14 August 2023

CENTRALNIC GROUP PLC

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

UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Continued delivery with a 18% increase in Revenue, 16% rise in Adjusted EBITDA,
and a confident outlook for FY23

CentralNic Group Plc (AIM: CNIC), the global internet company which helps online consumers make informed choices, is pleased to announce its unaudited financial results for the six months ended 30 June 2023 ("H1 2023").

Financial summary:

- Gross revenue increased by 18% to USD 396.4m (six months ended June 2022 ("H1 2022"): USD 334.6m)
- Organic revenue growth* for the trailing twelve months ended 30 June 2023 ("TTM 2023") of approximately 31%
- Net revenue/gross profit increased by 11% to USD 91.2m (H1 2022: USD 82.1m)
- Adjusted EBITDA** increased by 16% to USD 44.6m (H1 2022: USD 38.6m) and good progression from Q1 2023 to Q2 2023 reflecting a quarter over quarter increase of USD 2.0m
- Operating profit decreased by 19% to USD 17.5m (H1 2022: USD 21.7m), mainly due to an increase in non-cash charges such as amortisation and foreign exchange
- Adjusted EPS increased by 34% to USD 11.37 cents (H1 2022: USD 8.46 cents)
- Inaugural final dividend of 1.0p per share paid on 16 June 2023 totalling USD 3.6m, reflecting a renewed capital allocation policy geared towards greater returns to shareholders
- Net debt*** increased by USD 11.6m to USD 68.2m (31 December 2022: USD 56.6m), following non-operating cash outflows in respect of the Company acquiring its own shares (USD 13.9m), the Company's dividend (USD 3.6m), and USD 15.2m in respect of the non-recurring settlement of deferred contingent consideration
- Leverage **** increased to 1.0x from 0.9x pro forma EBITDA as of 31 December 2022. The increase in the net leverage ratio is entirely driven by the Company's choice in returning cash to shareholders through its share buyback programme and dividend
- Adjusted operating cash conversion of 94% (FY 2022: 110%). We expect this to normalise nearer to 100% over the remainder of the year

H1 operational highlights:

- The Group continued to trade at least in line with current market expectations during the period, driven by ongoing market share gains of its proprietary privacy-safe, AI based customer journeys which address a multi-billion-dollar opportunity
- The number of visitor sessions increased by 49% to 5.3 billion for TTM 2023 from 3.5 billion for the trailing twelve-month period ended 30 June 2022 ("TTM 2022"), reflecting continual integration with new networks combined with entering new verticals and geographies. Revenue per thousand sessions ("RPM") remained stable at USD 100, outperforming the market
- Organic revenue growth for the Online Presence segment was 15% for TTM 2023 compared to 5% for TTM 2022 at H1 2022
- Adjusted EBITDA as a percentage of Net Revenue has increased to 49% in H1 2023 from 47% in H1 2022, demonstrating that CentralNic's growth continues to translate into operating leverage
- Appointment of Marie Holive as independent Non-Executive Director, Chair of the Audit & Risk Committee and a member of the Remuneration & Nominations Committee. The scope of the Audit Committee has been expanded to encompass Risk, resulting in its new name as the "Audit & Risk Committee"
- Partnership agreement with Microsoft Bing, deepening and diversifying the demand pool in our important TONIC business
- Awarded exclusive supplier status for the UK Crown Commercial Service in the Online Presence registry division
- First international expansion of our vergleich.org (VGL) product review business with meilleurs.fr dedicated to France, the second largest market for our key e-commerce partner Amazon within the EU
- On 8 May 2023, the first deferred consideration payment for the acquisition of VGL was settled in cash for EUR 12.4m (USD 13.6m) as a result of the above expectation performance in 2022. This was fully funded by the incremental operating cash flow generated by VGL

Post period end highlights:

- Zeropark, CentralNic's commerce media business, has announced three strategic partnerships: First, becoming a Tier 1 Demand Partner of Sovrn, a leading publisher technology platform. Second, a significant deal with booking.com, the global online travel agency. Third, Klarna, the Buy Now Pay Later platform has become a direct publisher on the Zeropark network
- Voluum, CentralNic's flagship ad tracker, has announced the launch of a new integration with popular e-commerce platform Shopify, allowing customers to directly feed conversion data from their Shopify stores into Voluum, bolstering their ad, product, and page performance

Outlook:

CentralNic delivered another strong performance during the H1 2023 period across both its Online Marketing and Online Presence segments, gaining market share. For TTM 2023, organic revenue growth was 31% on a pro forma basis. Moreover, as the Group rapidly scales up, the underlying qualities of high recurring revenues and excellent cash conversion become increasingly meaningful. Furthermore, the Group has strong operating leverage, as demonstrated by CentralNic's Adjusted EBITDA as a percentage of Net Revenue being 49% for H1 2023 (47% H1 2022).

Whilst the Directors continue to monitor the global macro-economic environment closely, they are confident in the Group's targeted investment in product innovation, vertical integration and international expansion. These strategic moves have positioned the Group to succeed. Therefore, the Directors expect that the Group will trade at least in line with current market expectations for the full year.*****

The material expansion of the Company's second share buyback programme announced on 3 July 2023, alongside the cash flow waterfall model as described on page 14 in the 2022 Annual Report, is being funded by continued strong operating cash generation. To date, the Company has bought back 5.7m shares under that programme at a cumulative cost of GBP 6.7m, in addition to purchases of shares by the Company's Employee Benefit Trust. In excess of GBP 27m remains available for the remainder of the programme.

Results presentation:

There will be a webinar / conference call for equity analysts at 09.30am BST today, and for private client investment managers at 11am BST. Both events will be hosted by CEO Michael Riedl and CFO William Green.

Anybody wishing to register should contact centralnic@secnewgate.co.uk, where further details will be provided.

Further, an Investor Meet Company session will be held at 1pm BST today: https://investormeetcompany.com/centralnic-group-plc/register-investor

Michael Riedl, CEO of CentralNic, commented: *"CentralNic has continued to deliver yet another strong quarterly performance, enhancing our market share in each of the segments in which we operate. Our sustained performance is a testament to our strong ingrained culture of operational excellence, a factor that keeps us at the fulcrum of the industry ecosystems.*

Through our ongoing initiatives to boost operating leverage, we are fortifying an already highly dependable and sustainable business model. Our unrelenting commitment to these efforts continues to build upon our prime objectives of creating a market leader in its space and maximising shareholder value.

Our AI strategy goes beyond simple technological application; it's about reshaping CentralNic into a dominant force in this data-driven era. Our strategy is built on three pillars: (a) enhancing AI capacity, (b) accelerating AI impact, and (c) scaling our AI advantage. The Group has been at the forefront of the industry in integrating AI into the heart of our operations and has successfully pioneered and launched multiple AI projects."

**Pro forma revenue, adjusted for; acquired revenue, constant currency foreign exchange impact and non-recurring revenues is estimated at USD 794m for TTM 2023 and at USD 606m for TTM 2022*
***Parent and subsidiary earnings before interest, tax, depreciation, amortisation, impairment, non-cash charges and non-core operating expenses*
**** Includes gross cash, bank debt and prepaid finance costs as of 30 June 2023 (cash of USD 82.6m and bank debt and prepaid finance costs of USD 151.5m); includes gross cash, bank debt, prepaid finance costs and hedging assets of USD 0.7m (31 December 2022 cash of 94.8m, bond debt, bank debt and prepaid finance costs of USD 151.2m and hedging liabilities of USD 0.2m)*
***** Includes Net Debt as defined under*** (i) excluding prepaid finance costs, (ii) plus guarantee obligations, and (iii) plus the best estimate of any crystallised deferred consideration payable in cash, all divided by pro forma EBITDA, i.e. last twelve months' EBITDA including acquired entities' EBITDA on a pro forma basis, and adjusted for rental expense capitalized under IFRS 16 and non-core expenses*
******Latest analyst forecasts are within a range of USD 783m and USD 834m for FY23 revenue and USD 91m and USD 98m for FY23 Adjusted EBITDA*

