

**VERCOM**

# | Preliminary results 2023

Investor presentation

26 February 2024



**: Scale beyond**

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: Another record year  
underpinned by  
**+30% organic growth**

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: 2023 was another record year

Gross profit

**PLN 181m**

**+56%**

Growth y/y

Adj. EBITDA

**PLN 85m**

**+54%**

Net income from continuing operations

**PLN 60m**

**+94%**

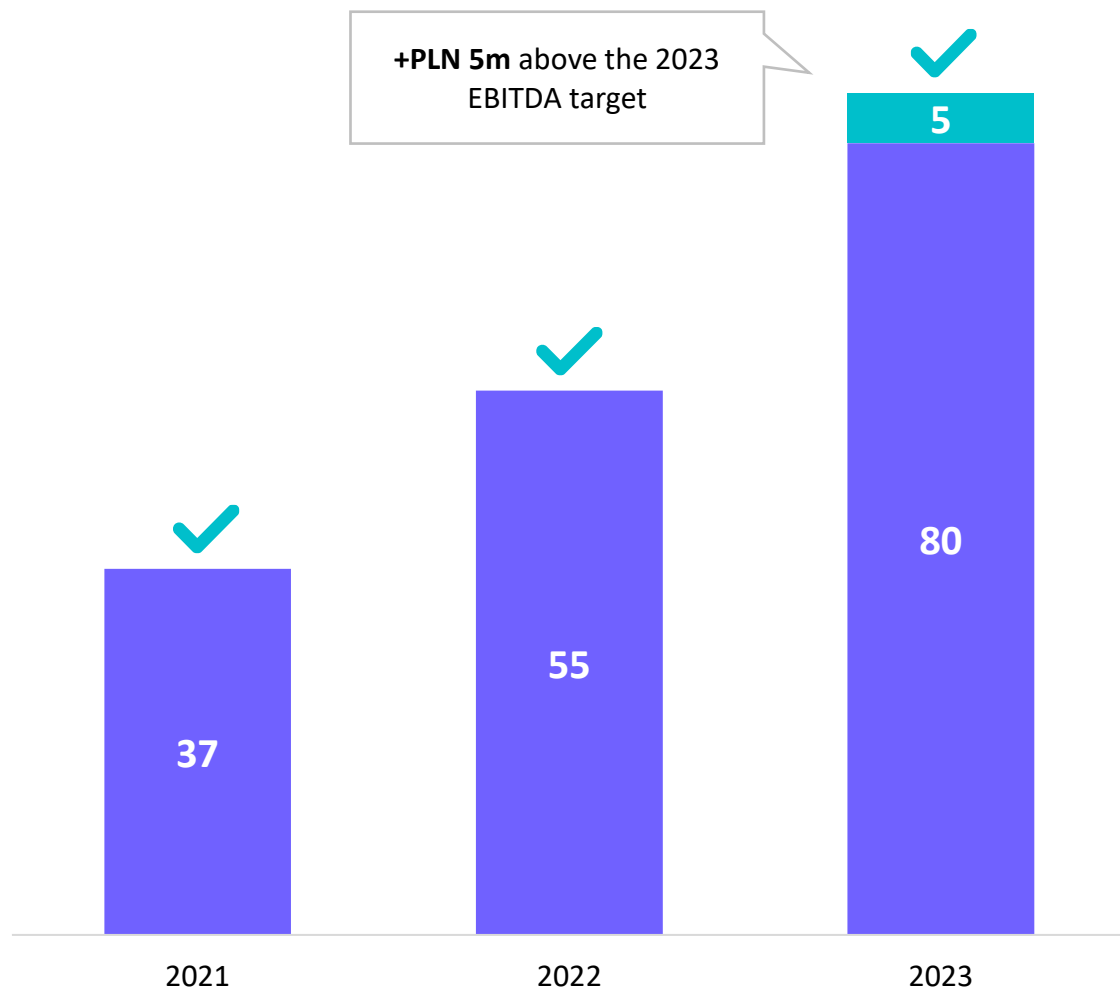
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## : Beating financial target for 2023 by PLN 5m

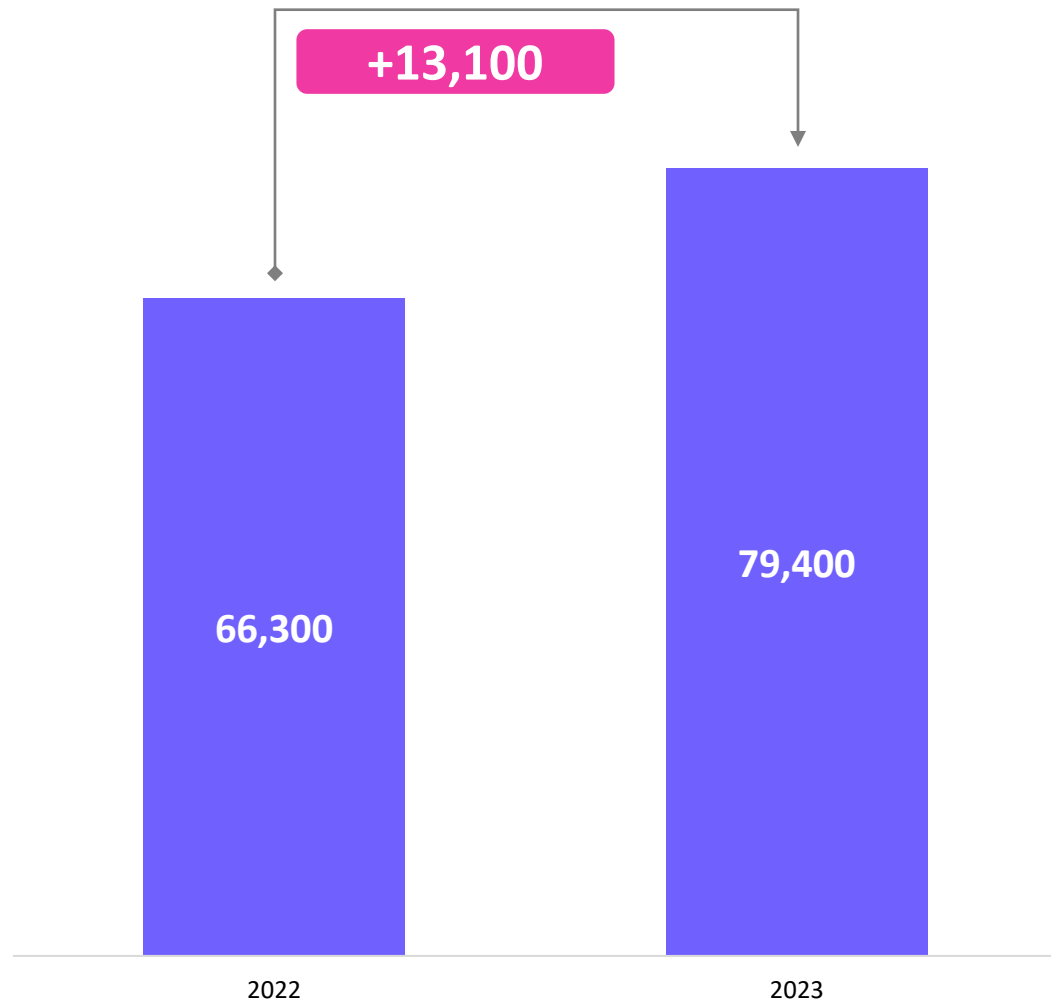
ESOP financial target – adjusted EBITDA (PLNm)





