



about us

Minds + Machines Group Limited (“MMX” or the “Company” or the “Group”) is a BVI incorporated company, which is traded on the AIM Market operated by the London Stock Exchange (“AIM”). MMX is the owner of a world class portfolio of 33 ICANN approved top-level domains (gTLDs). The Company generates revenues primarily through the registration and annual renewal of names by organisations and individuals within each of its gTLDs, sales being processed through the Group’s network of global registrar and distribution partners.

The MMX portfolio is currently focused around generic names (e.g. .work, .vip), consumer interest (e.g. .fashion, .wedding), lifestyle (e.g. .fit, .surf, .yoga), professional occupations (e.g. .law), and geographic domains (e.g. .london, .boston, .miami, .bayern). For more information on MMX and its rapidly growing renewal base, please visit www.mmx.co.

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executive summary

for the period ended 30 June 2020

Overview

As a registry, MMX has a growth strategy based on organic development, innovation and selective acquisition. The Group operates its portfolio of 33 top-level domains ("TLDs") on an outsourced platform model to maximise operational leverage. The majority of our revenues are generated through the online sale and renewal of names via third party registrars (the industry's retail channel) as well as, to a lesser extent, the negotiated sale of high-value names via brokers. As such our cash generation and profitability is based on a SaaS type revenue model.

To that end, and discussed in full in the Operational Review, in H1 2020 we have maintained our operational focus on: replacing one-off brokered revenue with recurring revenue through the channel; maintaining the improved geographical balance of revenues achieved in 2019; and improving our cash generation.

The replacement of one-off brokered revenues, which are generally recognized in full at the time of sale, with recurring channel revenues which are recognized over the life of the registration has, as expected and quite naturally, impacted our reported revenue and profit in spite of the YoY improved billings and cash generation reported in the H1 trading update.

H1 2020 financial highlights

- Total gross revenue down 5% to \$8.4m (H1 2019: \$8.9m) primarily reflecting the switch from brokered to channel revenues;
- Revenues net of partner payments remained steady at \$7.4m;
- Channel based revenues unimpacted by COVID improving 4% to \$8.3m, representing 99% of gross revenue (H1 2019: \$8.0m representing 90% of gross revenue) with recurring revenues accounting for 67% of gross revenues;
- Operating EBITDA down to \$2.3m (H1 2019: \$3.3m inclusive of gTLD auction profit, \$2.7m net);
- Profit after tax commensurately down \$0.5m to \$1.2m (H1 2019: \$1.7m);
- Cash generation from operations up 19% to \$2.5m (H1 2019: \$2.1m);
- \$1.2m of cash generated used to repurchase 15,936,418 of outstanding shares;
- Cash at 30 June 2020 of \$7.3m compared to \$6.6m at 31 December 2019; and
- EPS of 0.13c (H1 2019: 0.19c).

Current Trading & Outlook

As a Group we are profitable, cash generative, and debt-free, with the majority of our revenue being recurring. As a traditionally H2 weighted business, we expect revenues and operating EBITDA in the second half to be ahead of H1 based on the predictability of our channel based revenues. The degree

to which H2 exceeds H1 will largely be dictated by the timing and quantum of revenues from certain key registrar partners in relation to campaigns focused on upgrading the original 65,000 10-year Sunrise B blocks taken by brands in 2011 to AdultBlocks.

Whilst the Covid pandemic continues to make forecasting the precise timing of new revenue initiatives challenging, as set out above the core business remains, and should continue to remain, cash generative. Against this background, the Board believes that the most advantageous way to reward shareholders is to return excess capital to shareholders. As set out previously, the manner of such returns will be subject to continuous review; however, given the current share price, the Board considers that a tender offer accompanying the ongoing share buyback is likely to be the most accretive. The Company intends initially to announce a tender offer of £3m to take place in November. This will be supplemented by an ongoing buyback and an intention to target further distributions of approximately 50% of free cashflow from operations each financial year. The final terms and price of the tender offer will be subject to a further announcement in due course.

Operational Review

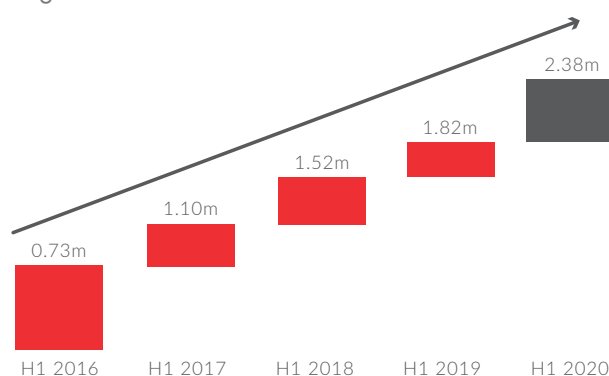
Organic growth

Top-line registration growth

In H1 we have seen a continuation of the top-line registration growth we saw in 2019, the H1 2020 registration growth of 31% to 2.38m from 1.82m in H1 2019 very much mirroring the 36% growth of FY 2019.