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

About CentralNic Group Plc
CentralNic (AIM: CNIC) is a leading global internet solutions company that operates in two highly attractive markets: high-growth digital advertising (Online Marketing segment) and domain name management solutions (Online Presence segment). The company's Online Marketing segment creates privacy-safe and AI-generated online consumer journeys that convert general interest online media users into confident high conviction consumers through advertorial and review websites. The Online Presence segment is a critical constituent of the global online presence and productivity tool ecosystem, where CentralNic serves as the primary distribution channel for a wide range of digital products. The company's high-quality earnings come from subscription recurring revenues in the Online Presence segment and revenue share on rolling utility-style contracts in the Online Marketing segment.

For more information please visit: www.centralnicgroup.com

MANAGEMENT COMMENTARY ON PERFORMANCE

Introduction

CentralNic's organic growth, combined with the acquisition strategy pursued through the end of 2022, substantially increased the scale and capabilities of the Group. The effect of this is demonstrated in our unaudited June 2023 YTD results which show increases in both Revenue and Adjusted EBITDA of 18% and 16% respectively compared to H1 2022.

Performance Overview

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

	Six months ended 30 June 2023	Six months ended 30 June 2022	Change
	USD m	USD m	%
Revenue	396.4	334.6	18%
Net revenue / gross profit	91.2	82.1	11%
Adjusted EBITDA	44.6	38.6	16%
Operating profit	17.5	21.7	(19%)
Adjusted operating cash conversion (note 8)	94%	110%	(15%)
Profit after tax	9.4	6.9	36%
EPS – Basic (cents)	3.40	2.61	30%
EPS – Adjusted earnings – Basic (cents) (note 7)	11.37	8.46	34%

Segmental analysis

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

Online Marketing segment

The Online Marketing segment continued its growth with revenues increasing by USD 46.6m, or 18%, from USD 257.8m to USD 304.4m. Organic revenue grew at a rate of 36% for LTM 2023, predominantly driven by CentralNic's TONIC platform. Inorganic growth was a result of the full period impact of the VGL acquisition, which was acquired in March 2022

The number of visitor sessions increased by 49% from 3.5 billion for TTM 2022 to 5.3 billion for TTM 2023 and the RPM remained stable at USD 100[(1)].

The Online Marketing segment creates privacy-safe and AI-generated online consumer journeys that convert general interest online media users into confident high conviction consumers through advertorial and review websites, generating utility-style referral and commission income through partnerships with Google, Amazon and a multitude of other partners. The long-term vision is to combine the Group's abilities to (a) convert social media and other low intent traffic to qualify for search ad campaigns and (b) convert search ad campaigns into ecommerce transactions, in a thriving social commerce channel, a market that is estimated to be worth USD 80bn[(2)] by 2025 in the US.

Online Presence segment

Reported revenue in this segment increased by 20% from USD 76.8m in June 2022 YTD to USD 92.0m in June 2023 YTD. Organic growth for the Online Presence segment was 15% for TTM 2023, the highest growth rate since the segment's establishment, driven by the structural shift in demand towards Top Level Domains where CentralNic has a competitive edge.

The number of processed domain registration years increased by 7% from 12.0m for TTM 2022 to 12.9m for TTM 2023 and the average revenue per domain year increased by 6% from USD 9.83 to USD 10.46. The share of Value-Added Service revenue TTM 2023 was 7%[(3)].

The Online Presence segment is a critical constituent of the global online presence and productivity tool ecosystem, where CentralNic serves as the primary distribution channel for a wide range of digital products.

Reporting cycle

The Group today also announces it is streamlining its reporting cycle. CentralNic has historically provided nine updates to the market in the course of the year. This will be reduced to seven, where trading updates for Q1 and Q3 will be incorporated into those interim reports, which are to be published within forty-five days of the end of the period. The Board believes this reporting cycle continues to support active investor engagement throughout the calendar year.