## : Adding 1,000+ customers per month

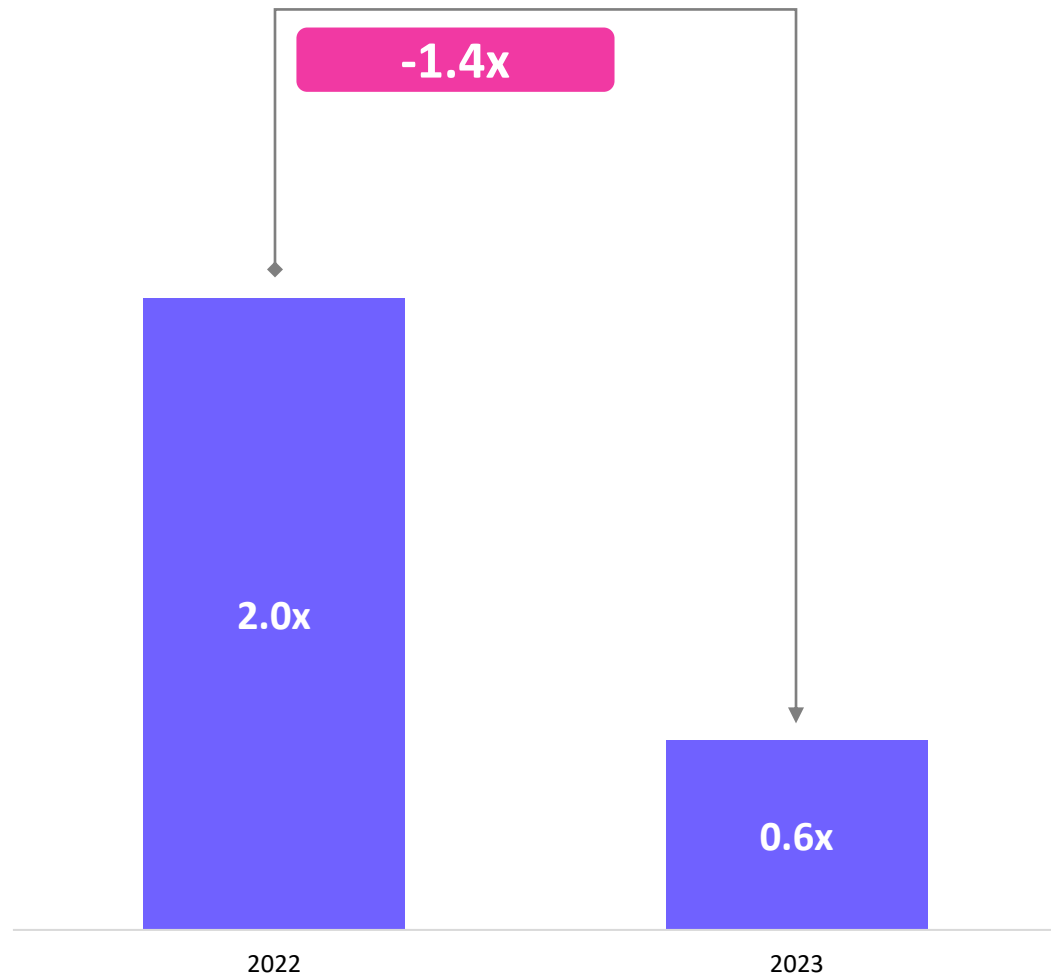
Number of customers





## : Growing headroom for M&A and dividends

Net debt / EBITDA

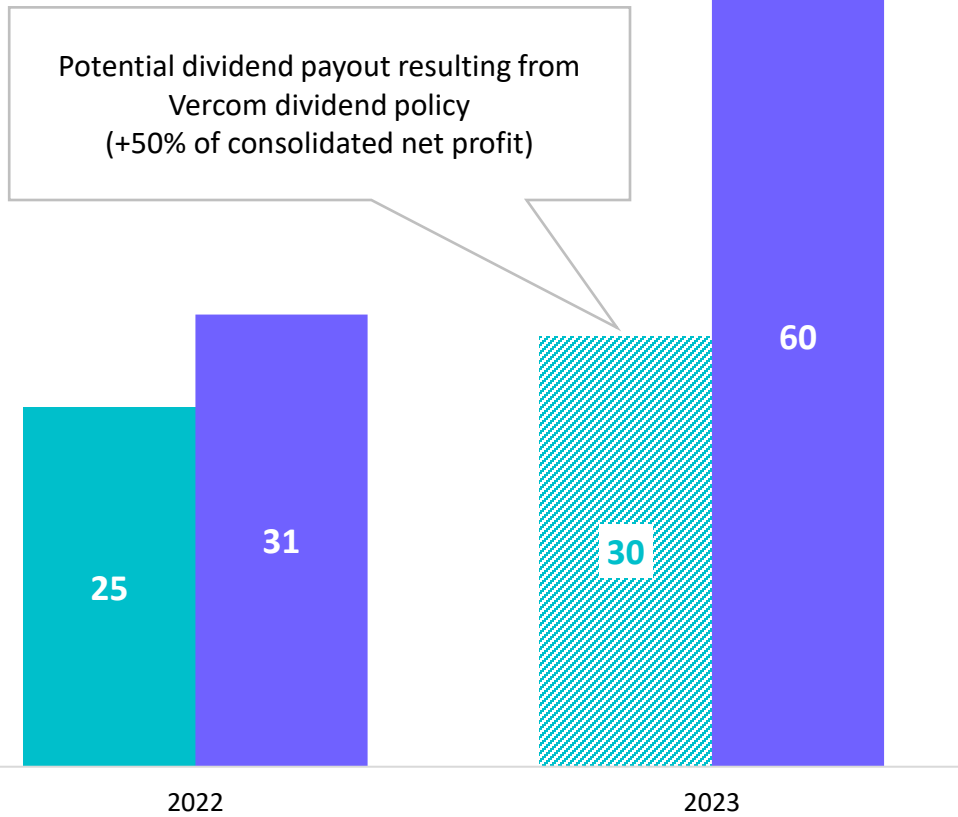




## : Attractive perspective of growing dividends

Net profit from continuing operations, dividend payout (PLNm)

- Dividend payout
- Net income from continuing operations





# : Nearing PLN 2.0bn valuation mark (ESOP target for 2024)

Market capitalization (PLNk)



\* Target before capital increase associated with acquisition of MailerLite



: Our mission is to help our clients to **reconnect with their audience** by removing communication and technological barriers





: Our solutions are an inherent part of everyday life

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Shopping with the FAMILY card is always a good choice. You get 30% discount!



Your package is waiting in parcel WAW12AP. Pickup code 67843



Your statement is ready to view online. Go to <https://goo.lg/ak54f> to view and manage your account.



Hello, a hold has been placed on your DHL parcel. Please review and update your shipment information below <https://dhl-update-id797475>



Your order #496862 has been completed and is awaiting pickup

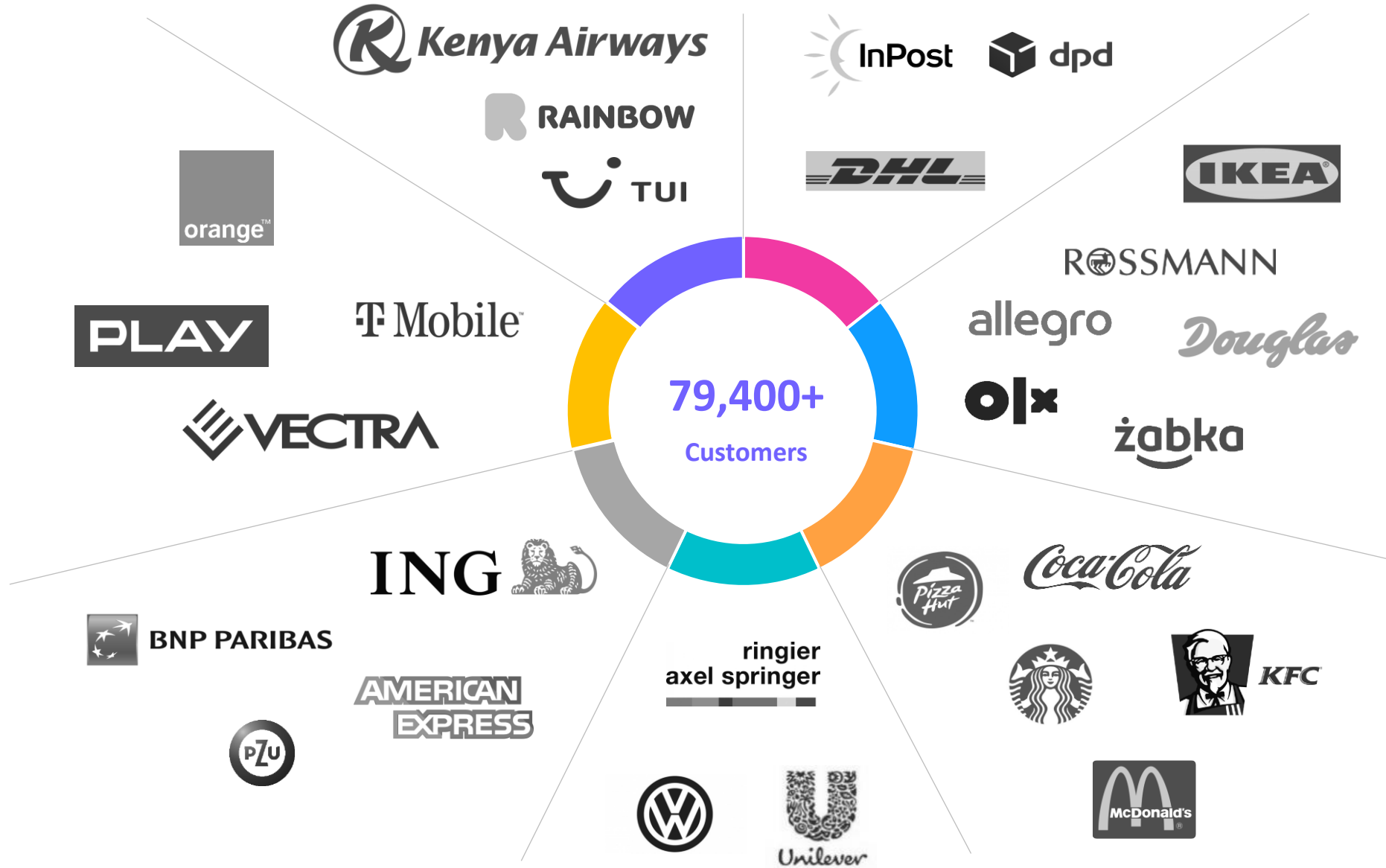


# : Vercom customer engagement flywheel



Increasing adoption of AI features

: 20 years of experience rewarded with trust of landmark partners





**: One of the highest-rated email marketing platforms**



**4.7 (1887)**



**4.7 (386)**



**4.5 (16449)**



**4.5 (5736)**

**Capterra rating**

★ 4.6

★ 4.5

★ 4.4

★ 4.3

Ease of Use

★ 4.8

★ 4.4

★ 4.1

★ 4.4

Customer Service

★ 4.6

★ 4.6

★ 4.4

★ 4.4

Features

★ 4.8

★ 4.4

★ 4.4

★ 4.2

Value for Money

**\$10.00**

**\$20.00**

**\$13.00**

**\$50.00**

Price starting from

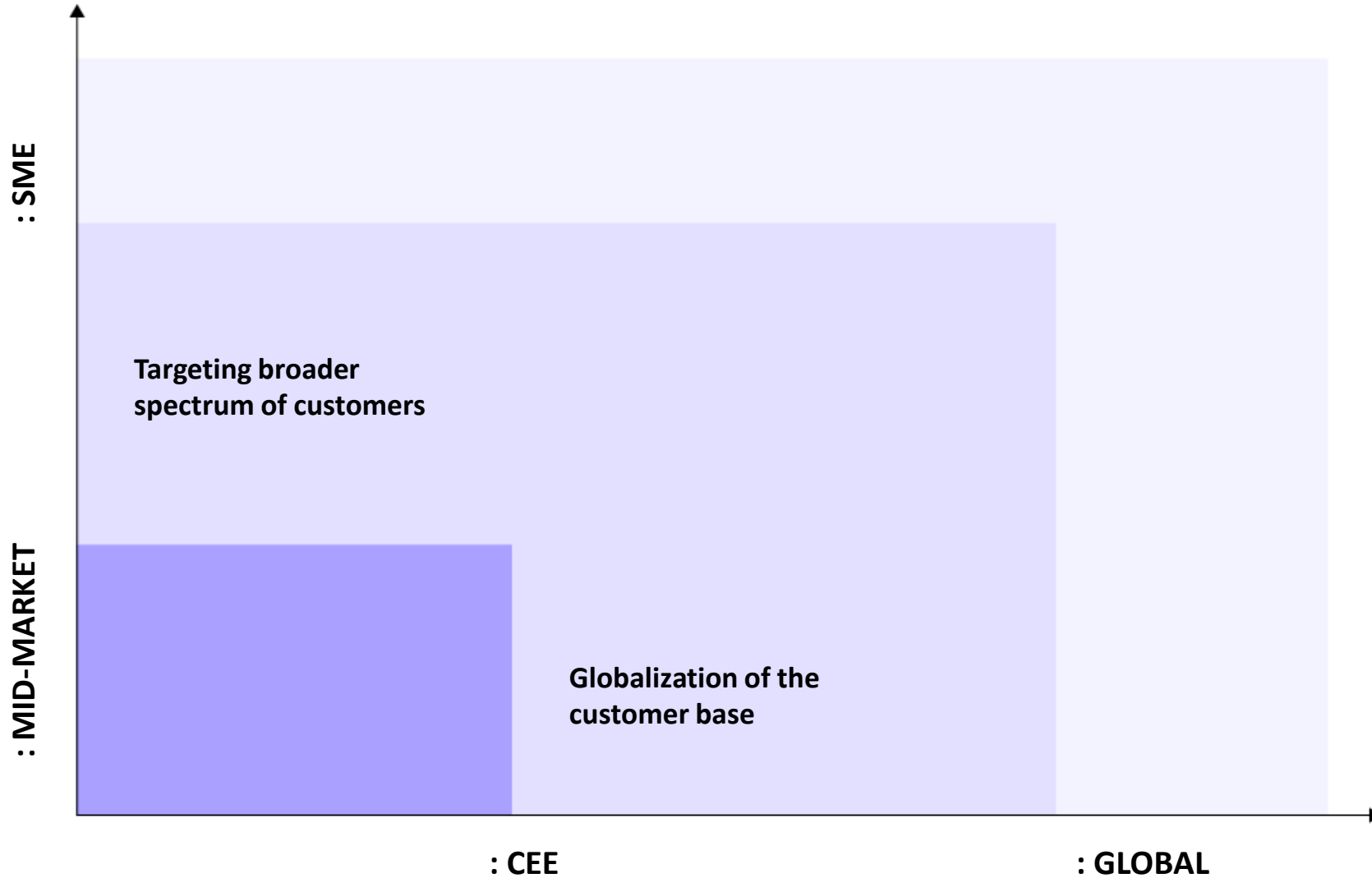
: Strategic focus on SME clients to **drive global expansion**





