integrating transformative acquisitions, integrating them into marketplaces enjoying network effects, and driving organic growth. The pipeline of future acquisition targets remains strong and we are confident in continuing our trajectory towards joining the ranks of the global leaders in our industry.”

** Subsidiary and associate earnings before interest, tax, depreciation, amortisation, non-cash charges and non-core operating expenses*

*** Includes gross cash, debt and prepaid finance costs*

**** Analyst expectations of revenue and adjusted EBITDA for the financial year ending 31 Dec 2022 currently range from USD 420.2m to USD 469.2m and USD 48.0m to USD 51.3m respectively.*

These unaudited financial results have been prepared for the purpose of fulfilling the information undertaking requirements included in the bond terms for the Senior Secured Callable Bond Issue. To the best of our knowledge, these unaudited financial results have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer and the Group taken as a whole. In addition, to the best of our knowledge, these unaudited financial results include a fair review of the development and performance of the business and the position of the Issuer and the Group taken as a whole. The principal risks and uncertainties that the business faces remain materially consistent with the risks and uncertainties described in the Risks section of the Group’s 2020 annual report.

Ben Crawford – CEO

Don Baladasan – Group Managing Director

Michael Riedl – CFO

For further information:

CentralNic Group Plc

Ben Crawford, Chief Executive Officer

+44 (0) 203 388 0600

Don Baladasan, Group Managing Director

Michael Riedl, Chief Financial Officer

Zeus Capital Limited – NOMAD and Broker

Nick Cowles / Jamie Peel

+44 (0) 161 831 1512

Dominic King / Rupert Woolfenden

+44 (0) 203 829 5000

SEC Newgate (for Media)

Bob Huxford / Isabelle Smurfit / Max Richardson

+44 (0) 203 757 6880

centralnic@secnewgate.co.uk

Forward-Looking Statements

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

About CentralNic Group Plc

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

MANAGEMENT COMMENTARY ON PERFORMANCE

Introduction

CentralNic's organic growth, combined with its 2019, 2020 and 2021 acquisitions, substantially increased the scale and capabilities of the Company. The effect of this is demonstrated in our unaudited preliminary FY2021 results which show a transformational increase in revenues and adjusted EBITDA, both of which have grown by 71% and 57% respectively compared to FY2020.

Performance overview

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

	31 December 2021	Restated 31 December 2020	Change ²
	USD'000	USD'000	%
Revenue	410,540	240,012	71%
Gross profit	118,499	75,118	58%
Adjusted EBITDA	46,251	29,394	57%
Operating profit / (loss)	12,353	(2,079)	n.m.
Profit/(loss) before tax	1,555	(11,834)	n.m.
Loss after tax	(3,542)	(10,859)	n.m.
EPS – Basic (cents)	(1.56)	(5.52)	n.m.
EPS – Adjusted earnings – Basic (cents)¹	11.80	9.96	18%

¹Please refer to note 7

²n.m. – not meaningful

On a pro forma basis (as defined in the footnote on page 2), the Company grew by 39% organically during FY2021.

Segmental analysis

The Company has combined the previous Direct and Indirect segments into a single Online Presence segment for all reporting periods ending 30 September 2021 and later. In this segment, which provides the essential tools for businesses to go online, growth in domain name sales has accelerated notably. More importantly, our efforts to deliver value-added services are paying off, with the growth in sales of associated services outpacing growth in domain names sales. 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.

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

Online Presence segment

Significant scale was achieved in the Online Presence segment, with revenues increasing by USD 21.4m for the year ended 31 December 2021, or 17%, from USD 127.9m to USD 149.3m. Organic growth for this segment was 9% over the year. The growth has been predominantly carried by the Group's Wholesale and Enterprise brands. Enterprise has seen growth further accelerated by the successful SafeBrands acquisition.

The number of processed domain registration years increased by 9% from 11.3m in 2020 to 12.3m in 2021. At the same time, the average revenue per domain year increased by 2% from USD 9.02 to USD 9.24. The share of Value-Added Service revenue in 2021 was 8.3%¹.

