



# Investor Presentation

27 February 2023



“ Helping Online Consumers make informed choices ”

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# Refreshed management team

New appointments ensure experience and continuity



## Michael Riedl, Group CEO

- Promoted to Group CEO in December 2022 from previous role of Group CFO. Became Group CFO in 2019 following CentralNic's acquisition of KeyDrive, where he had been CFO since 2011
- Strong financial and operational experience across the Group and wide and in-depth knowledge of the Company's markets as a whole
- Responsible for the creation of the Online Marketing division
- Degrees and qualifications in Computer Science, Law, Accounting and Business from bodies including CIMA and Harvard Business School

## Billy Green, Group CFO

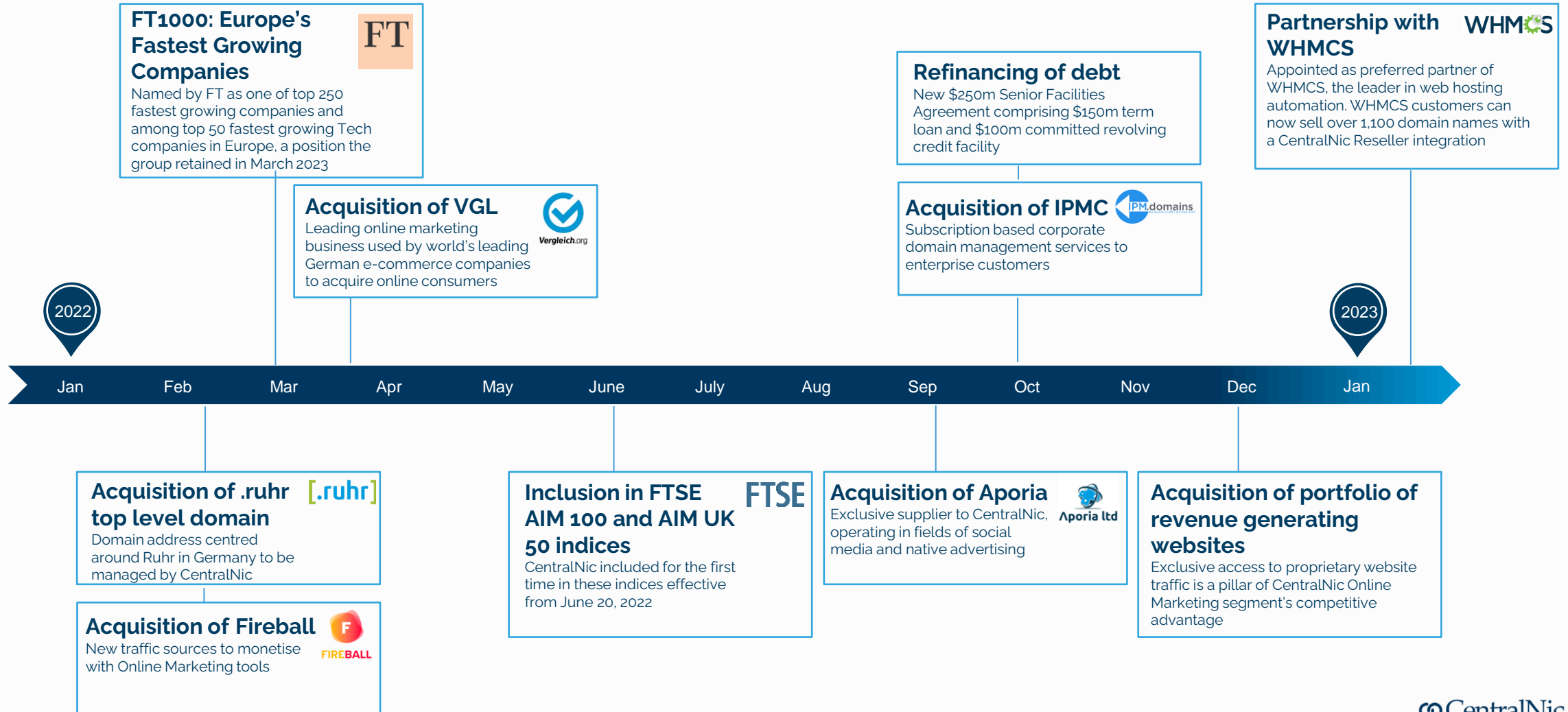
- Joined CentralNic in 2019 as Group Finance Director, before becoming Group Chief Financial Officer in December 2022
- Decisively contributed to the acceleration of the reporting cycle, improved analytical insights such as segregation of organic from acquisitive growth and the successful refinancing of the Company's bond debt in October 2022
- UK qualified chartered accountant with more than twenty years post-qualified experience