: Strong focus on scalability to further grow international presence

messageflow™  
mailer  
lite



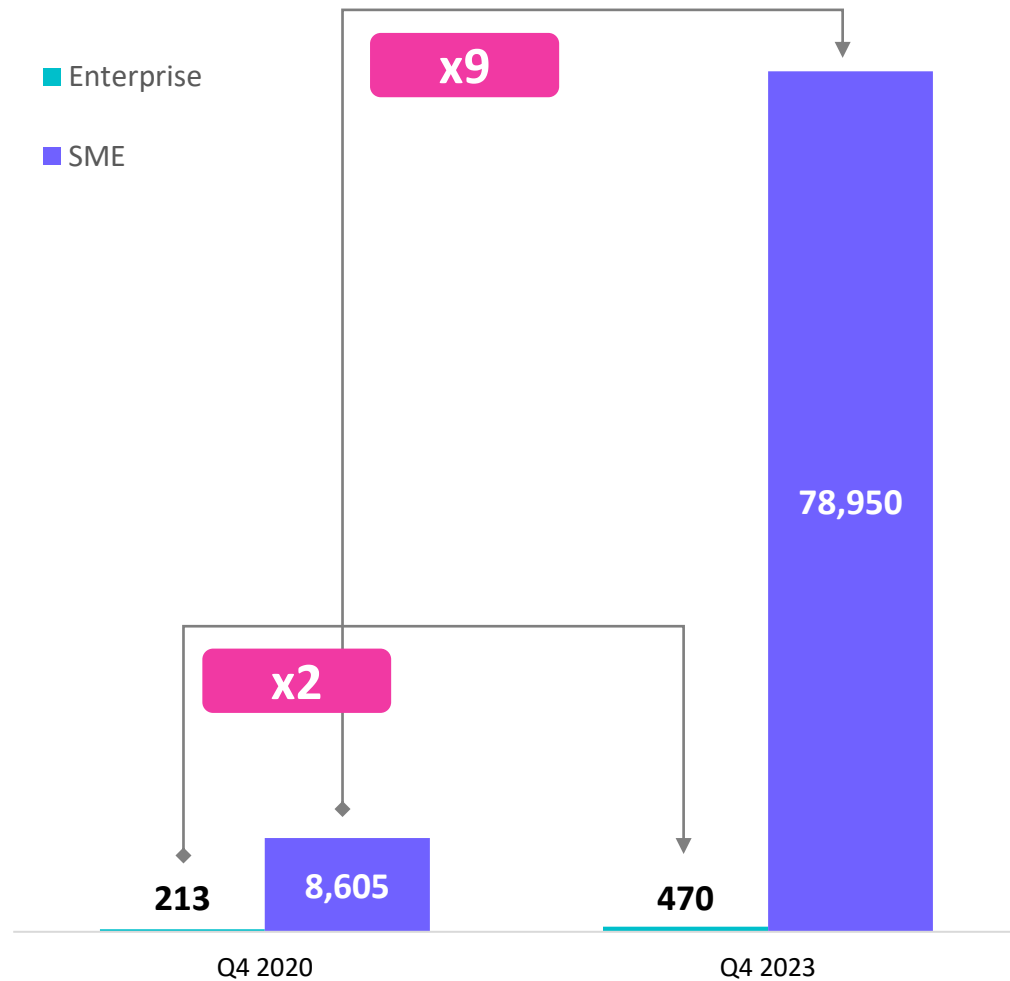
↗ +1m

Long-term target:  
Paying customers

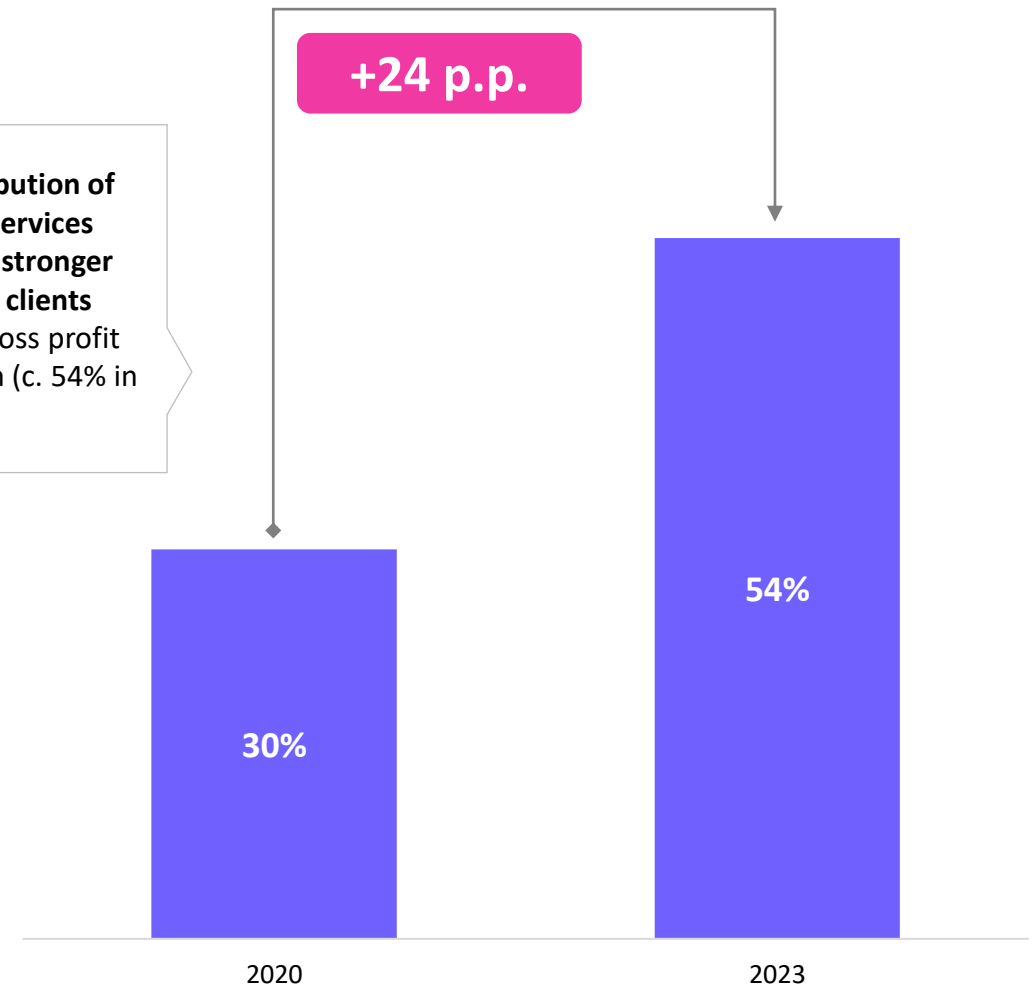
# : Strategic shift towards small businesses and creators

Evolution of customer structure since IPO

Gross profit margin LTM (%)

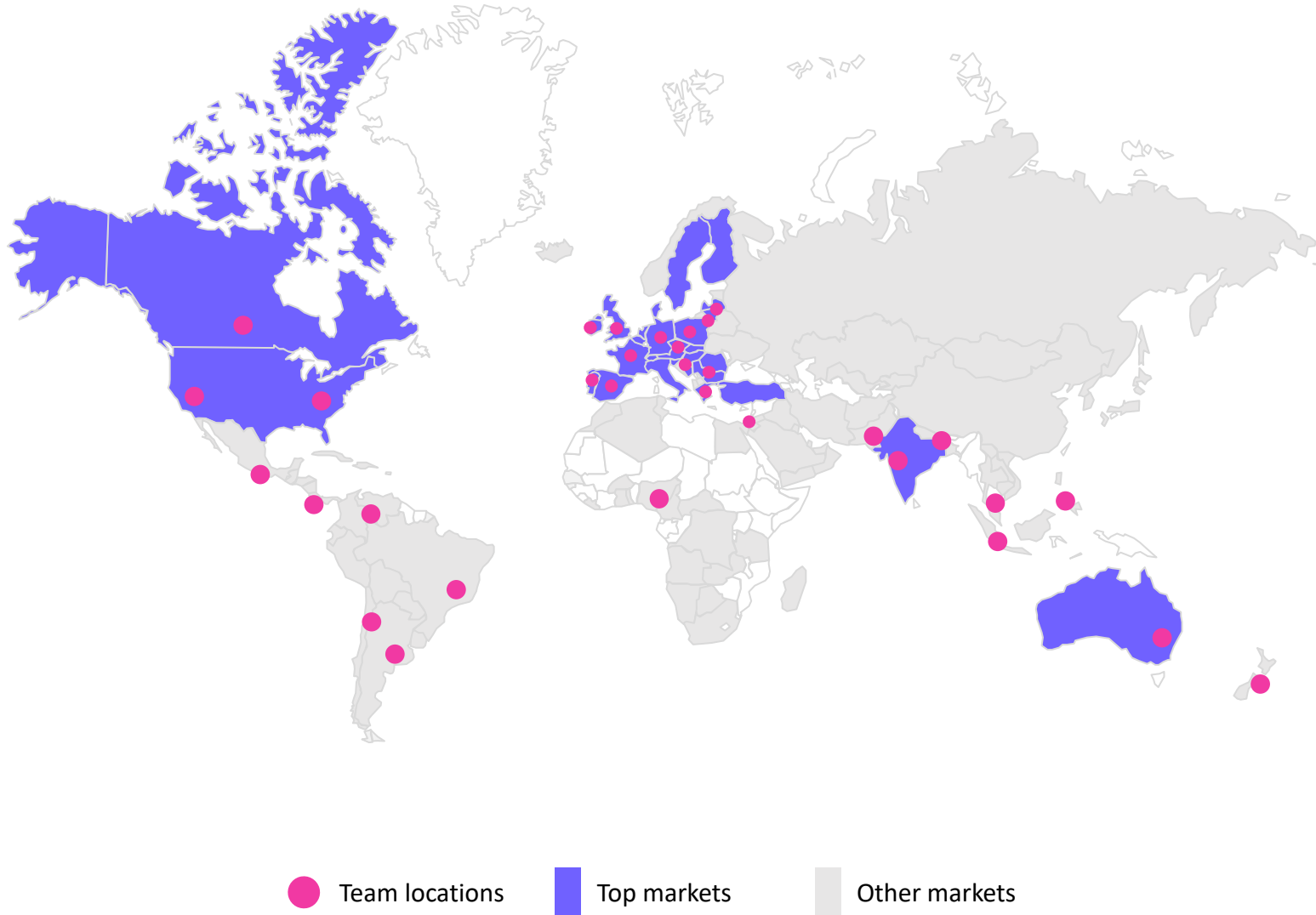


Growing **contribution of high-margin services** combined with **stronger focus on SME clients** translate into gross profit margin expansion (c. 54% in 2023)

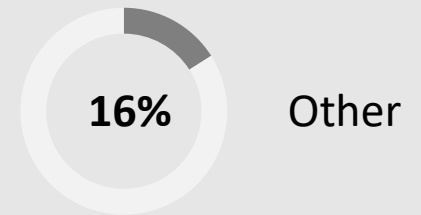
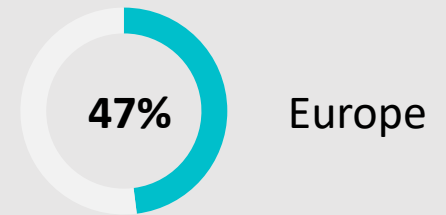




