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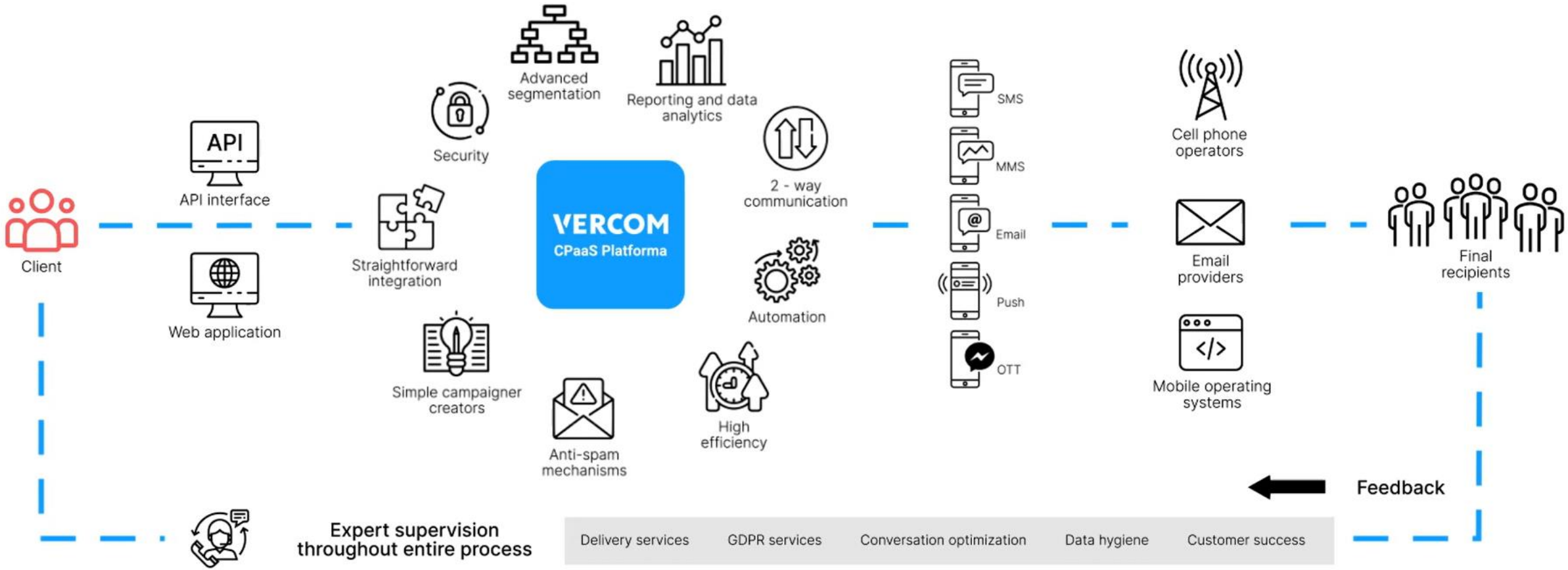
Q1 2023

