

VERCOM

| Preliminary results 2023

Investor presentation

26 February 2024



: Scale beyond

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: Another record year
underpinned by
+30% organic growth



: 2023 was another record year

Gross profit

PLN 181m

Growth y/y

+56%

Adj. EBITDA

PLN 85m

+54%

Net income from continuing operations

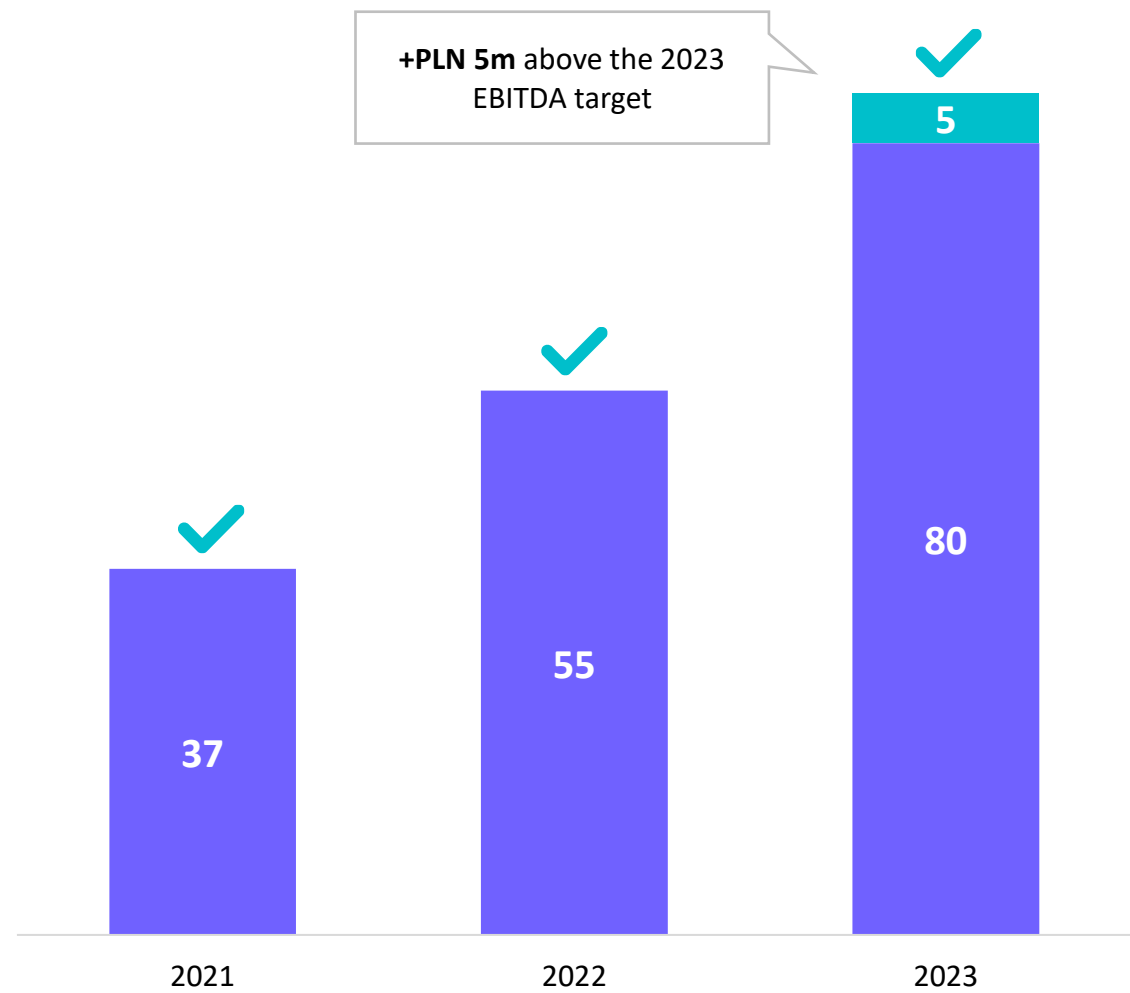
PLN 60m

+94%

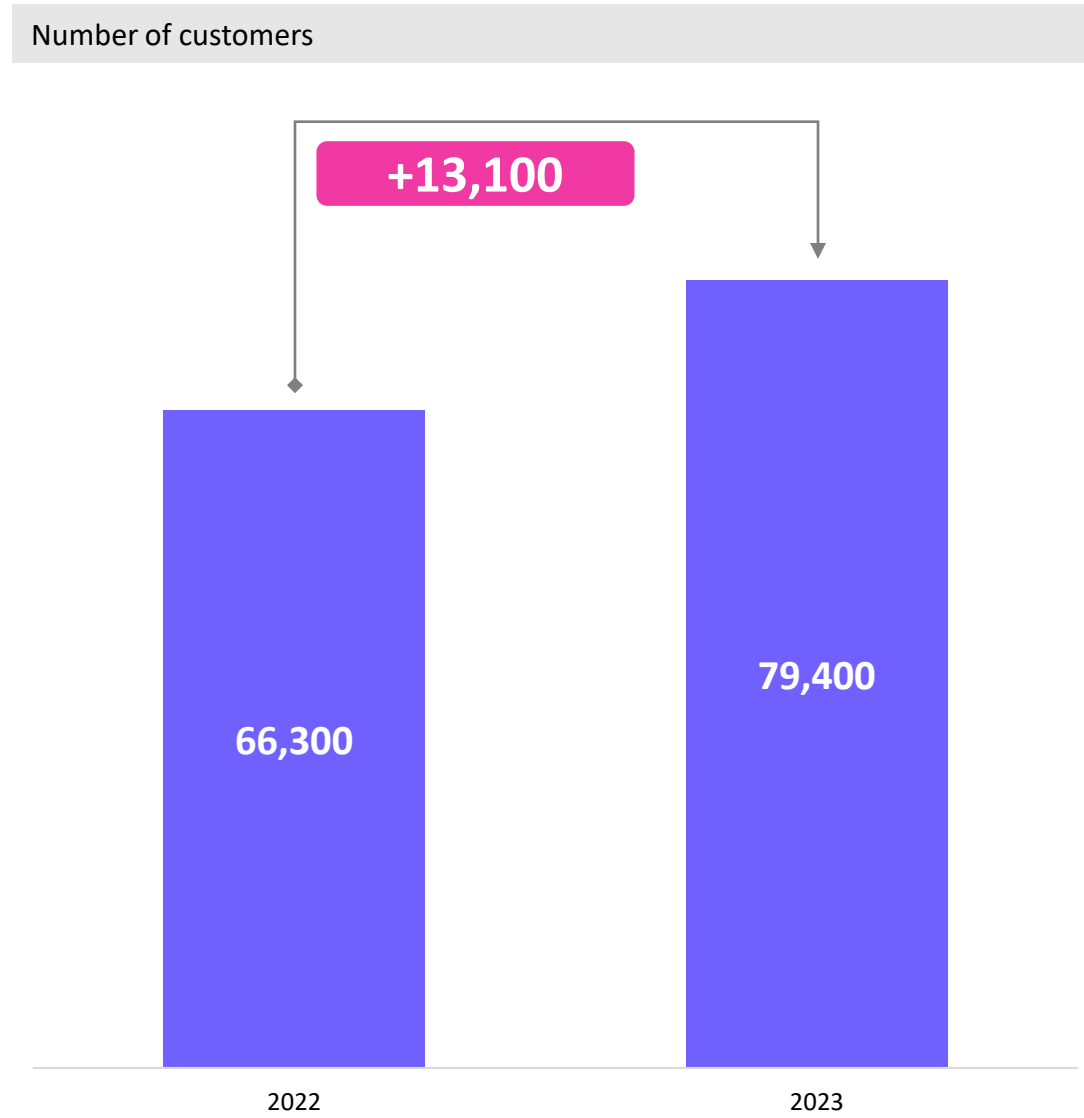


: Beating financial target for 2023 by PLN 5m

ESOP financial target – adjusted EBITDA (PLNm)