## : Selling services to customers in 180 markets globally

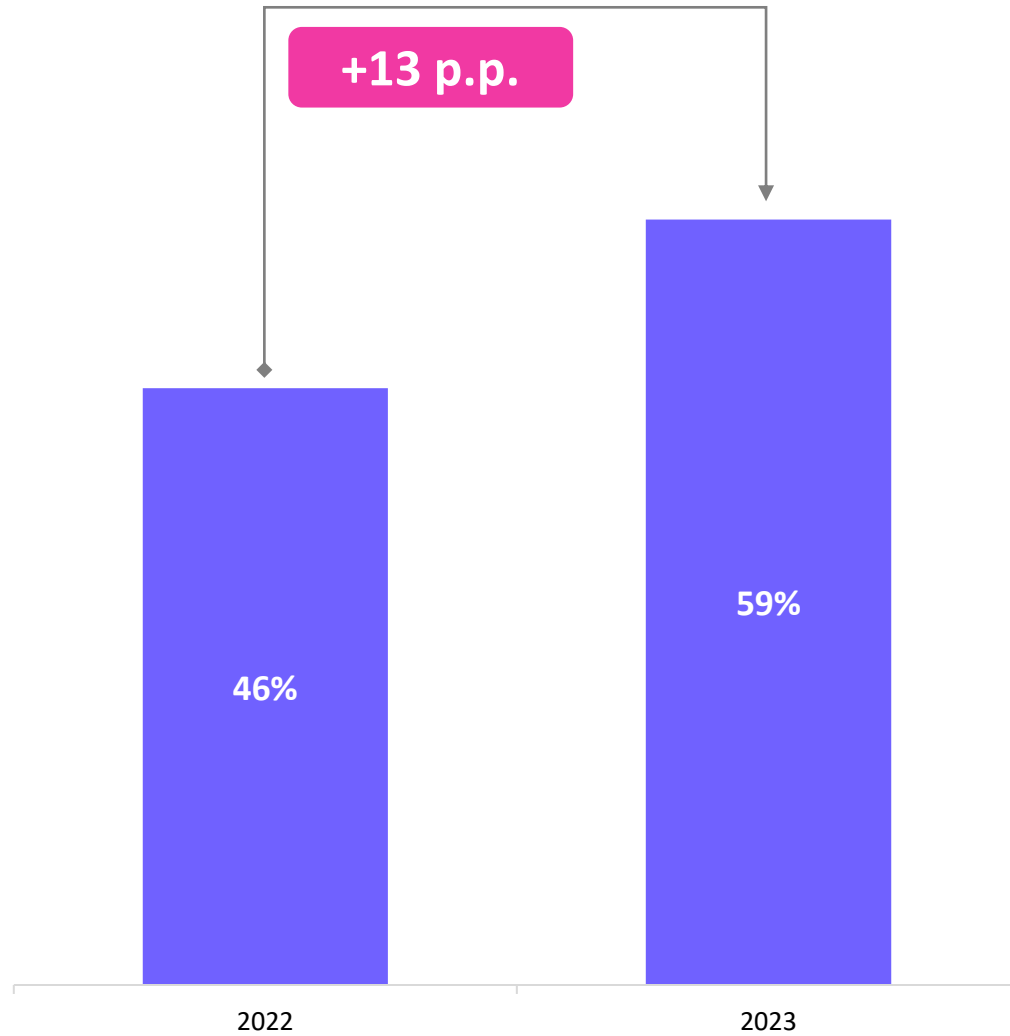


Estimated structure of gross margin from foreign customers in 2023



## : Growing contribution of international sales

International sales as a % of revenue






: Continuous  
development of key  
products to **drive  
customer growth**




## : Successful delivery of key development milestones for 2023




: Solutions for  
Mid-market  
clients




**Launch of  
MessageFlow** brand for mid-  
market customers



: Solutions for  
SMBs and  
creators



Polish and Spanish  
**localization of MailerLite**



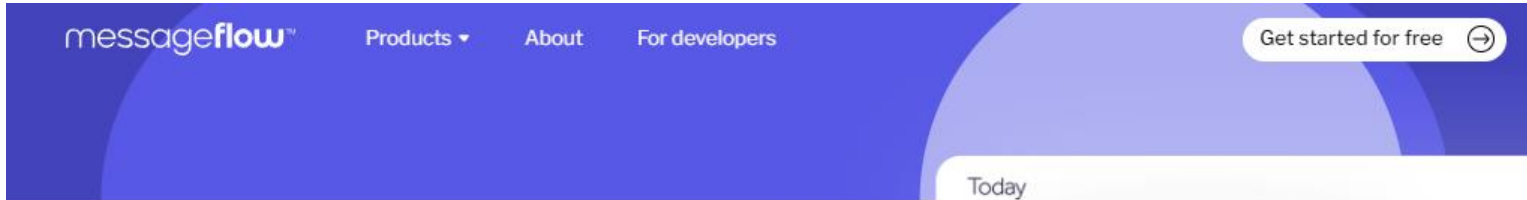
: Solutions for  
SMBs and  
creators



**Integration of Freshmail** with  
MailerLite  
(client migration in progress)



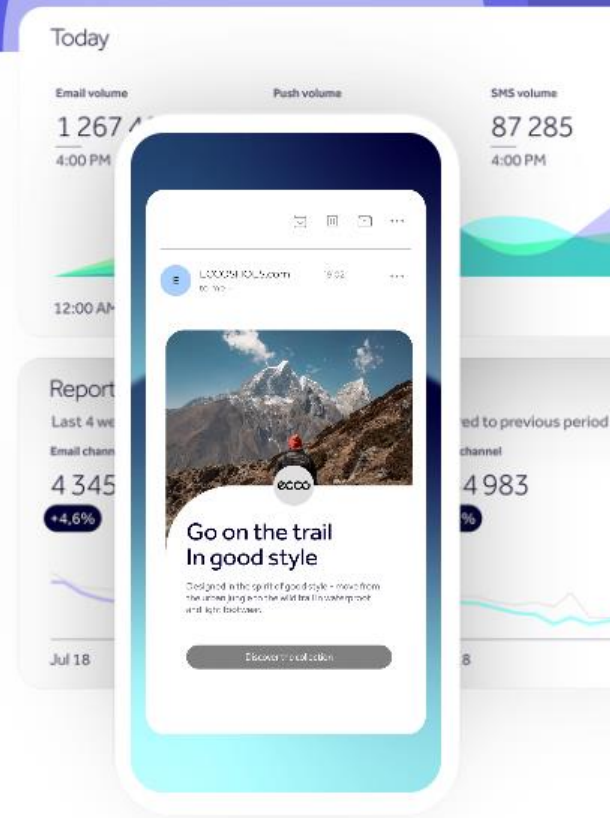
MessageFlow – the new platform aimed at mid-market clients



## Infrastructure for cross-channel communication

MessageFlow is your trusted expert in unlimited cross-channel communication. Level up your customer journey with our world-class solutions.

Get a demo →



One stop-shop for our mid-market customers providing access to the most advanced features and all communication channels



Dedicated suite of tools for both marketers and developers



Fresh look and new back-end to provide our customers with best-in-class user experience and ensure the highest level of security



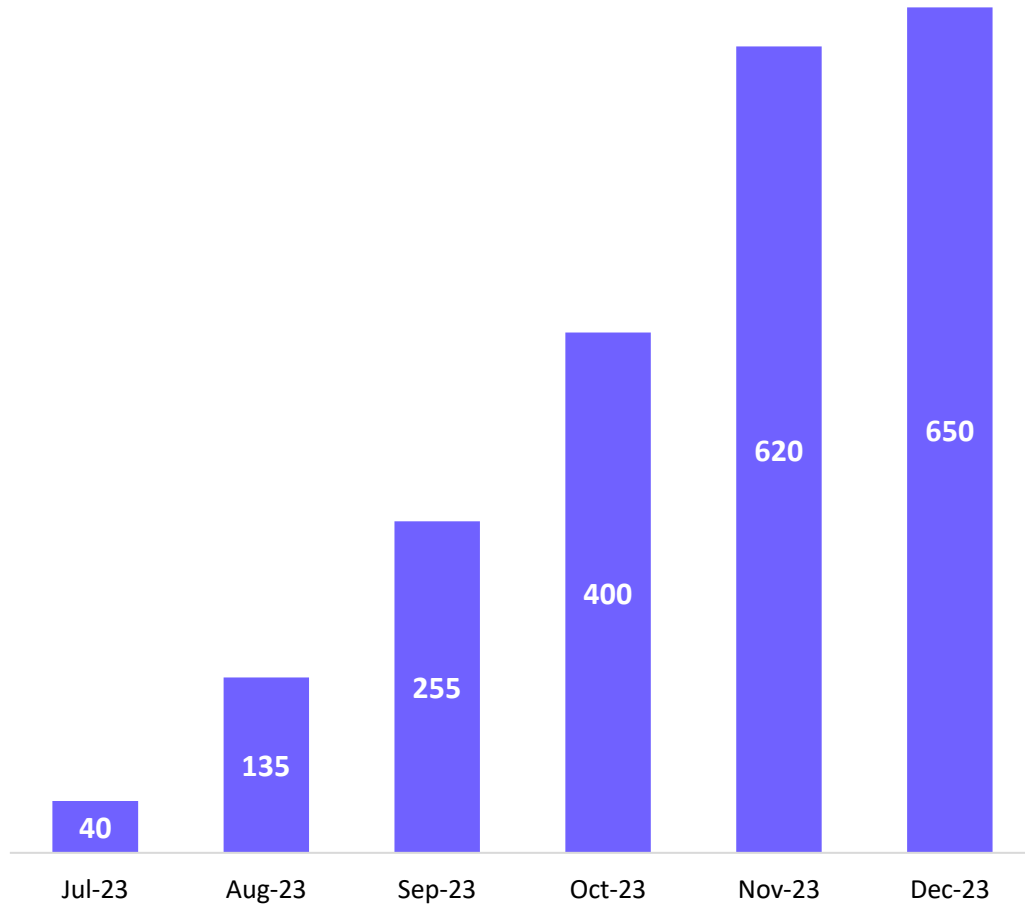
MessageFlow was commercially launched in Q4



Migration of selected customers from the existing Vercom platforms is already in progress

