22 November 2022

CENTRALNIC GROUP PLC

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

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

Transformational 88% increase in Revenue and 101% rise in Adjusted EBITDA

CentralNic Group Plc (AIM: CNIC), the global internet software company that derives recurring revenue from marketplaces for online presence and online marketing services, announces its unaudited financial results for the nine months ended 30 September 2022. The Company has achieved record revenue and Adjusted EBITDA for the period, driven by sustained organic growth which has been further supplemented with five acquisitions, including one acquisition post the period end.

Financial summary:

- Revenue increased by 88% to USD 526.7m (September 2021 YTD: USD 280.6m)
- Organic revenue growth* for the trailing twelve months ending 30 September 2022 of c.66%
- Net revenue/gross profit increased by 53% to USD 128.3m (September 2021 YTD: USD 84.1m)
- Adjusted EBITDA** doubled to USD 62.0m (September 2021 YTD: USD 30.9m)
- Operating profit of USD 35.1m (September 2021 YTD: USD 6.5m)
- Non-core operating expenses reduced by 8% to USD 6.0m (September 2021 YTD: 6.5m)
- Adjusted operating cash conversion of 105% (September 2021 YTD: 118%)
- Net debt*** reduced by 22% to USD 63.4m as compared to USD 81.4m on 31 December 2021

Operational highlights:

- The Company's organic growth further accelerated during the period, driven by the ongoing market share gains of its proprietary privacy-safe online marketing solutions which are facing a USD 100bn+ opportunity
- The number of visitor sessions increased by 83% from 1.8 billion in September 2021 YTD to 3.3 billion in September 2022 YTD and the revenue per thousand sessions ("RPM") increased by 60% from USD 64.9 to USD 104.1
- EBITDA as a percentage of Net Revenue has increased from 37% in September 2021 YTD to 48% in September 2022 YTD, demonstrating that CentralNic's operating leverage enables revenue growth to drive increasing profitability

Corporate highlights:

- Leverage**** reduced from 2.2x pro forma EBITDA as of 31 December 2021 to 1.2x due to improved profitability and continued deleverage
- Acquisition of VGL, a leading product review website publisher, in March 2022 for an enterprise value of EUR 60 million (c. USD 65 million)
- Oversubscribed GBP 42 million equity raise on 28 February 2022, EUR 21 million bond placing on 7 March 2022 and fully taken up Open Offer of GBP 3 million on 21 March 2022
- On 18 July 2022, the final deferred consideration payment for the acquisition of KeyDrive SA was settled totalling USD 1.1 million
- Acquisition of M.A Aporia on 13 September 2022 for an initial consideration of USD 11.2 million
- Appointment of Claire MacLellan as Non-Executive Director on 14 September 2022

Post quarter end highlights:

- Acquisition of Intellectual Property Management Company ("IPMC") on 26 October 2022 for an enterprise value of USD 7.3 million
- In October 2022, the EUR 126 million of senior secured bonds were refinanced via a new Senior Facilities Agreement comprising a USD 150 million term loan and a USD 100 million revolving credit facility. These new debt facilities have an initial maturity date of 14 October 2026 with an option to extend by a further year. The borrowing cost will initially be 2.75% above SOFR, a notable reduction compared to the 7% above 3m EURIBOR for the senior secured bonds it replaces
- Between 9 and 21 November 2022, the Company entered into three separate interest rate swap transactions to fix the variable interest component on USD 75 million of the new USD 150 million term loan at a blended fixed rate of 3.92%

Outlook:

- CentralNic's results for the nine months to September 2022 ("September 2022 YTD") demonstrate the continued momentum within the business and significant potential of its strong marketplace model for Online Presence and Online Marketing services
- The Directors remain confident in the Company's outlook, with the business trading comfortably inline with the recently upgraded market expectations[1]. The Company will issue its full year trading update on 30 January 2023

Ben Crawford, CEO of CentralNic, commented: "*CentralNic continued to build momentum in the third quarter, despite slower growth in the wider economy, with year-on-year organic revenue growth now reaching a record 66%, EBITDA more than doubling, and operating profit on a completely new level due to CentralNic's operating leverage. This continued strong and consistent financial performance has allowed us to refinance at a notably improved interest rate, with a syndicate of quality banks which have the means to provide ongoing support for CentralNic's growth strategy. With the sustainability of our growth proven in a recessionary environment, and endorsed by leading financial institutions, we look forward to the future with even greater confidence.*"