As in H2 2019, the growth – outside of .work – has not been driven by aggressive discounting and reflects increasing usage of names within our portfolio. For example, even within the .work extension, we are now seeing 32% of registrations with websites associated to them (28% in .com) and 30% having emailing addresses.

Registrations



executive summary

for the period ended 30 June 2020

(continued)

Improved revenue mix

A constant theme to the organic growth story has been the consistent drive to improve the quality of the Group's revenue – specifically, replacing one-off low quality brokered revenue with high quality automated sales revenue through the channel. H1 has seen a continuation of that trend, new registration revenue through the channel increasing by 35% to \$2.7m with brokered revenue declining \$0.8m to \$0.1m, representing 1% of total revenue in H1. The table below charts the significant change in H1 revenue composition from the last three years with brokered revenue reduced from a high of 24% in H1 2018 to 1% this year.

Billings mix improvement	H1 2018	H1 2019	H1 2020
Brokered (non-channel)	24%	10%	1%
Premium (channel)	6%	9%	8%
Standard (channel)	17%	13%	24%
Renewal (channel)	53%	68%	67%

Improved geographic revenue mix

Of similar importance has been the transition in the regional make-up of the revenues over the same period. It should be noted that due to our expanding base of registrar partners, the Company is now reporting regional revenue based on registrar office location to better reflect regional revenues. Previously this information was reported on the main regional markets associated with a TLD. The below table reflects adjustments to the same basis for previous years.

Regional split improvement	H1 2018	H1 2019	H1 2020
Americas	41%	52%	58%
EMEA	16%	20%	21%
Asia Pacific	43%	28%	21%

Brand protection contribution

As indicated in the H1 trading update, the planned marketing roll-out of AdultBlock by certain registrars in Q2 to their installed base was delayed due to COVID-19. As such the AdultBlock contribution to H1 revenue was minimal. We do not, however, consider this as a missed opportunity but rather a delayed one, the benefit of which will come through in the following 18 months. When .xxx was originally launched in 2011 circa 65,000 labels (domain names) were blocked by brand owners in the extension for a 10 year period as a more cost efficient mechanism to registering their name on an annual basis. In 2019 we introduced an enhanced replacement product for the original 10 year block and tested it with a select number of registrars to understand the natural interest in the product. The results were ahead of expectations and as a result two registrars holding over 25% of the original registrations were identified for the its roll-out in 2020. Whilst their scheduled activities were paused in Q2, we are pleased to confirm both are now engaged in the preparatory phases to allow the product to be actively sold to their base from mid Q4 2020.

Operational efficiencies

As discussed in the 2019 year-end results, as part of the ongoing improvement of operational efficiencies, in early January the last remaining in-house data-centres were moved onto the cloud thereby allowing a reduction and replacement of operational and technical headcount. Following the introduction of our new COO, the ongoing streamlining and improvement of internal systems to deliver better efficiencies has accelerated allowing us to begin the process of selecting a single back-end provider to address our full portfolio needs. In addition, against the wider COVID-19 backdrop, we have brought forward our annual review of the cost base to understand where additional savings could be delivered across partner payments, cost of goods sold (COGs), and Operating expenditures (OPEX), of which the consolidation of registry infrastructure services into a single partner forms a part, the goal being to reduce costs across all three in aggregate by more than \$1m against expected 2020 costs across all three.

Innovation

The primary focus in 2020 has been to complete the widening of the Ethereum API to allow addresses from multiple blockchains to be associated to a single .lux address. We are pleased to report that .lux names can now be associated to wallets and addresses across eighteen leading blockchains and expect others to be added on an ongoing basis. As previously discussed, the .lux initiative continues to provide us valuable insights, connections and potential commercial opportunities into how naming conventions can help better connect and improve useability between the traditional DNS and the wider internet. It is also helping inform our decisions on how MMX may wish to participate in the next new gTLD round as and when it occurs.

Selective acquisition

MMX has created a profitable platform based business that has significant capacity built into it allowing us to scale at marginal additional operating cost. We are therefore continuing to explore opportunities to bolt on additional recurring revenue streams to that platform which ought to be significantly earnings enhancing.

KPIs

	H1 2020	H1 2019	% Change
Domains under management	\$2.38m	\$1.82m	31%
Gross Revenue	\$8.4m	\$8.9m	(5%)
Renewal Revenue	\$5.6m	\$6m	(6%)
Cost of sales as a % of gross revenue	22%	18%	N/A
OPEX as a % of gross revenue	38%	35%	N/A
Operating EBITDA, net of gTLD auction revenue	\$2.3m	\$2.7m	(12%)

The above financial KPIs are discussed within the Financial Review below.