Investor presentation

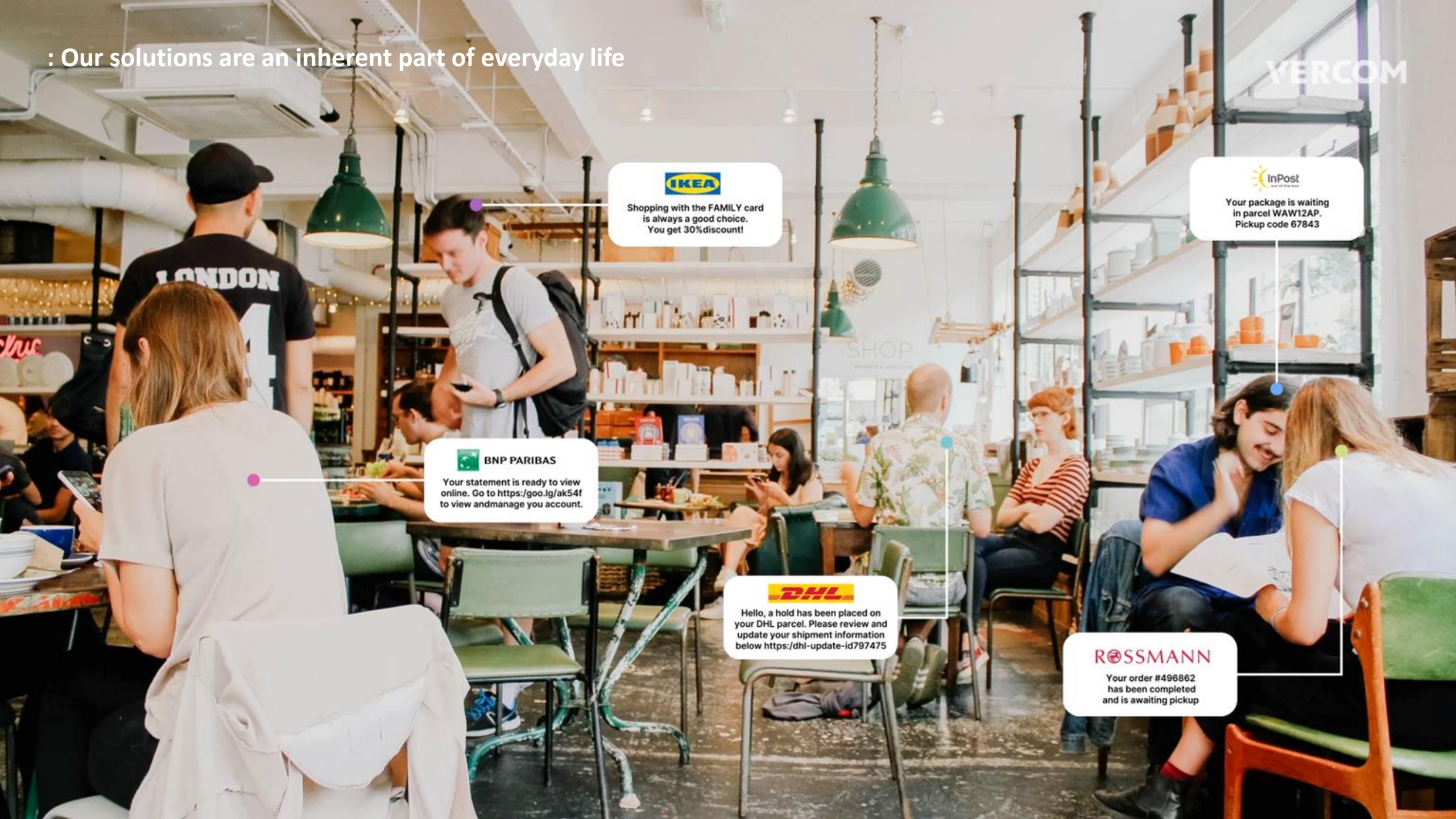
May 2023

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

