



Investor Presentation

May 2024

 **team internet.**
group plc



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- 01 — **Business profile**
- 02 Financial highlights
- 03 Strategy and outlook

What we do

A leading global internet solutions company, operating in two highly attractive markets: digital advertising (Online Marketing segment) and domain name management solutions (Online Presence segment)

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.

Recurring revenue model
Rolling open-ended revenue share contracts



Gross Revenue: \$ 145.9 million Q1 2023: \$ 149.7 million	Visitor sessions¹: 6.0 billion LTM Q1 2023: 5.0 billion
Net revenue/gross profit: \$ 30.5 million Q1 2023: \$ 30.6 million	Revenue per thousand Sessions (RPM)¹: \$ 91 LTM Q1 2023: \$ 102

Online Presence

A critical constituent of the global online presence and productivity tool ecosystem, where we serve as the primary distribution channel for a wide range of digital products.

Recurring revenue model
Annual subscriptions



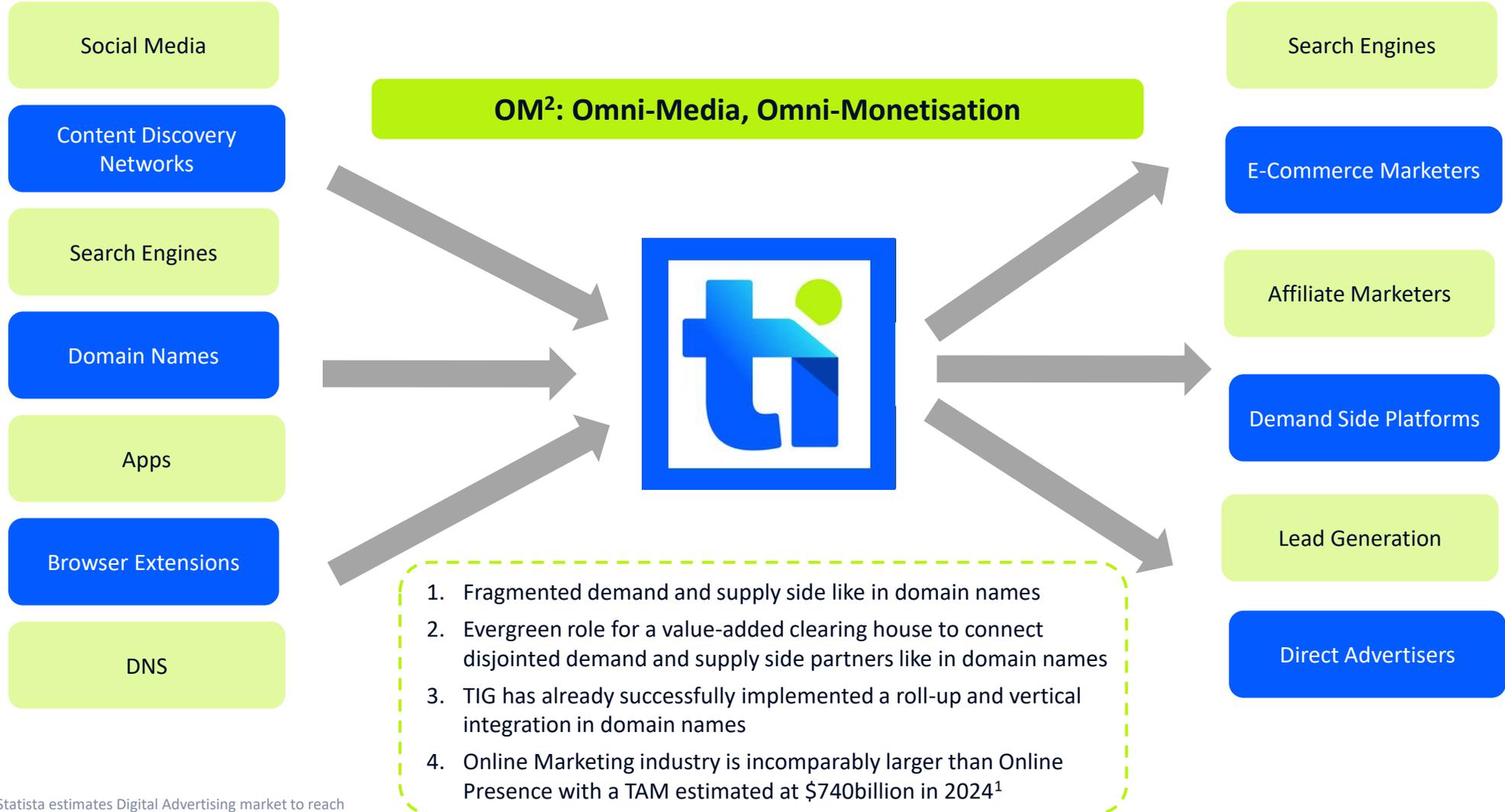
Gross Revenue: \$ 50.0 million Q1 2023: \$ 45.2 million	Processed domain registration years²: 13.6 million LTM Q1 2023: 13.5 million
Net revenue/gross profit: \$ 17.1 million Q1 2023: \$ 15.2 million	Average revenue per domain year²: \$ 11.7 LTM Q1 2023: \$ 10.1