Financial Review

Revenue

Revenue has decreased by \$0.5m to \$8.4m in H1 2020 (H1 2019: \$8.9m) primarily reflecting the replacement of \$0.8m of brokered billings (H1 2020 was \$0.1m versus H1 2019 which was \$0.9m) with channel billings. For purposes of clarity, channel billings (i.e. invoiced sales) are generally recognised as revenue over the life of the registration. For example, a one year registration would have revenue recognized equally (i.e. 1/12th) per month over 12 months. The unrecognized revenue from billings is reported on the Statement of Financial Position as Deferred Revenue. Conversely, billings from a one-off brokered sale are generally recognized immediately as revenue. Accordingly, it is possible, as with this period, for the billings to be ahead (i.e. 7%) of the prior period but reported revenues down (i.e. 5%).

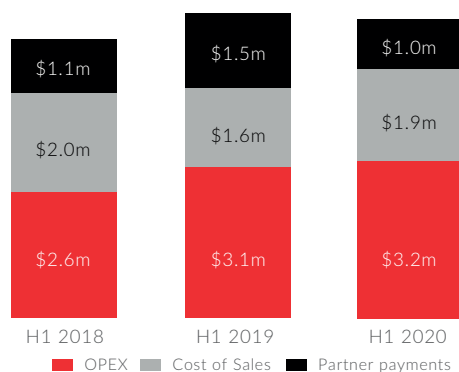
In terms of revenue make-up, revenues from the channel increased \$0.3m to \$8.3m in H1 2020 (H1 2019: \$8.0m), revenues from new registrations increasing \$0.7m to \$2.7m (H1 2019: \$2.0m), with renewal revenues down \$0.4m to \$5.6m in H1 2020 (H1 2019: \$6.0m) and one-off brokered revenues declining by \$0.8m to \$0.1m in H1 2020 (H1 2019: \$0.9m) in line with expectations.

It should be noted that the reduction in renewal revenue relates to the decreased ICM renewal billings experienced in 2018 and 2019. However, Group renewal billings in the period were 17% ahead of H1 2019 and therefore Management expects that renewal revenue will increase going forward.

In relation to the current year, revenues, net of partner payments, in H1 have remained flat at \$7.4m reflecting a reduction in partner payments in H1 2020 which were \$1.1m compared to \$1.5m in H1 2019. This in part reflects the restructuring of the onerous contract in 2019.

Expenditures

COGs, OPEX & partner payments



COGs

COGs have increased by \$0.3m to \$1.9m in H1 2020 (H1 2019: \$1.6m) resulting primarily from the sales commissions associated to the H2 2019 AdultBlock sales, which are recognized (i.e. waterfalled) in line with the associated revenue.

OPEX

OPEX has marginally increased by \$0.03m rounding to \$3.2m in H1 2020 (H1 2019: \$3.1m) despite the improvement in operational efficiencies and reduction in operational and technical headcount. This is due to an additional \$0.2m of costs being incurred during the period associated with closing the data centre and staff termination related payments.

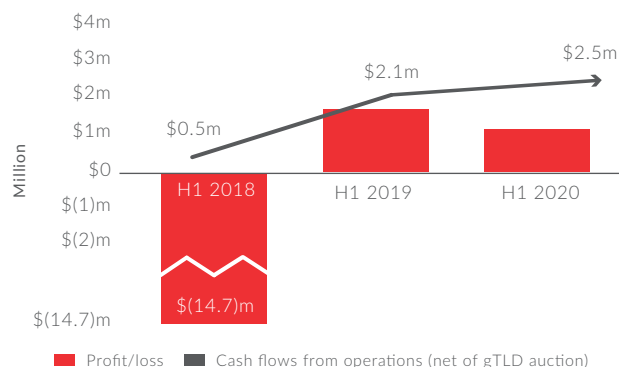
Operating EBITDA

Whilst net revenue remains flat, Operating Earnings Before Interest, Taxes, Depreciation and Amortisation (Operating EBITDA) has decreased by \$1.0m from \$3.3m in H1 2019 to \$2.3m in H1 2020. Excluding profits from gTLD auctions realized in H1 2019, Operating EBITDA has decreased by \$0.4m to \$2.3m in H1 2020 (H1 2019: \$2.7m) and reflects the increase in costs (COGs and OPEX) detailed above.

Profit/(loss)

The profit for the period has decreased by \$0.5m to \$1.2m in H1 2020 (H1 2019: \$1.7m). While Operating EBITDA has decreased by \$0.9m the Company had savings in other areas (foreign exchange, share based payments, depreciation & amortisation charge and finance costs) of \$0.5m thereby reducing the impact of the reduction in Operating EBITDA to overall profit.

