

VERCOM

| Annual results 2022

Investor presentation

March 2023



: Scale beyond

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: Introduction

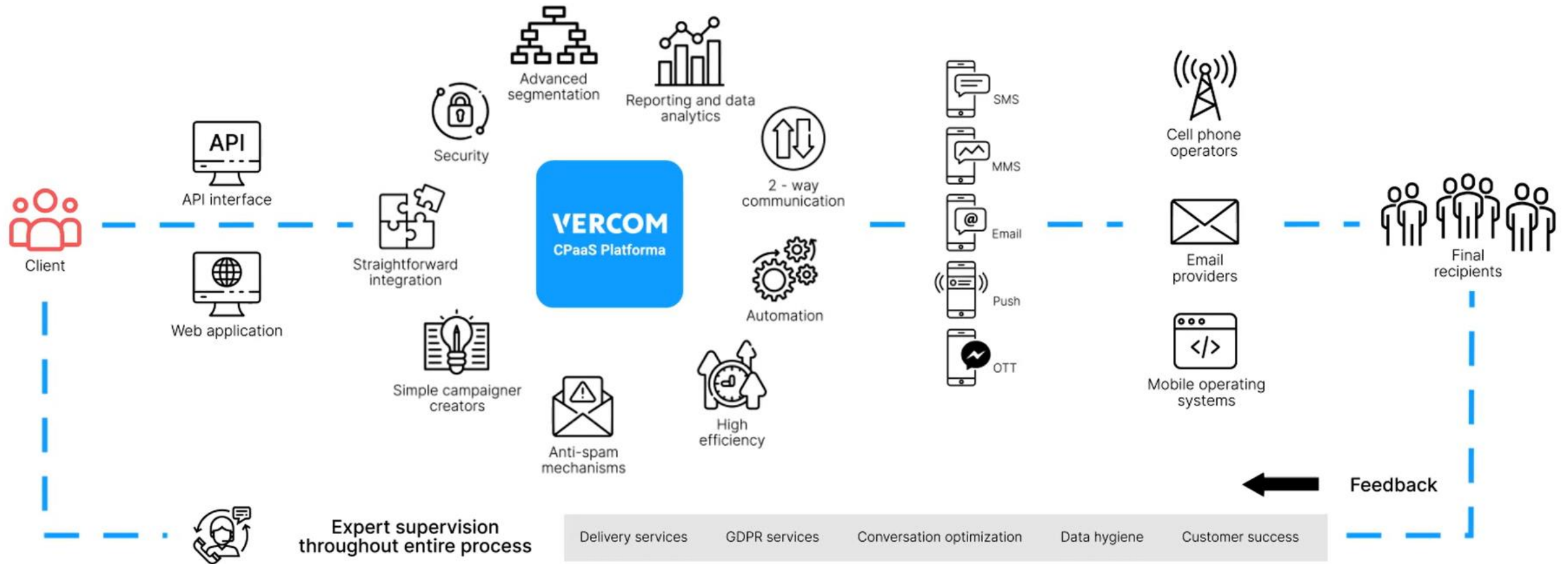


: Our mission is to help our clients to **reconnect with their audience** by removing communication and technological barriers



: Customer engagement platform leveraging cross-channel communication

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: Our solutions are an inherent part of modern, 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

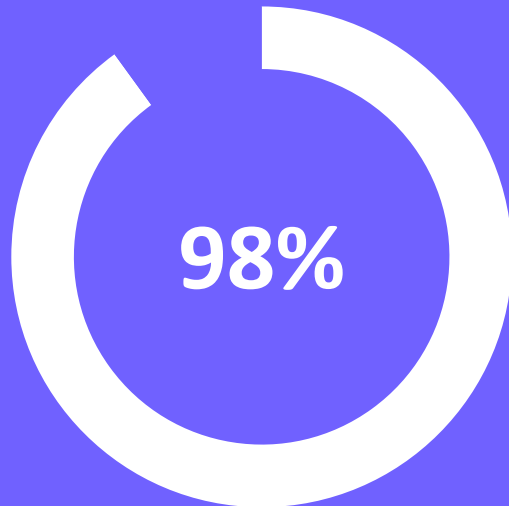
: Rapid growth of the business scale reflected in 2022 volumes

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2 bn+

SMS

Open rate



40 bn+

Emails

Deliverability



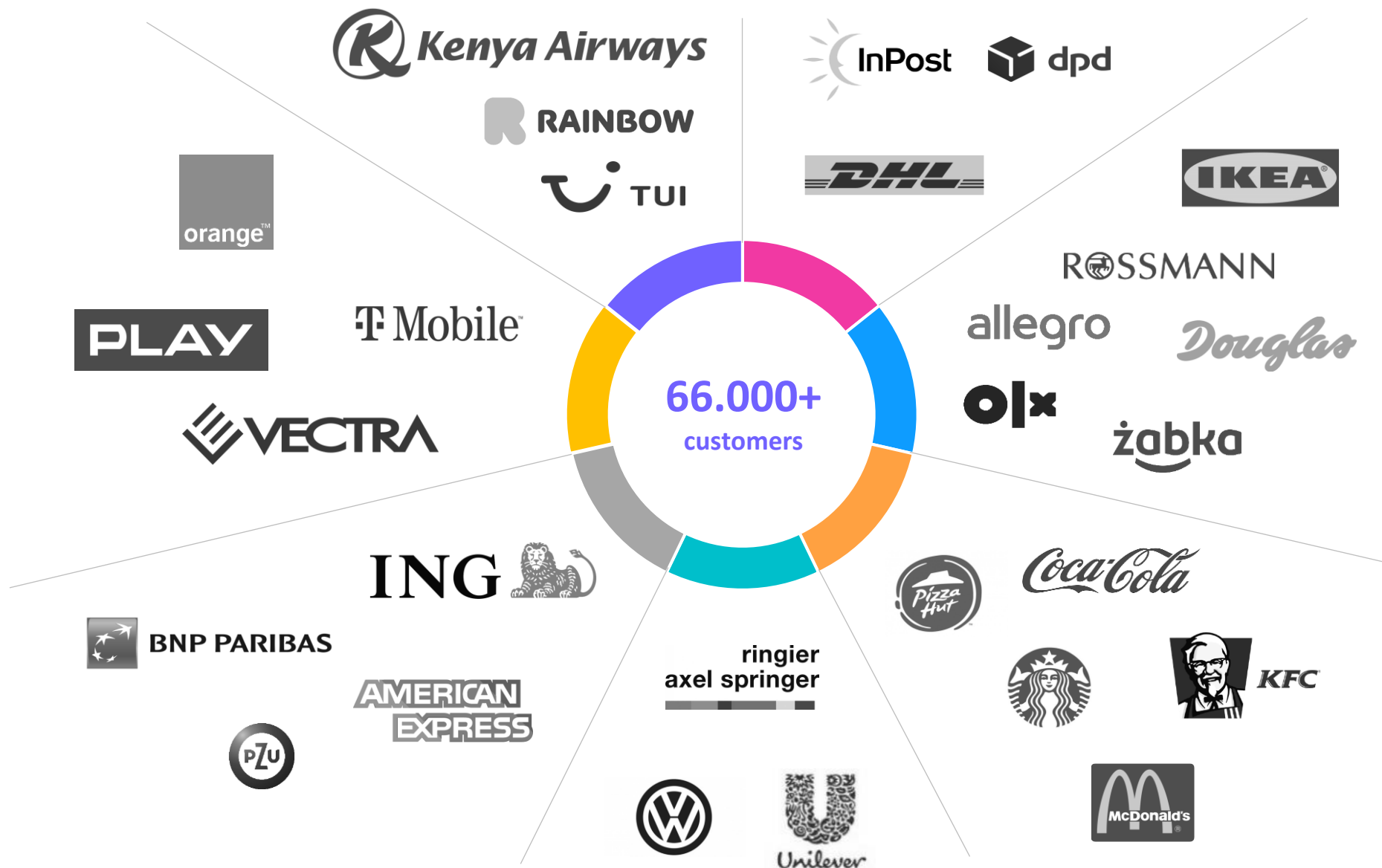
100 bn+

PUSH notifications

SLA



: 20 years of experience rewarded with trust of landmark partners



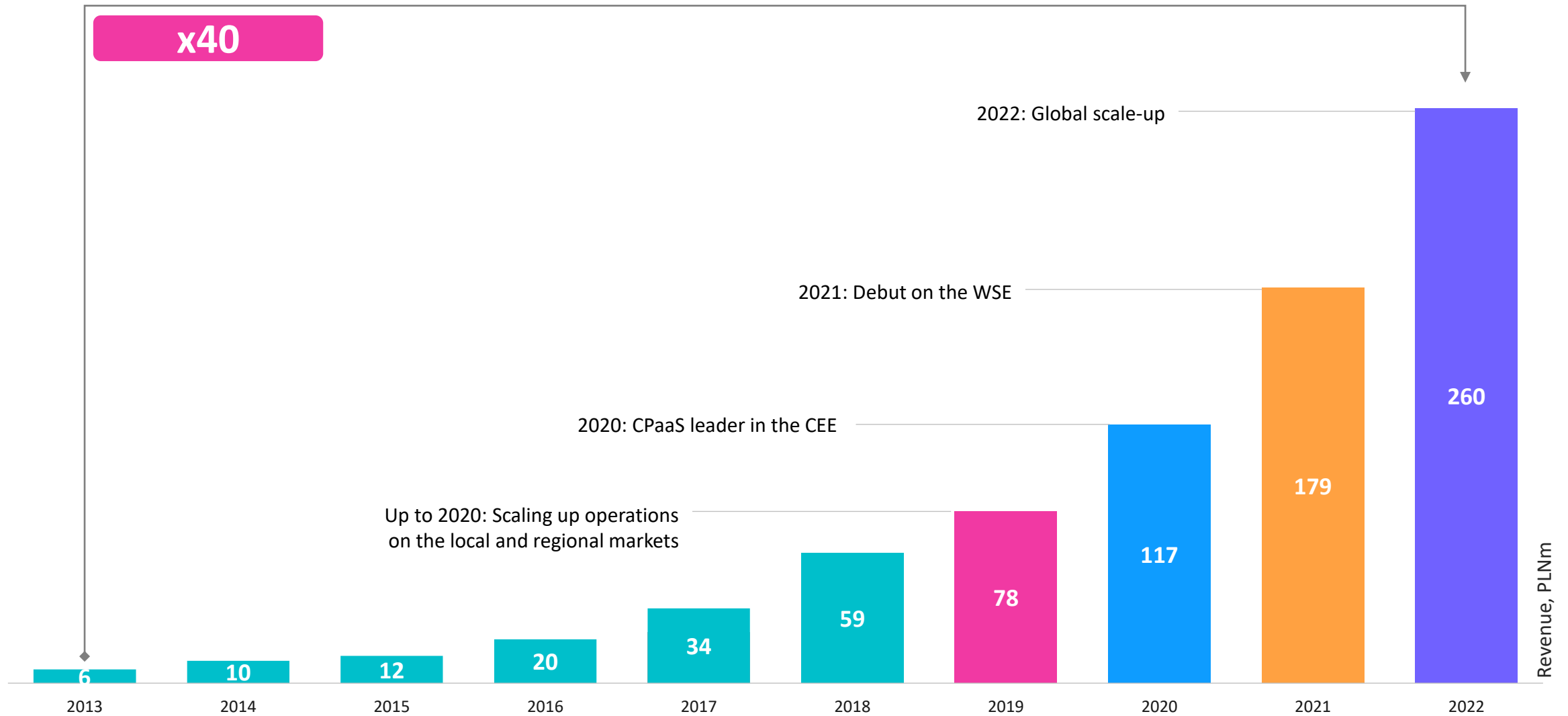
: Quality of the business
model proved by **40x growth**
achieved over the past 10
years

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: Dynamic growth driven by organic expansion and value-accretive acquisitions

