

*“Leading marketplaces for  
Online Presence and Online  
Marketing.”*

**SHARES/AJ BELL Investor Webinar**

7 September 2022



CentralNic

Building a better global digital economy

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# CentralNic H1 2022 Results Presentation

- 1 Highlights
- 2 Business profile
- 3 Sustainable Online Marketing growth
- 4 Financial results
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# CentralNic H1 2022 Highlights

Strategy of investing to drive organic growth is delivering results



CentralNic's Online Marketing model delivers **98% organic growth in H1.**

Organic growth translates into **operating leverage**: EBITDA as % of net revenue increased from **36% in H1'21** to **47% in H1'22**

The Financial Times listed CentralNic **among top 50 fastest-growing tech companies in Europe**. Included in FTSE Russell AIM 100 and AIM UK 50 indices for the first time

Acquisition of VGL Verlagsgesellschaft mbH (Now VGL Publishing AG, VGL) in March 2022 for an enterprise value of **USD 65 million**

Notes: [1] Result: \$233m YoY organic revenue growth LTM H1'22 vs LTM H1'21

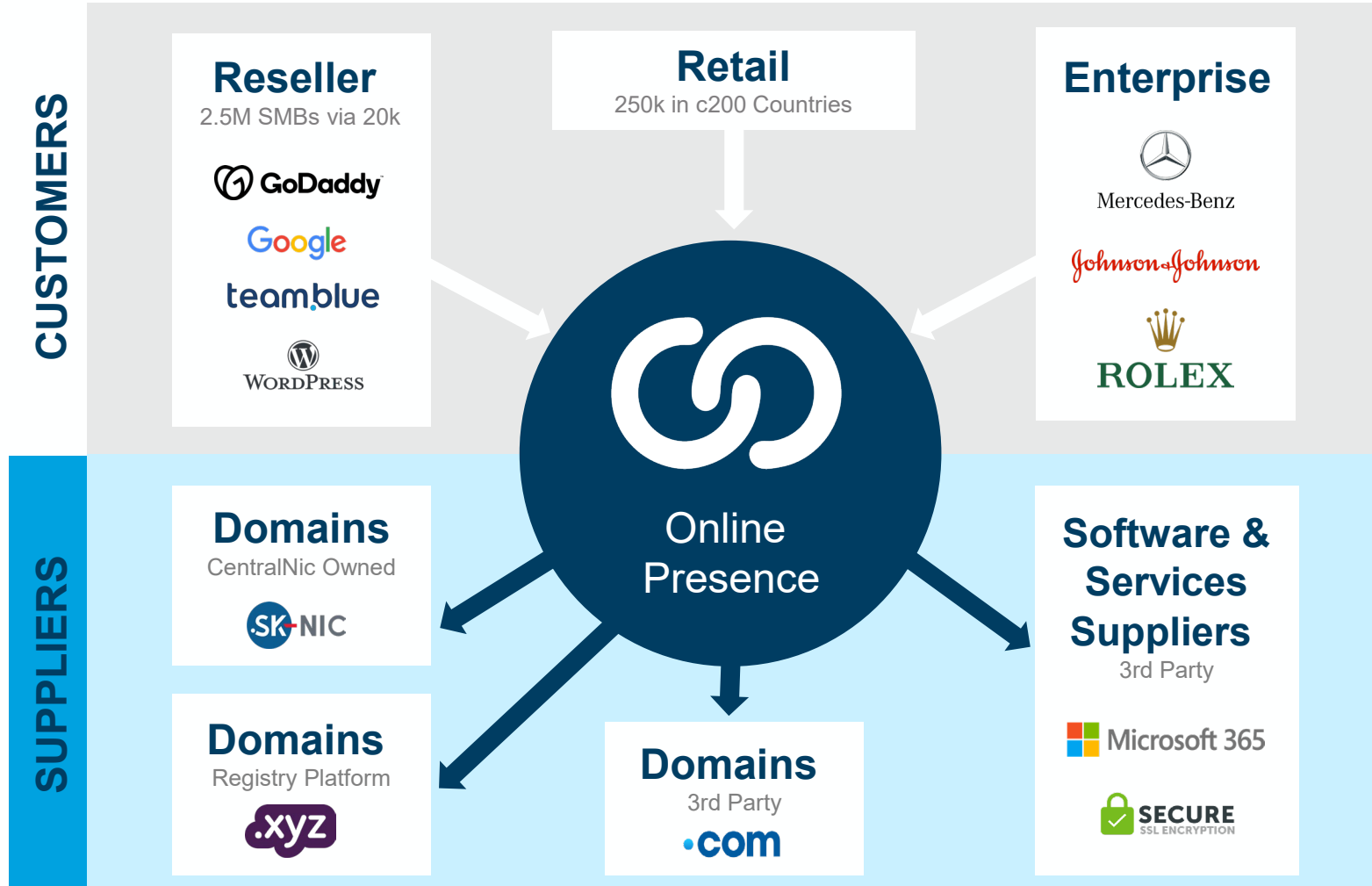
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# CentralNic is a leading Global Marketplace for Online Presence

