



LSEG STREETEVENTS

EDITED TRANSCRIPT

**HALF YEAR 2025 TRUSTPILOT GROUP PLC EARNINGS
PRESENTATION**

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An LSEG Business



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PRESENTATION

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

Good morning, everyone. Thanks for joining us for Trustpilot's first-half 2025 results. Hanno and I are looking forward to walking you through a very strong first half.

I'd like to begin by sharing a few reflections on my first two years as CEO before Hanno covers our financial performance. To conclude, I'll update on progress against our strategy.

I joined Trustpilot less than 10 months after the launch of ChatGPT. So my two years here have coincided precisely with the most important platform shift in the technology industry since the launch of the iPhone in 2007. During this time, many companies have been forced to pivot their strategy in response. By contrast, Trustpilot could, in many ways, have been designed for this moment.

Our mission of Trustpilot Everywhere and our business model of SaaS, not advertising, means we help companies gather the feedback that's increasingly powering how large language models view them.

Trustpilot's role is to collect feedback and then help people turn it into action, whether that's on or off our platform. Citations on ChatGPT that we measure through our server logs rose 246% in just three months from June to August. Trustpilot impressions on Google rose 80% year-on-year in H1, thanks to our frequent appearances in Google-powered -- in Gemini-powered AI overviews. All of that happened while traffic on our own platform continued to rise.

This is clear evidence Trustpilot will be as important in the world of Generative Engine Optimization or GEO, as we already are in SEO. Beyond LLMs, as agentic commerce takes off, we're well-positioned to help AI agents listen before they act, by being informed with genuine human experiences. With the launch of the TrustLayer API earlier this year, giving access to all 330 million reviews on Trustpilot, we're ready to do just that.

So two years in, my key reflection is that in the age of AI, trust and Trustpilot is more important than ever. And so doubling down on our strategy is the right response for us to the AI moment.

It's therefore a good time to remind ourselves what that strategy is. Trustpilot is the world's largest open customer feedback platform. We collect feedback and help people and businesses turn it into action. Being open means anyone can leave a review of any business with whom they've had a genuine experience. The feedback lives in public and is freely available for anyone to read.

Our platform and software tools make the feedback useful and actionable for both consumers and businesses. Consumers make their voice heard and make more informed choices by learning from the experiences of others. Businesses pay for customer, listening tools, brand rights, and insight which help them build trust, grow, and improve. Selling these tools to businesses gives us a SaaS business model with gross margins in excess of 80%. It's underpinned by network effects because the bigger the platform gets, the more useful it becomes for all participants.

The result of being open is that we operate across verticals and geographies. That means our market opportunity is vast, and I'll give you some more color on this later.

I know you've seen this before, but I can't reiterate enough how powerful the growth flywheel and network effects are. The flywheel starts with people who rely on our platform to help them make choices and contribute around 200,000 new reviews every weekday. That motivates more businesses to engage with the platform, actively inviting their customers to share feedback and publicly showcasing Trustpilot in their marketing assets and on the web through what we call TrustBoxes. That in turn leads to more people using and contributing to our platform. The bigger the platform becomes, the better it gets for everybody. This network effect, combined with trust in the brand and our 330 million strong review history, gives us a very real competitive moat.

To strengthen this further, we go deep into four focus markets, the UK, US, Germany, and Italy. In H1, we delivered a 22% year-on-year increase in the number of reviews on the platform. And in the last 12 months, the number of TrustBox impressions increased 18% to 149 billion.

In addition to TrustBoxes, our brand continues to get billions of impressions every month from appearances across offline and online channels, including billboards, TV, search, and of course, increasingly large language models, as I've just mentioned. It's this whole hive of activity on and around our platform rather than any one particular metric that gives Trustpilot so much influence and such rich potential for monetization.

Since I joined, as you know, we focused more and more on large enterprise customers. A question I often get is what we do for these well-known businesses, many of whom already have strong brands and a strong reputation. The answer is best illustrated by how they use our platform to build trust, grow, and then continually improve their businesses.

So first, they build trust. If you were listening to HSBC's UK earnings presentation back in July, you'll have heard them call out hitting 4 stars on Trustpilot. Their UK CEO told me that trust is the most important thing in banking. He's using Trustpilot to galvanize the entire team around customer service because our platform provides a transparent independent measure of the trust they're earning every day.

Having established that trust, our customers then use it to grow their business. By showcasing their TrustScore and customer reviews prominently on their website, HSBC signals to the market that they're a great choice, allowing them to win new business directly on the back of their reputation. And on the slide, you can see Trustpilot showcased on HSBC UK's homepage right now.

The most successful businesses create a continuous feedback loop to improve their business. For them, Trustpilot isn't just a marketing tool, it's a rich source of intelligence. HSBC pinpoints recurring themes and customer feedback, understands performance across different parts of the business and turns that intelligence into targeted operational improvements. Thanks to those improvements, they recently celebrated hitting a TrustScore of 4.3.

