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Minds + Machines Group Limited

Audited Full Year Results to 31 December 2015

Investor Presentation

27 April 2016

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Presenting team

Guy Elliott – Non-executive Chairman

Toby Hall – Chief Executive

Michael Salazar – COO/CFO

2015 – key financials

	FY 2015 $'000	FY2014 $'000	Percentage change
Billings (1)	7,922	5,028	
Cost of sales	(6,223)	(4,659)	34%
Gross cash profit	1,699	369	360%
Cash expenditure			
Operating expenditure	(12,156)	(13,142)	(8%)
Profit on gTLD auctions	7,943	33,721	(76%)
Adjusted EBITDA (2)	(2,514)	20,948	(112%)

As reported in the Group Statement of Comprehensive Income	FY 2015 $'000	FY 2014 $'000	Percentage change
Operating EBITDA	(5,500)	23,167	(124%)
Total (loss) / profit	(9,997)	22,057	(145%)
Basic (loss) / earnings per share	(1.20) cents	2.73 cents	(144%)
Diluted (loss) / earnings per share	(1.20) cents	2.67 cents	(145%)

As reported in the Group Statement of Financial Position	31/12/2015 $'000	31/12/2014 $'000	Percentage change
Intangible assets	41,291	40,597	2%
Other Long Term Assets	3,448	5,982	(42%)
Cash & Cash Equivalents	34,651	45,796	(24%)
Net Assets	79,027	94,685	(17%)

(1) Billings refer to total sales generated during the year (not deferred for accounting purposes)
(2) Earnings before interest, tax, depreciation & amortisation and other non-cash charges where earnings are calculated on the basis of billings as opposed to accounting revenue

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Business observations

Historic issues

- High operational costs ($12.2m) and cost of sales ($6.2m) due to vertically-integrated/in-house development approach
- Historic cost-restructuring purely re-active – no cohesive underlying plan
- No tangible strategy for driving billings or asset monetization
  - Build and it will come resulted in cost inflation far outstripping revenues and DUMs

Strong foundations

- Excellent portfolio of assets refocused towards revenue generation
  - 25 wholly/majority owned TLDs, 5 in partnership
  - 8 contested applications remaining
- Billings growth of 58% with high levels of renewal and recurring income
- Strong balance sheet with no debt and cash of $34.6m
- Clear market pull with China key driver of industry growth
  - .VIP launch in China on May 18th 2016

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Way forward

Costs contained

- Board restructured: reduced from 7 to 4
- Major restructuring of business already underway: vertically-integrated model ended
- Operating costs post re-structure: targeting $6m (2015: $12.2m)

Sales-led strategy implemented

- Distribution channels and partnership programmes refocused
- Major business development initiatives now implemented focused on key markets: China, US and UK
- Resources being aligned to allow MMX to operate efficiently in its three major time zones

Historic contractual commitments being addressed

- Positive headway being made on resolving historically burdensome contracts

Business restructuring

- **Vertically integrated business structure ended**
  - Technical back-end now being outsourced to Nominet including majority of customer service requirements
  - Consumer retail arm (registrar) now being closed and customers migrated
  - ZDNS appointed as Chinese compliant gateway into China
- **MMX now a pure-play owner of TLDs – 25 domains majority/wholly owned; 5 in partnership**
- **Business to have three key business development hubs to cover major time zones/markets**
  - US
  - Europe
  - Asia
- **Hubs to service in-region business development teams/partners focused on expanding sales through:**
  - in-country registrars
  - In-country distribution partners – "glocal"
- **Operating costs of new business structure – approximately $6m annualised, beginning Q4 2016**
- **Central databases core to operating success of business moving forward**

US

Key assets

- .work, .law, .miami, .boston, .beer, .wedding, .fashion, .fit, .yoga

Market dynamics

- consumer awareness low but major registrar groups now stepping up their marketing of new gTLDs + active domainer community

MMX status

- expanded sales team now marketing .law
- dedicated sales team now focused on sourcing distribution partners for key verticals
- registrar team being expanded
- central databases being implemented
- COO to provide oversight on US efforts in addition to operational oversight of wider group

Europe

Key assets

- .london, .bayern, .nrw + lead US properties

Market dynamics

- geo's have generated genuine traction; UK a key market to develop across portfolio

Status

- UK office re-established
- Outsourced RSP operations for Group to be based in Oxford
- Cornerstone agreements in place through which to drive registrations in H2 2016 in UK and Germany
- CEO to provide oversight on European business in addition to group business development