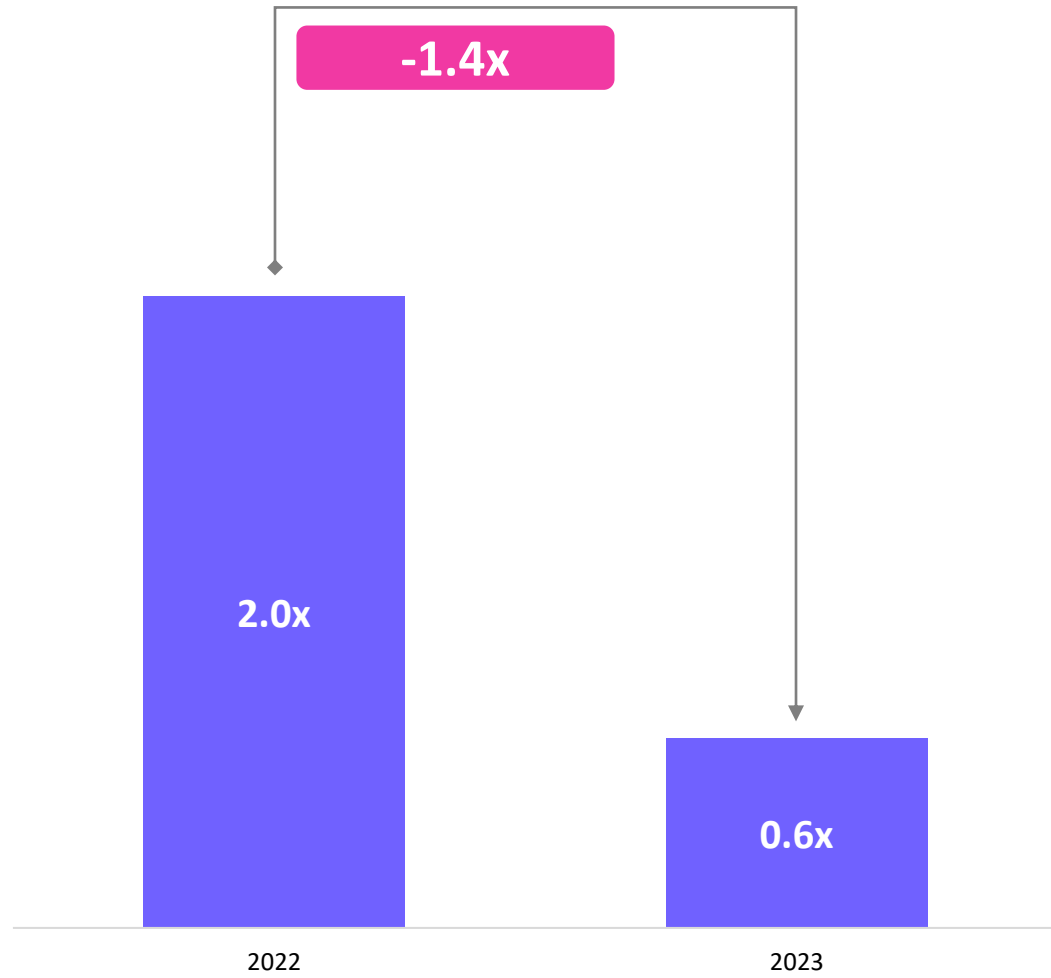


: Adding 1,000+ customers per month



: Growing headroom for M&A and dividends

Net debt / EBITDA



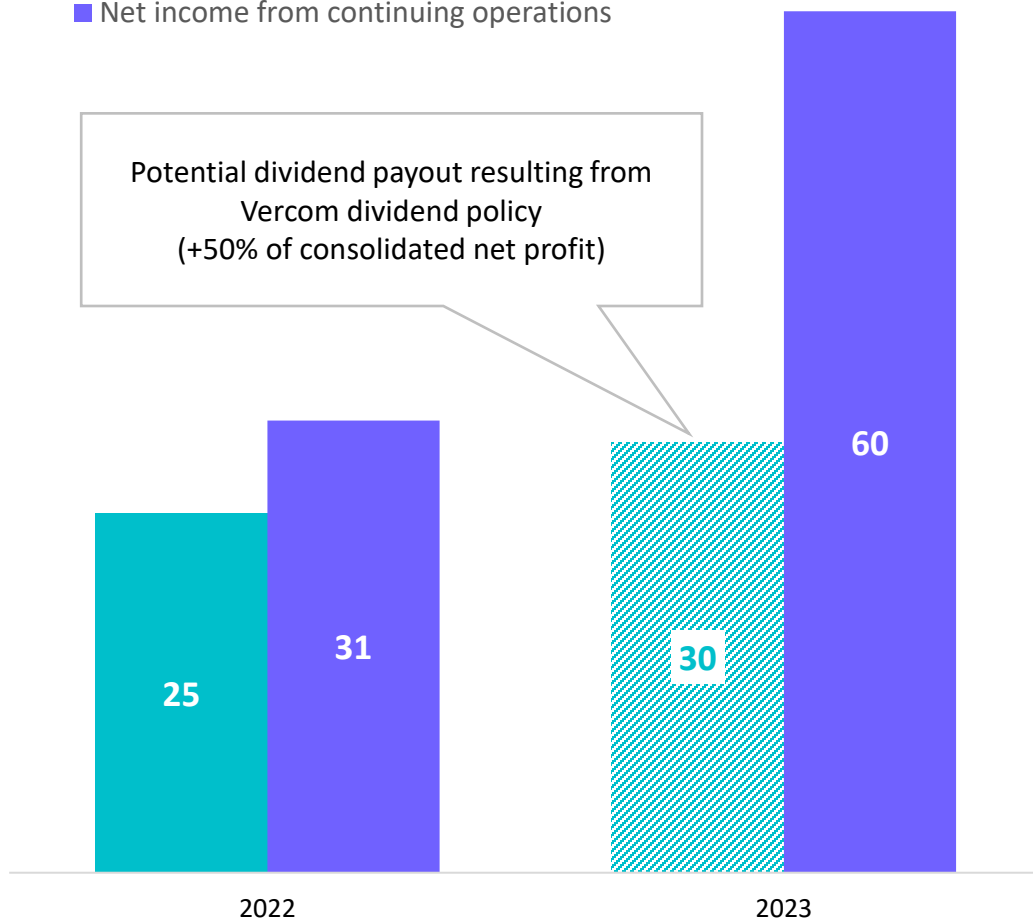
: Attractive perspective of growing dividends

Net profit from continuing operations, dividend payout (PLNm)

■ Dividend payout

■ Net income from continuing operations

Potential dividend payout resulting from
Vercom dividend policy
(+50% of consolidated net profit)



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



* 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



BNP PARIBAS

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>

ROSSMANN

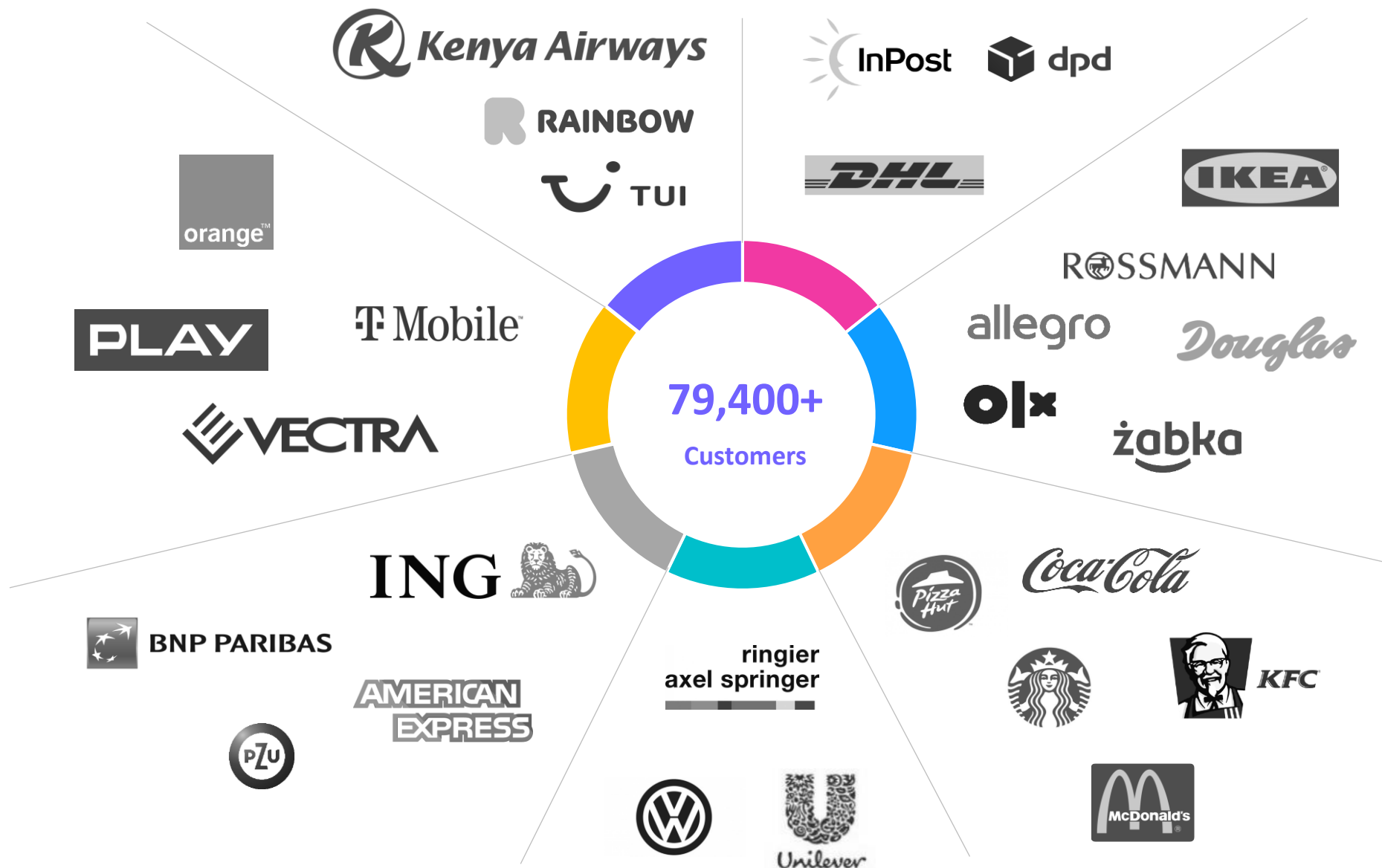
Your order #496862
has been completed
and is awaiting pickup

: Vercom customer engagement flywheel

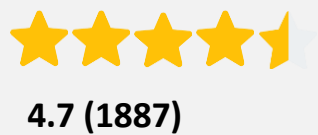
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: 20 years of experience rewarded with trust of landmark partners



: One of the highest-rated email marketing platforms



\$10.00



\$20.00



\$13.00



\$50.00



Capterra rating

Ease of Use

Customer Service

Features

Value for Money

Price starting from

Source: Capterra as at 21.02.2024

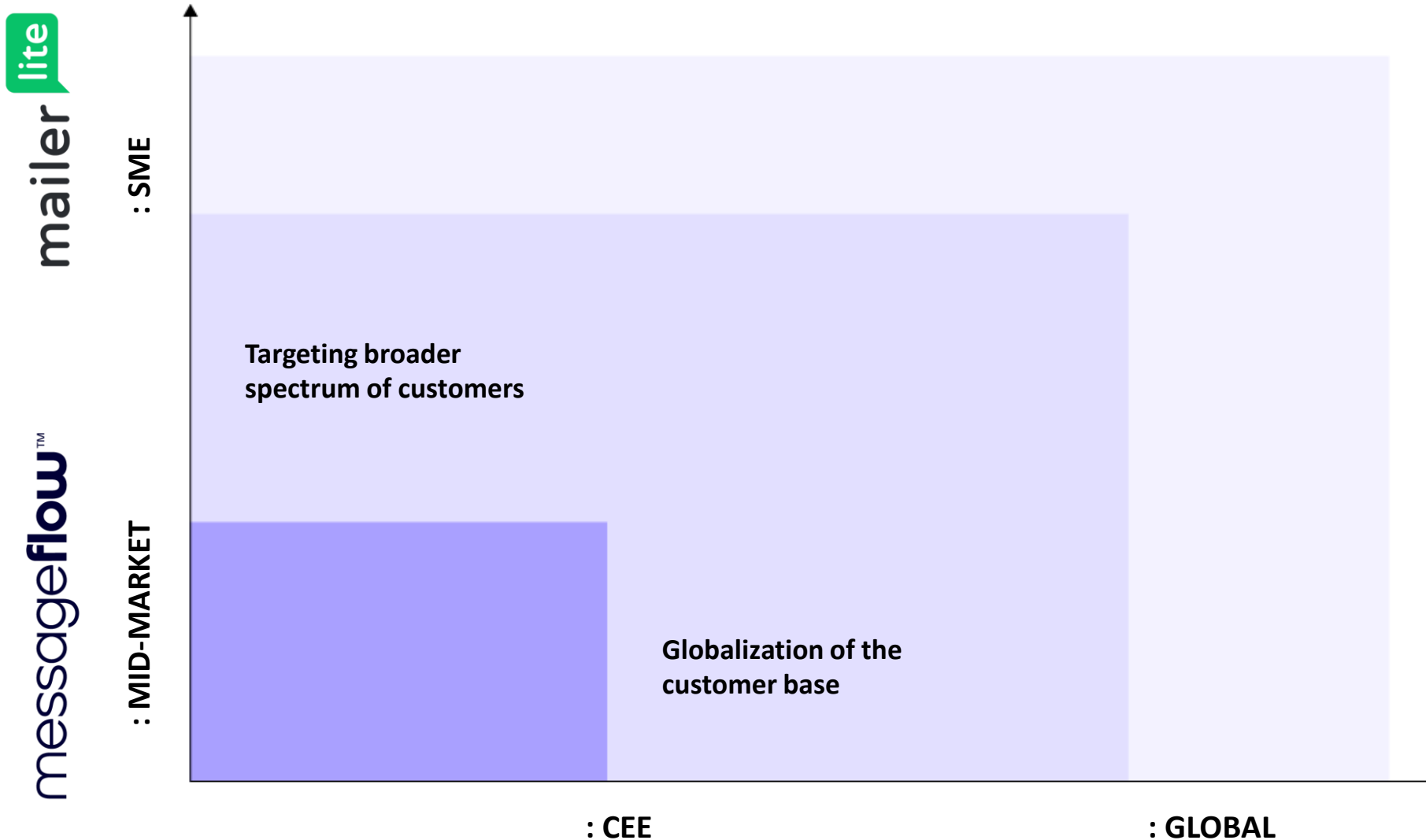
: Strategic focus on SME
clients to **drive global
expansion**