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
- More attractive acquisitions

## Our value adds

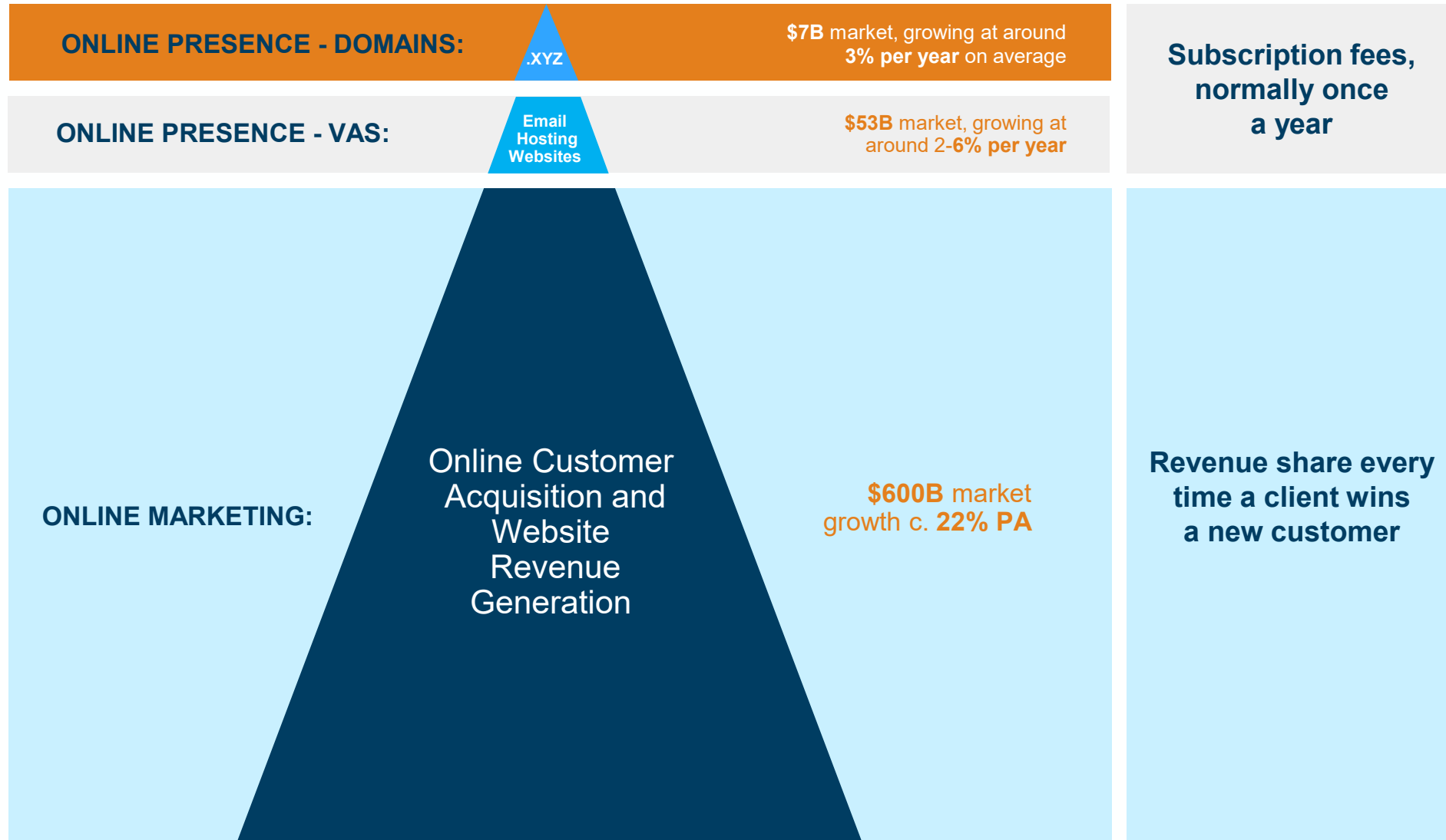
- Comprehensive domain selection from a single supplier
- Technical excellence
- We manage compliance
- Centralised billing/payments
- Expert customer service / advice