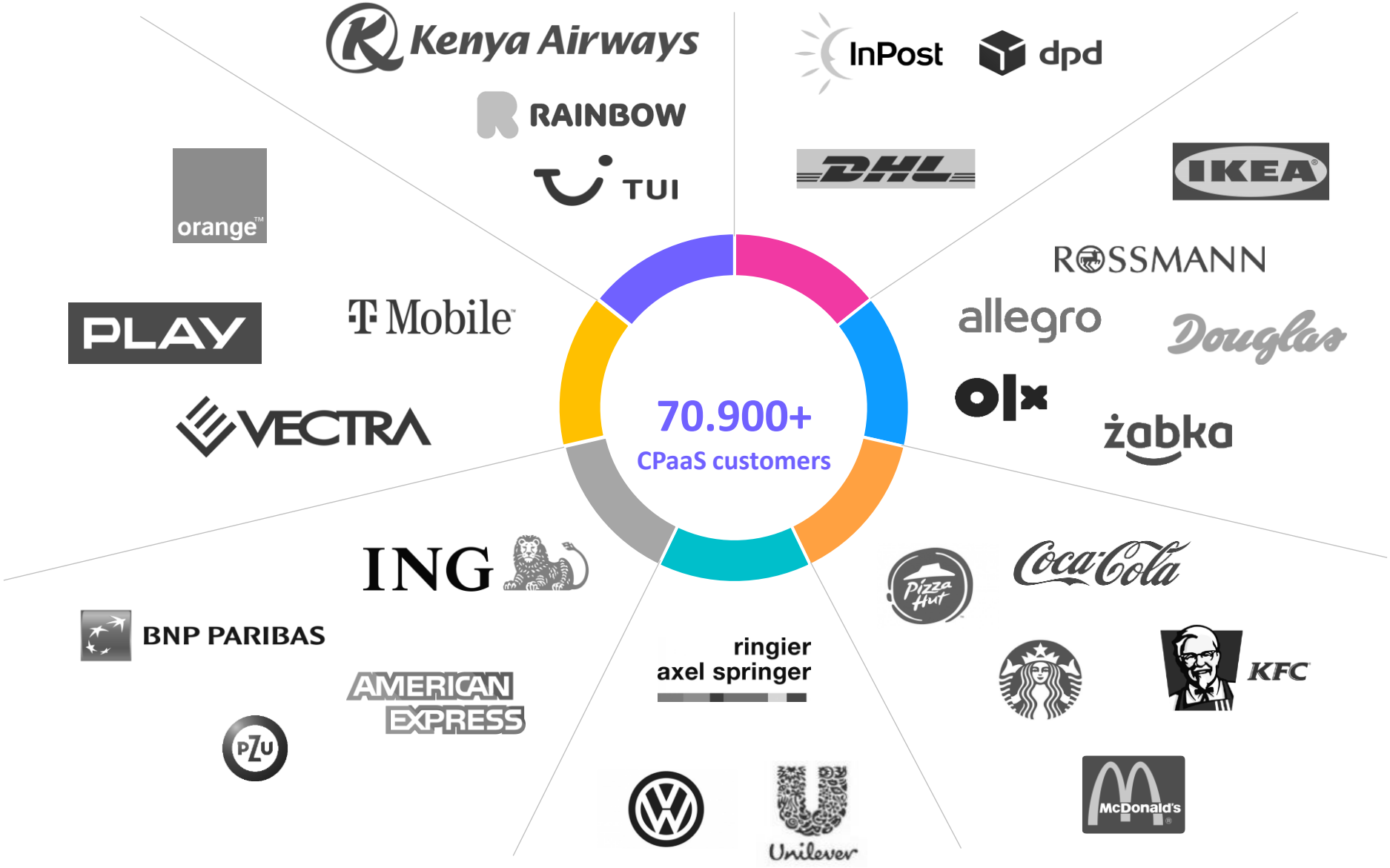
: Customer engagement platform leveraging cross-channel communication