This is also where we capture feedback that other tools never would. For example, if I walk into a bank branch, see a long line, and walk straight out again, management would never have known about that lost opportunity without a platform like ours. That's a unique insight they can use to improve.

This entire virtuous cycle is what differentiates Trustpilot from complementary systems like Net Promoter Score or NPS. The data from those traditional NPS tools lives behind a closed login, making it invisible to the public and to most employees. By contrast, Trustpilot is public-facing, making it a powerful tool to motivate teams, signal to customers, and learn from a distinctive source of feedback.

The HSBC example is a great reminder for me of why every large organization, not just in banking, should be using Trustpilot to build trust and understanding between their internal team and the people they're there to serve.

Finally, you'll have seen this morning that after nearly 10 successful years as CFO, Hanno Damm will be stepping down at some point next year. Hanno, of course, has been an exceptionally strong executive and Board member, instrumental in shaping the company you see today. We're all immensely grateful to him.

On a personal level, Hanno has been incredibly supportive during my first two years here and continues to be a constant source of wisdom and occasional good humor. I look forward to working with Hanno well into 2026 while we conduct a thorough search.

And with that, let me hand over to the man himself to take you through our first half performance.

Hanno Damm Trustpilot Group PLC - Chief Financial Officer, Executive Director

Thank you. Thanks for the kind words. Yeah, it's been fun two years already. Time flies. Good morning, everyone. Having heard Adrian reflect on the last two years, I can't help but reflect on my almost 10 years here.

When I joined the business, we did just a touch over \$30 million in ARR, and now we're rapidly approaching \$300 million. It's been a really fantastic journey, and so it's bittersweet to announce the start of an orderly succession today. And I'm tremendously proud of what we've achieved here, and I feel better than ever about the long-term prospects of Trustpilot.

Until I hand over to my successor at some point next year, I remain highly focused on continuing to drive the business to further success. So why don't we just dive into our H1 performance and the outlook for the balance of the year.

Record bookings, significant margin expansion, and exceptional cash conversion define our strong first half. Bookings grew 17% in constant currency with excellent momentum in our focus markets. Our strategic emphasis on enterprise is working. Over the past two years, we have delivered a 38% CAGR increase in businesses paying us over \$20,000 annually.

The strong top line performance, combined with our focus on operational efficiency translated into a 70% increase in adjusted EBITDA to \$18 million, expanding our margins by 4 percentage points. And profit before tax was up 45%. Most importantly, this profitability is converting into cash with 157% improvement in adjusted free cash flow to \$15 million and 159% increase improvement in adjusted diluted free cash flow per share.

Let me now go into each region in turn. In the UK, our most established market, the key metrics for which are on the bottom of the slide, bookings grew by 15% constant currency. You can see the strong performance is also reflected in our revenue and ARR growth. It demonstrates our strategy in action as we have deliberately redirected sales capacity towards larger accounts. Over the past two years, this has driven the enterprise share of bookings up 4 percentage points, while new sales to small businesses have, as expected, grown more slowly.

Regulation has increased with the implementation of the Digital Markets, Competition and Consumers Act, DMCCA. We are strongly supportive of these regulations and others in the EU and the US, and we continue to engage with regulators across these markets to uphold the review integrity. We won more flagship UK brand's with Boots, Barclays, and Pets at Home joining us in the period.

Moving on to Europe and the Rest of the World. This region covers our European markets as well as those across Asia. We're growing across all markets in the region, but within it, we're particularly focused on building our presence in our focus markets of Italy and Germany. Overall, we saw a strong bookings growth of 19% constant currency. Germany and Italy grew well ahead of the regional average and encouragingly, over half of bookings in these markets are from larger enterprise customers. Notable customer wins in the regions include Engie, Lindt Chocolate, and ING Bank.

North America delivered continuous bookings growth of 18%, a strong result on the top of an exceptional performance last year. The market opportunity here remains vast, and we're having excellent momentum, which was reflected in record new sales months after the period end in August, actually. Unprompted brand awareness is up 53%, and organic review volume is up 32%, demonstrating that both sides of our flywheel are accelerating. We were delighted to welcome SurveyMonkey, Citizens Bank, and Vimeo as customers during the period and some exciting other customers over the summer, reflecting continued momentum in the enterprise adoption.

Looking at the two charts on this slide, you can see our strategy delivering both growth and profitability. The top bar chart shows bookings have grown from \$98 million in H1 2023 to \$140 million today. Crucially, as the chart at the bottom shows, this has been achieved while more than tripling our adjusted EBITDA and more than doubling the margin to 14.6%. We also maintained the 103% net dollar retention rate in the 12 months ended June 2025. This is a strong indicator of our existing customer satisfaction and our ability to expand revenue from within our base, a hallmark of a robust SaaS model.