** Pro forma revenue, adjusted for acquired revenue, constant currency FX impact and non-recurring revenues is estimated at USD 683 million for the trailing 12 months ending 30 September 2022 and at USD 411 million for the trailing 12 months ending 30 September 2021*
*** Parent, subsidiary and associate earnings before interest, tax, depreciation, amortisation, non-cash charges and non-core operating expenses*
**** Includes gross cash, bond and bank debt, prepaid finance costs and the Mark-To-Market (MTM) valuations for the bond hedges (bond debt, bank debt and prepaid finance costs of USD 142.2m, hedging liabilities of USD 5.0m, and cash of USD 83.8m as of 30 September 2022 as compared to bond debt, bank debt and prepaid finance costs of USD 131.1m, hedging liabilities of USD 6.4m, and cash of USD 56.1m as of 31 December 2021)*
***** Includes Net Debt as defined under *** plus (i) lease liabilities, (ii) guarantee obligations, and (iii) the best estimate of any 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*

To the best of our knowledge, these unaudited financial results have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group taken as a whole. In addition, to the best of our knowledge, these unaudited financial results include a fair review of the development and performance of the business and the position of the Group taken as a whole. The principal risks and uncertainties that the business faces remain materially consistent with the risks and uncertainties described in the Risks section of the Group's 2021 annual report.

Ben Crawford – CEO
Michael Riedl – CFO

For further information:

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[1] Analysts forecasts as of 21 November 2022 are within a bandwidth between USD 687.8 million and USD 709.6 million for FY22 revenue and between USD 80.2 million and USD 82.9 million for FY22 EBITDA.

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 fast-growing London-based software and managed services company which drives the growth, efficiency, inclusiveness and safety of the global digital economy by developing and managing online marketplaces allowing businesses globally to buy subscriptions to domain names, websites and email, to monetise their websites, and to acquire customers online. It has delivered 78% CAGR since its IPO in 2013 through a combination of organic growth and acquiring and integrating cash-generative businesses in its industry with annuity revenue streams and exposure to growth markets.

For more information please visit: www.centralnicgroup.com

MANAGEMENT COMMENTARY ON PERFORMANCE

Introduction

CentralNic's organic growth, combined with its accelerated acquisition strategy, substantially increased the scale and capabilities of the Company. The effect of this is demonstrated in our unaudited September 2022 YTD results which show a transformational increase in revenue and adjusted EBITDA, which have grown by 88% and 101% respectively compared to September 2021 YTD.

Performance Overview

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

	Nine months ended 30 September 2022	Nine months ended 30 September 2021	Change
	USD m	USD m	%
Revenue	526.7	280.6	88%
Net revenue/ gross profit	128.3	84.1	53%
Adjusted EBITDA	62.0	30.9	101%
Operating profit	35.1	6.5	440%
Adjusted operating cash conversion *****	105%	118%	n.m.
Profit / (loss) after tax	6.5	(5.3)	n.m.
EPS – Basic (cents)	2.48	(2.30)	n.m.
EPS – Adjusted earnings – Basic (cents) ******	13.68	7.12	92%

***** Please refer to note 9

****** Please refer to note 8

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 has proven to be largely decorrelated from the softer performance reported by some of the major online marketing players, with the Company's Online Marketing segment further accelerating its growth with revenues increasing by USD 245.6 million, or 147%, from USD 167.0 million to USD 412.6 million. Organic revenue doubled, predominantly driven by CentralNic's TONIC media buying platform. Inorganic growth was obtained from the full year impact of the Wando and White & Case acquisitions, as well as the acquisition of VGL and, to a lesser degree, Fireball and Aporia.

The number of visitor sessions also increased by 83% from 1.8 billion in September 2021 YTD to 3.3 billion in September 2022 YTD and the revenue per thousand sessions ("RPM") increased by 60% from USD 64.9 to USD 104.1[2].

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

[2] Based on analysis of c.84% of the segment (only Team Internet) which can be adequately and reliably be described by these KPIs

Online Presence segment

Organic growth for the Online Presence segment was 4.3% for the trailing twelve months ended 30 September 2022. Reported revenue in the segment increased only marginally though by less than 1%, from USD 113.6 million in September 2021 YTD to USD 114.1 million in September 2022 YTD, as a result of non-USD revenues translating into fewer USD following the devaluation of most global currencies against the dollar.

The average revenue per domain year decreased by 6% from USD 9.50 in September 2021 YTD to USD 8.90 in September 2022 YTD, while the number of processed domain registrations increased 7% from 9.1 million in September 2021 YTD to 9.7 million in September 2022 YTD. The share of Value-Added Service revenue for the period ended 30 September 2022 remained stable at 8%[3].

Outlook

CentralNic has enjoyed a very strong 2022, particularly in our Online Marketing segment. In September 2022 YTD, we reported 66% organic revenue growth on a pro forma basis for the trailing twelve months ended 30 September 2022[4].

Whilst the Directors continue to monitor the global macro-economic environment closely, they are confident that the Group will trade comfortably inline with the recently upgraded market expectations for the current financial year. Targeted investment in people and our market-leading products, in particular our suite of privacy-safe online marketing technologies, position us to succeed even in a challenging global environment.