# Recent Highlights

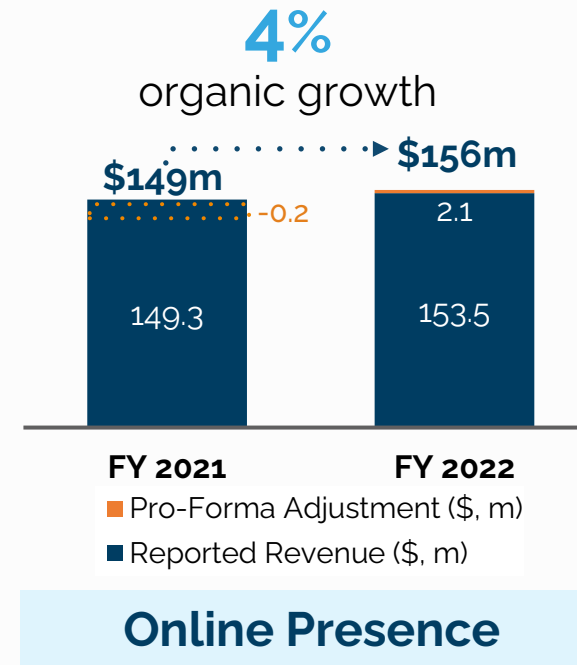
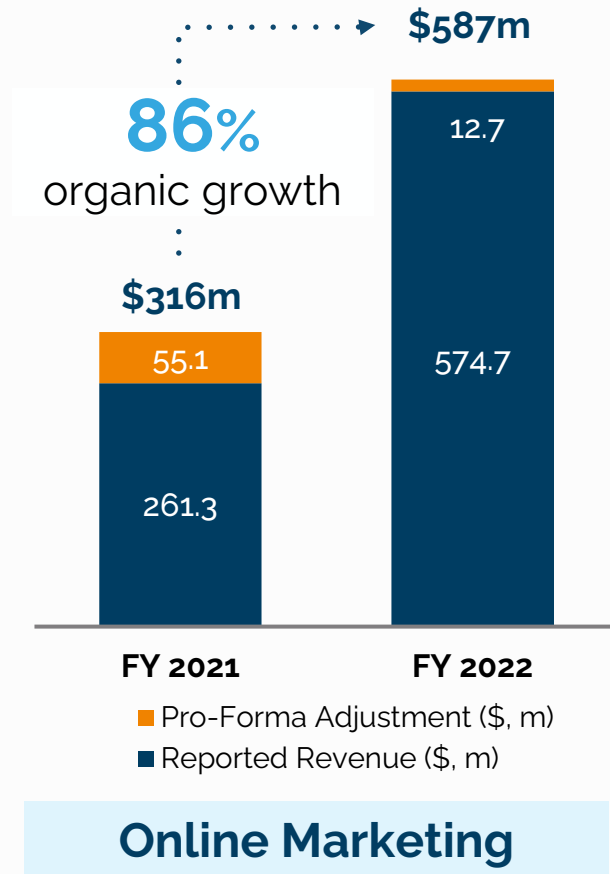
## Strategy of investing to drive growth is delivering results





# Record 60% Group organic growth for 2022

Strong value propositions make for strong growth



**Note:**

(1) Pro-forma adjustment for acquired revenue, constant currency FX impact and non-recurring revenues



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# In Online Marketing, CentralNic helps online consumers make informed choices – an evergreen purpose



01



We do so by creating **consumer journeys** that convert general interest media users into high conviction online consumers.

02



We engage by offering **contact points** on social media, publisher websites and search engines by placing ads<sup>1</sup> for broad categories.

03



We educate the online consumer through **easy to understand** advertorials and review websites.

04



By working with world leading aggregators, we have access to commercial inventory that **closely matches** the consumer's intent.

05



CentralNic is particularly good at this due to **machine learning** on billions of consumer interactions, providing superb insights into the psychology of online consumers

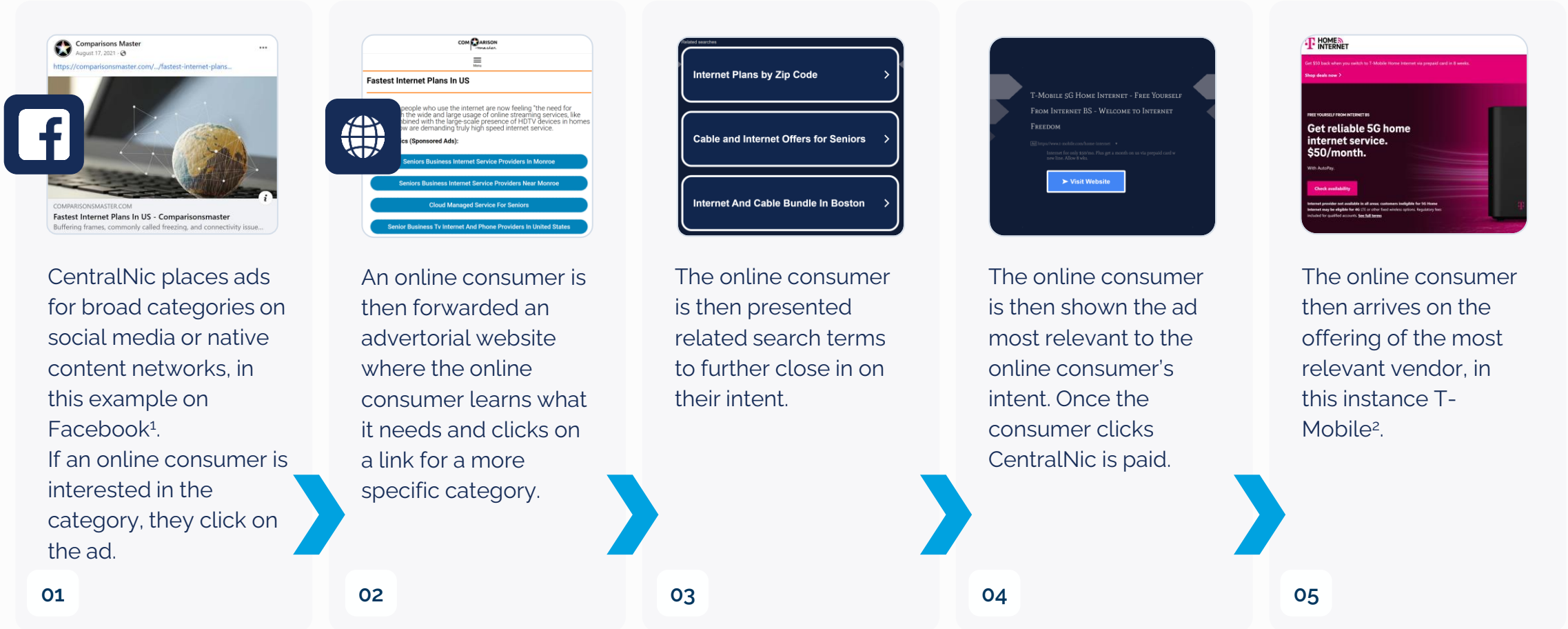
What does this look like in real life?