Note:

(1) Based on analysis of c.84% of the OM segment which can be adequately and reliably described by this KPI (only Tonic. and ParkingCrew)

(2) Based on analysis of c.86% of the OP segment which can be adequately and reliably described by this KPI

OM², Omni-media, Omni-monetisation vision: replicating the Online Presence success story in a vastly larger vertical



Notes: (1) Statista estimates Digital Advertising market to reach \$740 billion in 2024

Today, TIG's OM segment operates three Digital Traffic Transformation processes and will expand these over time

Traffic Acquisition



PPC
PAY PER CLICK

TIG acquires traffic by placing ads on social media, search engines, advertising networks and content websites



Traffic Monetisation Models



1



PPC
PAY PER CLICK

TIG monetises acquired PPC traffic by converting it to a more valuable PPC click

TONIC.

2



PPA
PAY PER ACTION

TIG monetises acquired PPC traffic when the acquired customer completes a sale

 **Vergleich.org**

3



PPM
PAY PER THOUSAND
TIMES AD VIEWS

TIG monetises acquired PPC traffic by converting it to a series of PPM ad views

SHINEZ

Our Online Marketing segment is being carried by irreversible mega trends

Ascendance of social media



- Social media platforms (Facebook, Instagram, TikTok) transformed content creation and consumption via User-Generated Content (UGC)
- Social media is challenging Search Engines' dominance
- Our strategy harnesses the engagement potential of UGC on social media



Advent of data privacy



- Consumer data protection regulations drive advertisers to favour search engines versus social media
- Search engines benefit from users expressing intent through search queries
- Although consumers increasingly spend more time on social media, advertisers prefer search ads, leading to a click price spread
- Our TONIC. platform bridges surplus demand on search engines and excess supply on social media



Risk transformation



- Successful conversion management can lead to significant rewards for players able to validate and redirect traffic across monetisation platforms
- One emerging trend sees risks shifting from advertisers to publishers, moving from PPC to PPA
- Many advertisers continue to raise brand awareness with cost-effective display ads (PPM)
- Investments in companies like VGL Publishing and Shinez have positioned us to benefit from different permutations of risk transformation

Number of Active Social Media Users¹

(in millions)	2013	2018	2023
facebook	757	1,523	3,049
	218	298	619
Instagram	150	1,115	2,000
TikTok	-	271	1,562

Notes: (1) Source: Statista, company data

Select Key Events

Date	Event
June 2017	Safari and Firefox block third-party cookies with Intelligent Tracking Prevention
March 2021	End of auto opt-in for IDFA on iOS 14.5 and later versions
October 2021	End of auto opt-in for AAID2 on Android 12 and later versions
January 2024	Google Chrome initiates a phase out of third-party cookies with a Tracking Protection feature

Team Internet Strategic Positioning

Date	Event
March 2022	Team Internet acquires VGL Publishing with a Pay Per Action revenue model where advertisers pay for a completed sale
April 2024	Team Internet acquires Shinez where advertisers pay for display ads (PPM)

Online Presence segment aims to optimise the domain name industry for greater efficiency

Optimising for efficiency



- The Online Presence segment aims to streamline the domain name industry
- There are approximately 1,500 Top Level Domains (TLDs), including generic, country code, and new TLDs and 4,000 ICANN-accredited domain registrars who manage the domain names
- If each registrar aimed to provide every TLD, it would require managing six million contracts, technical integrations, and monthly billing tasks
- By connecting registrars to TLDs through our platform, we can cut tasks by nearly 99.9%
- Team Internet's position as the European #1 and Global #2 domain industry clearinghouse solidifies our prominent role in the sector

Move towards "exotic" domain names



- Limited availability and rising prices of .com domains is leading to increased demand for country code TLDs and new TLDs
- Since our expertise lies in country code TLDs and new TLDs, we are able to capitalise on this market dynamic
- The emergence of AI can help in identifying premium domain names in emerging TLDs, and the proliferation of AI content farms can further boost domain creation rates, providing additional revenue opportunities for Team Internet

Committed to excellence



- Team Internet prioritises customer service excellence across all businesses, notably in the Online Presence segment
- We consistently exceed targets set in customer service level agreements (SLAs) and internal KPI benchmarks
- We aim for a maximum one-minute wait time and 20-minute chat time, along with a 90% customer satisfaction score for queries resolved via chat, consistently meeting and surpassing these targets
- We proudly maintain a Trustpilot rating of 4.6/5, showcasing our commitment to deliver high-quality customer service