# CentralNic's proprietary Global Marketplace for Online Traffic

We provide the tools for businesses to win new customers and monetise their websites

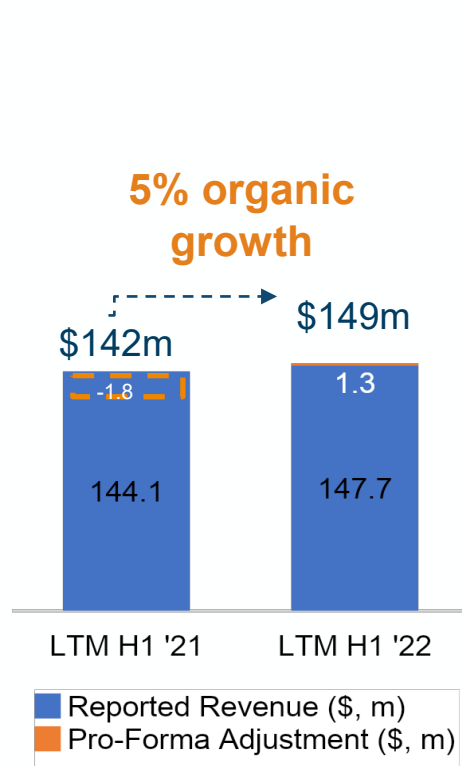


# CentralNic's markets: The Size of the Opportunity

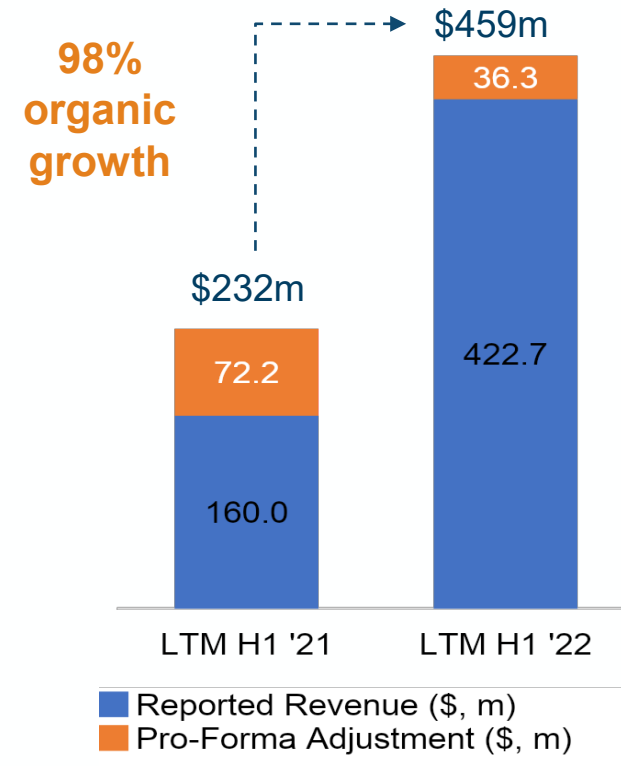


# Record 62% organic growth

Providing the tools businesses need to succeed online



Online Presence



Online Marketing

Notes: (1) Pro-forma adjustment for acquired revenue, constant currency FX impact and non-recurring revenues; Prior year Revenue and EBITDA have been re-stated