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: Operating summary



: Another **record**
year underpinned by
the **global**
expansion



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: Financial results

Revenue

Increase y/y

PLN 260m

+45%

Gross Profit

PLN 116m

+103%

EBITDA*

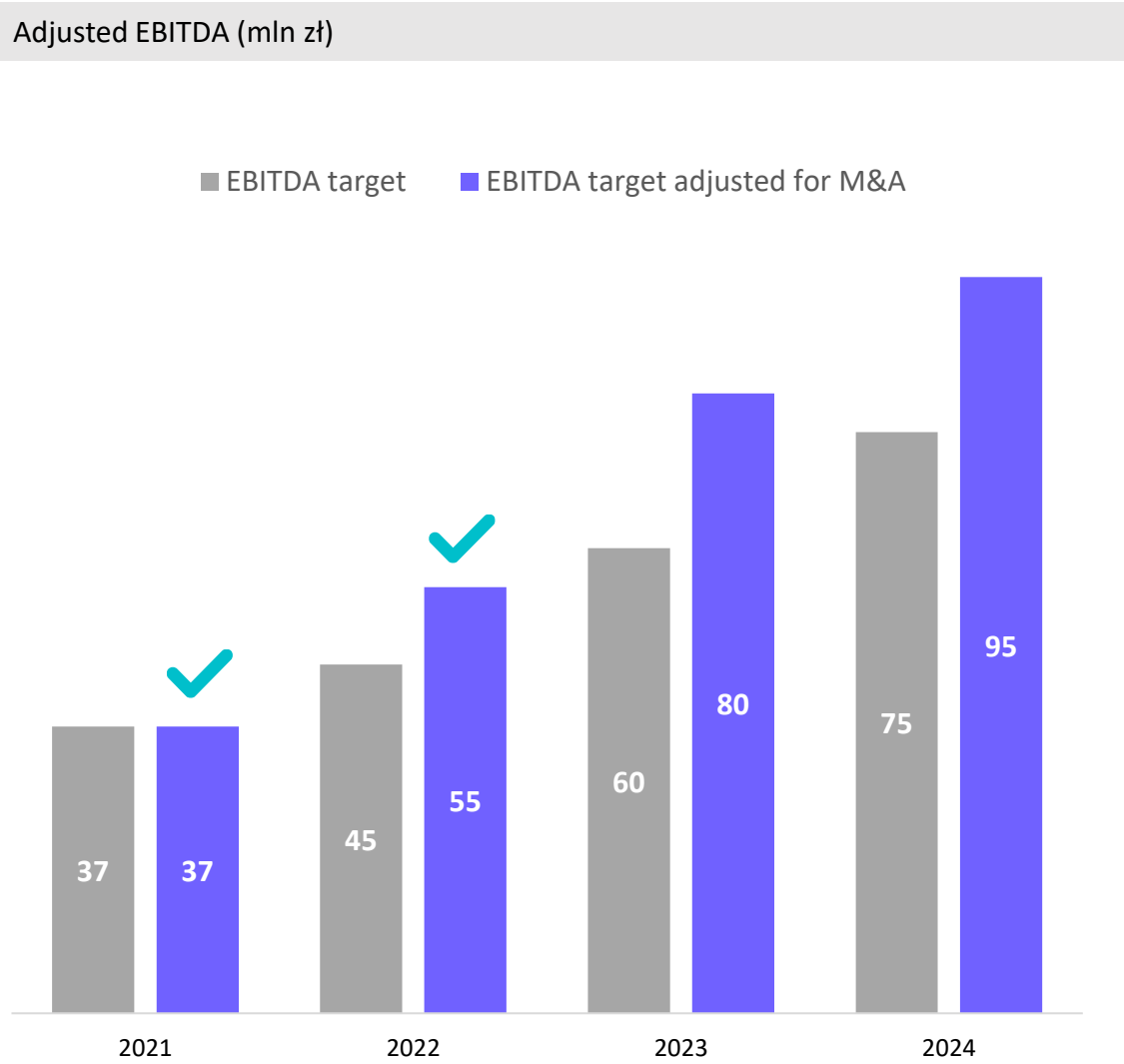
PLN 55m

+49%

*EBITDA normalized for the impact of non-recurring costs related to acquisitions and non-cash expenses (ESOP)



: We achieved ESOP targets for 2022



: One of the **highest-value acquisitions** in tech sector in 2022



: Acquisition of MailerLite

Strong growth dynamics and robust outlook

- 40% revenue CAGR in the last 3 years
- The company reached USD 500k of monthly EBITDA
- Margin-accretive impact for Vercom @25% EBITDA margin
- Dynamic growth of the client base + improving monetization

Excellent strategic fit and significant potential for synergies

- Strong international presence provides a solid base for Vercom global expansion strategy
- Excellent brand recognition – MailerLite is among top 3 email marketing solutions according to Forbes
- Two-way exchange of technology will boost product offering
- Cost synergies with existing Vercom projects

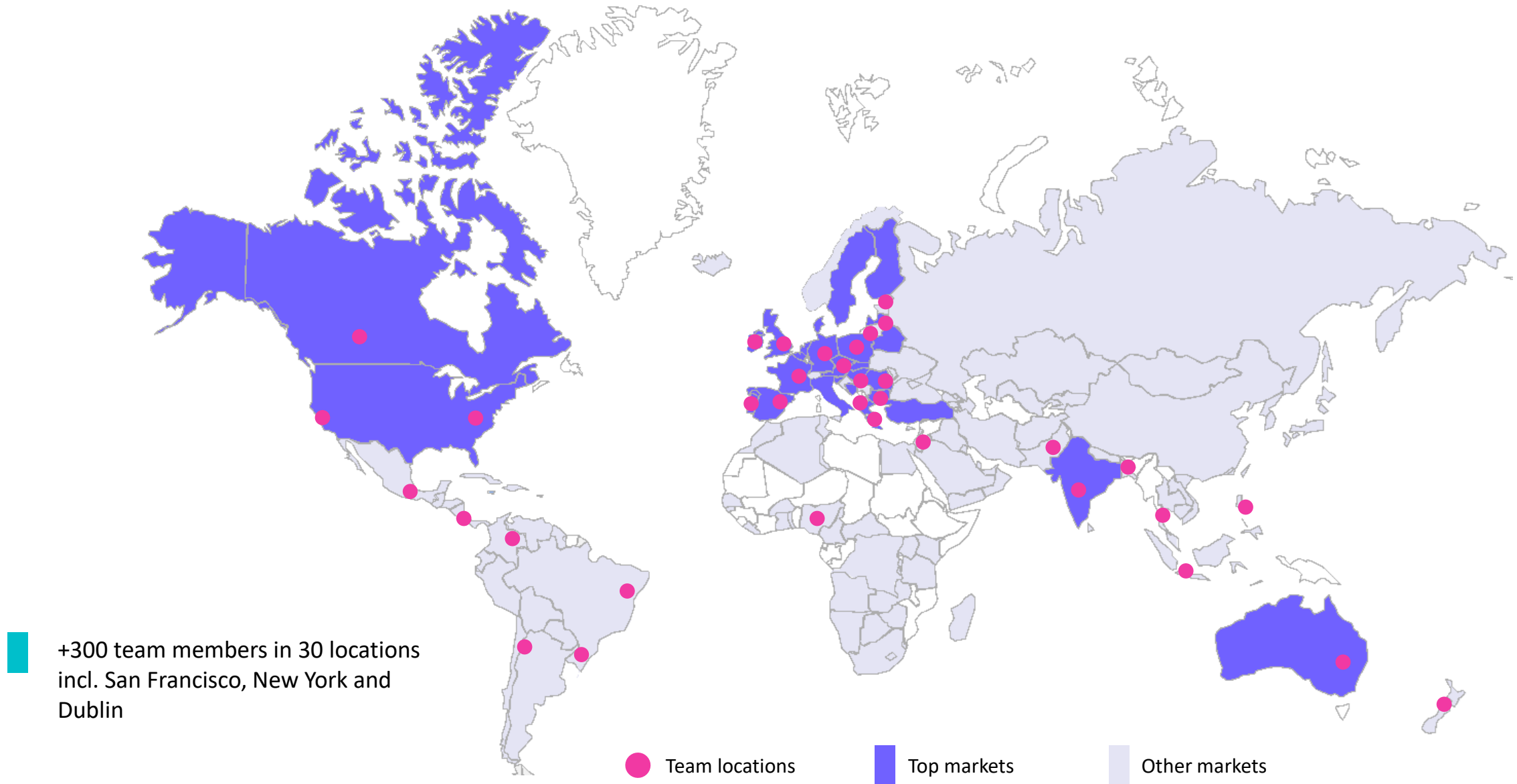
One of the largest acquisitions in the tech-sector in Poland