: Our solutions are an inherent part of everyday life



: 20 years of experience rewarded with trust of landmark partners



: Selling services to customers in 180 markets globally

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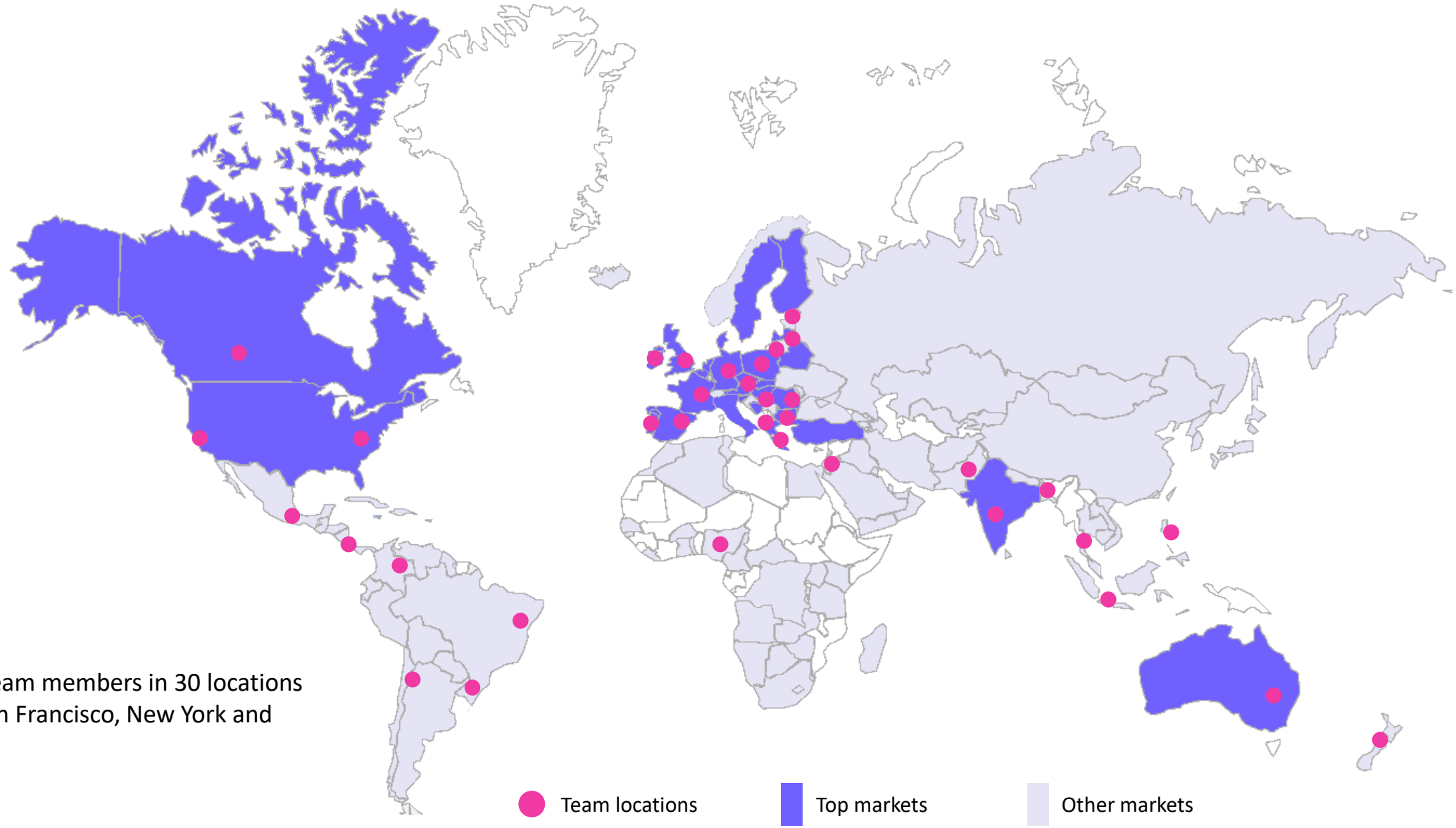
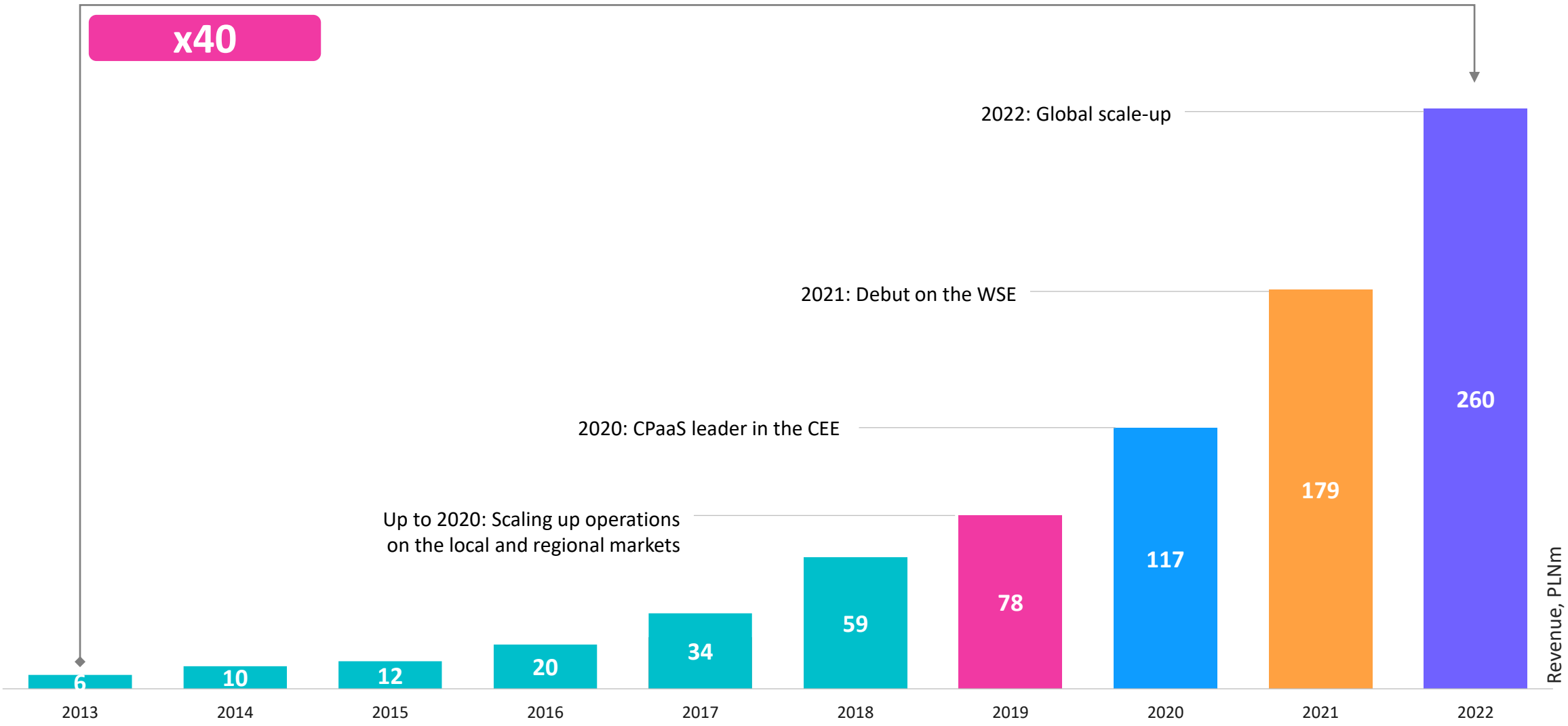