¹ Based on analysis of c.77% of the segment which can be adequately and reliably be described by these KPI

Online Marketing segment

The Online Marketing segment grew more rapidly, with revenues increasing by USD 149.2m, or 133%, from USD 112.1m to USD 261.3m. Organic revenue grew at a rate of 65%, predominantly driven by CentralNic's PubTONIC media buying business, with the inorganic growth being contributed by the full year impact of the Zeropark and Voluum acquisitions and this year's acquisitions of Wando and the White & Case website portfolio.

The number of visitor sessions also increased by 49% from 2.1 billion in 2020 to 3.1 billion in 2021 and the revenue per thousand sessions ("RPM") increase by 36% from USD 47.9 to USD 64.9².

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

Outlook

CentralNic has enjoyed a very strong 2021, across both our online presence subscription products and our privacy-safe online marketing technologies – achieving record organic growth of 39% by virtue of our significant investment in human resources, restructuring and market-leading products. This contributed to the Group revising its performance expectations for 2021 upwards repeatedly over the course of the year.

These outstanding results demonstrate that CentralNic can source and complete transformative acquisitions, but more importantly that it can also integrate them successfully into marketplaces while continuing to deliver organic growth. Moreover, as the company rapidly scales up, the underlying qualities of high recurring revenues and excellent cash conversion become increasingly meaningful.

A virtually pure play recurring revenue business with cash conversion of over 100%, CentralNic continues to improve its cash position, interest coverage and net debt to EBITDA ratio as it grows. As our investment levels plateau moving forward, we expect future periods to benefit from increasing operational leverage.

The pipeline of future deals remains strong, while the 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 Officer

² Based on analysis of parts of the business that were continuously owned and operational for all of 2020 and 2021, covering c.77% of the segment's revenue in 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Year ended 31 December 2021 USD'000	Restated ^(c) Year ended 31 December 2020 USD'000
Revenue	4	410,540	240,012
Cost of sales		(292,041)	(164,894)
Gross profit		118,499	75,118
Administrative expenses		(101,140)	(72,084)
Share-based payment expenses		(5,006)	(5,113)
Operating profit/(loss)		12,353	(2,079)
Adjusted EBITDA^(a)		46,251	29,394
Depreciation of property, plant and equipment		(3,514)	(2,084)
Amortisation of intangible assets		(18,291)	(13,747)
Non-core operating expenses ^(b)	5	(8,702)	(8,237)
Foreign exchange gain/(loss)		1,615	(2,137)
Share of associate EBITDA		-	(155)
Share-based payment expenses		(5,006)	(5,113)
Operating profit/(loss)		12,353	(2,079)
Finance income		59	5
Finance costs	6	(10,857)	(9,976)
Foreign exchange gain on borrowings	6	-	137
Net finance costs		(10,798)	(9,834)
Share of associate income		-	79
Profit/(loss) before taxation		1,555	(11,834)
Taxation (charge)/credit		(5,097)	975
Loss after taxation		(3,542)	(10,859)
Items that may be reclassified subsequently to profit and loss			
Exchange difference on translation of foreign operation		1,573	3,243
Total comprehensive loss for the financial year		(1,969)	(7,616)
Loss after tax is attributable to:			
Owners of CentralNic Group Plc		(3,542)	(10,859)
		(3,542)	(10,859)
Total comprehensive profit/(loss) is attributable to:			
Owners of CentralNic Group Plc		(1,969)	(7,616)
		(1,969)	(7,616)
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

All amounts relate to continuing activities

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

^(b) Non-core operating expenses include items related to 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.

^(c) The prior year figures have been restated as follows:

- Revenue has reduced by USD 1,200,000 due to the recognition of a credit note provision
- Amortisation charges have increased by USD 1,239,000 due to the restatement of intangible asset amortisation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Unaudited Year ended 31 December 2021 USD'000	Restated^(a) Year ended 31 December 2020 USD'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,820	2,222
Right-of-use assets	6,781	6,455
Intangible assets	254,169	255,716
Other non-current assets	439	661
Investments	58	114
Deferred tax assets	8,563	5,410
	271,830	270,578
CURRENT ASSETS		
Trade and other receivables	71,363	47,941
Inventory	895	1,011
Cash and bank balances	56,133	28,654
	128,391	77,606
TOTAL ASSETS	400,221	348,184
EQUITY AND LIABILITIES		
EQUITY		
Share capital	290	290
Share premium	39,845	39,845
Merger relief reserve	5,297	5,297
Share-based payments reserve	19,506	11,032
Cash flow hedging reserve	(6,419)	-
Foreign exchange translation reserve	2,933	1,360
Accumulated profits	52,530	56,072
TOTAL EQUITY	113,982	113,896
NON-CURRENT LIABILITIES		
Other payables	4,420	2,878
Lease liabilities	5,105	5,204
Deferred tax liabilities	20,334	21,965
Borrowings	119,251	107,820
	149,110	137,867
CURRENT LIABILITIES		
Trade and other payables and accruals	117,016	89,256
Lease liabilities	1,837	1,346
Borrowings	11,857	5,819
Derivative financial liabilities	6,419	-
	137,129	96,421
TOTAL LIABILITIES	286,239	234,288
TOTAL EQUITY AND LIABILITIES	400,221	348,184

^(a) The prior year figures have been restated as follows:

- Closing accumulated profits as at 31 December 2020 have reduced by USD 2,000,000 due to the recognition of a credit note provision of USD 1,200,000 in 2020 and of USD 800,000 in 2019
- Trade and other payables and accruals have increased by USD 2,000,000 due to the recognition of the above credit note provisions
- Closing intangible assets have reduced by USD 1,239,000 due to the restatement of intangible asset amortisation

CENTRALNIC GROUP PLC CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	Share capital USD'000	Share premium USD'000	Merger relief reserve USD'000	Share- based payments reserve USD'000	Cash flow hedging reserve USD'000	Foreign exchange translation reserve USD'000	Accumulated profits/ (losses) USD'000	Equity attributable to owners of the Parent Company USD'000	Non- Controlling Interest USD'000	Total equity USD'000
Balance as at 1 January 2020 (restated)	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)
Elimination of share premium	-	(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 (restated)	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
Total comprehensive loss for the year	-	-	-	-	-	1,573	(3,542)	(1,969)	-	(1,969)
Transactions with owners										
Loss arising on changes in fair value of hedging instruments	-	-	-	-	(6,419)	-	-	(6,419)	-	(6,419)
Share-based payments	-	-	-	6,633	-	-	-	6,633	-	6,633
Share-based payments – deferred tax assets	-	-	-	2,704	-	-	-	2,704	-	2,704
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 CentralNic Group.
- Share-based payments reserve represents the cumulative value of share-based payments recognised through equity.
- Cash flow hedging reserve represents the effective portion of changes in the fair value of derivatives.
- Foreign exchange translation reserve represents the cumulative exchange differences arising on Group consolidation.

CONSOLIDATED STATEMENT OF CASH FLOWS	Unaudited Year ended 31 December 2021 USD'000	Restated Audited Year ended 31 December 2020 USD'000
Cash flow from operating activities		
Profit / (loss) before taxation	1,555	(11,834)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	3,514	2,084
Amortisation of intangible assets	18,291	13,747
Share of associate income	-	(155)
Gain on sale of associate	-	(266)
Finance cost (net)	10,798	9,834
Share-based payments	5,006	5,113
Increase in trade and other receivables	(18,816)	(8,066)
Increase in trade and other payables and accruals	20,017	12,195
Decrease in inventories	302	-
Cash flow from operations	40,667	22,652
Income tax paid	(2,230)	(1,957)
Net cash flow generated from operating activities	38,437	20,695
Cash flow used in investing activities		
Purchase of property, plant and equipment	(722)	(1,296)
Purchase of intangible assets	(2,833)	(2,963)
Payment of deferred consideration	(1,719)	(5,467)
Proceeds from disposals of investment in associate	-	1,814
Acquisition of subsidiaries, net of cash acquired	(18,344)	(37,065)
Net cash flow used in investing activities	(23,618)	(44,977)
Cash flow used in financing activities		
Proceeds from borrowings	26,631	2,208
Bond arrangement fees	(625)	(645)
Proceeds from issuance of ordinary shares (net)	-	34,667
Payment of finance leases	(1,981)	(1,081)
Interest paid	(8,647)	(9,512)
Net cash flow generated from financing activities	15,378	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 differences on cash and cash equivalents	(2,718)	1,117
Cash and cash equivalents at end of the year	56,133	28,654