- Total transaction value of c. PLN 340m
- Expected EV/EBITDA 1Y FWD of c. 11x

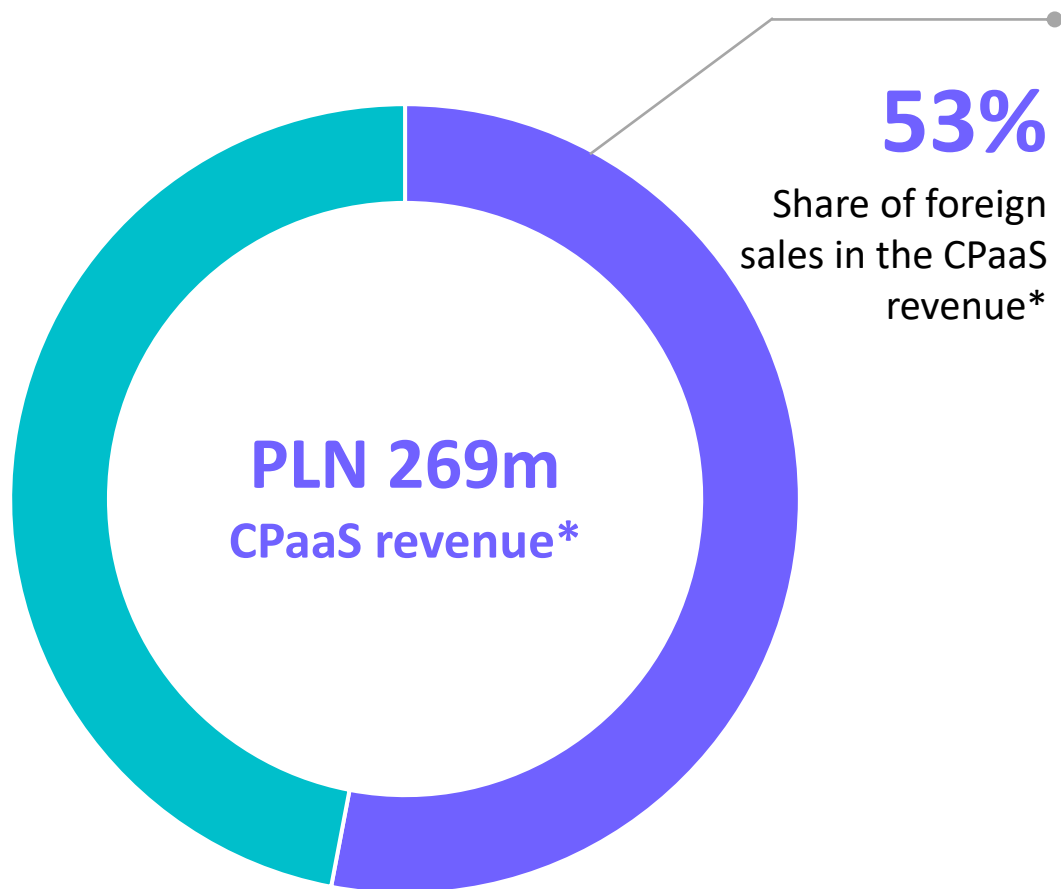


: Selling services to customers in 180 markets globally

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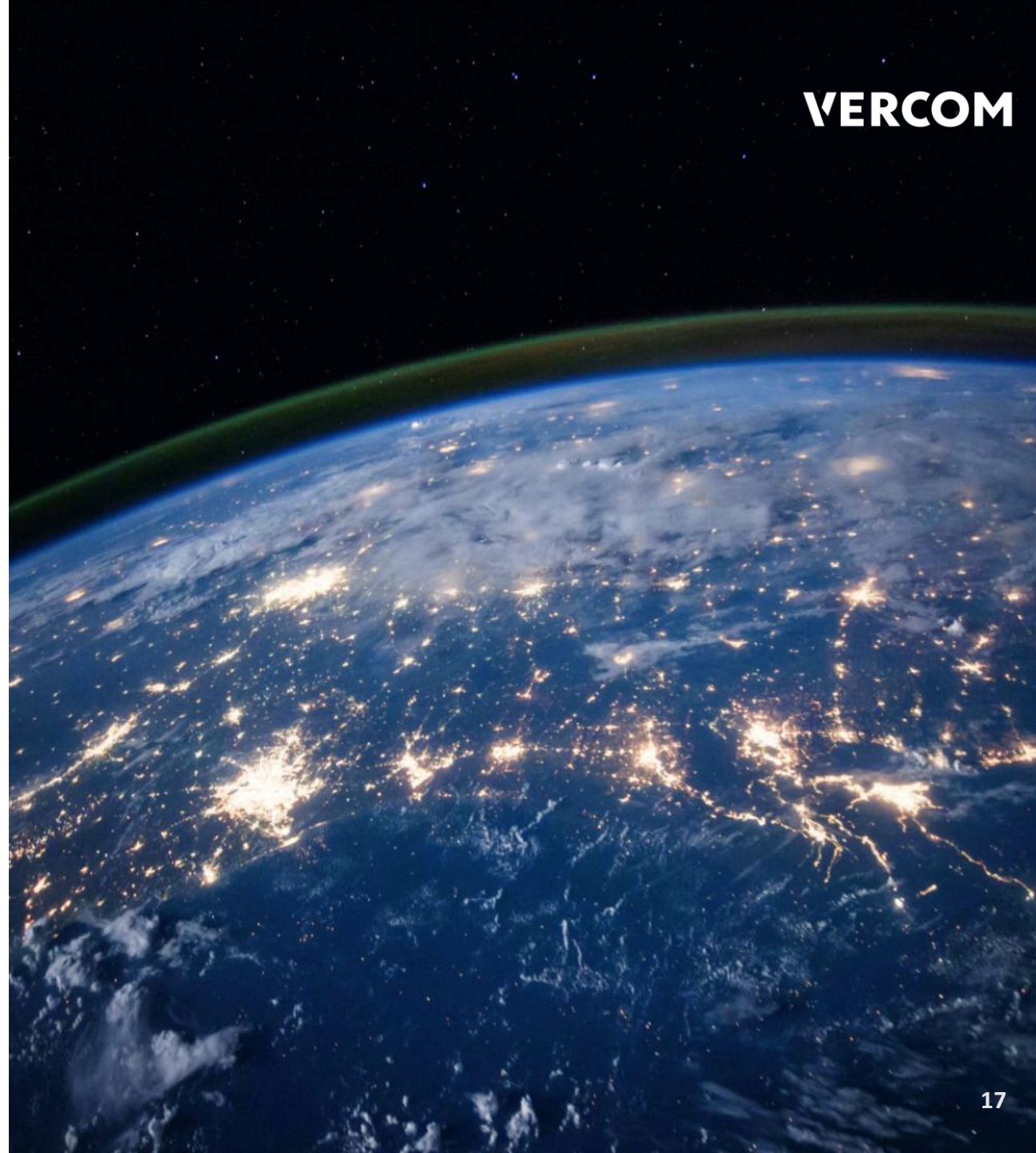


: Foreign sales exceeds 50% of CPaaS revenue



* Proforma

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: We intend to share the
success with our
investors via **generous
dividends**

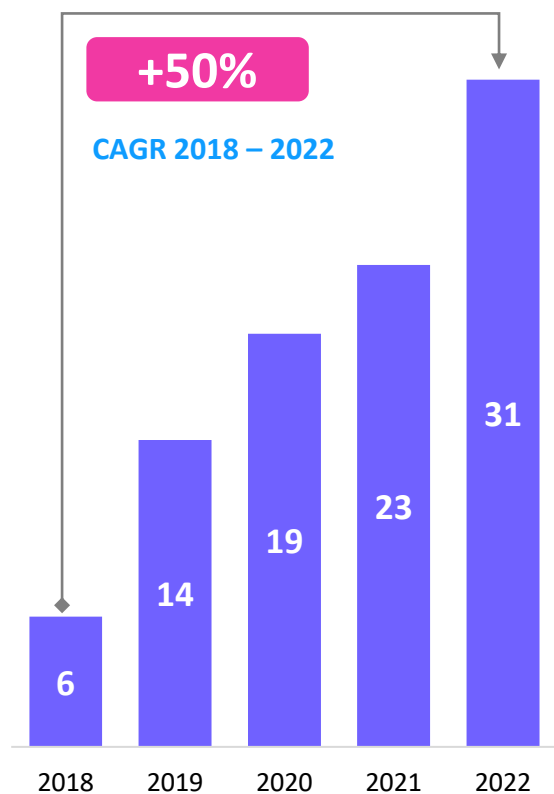


: Dividend policy

Net profit (PLNm)



Dividend policy announced in March 2023 assumes a minimum of 50% of consolidated net profit to be paid out as dividend



PLN +25m

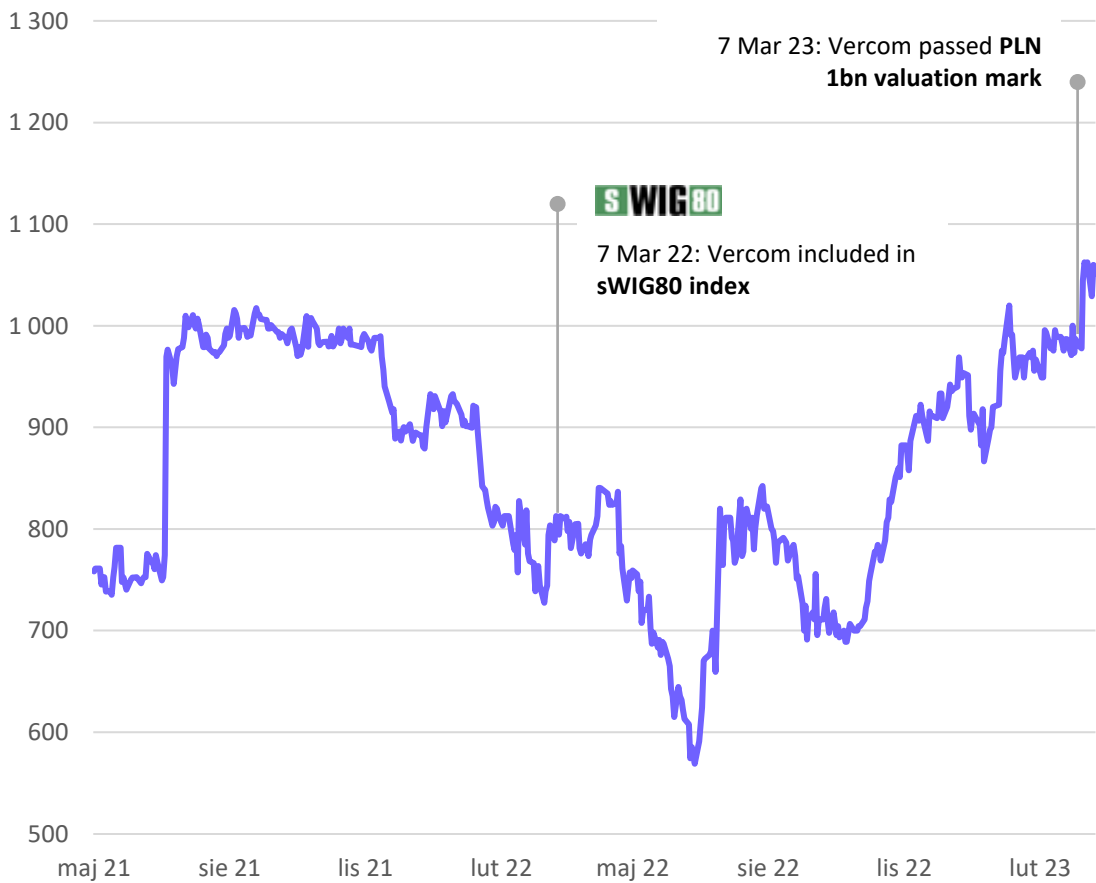
Recommended
dividend value

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: Passing PLN 1bn valuation mark

Market capitalization (PLNk)

✓ Vercom among top companies listed on the Warsaw Stock Exchange (GPW) according to Puls Biznesu annual survey



: Financial overview

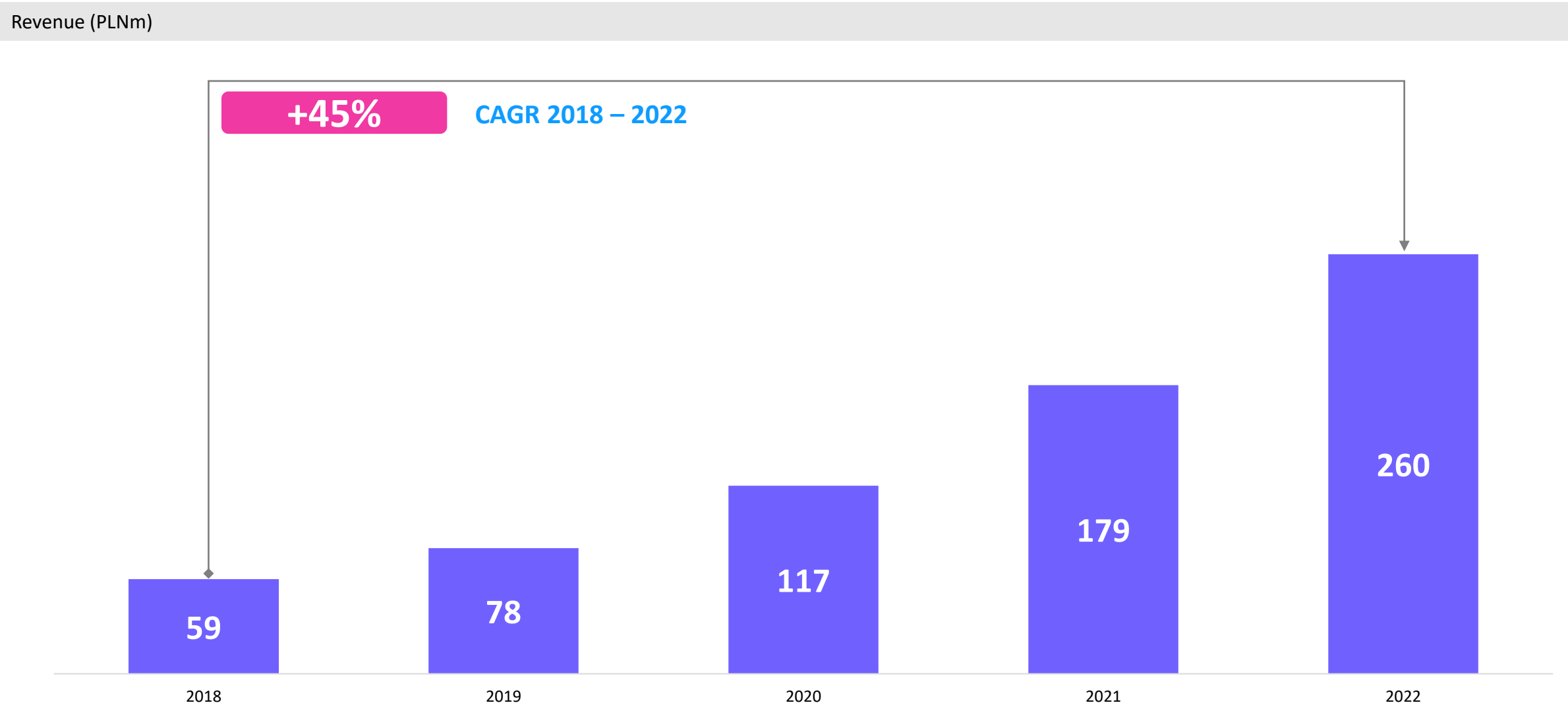


: Twofold increase in gross profit driven by increasing share of high-margin services

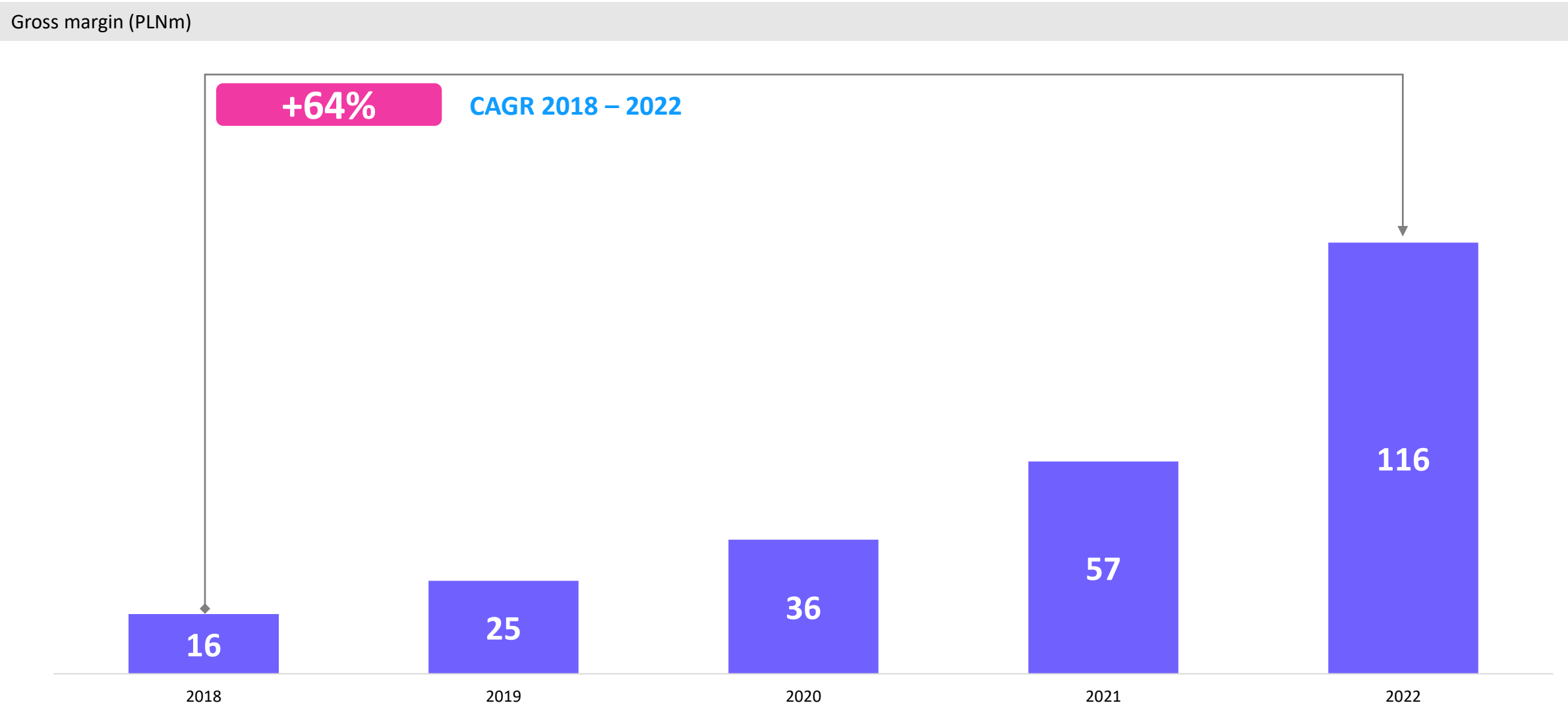


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: Dynamic top line growth continued in 2022