The pipeline of future acquisition targets also remains strong, while our net leverage has substantially reduced and is now only 1.2x trailing 12-month EBITDA[5] - compared to 2.2x as of 31 December 2021. CentralNic is therefore comfortably positioned, particularly given the Group's high cash generation and the expected contribution from the recently completed acquisitions. With USD 100m of committed finance facilities, CentralNic now has additional capacity to continue its disciplined capital allocation to highly earnings accretive M&A opportunities.

These outstanding results further demonstrate that CentralNic can source and complete transformative acquisitions, but more importantly, that it can also integrate them successfully into marketplaces while continuing to deliver strong organic growth. Moreover, as the Company rapidly scales up, the underlying qualities of high recurring revenues and excellent cash conversion become increasingly meaningful, demonstrated by EBITDA as a percentage of Net Revenue increasing from 37% in September 2021 YTD to 48% in September 2022 YTD.

As a virtually pure-play recurring revenue business with high inherent cash conversion consistently above 100%, the Company continues to improve its key financial metrics as it grows, including its cash position, interest coverage and net debt to EBITDA ratio.

CentralNic continued to build momentum in the third quarter, despite slower growth in the wider economy, with year-on-year organic revenue growth now reaching a record 66%, EBITDA more than doubling, and operating profit on a completely new level due to CentralNic's operating leverage. This continued strong and consistent financial performance has allowed us to refinance at a notably improved interest rate, with a syndicate of quality banks which have the means to provide ongoing support for CentralNic's growth strategy. With the sustainability of our growth proven in a recessionary environment, and endorsed by leading financial institutions, we look forward to the future with even greater confidence.

Ben Crawford
Chief Executive Officer

[3] Based on analysis of c.76% of the segment which can be adequately and reliably be described by these KPI

[4] Pro forma revenue, adjusted for acquired revenue, constant currency FX impact and non-recurring revenues is estimated at USD 683 million for the trailing 12 months ending 30 September 2022 and at USD 411 million for the trailing 12 months ending 30 September 2021

[5] Includes deferred consideration and lease liabilities and based on pro-forma EBITDA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note	Unaudited Nine months ended 30 September 2022 USD m	Restated [a] Unaudited Nine months ended 30 September 2021 USD m	Audited Year ended 31 December 2021 USD m
Revenue	5	526.7	280.6	410.5
Cost of sales		(398.4)	(196.5)	(292.0)
Gross profit		128.3	84.1	118.5
Administrative expenses		(89.4)	(74.3)	(101.1)
Share-based payments expense		(3.8)	(3.3)	(5.0)
Operating profit		**35.1**	**6.5**	**12.4**
Adjusted EBITDA[b]		**62.0**	**30.9**	**46.3**
Depreciation of property, plant and equipment		(2.1)	(2.7)	(3.5)
Amortisation of intangible assets		(21.1)	(13.5)	(18.3)
Non-core operating expenses[c]	6	(6.0)	(6.5)	(8.7)
Foreign exchange gain		6.1	1.6	1.6
Share-based payment expenses		(3.8)	(3.3)	(5.0)
Operating profit		**35.1**	**6.5**	**12.4**
Finance income	7	-	-	0.1
Finance costs	7	(9.4)	(8.0)	(10.9)
Foreign exchange loss on borrowings		(4.7)	-	-
Net finance costs		(14.1)	(8.0)	(10.8)
Profit/(loss) before taxation		**21.0**	**(1.5)**	**1.6**
Income tax expense		(14.5)	(3.8)	(5.1)
Profit/(loss) after taxation		**6.5**	**(5.3)**	**(3.5)**
Items that may be reclassified subsequently to profit and loss				
Exchange difference on translation of foreign operation[d]		(30.5)	(0.6)	1.6
Movement arising on changes in fair value of hedging instruments		6.4	(3.8)	(6.4)
Total comprehensive income/(loss) for the period		**(17.6)**	**(9.7)**	**(8.3)**
Profit/(loss) is attributable to:				
Owners of CentralNic Group Plc		**6.5**	**(5.3)**	**(3.5)**
Total comprehensive income/(loss) is attributable to:				
Owners of CentralNic Group Plc		**(17.6)**	**(9.7)**	**(8.3)**
Earnings per share:				
Basic (cents)		2.48	(2.30)	(1.56)
Diluted (cents)		2.41	(2.30)	(1.56)
Adjusted earnings – Basic (cents)		13.68	7.12	11.80
Adjusted earnings – Diluted (cents)		13.29	6.93	11.46

All amounts relate to continuing activities.