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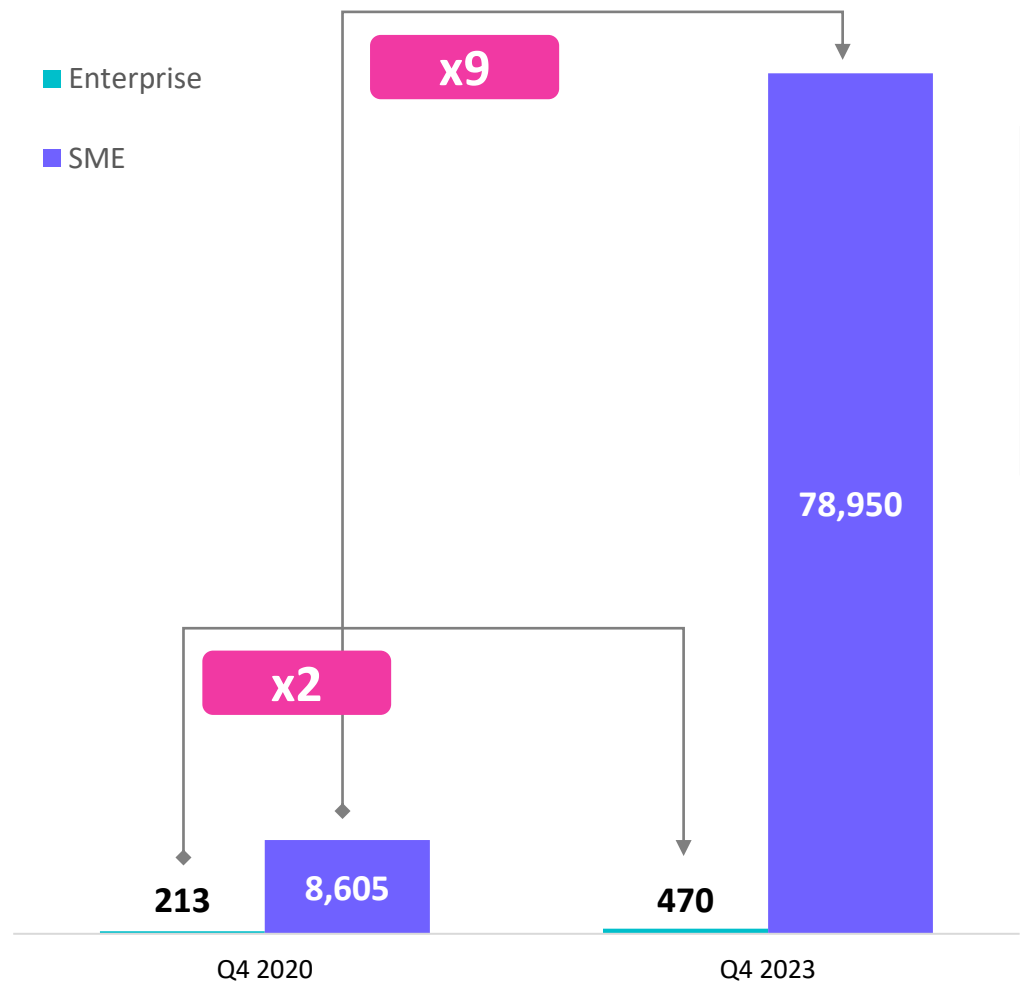
: Strong focus on scalability to further grow international presence

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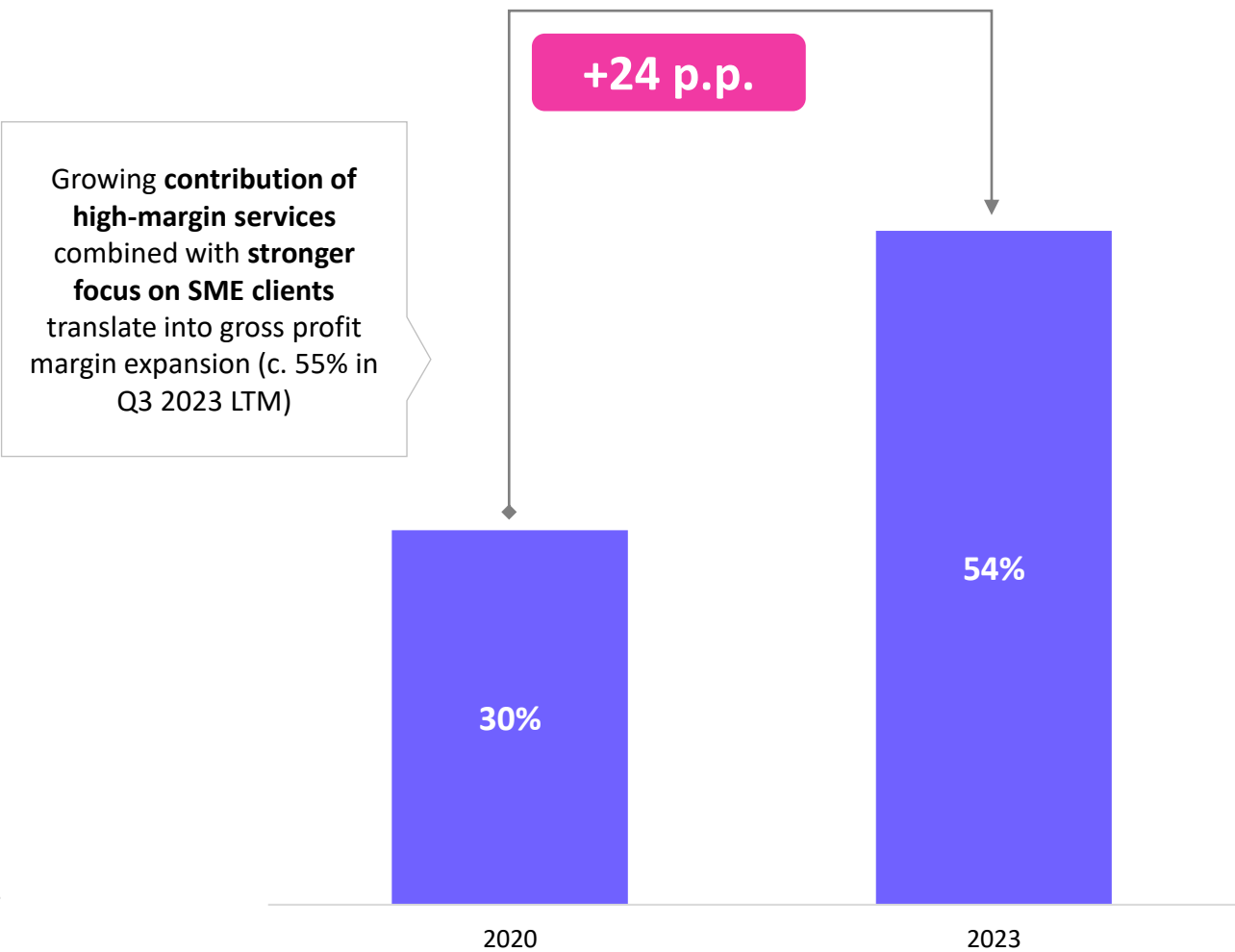


: Strategic shift towards small businesses and creators

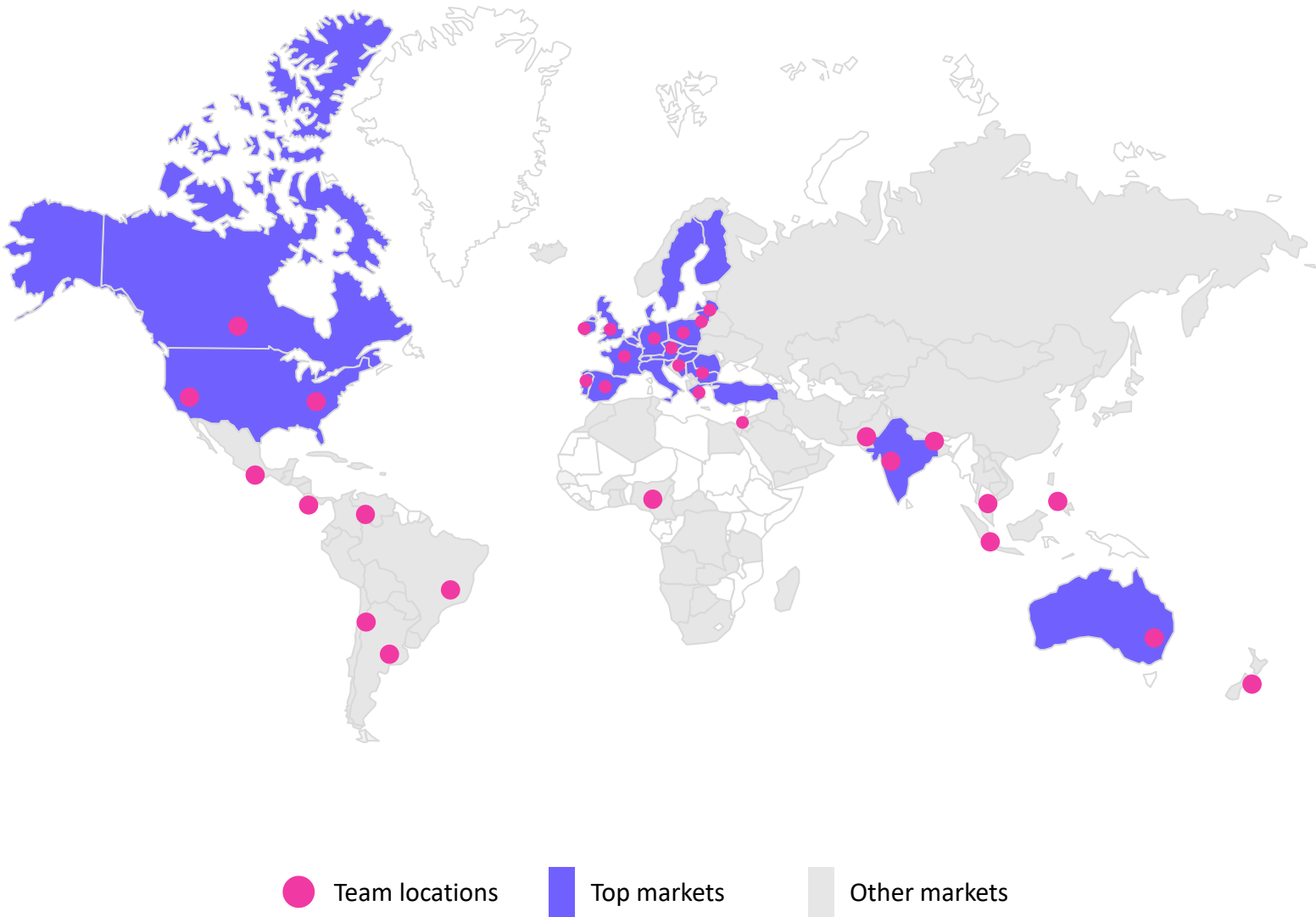
Evolution of customer structure since IPO



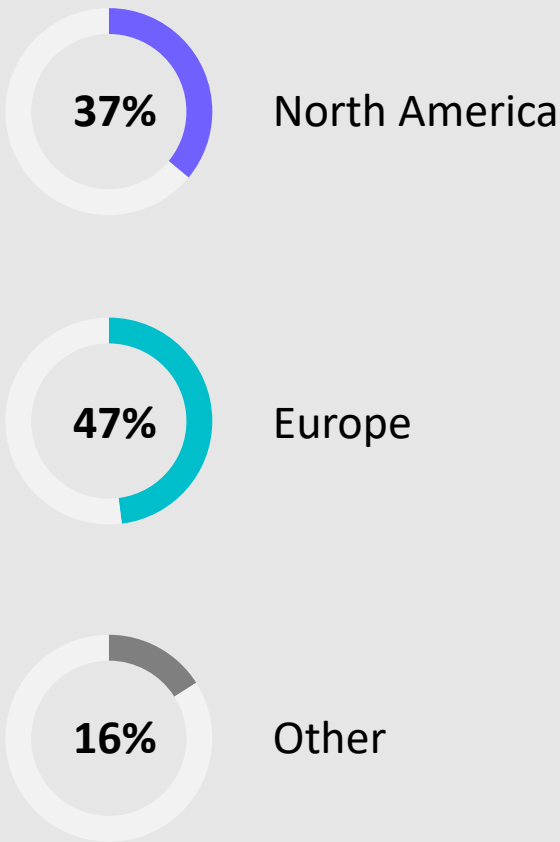
Gross profit margin LTM (%)