## : We are testing new markets (LATAM)

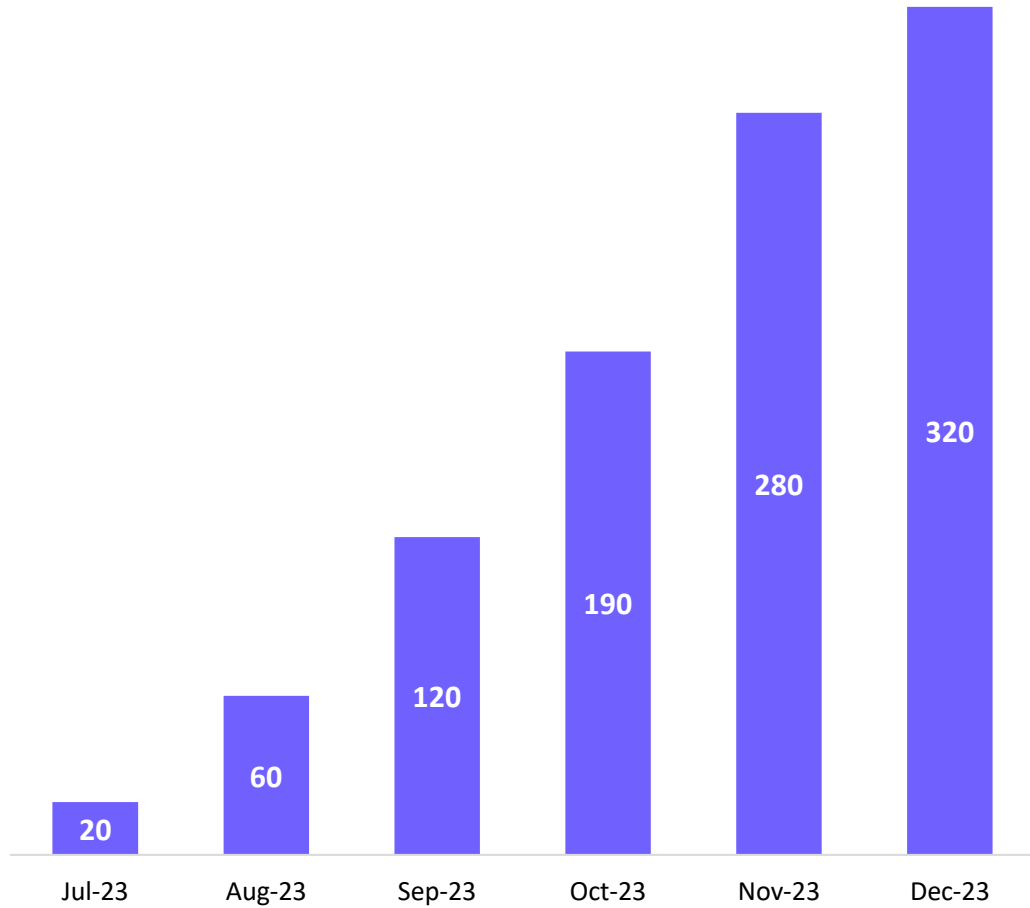
MailerLite Spanish – new paid accounts





## : Polish localization facilitated migrating of Freshmail clients to MailerLite

MailerLite Poland – new paid accounts



Migration of Freshmail clients to MailerLite

- ✓ Polish localization of MailerLite facilitated transfer of customers from Freshmail, which is another milestone in the organization structure streamlining process
- ✓ The migration process kicked off in Feb 2024 and will allow more than 5,000 Freshmail customers to benefit from new features and even better user experience
- ✓ By moving to MailerLite infrastructure, optimization of the the marketing budget and elimination of some overheads we expect to achieve significant cost synergies
- ✓ 6 months after launch, Polish localization of MailerLite has helped to accelerate customer acquisition in Poland, with more than 300 new paid accounts per month

## : Product development focused on customer engagement and new features

### Capex structure



### Key development vectors

- ✓ **NEW FEATURES:** expanding AI-powered feature list (e.g. landing pages, automated templating, smart sending, drag&drop)
- ✓ **MONETIZATION:** new integrations with third-party applications, simplified integration with payment systems, optimized customer segmentation)
- ✓ **CONVERSION:** improved client onboarding tools / user pilot, new language localizations to improve customer satisfaction
- ✓ **INFRASTRUCTRE:** strengthening server infrastructure to increase security and cut back on external cloud solution providers, new solution for routing of international messaging traffic



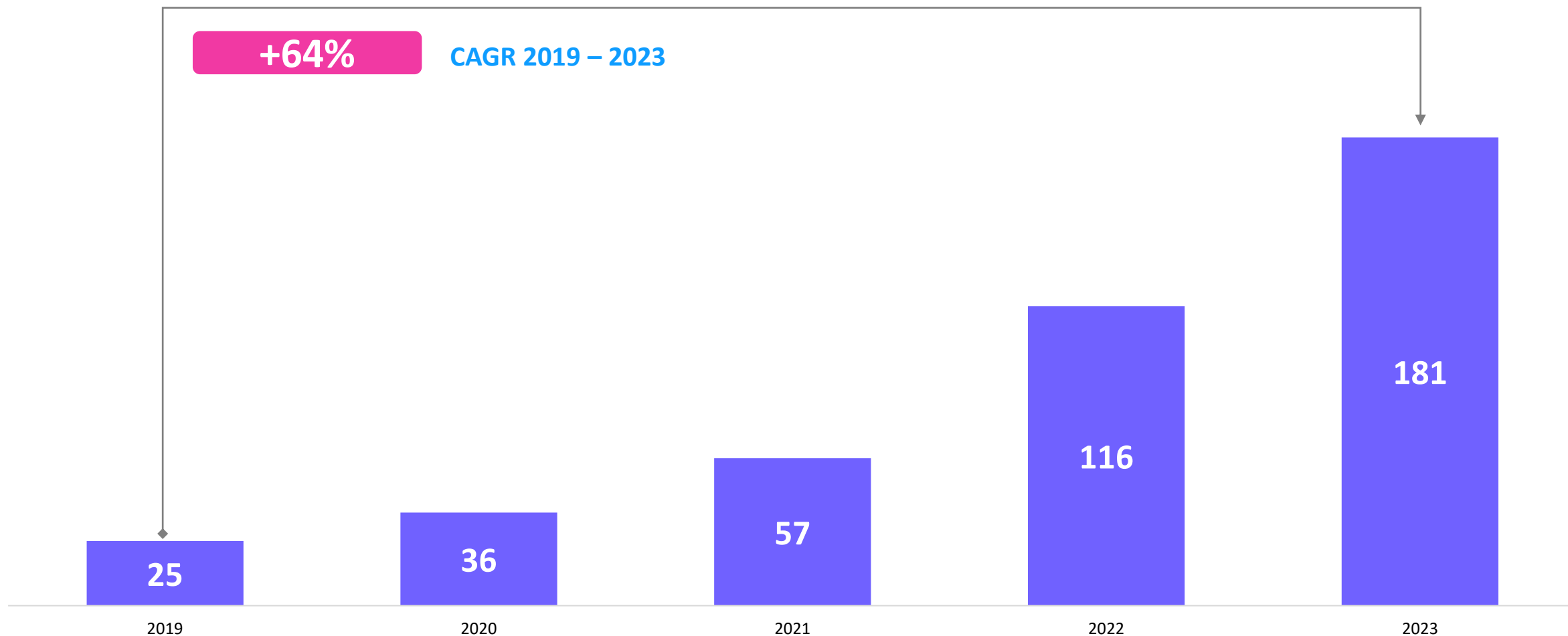
: We continue to  
enjoy strong **organic  
growth**

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# : Gross profit margin reflects dynamically growing scale of the business

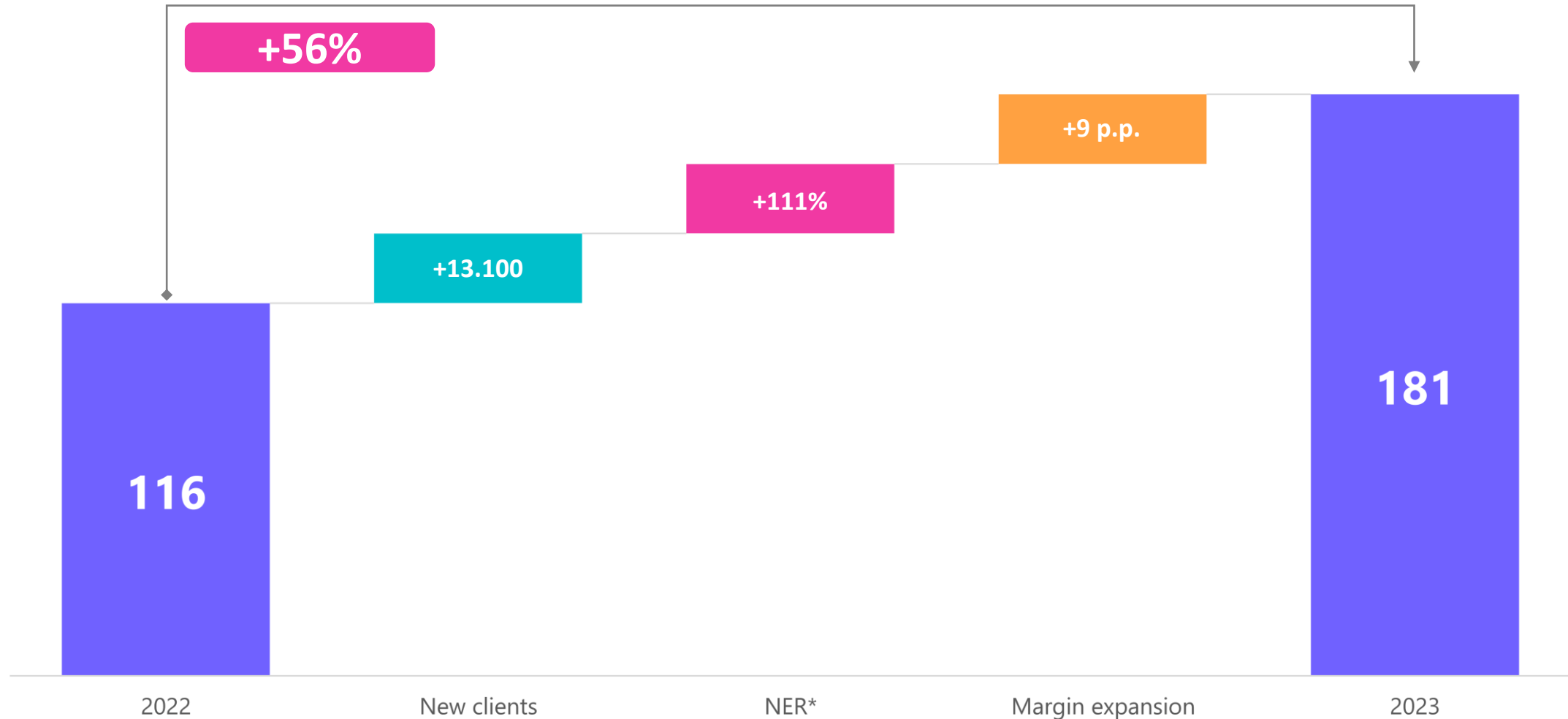
Gross profit (PLNm)





# : Gross profit growth is driven by customer adds and margin expansion

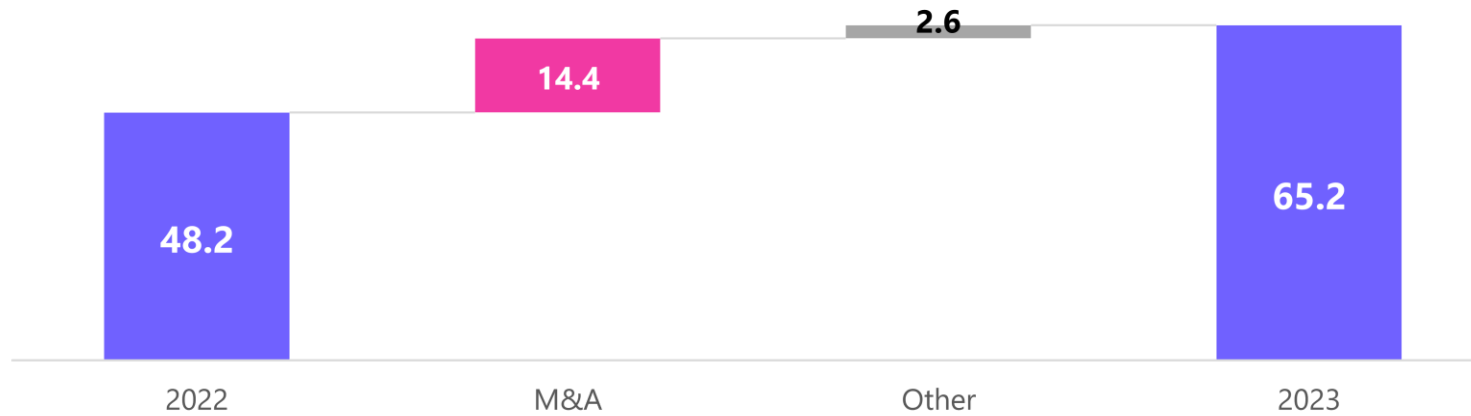
Gross profit (PLNm)