[a] The consolidated statement of comprehensive income for the nine months ended 30 September 2021 has been restated as follows:
(i) Revenue has reduced by USD 1.4 million due to the recognition of liabilities for prior period credit notes
(ii) Amortisation of intangible assets has increased by USD 1.0 million due to a restatement of intangible assets

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

I 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

[d] The USD 30.5 million Exchange difference on translation of foreign operations is the result of lower USD revaluations of non-current assets denominated in EUR, as EUR deteriorated against USD during the year. These non-current assets are primarily Goodwill and Intangible Assets arising from acquisitions and as such this loss has no impact on reported cash flow or future cash flow

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Unaudited Nine months ended 30 September 2022 USD m	Restated* Unaudited Nine months ended 30 September 2021 USD m	Audited Year ended 31 December 2021 USD m
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1.8	2.0	1.8
Right-of-use assets	5.6	6.4	6.8
Intangible assets	314.1	252.3	254.2
Deferred receivables	0.4	0.5	0.4
Investments	-	0.1	0.1
Deferred tax assets	7.9	6.6	8.6
	329.8	**267.9**	**271.9**
CURRENT ASSETS			
Trade and other receivables	93.4	62.0	71.4
Inventory	0.8	1.0	0.9
Cash and bank balances	83.8	54.0	56.1
	178.0	**117.0**	**128.4**
TOTAL ASSETS	**507.8**	**384.9**	**400.3**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	0.3	0.3	0.3
Share premium	98.3	39.8	39.8
Merger relief reserve	5.3	5.3	5.3
Share-based payments reserve	22.1	17.0	19.5
Cash flow hedging reserve	-	(3.8)	(6.4)
Foreign exchange translation reserve	(27.6)	2.0	2.9
Accumulated profits	59.1	51.2	52.6
TOTAL EQUITY	**157.5**	**111.8**	**114.0**
NON-CURRENT LIABILITIES			
Other payables	11.5	3.4	4.4
Lease liabilities	1.9	4.7	5.1
Deferred tax liabilities	26.8	21.5	20.3
Borrowings	0.5	121.3	119.3
	40.7	**150.9**	**149.1**
CURRENT LIABILITIES			
Trade and other payables and accruals	159.0	105.2	117.1
Lease liabilities	3.9	1.9	1.8
Borrowings	141.7	11.3	11.9
Derivative financial instruments	5.0	3.8	6.4
	309.6	**122.2**	**137.2**
TOTAL LIABILITIES	**350.3**	**273.1**	**286.3**
TOTAL EQUITY AND LIABILITIES	**507.8**	**384.9**	**400.3**

* The consolidated statement of financial position as at 30 September 2021 has been restated as follows (please refer to the Annual Report for the year ended 31 December 2021 for further disclosure): (i) Trade and other payables and accruals have increased by USD 3.4 million due to the recognition of liabilities for prior period credit notes. USD 1.4 million relates to the nine month period ended 30 September 2021, USD 1.2 million relates to the year ended 31 December 2020, and USD 0.8 million relates to the year ended 31 December 2019; (ii) Intangible assets have decreased by USD 2.2 million due to increased amortisation charges. USD 1.2 million relates to the year ended 31 December 2020 and USD 1.0 million relates to the nine month period ended 30 September 2021

CENTRALNIC GROUP PLC CONSOLIDATED STATEMENTS 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	Restated* Accumulated profits / (losses) USD m	Restated Equity attributable to owners of the Parent Company USD m
Balance as at 1 January 2021	**0.3**	**39.8**	**5.3**	**11.0**	**-**	**1.4**	**56.1**	**113.9**
Loss for the period	-	-	-	-	-	-	(5.3)	**(5.3)**
Translation of foreign operation	-	-	-	-	-	0.6	**-**	**0.6**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**0.6**	**(5.3)**	**(4.7)**
Loss arising on fair value of hedging instruments	-	-	-	-	(3.8)	-	-	(3.8)
Share-based payments	-	-	-	4.9	-	-	**-**	**4.9**
Share-based payments – deferred tax asset	-	-	-	1.5				**1.5**
Share-based payments – exercised and lapsed	-	-	-	(0.4)	-	-	**0.4**	**-**
Balance as at 30 September 2021	**0.3**	**39.8**	**5.3**	**17.0**	**(3.8)**	**2.0**	**51.2**	**111.8**
Profit for the period	**-**	**-**	**-**	**-**	**-**	-	1.8	**1.8**
Translation of foreign operation	-	-	-	-	-	0.9	**-**	**0.9**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	-	**0.9**	**1.8**	**2.7**
Loss arising on fair value of hedging instruments	-	-	-	-	(2.6)	-	**-**	**(2.6)**
Share-based payments	-	-	-	2.3	-	-	**-**	**2.3**
Share-based payments – deferred tax asset	-	-	-	0.7	-	-	**-**	**0.7**
Share-based payments – exercised and lapsed	-	-	-	(0.5)	-	-	(0.4)	**(0.9)**
Balance as at 31 December 2021	**0.3**	**39.8**	**5.3**	**19.5**	**(6.4)**	**2.9**	**52.6**	**114.0**
Profit for the period	-	-	-	-	-	-	6.5	**6.7**
Translation of foreign operation	-	-	-	-	-	(30.5)	-	**(30.5)**
Total comprehensive income for the period	**-**	-	**-**	**-**	**-**	**(30.5)**	**6.5**	**(24.0)**
Issue of share capital	-	59.6	-	-	-	-	**-**	**59.6**
Share issue costs	-	(1.1)	-	-	-	-	**-**	**(1.1)**
Movement arising on fair value of hedging instruments	-	-	-	-	6.4	-	**-**	**6.4**
Share-based payments	-	-	-	3.8	-	-	**-**	**3.8**
Share-based payments – deferred tax asset	-	-	-	(0.4)	-	-	**-**	**(0.4)**
Share based payments – exercised and lapsed	-	-	-	(0.8)	-	-	**-**	**(0.8)**
Balance as at 30 September 2022	**0.3**	**98.3**	**5.3**	**22.1**	**-**	**(27.6)**	**59.1**	**157.5**