# CentralNic H1 2022 Results Presentation

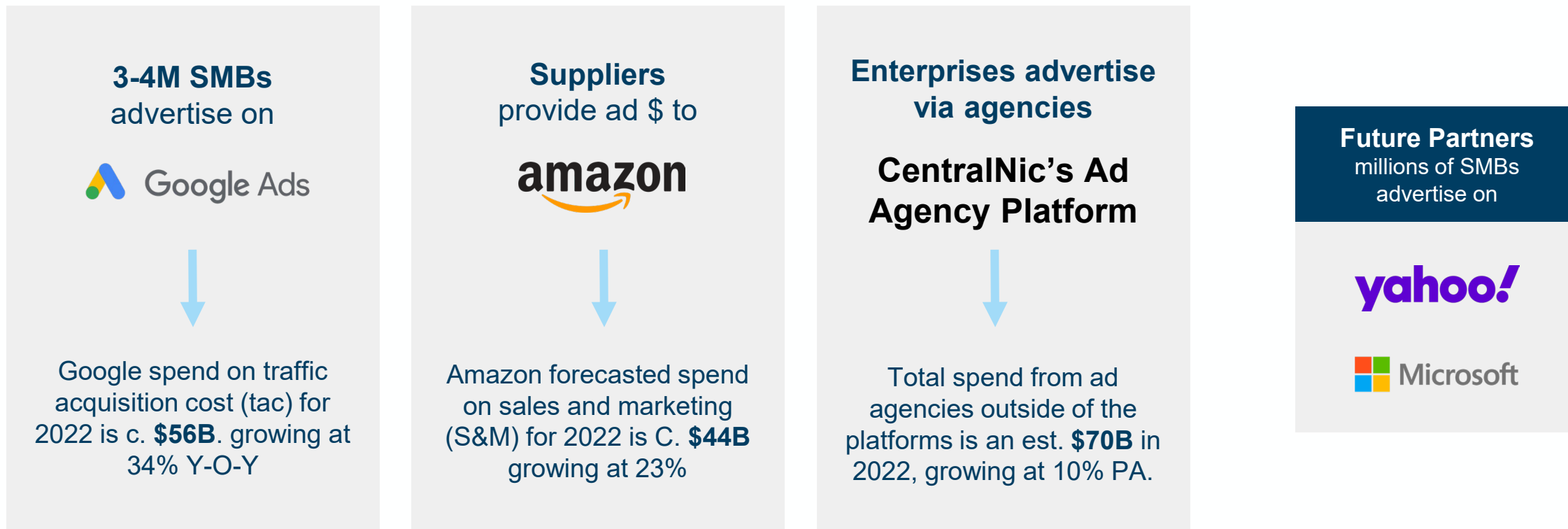
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# CentralNic Online Marketing's Sustainable Scaling:



## 1. Massive Demand: our advertisers under contract spend \$100b+ on traffic



**Today CentralNic has only c. 0.4% share of the Google/Amazon spend and 0.05% of the ad agency spend.**

Notes: (1) Forecasted spend for Amazon and Google for 2022 derived from an extrapolation of the YOY Q1 2021 and Q1 2022 spend growth for TAC and S&M. (2) Brand spending on advertising via agency and growth numbers supplied by MediaLink, the world's leading advertising consultancy to enterprise.



## 2. CentralNic's Proprietary Hyper-Scaling Publishing Platforms

### Traditional Publishing

- Fixed number of websites
- Focus on specific interest areas (news, sport, cars, etc.)
- Sites created manually by “content creators”
- Traffic to sites very largely organic – depending on google search ranking
- Low growth as the same customers / readers tend to return each day