# Consumers on social media are run through brief consumer guides before being referred to a recommended merchant



Social media user experience:

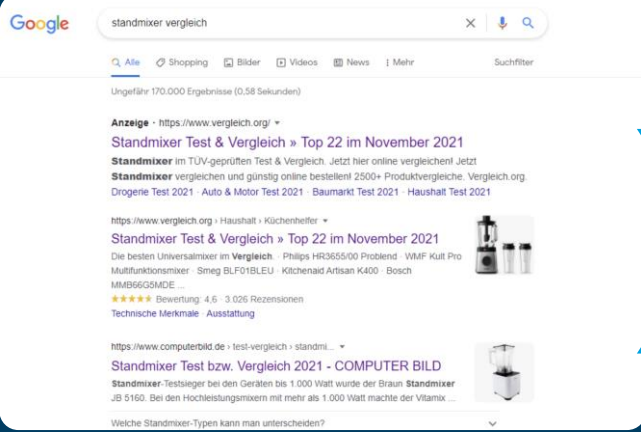


Notes: [1] Facebook is an example of a supplier. They provide traffic, and CentralNic pays for it; [2] T-Mobile is an example of a customer. CentralNic refers a customer and gets paid for it.

# Search engine users are directed to review websites before buying the product of their choice at an ecommerce partner

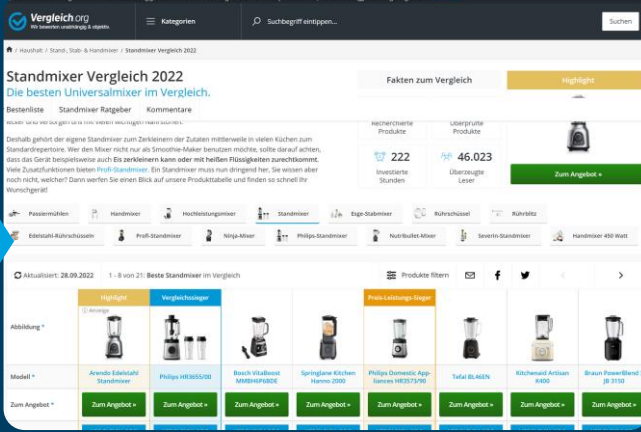


Search engine user experience:




CentralNic places ads for product categories on search engines. Due to a vast inventory of high-quality product review content, CentralNic would also appear high in the organic search ranking.

01



The online consumer is then presented a choice of relevant products where we identify the best, the most affordable, the best price-quality and bestseller products – consumers are typically happy to adopt one of these four strategies.

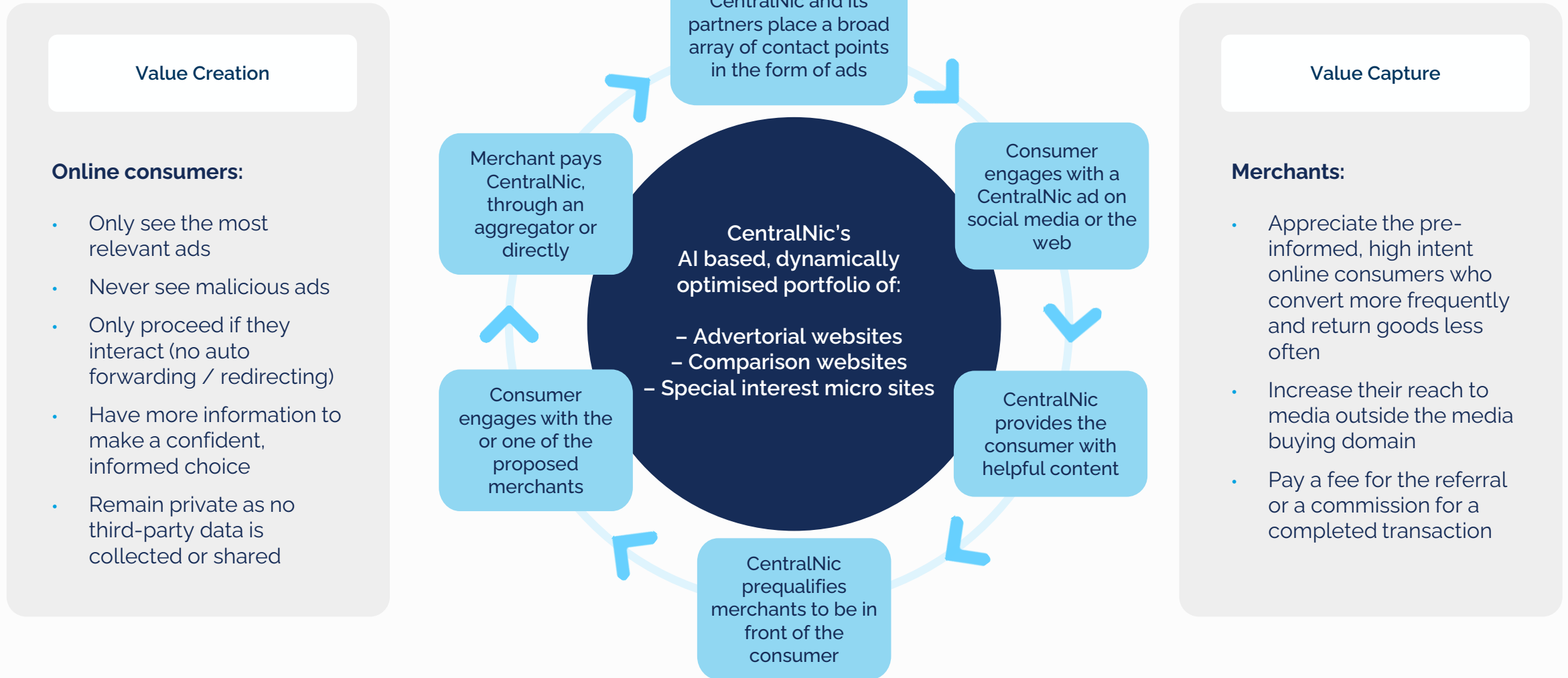
02



The online consumer then clicks out to the merchant with the offer that comes closest to their intent or need. When the consumer checks out of the ecommerce partner's site, CentralNic is paid.