- 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 represent the cumulative value of the profits not distributed to shareholders but retained to finance the future capital requirements of the CentralNic Group.
- Share-based payments reserve represents the cumulative value of share-based payments recognised through equity 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.

* Please refer to the consolidated statement of comprehensive income and the consolidated statement of financial position for details of the prior period restatements

CONSOLIDATED STATEMENT OF CASH FLOWS	Unaudited Nine months ended 30 September 2022	Restated* Unaudited Nine months ended 30 September 2021	Audited Year ended 31 December 2021
	USD m	USD m	USD m
Cash flow from operating activities			
Profit/(loss) before taxation	21.0	(1.5)	1.6
Adjustments for:			
Depreciation of property, plant and equipment	2.1	2.7	3.5
Amortisation of intangible assets	21.1	13.5	18.3
Finance cost (net)	14.0	8.0	10.8
Share-based payments	3.8	3.3	5.0
Decrease in trade and other receivables	(5.3)	(12.7)	(20.8)
Increase in trade and other payables	1.7	11.6	24.4
Decrease in inventories	-	-	0.3
Cash flow generated from operations	58.4	24.9	43.1
Income tax paid	(4.4)	(1.7)	(2.2)
Net cash flow generated from operating activities	54.0	23.2	40.9
Cash flow used in investing activities			
Purchase of property, plant and equipment	(0.6)	(0.6)	(0.7)
Purchase of intangible assets	(3.6)	(1.6)	(4.1)
Payment of deferred consideration	(2.5)	(1.7)	(1.7)
Proceeds from disposals of investments	0.1	-	-
Acquisition of subsidiaries	(66.9)	(11.1)	(18.3)
Net cash flow used in investing activities	(73.5)	(15.0)	(24.8)
Cash flow used in financing activities			
Proceeds from borrowings	30.5	25.5	25.7
Settlement of forward foreign exchange contracts	(21.0)	-	-
Accrued interest on bond tap	0.4	-	-
Bond arrangement fees	(0.8)	(0.6)	(1.0)
Proceeds from issuance of ordinary shares (net)	58.5	-	-
Payment of lease liability	(1.6)	(1.4)	(2.0)
Interest paid	(7.0)	(4.5)	(8.7)
Net cash flow generated/(used in) from financing activities	59.0	19.0	14.0
Net increase in cash and cash equivalents	39.5	27.2	30.1
Cash and cash equivalents at beginning of the period/year	56.1	28.7	28.7
Exchange losses on cash and cash equivalents	(11.8)	(1.9)	(2.7)
Cash and cash equivalents at end of the period/year	**83.8**	**54.0**	**56.1**

* Please refer to the consolidated statement of comprehensive income and the consolidated statement of financial position for details of the prior period restatements

NOTES TO THE UNAUDITED FINANCIAL RESULTS

1. General information

CentralNic Group Plc is the UK holding company of a group of companies which are engaged in the provision of online presence and online marketing 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 nine months ended 30 September 2022 are unaudited and have been prepared on the basis of the accounting policies set out in the Group's 2021 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 2021, upon which the auditors issued an unqualified opinion, are available on the Group's website and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

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

3. Change of functional currency

On 1 January 2022, CentralNic Group Plc, the parent company of the Group, changed its functional currency from EUR to USD. The change was made to reflect that – when taking into account the impact of derivative financial instruments – USD has become the predominant currency in the company, accounting for a significant part of the company's foreign currency borrowings. The change has been implemented with prospective effect only and comparatives have not been restated. The financial impact of the change is that the revaluation of the euro-denominated debt (USD 21.6 million reduction in borrowings) is processed through the profit and loss account rather than through other comprehensive income. The change in functional currency also has necessitated a review of the hedge accounting treatment of the forward foreign exchange contracts with HSBC Bank Plc and Global Reach Partners Ltd. Following the change in functional currency, these forward foreign exchange contracts are no longer considered to be effective and the cumulative cash flow hedging reserve as at 31 December 2021 has been recycled through the profit and loss account for the nine month period ended 30 September 2022.