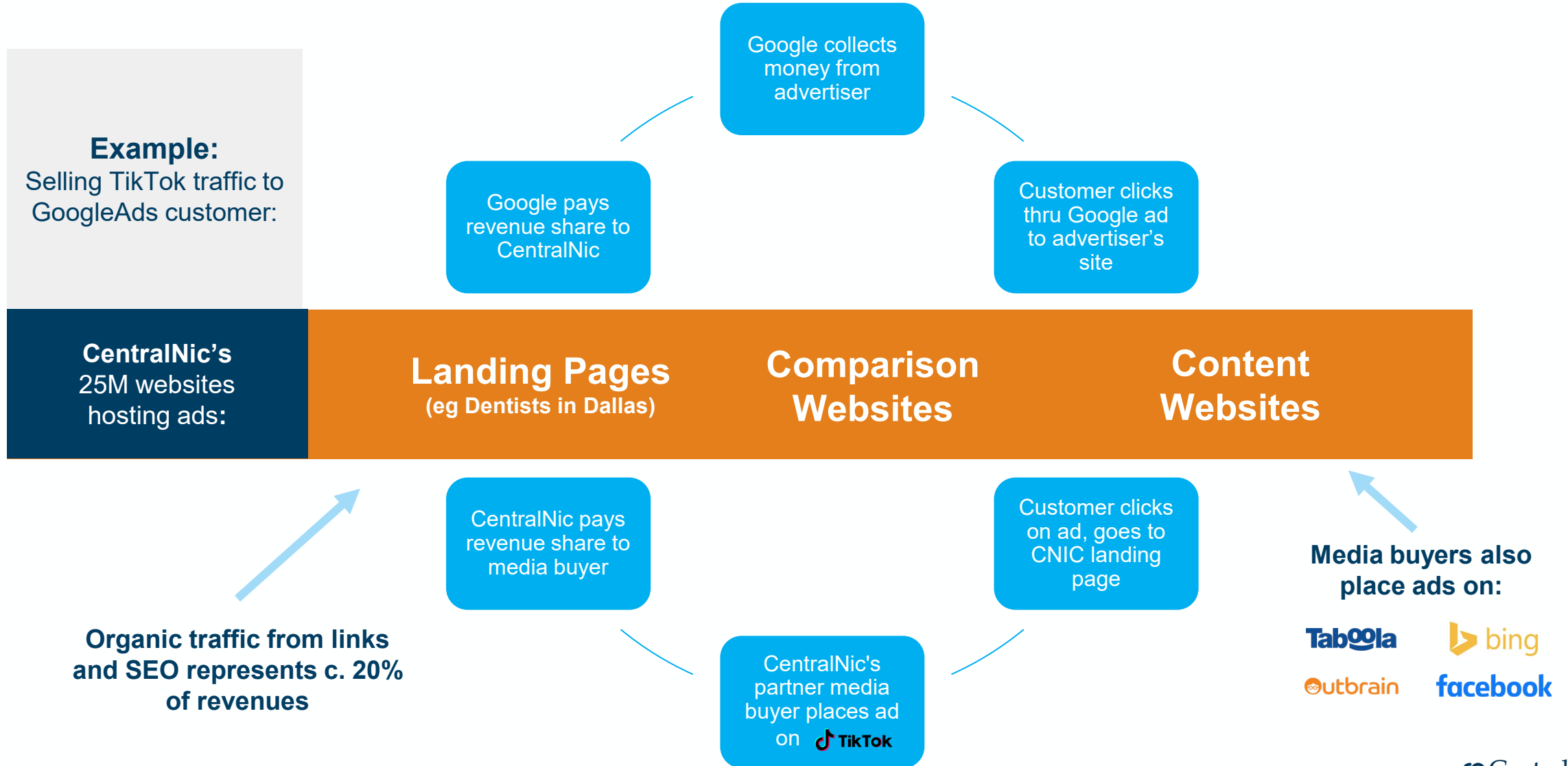
### CentralNic Publishing

- ✓ **Unlimited** number of websites (25M to date)
- ✓ **Each website produced is focussed on a micro-category of advertising** – hosting relevant ads from demand partners
- ✓ **Sites created and optimized through automation, proprietary big data, and ai**
- ✓ **Qualified traffic acquired via media buyers**
- ✓ **Long term sustainable growth** as less than 10% of ad categories are covered to date

# CentralNic Online Marketing's Sustainable Scaling:



## 3. Outsourced media buying agencies engaged on a revenue share basis



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# H1 2022 Financial Highlights

Achieving record growth



## Gross Revenue

**\$334.6m**

**+93%**

H1 2021: \$173.8m

## Net Revenue

**\$82.1m**

**+51%**

H1 2021: \$54.3m

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

**\$38.6m**

**+97%**

H1 2021: \$19.6m

## Adjusted EPS

**¢ 8.46**

**+59%**

H1 2021: ¢ 5.33

## Operating Profit

**\$21.7m**

**n.m.**

H1 2021: \$3.1m

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

**\$42.4m**

**+64%**

H1 2021: \$25.8m

Notes:

[1] Subsidiary and Associate 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	H1 2022	H1 2021 <sup>2</sup>	% Change
Revenue	410.5	334.6	173.8	93%
Cost of Sales	-292.0	-252.5	-119.5	
Net Revenue (Gross Profit)	118.5	82.1	54.3	51%
Gross Margin %	29%	25%	31%	
Administrative Expenses	-101.1	-57.7	-49.5	17%
Share Based Payment Expenses	-5.0	-2.7	-1.7	
Operating Profit / (Loss)	12.4	21.7	3.1	n.m.
<b>Adjusted EBITDA<sup>1</sup></b>	<b>46.3</b>	<b>38.6</b>	<b>19.6</b>	<b>97%</b>
Depreciation	-3.5	-1.4	-1.7	
Amortisation of intangible assets	-18.3	-14.0	-9.0	
Non-core operating expenses**	-8.7	-2.5	-5.1	
Foreign Exchange Gain	1.6	3.7	1.0	
Share Based Payment Expenses	-5.0	-2.7	-1.7	
<b>Operating Profit or (Loss)</b>	<b>12.4</b>	<b>21.7</b>	<b>3.1</b>	

Notes: [1] Subsidiary and Associate Earnings before interest, tax, depreciation, amortization, non-cash charges and non-core operating expenses; [2] Consolidated statement of comprehensive income for the six months ended 30 June 2021 has been restated as follows: (i) Revenue has reduced by USD 0.9m due to the recognition of liabilities for prior period credit notes

Revenue up by 93%  
and Gross Profit up by  
51%

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	H1 2022	H1 2021 <sup>1</sup>	% Change
Non-Current Assets	271.9	334.2	275.7	21%
Current Assets	128.4	189.3	108.4	75%
<b>Total Assets</b>	<b>400.3</b>	<b>523.5</b>	<b>384.1</b>	<b>36%</b>
Non-Current Liabilities	149.1	170.8	152.2	12%
Current Liabilities	137.2	187.0	117.8	59%
<b>Total Liabilities</b>	<b>286.3</b>	<b>357.8</b>	<b>270.0</b>	<b>33%</b>
Total Equity	114.0	165.7	114.1	45%
<b>Total Equity and Liabilities</b>	<b>400.3</b>	<b>523.5</b>	<b>384.1</b>	<b>36%</b>

(\$, m)	FY 2021	H1 2022	H1 2021	% Change
Gross interest-bearing debt	131.1	142.2	123.3	15%
Mark-To-Market <sup>2</sup>	6.4	16.6	0.8	n.m.
Cash	56.1	95.2	39.5	141%
<b>Net debt<sup>3</sup></b>	<b>81.4</b>	<b>63.6</b>	<b>84.6</b>	<b>-25%</b>

Notes: [1] Balance Sheet for 30 June 2021 has been restated as follows: (i) Amortisation of intangible assets has increased by USD 0.7 million due to a restatement of intangible assets [2] 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**

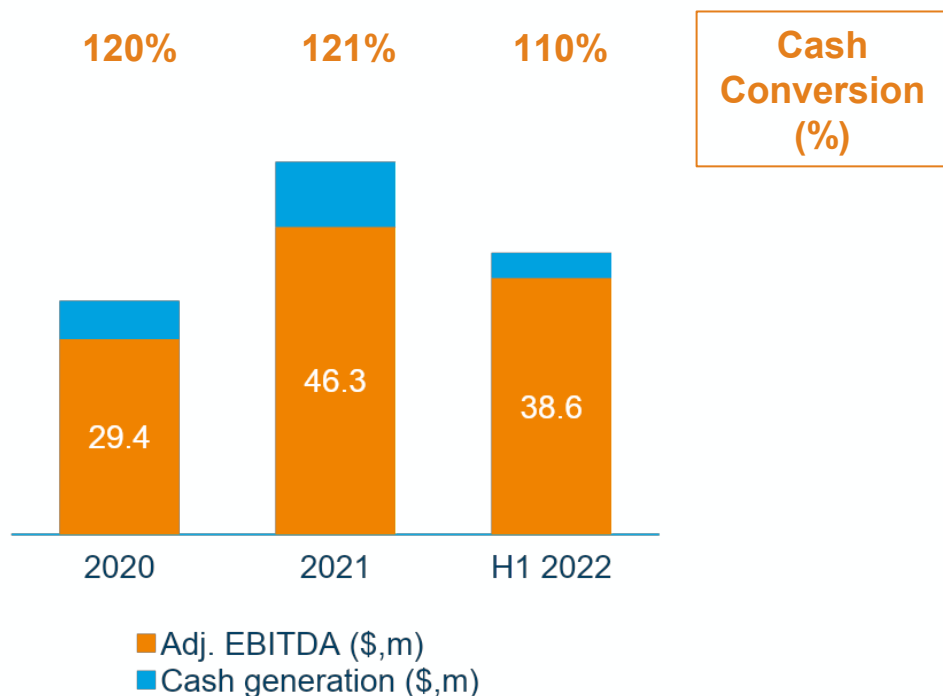
**Substantial Net Debt reduction despite several acquisitions which were partially debt financed or taken out of cash reserves**