Notes:

Glossary of Terms: ICANN - Internet Corporation for Assigned Names and Numbers; TLDs - Top Level Domains



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Laser focus on bottom line profitability leads to significant increase in operating profit and EPS



Notes:

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

(2) Based on FY23 Adj EPS of 22.41 cents (prior to the contribution of Shinez) and TIG share price as of May 10, 2024

Income Statement

(\$, m)	Q1 2024	Q1 2023	% Change
Revenue	195.9	194.9	1%
Cost of Sales	(148.3)	(149.1)	
Net Revenue (Gross Profit)	47.6	45.8	4%
Gross Margin %	24%	23%	
Operating Expenses	(35.8)	(37.2)	(4%)
Share-Based Payment Expenses	(0.7)	(0.9)	
Operating Profit	11.1	7.7	44%
Adjusted EBITDA¹	22.2	21.3	4%
Depreciation	(0.7)	(0.8)	
Amortisation of Intangible Assets	(10.0)	(9.0)	
Non-Core Operating Expenses ²	(1.0)	(1.4)	
Foreign Exchange Gain/(Loss)	1.3	(1.5)	
Share-Based Payment Expenses	(0.7)	(0.9)	
Operating Profit	11.1	7.7	44%
Net Finance Costs	(4.0)	(3.4)	
Profit Before Taxation	7.1	4.3	65%
Income Tax Expense	(2.4)	(1.4)	
Profit After Taxation	4.7	2.9	62%

Notes:

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

(2) 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

- Improved gross margin and Adj. EBITDA margin provide the basis of continued growth in bottom line profitability
- Non-core operating expenses continue to reduce over time
- Finance costs secured – debt refinancing lowered the interest rate from 7% plus 3m EURIBOR to 2.75% above SOFR (USD)

Balance Sheet

(\$, m)	Q1 2024	Q1 2023	% Change
Non-Current Assets	335.1	360.5	(7%)
Current Assets	173.3	200.9	(14%)
Total Assets	508.4	561.4	(9%)
Non-Current Liabilities	188.9	197.8	(4%)
Current Liabilities	176.6	195.4	(10%)
Total Liabilities	365.5	393.2	(7%)
Total Equity	142.9	168.2	(15%)
Total Equity and Liabilities	508.4	561.4	(9%)

(\$, m)	Q1 2024	FY 2023	% Change
Gross interest-bearing debt	156.8	166.6	(6%)
Financial Instruments¹	(0.7)	0.2	n.m.
Cash	(75.5)	(92.7)	(19%)
Net debt²	80.6	74.1	9%

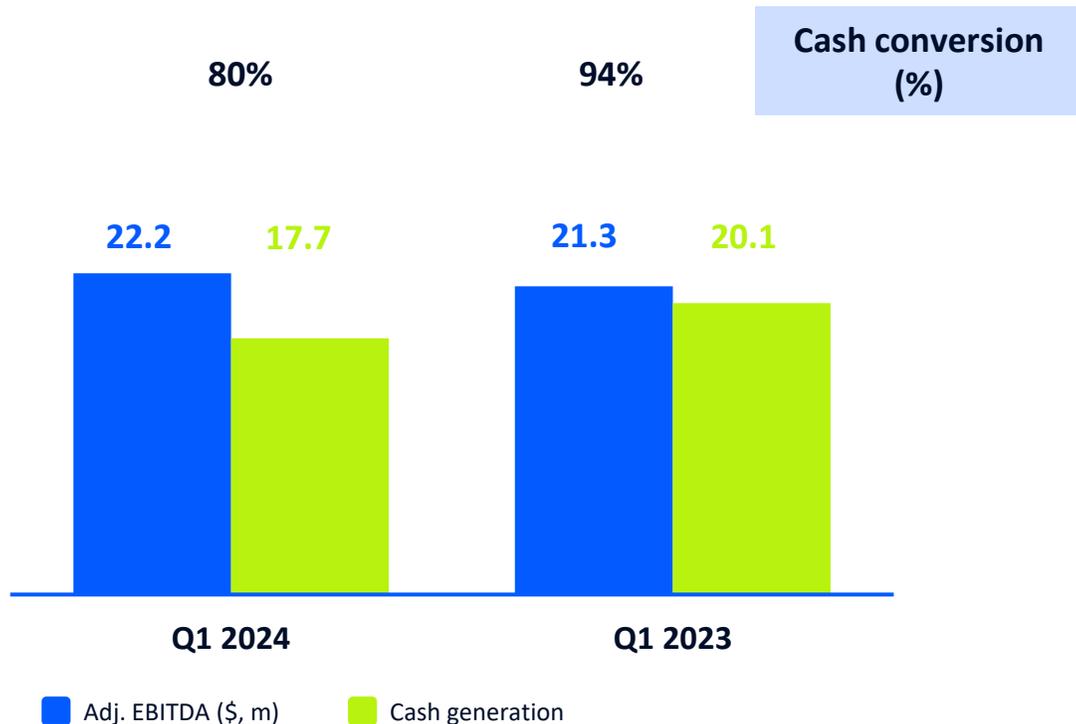
Notes:

(1) Represents mark-to-market valuation of interest swaps, which fix the variable interest component of USD 75m of bank debt

(2) Includes gross cash, bank debt, prepaid finance costs and MTM valuation of interest rate swaps

- Net debt increased by USD 6.5m since FY 2023 following the return of a further USD 11.5m cash to shareholders via the company's share buyback programme

Robust cash conversion



Notes:

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

Cash generation from operations

= **80%** of Adjusted EBITDA

Impacted by cash receipts from a significant business partner being collected in April instead of March due to Easter holiday

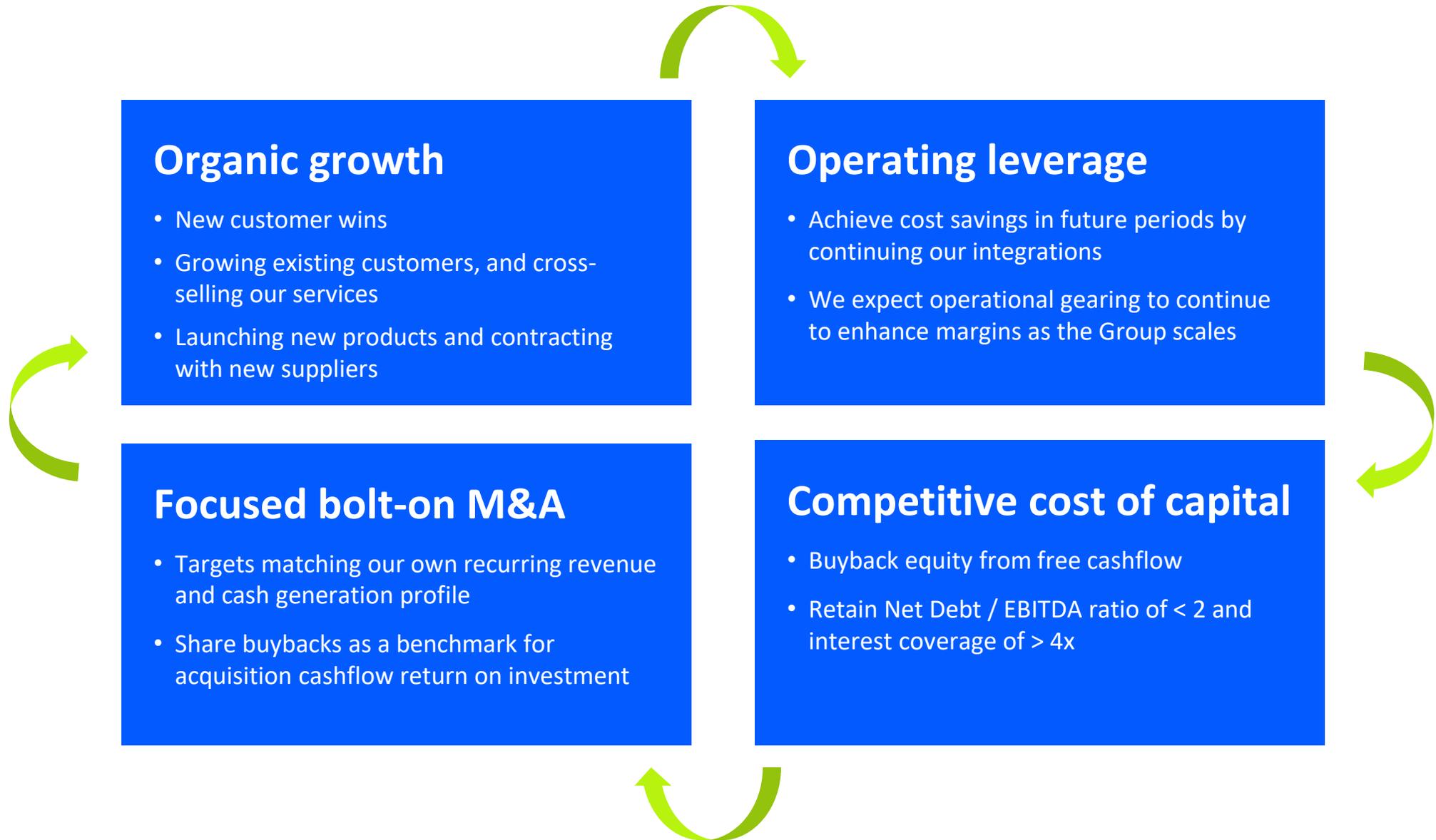
We expect this to continue to normalise nearer to 100%