Michael Riedl
Chief Executive Officer

(1) Based on analysis of c.85% of the search segment which can be adequately and reliably described by this KPI

(2) Source: "Social commerce: The future of how customers interact with brands", McKinsey & Company, October 19, 2022

(3) Based on analysis of c.80% of this segment which can be adequately and reliably described by this KPI

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note	Unaudited Six months ended 30 June 2023 USD m	Unaudited Six months ended 30 June 2022 USD m	Audited Year ended 31 December 2022 USD m
Revenue	4	396.4	334.6	728.2
Cost of sales		(305.2)	(252.5)	(550.5)
Net revenue / gross profit		91.2	82.1	177.7
Operating expenses		(71.4)	(57.7)	(138.4)
Share-based payments expense		(2.3)	(2.7)	(5.7)
Operating profit		**17.5**	**21.7**	**33.6**
Adjusted EBITDA[a]		**44.6**	**38.6**	**86.0**
Depreciation of property, plant and equipment		(1.5)	(1.4)	(3.0)
Amortisation and impairment of intangible assets		(18.5)	(14.0)	(36.4)
Non-core operating expenses[b]	5	(3.2)	(2.5)	(8.1)
Foreign exchange (loss) / gain		(1.6)	3.7	0.8
Share-based payment expenses		(2.3)	(2.7)	(5.7)
Operating profit		**17.5**	**21.7**	**33.6**
Finance income less finance costs	6	(4.2)	(5.9)	(13.2)
Foreign exchange loss on borrowings		-	-	(5.6)
Net finance costs		(4.2)	(5.9)	(18.8)
Profit before taxation		**13.3**	**15.8**	**14.8**
Income tax expense		(3.9)	(8.9)	(16.9)
Profit/(loss) after taxation		**9.4**	**6.9**	**(2.1)**
Items that may be reclassified subsequently to profit and loss				
Exchange difference on translation of foreign operations		0.9	(4.80)	(13.7)
Movement arising on changes in fair value of hedging instruments		0.9	(10.2)	6.2
Total comprehensive income/(loss) for the period / year		**11.2**	**(8.1)**	**(9.6)**
Profit/(loss) is attributable to:				
Owners of CentralNic Group Plc		**9.4**	**6.9**	**(2.1)**
Total comprehensive income/(loss) is attributable to:				
Owners of CentralNic Group Plc		**11.2**	**(8.1)**	**(9.6)**
Earnings per share:				
Basic (cents)		3.40	2.61	(0.78)
Diluted (cents)		3.37	2.53	(0.78)
Adjusted earnings – Basic (cents)		11.37	8.46	20.01
Adjusted earnings – Diluted (cents)		11.26	8.21	19.81