# Cashflow Statement

(\$, m)	FY 2021	H1 2022	H1 2021	% Change
(Loss)/Profit before taxation	1.6	15.8	-2.2	-818%
<b>Adjustments for:</b>				
Depreciation of PPE	3.5	1.4	1.7	-18%
Amortisation of intangible assets	18.3	14.0	9.0	56%
Finance cost (net)	10.8	5.9	5.3	11%
Share-based payments	5.0	2.7	1.7	59%
Decrease in trade and other receivables	-20.8	-10.9	-19.2	-43%
Increase in trade and other payables and accruals	24.4	9.3	20.3	-54%
Decrease in inventories	0.3	-	-	-
<b>Cash flow from operations</b>	<b>43.1</b>	<b>38.2</b>	<b>16.6</b>	<b>130%</b>

**Unadjusted cashflow from operations in H1 2022 delivered 89% of 2021 Full Year total**

# High cash conversion



Notes: [1] Prior years figures have been re-stated [2] Adjusted Cash Conversion is defined as Adj. Cashflow from Operations divided by Adj. EBITDA x Cash Conversion

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

### Testament to high cash conversion

#### Adjusted Cashflow Bridge:

Cash Conversion Analysis (\$, m)	FY 2021	H1 2022	H1 2021
Cashflow from operations	43.1	38.2	16.6
Exceptional costs	11.0	3.1	7.1
Settlement of working capital items	2.0	1.1	2.1
<b>Adj. cashflow from operations</b>	<b>56.1</b>	<b>42.4</b>	<b>25.8</b>
<b>Adjusted EBITDA*</b>	<b>46.3</b>	<b>38.6</b>	<b>19.6</b>
<b>Adjusted Cash Conversion %</b>	<b>121%</b>	<b>110%</b>	<b>132%</b>

# Profits improved with scale

	(\$,m)	H1 '22	H1 '21	Δ H1 '22 – H1 '21
<b>1</b>	<b>Net revenue (gross profit)</b>	<b>82.1</b>	<b>54.3</b>	<b>27.8</b>
	<i>OPEX</i>	<i>-43.5</i>	<i>-34.7</i>	<i>-8.8</i>
	<b>Adj. EBITDA</b>	<b>38.6</b>	<b>19.6</b>	<b>19.0</b>
<b>2</b>	<i>Amortisation of intangible assets</i>	<i>-14.0</i>	<i>-9.0</i>	<i>-5.0</i>
	<i>Depreciation of PPE</i>	<i>-1.4</i>	<i>-1.7</i>	<i>0.3</i>
	<i>Foreign exchange gain/(loss)</i>	<i>3.7</i>	<i>1.0</i>	<i>2.7</i>
<b>3</b>	<i>Non-core operating expenses</i>	<i>-2.5</i>	<i>-5.1</i>	<i>2.6</i>
	<i>Share-based payments expense</i>	<i>-2.7</i>	<i>-1.7</i>	<i>-1.0</i>
	<b>Operating profit</b>	<b>21.7</b>	<b>3.1</b>	<b>18.6</b>
	<i>Finance costs</i>	<i>-5.9</i>	<i>-5.3</i>	<i>-0.6</i>
<b>4</b>	<b>Profit before taxation</b>	<b>15.8</b>	<b>-2.2</b>	<b>18.0</b>