NOTES TO THE UNAUDITED PRELIMINARY ACCOUNTS

1. General information

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

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

2. Basis of preparation

The preliminary accounts for the year ended 31 December 2021 are unaudited and have been prepared on the basis of the accounting policies set out in the Group's 2020 statutory accounts for the purpose of fulfilling the information undertaking requirements included in the bond terms for the Senior Secured Callable Bond Issue, and, for all years presented, in line with the principal disclosure requirements of IAS 34: Interim Financial Reporting.

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

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

3. Segment analysis

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

The Online Presence segment conducts business as a global distributor of domain names through a network of channel partners as well as selling domain names and ancillary services to end users, monitoring services to protect brands online, technical and consultancy services to corporate clients, and licensing the Group's in-house developed registry management platform on a global basis. The Online Marketing segment provides advertising placement services to match those who have traffic, e.g. domain name owners and content website operators, with those who want traffic, e.g. ecommerce website operators and affiliates on a global basis, including AI based data analytics and automation tools.

NOTES TO THE UNAUDITED PRELIMINARY ACCOUNTS (continued)

3. Segment analysis (continued)

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

Year ended 31 December 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 payments expenses			(5,006)
Operating profit			12,353
Adjusted EBITDA			46,251
Depreciation of property, plant and equipment			(3,514)
Amortisation of intangibles 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 expense			(5,097)
Loss after taxation			(3,542)

Restated Year ended 31 December 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 payments expenses			(5,113)
Operating loss			(2,079)
Adjusted EBITDA			29,394
Depreciation of property, plant and equipment			(2,084)
Amortisation of intangibles assets			(13,747)
Non-core operating expenses			(8,237)
Foreign exchange loss			(2,137)
Share of associate income			(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 UNAUDITED PRELIMINARY ACCOUNTS (continued)

4. Revenue

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

	Unaudited Year ended 31 December 2021 USD'000	Restated Year ended 31 December 2020 USD'000
Online Presence		
UK	3,648	3,365
North America	41,279	35,966
Europe	72,462	62,887
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

5. Non-core operating expenses

	Unaudited Year ended 31 December 2021 USD'000	Restated Year ended 31 December 2020 USD'000
Acquisition related costs	3,081	1,386
Integration and streamlining costs	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.

NOTES TO THE UNAUDITED PRELIMINARY ACCOUNTS (continued)

6. Finance costs

	Unaudited Year ended 31 December 2021 USD'000	Restated Year ended 31 December 2020 USD'000
Finance income	(59)	(5)
Impact of unwinding of discount on net present value of deferred consideration	246	221
Reappraisal of deferred consideration	(71)	921
Foreign exchange (gain)/loss on revolving credit facility revaluation	-	(137)
Arrangement fees on borrowings	1,553	1,115
Interest expense on short-term borrowings	269	235
Interest expense on long-term borrowings	8,664	7,324
Interest expense on leases	196	160
Net finance costs	10,798	9,834

7. Earnings per share

Earnings per share has been calculated by dividing the consolidated loss after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share have been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares (arising from the Group's share option scheme and warrants) into ordinary shares has been added to the denominator. There are no changes to the profit (numerator) because of the dilutive calculation. Due to the loss made in 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.

	Unaudited Year ended 31 December 2021 USD'000	Restated Year ended 31 December 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 (gain)/loss	(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 (excluding deferred consideration related amounts – note 6)	(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	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.