: Selling services to customers in 180 markets globally

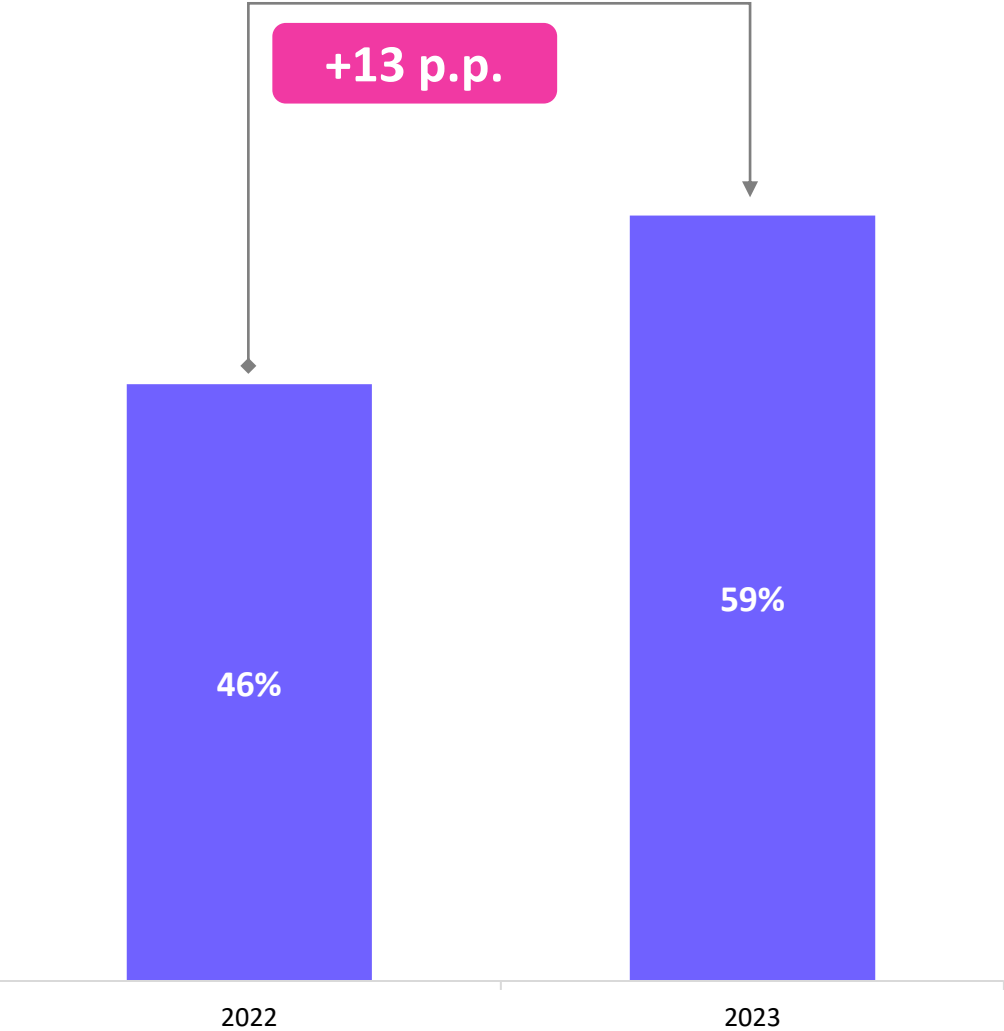


Estimated structure of gross margin from foreign customers in 2023



: 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

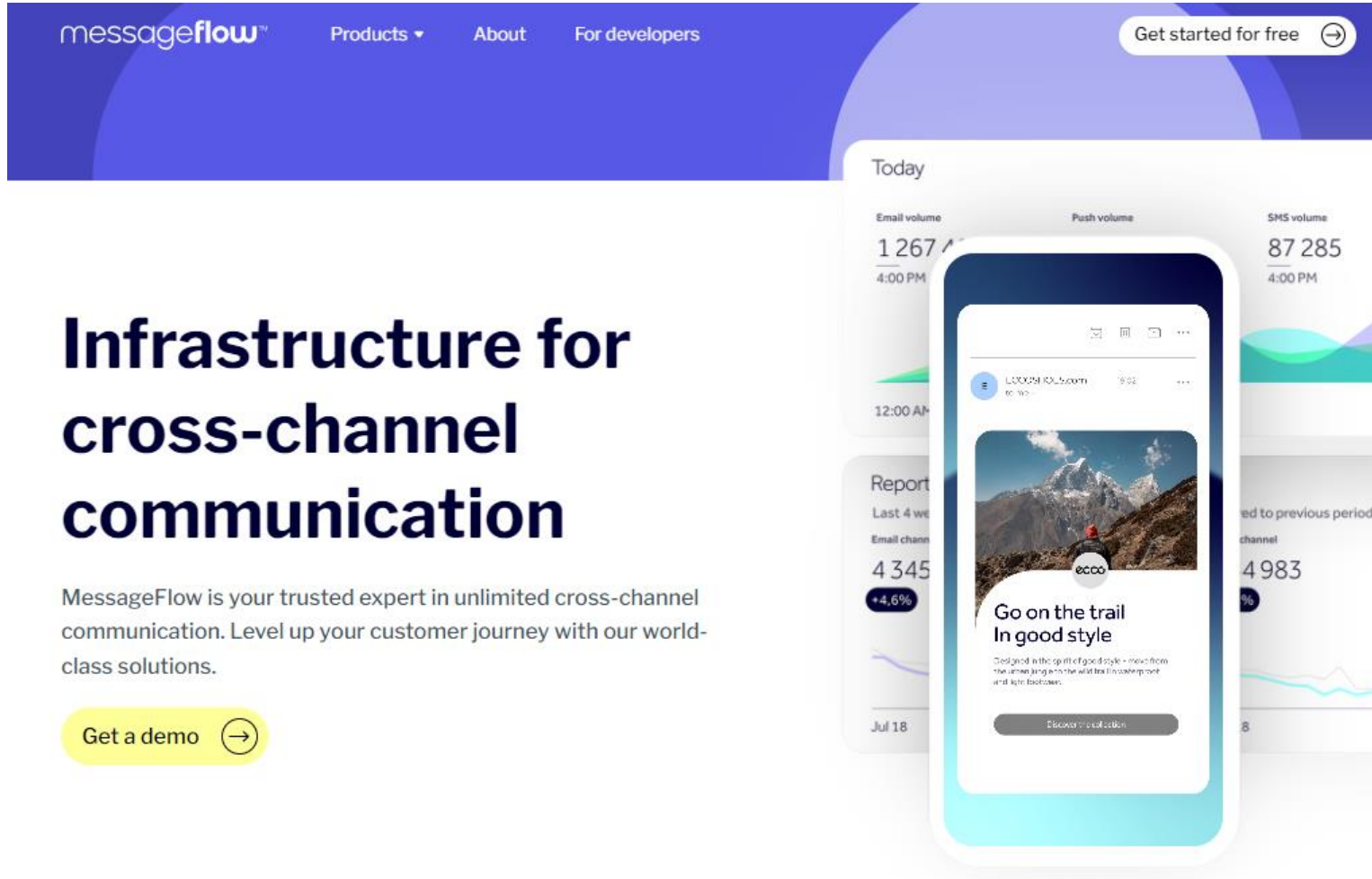


Integration of Freshmail with
MailerLite
(client migration in progress)



: MessageFlow launched in Q4 2023

MessageFlow – the new platform aimed at mid-market clients



The image shows a screenshot of the MessageFlow website and a mobile app interface. The website header is blue with the 'messageflow' logo, navigation links for 'Products', 'About', and 'For developers', and a 'Get started for free' button. The main content area features the headline 'Infrastructure for cross-channel communication' and a sub-headline 'MessageFlow is your trusted expert in unlimited cross-channel communication. Level up your customer journey with our world-class solutions.' Below this is a 'Get a demo' button. The mobile app interface, shown in the foreground, displays a dashboard with 'Today' metrics for Email volume (1,267), Push volume, and SMS volume (87,285). It also shows a 'Report' for the last 4 weeks with an email channel volume of 4,345 and a +4.6% increase. The app interface includes a list of messages, a featured image of a mountain trail, and a 'Go on the trail In good style' headline.



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



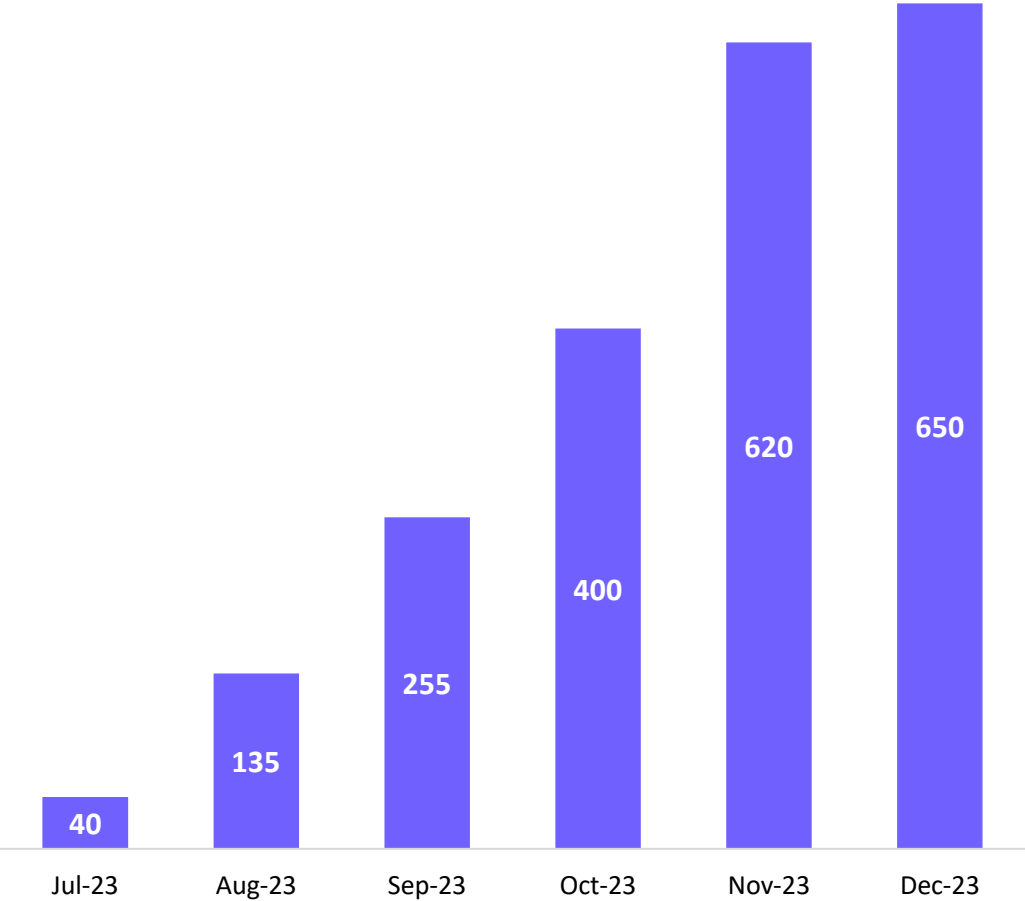
MessageFlow was commercially launched in Q4