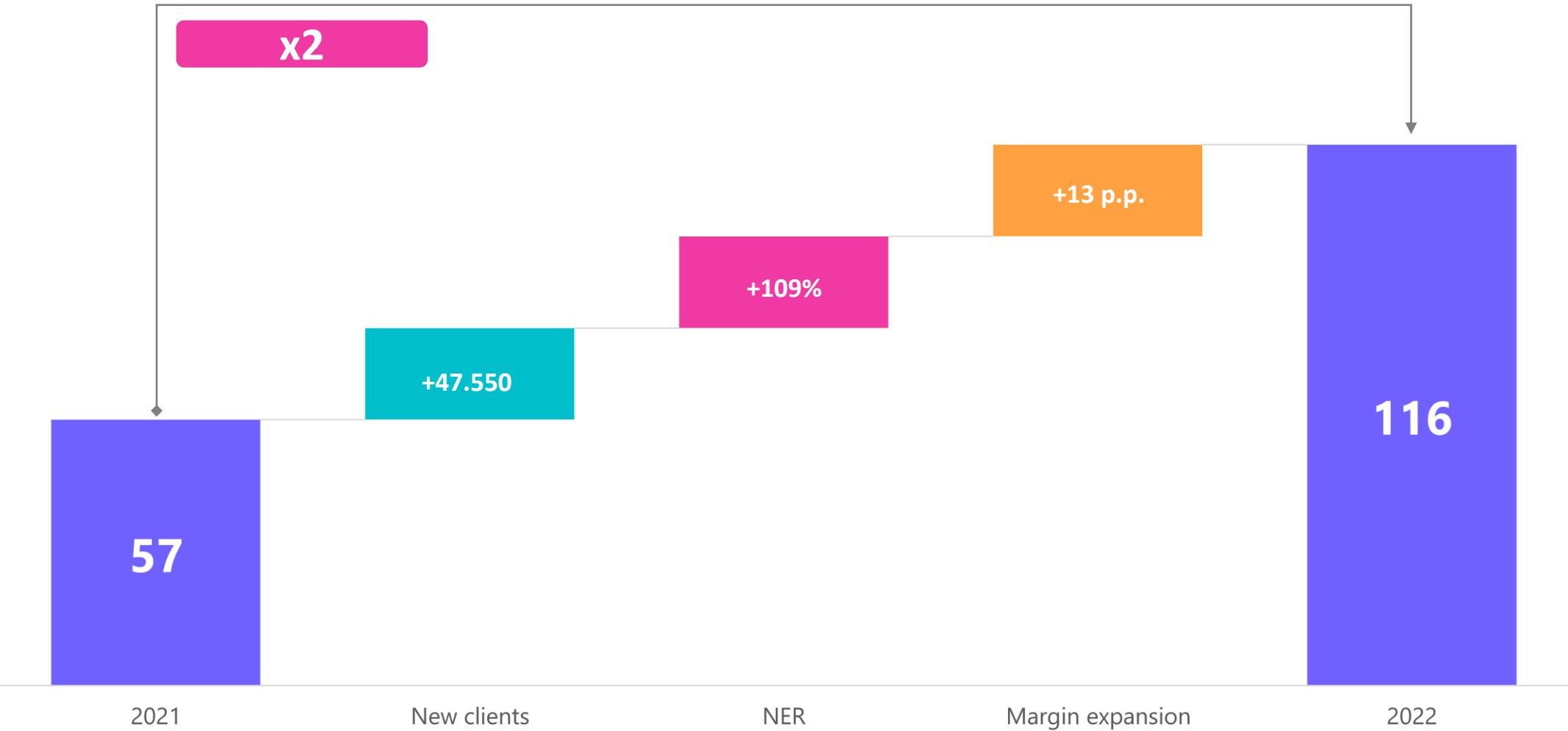


: Twofold increase in gross profit



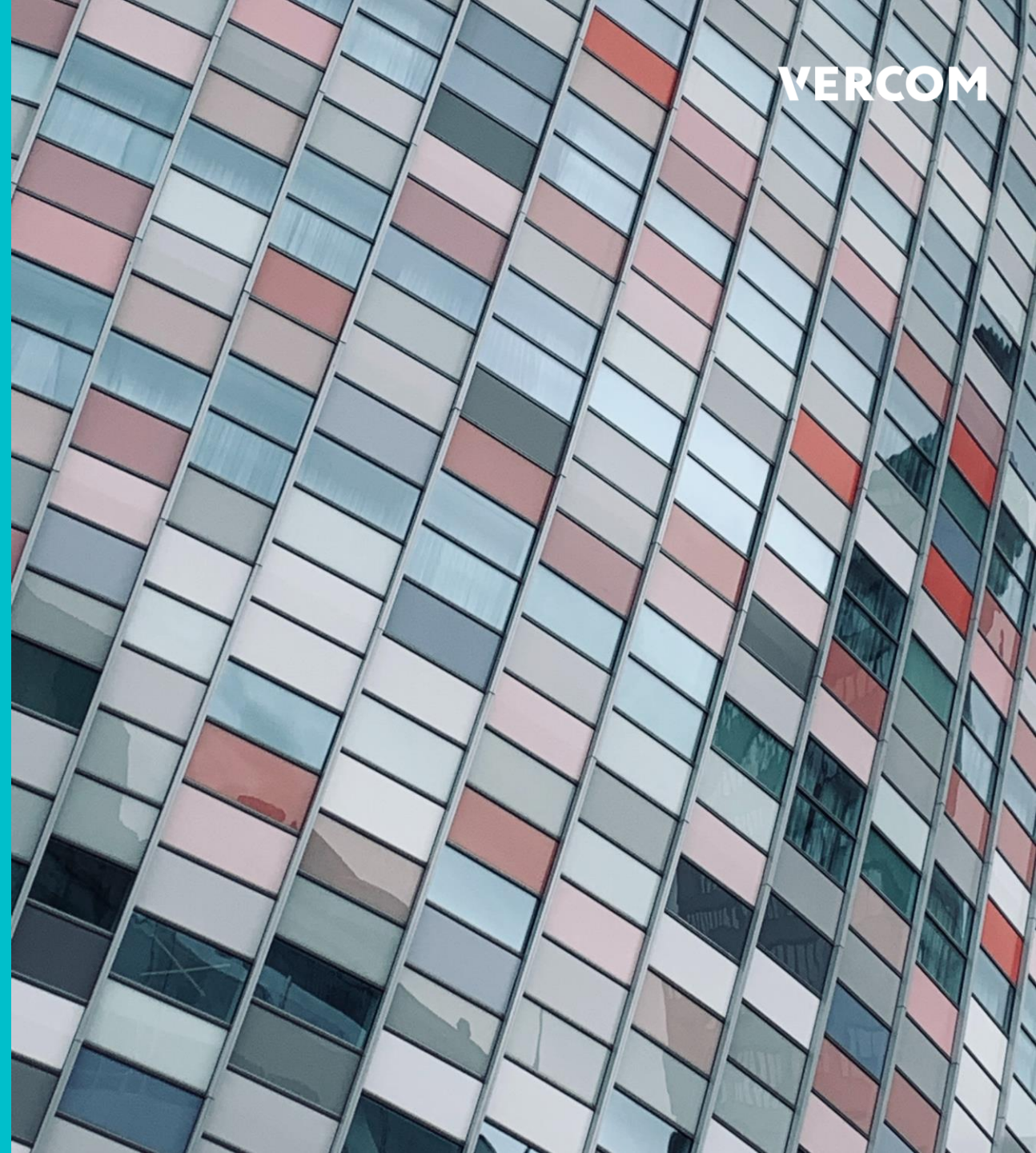
: Gross profit growth driven by new customers and margin expansion

Gross profit (PLNm)

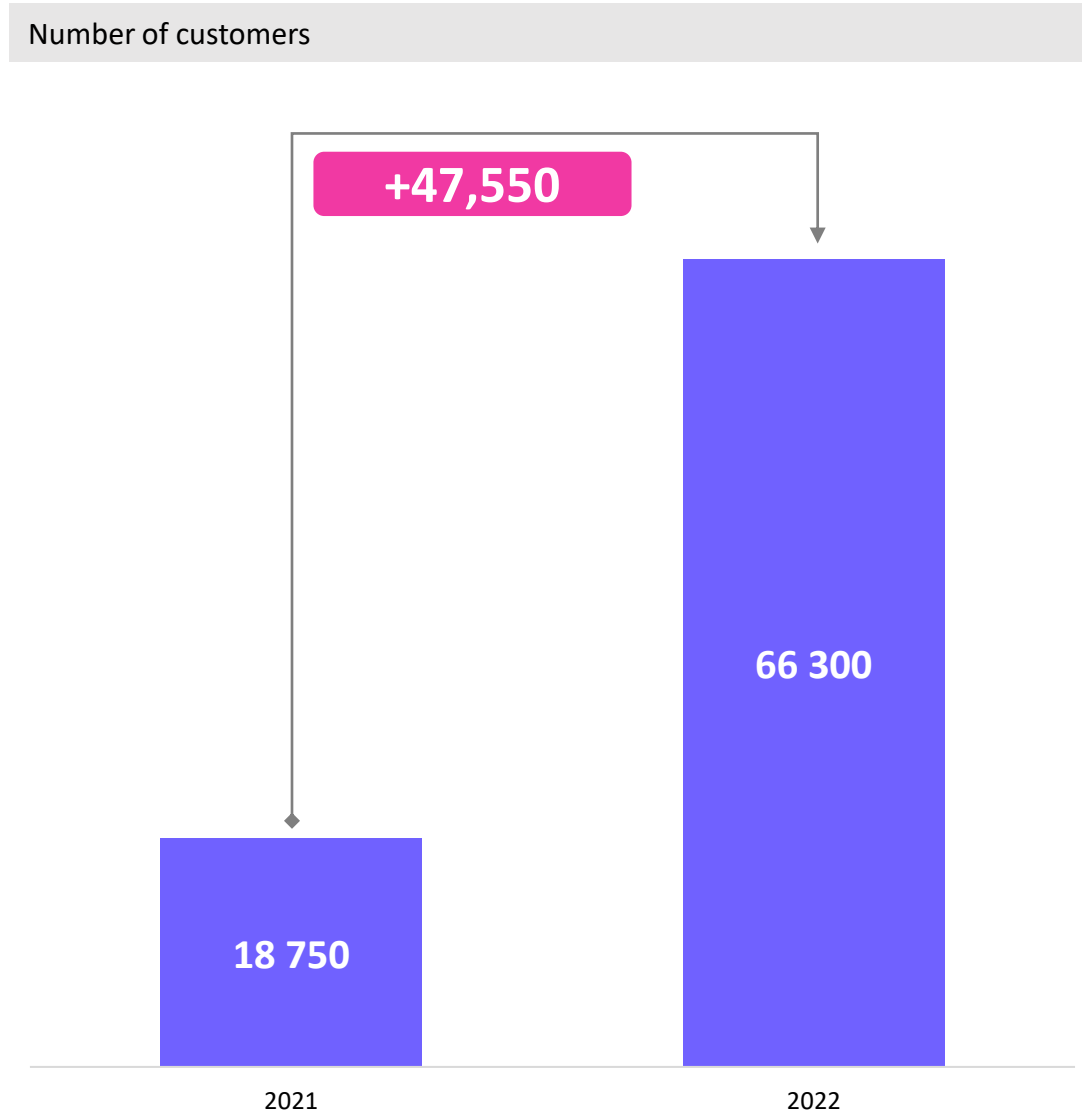


(1) NER (Net Expansion Rate) – change in revenue from customers generating revenue in the current and the comparative period. Applies to revenue from the CPaaS segment.