Crucially, our profitability is directly converting into cash with adjusted free cash flow that is operating cash, less leases and CapEx, of \$15 million, nearly matching our entire 2024 cash generation and demonstrating the high quality of our earnings. All this evidences the inherent operating leverage in our SaaS model and our disciplined approach to cost management.

Looking in more detail at our retention rate, it's important to note that most of our revenue comes from existing customers, many of whom have been with us for years. Our high and resilient retention rates support our visibility into future bookings and revenue, underpinning our guidance. We aim to increase retention rates over time by both reducing gross churn and increasing net account expansion.

In the first half of this year, we've increased net retention to 103% from 101% in the first half last year, in line with the year-end 2024. We saw an improvement in our gross retention rate from 85% to 86%, highlighting our compelling value proposition and the return on investment that customers gain from our solutions.

Net expansion is partially driven by the implementation of new packages last year and the launch of new product features in Q2 this year. The package migration annualized in Q2 in North America and in Q3 for the rest of the business, so we don't expect net retention rate to increase further this year.

The cohort chart below visualizes our strong retention perfectly. You can see how our revenue base is stable and builds predictably year after year with each new cohort adding to our recurring revenue. This is the power of our SaaS model in action.

Let's take a look at the income statement from a management view down to adjusted EBITDA, excluding stock-based comp and D&A. As always, an IFRS statement and reconciliations can be found in the appendix of this presentation.

This slide provides more detail on the operating leverage we're delivering. We achieved a 4-percentage-point improvement in our adjusted EBITDA margin in the half. Gross margin improved primarily due to the normalization of retention sales commissions following exceptional performance and associated higher payouts in North America last year. As you might expect, we have refined the commission model as a result, and so commission has reverted more to historic levels as a share of revenue.

Sales and marketing, which is the cost to acquire new customers, slightly increased as a share of revenue. The net benefit of capitalized sales commission was \$0.7 million versus \$2 million last year, so a headwind in the P&L. We had laid out the expected impact of capitalized sales commission when first introducing it in 2023, which is a headwind year-over-year. Obviously, this all washes out in the cash flow.

Operating leverage this period came primarily from efficiencies in technology, where we realized efficiency gains in content integrity. The team delivered significant cost efficiencies through higher usage of AI, resulting in simplified processes, more accurate outcomes, and reduced resolution times. Adrian will take you through this in more detail later.

In line with other SaaS businesses and the accounting standards, we capitalized \$3.6 million of development spend in the first half, up 11% from \$3.2 million last year or about 2.9% of revenue, which is actually slightly lower than the prior year.

We are ramping up product development in the second half, and for the full year anticipate that capitalized development spend will be slightly higher as a percentage of revenue than in the first half, but in line with our historic average of around 3%.

Our increase in capitalized software development cost is a direct reflection of our product innovation strategy, which is driving customer retention. We continue to deliver leverage across G&A and see the business delivering adjusted EBITDA margins over 30% in the long run.

Moving down the P&L, let me touch briefly on the non-cash IFRS stock-based compensation charge of \$6.3 million, which was up from \$3.7 million in the same period last year. Let me give you a couple of reasons for that increase.

The H1 figure was low as we saw high levels of forfeiture following management changes. Subsequent to the H1 grant date, we brought new executive team members on board and their grants are now reflected in the 2025 charge. In addition, this year, we have introduced additional share-based incentives for our highest performing employees and made changes to executive remunerations, details of which are in the annual report. These are crucial to enable us to attract and retain talent. We also saw lower forfeiture rates due to the higher performance vesting on the back of a strong 2024 performance.

And lastly, there was some FX impact given the stock-based compensation charge as a sterling expense and the pound depreciated against the US dollar. Whilst the non-cash charge to the P&L was materially higher, I want to draw your attention to the actual impact on diluted shares outstanding. As you can see in the chart, forfeitures and our buyback program more than offset the shares issued, leading to a continued fall in our diluted share count, which was down 2% from the prior year.

The reduction in diluted share count is helping drive the 159% increase in adjusted diluted free cash flow per share on top of strong free cash flow growth. We anticipate a similar charge and dilution impact in the second half of the year, assuming no FX impact.

Looking now at the other items below the line. Finance income and expense, while not large in absolute terms, can have an outsized impact on EPS. And so I want to give some more clarity here. Finance income of \$0.9 million is lower than last year. This is primarily related to income earned from money market funds, which are held at fair market value through the profit and loss. The reduction in income is due to a reduction in the amounts held in the funds compared to H1 '24.

On the other side, the finance expense of \$3 million is materially higher year-on-year, predominantly driven by exchange rate losses. These arise on the translation of our cash and intercompany balances from local currency into dollars at the period end. Even after these nonoperating items, profit before tax was still up an impressive 45% year-on-year.

Turning on tax. Last year, we recognized the UK tax losses, which led to a \$5.1 million one-off tax credit in the P&L. As a result, the EPS was artificially increased. This year, the credit does not repeat, so whilst profit before tax is up, there is a 67% reduction in earnings per share.