H1 cash generation to profit/loss



executive summary

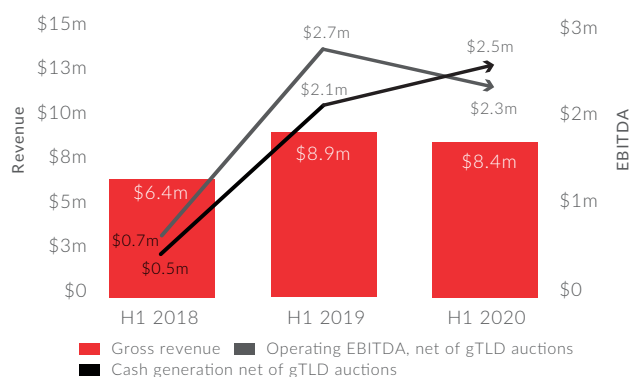
for the period ended 30 June 2020

(continued)

Cash

The Company continues to maintain a robust balance sheet with net assets of \$78.8m, no debt, and cash balances – post \$1.2m of buy-backs during the period – of \$7.3m at the period end, up from \$6.6m as of 31 December 2019. The improvement reflects the \$0.4m uplift in cash from operations (net of gTLD auction proceeds and onerous contract payments) to \$2.5m in H1 2020 (H1 2019: \$2.1m).

Cash generation to revenue & Op EBITDA



Balance sheet

Outside of cash, the key changes to the balance sheet in H1 2020 include:

- A \$3.0m decrease in trade and other receivables to \$4.5m in H1 2020 compared to \$7.5m at 31 December 2019. \$1.9m of the decrease reflects the collection of AdultBlock billings from the end of 2019 and the collection of \$1.1m in VAT refunds.
- A \$2.5m decrease in trade and other payables to \$3.3m in H1 2020 compared to \$5.8m at 31 December 2019. Trade payables decreased by \$1.7m and reflect VAT payments related to the onerous contract settled in 2019 and payments to vendors for 2019 costs. The remaining \$0.9m reflects partner payments typically higher at the year-end due to the cyclical nature of billings and other year-end accruals (such as sales commissions) which were paid in 2020.

Capital Returns

During the period, 15,936,418 of outstanding shares were bought back at an average price of 6.00p. Whilst the Covid pandemic continues to make forecasting the precise timing of new revenue initiatives challenging, the core business remains cash generative. Against this background the Board believes that the most advantageous way to reward shareholders is to return excess capital to shareholders. As set out previously, the manner of such returns will be subject to continuous review; however, given the current share price, the Board considers that a tender offer accompanying the ongoing share buyback is likely to be the most accretive. The Company intends initially to announce a tender offer of £3m to take place in November. This will be supplemented by an ongoing buyback and an intention to target further distributions of approximately 50% of free cashflow from operations each financial year. The final terms and price of the tender offer will be subject to a further announcement.

Conclusion

As previously indicated, we are profitable, cash generative, and debt-free, with the majority of our revenue being recurring. This has allowed us to successfully weather the first wave of COVID-19 with both revenue and billings through the channel ahead of last year and H1 cash generation 19% ahead of last year at \$2.5m. We likewise believe we are now well placed to navigate the second wave, the strength of our existing channel based business outside of any new brand protection revenues, giving us every reason to believe H2 revenues and Operating EBITDA will be ahead of H1. Further we are confident that the underlying growth of our core business will naturally accelerate in 2021 as we enter the renewal period for 10yr registrations made in 2011 within the ICM portfolio.

Finally we would like to thank our staff and commercial partners for their effort and support. Their commitment has been outstanding, not least during the current uncertainty and upheaval caused by the coronavirus pandemic.

Toby Hall, CEO
29 September 2020

Michael Salazar, CFO
29 September 2020

independent review report

for the period ended 30 June 2020

Introduction

We have been engaged by Minds + Machines Group Limited ("the Company") to review the interim financial information for the six months ended 30 June 2020 which comprises the consolidated statement of total comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board and our Engagement Letter dated 10 August 2020. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Respective responsibilities of directors and auditor

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules issued by the London Stock Exchange, which requires that the interim report must be prepared and presented in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility is to express to the Company a conclusion on the consolidated financial information in the interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial information in the interim report does not give a true and fair view of the financial position of the Company as at 30 June 2020 and of its financial performance and its cash flows for the six months then ended, in accordance with the AIM Rules issued by the London Stock Exchange.

Mazars LLP
Chartered Accountants

Tower Bridge House
St Katharine's way
London
E1W 1DD

29 September 2020

Notes:

- a. The maintenance and integrity of the Minds + Machines Group Limited web site is the responsibility of the directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.
- b. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

consolidated statement of total comprehensive income

for the period ended 30 June 2020

	Notes	Six Months to 30 Jun 2020 (unaudited) \$ 000's	Six Months to 30 Jun 2019 (unaudited) \$ 000's	Year Ended 31 Dec 2019 (audited) \$ 000's
Revenue		8,408	8,884	18,942
Less: Partner payments	4	(1,055)	(1,470)	(2,882)
Revenue less partner payments		7,353	7,414	16,060
Cost of sales	5	(1,851)	(1,602)	(3,637)
Gross Profit		5,502	5,812	12,423
Gross Profit Margin %		75%	78%	77%
Profit on gTLD auctions		-	588	588
Operating expenses		(3,163)	(3,129)	(6,040)
Operating earnings before interest, taxation, depreciation and amortisation (Operating EBITDA)		2,339	3,271	6,971
Bad debt provision		-	-	(1,433)
Onerous contract provision credit		-	-	1,351
Foreign exchange (losses) / gains		(192)	(96)	378
Gain on termination of lease (IFRS 16)		-	-	299
Profit on disposal of reseller (join.law)		-	-	383
Share based payments	6	(299)	(575)	(1,272)
Share of results of joint ventures	12	1	47	48
Earnings before interest, taxation, depreciation, and amortisation (EBITDA)		1,849	2,647	6,725
Depreciation and amortisation charge	7	(404)	(588)	(1,207)
Finance revenue		-	6	9
Finance costs	8	(226)	(327)	(649)
Profit before taxation		1,219	1,738	4,878
Income tax	9	(1)	(14)	(140)
Profit for the period		1,218	1,724	4,738

	Notes	Six Months to 30 Jun 2020 (unaudited) \$ 000's	Six Months to 30 Jun 2019 (unaudited) \$ 000's	Year Ended 31 Dec 2019 (audited) \$ 000's
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences		130	(24)	(680)
Items that will not be reclassified to profit or loss:				
Loss on fair value through other comprehensive income financial assets		-	(57)	(57)
Other comprehensive income for the period net of taxation		130	(81)	(737)
Total comprehensive income for the period		1,348	1,643	4,001
Profit for the period attributable to:				
Equity holders of the parent		1,218	1,723	4,738
Non-controlling interests		-	1	-
		1,218	1,724	4,738
Total comprehensive income for the period attributable to:				
Equity holders of the parent		1,348	1,642	4,001
Non-controlling interests		-	1	-
		1,348	1,643	4,001
Earnings per share (cents)				
Basic	10	0.13	0.19	0.51
Diluted	10	0.12	0.18	0.49

condensed consolidated statement of financial position

as at 30 June 2020

	Notes	30 Jun 2020 (unaudited) \$ 000's	31 Dec 2019 (audited) \$ 000's	30 Jun 2019 (unaudited) \$ 000's
ASSETS				
Non-current assets				
Goodwill		2,828	2,828	2,828
Intangible assets	11	81,700	81,494	81,523
Tangible assets		73	68	51
Right-of-use asset	18	2,402	2,673	2,848
Interest in joint ventures	12	180	480	479
Other long-term assets	13	185	185	185
Total non-current assets		87,368	87,728	87,914
Current assets				
Trade and other receivables	14	4,458	7,490	7,502
Cash and cash equivalents	15	7,296	6,583	8,946
Total current assets		11,754	14,073	16,448
TOTAL ASSETS		99,122	101,801	104,362
LIABILITIES				
Current liabilities				
Trade and other payables	16	(3,305)	(5,835)	(7,150)
Deferred revenue	17	(13,192)	(13,662)	(13,161)
Provisions		-	-	(1,563)
Lease liabilities	18	(948)	(907)	(970)
Total current liabilities		(17,445)	(20,404)	(22,844)
Non-current liabilities				
Provisions		-	-	(2,762)
Lease liabilities	18	(2,865)	(3,040)	(3,343)
Total non-current liabilities		(2,865)	(3,040)	(6,105)
TOTAL LIABILITIES		(20,310)	(23,444)	(28,949)
NET ASSETS		78,812	78,357	75,413
EQUITY				
Share capital	19	-	-	-
Share premium	19	79,025	80,217	80,657
Shares to be issued		-	-	-
Other reserves		(500)	(500)	(500)
Foreign exchange reserve		1,034	904	1,560
Retained earnings		(747)	(2,264)	(5,979)
Equity attributable to owners of the Company		78,812	78,357	75,738
Non-controlling interests		-	-	(325)
TOTAL EQUITY		78,812	78,357	75,413

condensed consolidated statement of cash flows

for the period ended 30 June 2020

	Notes	Period Ended 30 Jun 2020 (unaudited) \$ 000's	Period Ended 30 Jun 2019 (unaudited) \$ 000's	Year Ended 31 Dec 2019 (audited) \$ 000's
Cash flows from operations				
Operating EBITDA		2,339	3,271	6,971
Adjustments for:				
Foreign exchange gain / (loss)		(51)	(276)	101
Withdrawal of gTLD applications		-	148	148
Payment towards onerous contracts		-	-	(1,396)
Onerous provision utilisation		-	(1,449)	(5,280)
Decrease / (increase) in trade and other receivables		1,874	1,628	407
Increase / (decrease) in trade and other payables		(1,637)	(1,083)	(220)
Net cash inflow / (outflow) from operations		2,525	2,239	731
Cash flows from investing activities				
Interest received		-	6	9
Sale of reseller (join.law)		-	-	383
Payments to acquire intangible assets	11	(315)	(173)	(193)
Joint venture distribution		123	-	-
Payments to acquire fixtures & equipment		(21)	(6)	(38)
Net cash inflow / (outflow) from investing activities		(213)	(173)	161
Cash flows from financing activities				
Interest paid		-	(97)	(137)
Proceeds / (repayment) from borrowings		-	(3,000)	(3,000)
Share buyback		(1,192)	-	(440)
Principal elements of lease payments	18	(407)	(390)	(1,099)
Net cash inflow / (outflow) from financing activities		(1,599)	(3,487)	(4,676)
Net increase / (decrease) in cash and cash equivalents		713	(1,421)	(3,784)
Cash and cash equivalents at beginning of period		6,583	10,367	10,367
Cash and cash equivalents at end of period		7,296	8,946	6,583