**: Increasing
diversification**
underpinned by c. 50%
share of the
international sales

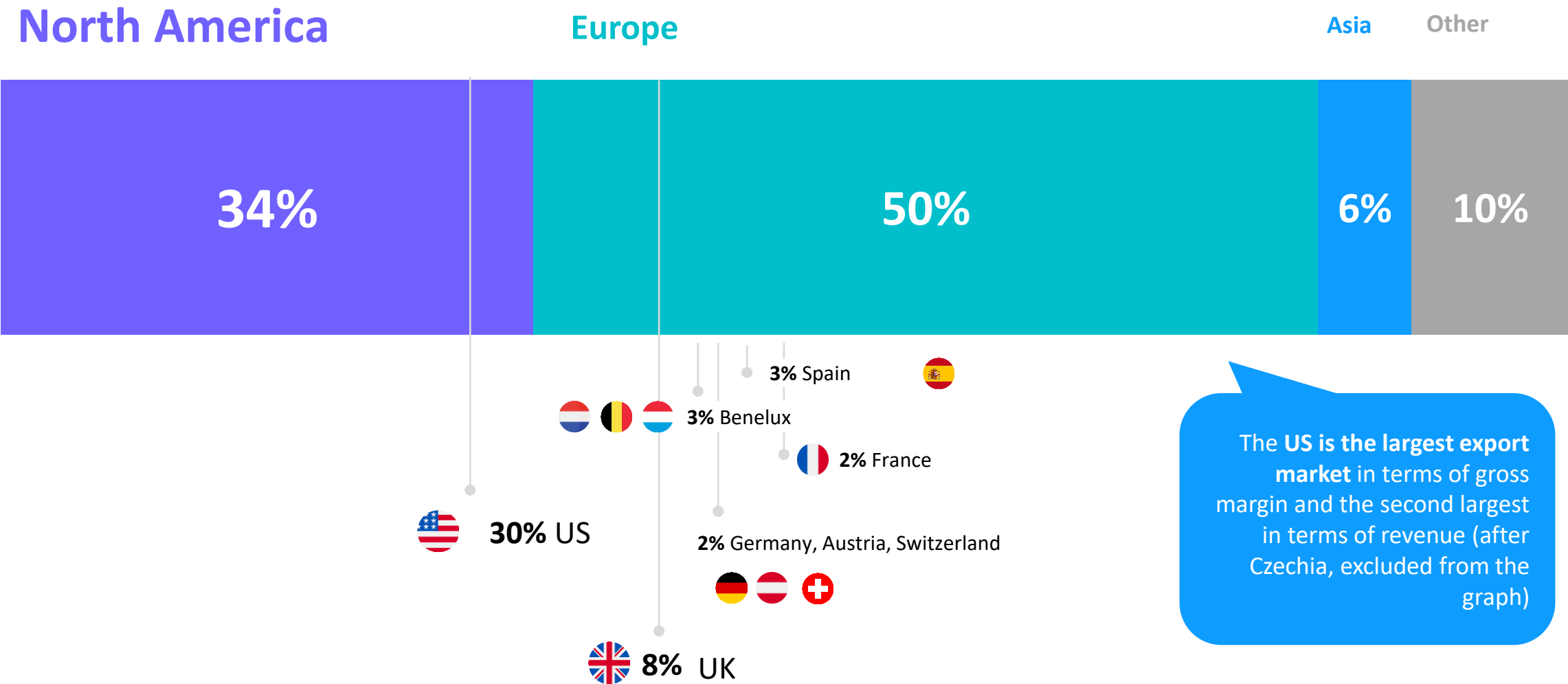


: 3x increase in the number of customers



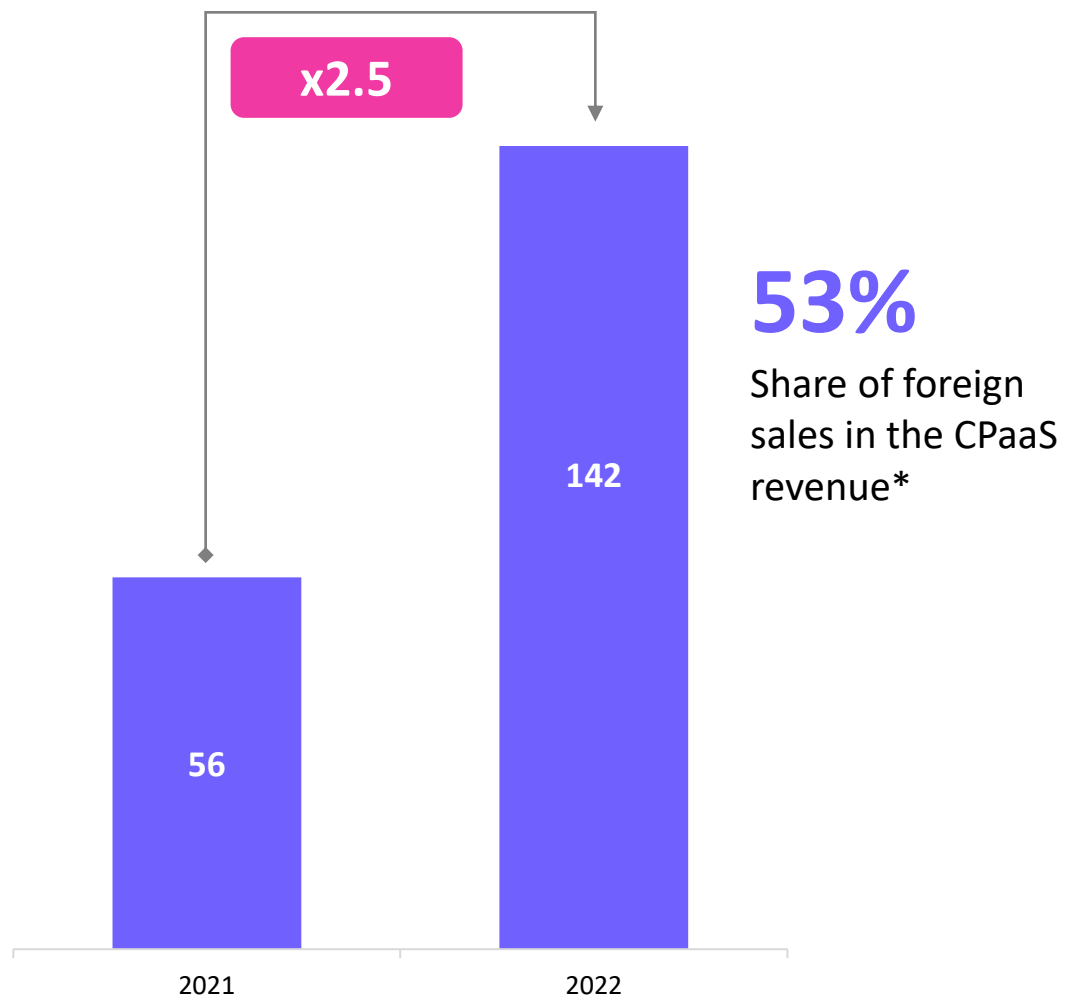
: Attractive customer structure - nearly 35% gross margin in the North American market

Estimated structure of gross margin generated on foreign customers (proforma data for 2022)

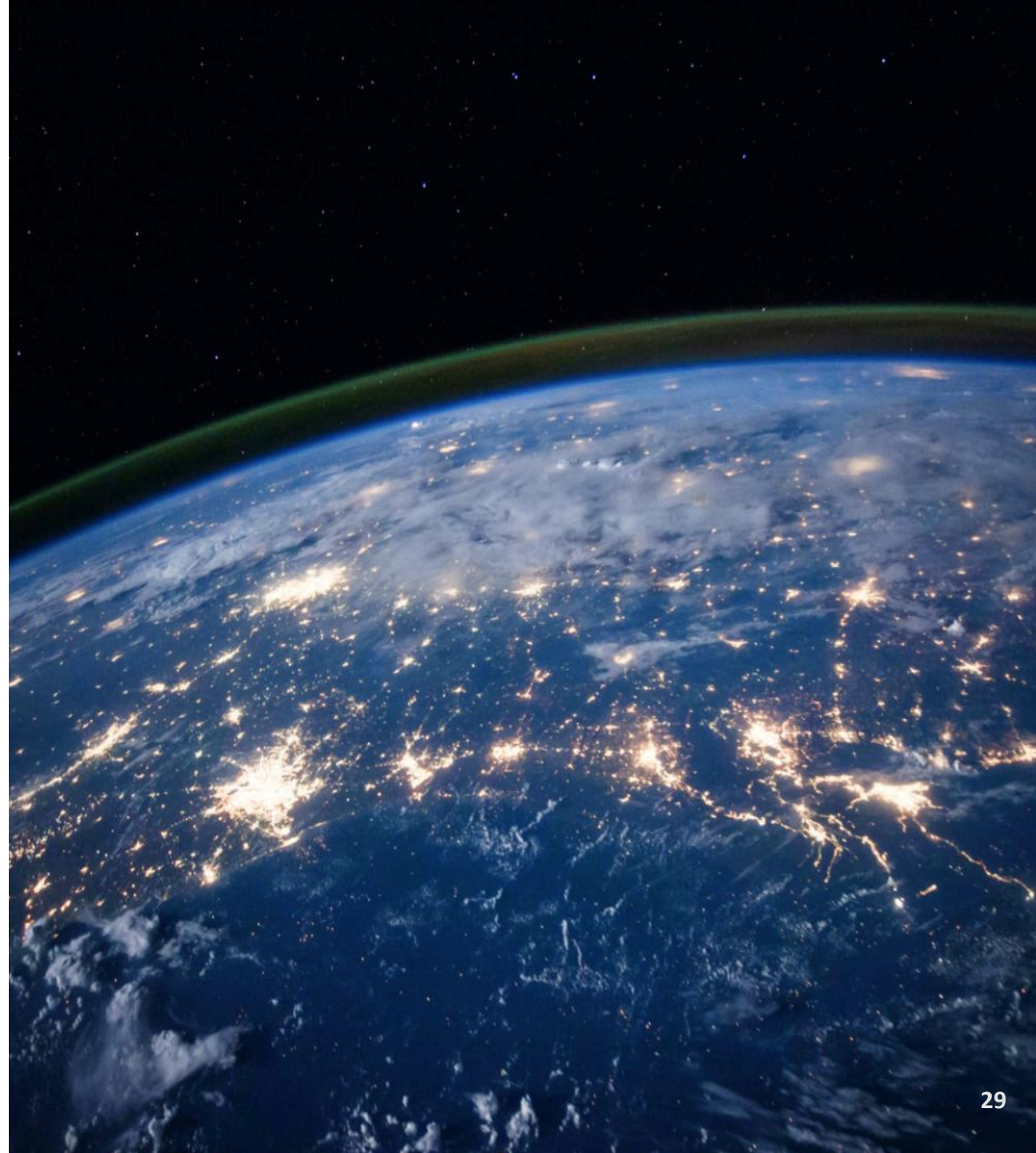


: 2.5x increase in the international sales

International sales (PLNm)



* Proforma

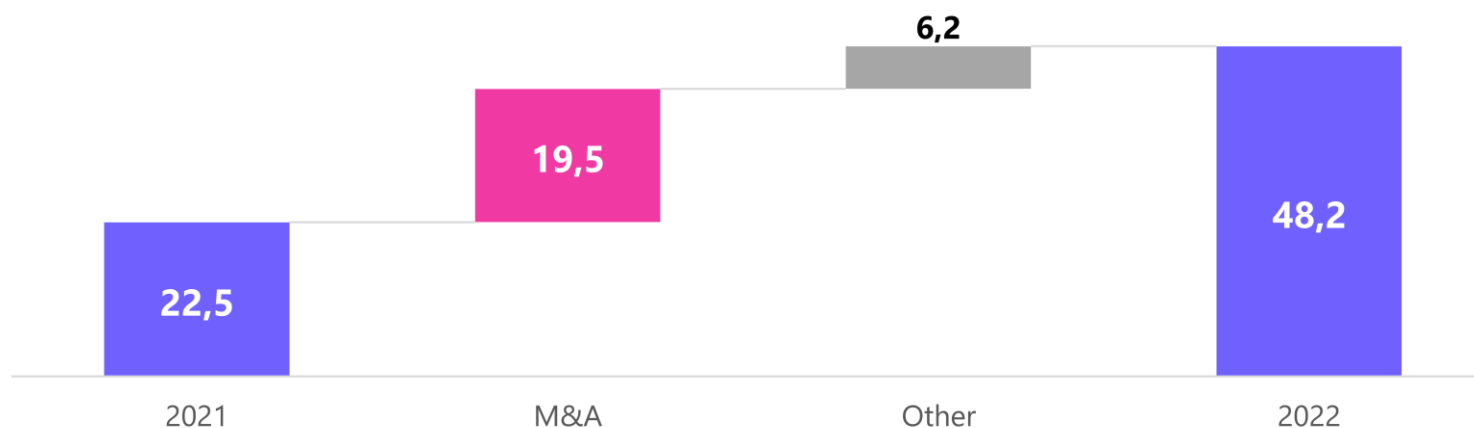


: Strong profitability and
record-high cash flow



: Room for further cost optimization

General and administrative expenses (PLNm)