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

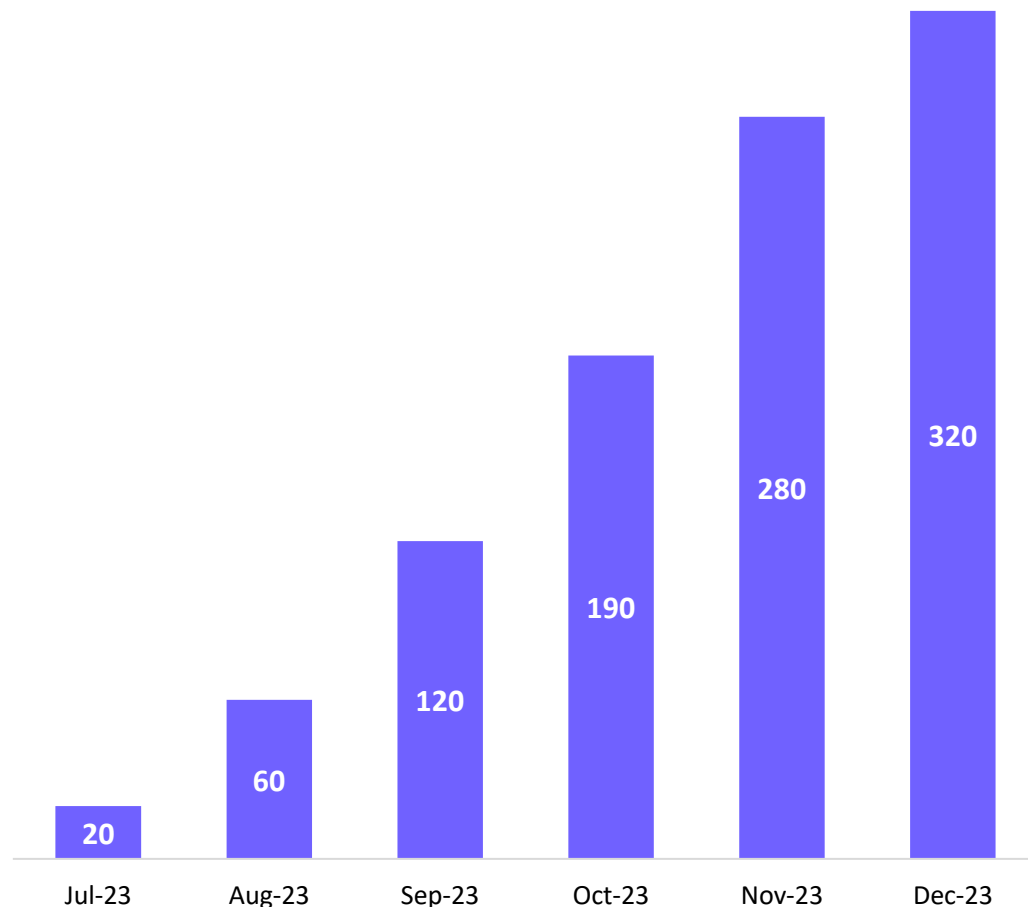
: We are testing new markets (LATAM)

MailerLite Spanish – new paid accounts



: Polish localization facilitated migrating of Freshmail clients to MailerLite

MailerLite Poland – new paid accounts

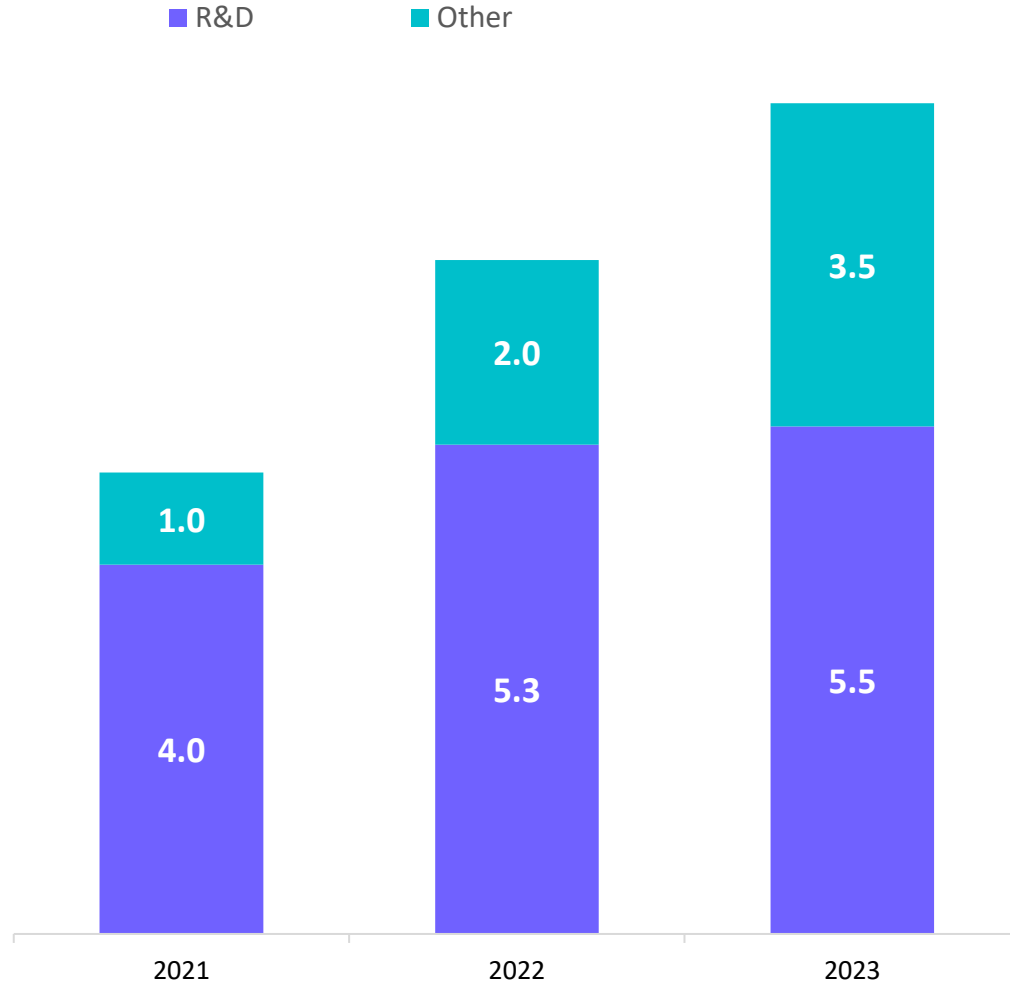


Migration of Freshmail clients to MailerLite

- ✓ 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
- ✓ **INFRASTRUCTURE:** strengthening server infrastructure to increase security and cut back on external cloud solution providers, new solution for routing of international messaging traffic

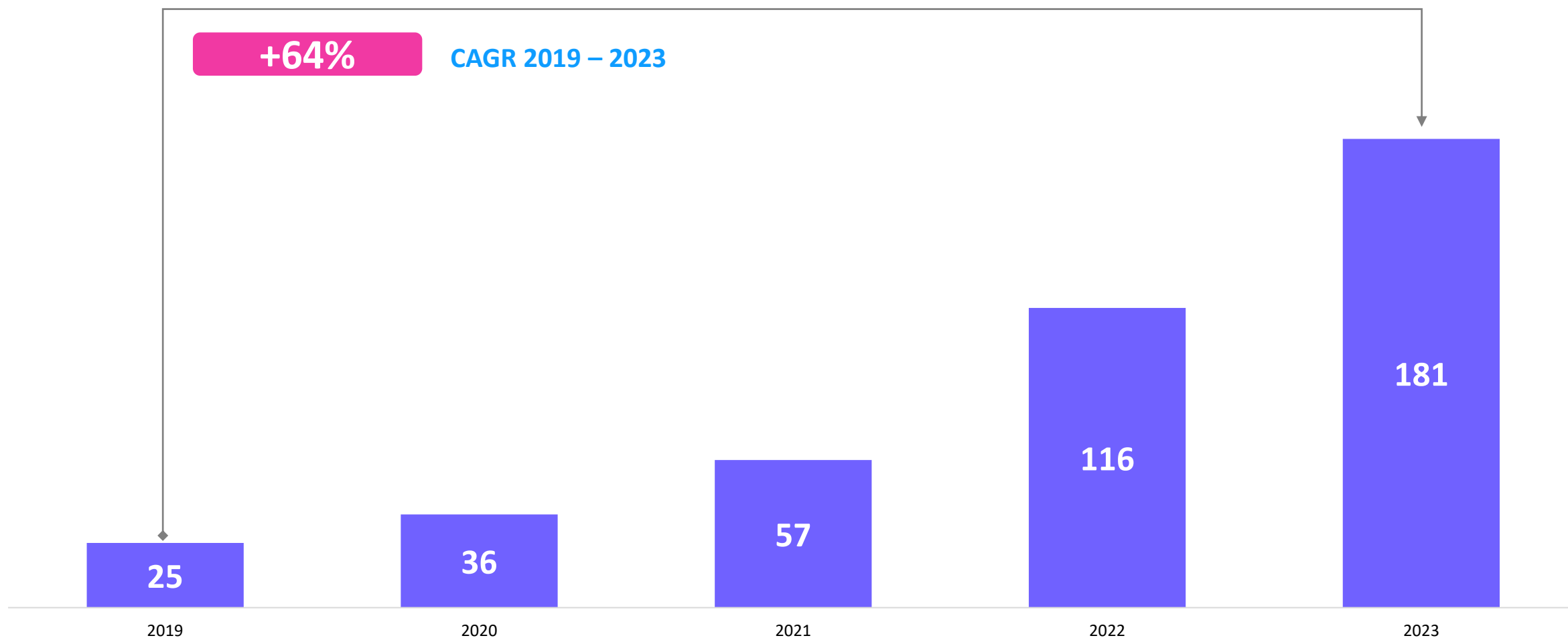
: We continue to
enjoy strong **organic
growth**

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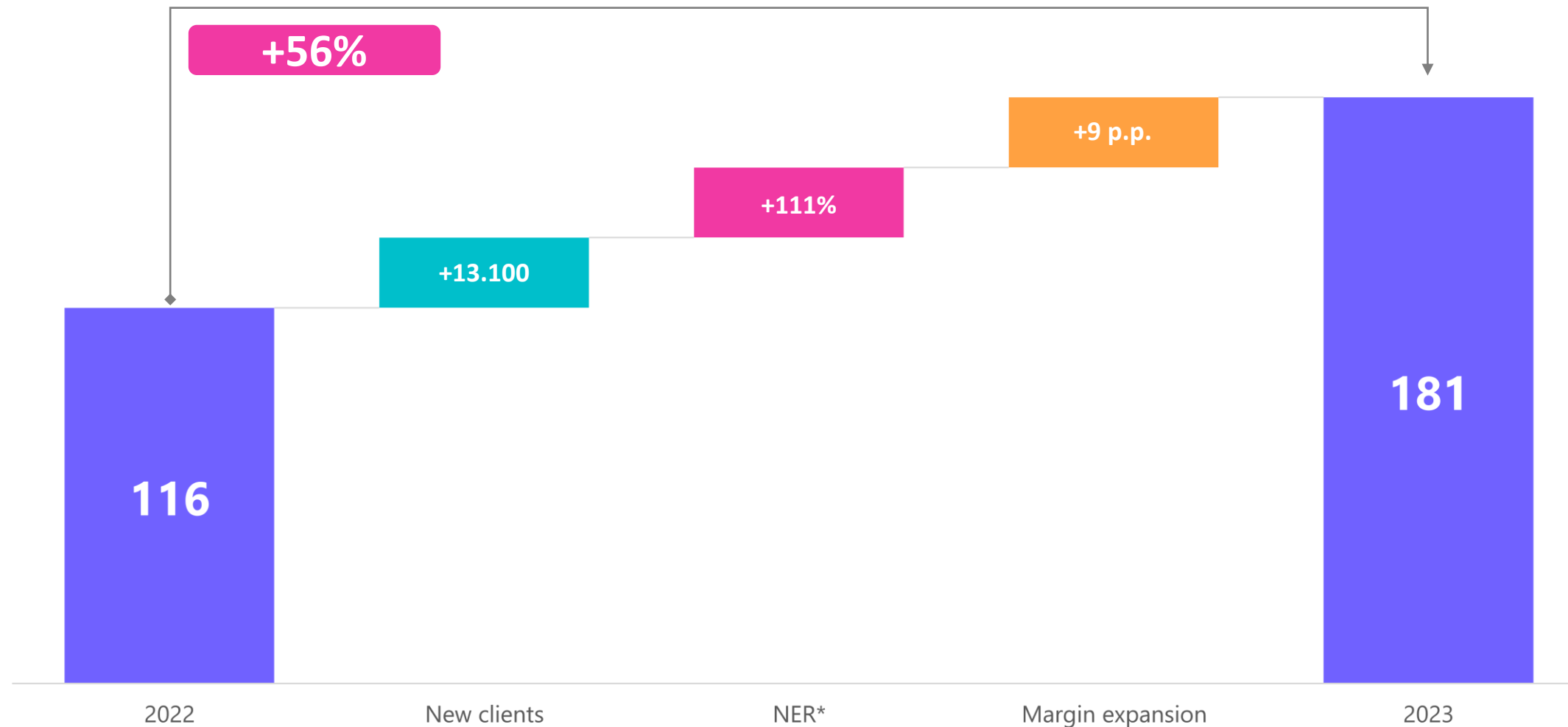
: Gross profit margin reflects dynamically growing scale of the business