All amounts relate to continuing activities

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Unaudited Six months ended 30 June 2023 USD m	Unaudited Six months ended 30 June 2022 USD m	Audited Year ended 31 December 2022 USD m
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2.2	1.8	1.8
Right-of-use assets	4.7	6.3	5.5
Intangible assets	335.2	317.5	347.9
Deferred receivables	0.2	0.4	0.3
Deferred tax assets	10.2	8.2	9.5
Derivative financial instruments	0.7	-	-
	353.2	**334.2**	**365.0**
CURRENT ASSETS			
Inventory	0.5	1.0	0.6
Trade and other receivables	94.2	93.1	98.2
Derivative financial instruments	0.7	-	-
Cash and bank balances	82.6	95.2	94.8
	178.0	**189.3**	**193.6**
TOTAL ASSETS	**531.2**	**523.5**	**558.6**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	0.3	0.3	0.3
Share premium	98.3	98.3	98.3
Merger relief reserve	5.3	5.3	5.3
Share-based payments reserve	26.4	20.8	24.1
Cash flow hedging reserve	0.7	(16.6)	(0.2)
Foreign exchange translation reserve	(9.9)	(1.9)	(10.8)
Retained earnings	41.4	59.5	50.0
TOTAL EQUITY	**162.5**	**165.7**	**167.0**
NON-CURRENT LIABILITIES			
Other payables	8.4	7.4	13.9
Lease liabilities	3.2	2.2	3.8
Deferred tax liabilities	26.6	29.6	30.2
Borrowings	147.6	131.6	145.9
Derivative financial instruments	-	-	0.2
	185.8	**170.8**	**194.0**
CURRENT LIABILITIES			
Trade and other payables and accruals	177.3	155.4	190.3
Lease liabilities	1.7	4.4	1.9
Borrowings	3.9	10.6	5.3
Derivative financial instruments	-	16.6	0.1
	182.9	**187.0**	**197.6**
TOTAL LIABILITIES	**368.7**	**357.8**	**391.6**
TOTAL EQUITY AND LIABILITIES	**531.2**	**523.5**	**558.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital USD m	Share premium USD m	Merger relief reserve USD m	Share-based payments reserve USD m	Cash flow hedging Reserve USD m	Foreign exchange translation reserve USD m	Retained earnings USD m	Equity attributable to owners of the Parent Company USD m
Balance as at 1 January 2022	**0.3**	**39.8**	**5.3**	**19.5**	**(6.4)**	**2.9**	**52.6**	**114.0**
Profit for the period	-	-	-	-	-	-	6.9	**6.9**
Translation of foreign operations	-	-	-	-	-	(4.8)	-	**(4.8)**
Other comprehensive income – changes in fair value of hedging instruments	-	-	-	-	(10.2)	-	-	**(10.2)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(10.2)**	**(4.8)**	**6.9**	**(8.1)**
Issue of share capital	-	59.6	-	-	-	-	-	59.6
Share issue costs	-	(1.1)	-	-	-	-	-	**(1.1)**
Share-based payments	-	-	-	2.7	-	-	-	**2.7**
Share-based payments – deferred tax asset	-	-	-	0.4	-	-	-	**0.4**
Share-based payments – exercised and lapsed	-	-	-	(1.8)	-	-	-	**(1.8)**
Balance as at 30 June 2022	**0.3**	**98.3**	**5.3**	**20.8**	**(16.6)**	**(1.9)**	**59.5**	**165.7**
Loss for the period	-	-	-	-	-	-	(9.0)	**(9.0)**
Translation of foreign operations	-	-	-	-	-	(8.9)	-	**(8.9)**
Other comprehensive income – changes in fair value of hedging instruments	-	-	-	-	16.4	-	-	**16.4**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**16.4**	**(8.9)**	**(9.0)**	**(1.5)**
Repurchase of shares	-	-	-	-	-	-	(0.5)	**(0.5)**
Share-based payments	-	-	-	5.4	-	-	-	**5.4**
Share-based payments – deferred tax asset	-	-	-	(0.3)	-	-	-	**(0.3)**
Share-based payments – exercised and lapsed	-	-	-	(1.8)	-	-	-	**(1.8)**
Balance as at 31 December 2022	**0.3**	**98.3**	**5.3**	**24.1**	**(0.2)**	**(10.8)**	**50.0**	**167.0**
Profit for the period	-	-	-	-	-	-	9.4	**9.4**
Translation of foreign operations	-	-	-	-	-	0.9	-	**0.9**
Other comprehensive income – changes in fair value of hedging instruments	-	-	-	-	0.9	-	-	**0.9**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**0.9**	**0.9**	**9.4**	**11.2**
Dividends paid on equity shares	-	-	-	-	-	-	(3.6)	**(3.6)**
Repurchase of shares	-	-	-	-	-	-	(14.4)	**(14.4)**
Share-based payments	-	-	-	5.9	-	-	-	**5.9**
Share-based payments – deferred tax asset	-	-	-	0.9	-	-	-	**0.9**
Share-based payments – exercised and lapsed	-	-	-	(4.5)	-	-	-	**(4.5)**
Balance as at 30 June 2023	**0.3**	**98.3**	**5.3**	**26.4**	**0.7**	**(9.9)**	**41.4**	**162.5**

- 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 represents the cumulative value of the profits not distributed to Shareholders but retained to finance the future capital requirements of the Group.
- Share-based payments reserve represents the cumulative value of share-based payments recognised through equity and deferred tax assets arising thereon, net of exercised and lapsed options.
- Cash flow hedging reserve represents the effective portion of changes in the fair value of derivatives.
- Foreign exchange translation reserve represents the cumulative exchange differences arising on Group consolidation.