+300 team members in 30 locations incl. San Francisco, New York and Dublin

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



: We continue to **grow fast** while improving product mix

: Q1 2023 financial results

Revenue

PLN 75m

Increase y/y

+51%

Gross Profit

PLN 40m

+145%

EBITDA*

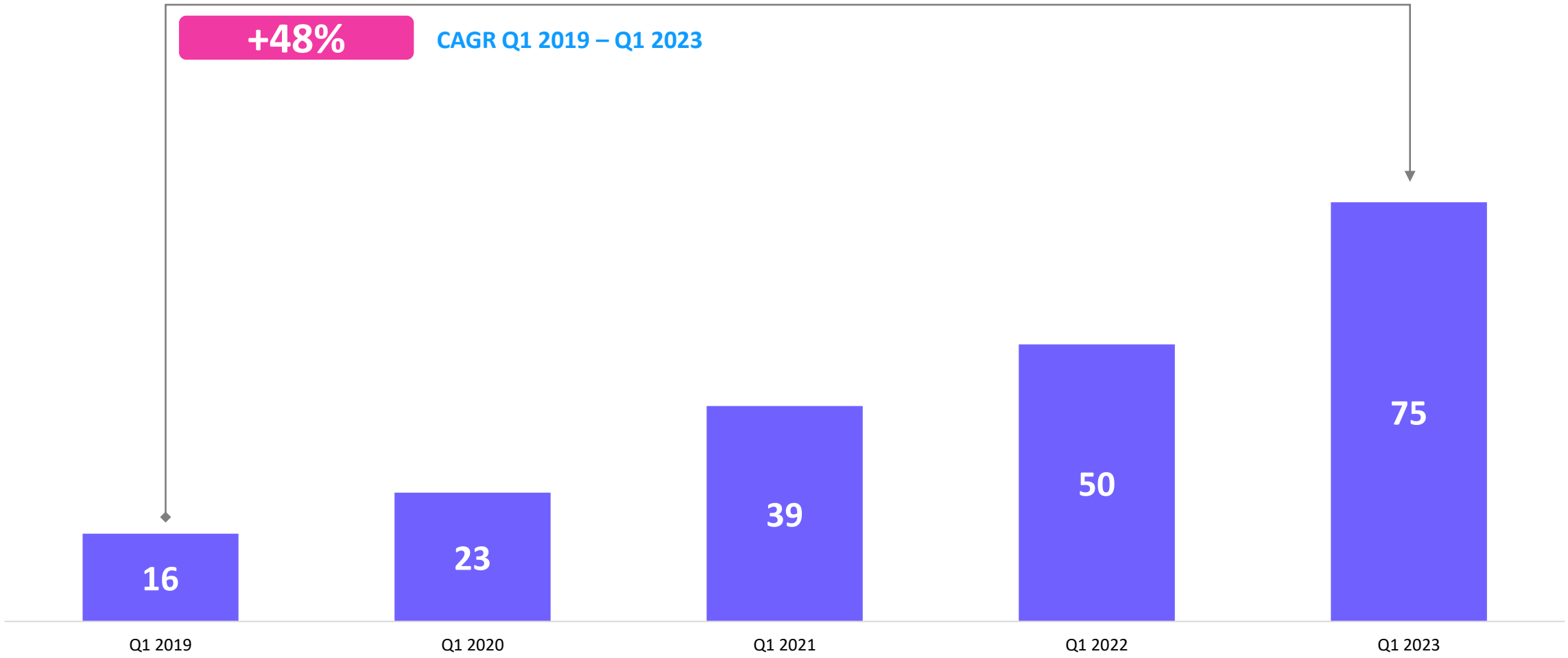
PLN 18m

+95%

*EBITDA normalized for the non-cash ESOP cost

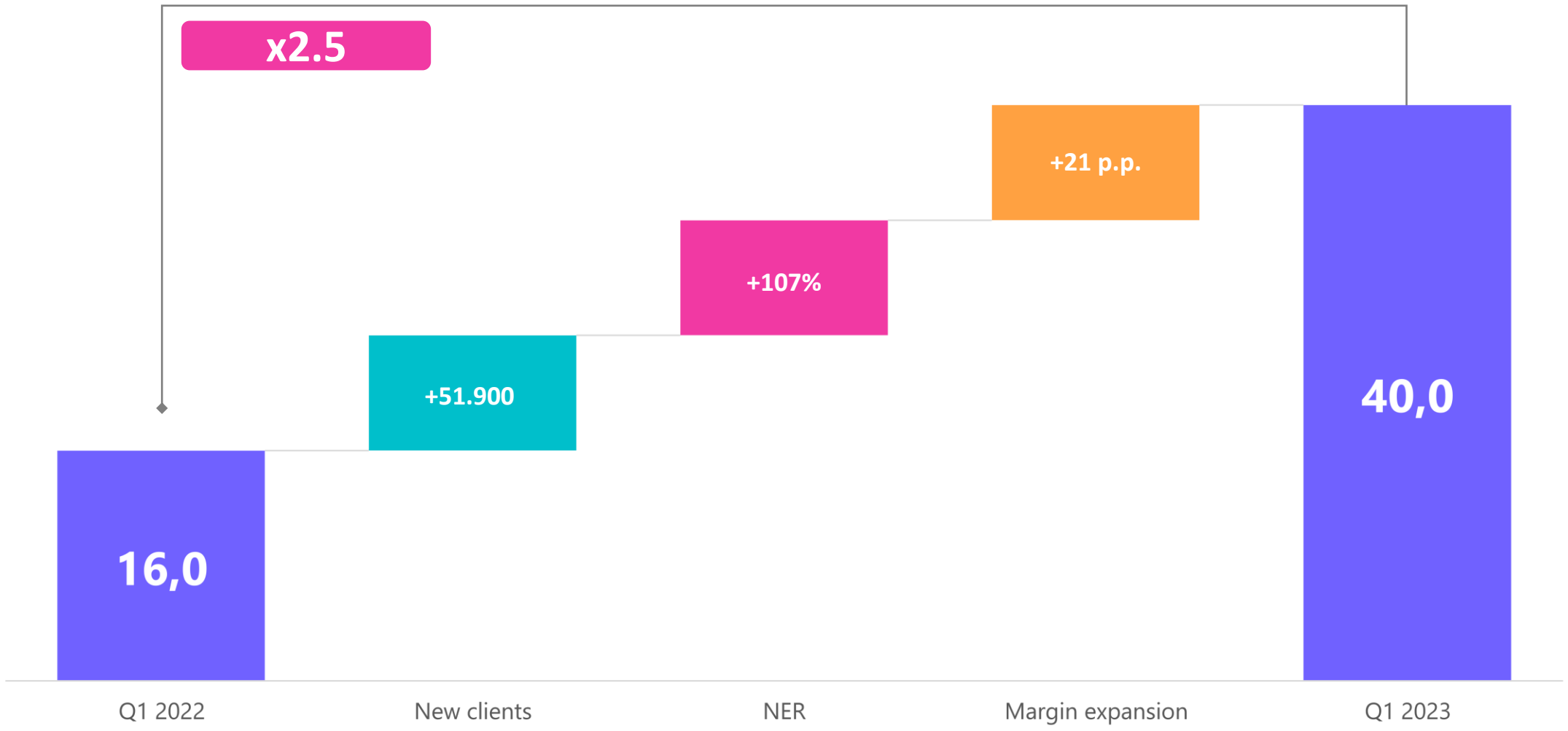
: Strong top line growth reflects the growing scale of operations