Note



Increase of SG&A costs mostly associated with the impact of new acquisitions, i.e.:

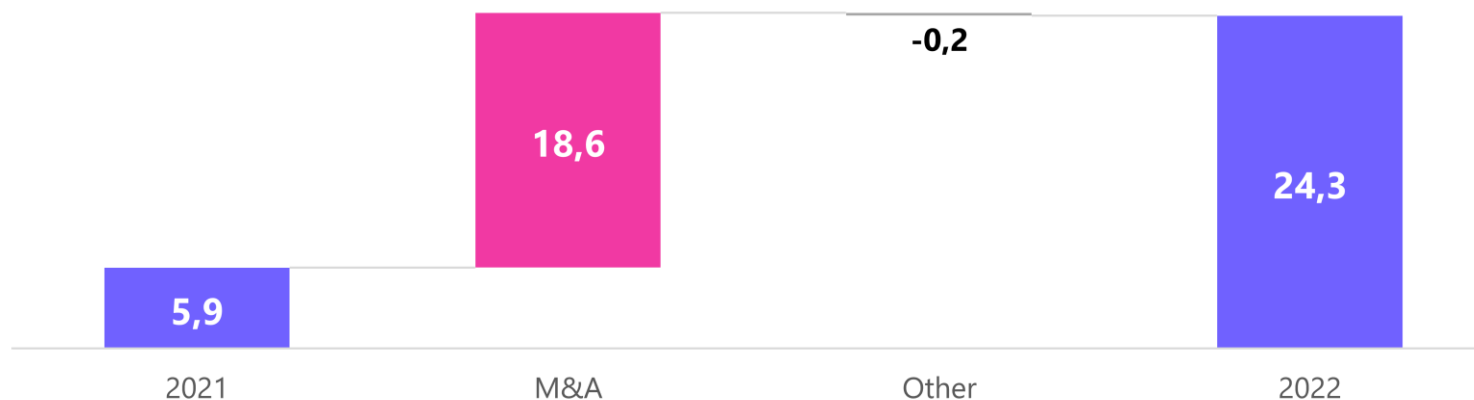
Consolidated since Jul-22:

- (i) MailerLite (c. PLN 28.5m)
- (ii) Oxyllion (c. PLN 2.7m)

Consolidated since Jul-21:

- (i) Freshmail (c. PLN 4.6m)
- (ii) PushPushGo (c. PLN 2.4m).

Sales and marketing expenses (PLNm)



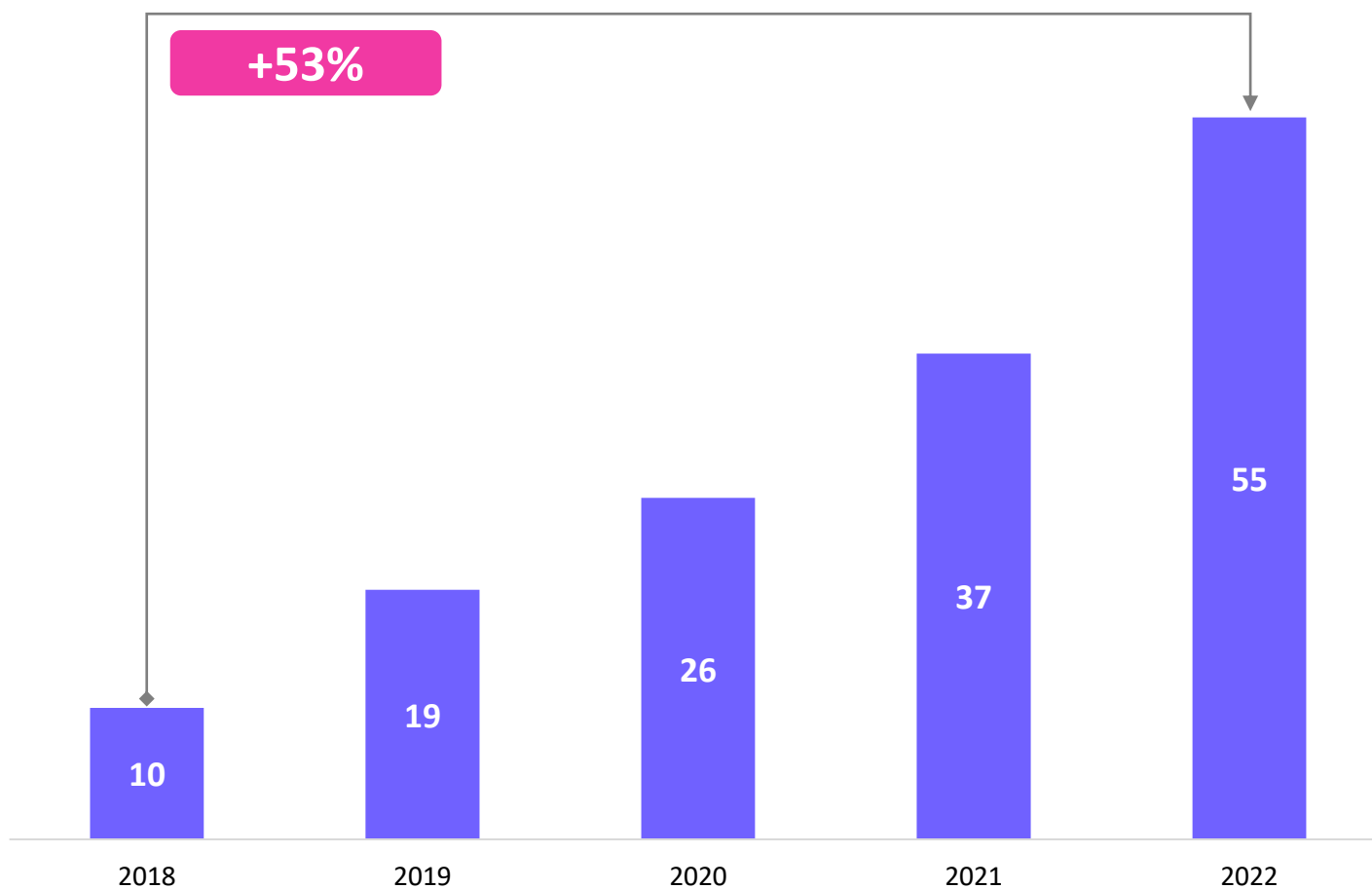
Increase of the remaining SG&A costs was mostly driven by:

- (i) Increase of employment and sub-contractor costs (c. PLN 2.7m)
- (ii) Increase of D&A (c. PLN 2.3m), mostly from PPA trademarks and client base
- (iii) Increase of other general and administrative costs (c. PLN 0.9m)

: Twofold increase of EBITDA every two years

EBITDA (PLNm)

Note



Dynamic growth of adjusted EBITDA continued in 2022



EBITDA margin remains high at 21%+

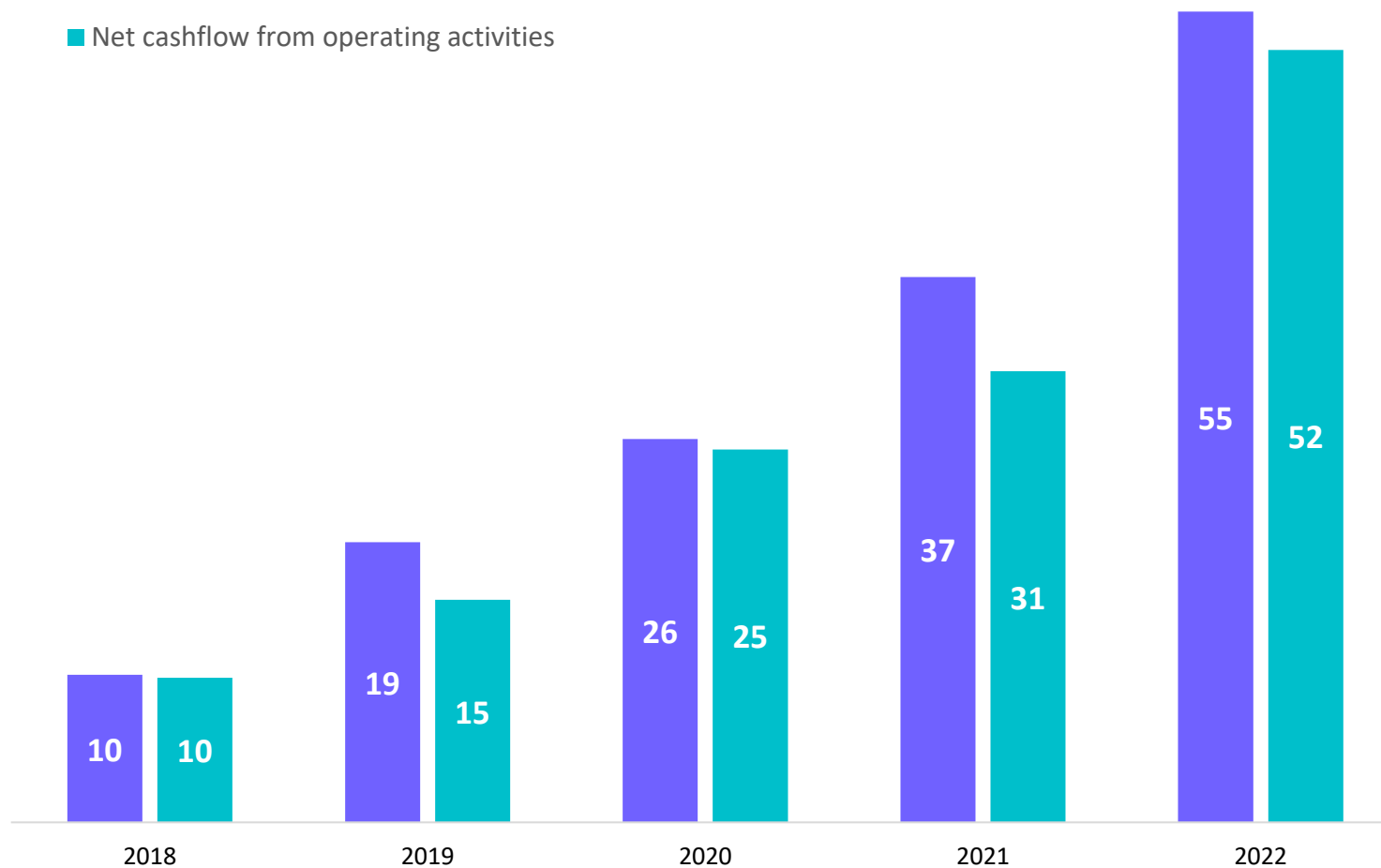
Adjustments in 2022 include: employee stock option plan (ESOP) in the amount of PLN 931k and transaction and integration costs in the amount of PLN 2,221k

: High conversion rate of EBITDA into operating cash flow

Adjusted EBITDA and net cashflow from operating activities (PLNm)

■ Adjusted EBITDA

■ Net cashflow from operating activities



Note



High quality of earnings underpinned by c. 90% conversion rate of EBITDA into net cashflow from operating activities



Proven ability to generate recurring cashflows despite dynamic expansion of operating activities