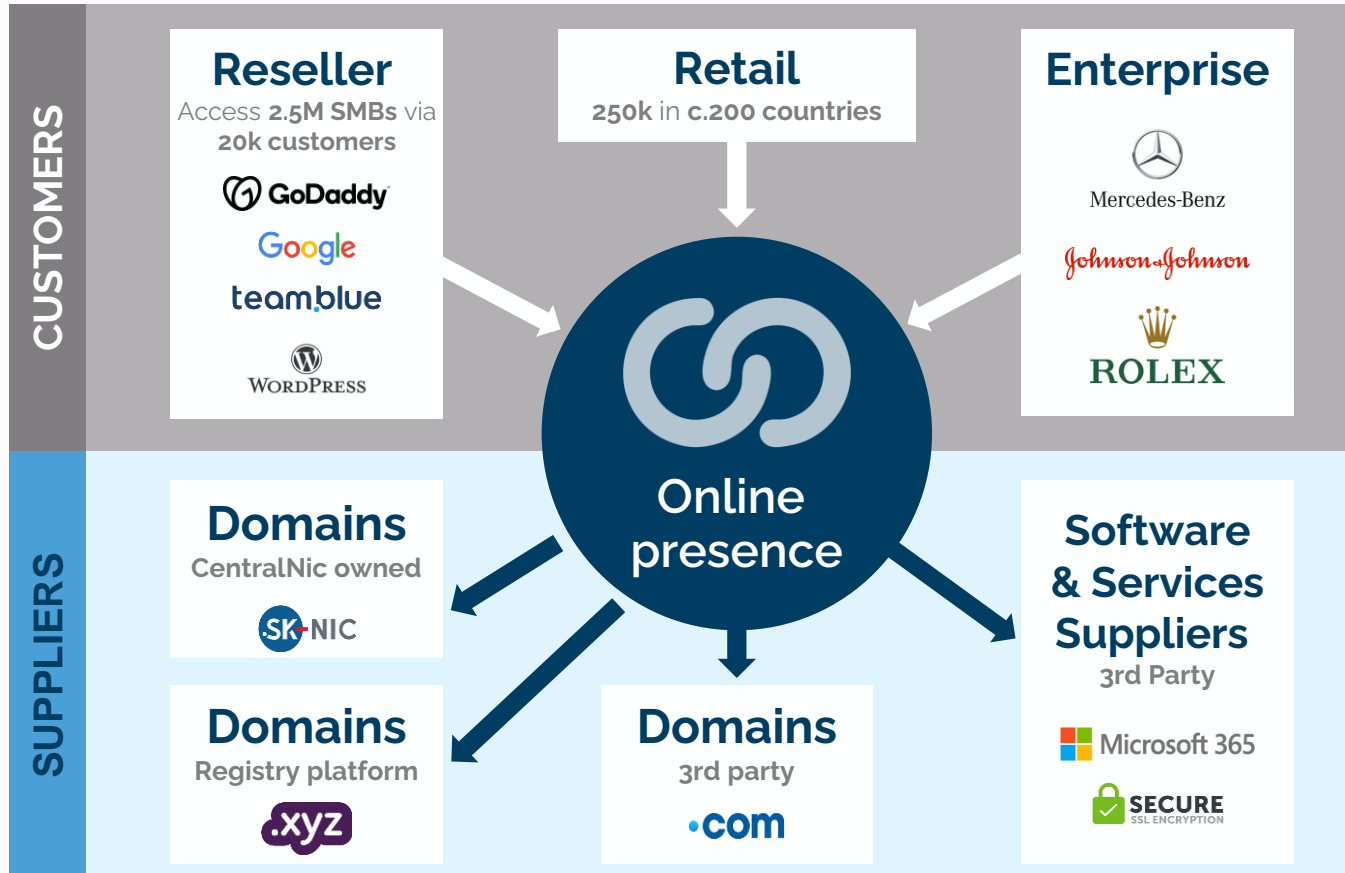
03

# Online consumers value the noise reduction and privacy – value is captured through commercial alliances



# In Online Presence, CentralNic is a leading distribution channel for domains and one-stop shop for their users

We provide the tools for businesses to go online



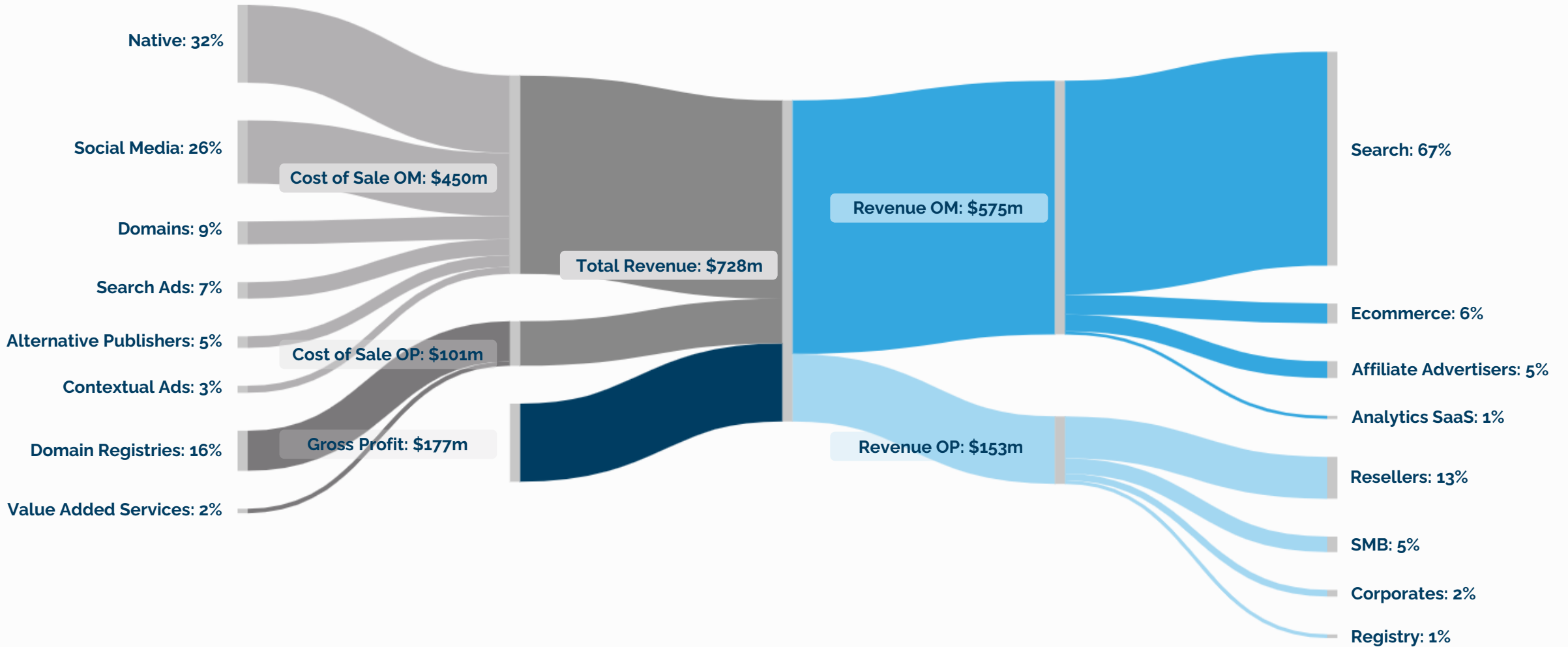
- ### Market features
- Subscription revenues
  - Huge customer stickiness - only 2% of customers change suppliers each year
  - Upsell/bundling opportunities
  - Healthy acquisition pipeline