4. Segment analysis

CentralNic is an independent global service provider building and managing platforms that sell Online Presence and Online Marketing services. Operating segments are organised around the products and services of the business and are prepared in a manner consistent with the internal reporting used by the chief operating decision maker to determine allocation of resources to segments and to assess segmental performance. The Directors do not rely on analyses of segment assets and liabilities, nor on segmental cash flows arising from the operating, investing and financing activities for each reportable segment, for their decision making and therefore have not included them.

The Online Presence segment conducts business as a global distributor of domain names through a network of channel partners as well as selling domain names and ancillary services to end users, monitoring services to protect brands online, technical and consultancy services to corporate clients, and licensing the Group's in-house developed registry management platform on a global basis. The Online Marketing segment uses privacy-safe AI based data analytics and automation tools to provide advertising placement services to match websites that have traffic with online marketers who want qualified traffic that translates into new customers.

NOTES TO THE UNAUDITED FINANCIAL RESULTS (continued)

4. Segment analysis (continued)

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

	Unaudited Nine months ended 30 September 2022 USD m	Restated Unaudited Nine months ended 30 September 2021 USD m	Audited Year ended 31 December 2021 USD m
Online Marketing			
Revenue	412.6	167.0	261.2
Cost of sales	(323.7)	(123.9)	(196.0)
Gross profit	88.9	43.1	65.2
Online Presence			
Revenue	114.1	113.6	149.3
Cost of sales	(74.7)	(72.6)	(96.0)
Gross profit	39.4	41.0	53.3
Total revenue	**526.7**	**280.6**	**410.5**
Total cost of sales	**(398.4)**	**(196.5)**	**(292.0)**
Gross profit	**128.3**	**84.1**	**118.5**

5. Revenue

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

	Unaudited Nine months ended 30 September 2022 USD m	Restated Unaudited Nine months ended 30 September 2021 USD m	Audited Year ended 31 December 2021 USD m
Online Marketing			
UK	1.7	2.3	3.2
North America	13.4	13.5	19.0
Europe	385.6	134.7	217.2
ROW	11.9	16.5	21.8
	412.6	**167.0**	**261.2**
Online Presence			
UK	2.9	2.8	3.6
North America	31.9	33.2	43.3
Europe	54.5	54.1	70.5
ROW	24.8	23.5	31.9
	114.1	**113.6**	**149.3**
Total revenue	**526.7**	**280.6**	**410.5**

* End customers may be located in different territories as notable parts of the business are conducted through channel partners

6. Non-core operating expenses

	Unaudited Nine months ended 30 September 2022 USD m	Unaudited Nine months ended 30 September 2021 USD m	Audited Year ended 31 December 2021 USD m
Acquisition related costs	3.1	1.8	3.1
Integration and streamlining costs	2.8	3.4	3.9
Other costs[1]	0.1	1.3	1.7
	6.0	**6.5**	**8.7**

[1] Other costs include items related primarily to business reviews and restructuring expenses.

7. Finance income and costs

	Unaudited Nine months ended 30 September 2022 USD m	Unaudited Nine months ended 30 September 2021 USD m	Audited Year ended 31 December 2021 USD m
Finance income	-	-	(0.1)
Impact of unwinding of discount on net present value of deferred consideration	0.4	0.1	0.2
Reappraisal of deferred consideration	(1.4)	(0.1)	(0.1)
Arrangement fees on borrowings	2.9	1.1	1.6
Interest expense on current borrowings	0.6	0.3	0.3
Interest expense on non-current borrowings	6.8	6.5	8.7
Interest expense on leases	0.1	0.1	0.2
Foreign exchange loss on borrowings	4.7	-	-
Net finance costs	**14.1**	**8.0**	**10.8**

8. 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 period.

Diluted earnings per share has 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 as calculated using the treasury stock method (arising from the Group's share option scheme and warrants) into ordinary shares has been added to the denominator. There are no changes to the profit (numerator) as a result of the dilutive calculation. Due to the loss made in the year ended 31 December 2021, 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.

NOTES TO THE UNAUDITED FINANCIAL RESULTS (continued)