condensed consolidated statement of changes in equity

for the period ended 30 June 2020

	Share Capital \$ 000's	Share premium \$ 000's	Shares to be issued \$ 000's	Other reserves \$ 000's	Foreign currency translation reserve \$ 000's	Retained earnings \$ 000's	Total \$ 000's	Non- controlling interest \$ 000's	Total equity \$ 000's
As at 1 January 2019	-	68,912	11,745	(443)	1,584	(8,277)	73,521	(326)	73,195
Profit for the period	-	-	-	-	-	1,723	1,723	1	1,723
Other comprehensive income	-	-	-	(57)	(24)	-	(81)	-	(81)
Total comprehensive income	-	-	-	(57)	(24)	1,723	1,642	1	1,642
Additions to share premium	-	11,745	(11,745)	-	-	-	-	-	-
Share based payments	-	-	-	-	-	575	575	-	575
As at 30 June 2019 (unaudited)	-	80,657	-	(500)	1,560	(5,979)	75,738	(325)	75,413
As at 1 January 2019	-	68,912	11,745	(443)	1,584	(8,277)	73,521	(326)	73,195
Profit for the period	-	-	-	-	-	4,738	4,738	-	4,738
Other comprehensive income	-	-	-	(57)	(680)	-	(737)	-	(737)
Total comprehensive income	-	-	-	(57)	(680)	4,738	4,001	-	4,001
Additions to share premium	-	11,745	(11,745)	-	-	-	-	-	-
Share buy back	-	(440)	-	-	-	-	(440)	-	(440)
Share based payments	-	-	-	-	-	1,275	1,275	-	1,275
Adjustments arising from change in non-controlling interest	-	-	-	-	-	-	-	326	326
As at 31 December 2019	-	80,217	-	(500)	904	(2,264)	78,357	-	78,357
As at 1 January 2020	-	80,217	-	(500)	904	(2,264)	78,357	-	78,357
Profit for the period	-	-	-	-	-	1,218	1,218	-	1,218
Other comprehensive income	-	-	-	-	130	-	130	-	130
Total comprehensive income	-	-	-	-	130	1,218	1,348	-	1,348
Share buy back	-	(1,192)	-	-	-	-	(1,192)	-	(1,192)
Share based payments	-	-	-	-	-	299	299	-	299
As at 30 June 2020 (unaudited)	-	79,025	-	(500)	1,034	(747)	78,812	-	78,812

- Share premium – This reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issue of shares are deducted from share premium.
- Shares to be issued – This reserve represents shares to issued arising from the acquisition of ICM Registry, LLC.
- Other reserves – This reserve represents the gains and losses arising from assets held for sale designated at fair value through OCI.
- Foreign currency reserve – This reserve represents gains and losses arising on the translation of foreign operations into the Group's presentational currency.
- Retained earnings – This reserve represents the cumulative profits and losses of the Group.
- Non-controlling interests reserve – This reserve represents the share of the interest held by the non-controlling shareholders of the subsidiary undertakings.

notes to financial statements

for the period ended 30 June 2020

1 Reporting Entity

Minds + Machines Group Limited is a company registered in the British Virgin Islands under the BVI Business Companies Act 2004. The Company's ordinary shares are traded on the AIM market operated by the London Stock Exchange.

2 Basis of Preparation

The condensed consolidated interim financial statements have been prepared on the basis of Company accounting policies and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements. The summary of results for the year ended 31 December 2019 is an extract from the published Annual Report and Financial Statements which were approved by the board of Directors on 23 March 2020. The audit report on the Annual Report and Financial Statements was unqualified and did not contain an emphasis of matter paragraph.

The condensed consolidated interim financial statements have not been audited but have been reviewed by the auditor in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board.

Management has reviewed forecasts which have been modelled for different plausible downside scenarios including as a result of the COVID 19 pandemic. These scenarios support a going concern basis. As a result, the directors have a reasonable expectation that the Group has the adequate resources to meet its obligations as they fall due for a period of at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the half year financial statements.

The accounting policies used in the preparation of these condensed consolidated interim financial statements is the same as those disclosed in the last annual financial statements.