- 1 Overhead to plateau** – staff cost increased due to 4 acquisitions after 30 June 2021 and new hires to accelerate organic growth. Growth in staff has already slowed down as we approach the optimal team size
- 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 expenses to reduce over time** – contingent costs related to acquisitions and integrations. Reduces over time and as outside advisers replaced with in-house staff
- 4 Finance Costs (Interest on bond) will decrease** – the Company is in advanced talks, indicating that lower financing cost is obtainable despite recent hikes in base rates

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# Strategic Priorities



## Organic Growth

- New customer wins
- Growing existing customers, and cross-selling our services
- Launching new products and contracting with new suppliers

## Focused M&A

- Online Marketing AND Online Presence targets matching our own recurring revenue, cash generation

## Operating Leverage

- Achieve cost savings in future periods by continuing our integrations
- We expect operational gearing to enhance margins as the group scales

## Sustainable Debt

- Reduce interest rate on historic debt (latest effective interest margin <5%)
- Retain Net Debt / EBITDA ratio of < 2 and interest coverage of > 5x



## Inclusivity

CentralNic's Mission is "Making the internet everybody's domain", and it supplies tools to people in almost every country in the world to succeed in their online projects

## Grants for worthy projects



Through its SK-NIC Fund, CentralNic, has donated over €600,000 in grants to initiatives supporting education, cyber-security and accessibility



## Diversity

CentralNic has a very diverse global workforce and operates a policy of considering diversity priorities in all hiring and promotions

## Carbon Reduction/Offset



CentralNic considers carbon emissions in its strategic plan and practices Streamlined Energy and Carbon Reporting (SECR). The company has offset its identified 2020 GHG emissions by investing in Verified Carbon Standard certified clean energy projects

# Outlook

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

- ❑ Confident that the Company comfortably trades towards the high end of the recently upgraded forecasts
- ❑ The company will issue Q3 trading update on 17 October 2022

- 1 H1 2022 results demonstrate the strong performance, sustainability and potential of our marketplace model for Online Presence and Online Marketing services
- 2 Online privacy measures, such as the ban of third-party cookies in Google Chrome or App Tracking Transparency in Apple's iOS 14.5, expected to continue to drive customers to CentralNic's privacy safe online marketing solutions
- 3 Pipeline of future acquisition targets remains strong
- 4 Continuing improvement in cash position, interest coverage and net debt to EBITDA ratio as company grows

**Thank You**



# CNIC tearing down the Wall of Worry

Effective risk management is at the centre of the Group's operational strategy



**Risk:**  
Russia/Ukraine and Geopolitics

**Mitigation:**  
Geographically distributed operations of the group and global customer and supplier relations mean that crises in individual countries have normally a limited impact on the going concern

**Risk:**  
Inflation

**Mitigation:**  
In most cases, CentralNic can pass on increasing supplier costs to end customers, and therefore protect its profit margins

**Risk:**  
Rising bond yields and curves inverting

**Mitigation:**  
Recent bond tap pricing suggests refinancing costs below current levels. CentralNic is actively exploring options to opportunistically refinance its outstanding debt early

**Risk:**  
Energy crunch and supply chain disruptions

**Mitigation:**  
Globally distributed supplier relations, digital supply chains, and multiple lines of business mean that supply chain disruptions are unlikely

**Risk:**  
Central Banks policy mistakes

**Mitigation:**  
Risk is mitigated to a degree by operating multiple lines of business, themselves exposed to many vertical and geographical markets and segments, which are only loosely correlated

**Risk:**  
China weakness and COVID-19 pandemic

**Mitigation:**  
To date, CentralNic has not experienced interruptions in its services to customers or in its supply chain as a result of COVID-19 pandemic. Business continuity plans are robust

**Risk:**  
Dented consumer confidence and income squeeze

**Mitigation:**  
Portfolio diversification across markets and geographies dampens the volatility of earnings

**Risk:**  
Labor market tightness

**Mitigation:**  
CentralNic leverages its presence in different countries to attract the right talent where it is available at the right cost. Additionally, advances in work automation eliminate repetitive tasks