Gross profit (PLNm)



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

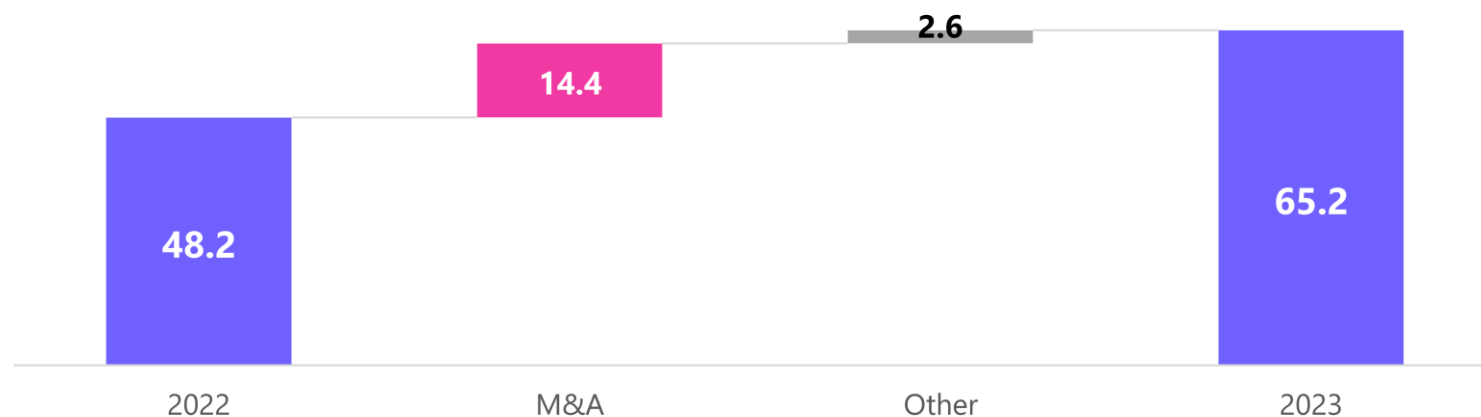
Gross profit (PLNm)



* 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

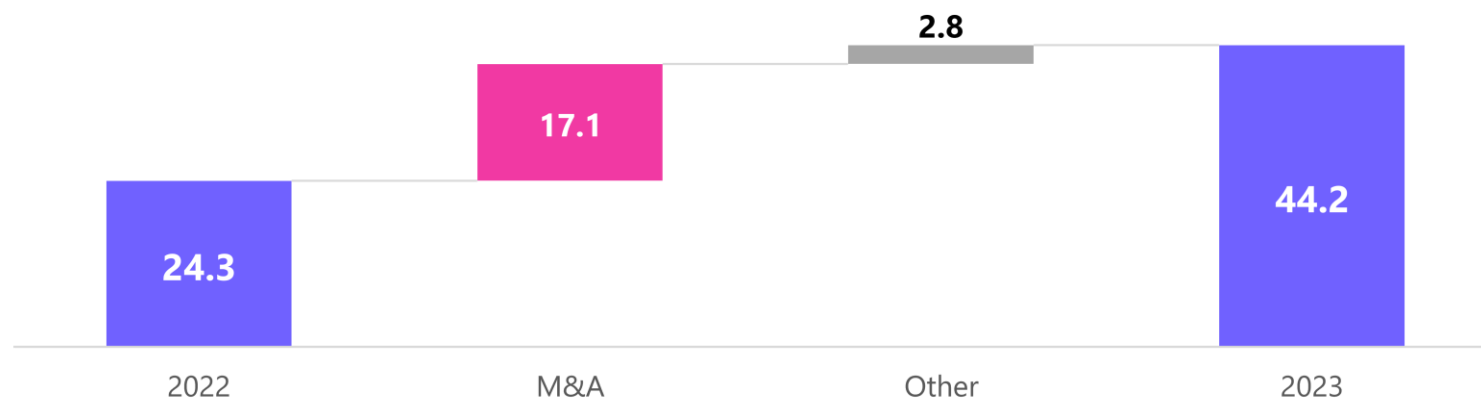
General and administrative expenses (PLNm)



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

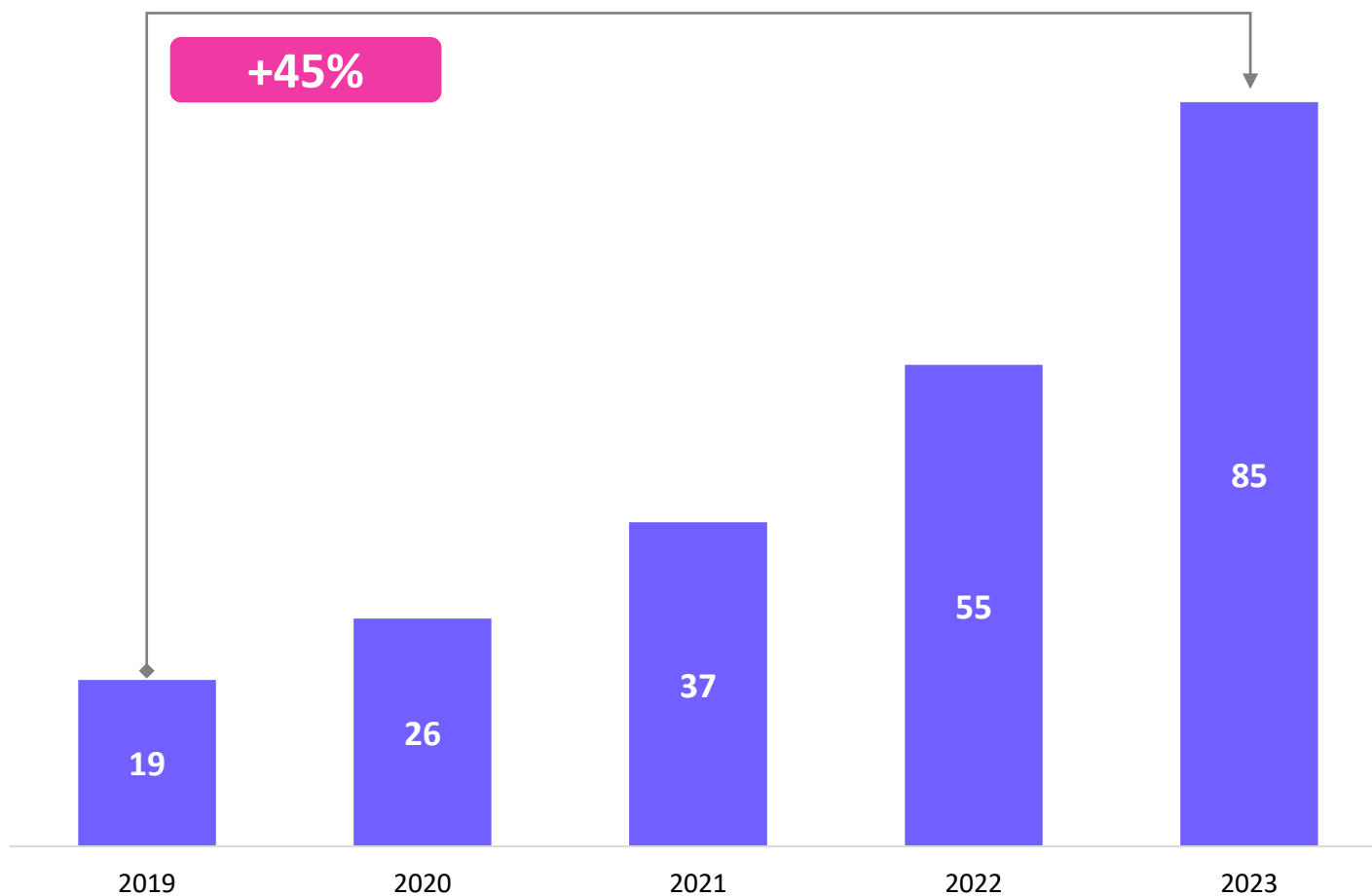
: Our cash generation capacity is benefiting from **expanding profit margins**

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: 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



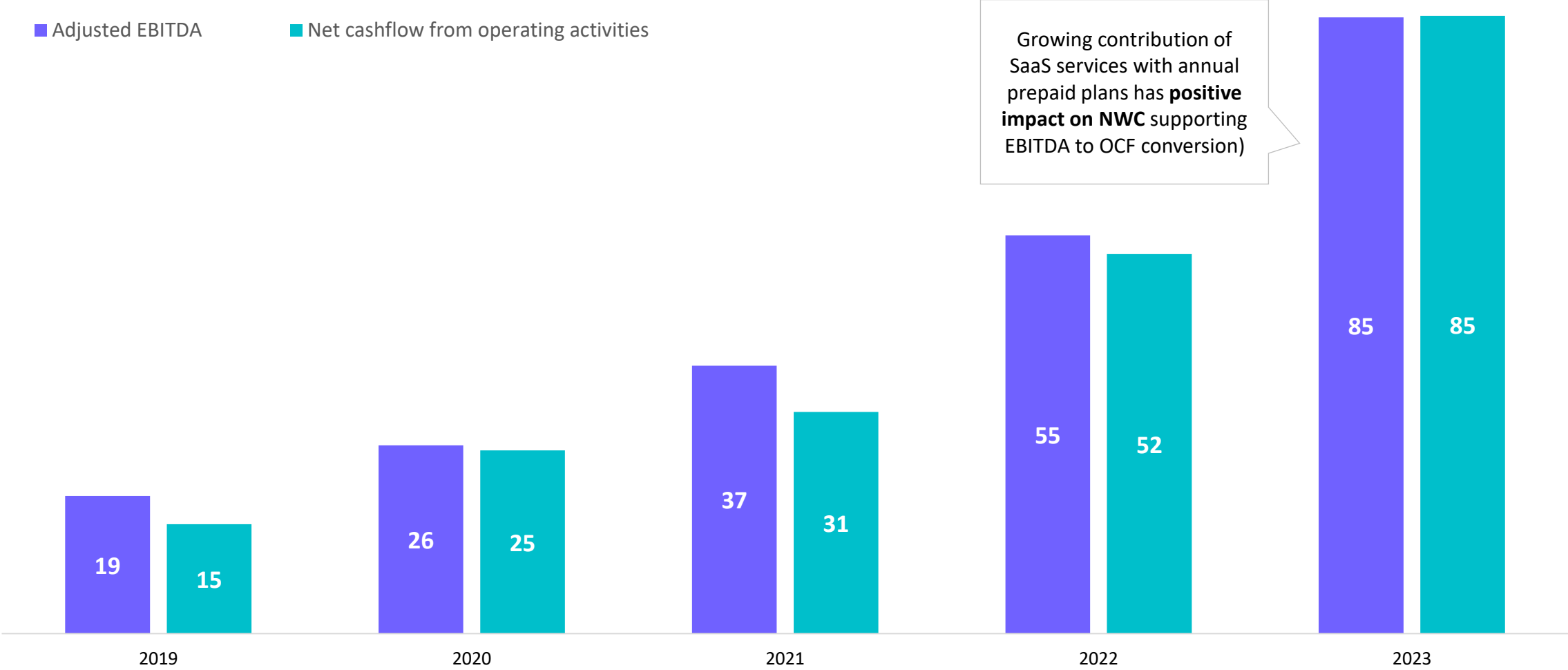
Growing EBITDA margin amounting to c. 25%