CONSOLIDATED STATEMENT OF CASH FLOWS	Unaudited Six months ended 31 June 2023 USD m	Unaudited Six months ended 30 June 2022 USD m	Audited Year ended 31 December 2022 USD m
Cash flow from operating activities			
Profit before taxation	13.3	15.8	14.8
Adjustments for:			
Depreciation of property, plant and equipment	1.5	1.4	3.0
Amortisation and impairment of intangible assets	18.5	14.0	36.4
Finance cost (net)	4.2	5.9	18.8
Share-based payments	2.3	2.7	5.7
Decrease / (increase) in trade and other receivables	4.0	(10.9)	(9.8)
Increase / (decrease) in trade and other payables	(8.6)	9.3	16.9
Decrease in inventories	0.1	-	0.2
Cash flow generated from operations	35.3	38.2	86.0
Income tax paid	(2.4)	(1.5)	(8.4)
Net cash flow generated from operating activities	32.9	36.7	77.6
Cash flow used in investing activities			
Purchase of property, plant and equipment	(0.8)	(0.4)	(1.3)
Purchase of intangible assets	(3.8)	(1.9)	(5.2)
Payment of deferred consideration	(15.2)	(1.4)	(2.7)
Proceeds from disposals of investments	-	0.1	0.1
Acquisition of subsidiaries, net of cash acquired	(2.1)	(65.2)	(81.5)
Net cash flow used in investing activities	(21.9)	(68.8)	(90.6)
Cash flow used in financing activities			
Proceeds from borrowings	-	23.0	185.5
Settlement of forward foreign exchange contracts	-	-	(25.5)
Repayment of bond financing	-	-	(128.6)
Repayment of revolving credit facility	-	-	(18.8)
Bank finance arrangement fees	(0.2)	-	(3.4)
Accrued interest on bond tap	-	0.4	0.4
Bond arrangement fees	-	(0.5)	(0.8)
Proceeds from issuance of ordinary shares (net)	-	58.5	58.6
Repurchase of ordinary shares	(13.9)	-	(0.4)
Dividends paid on equity shares	(3.6)	-	-
Payment of lease liability	(1.1)	(1.1)	(2.2)
Bank loan capital repayments	(0.1)	-	-
Interest paid	(6.0)	(2.5)	(7.8)
Net cash flow generated/(used in) from financing activities	(24.9)	77.8	57.0
Net increase in cash and cash equivalents	(13.9)	45.7	44.0
Cash and cash equivalents at beginning of the period/year	94.8	56.1	56.1
Exchange gains/(losses) on cash and cash equivalents	1.7	(6.6)	(5.3)
Cash and cash equivalents at end of the period/year	**82.6**	**95.2**	**94.8**

NOTES TO THE UNAUDITED FINANCIAL RESULTS

1. **General information**

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

2. **Basis of preparation**

The financial results for the six months ended 30 June 2023 are unaudited and have been prepared on the basis of the accounting policies set out in the Group's 2022 statutory accounts and, for all periods presented, in line with the principal disclosure requirements of IAS 34: Interim Financial Reporting.

The unaudited financial results are condensed and do not represent statutory accounts within the meaning of section 435 of the Companies Act 2016. The statutory accounts for the year ended 31 December 2022, 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.

3. **Segment analysis**

CentralNic is an independent global service provider building and managing platforms that sell Online Marketing and Online Presence 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 Marketing segment creates privacy-safe, AI-based customer journeys that help online consumers make informed choices. 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.