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China

Key assets

- .vip, .law

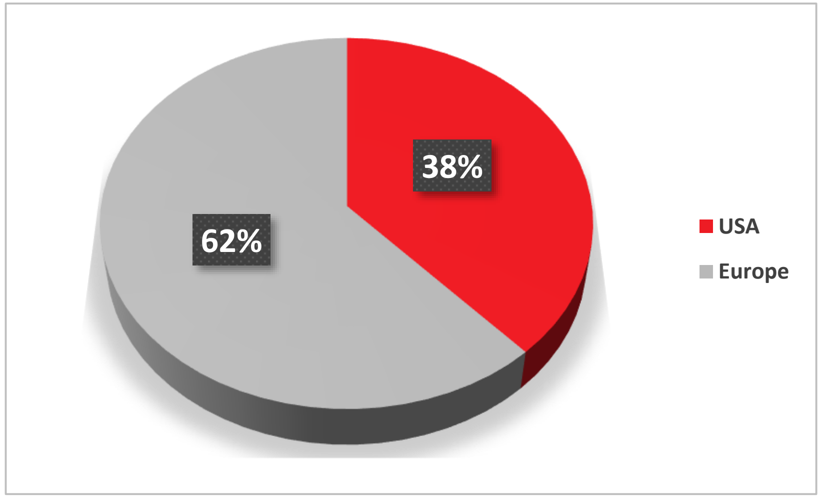
Market dynamics

- China accounts for over 50% of all new gTLD registrations (circa 9m); currently domain investor driven

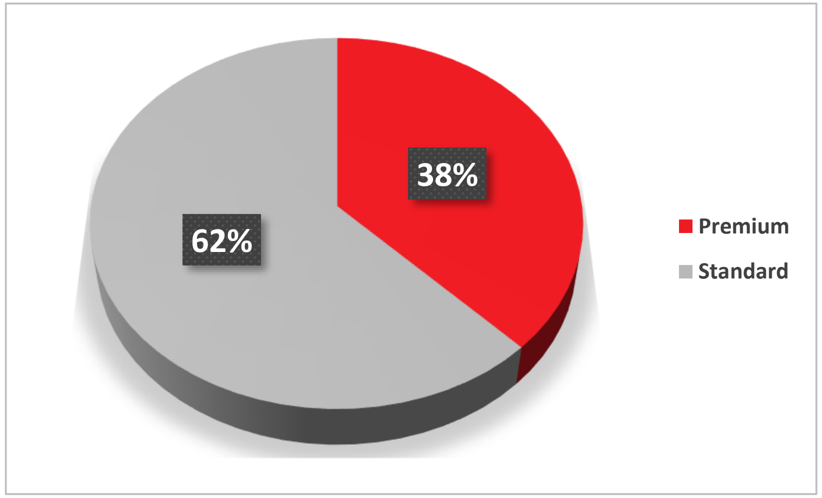
MMX status

- ZDNS appointed as technical gateway
- 9 MIIT applications submitted
- 19 Chinese registrars on-boarded
- Outsourced marketing partner appointed
- Singapore to serve as operational centre for MMX's Asia activity
- Chairman to provide oversight on Asia operations in addition to oversight across the Group
- .vip to launch 18th May 2016

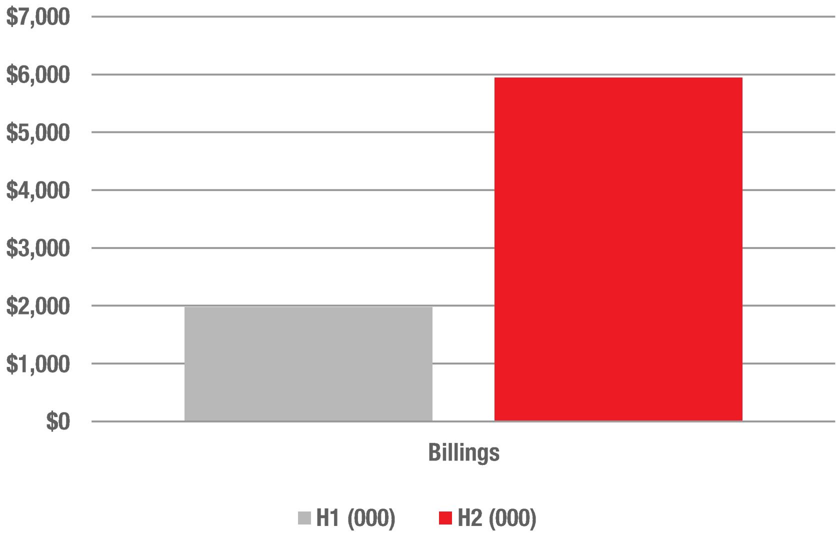
2015 performance



Regional billings split



Standard v premium billing



H1 v H2 billings

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Guidance on current trading

- New executive team appointed February 22 2016
- Launch of first TLD in China on track for May 18 2016
- Outsourcing agreements now in place to facilitate H2 2016 restructuring
- Key agreements now in place through which DUMs growth can be driven in US and Europe H2
- Operating costs already reduced by $2.5m on an annualized basis since Jan 30 2016
- Post-restructure annualised operating expenses approximately $6 million
- Positive headway being made on resolving historically burdensome contracts
- Further launches in the pipe-line for H2 2016

+ Buy-back programme to continue

…plenty of work still to be done but ship being turned in right direction…

Q&A

Guy Elliott – Non-executive Chairman

Toby Hall – Chief Executive

Michael Salazar – COO/CFO