- ### Our value adds
- Comprehensive domain selection
  - Technical excellence
  - Compliance management
  - Centralised billing/payments
  - Expert customer service/advice

# CentralNic creates a vibrant, symbiotic ecosystem



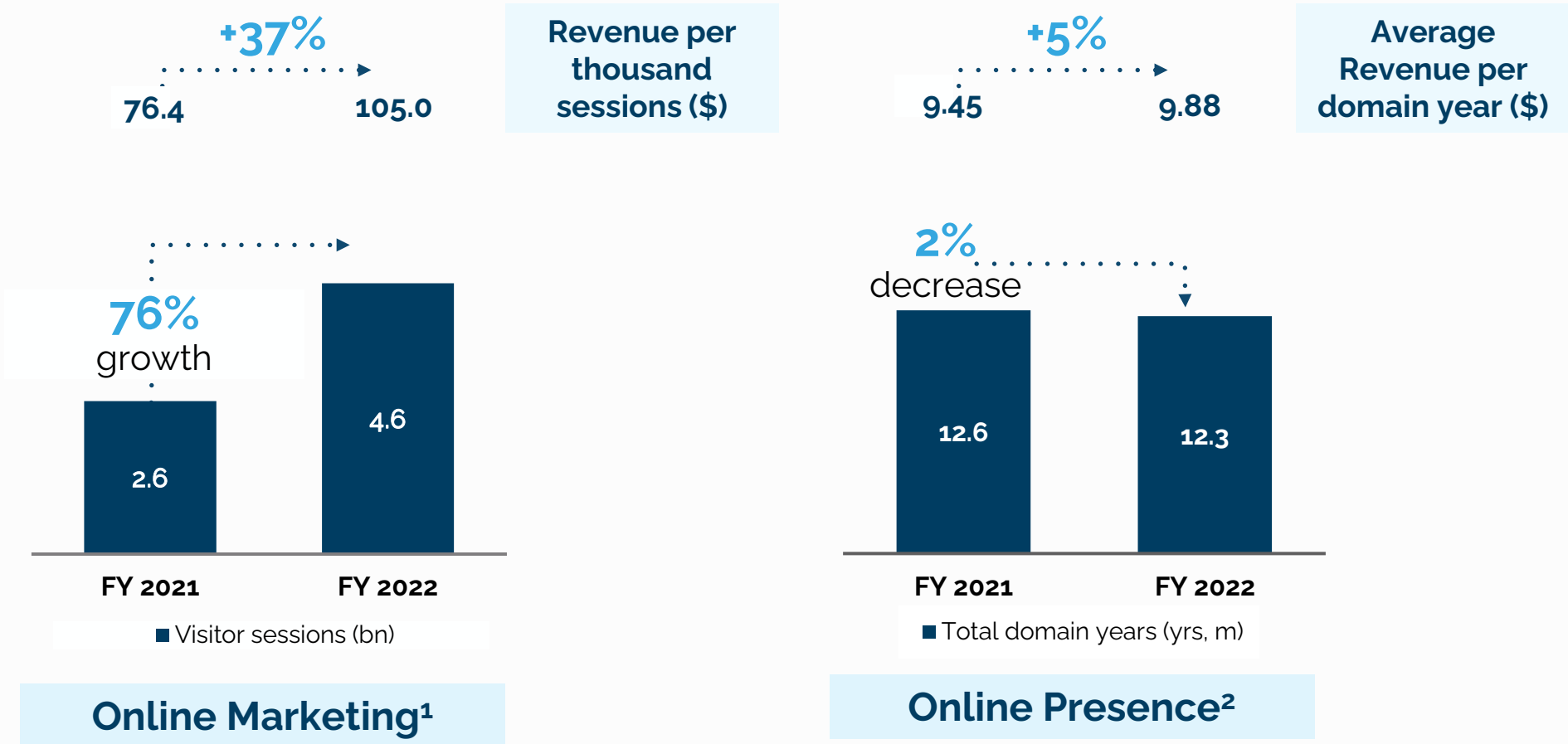
FY22 value flows, Sankey presentation



# Segmental KPI evolution demonstrates our ability to attract more consumers and extract more value



Key volume and price quality metrics



**Note:**  
 (1) Based on analysis of c.84% of the segment which can adequately and reliably be described by these KPIs; (2) Based on analysis of c.79% of the segment which can adequately and reliably be described by these KPIs



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# FY 2022 Financial Highlights