However, the clearest measure of underlying performance and the quality of our earnings is our cash generation. As you will see on the next slide, our conversion of profit to cash is exceptionally strong.

Let's take a look at the movements in cash over the past six months. From \$18 million of adjusted EBITDA, we actually generated \$21.3 million of adjusted operating cash flow in the period on the back of improved profitability and an improvement in working capital as we have incentivized annual rather than monthly customer payments in predominantly our new business activities.

We invested \$3.9 million in CapEx, largely capitalized product development costs. And taking into account principal elements of lease payments for our offices and cash tax of \$0.4 million, we generated adjusted free cash flow of \$15.2 million. This is a 6-percentage-point improvement in the free cash flow margin on the back of the 4% improvement in adjusted EBITDA margin.

Our pro forma cash balance before equity transaction was \$84.1 million. We spent \$23.3 million buying back 7 million shares or 1.7% of the shares outstanding on January 1, 2025, and had employee stock option exercise proceeds of \$0.6 million. Our strong cash generation and period-end cash balances allow us to launch a further big beautiful buyback of \$40 million or GBP30 million today. And again, you'll find the reconciliation slides in the appendix for adjusted EBITDA, EPS, and adjusted free cash flow.

As we have previously outlined, we have a consistent capital allocation framework, and you can see how we are executing against this. Our first priority remains to invest in organic growth given the significant market opportunity. In the first half this year, we invested an incremental \$10 million in sales and marketing, product and technology, as we executed against our strategy.

As you will hear, we introduced new products for the businesses and consumers and successfully implemented new systems that leverage AI and content integrity. We continue to consider where M&A could be used to accelerate growth. Any M&A is more likely to be an acquisition of product capabilities.

Finally, given we're generating significant cash flow, we want to maintain an efficient balance sheet by returning excess capital to shareholders, and we returned \$23 million through a share buyback in the first half of the year. The March buyback completed in early September, and as I just mentioned, today, we're announcing a further GBP30 million buyback program.

So before I end, let me just talk briefly about the outlook for the balance of the year. Following our strong first half, trading has continued in line with our expectations. And so we maintain our guidance for high teens constant currency revenue growth. Reflecting the operating leverage we delivered, we now expect the full-year adjusted EBITDA margin to be in line with the 14.6% achieved in the first half. This is ahead of current consensus.

And with that, I'll hand you back to Adrian for his strategic update.

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

Thank you, Hanno. Listening to that, I'm reminded that a few days after joining the business in September 2023, we reported 16% bookings growth for H1 of that year. Our first-half 2025, as you just heard, bookings grew faster than that in a business that is now over 50% bigger in ARR terms.

As I mentioned earlier, our strategy is clear. We're the world's largest open customer feedback platform with a vision to become the universal symbol of trust. Trustpilot collects around 200,000 new reviews on a typical weekday. Our products help consumers and businesses turn that feedback into action. People help each other make the right choices, businesses build trust, grow, and improve by listening to their customers.

By going deep in focused markets and verticals, we maximize the inherent network effect of the platform. Our SaaS business model reinforces this by delivering customer expansion through product innovation. This is all underpinned by an ongoing focus on trust in the platform, and none of this will be possible without great people and a strong collaborative culture. Taken together, this all delivers efficient growth.

Because trust matters to every business, we often refer to the vast size of our addressable market. Let me now go into that in a bit more detail. We recently completed a bottom-up market analysis. This exercise confirms a serviceable addressable market or SAM of \$18 billion based on adoption of our existing products by businesses with websites in verticals where we already have customers in our four focus markets plus Denmark, France, and the Netherlands. We've captured around 1% of this SAM so far.

Beyond this, our expansion into additional geographies and verticals and adjacent areas like data solutions increases our total addressable market to an estimated \$55 billion. This demonstrates the significant multiyear runway for growth ahead of us.

Just to break that down further, the US is obviously our largest market opportunity, where today our total penetration into the SAM is around 0.5%. We've been focused on selling into high customer lifetime value sectors such as financial services and telecoms. And as you can see from the chart, this is working, although even in these verticals, there remains very substantial headroom for growth as we're only around 2% penetrated. In the UK, we're about 5% penetrated into the overall SAM and have even greater headroom, of course, in Germany and Italy, our other two focus markets.

This year, 2025, we have three clear priorities: driving enterprise growth, particularly in focus markets, delivering value through product innovation and strengthening trust in the age of AI. Let me take each of these in turn.

Our focus on larger customers is delivering tangible results. To put it crudely, we have more customers paying us large amounts of money and fewer customers paying us small amounts of money. The number of customers paying between \$10,000 and \$20,000 per year has grown 29% a year over the last two years.

Even more importantly, the number of businesses paying us over \$20,000 per year, which make up the largest share of total ARR, has grown by 38% a year in the same period. This strategic shift towards larger customers improves our unit economics, enhances the quality of our earnings, and of course, accelerates the growth flywheel faster because big businesses invite and showcase at greater scale.