Basis of consolidation

The condensed consolidated financial information incorporates the results of the Company and its subsidiaries.

Approval

These interim financial statements were authorized for issue by the Company's board of directors on 29 September 2020.

New standards and interpretations not yet adopted

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

3 Use of Judgements and Estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those described in the last annual financial statements.

4 Partner Payments

Partner payments represents the expense relating to certain TLDs where royalty payments are required to be made. Such payments are based on the Group's billing and are deferred in line with accounting revenue.

notes to financial statements

for the period ended 30 June 2020

(continued)

5 Cost of Sales

	H1 2020 \$ '000's (unaudited)	H1 2019 \$ '000's (unaudited)
ICANN Fees	686	630
Marketing	694	701
Other (includes commission on new products)	471	271
	1,851	1,602

6 Share Based Payments

Share based payments expenses of \$299k (H1 2019: \$575k) relate to the fair value of the share options determined by using the Black-Scholes model expensed over the vesting period of the share option. During the period the Company granted 13,853,200 options and 10,915,400 Restricted Stock Units ("RSU's") to the Executive team and key employees. During the period 8,950,000 options/RSU's were cancelled/expired.

7 Depreciation and Amortisation

	H1 2020 \$ '000's (unaudited)	H1 2019 \$ '000's (unaudited)
Right of use-assets (see note 18)	274	472
Other	130	116
	404	588

8 Finance Costs

	H1 2020 \$ '000's (unaudited)	H1 2019 \$ '000's (unaudited)
Imputed interest on leases (see note 18)	226	230
Loan interest	-	97
	226	327

9 Income tax expenses

	H1 2020 \$ '000's (unaudited)	H1 2019 \$ '000's (unaudited)
Current tax charge	1	14
	1	14

The British Virgin Islands where the Group derives majority of profits imposes no corporate taxes. However, the Group may be liable for taxes in other jurisdictions where it is operating. Currently the Group has sufficient tax losses carried forward to cover taxable profits in such jurisdictions. The Group tax charge of \$1k (H1 2019: \$14k) relates to local taxes paid.

10 Earnings per share

	H1 2020 \$ '000's (unaudited)	H1 2019 \$ '000's (unaudited)
Earnings for the purpose of basic and diluted earnings per share		
Earnings for the period	1,218	1,723
Number of shares		
Weighted average number of ordinary shares used in calculating basic loss per share (millions)	913.74	920.99
Effect of potentially dilutive ordinary shares – share options and warrants (millions)	65.66	39.80
Weighted average number of ordinary shares for the purpose of diluted earnings per share (millions)	979.40	960.79
Earnings per share		
Basic (cents)	0.13	0.19
Diluted (cents)	0.12	0.18

11 Intangible Assets

	Generic Top Level Domains \$ 000's	Software & development costs \$ 000's	Contract based intangible assets \$ 000's	Other \$ 000's	Total \$ 000's
Cost					
At 1 January 2019	81,210	2,707	4,206	170	88,293
Additions	-	193	-	-	193
Exchange differences	(12)	36	-	-	24
At 31 December 2019	81,198	2,936	4,206	170	88,510
Additions	-	315	-	-	315
Exchange differences	3	7	-	-	10
At 30 June 2020 (unaudited)	81,201	3,258	4,206	170	88,835
Accumulated amortization and impairment					
At 1 January 2019	-	(2,459)	(4,206)	(170)	(6,835)
Charge for the year	-	(209)	-	-	(209)
Exchange differences	-	28	-	-	28
At 31 December 2019	-	(2,640)	(4,206)	(170)	(7,016)
Charge for the period	-	(111)	-	-	(111)
Exchange differences	-	(8)	-	-	(8)
At 30 June 2020 (unaudited)	-	(2,759)	(4,206)	(170)	(7,135)
Carrying amount					
At 30 June 2020 (unaudited)	81,201	499	-	-	81,700
At 31 December 2019	81,198	296	-	-	81,494

generic Top Level Domains

In 2012, the Group applied for new generic Top Level Domains ("gTLDs") to the Internet Corporation for Assigned Names and Numbers (ICANN). Successful applications are transferred from Other Long-term Assets to Intangible assets. The Group capitalises the full cost incurred to pursue the right to operate gTLDs including amounts paid at auction to gain this right where there are more than one applicant to ICANN for the same gTLD.

notes to financial statements

for the period ended 30 June 2020

(continued)

This class of intangible assets is assessed to have an indefinite life as it is deemed that the application fee and amounts paid at auction give the Group the indefinite right to this generic Top Level Domain. As at H1 2020 the Directors believe there is no indication of impairment. A full review will be performed at year end.