Expansion of EBITDA margin by c. 4 p.p. YoY driven by growing contribution of SaaS services in the product mix and operating leverage

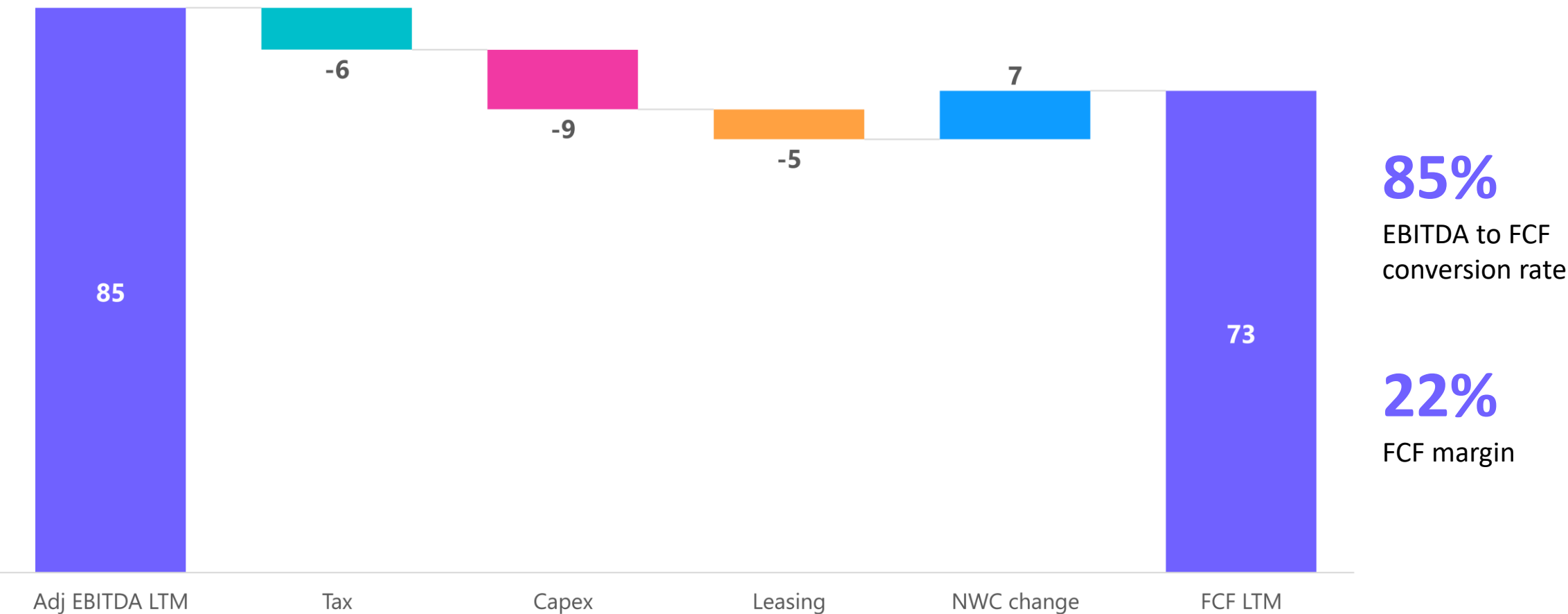
: Growing conversion rate of EBITDA into operating cash flow

Adjusted EBITDA and net cashflow from operating activities (PLNm)

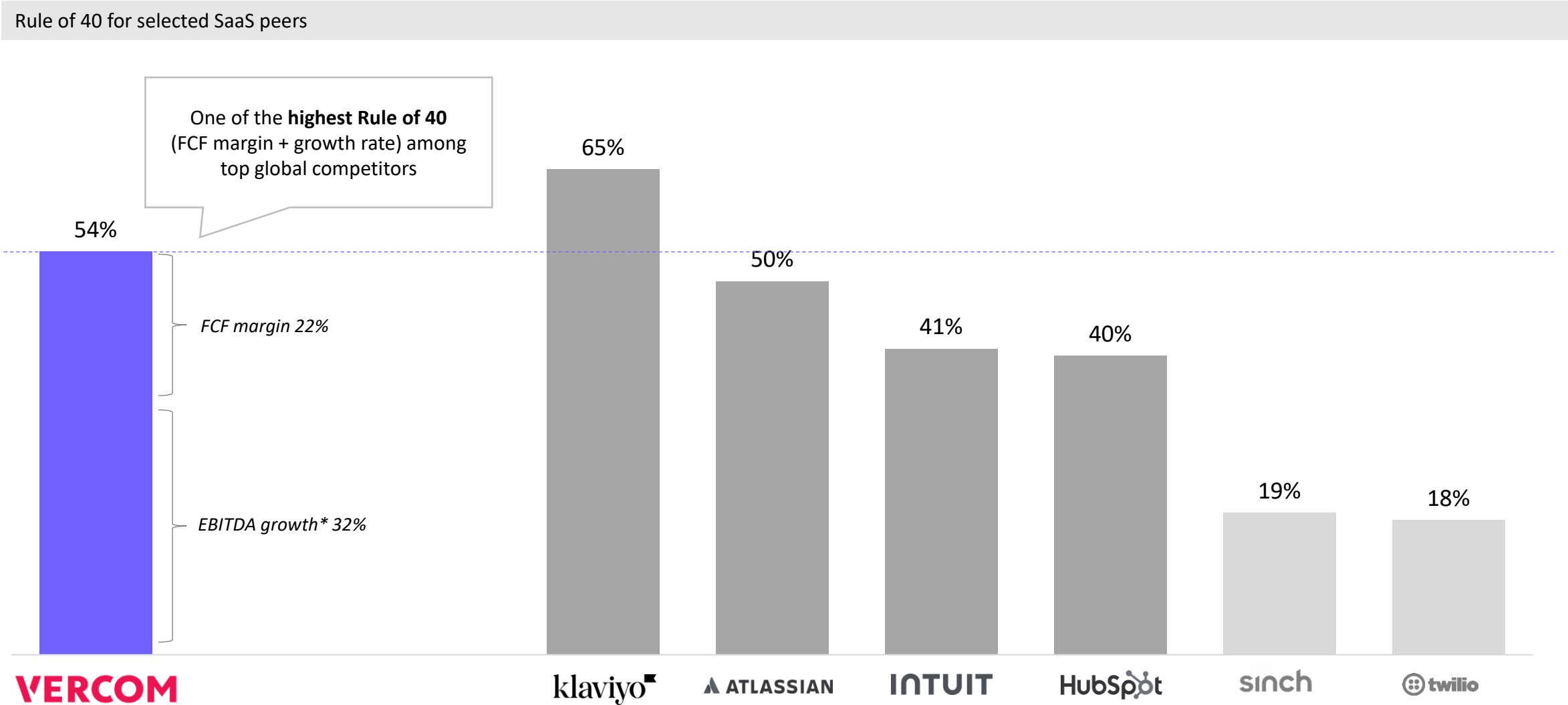


: High cash generation capacity

LTM EBITDA to LTM FCF bridge (PLNm)



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



Source: finbox.com

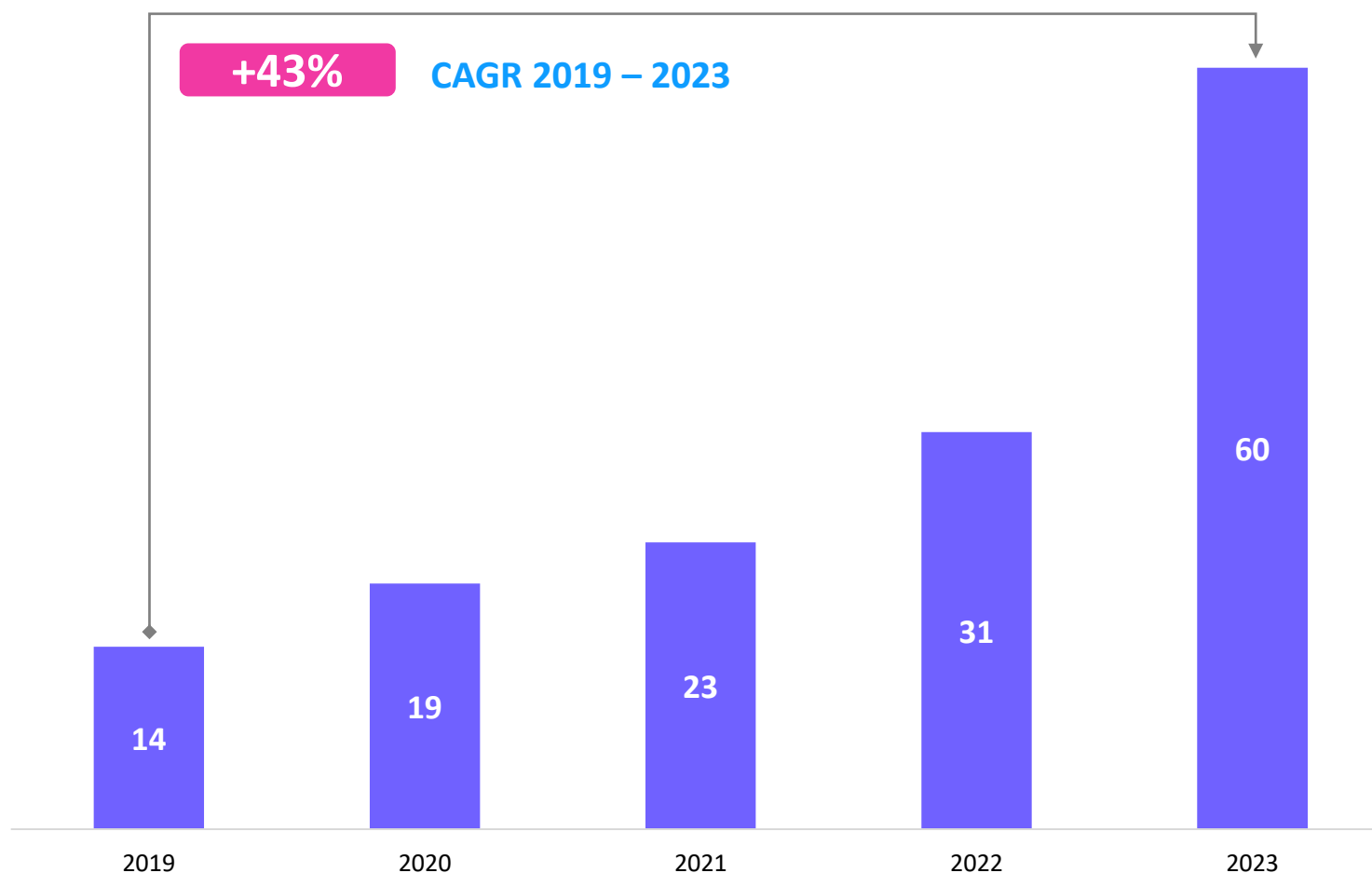
* Organic adjusted EBITDA growth in H2 2023 vs. H2 2022