Our enterprise strategy is succeeding across an extraordinary range of sectors, from global banks and airlines, to retailers, healthcare, and technology companies, the world's leading brands are choosing Trustpilot to build trust with their customers. This diversity, a direct consequence of our open platform, is a fantastic source of future growth and resilience and gives a unique data set on customer experiences right across the economies where we operate.

Product innovation to help consumers and businesses understand feedback and turn it into action is at the heart of our strategy. For consumers earlier this year, we launched AI review summaries. These highlight key themes and quickly enable people to get a clear view of the business. We also launched semantic natural language search and a new AI-powered topics model to find the most relevant reviews on a page.

For businesses, we released six new product features in April, which underpin the SaaS upgrade cycle and help support the strong net dollar retention rate of 103%, which Hanno mentioned earlier. These include review follow-up, allowing businesses to capture more detailed feedback as soon as the consumer is left to review. Businesses can tailor questions based on the star rating the consumer has submitted.

We also introduced Visitor Insights, which provide businesses with deeper analytics on consumer behavior on trustpilot.com, such as which other business pages a consumer has visited.

Finally, we launched the TrustLayer API, giving access to our entire corpus of global customer feedback. This is opening up entirely new use cases for our data in sectors like investment and consulting. Major customers so far include a big four accountancy firm and a leading global strategy consultancy.

Turning now to our third priority of 2025, trust in the age of AI. As I said at the beginning, large language models are amplifying Trustpilot feedback across new services in line with our mission of Trustpilot Everywhere, meaning reviews people write on Trustpilot are having more influence than ever before.

Engagement with our platform is, therefore, more important than ever for businesses. Internally, we're embedding AI across our operations to improve products, drive efficiency, and protect the integrity of our platform. A prime example is in our content integrity team, that is the team that enforces our content guidelines across the platform where AI tools have produced better outcomes more

quickly and at lower cost. Easy queries are dealt with rapidly using AI, leaving humans to handle the more complex cases. AI tools scan for guideline violations at the point of review submission. And post submission, they help assess any reviews that are flagged by business or consumer.

These changes have helped us reduce enforcement handling times by 63%, resulting in improved customer sentiment score while cutting the cost per case by 59%. This is a great example of AI helping us to do something faster, better, and cheaper to the benefit of everyone. We also continue to release upgraded AI models, which identify patterns in metadata points to remove suspicious reviews. In the first half of 2025, we removed 8% of all submitted reviews, up slightly from 7% last year.

So to summarize, our strategy is clear and it's delivering. Trustpilot is the world's largest open customer feedback platform, a position that is becoming more important and influential than ever in the age of AI. We're driving strong growth across our focus markets, working with some of the leading brands in the world with enterprise new business up 42% year-on-year.

Our focus on product innovation is reinforcing our competitive moat with new features helping businesses and consumers turn feedback into action. And we're driving operating leverage, translating bookings growth into profitability and strong cash generation. Because of all that and the vast addressable market, we're confident we can deliver sustainable mid-teens growth and ongoing margin improvement.

Now Hanno and I will take your questions.

QUESTIONS AND ANSWERS

Hanno Damm Trustpilot Group PLC - Chief Financial Officer, Executive Director

Jess, you can start.

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

Jess, yeah.

Jessica Pok Peel Hunt - Analyst

Good morning. It's Jessica Pok from Peel Hunt. I've got three, please. Can you just comment on -- Very strong bookings growth for H1. Can you just talk about how that's progressed since the period end? Have you seen any changes? The second is you're guiding to the margin being the same for the full year as H1. Can you just talk a little bit about what's baked in in the second half to reach that?

And then the third one is you haven't given a number for the total amount of paying customers. But I think from the slide on the shifting business mix, you can kind of infer it. So am I right that the number of paying customers might have gone down, but ACV has gone up? Okay. I can see Hanno shaking his head. But can you just comment on that? That would be great.

Hanno Damm Trustpilot Group PLC - Chief Financial Officer, Executive Director

Yeah. So the first question was growth and continued trend into Q3, correct? Yeah, like I said in my prepared remarks, we saw continued momentum in line with our expectations. And so we're very happy with where the consensus sits and our ability to achieve that.

The second question around margin, what's baked in, I mean, sort of -- as you know, in this business, revenue in the back half of the year, especially from this vantage point as well as our cost structure is pretty predictable. And so we have a pretty good idea of where we're going to land in terms of revenue and overall cost.

We've baked in additional investments into the business to continue to drive growth into next year. I mean we're already well into our 2026 planning at this point and where do we want to invest for growth and how do we continue to accelerate the business. And

some of these investments we'll try to pull into -- we try to get on with it as quickly as possible if we know that they're sort of supporting a strategic initiative that's important for next year.

And no, the number of total customers has grown in similar fashion as in prior periods, it hasn't gone down.