	Q1 2024	Q1 2023
Adjusted Cashflow Bridge:		
Cashflow from operations	16.7	18.6
Exceptional costs	1.0	1.4
Settlement of working capital items	-	0.1
Adj. cashflow from operations	17.7	20.1
Adjusted EBITDA¹	22.2	21.3
Adjusted Cash Conversion %	80%	94%
Income tax paid	(3.6)	(0.8)
Purchase of PPE	(0.8)	(0.2)
Purchase of intangible assets	(1.8)	(1.8)
Lease principal repayments	(0.5)	(0.6)
Interest paid	(3.6)	(2.8)
Adj. free cashflow	7.4	13.9
Adjusted Free Cash Conversion %	33%	65%



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Strategic priority: creating a virtuous circle



What does the future journey for Team Internet look like?

01



More diversified revenue streams and supply sources

02



More vertically integrated

03



Living up to global leadership ambitions

04



Remaining firmly rooted in our core values and beliefs

At Team Internet, AI is seamlessly woven into the fabric of our daily operations



Raising the Floor

- Democratise AI knowledge within the organisation
- Equip all staff with skills to use AI tools
- Enhance overall productivity
- Commit to digital empowerment for every individual

- Algorithm-driven HR interviews save time, enhance efficiency, and standardise feedback by listening and then summarising, assigning actions and sharing feedback
- Proprietary machine learning in CRM analyses retail customer data, enabling targeted sales operations and saving agent time
- AI used to summarise and extract actions from client-customer care conversations to streamline ticket creation and save agent time
- AI Chatbots are designed and used on voluum.com; served 7,000+ customers and leads in six months



Raising the Ceiling

- Advanced training for engineers and data scientists
- Our objective is to expand the boundaries of AI
- Engaging in latest technologies and methodologies
- Our end goal is to develop superior products that exceed customers' expectations

- Customers provide a business or project description and AI generates matching options, checks availability, and presents matching domain names for purchase
- AI analyses domain purchases on a Team Internet retail website, verticals are extracted and AI is used to assign the most appropriate nTLDs to inform marketing-driven campaigns
- AI used to identify better contextualised keywords on passively monetised 'parked' domain names to optimise Earnings Per Click (EPC) and Click Through Ratio (CTR)
- AI used to build websites with content around a specific product, e.g. washing machines, to drive qualified leads to VGL



Raising Awareness

- AI Academy to nurture critical and creative thinking in senior leadership
- Foresee and navigate disruptions caused by AI and emergent technologies
- Ensure strategic resilience through training
- Leverage AI for innovative product design

- Proprietary machine learning optimises native ad placement by analysing third party websites' content and deploying matching advanced keywords on them for conversion maximisation (Adolutely)
- Proprietary machine learning algorithm identifies high-traffic potential expired domains, registers them, builds websites using templates, populates them with relevant content and native ads, and promotes its articles on social media, to drive qualified leads

Team Internet Outlook

- The Directors are pleased to confirm that the Group continues to be confident in its ability to meet market expectations¹
- With high cash reserves, strong operating cash generation, and committed credit facilities, the Company is fully funded to execute its strategy to simultaneously invest in the future and return cash to shareholders
- Going forward, the Group aims to become more diversified, more integrated, and pursue global leadership aspirations, while remaining firmly rooted in our values



Notes:

(1) Analyst consensus of revenue and adjusted EBITDA for the financial year ending 31 December 2024 prior to the contribution of Shinez as of 10 May 2024 is USD 883.2 million (analyst range of USD 856.6 million to USD 909.6 million) and USD 102.0 million (analyst range of USD 98.3 million to USD 107.6 million) respectively

Thank you



Glossary of Terms

Adtech

An umbrella term for advertising technology

Artificial Intelligence or 'AI'

The theory and development of computer systems able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages

Cost Per Click or 'CPC'

The price paid for each click in pay-per-click (PPC) marketing campaigns

Cost Per Thousand or 'CPM'

A marketing term that refers to the cost that an advertiser pays per one thousand advertisement impressions on a web page

Country Code Top-Level Domain or 'ccTLD'

An internet Top-Level Domain generally used or reserved for a country, a sovereign state, or a dependent territory e.g. .uk, .jp

Domain Name Registrar

An organisation or commercial entity that manages the reservation of internet domain names

Domain Name System or 'DNS'

A hierarchical distributed naming system for computers, services, or any resource connected to the internet or a private network