\* NER (Net Expansion Rate) – change in revenue from customers generating revenue in the current and the comparative period, excl. wholesale traffic

## : Stable SG&A cost base allows to benefit from operating leverage

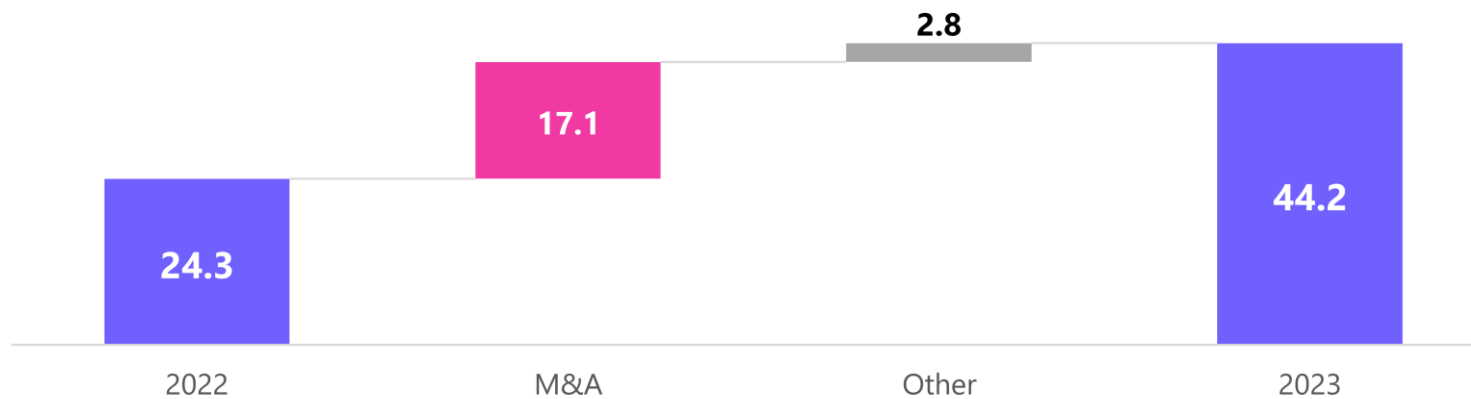
### General and administrative expenses (PLNm)



### Note

- ✓ Increase of G&A costs (PLN 17.0m) YoY is mostly associated with the impact of acquisitions (PLN 14.4m)
- ✓ The increase of other G&A costs (PLN 2.6m) YoY is mostly associated with the growing scale of the business (c. PLN 0.9m) and amortization of PPA (c. PLN 1.7m)

### Sales and marketing expenses (PLNm)



- ✓ Increase of S&M costs (PLN 19.9m) YoY is mostly associated with the impact of acquisitions (PLN 17.1m)
- ✓ Increase of other S&M costs (PLN 2.8m) YoY is mostly associated with the increased marketing budget and expansion of the marketing team

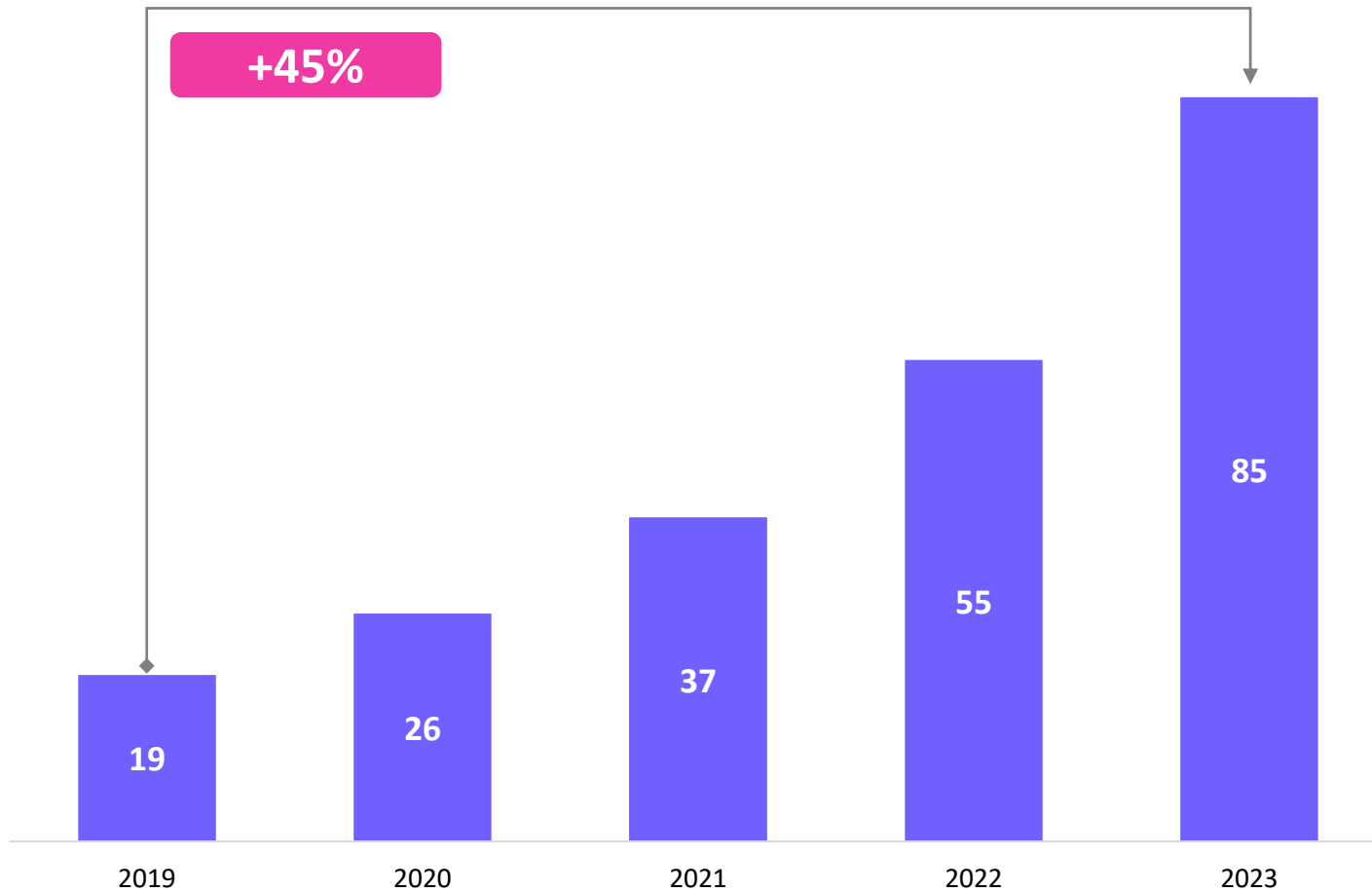
: Our cash generation capacity is benefiting from **expanding profit margins**





## : Dynamic EBITDA growth in line with target growth trajectory

Adjusted EBITDA (PLNm)

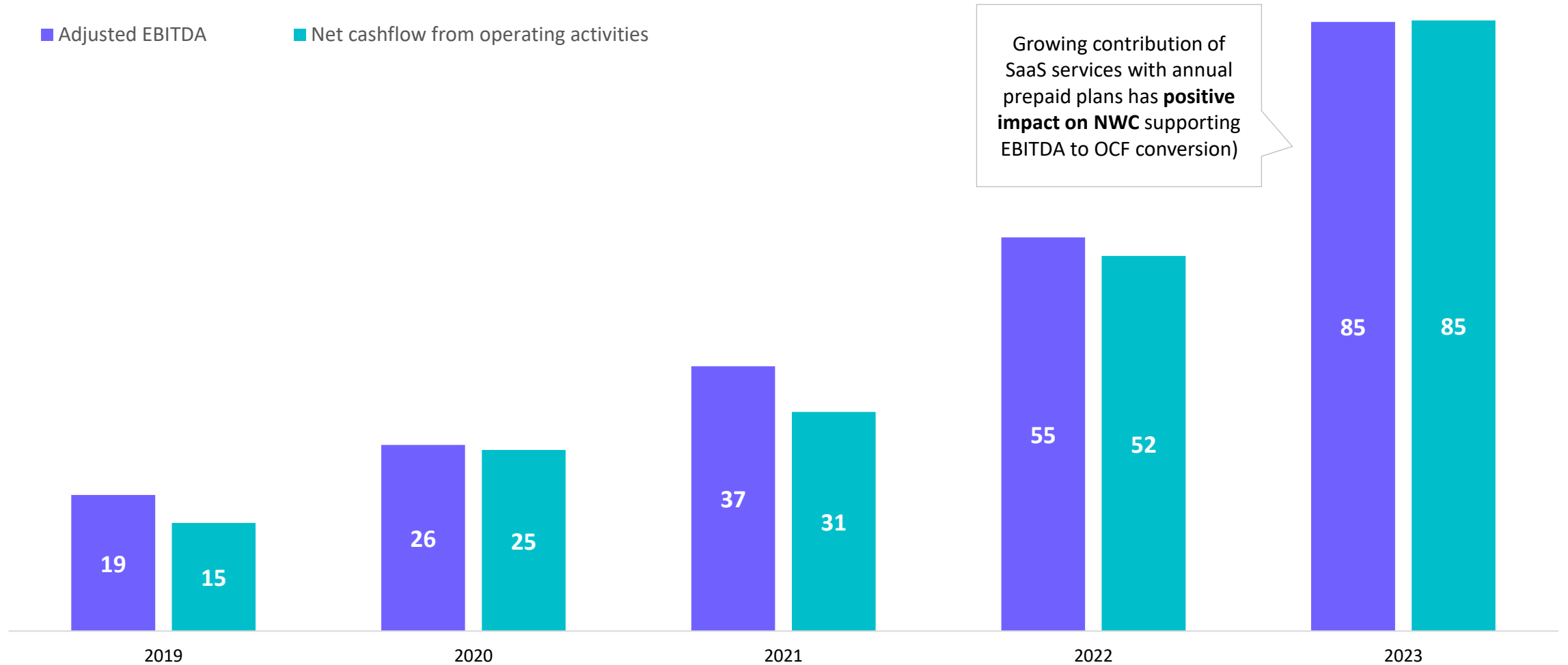


Note

- ✓ 2023 EBITDA PLN 5m+ above the Management expectations and target growth trajectory for 2023
- ✓ Strong organic growth rate in Q4 amounting to c. 28% YoY
- ✓ Growing EBITDA margin amounting to c. 25%
- ✓ Expansion of EBITDA margin by c. 4 p.p. YoY driven by growing contribution of SaaS services in the product mix and operating leverage