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

And just to reiterate, we're trying to give more disclosure around paying customers with the breakdown that we just provided by amount of paying. And obviously, the intent of providing that breakdown is to show the customers we're focused on, the number of customers paying us more than \$20,000, for example, went up 38% each year for the last two years. And that's matched by at the very low end, a decline in the number of customers. So overall, the number is increasing slightly. But more important than that is what's going on under the hood that's driving a higher quality of revenue going forward.

Yeah, Gareth.

Gareth Davies Deutsche Bank - Analyst

Good morning. Gareth Davies from Deutsche Numis. Three from me as well. Two relatively high level and one quite specific. In terms of tech and content, you've reduced from 26% to 24%. Can you talk a little bit about the sort of balancing act as you're getting AI efficiencies, et cetera, given how much potential product you've got and the growth potential, sort of how you manage that process in terms of the reduction?

Second one, really useful chart on the US. If I was a salesman sat in your US business, am I being incentivized to really go at the 2% and push them to 5%? Or is it now about that broad spread of verticals and sort of building a presence in each? How are you again a sort of balancing act?

And the final one, I think Hanno said that for new business activity, you've shifted to annual upfront payments. Just understanding -- did I hear that right? And in terms of the existing contracts and customers, is the intention over time to shift those as well? Or is it kind of status quo for existing customers and it's new business that's moved down that route? Thank you.

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

I'll have a stab at all this. So in terms of tech and content, we have a fantastic road map of further innovation to deliver on. We are extensively using AI, as you can imagine, in engineering to help us operate as efficiently as possible. And in terms of that balance, getting that balance right, I think it's all within the overall framework of delivering sustainable operating leverage over time while capturing the huge market opportunity that lies ahead. And we make those judgment calls in every budget cycle.

But I think you can see that we're getting more and more product out the door as we go on. And we've got a very exciting lineup for 2026.

In terms of the US and verticals, as I mentioned earlier, we've had a lot of success, for example, in financial services. We are continuing to go deep into those verticals where we saw slightly higher penetration, although still lots and lots to go for. So no change really to the approach in the US, which we think is working very, very well for us. And we're seeing all those flywheel metrics continue to go in the right direction in the US.

So if you look at, for example, brand awareness, our momentum on Google Trends, brand searches on Google Trends, all of the various flywheel metrics we look at are heading in the right direction in the US, which is great to see. And I think Hanno mentioned in his remarks that we just did a record August new business number. So we're very confident going into the second half in the US.

And then annual upfront, that's something that we've been incentivizing our sales team to do. So a much higher proportion than before of new business is being bought in on annual contracts. We obviously like that for a number of reasons, and it's going to benefit our growth retention in the long term as well. So that's something we're incentivizing going forward. It's not all of our new business, but it's a significantly higher proportion than in the past.

I don't know if you want to add anything on that?

Hanno Damm Trustpilot Group PLC - Chief Financial Officer, Executive Director

Yeah. Just to -- I mean, I don't want to overstate the impact. Our average prepayment, I think, was about six months across the entire book of business. Of the new business, we increased the share of annual from sort of low teens to high 30s. So as Adrian said, we believe it delivers a higher quality of earnings and bookings. It obviously lessens the burden on the internal organization instead of invoicing 4 times or 12 times, you invoice once, you collect the cash, and then you'll do it again at renewal. And so it just helps us scale the business, and we believe it's a good thing.

Sean Kealy Panmure Liberum - Analyst

Sean Kealy from Panmure Liberum. I've got three, if I can. Firstly, Hanno, you touched on M&A, and I think you said that any potential acquisition will be more about products than anything else. I guess two subparts to this one. Firstly, could you give us an idea of what sort of product you'd see as attractive? Is there any sort of specific area you're looking at? And secondly, just to touch on what sort of resourcing you're putting into that as well?

Secondly, on the outlook, I think you reconfirmed revenue guidance at high teens. Just to confirm, are you also reconfirming bookings guidance for mid-teens for this year?

And then thirdly, just as we look into 2026, I think consensus is assuming a bit of a booking slowdown in the second half as you lap the repackaging from the previous year and a step-up again in '26. I know you won't be drawn on any specific guidance for FY26 today, and I'm not asking for that. But could you give us a sense of the different levers and how you feel about them looking into 2026?

Hanno Damm Trustpilot Group PLC - Chief Financial Officer, Executive Director

I'll leave the M&A question to Adrian. But let me quickly touch on the outlook questions. So outlook, we've said we're very comfortable with the consensus. I think we also said that we've seen a sort of continuation of trends in Q3. So I think overall, you should just take away that we feel really good about the business. And I think some analysts have very low H2 bookings numbers. And I think we're internally a little bit more optimistic than that.

But we have never really given any formal bookings guidance. We've said about this business, this is a long-term sort of mid-teens growth business with expanding margins, and that remains our stated position.

Obviously, internally, we have always plans to do more and achieve more. But we also need to sort of acknowledge that sometimes the outside macro world is outside of our control. But even within those environments, we're confident to continue to be able to grow this business efficiently and at pace.