Revenue (PLNm)



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

Gross profit (PLNm)



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

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

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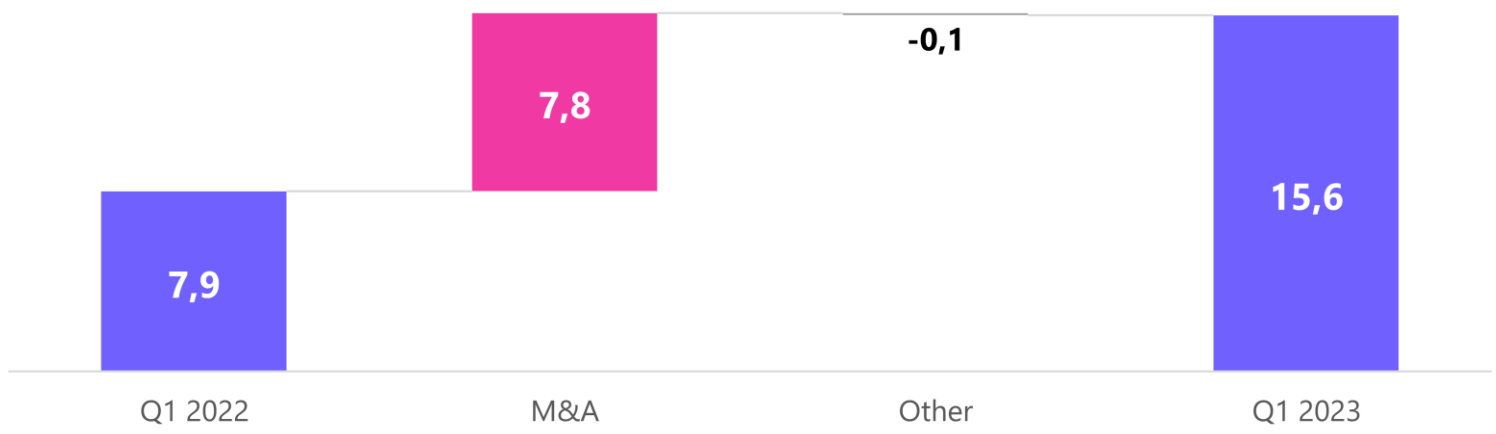
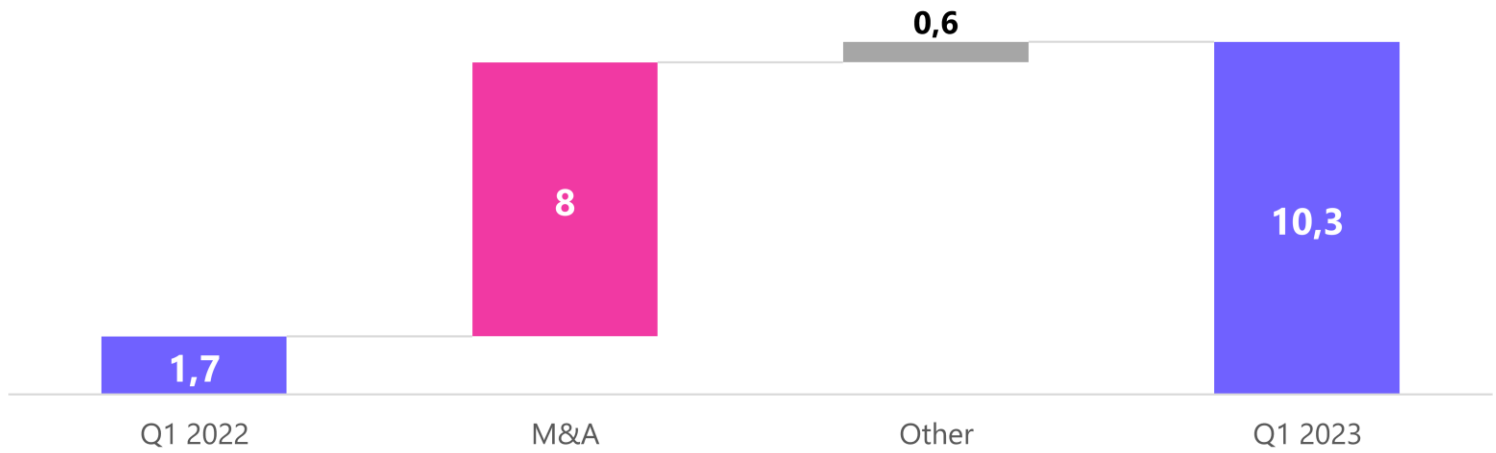
General and administrative expenses (PLNm)