Achieving record growth

## Gross Revenue

**\$728.2m** **+77%**

FY 2021: **\$410.5m**

## Net Revenue

**\$177.7m** **+50%**

FY 2021 : **\$118.5m**

## Adjusted<sup>1</sup> EBITDA

**\$86.0m** **+86%**

FY 2021: **\$46.3m**

## Adjusted EPS

**¢ 20.01** **+70%**

FY 2021: **¢ 11.80**

## Operating Profit

**\$33.6m** **+172%**

FY 2021: **\$12.4m**

## Adjusted<sup>2</sup> Cashflow

**\$95.0m** **+69%**

FY 2021: **\$56.3m**

**Notes:**

(1) Subsidiary Earnings before interest, tax, depreciation, amortisation, non-cash charges and non-core operating expenses

(2) Cashflow from operations adjusted for exceptional costs incurred and paid during the year and settlement of one-off working capital items from the prior year





# Income Statement

(\$, m)	FY 2021	FY 2022	% Change
<b>Revenue</b>	410.5	728.2	<b>77%</b>
<b>Cost of sales</b>	(292.0)	(550.5)	
<b>Net revenue (Gross profit)</b>	118.5	177.7	<b>50%</b>
<b>Gross margin %</b>	29%	24%	
<b>Administrative expenses</b>	(101.1)	(138.4)	<b>37%</b>
<b>Share-based payment expenses</b>	(5.0)	(5.7)	
<b>Operating profit</b>	12.4	33.6	<b>172%</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>46.3</b>	<b>86.0</b>	<b>86%</b>
Depreciation	(3.5)	(3.0)	
Amortisation of intangible assets	(18.3)	(36.4)	
Non-core operating expenses	(8.7)	(8.2)	
Net foreign exchange gains/(losses)	1.6	0.8	
Share-based payment expenses	(5.0)	(5.7)	
<b>Operating profit</b>	<b>12.4</b>	<b>33.6</b>	<b>172%</b>

**Notes:**

(1) Earnings before interest, tax, depreciation, amortization, non-cash charges and non-core operating expenses

Revenue up by

**77%**

and Adjusted EBITDA up by

**86%**

Significant uplift in Operating profit

Gross margins remaining constant in each business - product mix shifting with massive growth of Media Buying



# Balance sheet

(\$, m)	FY 2021	FY 2022	% Change
Non-current assets	271.8	365.1	34%
Current assets	128.4	193.7	51%
<b>Total Assets</b>	<b>400.2</b>	<b>558.7</b>	<b>40%</b>
Non-current liabilities	149.1	192.0	29%
Current liabilities	137.1	199.6	46%
<b>Total Liabilities</b>	<b>286.2</b>	<b>391.6</b>	<b>37%</b>
Total Equity	114.0	167.1	47%
<b>Total Equity and Liabilities</b>	<b>400.2</b>	<b>558.7</b>	<b>40%</b>

(\$, m)	FY 2021	FY 2022	% Change
<b>Gross interest-bearing debt</b>	131.1	151.6	16%
<b>Mark-to-market<sup>1</sup></b>	6.4	0.0	(100%).
<b>Cash</b>	56.1	95.0	69%
<b>Net debt<sup>2</sup></b>	<b>81.4</b>	<b>56.6</b>	<b>(30%)</b>

**Notes:**

(1) Liability/(Asset) arising from EUR/USD hedge of EUR denominated bonds

(2) Includes gross cash, bond and bank debt, the Mark-to-market of hedging liabilities, and prepaid finance costs

Cash position improved over  
31 December 2021

Substantial Net debt reduction  
despite spending \$96m on  
acquisitions (of which \$55m came  
from an equity raise and remainder  
debt financed or taken out of cash  
reserves)

# Cash flow statement

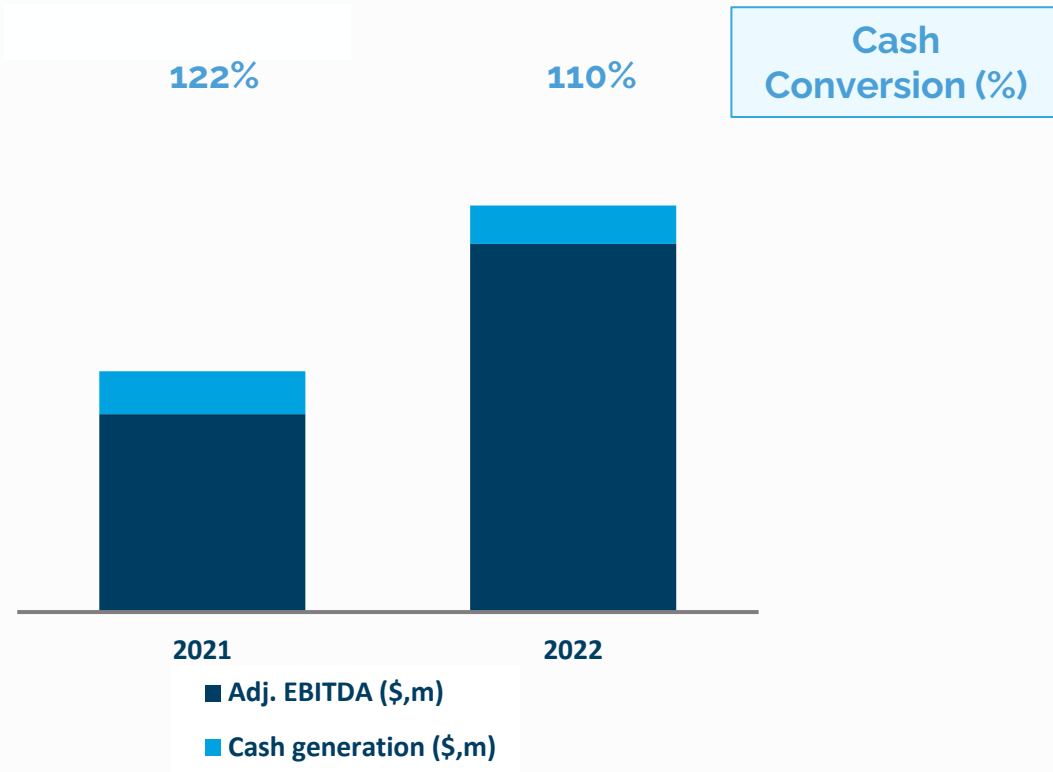


(\$, m)	FY 2021	FY 2022	% Change
<b>Profit before taxation</b>	<b>1.6</b>	<b>14.8</b>	<b>n.m</b>
<b>Adjustments for:</b>			
Depreciation of PPE	3.5	3.0	(15%)
Amortisation of intangible assets	18.3	36.4	99%
Finance cost (net)	10.8	18.7	74%
Share-based payments	5.0	5.7	14%
Increase in trade and other receivables	(20.8)	(9.9)	52%
Increase in trade and other payables and accruals	24.6	16.9	(31%)
Decrease in inventories	0.3	0.2	(18%)
<b>Cash flow from operations</b>	<b>43.3</b>	<b>85.9</b>	<b>99%</b>