8. Earnings per share (continued)

	Unaudited Nine months ended 30 September 2022 USD m	Restated Unaudited Nine months ended 30 September 2021 USD m	Audited Year ended 31 December 2021 USD m
Profit/(loss) after tax attributable to owners	**6.5**	**(5.3)**	**(3.5)**
Operating profit	35.1	6.5	12.4
Depreciation of property, plant and equipment	2.1	2.7	3.5
Amortisation of intangible assets	21.1	13.5	18.3
Non-core operating expenses	6.0	6.5	8.7
Foreign exchange gain	(6.1)	(1.6)	(1.6)
Share-based payment expenses	3.8	3.3	5.0
Adjusted EBITDA	62.0	30.9	46.3
Depreciation	(2.1)	(2.7)	(3.5)
Finance income	-	-	0.1
Finance costs (excluding deferred consideration amounts, foreign exchange loss on borrowings and write off of arrangement fees on borrowing – note 7)	(9.5)	(8.0)	(10.9)
Taxation	(14.5)	(3.8)	(5.1)
Adjusted earnings	**35.9**	**16.4**	**26.8**
Weighted average number of shares:			
Basic	262,399,797	230,362,429	227,380,670
Effect of dilutive potential ordinary shares	7,708,732	6,326,392	6,856,289
Diluted average number of shares	270,108,529	236,688,821	234,236,959
Earnings per share:			
Basic (cents)	2.48	(2.30)	(1.56)
Diluted (cents)	2.41	(2.30)	(1.56)
Adjusted earnings – Basic (cents)	13.68	7.12	11.80
Adjusted earnings – Diluted (cents)	13.29	6.93	11.46

Basic and diluted earnings per share of 2.48 and 2.41 cents (September 2021 YTD: (2.30) cents) has been impacted by amortisation charges, non-core expenses, foreign exchange gains and losses and share-based payment expenses. Interest, tax, depreciation, amortisation, non-cash charges and non-core operating expenses. Tax on adjusted earnings is the same figure as that shown in the consolidated statement of comprehensive income given that the majority of the adjusting items in the earnings per share calculation above are also adjusted for when calculating the Group's tax expense.

The weighted average number of shares for the Company is disclosed above. The issued share capital of the Company at 30 September 2022 was 288,660,084 and the total number of shares that were vested but not exercised were 8,203,148. Exercises of options will largely be covered by the shares held by the Group's Employee Benefit Trust.

9. 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 nine-month periods ended 30 September 2022 and 30 September 2021, and for the year ended 31 December 2021 was as follows (note that single quarter cash conversion may diverge notably from the long-term trend and should be expected to converge towards annual averages as demonstrated historically):

	Unaudited Nine months to 30 September 2022 USD m	Restated Unaudited Nine months to 30 September 2021 USD m	Audited Year ended 31 December 2021 USD m
Cash conversion			
Cash flow from operations	58.4	24.9	43.1
Exceptional costs incurred and paid during the year	5.4	9.1	11.0
Settlement of one-off working capital items from the prior year	1.2	2.5	2.0
Adjusted cash flow from operations	**65.0**	**36.5**	**56.1**
Adjusted EBITDA	62.0	30.9	46.3
Conversion %	105%	118%	121%

NOTES TO THE UNAUDITED FINANCIAL RESULTS (continued)

9. Financial instruments (continued)

Net debt as at 30 September 2022, 30 September 2021 and 31 December 2021 is shown in the table below.

	Bond USD m	Bank debt USD m	Cash USD m	Net debt USD m
At 1 January 2021	**(107.3)**	**(6.4)**	**28.7**	**(85.0)**
Placing proceeds (net of costs)	(18.2)	-	18.2	-
Amortisation of costs	(0.5)	-	-	(0.5)
Drawdown	-	(7.3)	12.2	4.9
Other cash movements	-	-	(3.2)	(3.2)
Net cash flows before foreign exchange	(18.7)	(7.3)	27.2	1.2
Foreign exchange differences	6.7	0.4	(1.9)	5.2
At 30 September 2021	**(119.3)**	**(13.3)**	**54.0**	**(78.6)**
Drawdown	-	(8.5)	8.5	-
Amortisation of costs	0.2	-	(0.2)	-
Other cash movements	-	7.3	(5.3)	2.0
Net cash flows before foreign exchange	0.2	(1.2)	3.0	2.0
Foreign exchange differences	2.4	0.1	(0.9)	1.6
At 31 December 2021	**(116.7)**	**(14.4)**	**56.1**	**(75.0)**
Drawdown	(22.9)	(7.6)	30.5	-
Amortisation of costs	(2.2)	(0.4)	-	(2.6)
Other cash movements	(0.3)	0.6	9.0	9.3
Net cash flows before foreign exchange	(25.4)	(7.4)	39.5	6.7
Foreign exchange differences	19.4	2.3	(11.8)	9.9
At 30 September 2022	**(122.7)**	**(19.5)**	**83.8**	**(58.4)**

Derivative financial instruments

In 2021, the Company entered into forward foreign exchange contracts with HSBC Bank Plc (HSBC) and Global Reach Partners Ltd (Global Reach) which resulted in a notional EUR 105 million of the amount outstanding under the bond being hedged at a weighted average EUR/USD exchange rate of 1.1893 and at a 1:1 hedge ratio. The forward contract with HSBC expired on 13 July 2022 and the forward contract with Global Reach expired on 15 July 2022. The Company settled the forward contracts at the prevailing mark-to-market valuations on those dates, which resulted in a EUR 20.9 million (USD 21.0 million) cash outflow. The event is neutral to the Company's net debt as the hedging liabilities mirror the gains from devaluation of the EUR.