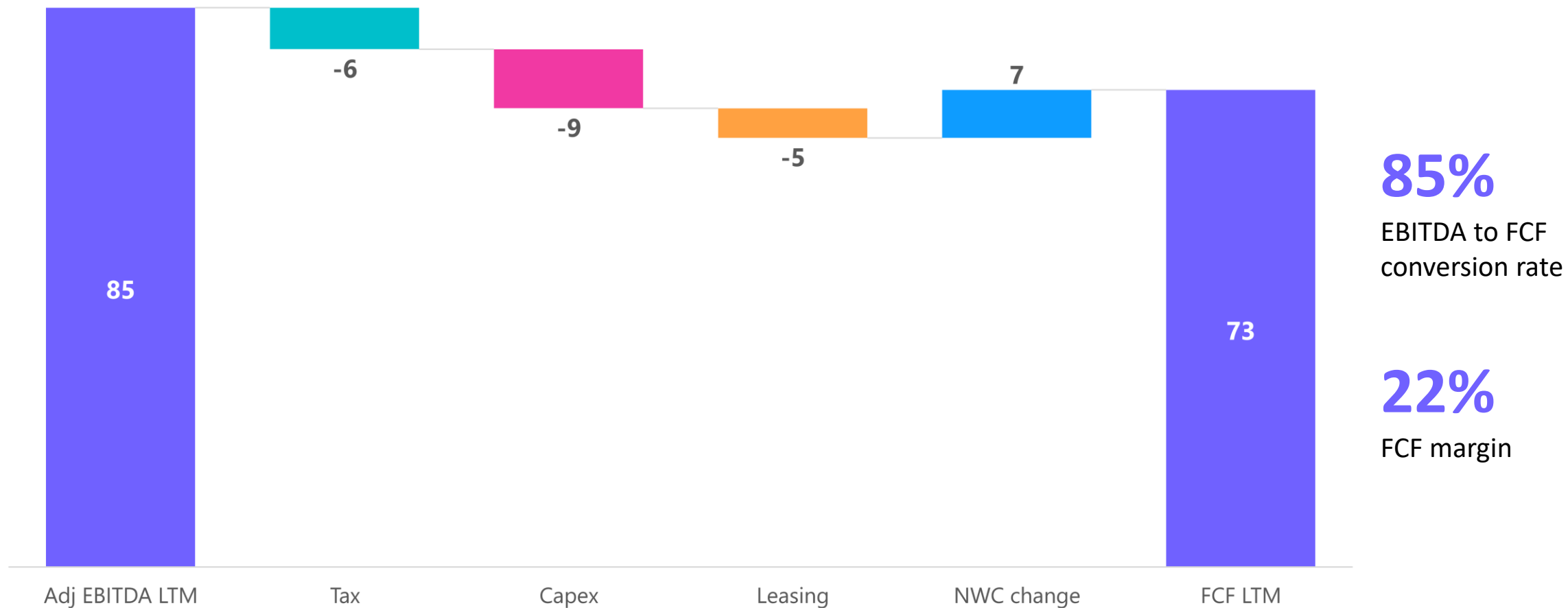
## : Growing conversion rate of EBITDA into operating cash flow

Adjusted EBITDA and net cashflow from operating activities (PLNm)



# : High cash generation capacity

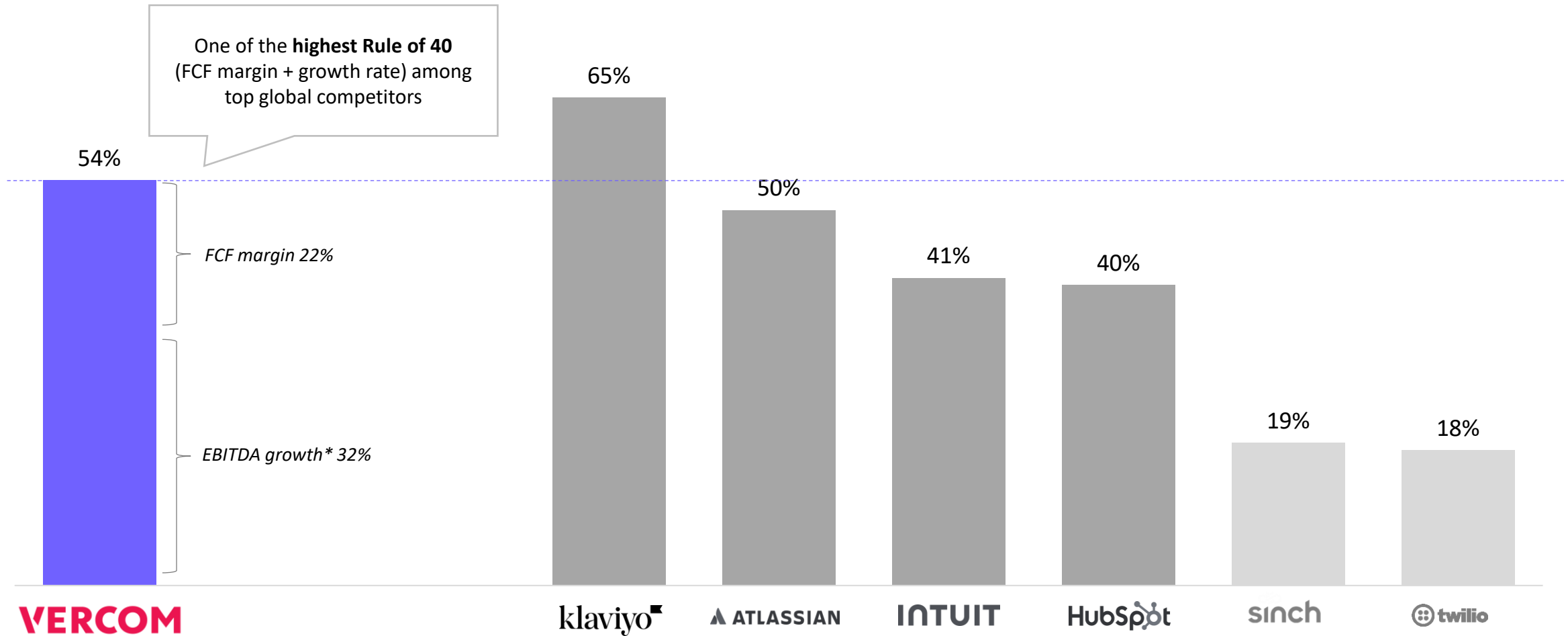
LTM EBITDA to LTM FCF bridge (PLNm)





# : Rule of 40 - outstanding performance vis-à-vis global SaaS peers

Rule of 40 for selected SaaS peers

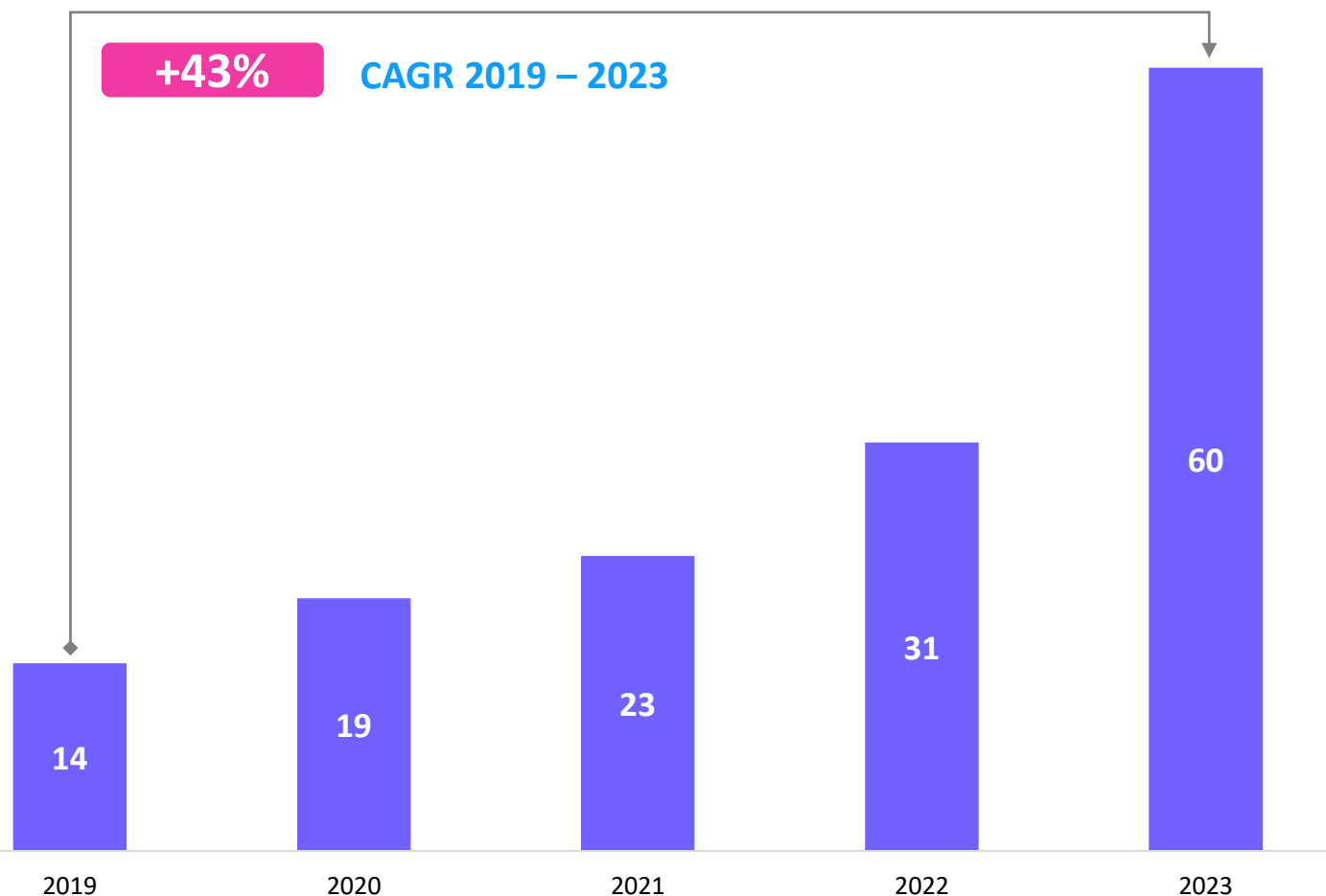


: Net income growth and decreasing leverage provide more **space for dividends** and **growth initiatives**

## : Robust net income growth

Net profit from continuing operations (PLNm)

Note



Strong reported net profit growth of 94% yoy to PLN 60m



Reported net profit in 2023 was affected by positive, non-cash FX differences in the amount of c. PLN 6m (post-tax)



Net income to be supported by:

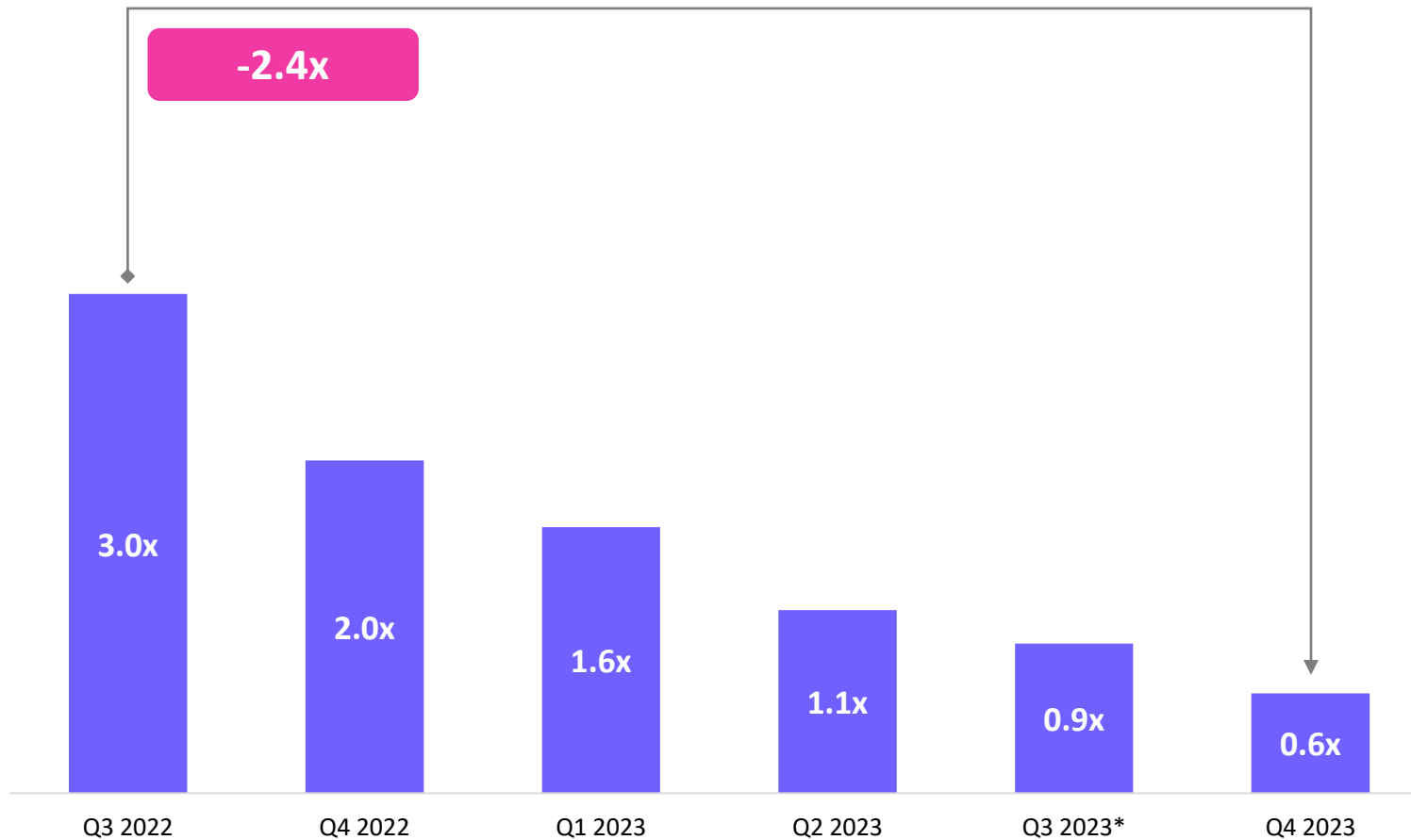
- Expected further decrease in the cost of financing due to:
  - Prepayment of c. PLN 25m debt in Q4 2023
  - Lower credit margin resulting from decreasing net debt / EBITDA
- Positive effective tax rate impact due to the decreasing level of interest payments



## : Increasing headroom for potential dividends and planned acquisitions

Net debt / LTM EBITDA

Note



Safe and decreasing net debt / EBITDA (c. 0.6x)



Net debt amounts to PLN 47m



Stronger cash position means more headroom for potential dividends and planned acquisitions

\* Including c. PLN 24m from the sale of minority share in User.com received in October 2023

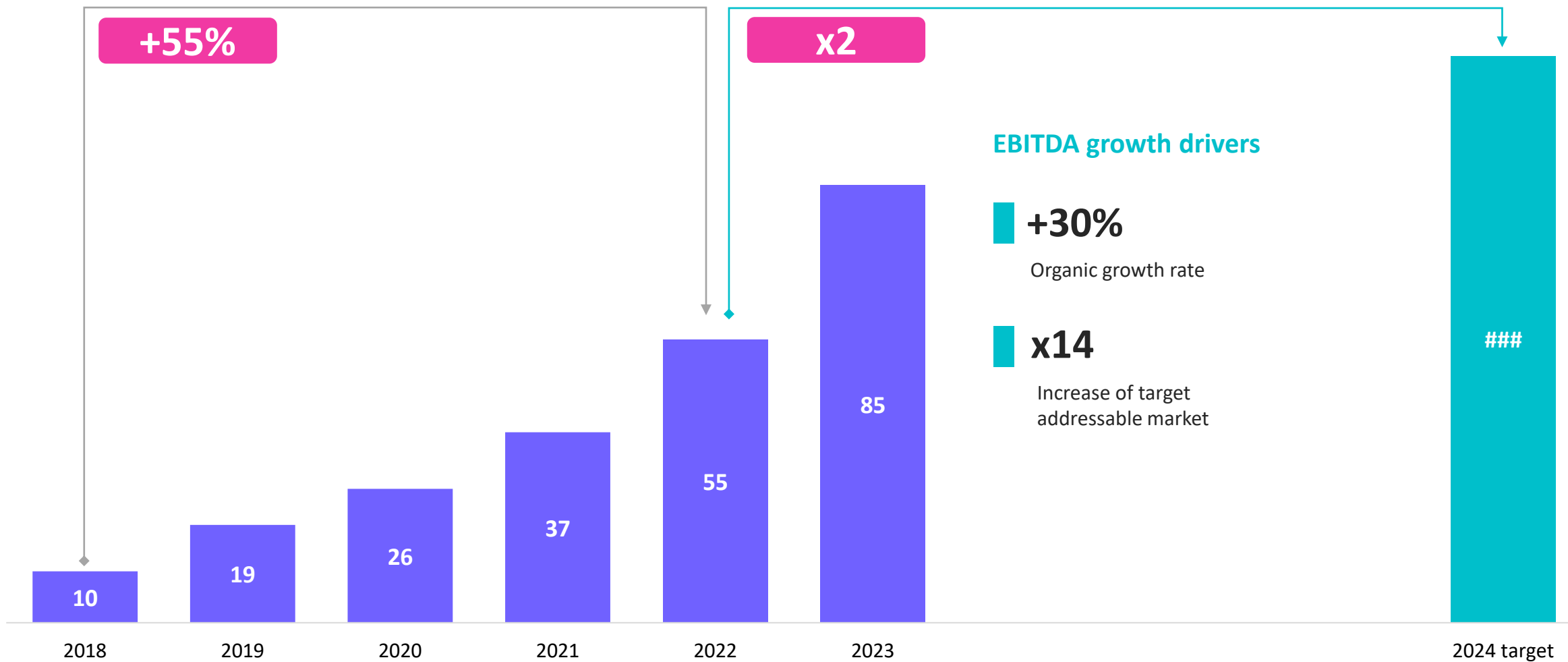
: We are **on track** to  
achieve our ambitious  
goals

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# : We are on track to maintain EBITDA growth trajectory

Adjusted EBITDA (PLNm)





## : Key takeaways from 2023 results

We celebrate another record year underpinned by organic growth rate of c. 30% and c. 22% FCF margin – it means we boast **one of the highest Rule of 40 benchmark among leading SaaS companies**

Growing contribution of high-margin SaaS services and **stronger focus on SME clients** drive our gross profit and cash conversion

Decreasing leverage (0.6x net debt / EBITDA) and 62% YoY FCF growth provide **more space for dividends and growth initiatives**

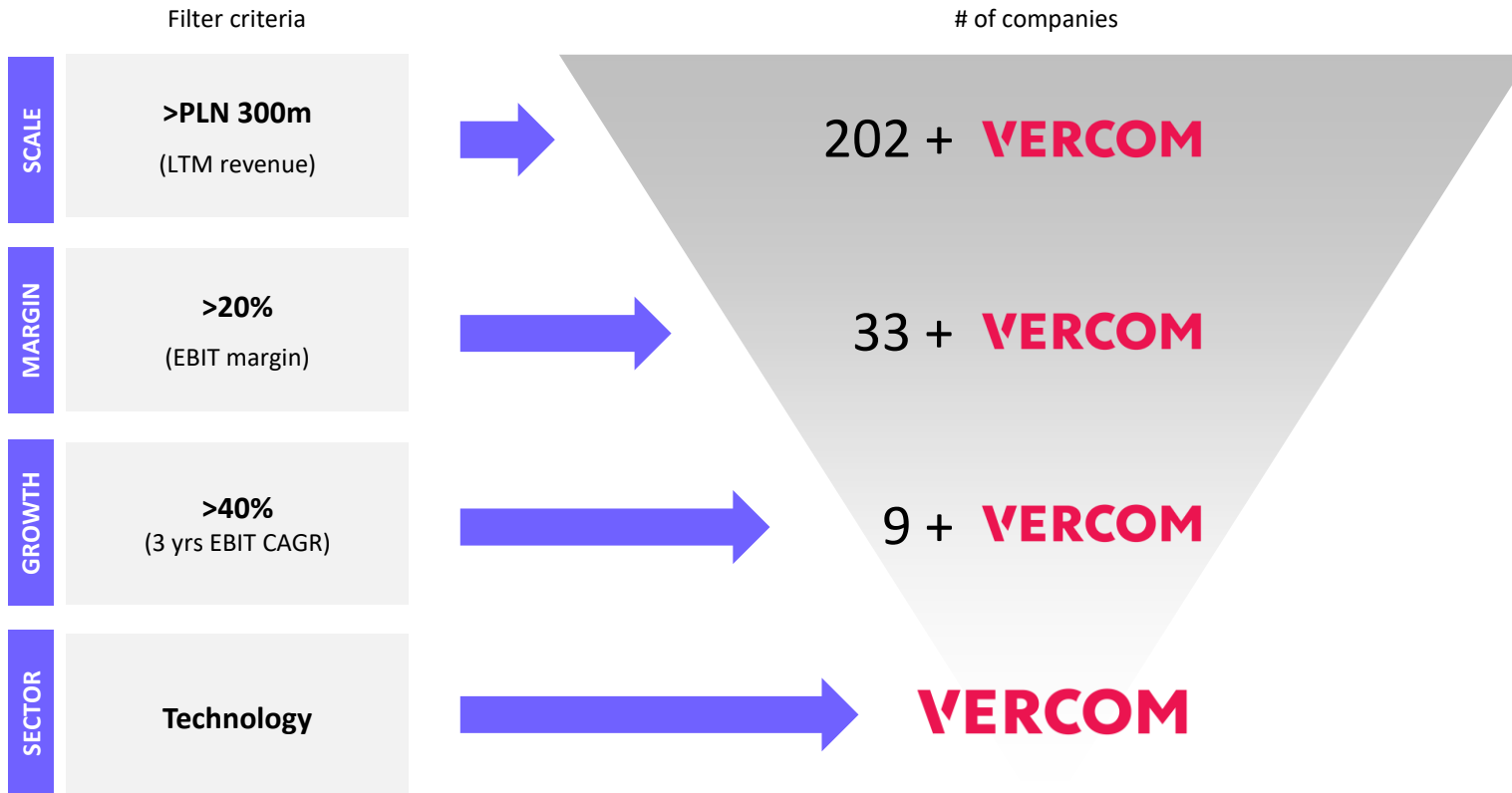
We continue to invest in our platforms for SME and mid-market customers to **increase adoption of AI technology and maintain our competitive edge**

We are on track to achieve our ambitious **goal of doubling the EBITDA every two years**



# : Our unique business model translates into an excellent financial profile

## Attractive financial profile



## Unique investment proposition

### Cash-generative business model

- 40x revenue growth in the last 10 years
- 90%+ EBITDA to OCF conversion

### Global presence

- 79,000+ customers in 180 markets
- c. 60% share of international sales

### Significant upside potential

- Ambition to reach 1m of paying customers
- Proven ability to combine organic growth with selective acquisitions
- Working on new acquisitions (to be completed in 2024/2025)

**VERCOM**

**: Scale beyond**