Unadjusted cash flow from operations grew by

**99%**

# High cash conversion



**Notes:**

(1) Adjusted Cash Conversion is defined as Adj. Cashflow from Operations divided by Adj. EBITDA

Cash generation from operations  
**= 110%**  
 of Adjusted EBITDA

## Testament to consistently high cash conversion

Adjusted Cashflow Bridge:	FY 2021	FY 2022
Cashflow from operations	43.3	85.9
Exceptional costs	11.0	7.9
Settlement of working capital items	2.0	1.2
<b>Adj. cashflow from operations</b>	<b>56.3</b>	<b>95.0</b>
<b>Adjusted EBITDA*</b>	<b>46.3</b>	<b>86.0</b>
<b>Adjusted Cash Conversion %</b>	<b>122%</b>	<b>110%</b>
Income tax paid	(2.2)	(8.4)
Purchase of PPE	(0.7)	(1.3)
Purchase of intangible assets	(4.1)	(5.2)
Payment of lease liability	(2.0)	(2.2)
Interest paid	(8.7)	(7.7)
<b>Adj. free cashflow</b>	<b>38.4</b>	<b>70.2</b>
<b>Adjusted Free Cash Conversion %</b>	<b>83%</b>	<b>82%</b>

# Profits improve with scale



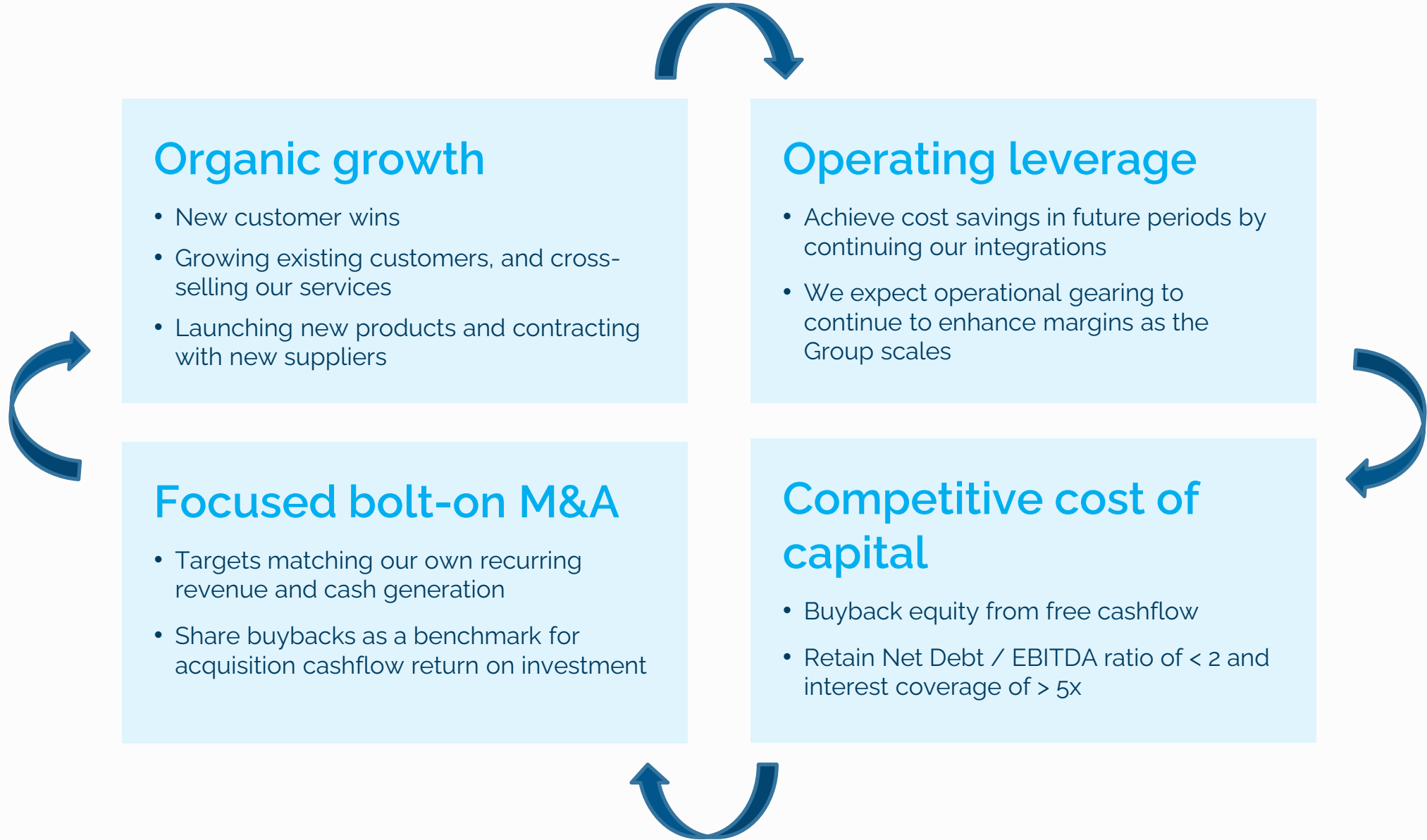
(\$,m)	FY2021	FY2022	Δ FY2022 – FY2021
<b>Net revenue (gross profit)</b>	<b>118.5</b>	<b>177.7</b>	<b>59.2</b>
<b>1</b> Core operating expenses (overheads)	(72.2)	(91.7)	(19.4)
<b>Adj. EBITDA</b>	<b>46.3</b>	<b>86.0</b>	<b>39.8</b>
<b>2</b> Amortisation of intangible assets	(18.3)	(36.4)	(18.1)
Depreciation of PPE	(3.5)	(3.0)	0.5
Net foreign exchange gains/(losses)	1.6	0.8	(0.8)
<b>3</b> Non-core operating expenses	(8.7)	(8.2)	0.5
Share-based payments expense	(5.0)	(5.7)	(0.7)
<b>Operating profit</b>	<b>12.4</b>	<b>33.6</b>	<b>21.2</b>
<b>4</b> Net finance costs	(10.8)	(18.7)	(7.9)
<b>Profit before taxation</b>	<b>1.6</b>	<b>14.8</b>	<b>13.3</b>