: High cash generation capacity

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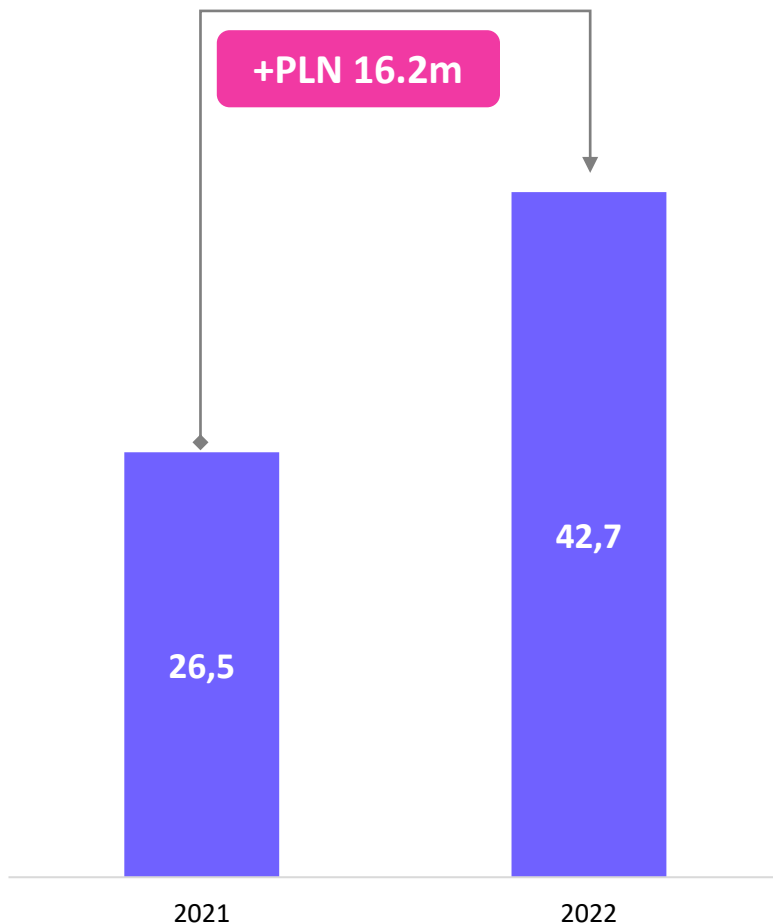
EBITDA to FCF bridge (PLNm)



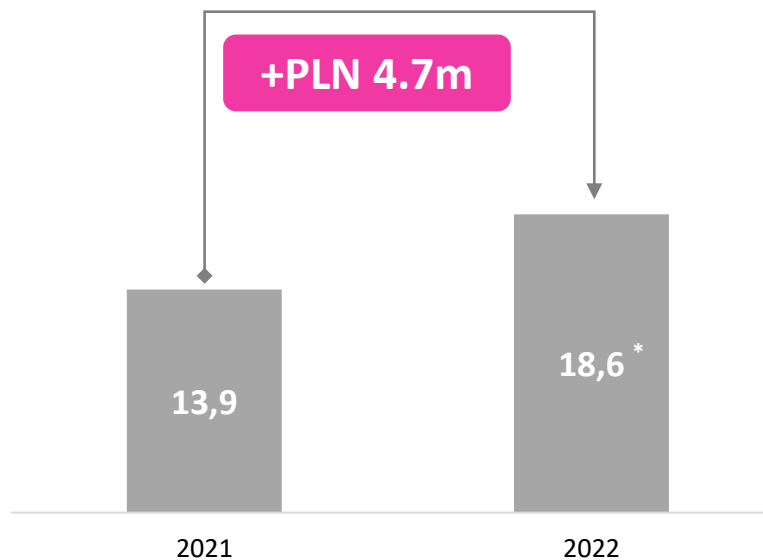
77%
EBITDA to FCF
conversion rate

: Strong cash flows and comfortable debt level

FCF (PLNm)



Debt service (PLNm)



Note



Free cash flow (PLN 42.7m) significantly exceeds debt service costs in 2022 (PLN 18.6m)



Safe level of net debt to EBITDA (2.0x)



Completion of the acquisition program carried out with funds raised from IPO

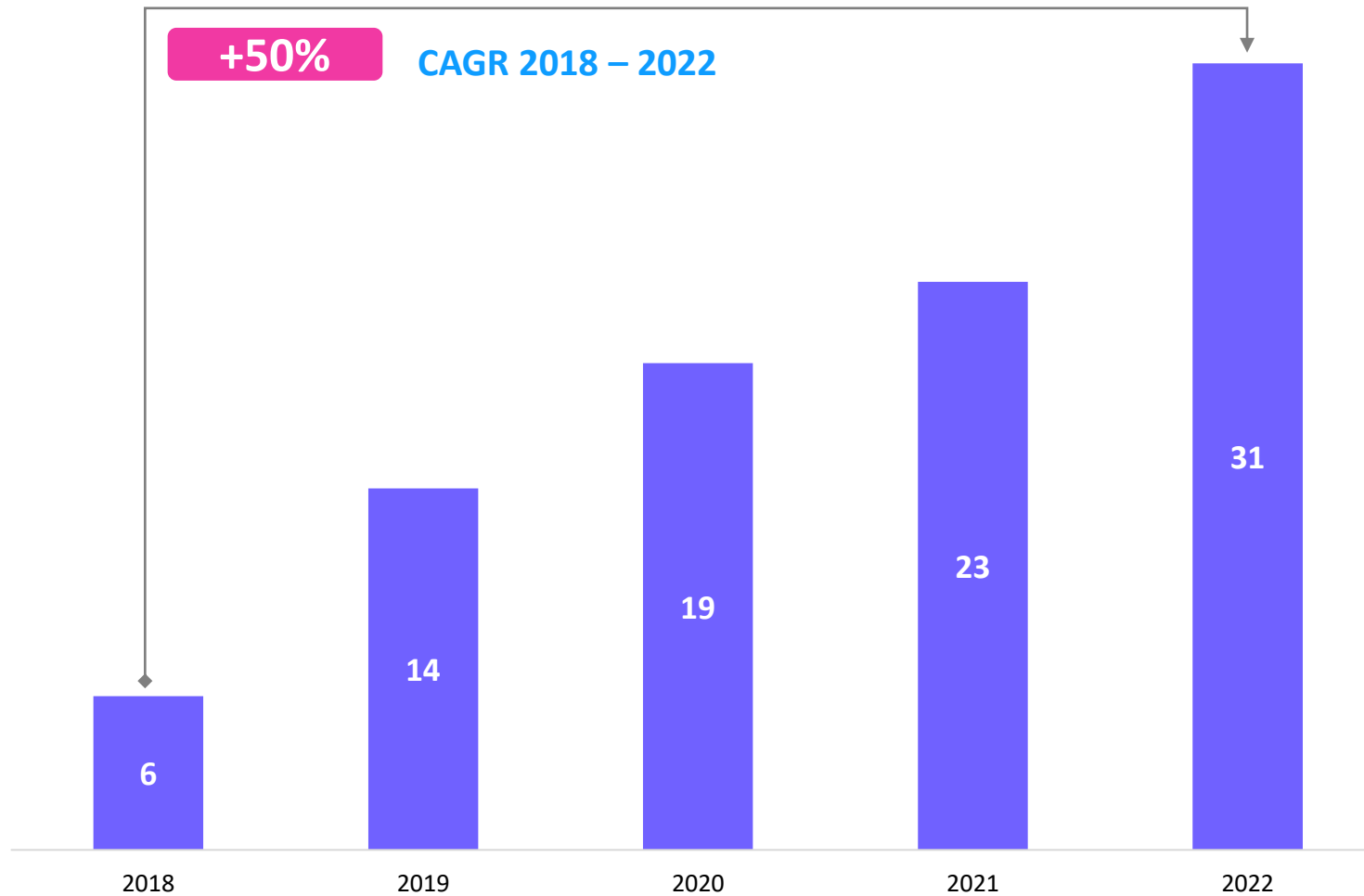


Dividend policy established in March 2023 assumes a minimum of 50% of consolidated net profit to be paid out as dividend

* Excluding repayment of loan from Oxyllion to R22

: Dynamic net profit expansion

Net profit (PLNm)



Note



Robust net profit growth of 38% yoy



Increase in non-cash amortization of PPA trademarks and client base in the amount of PLN 2.0m



Net financial expenses growth amounting to PLN 4.5m driven mostly by the increase in debt service costs and negative FX impact

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: Strategy



: Global presence
translates into
**14x increase in target
addressable market**



: We operate on the intersect of several fast-growing markets



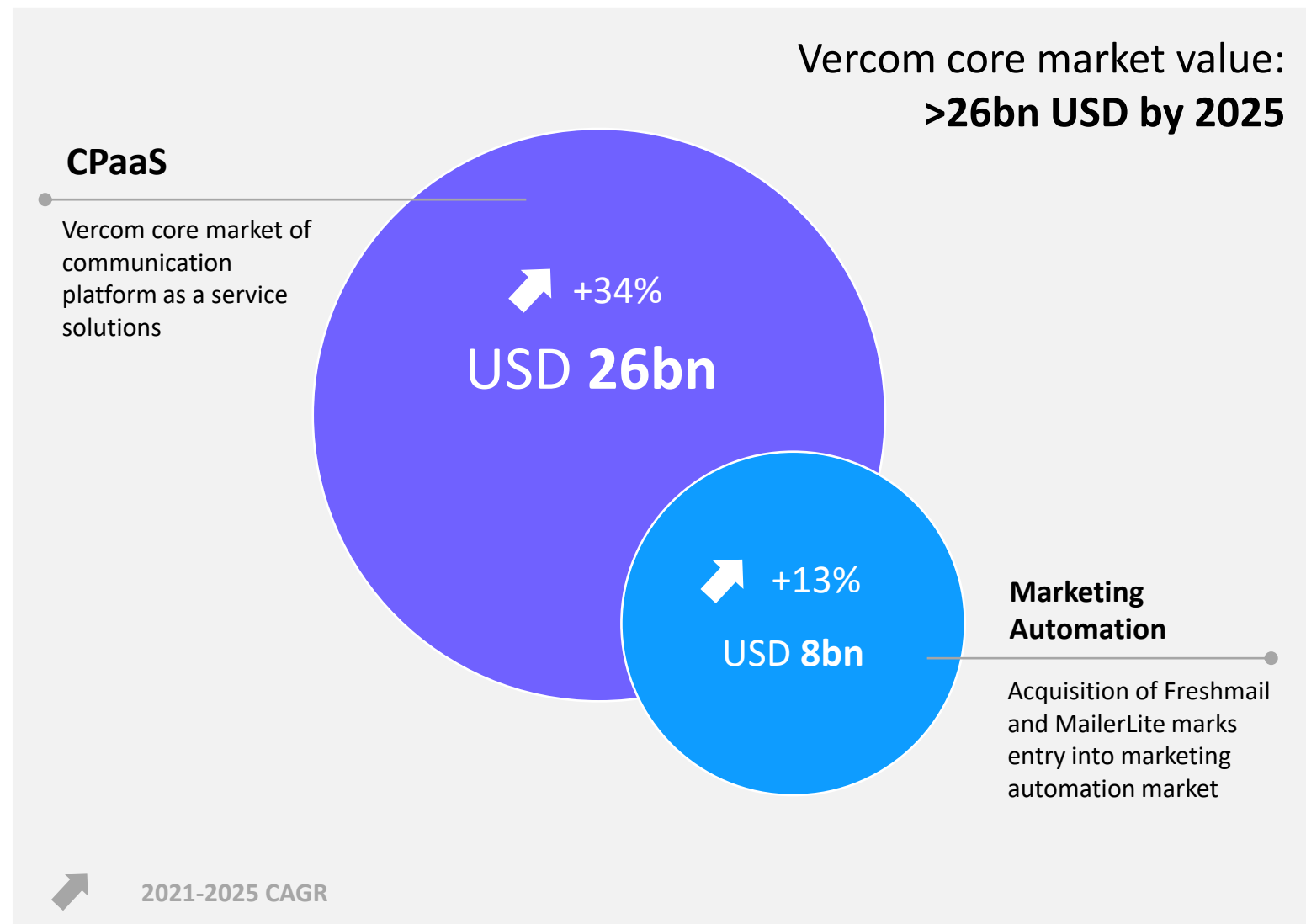
Diversification:

New opportunities for product diversification leading to expansion of potential customer base, leveraging expertise in the areas of telecommunications, marketing and cloud solutions