Sales and marketing expenses (PLNm)



Note

- Increase of G&A costs was mostly associated with the impact of acquisitions completed in 2022, i.e.:

  Consolidated since Jul-22:

  (i) MailerLite (c. PLN 6.3m)

  (ii) Oxylion (c. PLN 1.5m)

- Stable level of remaining G&A costs

- Increase of sales & marketing costs was mostly associated with the impact of acquisitions completed in 2022, i.e.:

  Consolidated since Jul-22:

  (i) MailerLite (c. PLN 7.8m)

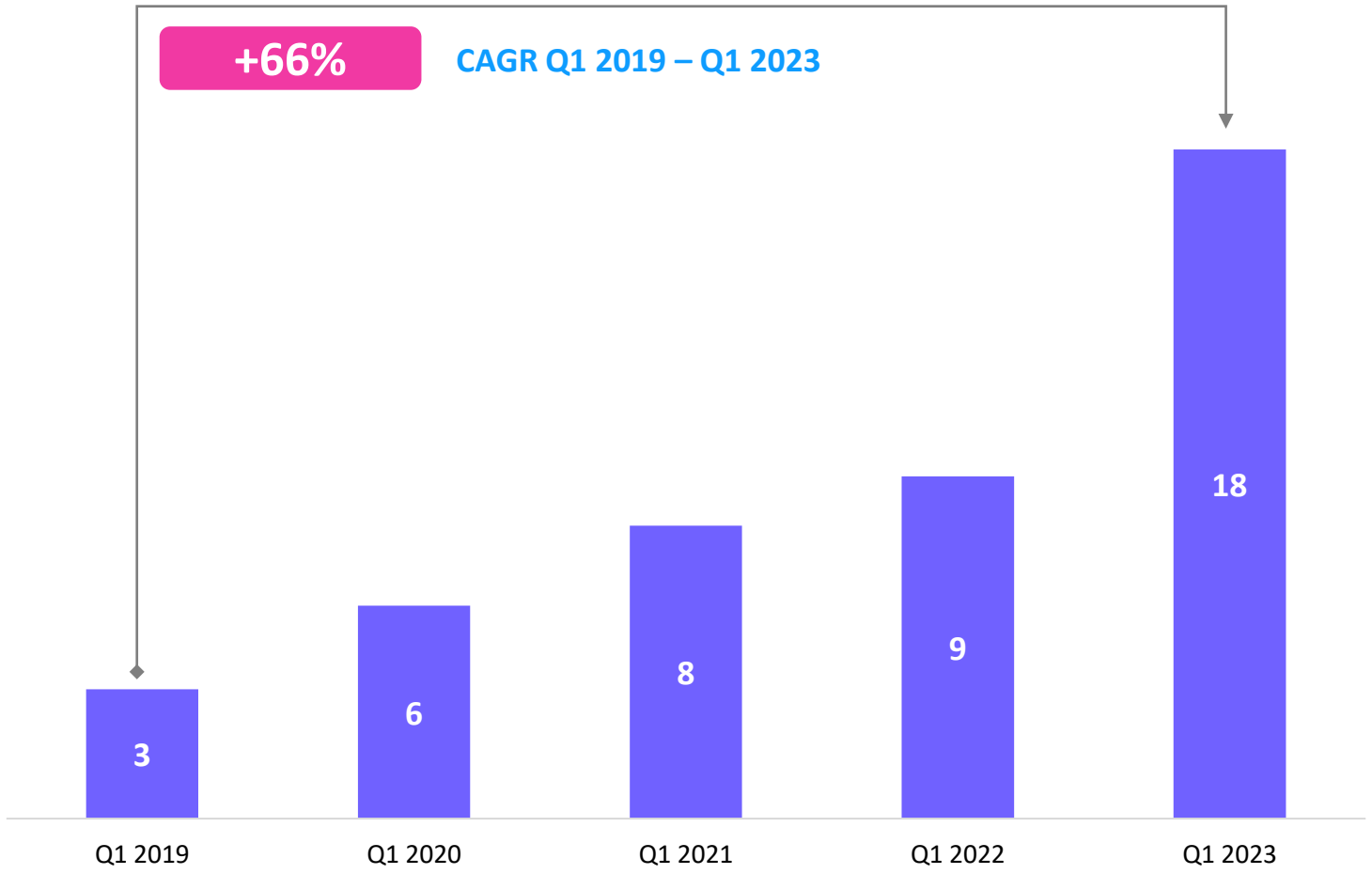
  (ii) Oxylion (c. PLN 0.2m)