: 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)



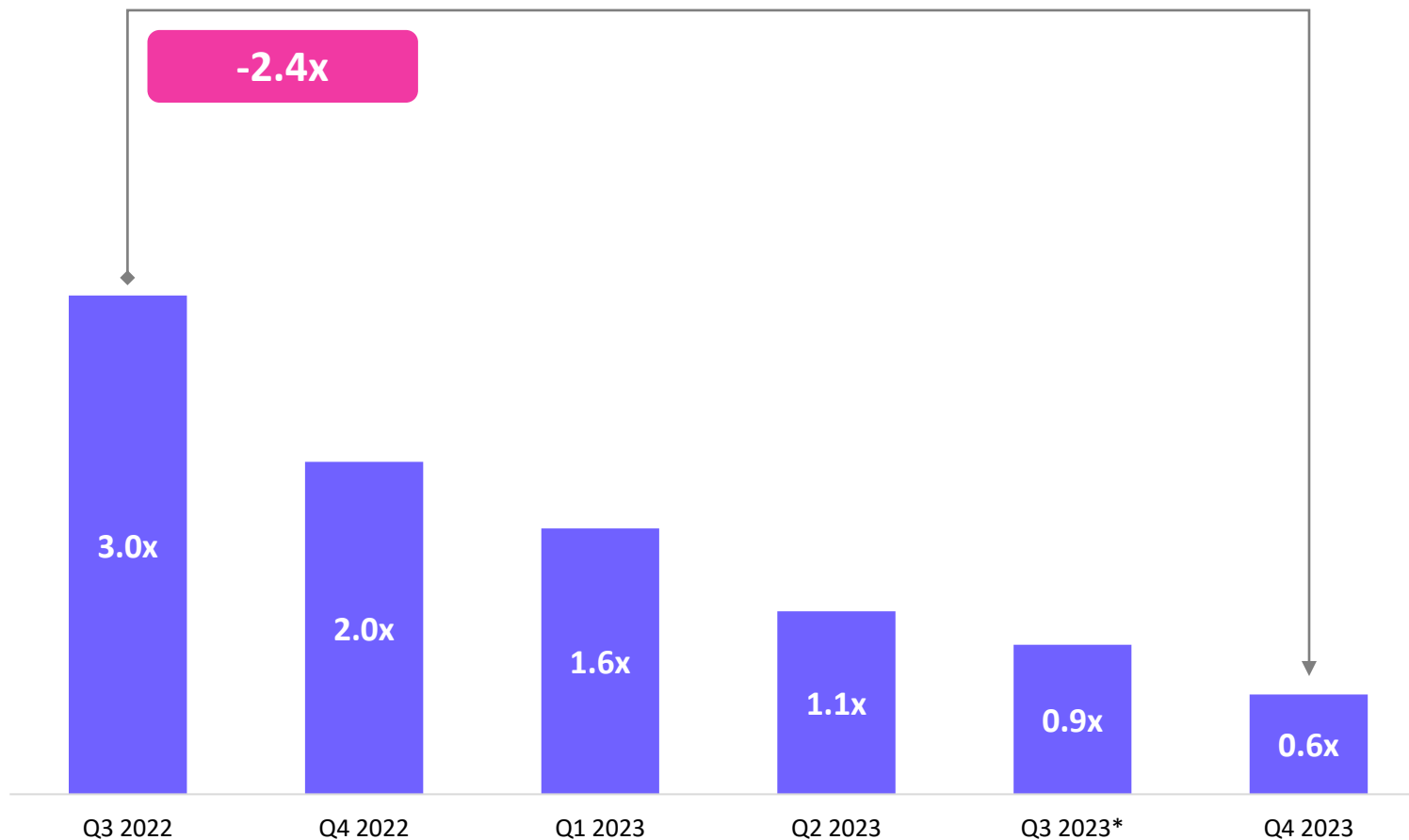
Net income to be supported by:

- 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

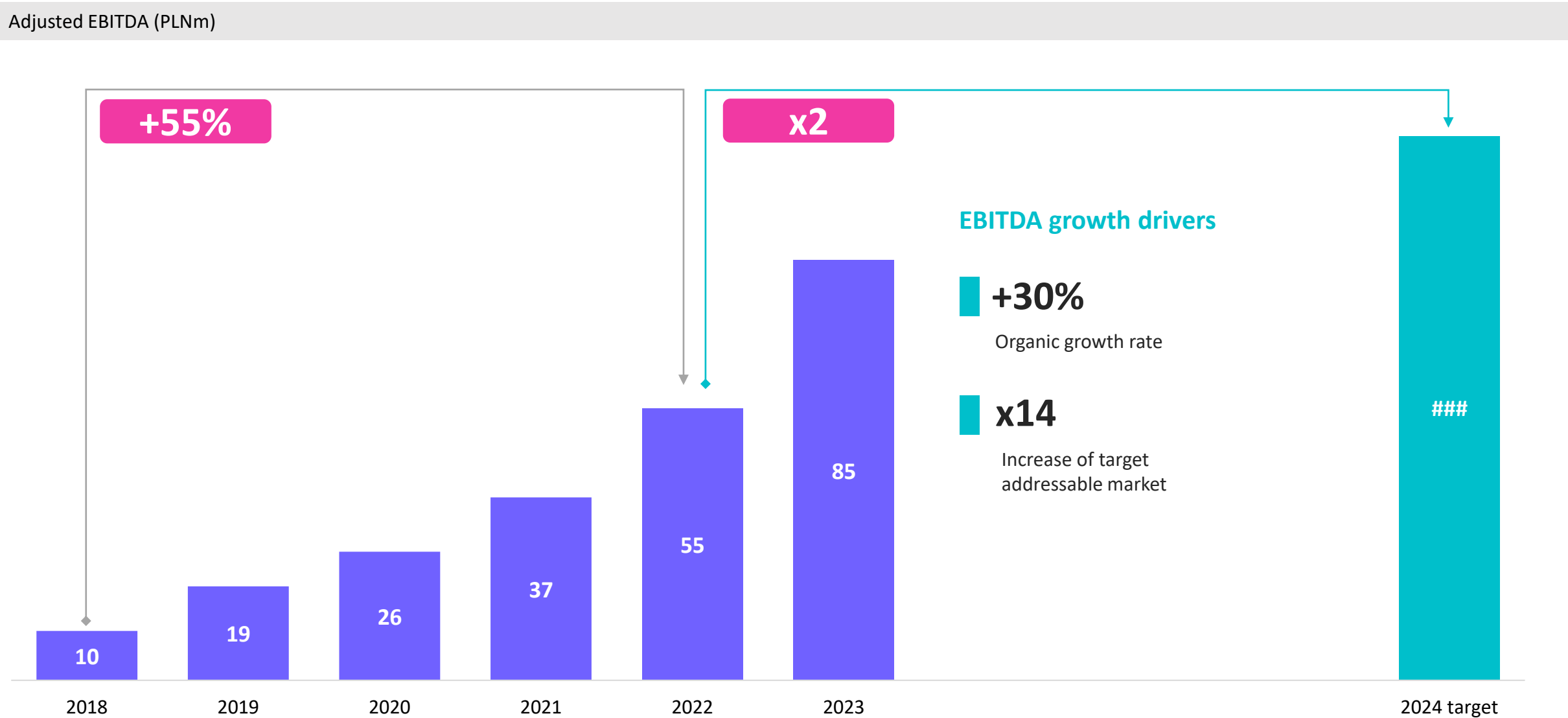
* Including c. PLN 24m from the sale of minority share in User.com received in October 2023

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

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: We are on track to maintain EBITDA growth trajectory



: 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**

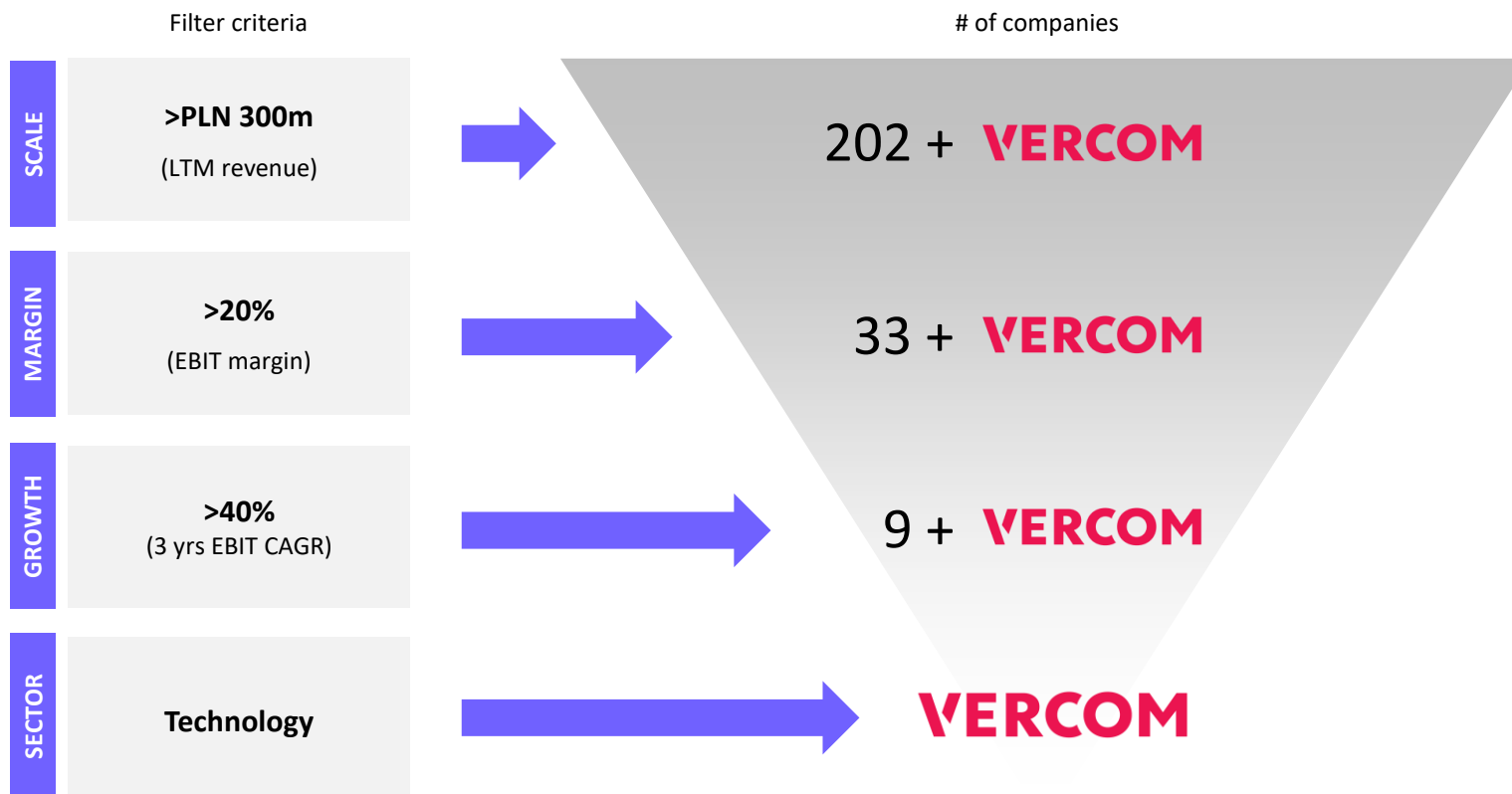
We are on track to achieve our ambitious **goal of doubling the EBITDA every two years**

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: 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)

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: Scale beyond