For the year ended 31 December 2021, the Company prepared hedging documentation which demonstrated that the hedging instrument and the hedged item offset each other in currency terms and in amounts, meaning there was a clear economic relationship between the hedging instrument and hedged item as required under international accounting standards. However, following the change in functional currency of the parent company of the Group effective from 1 January 2022 (as detailed in note 3), this economic relationship was considered to no longer exist and the cumulative cash flow hedging reserve as at 31 December 2021 has been recycled through the profit and loss account for the nine month period ended 30 September 2022. Further, effective from 1 January 2022, the mark-to-market valuations of the forward contracts (based on reports provided by each of HSBC and Global Reach) have been recognised as derivative financial liabilities on the consolidated balance sheet, with the corresponding fair value movement processed through the profit and loss account. The change in the fair value of the derivative financial instrument for the nine months ended 30 September 2022 processed through the profit and loss account is USD 21.0 million (September 2021 YTD: USD 3.8 million processed through the cash flow hedging reserve; FY2021 USD 6.4 million processed through the cash flow hedging reserve) and the balance in the cash flow hedging reserve at 30 September 2022 is USD nil (September 2021 YTD: USD 3.8 million; FY2021 USD 6.4 million).

10. Business combinations

Acquisition of M.A Aporia Limited

On 13 September 2022, the Group acquired M.A Aporia Limited, an Israel-based technology company operating in the fields of social media and native advertising headquartered in Tel Aviv. Aporia was acquired for an initial consideration of USD 11.2 million in cash subject to customary adjustments for net cash and working capital. An earnout arrangement has also been agreed, under which additional deferred contingent consideration of up to USD 7.8 million may be paid over a performance period until and including 2024.

In FY2021, Aporia generated revenue of USD 35.0 million, gross profit of USD 3.5 million and EBITDA of USD 2.0 million. The acquisition is part of a larger vertical integration strategy, providing the Group's Online Marketing segment with more direct access to high quality traffic to monetise. The acquisition will be immediately earnings accretive. As Aporia is an exclusive supplier to CentralNic, the transaction will increase CentralNic's gross margin and EBITDA margin but have no immediate impact on revenue.

The purchase price allocation exercise for the acquisition of M.A Aporia Limited has not yet been completed as at the date of signing this report, and it is therefore not possible to provide further details of the fair value estimates of the assets and liabilities at the acquisition date.

Acquisitions in previous quarters

For further details regarding the acquisitions of VGL Verlagsgesellschaft mbH on 7 March 2022, of the .ruhr TLD on 28 January 2022, and of Fireball Search GmbH on 2 February 2022, please refer to note 9 of the unaudited financial results for the three months ended 31 March 2022 as published and released on 23 May 2022.

Deferred consideration payments

Deferred consideration of EUR 0.1 million (USD 0.1 million) in respect of the .ruhr TLD acquisition was paid on 30 May 2022. A final deferred consideration payment of USD 1.1 million for the acquisition of KeyDrive SA was settled in cash on 18 July 2022.

11. Events occurring after the quarter end

Detailed below are the significant events that happened after the Group's quarter end date of 30 September 2022 and before the signing of these Unaudited Financial Results on 22 November 2022.

- On 14 October 2022, the Group entered into a new Senior Facilities Agreement ("SFA") under which USD 250 million of new debt facilities are provided through a syndicate of six banks. The new debt facilities comprise a USD 150 million term loan ("TL") and a USD 100 million revolving credit facility ("RCF"). The term loan replaces the existing EUR 126 million senior secured bonds and repays drawings under the Group's existing revolving credit facility. The TL and RCF have an initial maturity date of 14 October 2026, with an option to extend by a further year. The borrowing cost of the facilities is determined by CentralNic's net leverage, such that this will initially be 2.75% above SOFR, a notable reduction compared to the 7% above 3-month EURIBOR for the senior secured bond it replaces. The refinancing was completed on 31 October 2022. Between 9 and 21 November 2022, the Company entered into three separate interest rate swap transactions to fix the variable interest component on USD 75 million of the new USD 150 million term loan at a blended fixed rate of 3.92%.

- On 26 October 2022, the Group announced it had entered into an agreement to acquire Intellectual Property Management Company, ("IPMC"), a California-based domain name management business for an enterprise value of USD 7.3 million in cash, representing c. 2.7x its 2021 unaudited revenue and c. 5.9x its 2021 Adjusted EBITDA, subject to customary adjustments for net cash and working capital. The purchase price was settled from existing liquidity reserves. IPMC provides subscription-based corporate domain management services to enterprise customers including many globally recognised brands, which are highlighted on IPMC's website at https://ipm.domains/. On acquisition, IPMC will be integrated into the enterprise channel within CentralNic's Online Presence segment. The Company expects better coverage and increased market share in the North American market as well as synergies from streamlining procurement and operations. The acquisition will be immediately earnings accretive.