12 Interest in Joint ventures

	30 Jun 2020 \$'000's (unaudited)	31 Dec 2019 \$'000's
Assets		
- Non-Current	99	96
- Current	94	399
	193	495
Liabilities		
- Current	(13)	(15)
Share of interest in net assets	180	480
	Six Months to 30 Jun 2020 (unaudited) \$ 000's	Six Months to 30 Jun 2019 (unaudited) \$ 000's
- Revenue	9	7
- Cost of Sales	-	(5)
- Expenses	(8)	(6)
- Profit on contested gTLD applications	-	51
Profit after income tax	1	47

The Company has an interest in two Joint ventures; "Entertainment Inc." and "Dot Country LLC".

13 Other Long-Term Assets

During the application process, payments for gTLD applications are included in Other Long Term Assets as there is no assurance that the Group will be awarded any of the related gTLDs. These long-term receivables payments will be reclassified as intangible assets once the gTLD strings are available for their intended use, which is expected to occur following the delegation of gTLD strings by ICANN. In general, the Group does not expect to withdraw any of its applications unless the application has not passed the evaluation process and there is no further recourse or there is an agreement to sell or dispose of the Group's interest in certain applications.

There was no change to Other Long-Term assets in H1 2020.

14 Trade and Other Receivables

	30 Jun 2020 \$'000's (unaudited)	31 Dec 2019 \$'000's
Trade receivables	1,982	3,864
Allowance for doubtful debts	-	-
Net receivables	1,982	3,864
Other receivables	216	1,420
Prepayments (including partner payments and marketing)	2,210	2,097
Accrued revenue	-	59
Due from joint ventures (see note 12)	50	50
	2,476	3,626
	4,458	7,490

Trade receivables are amounts due from customers and are stated at the original invoice amount less allowance made for doubtful receivables, of which there are none. Management believes that the net trade receivables as reflected above are recoverable and stated at fair value.

15 Cash and Cash Equivalents

The Group has total cash balances of \$7,296k (2019: \$6,583k). Of the Group's total cash balances \$807k (2019: \$1,986k) are restricted funds. These amounts are held to fund the letters of credit required by ICANN and other vendor requirements.

16 Trade and Other Payables

	30 Jun 2020 \$'000's (unaudited)	31 Dec 2019 \$'000's
Trade payables	198	1,863
Credit balances on customer accounts	1,210	968
Other liabilities	39	524
Accruals (including partner payments)	1,792	2,234
Due to joint ventures (see note 12)	66	246
Trade and other payables	3,305	5,835

17 Deferred revenue

	30 Jun 2020 \$'000's (unaudited)	31 Dec 2019 \$'000's
Deferred revenue	13,192	13,662

Billings (i.e. fees from invoices sales) are generally recognised as revenue over the life of the registration. A portion of billings may be recognised immediately as revenue (for example, for brand protection services or brokered sales).

Deferred revenue represents the fee from billings not recognised as revenue at the balance sheet date as its underlying registration or renewal extends beyond the balance sheet date.

notes to financial statements

for the period ended 30 June 2020

(continued)

18 Leases

	Right-of-use Assets			Lease Liabilities
	Registry Platform \$ 000's	Property Leases \$ 000's	Total \$ 000's	Lease Liabilities \$ 000's
As at 1 January 2019	2,328	119	2,447	3,574
Additions	1,015	244	1,259	1,259
Depreciation and amortisation expense	(894)	(76)	(970)	-
Gain on termination of lease	-	-	-	(299)
Interest expense	-	-	-	512
Lease Payments	-	-	-	(1,036)
Foreign exchange	(19)	(44)	(63)	(63)
As at 31 December 2019	2,430	243	2,673	3,947
Current				907
Non-current				3,040
Total				3,947
As at 1 January 2020	2,430	243	2,673	3,947
Additions	-	-	-	-
Depreciation and amortisation expense	(230)	(44)	(274)	-
Interest expense	-	-	-	226
Lease Payments	-	-	-	(407)
Foreign exchange	3	-	3	47
As at 31 June 2020 (unaudited)	2,203	199	2,402	3,813
Current				948
Non-current				2,865
Total				3,813

19 Share Capital and Premium

Called up, allotted, issued and fully paid ordinary shares of no par value	Number of shares	Price per share (cents/pence)	Total \$'000's
As at 1 January 2019	796,556,797		68,912
Shares issued:			
Issued on 4 Jan 2019 for acquisition of ICM Registry, LLC	128,300,765	9.2c/6.9p	11,745
Share buy back	(5,837,160)	7.8c/6.0p	(440)
31 December 2019	919,020,402		80,217
As at 1 January 2020	919,020,402		80,217
Share buy back	(15,936,418)	7.5c/6.0p	(1,192)
30 June 2020 (unaudited)	903,083,984		79,025

20 Post Balance Sheet Events

As of the balance sheet signing date the Company has bought back 1,050,000 shares at 7.8c/6p per ordinary share (\$83k) and will continue to buy back shares as and when appropriate.

corporate information

Registered number

1412814 registered in
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Michael Salazar

Chief Finance Officer

Guy Elliott

Non Executive Chairman

Henry Turcan

Non Executive Director

Company Secretary

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