NOTES TO THE UNAUDITED PRELIMINARY ACCOUNTS (continued)

8. Financial instruments

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

Cash conversion for the year ended 31 December 2021 was as follows:

	Unaudited Year ended 31 December 2021 USD'000	Restated Year ended 31 December 2020 USD'000
Cash conversion		
Cash flow from operations	40,667	22,652
Exceptional costs incurred and paid during the year	11,025	7,466
Settlement of one-off working capital items from the prior year	1,975	5,075
Adjusted cash flow from operations	53,667	35,193
Adjusted EBITDA	46,251	29,394
Conversion %	116%	120%

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

	Bond USD'000	Bank debt USD'000	Cash USD'000	Net debt USD'000
At 31 December 2020	(107,334)	(6,305)	28,654	(84,985)
Drawdown	-	(8,488)	8,488	-
Amortisation of costs	(500)	-	-	(500)
Placing proceeds (net of costs)	(17,966)	-	17,966	-
Other cash movements	-	-	3,743	3,743
Net cash flows before foreign exchange	(125,800)	(14,793)	58,851	(81,742)
Foreign exchange differences	9,104	381	(2,718)	6,767
At 31 December 2021	(116,696)	(14,412)	56,133	(74,975)

NOTES TO THE UNAUDITED PRELIMINARY ACCOUNTS (continued)

9. Business combinations

Acquisition of Safebrands

For further details regarding acquisition of Safebrands on 09 January 2021, please refer to note 9 of the unaudited financial results for the three months ended 31 March 2021, as published and released on 1 June 2021

Acquisition of Wando Internet Solutions

For further details regarding the acquisition of Wando Internet Solutions on 22 February 2021, please refer to note 9 of the unaudited financial results for the six months ended 30 June 2021, as published and released on 31 August 2021.

Acquisition of White and Case Ltd

On 1 October 2021, CentralNic Group Plc acquired White and Case Ltd, a publishing network of revenue generating websites for a consideration of USD 6.5m in cash and assumed working capital liabilities from White & Case Ltd. The acquisition was financed from available liquidity. The acquisition will be immediately earnings accretive. On a standalone basis, the websites are expected to generate at least USD 2.0m in annualised revenue and USD 1.5m in annualised EBITDA post-acquisition. As CentralNic is already today monetising roughly half of the websites' traffic, this is expected to translate into c.USD 1.0m of additional revenue, c.USD 0.5m of reduced COGS and c.USD 1.5m of EBITDA in the 2022 financial year. 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 for White and Case Ltd and the fair values of the assets and liabilities at the acquisition date, in line with Group policies.

	USD'000
Initial cash consideration	5,317
Working capital adjustment	591
Deferred consideration	584
Total consideration	6,492
Fair values recognised on acquisition	
Assets	
Domain name assets	6,492
Total assets	6,492
Total identifiable estimated net assets at fair value	6,492
Purchase consideration	6,492

The deferred consideration of USD 584k was settled on 15 November 2021.

Acquisition of NameAction

On 06 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 1.0m in cash from NameAction Inc. The NameAction business is expected to contribute at least USD 2.0m and USD 0.2m in adjusted EBITDA to the Online Presence segment in 2022.

The acquisition comprised an asset purchase of domain names and assumed working capital liabilities for a initial consideration of USD 675k in cash, and a share purchase of two Chilean entities and one Brazil based entity for an initial consideration of USD 75k in cash. In addition, there are two deferred consideration payments of USD 125k each due on 6 December 2022 and 6 December 2023 respectively. The acquisition was financed from available liquidity. This acquisition provides CentralNic with a greater presence in the South American market

NOTES TO THE UNAUDITED PRELIMINARY ACCOUNTS (continued)

9. Business combinations (continued)

Acquisition of NameAction (continued)

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.

	USD'000
Initial cash consideration	750
Deferred consideration	250
Total consideration	1,000
Fair values recognised on acquisition	
Assets	
Domain name assets	1,067
Property, plant and equipment	10
Trade receivables	38
Other receivables	17
Cash and other equivalents	94
Total assets	1,226
Liabilities	
Trade payables	218
Other liabilities	40
Total liabilities	258
Total identifiable estimated net assets at fair value	968
Goodwill arising on acquisition	32
Purchase consideration	1,000

10. Events occurring after the year end

Detailed below are the significant events that happened after the Group's year end date of 31 December 2021 and before the signing of these Unaudited Preliminary Accounts on 28 February 2022.

- On 28 January 2022, CentralNic acquired domain assets of the TLD .ruhr for a purchase price of EUR 150k. Additional consideration of EUR 150k 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 5m inhabitants. There are currently c.10k 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.
- On 2 February 2022, CentralNic acquired Fireball Search GmbH for a purchase price of EUR 315k. 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.