Domain Years

Number of domain years sold (number of domains x number of years). Used instead of number of domains as occasionally customers register or renew domain names for multiple years

Registry Operator

An entity that maintains the database of domain names for a given Top-Level Domain and generates the zone files which convert domain names to IP addresses. It is responsible for domain name allocation and technically operates its Top-Level Domain, sometimes by engaging a Registry Service Provider

Registry Service Provider

A company that performs the technical functions of a TLD on behalf of the TLD owner or licensee. The registry service provider keeps the master database and operates DNS servers to allow computers to route internet traffic using the DNS

Revenue Per Thousand or 'RPM'

A marketing term that refers to the revenue generated per one thousand advertisement impressions on a web page

Top-Level Domain or 'TLD'

The suffix attached to internet domain names e.g. .com, .net

Visitor Sessions

Number of times a domain was viewed

Appendix

In Online Marketing, Team Internet helps online consumers make informed choices – an evergreen purpose

01



Team Internet does so by creating **consumer journeys** that convert general interest media users into high conviction online consumers.

02



Team Internet engages by offering **contact points** on social media, publisher websites and search engines by placing ads¹ for broad categories.

03



Team Internet educates the online consumer through **easy to understand** advertorials and review websites.

04



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

05



Team Internet 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?

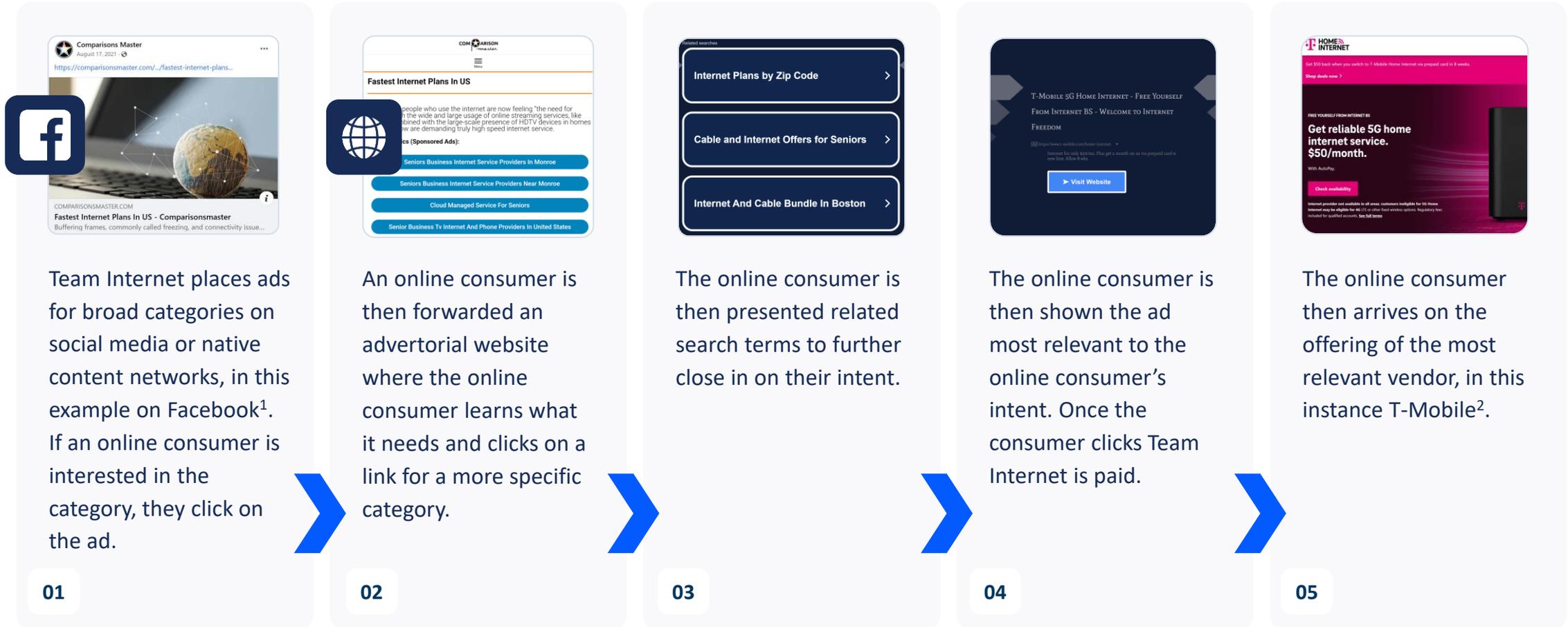


Note:

(1) Team Internet (and its syndication partners) place ads on social media, publisher websites and search engines

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

Social media user experience:

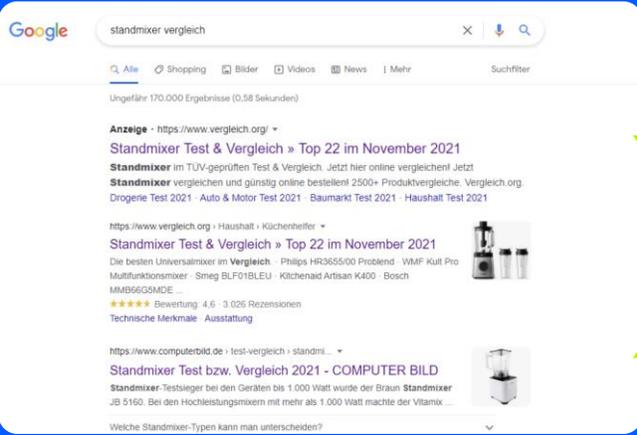


Note:

(1) Facebook is an example of a supplier. They provide traffic, and Team Internet pays for it; (2) T-Mobile is an example of a customer. Team Internet refers a customer and gets paid for it

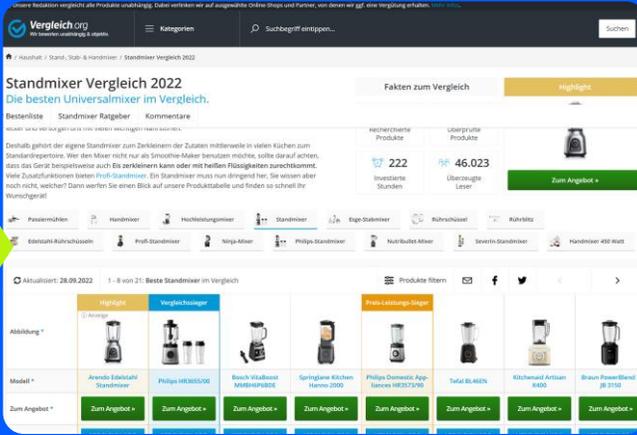
Search engine users are directed to review websites before buying the product of their choice at an ecommerce partner

Search engine user experience:



Team Internet places ads for product categories on search engines. Due to a vast inventory of high-quality product review content, Team Internet 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.