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

	Unaudited Six months ended 30 June 2023 USD m	**Unaudited Six months ended 30 June 2022 USD m**	**Audited Year ended 31 December 2022 USD m**
Online Marketing			
Revenue	304.4	257.8	574.7
Cost of sales	(242.6)	(202.4)	(449.6)
Net revenue / gross profit	61.8	55.4	125.1
Online Presence			
Revenue	92.0	76.8	153.5
Cost of sales	(62.6)	(50.1)	(100.9)
Net revenue / gross profit	29.4	26.7	52.6
Total revenue	**396.4**	**334.6**	**728.2**
Total cost of sales	**(305.2)**	**(252.5)**	**(550.5)**
Net revenue / gross profit	**91.2**	**82.1**	**177.7**

4. Revenue

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

	Unaudited Six months ended 30 June 2023 USD m	Unaudited Six months ended 30 June 2022 USD m	Audited Year ended 31 December 2022 USD m
Online Marketing			
UK	2.0	1.2	2.9
North America	8.5	9.6	18.5
Europe	283.0	238.9	536.1
ROW	10.9	8.1	17.2
	304.4	**257.8**	**574.7**
Online Presence			
UK	2.2	2.0	4.1
North America	34.1	22.8	47.3
Europe	41.1	37.8	72.1
ROW	14.6	14.2	30.0
	92.0	**76.8**	**153.5**
Total revenue	**396.4**	**334.6**	**728.2**

* End customers may be located in different territories as notable parts of the business are conducted through channel partners. Looking through the channel partners, North America represents c.48% of group revenue (H1 2022: 52%)

5. Non-core operating expenses

	Unaudited Six months ended 30 June 2023 USD m	Unaudited Six months ended 30 June 2022 USD m	Audited Year ended 31 December 2022 USD m
Acquisition related costs	0.4	1.0	3.5
Integration and streamlining costs	1.6	1.4	3.9
Other costs(1)	1.2	0.1	0.7
	3.2	**2.5**	**8.1**

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

6. Net finance costs

	Unaudited Six months ended 30 June 2023 USD m	Unaudited Six months ended 30 June 2022 USD m	Audited Year ended 31 December 2022 USD m
Impact of unwinding of discount on net present value of deferred consideration	0.9	-	1.0
Reappraisal of deferred consideration	(2.8)	-	(1.3)
Arrangement fees on borrowings	0.7	0.9	3.0
Interest on bank borrowings and bond interest	6.1	4.8	10.2
Interest expense on leases	0.1	0.1	0.2
(Gain) / loss arising on derivatives classified as fair value hedges	(0.8)	-	0.1
Foreign exchange loss on borrowings	-	-	5.6
Net finance costs	**4.2**	**5.9**	**18.8**

NOTES TO THE UNAUDITED FINANCIAL RESULTS (continued)

7. 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 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. In 2022, there is no change to the loss numerator of the dilutive calculation. Due to the loss made in the 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 Six months ended 30 June 2023 USD m	**Unaudited Six months ended 30 June 2022 USD m**	**Audited Year ended 31 December 2022 USD m**
Profit/(loss) after tax attributable to owners	**9.4**	**6.9**	**(2.1)**
Operating profit	17.5	21.7	33.6
Depreciation of property, plant and equipment	1.5	1.4	3.0
Amortisation and impairment of intangible assets	18.5	14.0	36.4
Non-core operating expenses	3.2	2.5	8.1
Foreign exchange loss / (gain)	1.6	(3.7)	(0.8)
Share-based payment expenses	2.3	2.7	5.7
Adjusted EBITDA	44.6	38.6	86.0
Depreciation	(1.5)	(1.4)	(3.0)
Net finance costs (excluding deferred consideration amounts, foreign exchange loss on borrowings and write off of arrangement fees on borrowing – note 7)	(7.8)	(5.9)	(13.1)
Taxation	(3.9)	(8.9)	(16.9)
Adjusted earnings	**31.4**	**22.4**	**53.0**
Weighted average number of shares:			
Basic	276,168,951	264,765,349	265,623,278
Effect of dilutive potential ordinary shares	2,584,870	7,955,487	2,584,385
Diluted average number of shares	278,753,821	272,720,836	268,207,663
Earnings per share:			
Basic (cents)	3.40	2.61	(0.78)
Diluted (cents)	3.37	2.53	(0.78)
Adjusted earnings – Basic (cents)	11.37	8.46	20.01
Adjusted earnings – Diluted (cents)	11.26	8.21	19.81