Yeah. And I think on M&A, I mean, do you want to -- We don't want to really sort of speculate on sort of what it could be. There's no active activity going on or resource against it today, which just sort of conceptually, if you were to think about it, it would probably be more on the product side would be my answer to that.

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

Yes, nothing to add.

Joseph George JPMorgan - Analyst

Good morning, guys. Joe George from J.P. Morgan. I've got two, please. Firstly, a more conceptual question, just as end users shift from traditional search engines to more generative search engines, do you think that shift is neutral? Or do you think that could have a net positive effect on the network effects and the brand growth?

And then secondly, a question on capital allocation. We now have a number of years of organic free cash flow generation under our belts and significant cash on the balance sheet. I wondered, do you think we could expect an evolution in the capital allocation whereby we ever see increased organic investments potentially in the US to drive higher growth rates, chase after that 99%

untapped market, et cetera? Or should we expect more of the same with buybacks to more than offset the share-based comp, et cetera?

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

Happy to start with this. So in terms of the large language model shift, I think it's definitely a net positive for our business, for our model. We're seeing, as discussed earlier, really significant increases in our exposure through Gemini ChatGPT and the others that are out there. And I think it just inherently provides a richer experience than SEO did. And what we're hearing from customers is that as GEO becomes an important part of what they're doing, then Trustpilot equally is going to become more important to them over time as a result.

And I mentioned in my remarks, agentic commerce and the move towards that. We think with all the data that we have through the TrustLayer API, it's important that those AI agents are going to actually pay attention and listen to the human experiences with different companies in order to do what they do more effectively. So we think we're very, very well-positioned for where the world is moving.

In terms of the US, we're not changing our approach. We think our approach is working. And as I've said, this is really doubling down on our strategy. So no changes to reveal to our US approach.

Hai Huynh UBS - Analyst

Hello. I'm Hai from UBS. Thank you for taking my questions. I have two, if you don't mind. First one is the 38% CAGR on the above 20,000 customer base. How do you see the retention rates there? How does that differ from the overall base?

And my second question is -- Actually, I might have three. Second question is EPS down 67% because of the tax credit. And I might have missed that in the presentation, but how do you see that for the full year? Is that going to be a similar kind of impact? What's the effective tax rate do you see essentially, for just modeling purposes?

And then finally, cash flow conversion, 84% for EBITDA. Where do you see that for the full year as well? Is that the kind of normalized cash conversion you see? Thank you.

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

So maybe I'll take the first one and then hand over to Hanno for the others. So there's really a couple of reasons why we prioritize those larger customers. The first is, to your question, the retention numbers look better. So both gross and net retention look better at the larger end, as you would see in most SaaS businesses. So we're no exception there.

But the second reason, which is more Trustpilot specific is that, as I mentioned, those larger businesses do more for our growth flywheel. So if you have millions of customers, you can invite millions of customers to write reviews, you can showcase in mass media advertising. And all of that fuels our growth flywheel and is great for our overall model. So those are the sort of two key reasons why we prioritize those larger businesses.

Hanno Damm Trustpilot Group PLC - Chief Financial Officer, Executive Director

Okay. So on the cash conversion, I think there's not a material difference between the first and second half. In fact, the second half tends to be slightly better because we do pay the annual bonus in the first half. So if anything, I think it is a good indication of the ability of the business to convert profit and EBITDA into cash.

On EPS, I mean, the benefit last year was a one-off. So obviously, you're going to have that same impact if you look at it on 6 or 12 months in terms of tax credit in one period and the tax charge in the other. And then the IFRS tax charge is always a bit of a tricky one to really get your arms around because there is timing differences. It's obviously also a consolidated number between the various entities. So we pay taxes in the UK; we pay taxes in Denmark; we don't pay taxes in the US just yet. At some point, we will activate the US tax losses.

And so I would focus more on the effective cash taxes that we pay, which has meaningful tax shields, both in the UK and Denmark. But there will also always be minimum tax payments required due to sort of limitations of usage, not in total, we will be able to utilize them all, but in terms of timing. So you can't just shield all your income in every period.

And so what I would suggest we do is maybe we'll just look offline at your model and help you a little bit with the modeling there.

Jessica Pok Peel Hunt - Analyst

Thanks. Jessica Pok from Peel Hunt. Just a follow-up. When we look at how you've utilized AI right now, you're using it for product development, you're using it to reduce fake reviews. Is there potential to use AI in your sales and marketing function, i.e. can we see leverage quicker there because of the use of AI? I know you use Trust Analytics. I mean, is there a potential to inject AI into that?

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

There is absolutely. I mean, as you'd imagine, right across our business, we're leaning into AI and all the opportunities it offers. And we think it's, net-net, a great positive thing for us and for the wider world.