- 1 Overhead to plateau** – staff cost increased due to 6 acquisitions between 1 January 2022 and 31 December 2022 new hires to accelerate organic growth.
- 2 Amortisation relates to M&A** – these are non-cash costs. When we make acquisitions, IFRS requires us to allocate part of the purchase price to intangibles that are then written down through the P&L each year
- 3 Non-core operating expenses to reduce over time** – contingent costs related to acquisitions and integrations. Reduces as profits grow and as outside advisers are replaced with in-house staff
- 4 Finance Costs secured** – the Company has successfully refinanced its bond and lowered the interest rate from 7% plus 3m EURIBOR to 2.75% above SOFR (USD)



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# Strategic priority: creating a virtuous circle



# Cashflow waterfall model aligns CentralNic's strategic priorities



## Waterfall model

To ensure compatibility among CentralNic's strategic priorities, the Board intends to allocate the Group's free cash flow as follows:

- 1. progressive dividend policy:** given the Group's maturity and resilience in volatile markets, the Directors have decided to implement a progressive dividend policy as a fundamental cash return. The proposed dividend of 1.0 pence per share for 2022 represents approximately 6% of the year's free cash flow, providing ample room for growth and achieving other corporate objectives
- 2. organic growth:** while all our business units have positive EBITDA, the Directors will consider investing in capital projects that drive the Group forward and yield returns above the cost of capital. These projects may include platform integration, content repository expansion, or international growth
- 3. accretive bolt-on acquisitions:** CentralNic is the company we know best. Thus, acquiring any other company must provide higher returns than repurchasing our own equity. Investing free cash flow in accretive acquisitions also helps reduce leverage by increasing pro forma EBITDA
- 4. share buybacks:** any remaining free cash flow will be used for share buybacks within limits agreed upon with the banking pool. Shares may be reissued for acquisition purposes
- 5. debt repayment:** if any funds remain, they will be allocated to reduce the Group's gross debt. If net leverage approaches the levels seen at the end of 2021, the Group will prioritise debt reduction over share buybacks, using free cash flow for this purpose



# Outlook & Summary



## Profits expected to improve with scale in future years:

- Significantly outperformed 2022 analysts' forecasts
- Board remains confident in Company's outlook for FY2023
- The Company will issue its Audited Annual Report on 27 March 2023
- Intention to propose a maiden dividend of 1p to the AGM

- 1 Full year 2022 results demonstrate the strong performance, sustainability and potential of our marketplace model
- 2 Future acquisition targets in line with our capital allocation policies
- 3 Continuing improvement in cash position, interest coverage and net debt to EBITDA ratio as company grows

# Environmental, social and governance (ESG)



## Governing climate-related risks and opportunities:

### Board oversight of climate issues

The Board establishes CentralNic's purpose, vision and strategy with due consideration given to all material influencing factors, including those related to climate change.

### Role of Senior Management

The Chief Financial Officer (CFO) retains responsibility for the management of climate-related initiatives under agreed strategy and, in turn, driving progress. In support of this, the CFO agrees the annual objectives for the Head of Compliance, who is a direct report.

### Some of our goals for 2023 to improve energy efficiency:

- Switch all sites to renewable energy in an effort to reach net zero for Scope 2 emissions
- Given the hybrid working model, CentralNic will also be closing some offices to reduce Scope 3 emissions from employees commuting
- Travel policy continues to allow only essential business travel and use of greener methods of travel where available

## Group Carbon Reporting and Offsets:

### Group GHG emissions

CentralNic Group Plc appointed ClimatePartner, a leading carbon and energy management company, to independently assess its GHG emissions in accordance with the UK Government's guidelines:

Element	2022 (tCO <sub>2</sub> e)
<b>Gross total tonnes of CO<sub>2</sub>e</b>	<b>2,998</b>
Tonnes of CO <sub>2</sub> e per Group employee	4.1
Tonnes of CO <sub>2</sub> e per Group revenue (in USD million)	4.1

### Carbon neutrality

CentralNic decided to offset its emissions by investing in clean cookstoves, nationwide in Uganda. You will find more information on this project and its impact here: <https://fpm.climatepartner.com/project/1448/en>. CentralNic is a certified Carbon Neutral Company.



# CentralNic recap

## *Helping online consumers make informed choices*

- **A leading global internet solutions company, operating in two highly attractive markets: high-growth digital advertising (Online Marketing segment) and domain name management solutions (Online Presence segment)**
- **Our segments include:**
  - **Online Marketing:** creating 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
  - **Online Presence:** a critical constituent of the global online presence and productivity tool eco system, where we serve as the primary distribution channel for a wide range of digital products;
- **High quality earnings:**
  - Subscription recurring revenues in Online Presence and revenue share on rolling utility-style contracts in Online Marketing
- **Significant growth market:**
  - Online Marketing market growth at +20% long-term average growth rate
  - A proven business model, with scalable technology
  - Global consolidator with a track record of delivering accretive M&A
- **Attractive scale and financial profile:**
  - FY22 revenues of US\$728m and Adj. EBITDA of US\$86m
  - Organic growth superstar – delivered +60% in FY22
  - Strong and consistent cash generation of +100%
  - Net debt / EBITDA now <1x

4.6bn

Online consumer engagements in FY22

12.3m

Domain years processed in FY22

c.78%

Revenue CAGR FY13 to FY22



# Thank You