Basic and diluted earnings per share of 3.40 and 3.37 cents (2022: 2.61 and 2.53 cents) have been impacted by depreciation, amortisation, impairment, non-core operating expenses, foreign exchange gains and losses and share-based payment expenses.

8. Financial instruments

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

Cash conversion for the six-month periods ended 30 June 2023, 30 June 2022 and for the year ended 31 December 2022 was as follows:

	Unaudited Six months to 30 June 2023 USD m	**Unaudited Six months to 30 June 2022 USD m**	**Audited Year ended 31 December 2022 USD m**
Cash conversion			
Cash flow from operations	35.3	38.2	86.0
Exceptional costs incurred and paid during the year	3.2	3.1	7.8
Settlement of one-off working capital items from the prior year	3.4	1.1	1.2
Adjusted cash flow from operations	**41.9**	**42.4**	**95.0**
Adjusted EBITDA	44.6	38.6	86.0
Conversion %	94%	110%	110%

8. Financial instruments (continued)

Net debt as at 30 June 2023 and 31 December 2022 is shown in the table below.

	Bank debt USD m	Cash USD m	Financial instruments USD m	Net debt USD m
At 31 December 2022	**(151.2)**	**94.8**	**(0.2)**	**(56.6)**
Capital repayments	0.1	(0.1)	-	-
Prepaid finance costs	0.2	(0.2)	-	-
Amortisation of prepaid finance costs	(0.6)	-	-	(0.6)
Mark-to-market revaluation	-	-	0.9	0.9
Other cash movements	-	(13.6)	-	(13.6)
Foreign exchange differences	-	1.7	-	1.7
At 30 June 2023	**(151.5)**	**82.6**	**0.7**	**(68.2)**

Financial instruments included in net debt represent the mark-to-market valuation of interest rate swaps, which fix the variable interest component of USD 75.0m of the bank debt.

9. Business combinations

Deferred consideration payments

During the six month period ended 30 June 2023 deferred contingent consideration payments for the acquisition of VGL Publishing AG was settled in cash for EUR 13.7m (USD 14.9m), which includes EUR 12.4m (USD 13.6m) in respect of performance in 2022.

10. Share buyback programme and Employee Benefit Trust

During the period the Company repurchased 5,678,850 shares under its share buyback programme at an average share price of £1.31 (FY2022: 220,000 shares at a share price of £1.54). These shares are held in treasury by the Company. The number of treasury shares held by the Company at 30 June 2023 is 5,898,850 (31 December 2022: 220,000, 30 June 2022: nil).

During the period the Group's Employee Benefit Trust purchased 3,648,587 shares at an average share price of £1.16. At 30 June 2023 the Employee Benefit Trust held 10,115,916 shares (31 December 2022: 11,232,599 shares, 30 June 2022: 17,188,427 shares).
The number of shares in issue at 30 June 2023 is 288,660,084, including the shares noted above (31 December 2022 and 30 June 2022: 288,660,084).

The total share repurchase in the period is USD 14.4m of which USD 13.9m was settled in cash in the period, with USD 0.5m settled in cash after the period end.

11. Events occurring after the period end

Detailed below are the significant events that happened after the Group's period end date of 30 June 2023 and before the signing of these Unaudited Financial Results on 14 August 2023.

- The first deferred consideration payment for the acquisition of M.A Aporia has been agreed at USD 2.3m and will be cash settled in Q3 2023. USD 0.8m was paid on 13 July 2023.
- On 27 July 2023, the final deferred consideration payment for the acquisition of InterNexum GmbH was settled in cash for EUR 0.6m (USD 0.6m)