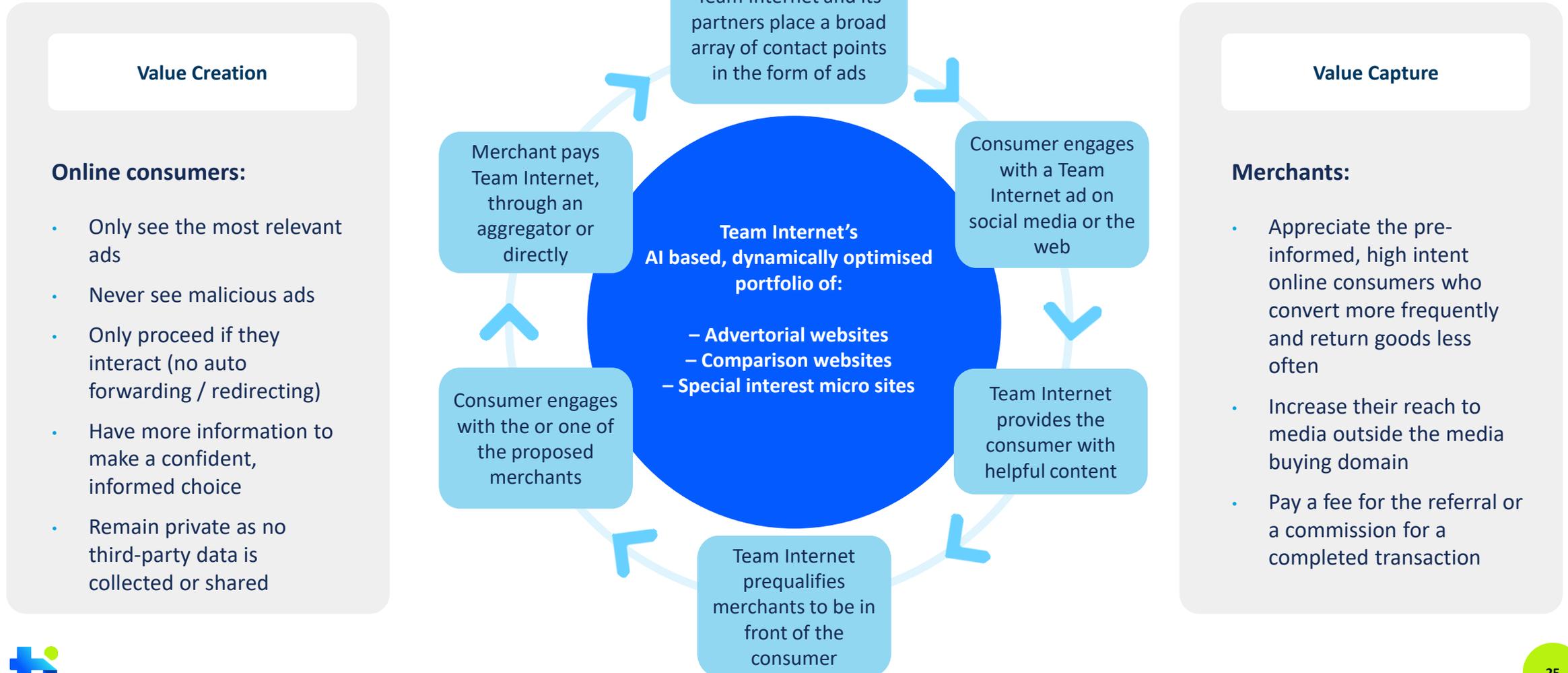
02



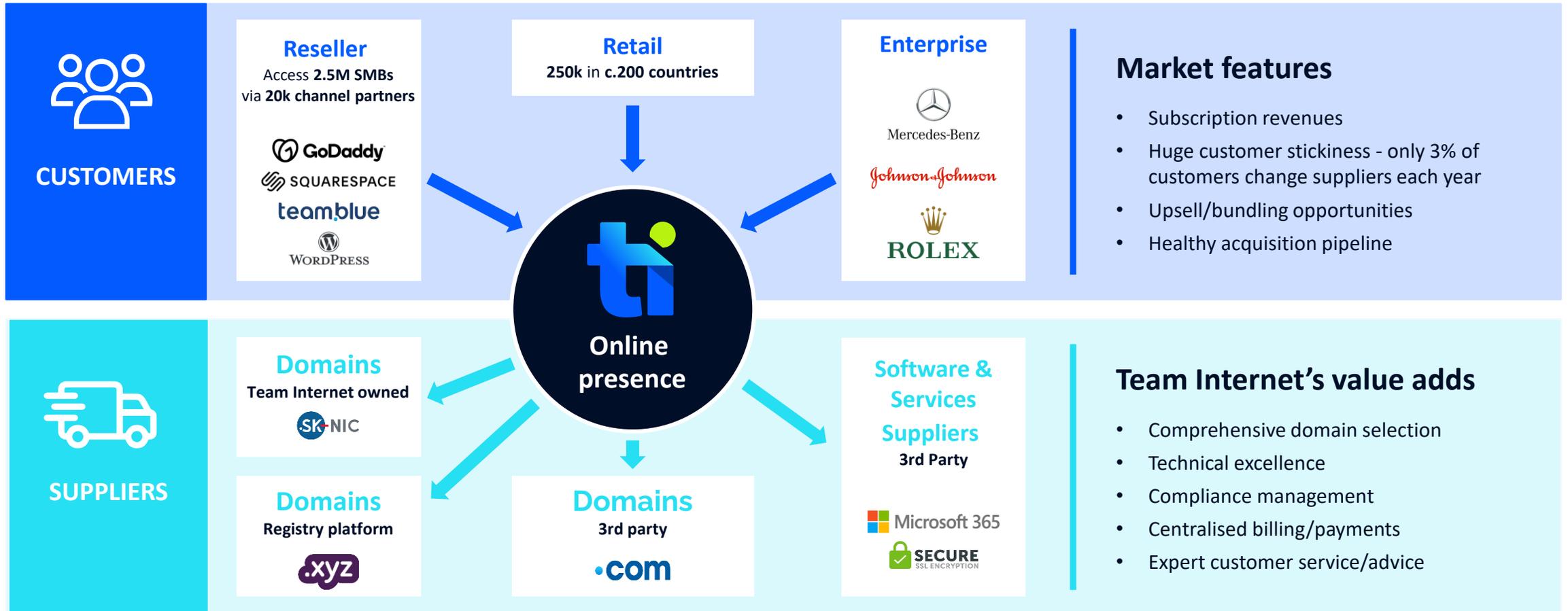
The online consumer then clicks out to the merchant with the offer that comes closest to their intent or need. When the consumer checks out of the ecommerce partner's site, Team Internet is paid.

03

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



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



Cashflow waterfall model aligns Team Internet's strategic priorities

Waterfall model

To ensure compatibility among Team Internet'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 2.0 pence per share for 2023 (2022: 1.0 pence per share) represents approximately 11% 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:** Team Internet 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:** remaining free cash flow allows share buybacks within limits agreed upon with Shareholders, the banking pool and the debt repayment (net leverage) target described below. 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, 2.0x net debt to EBITDA, the Group will prioritise debt reduction over share buybacks, using free cash flow for this purpose