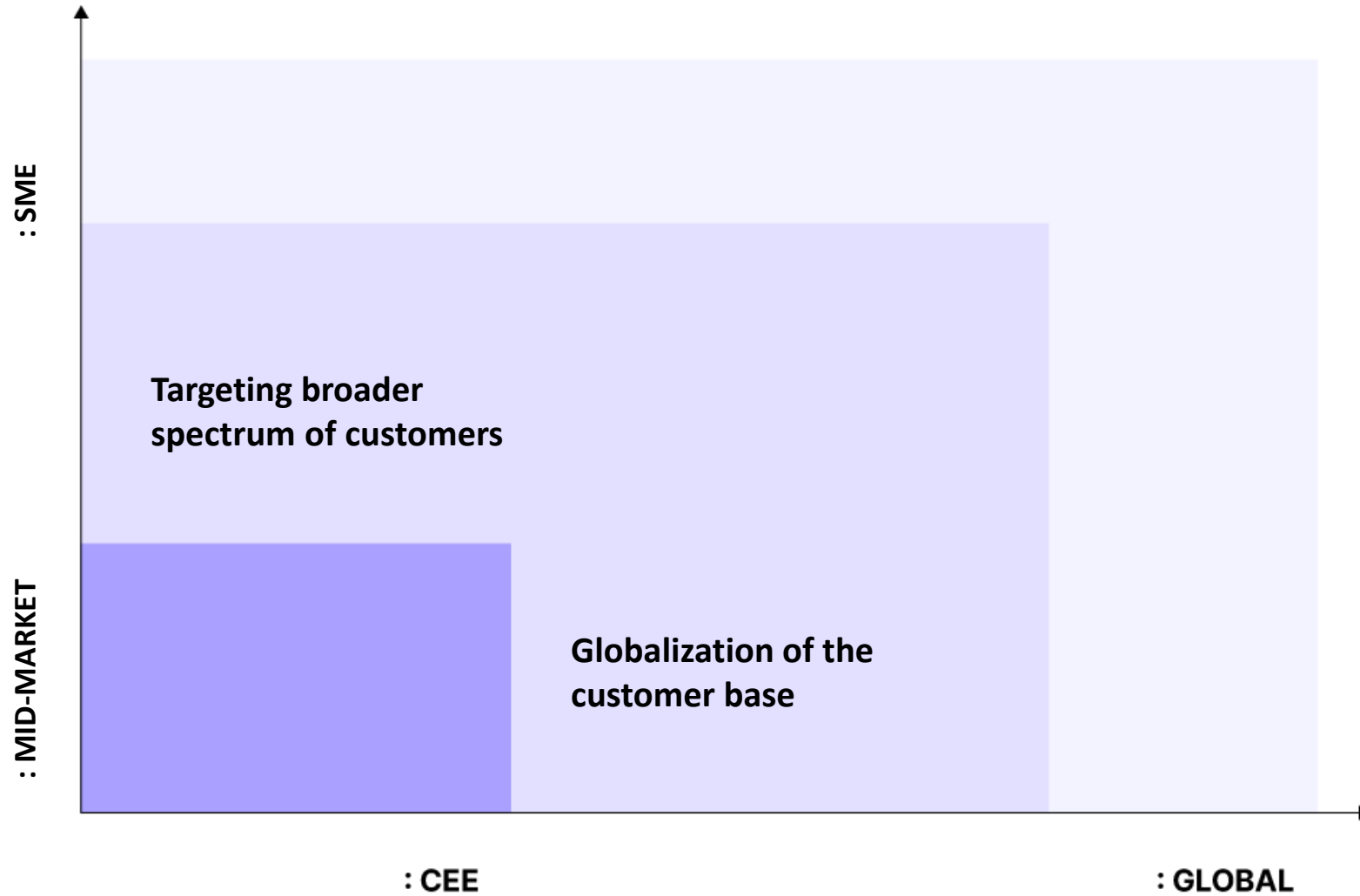


Addressable market:

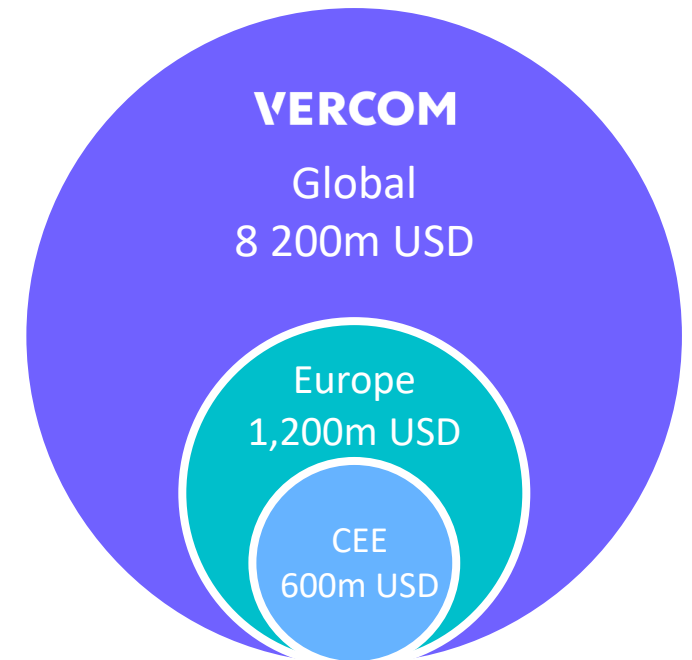
Significant revenue synergies from the MailerLite acquisition through two-way technology exchange and ability to offer new services to foreign and local customers



: Strategic focus on increasing international presence



14x TAM growth



: A proven strategy to loyalize Mid-market clients

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: LAND & EXPAND

- We are gradually **expanding scope of co-operation** with our clients from e.g. marketing to sales, customer support, product updates and notifications
- We **share the success of our clients** (pay-as-you-grow model)

: LEVERAGE CROSS-SELL POTENTIAL

- We aim to **leverage cross-selling potential** of our omnichannel product offering (sms, e-mail, push)
- We are **upselling complementary services** such as premium support packages, additional security features, deliverability consulting and advanced features

: ENTER INTERNATIONAL MARKETS

- In Q3/Q4 we are **launching a new brand MessageFlow** with multi-language support designed to tap international clients
- We are focusing on **attracting mid-size corporate clients** operating in Western and Central Europe



: Partner of choice for SMBs and creators

: ATTRACT NEW CUSTOMERS

- Leverage strong brand awareness, attractive pricing, and **2MM freemium client base** to increase the number of paying users
- **Expand into new markets** to target Spanish-speaking audiences in the US, LATAM, Mexico, and Spain through localization

: IMPROVE MONETIZATION

- Improve product offering and **monetization through cross-promotion of self-service products** for transactional emails, email verification and push notifications
- Implement **localized pricing for different markets** to optimize revenue and enhance customer experience

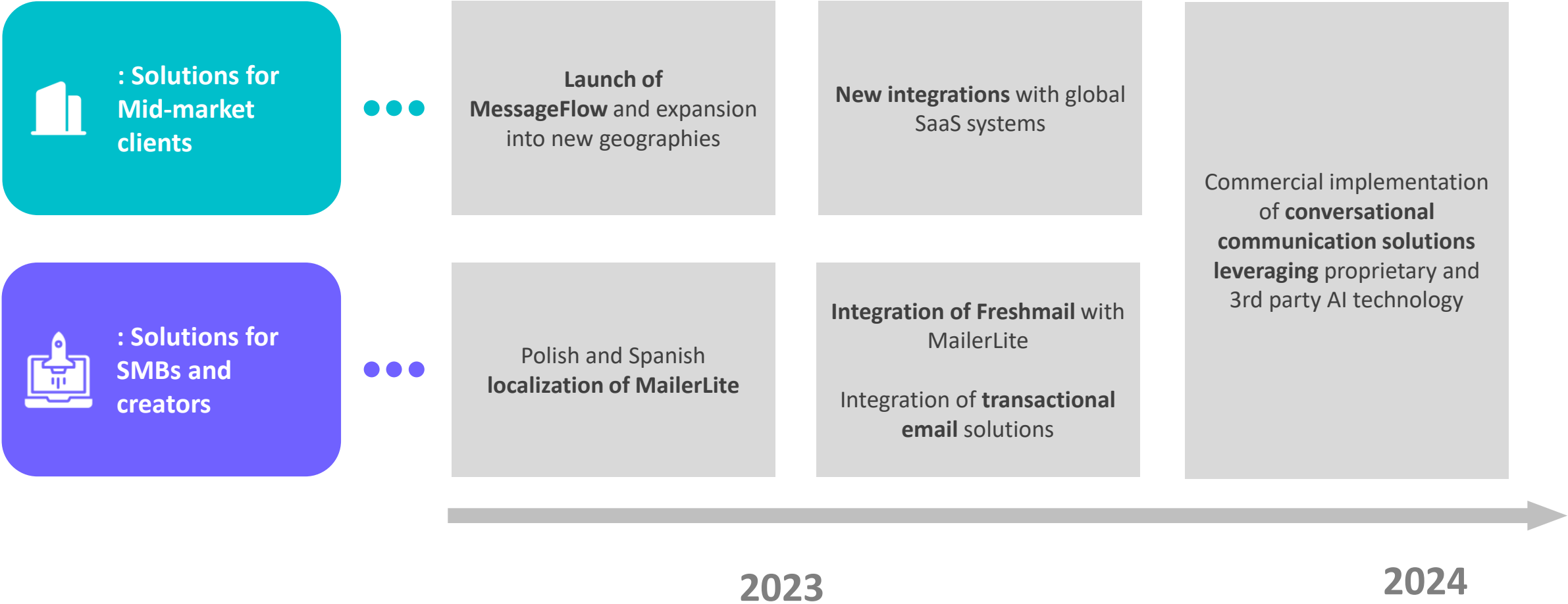
: CONTINUE TO INNOVATE

- Expand **marketing automation capabilities** and **optimize integrations** for SMBs and independent creators.
- **Enhance integrations** with eCommerce platforms like Shopify



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: Product roadmap reflects our strategic goals for 2023-2024



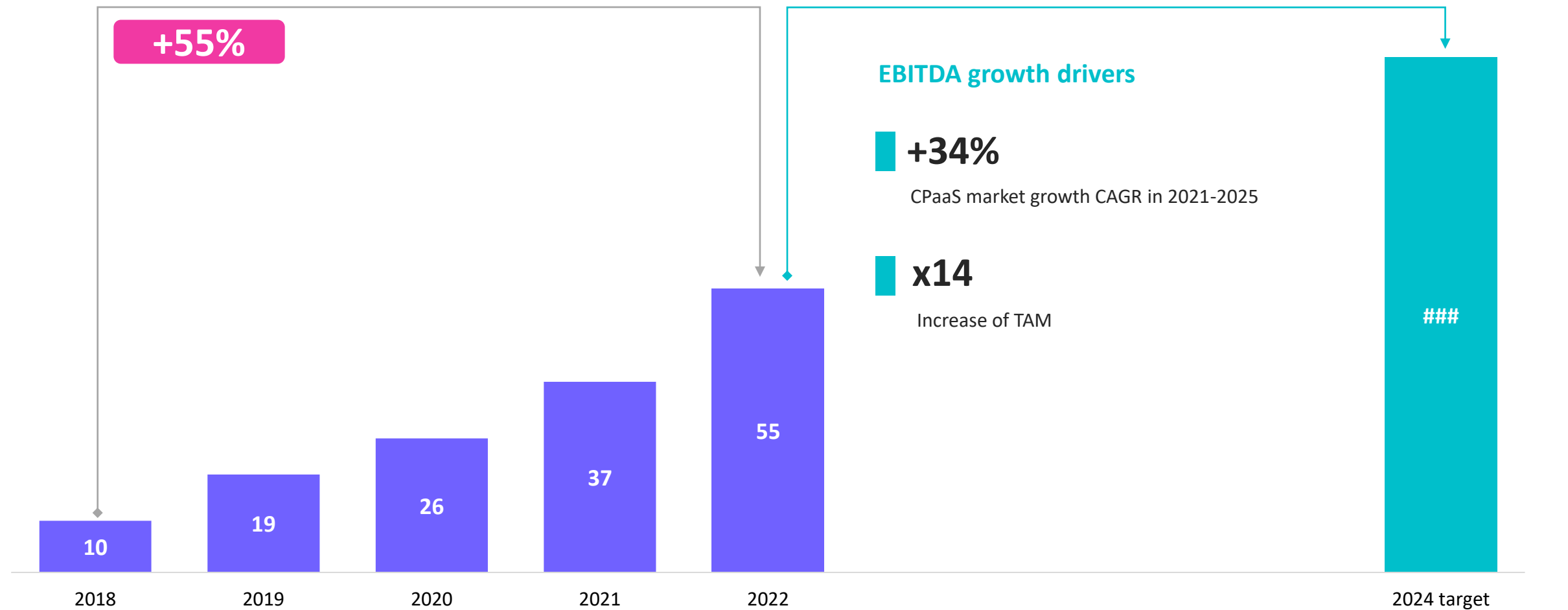
: Long-term growth
potential in the
coming years

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: Significant potential to maintain EBITDA growth trajectory

Adjusted EBITDA (PLNm)



: Key takeaways

Attractive growth profile

- **2x increase in gross profit** to PLN 116m in 2022
- Proven ability to **achieve ESOP financial targets**
- Aiming to **double the EBITDA by 2024**

Growing international presence

- Selling services to **66,000+ customers in 180 markets**
- **+50% proforma share of international sales** in CPaaS revenue
- Strategic focus on further **globalization of the customer base** in both **SME and Mid-market** customer segments

Generous dividend policy

- Dividend policy assumes **+50% of consolidated net profit** to be paid out as dividend
- In 2023, the Board **will recommend a PLN 25m dividend** (80% of the consolidated net profit generated in 2022)
- Intention to **increase dividend amount every year**



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: Q&A