Unidentified Participant

Good morning. It's Jonathan from (inaudible). I've just got one question, just to follow up on the customer numbers evolution. I think I understand that in H1, paying customer growth was about 3% year-on-year. I think sequentially, the number was down ever so slightly, sort of 0.1% or something of that nature. Is that a seasonal factor? Or is that a product of the shift in your emphasis to the enterprise clients and you're happy to see those lower-value sort of churning off as it were perhaps lower-grade clients and you're bringing in the enterprise, you're getting your total revenue growth target.

Can you just sort of contextualize and explain how that evolves? Do we expect to dip in in that total number perhaps for a couple of years and then you hit an inflection point and it comes up quite quickly because the base is more solid. Can you just talk that through for us?

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

I think the best way I can contextualize it, and this is what we were trying to bring to life in the data that we shared is it's a bit like judging your net worth by how many notes are in your wallet without looking at the value of those notes, right? So some of these customers are literally worth more than 100x what the others are worth. So the best way to look at the economic value of our business is to judge us by what's happening at the top end. And as we've illustrated today, what's happening at the top end is extremely healthy in terms of customer numbers with 30%, 38% sequential improvement in the number paying us more than \$20,000 a year. And our strategy, as we're very consistent on, is focused at the high end for the reasons that I gave earlier.

So obviously, I'm never happy to see any customer churning. But one of the reasons we're prioritizing at the high end is that the net retention rates are fantastic. So what we see is that as businesses like Barclays and Lindt and Vimeo and HSBC and some of the names you've heard today, as they come on to our platform, the value of our business has increased far more than if five small florists or whatever came on board. So that's what our strategy is focused on. It's focused ultimately on growing the value of the total business.

Unidentified Company Representative

We've got a couple of questions that have come in online. Firstly, from Patrick O'Donnell at Goodbody. Can you give us a sense of your current penetration in key markets? If we take the UK, for example, as one of the core markets, can you describe pricing power from here, if any, given brand recognition?

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

Yeah. So what we've disclosed today is we've done this analysis of the SAM, the serviceable addressable market. That's \$18 billion across our four focus markets plus three additional European markets. And the answer to the question is in the UK, we were at 5% of that SAM. So even in our largest market, we've still got huge, huge room for growth. And that applies across verticals as well as in the US where we're at 0.5%.

Unidentified Company Representative

The next question is from James (inaudible) at Canaccord Genuity. The company's Google Trends USA went completely bananas at the end of August this year. What drove that?

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

Well, look, Google Trends is quite a volatile thing. So I never hang too much on one month's Google Trends number. But I think what you've got to look at as a former employee of Google, I know their tools pretty well, and the view I was like as you look at 2004 to the present, which is the longest time period you can look at on Google, and that what shows you the kind of long-term trend of what's going on. So I would encourage all of you to look at the long term rather than even if it did jump massively in a particular month rather than fixating on a particular month.

But what we can all see from not just that, but many other metrics, is that our flywheel is taking shape in the US. There is nothing else like Trustpilot in the US. And we can see more and more as we go into the market. Customers are realizing what it is that we bring and that there isn't really anything else like it domestically. So we can see the flywheel starting to work its magic in the US.

Unidentified Company Representative

And then there are a couple from Ildar Davletshin. Firstly, what are your thoughts on the challenges coming from AI agents, which arguably could play a critical role in consumer shopping in the future? And secondly, does the slowdown in booking H1 '25 plus 17% versus 21% for the whole of last year suggest revenue slowdown in the near term? Or do you have other levers to maintain strong revenue growth?

Adrian Blair Trustpilot Group PLC - Chief Executive Officer, Executive Director

Yeah. So on both of those, as I've said, we see AI agents as being an opportunity because they're going to need to know about what's going on, and customer feedback information is going to be important to them. We've now made all of that feedback available through the TrustLayer API, which is already seeing some success. And in terms of bookings, I think you can see very healthy bookings growth across our focus markets in the first half. And as Hanno said, we're maintaining our guidance going forward. So encouraging performance in the first half, overall.

Unidentified Company Representative

Final question. Or did you want to talk bookings, yeah?

Hanno Damm Trustpilot Group PLC - Chief Financial Officer, Executive Director

Oh, no. I think bookings is always sort of the leading indicator. So if bookings come down a point, revenue growth is going to come down a point. But we're not talking about wild swings here, right? And on the AI agent, my view is always if you have an AI agent and send it shopping and it sends you something back and it's a terrible experience because the AI agent didn't check Trustpilot, you're not going to be happy with your AI agent.

Unidentified Company Representative

All right. Final question from [Mads Lindegaard Rosendale]. Has there been any internal discussion around the US listing or potential move of the UK listing to the US?

Adrian Blair *Trustpilot Group PLC - Chief Executive Officer, Executive Director*

No.

Unidentified Company Representative

That's all. Thank you.

Adrian Blair *Trustpilot Group PLC - Chief Executive Officer, Executive Director*

Thank you.

Hanno Damm *Trustpilot Group PLC - Chief Financial Officer, Executive Director*

Thanks, all.

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