* M&A costs comprise the costs associated with acquired companies, that were not consolidated over the entire previous reporting period

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

: Dynamic EBITDA growth in line with target growth trajectory

EBITDA (PLNm)



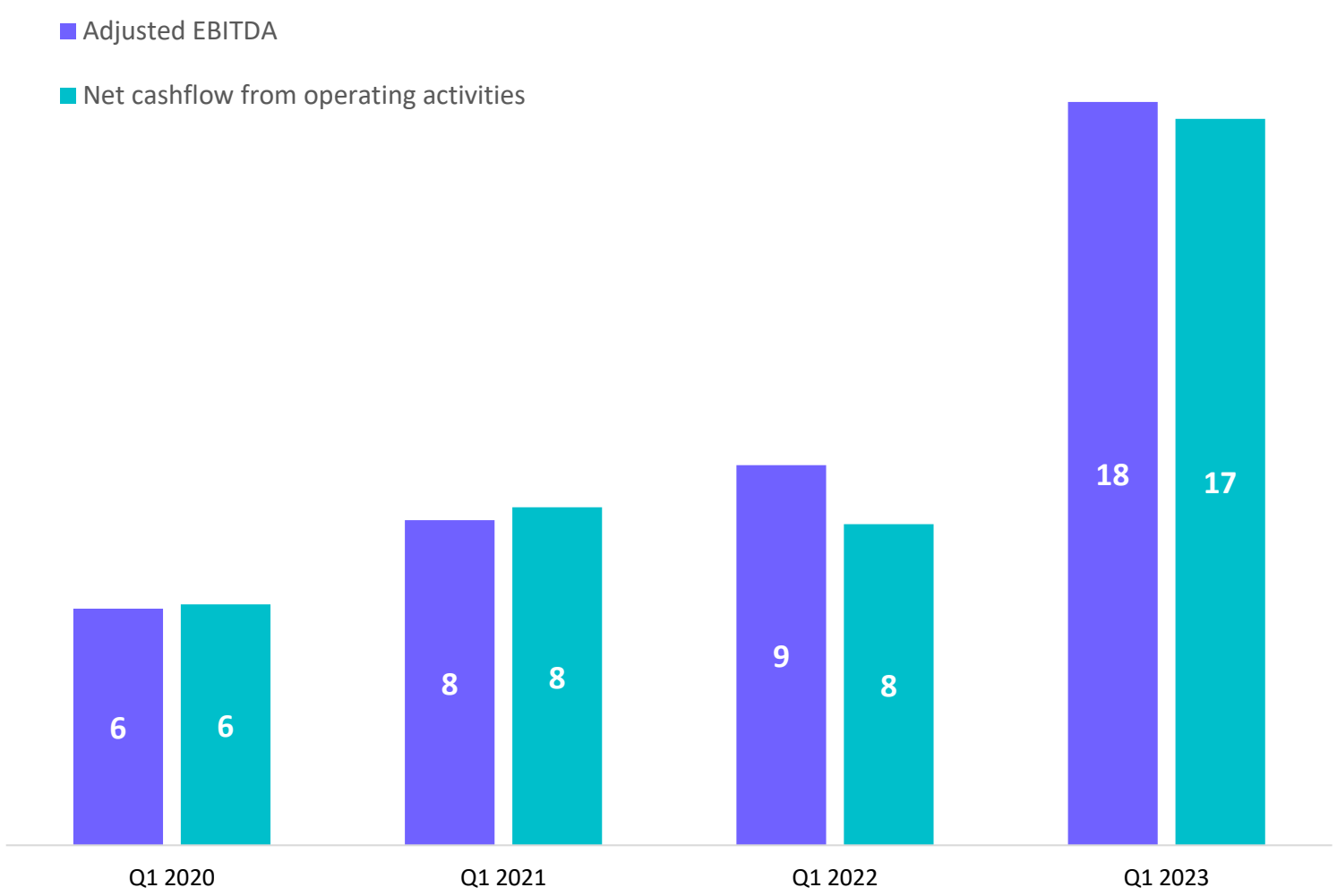
Q1 2023 adjusted for the non-cash ESOP cost of PLN 117k

Note

- Q1 2023 EBITDA in line with the Management expectations and target growth trajectory
- Twofold increase of EBITDA YoY to PLN 17.6m
- Healthy EBITDA margin amounting to c. 23% in Q1 2023
- Expansion of EBITDA margin by +5 p.p. YoY driven by improving product mix and operating leverage

: High conversion rate of EBITDA into operating cash flow

Adjusted EBITDA and net cashflow from operating activities (PLNm)

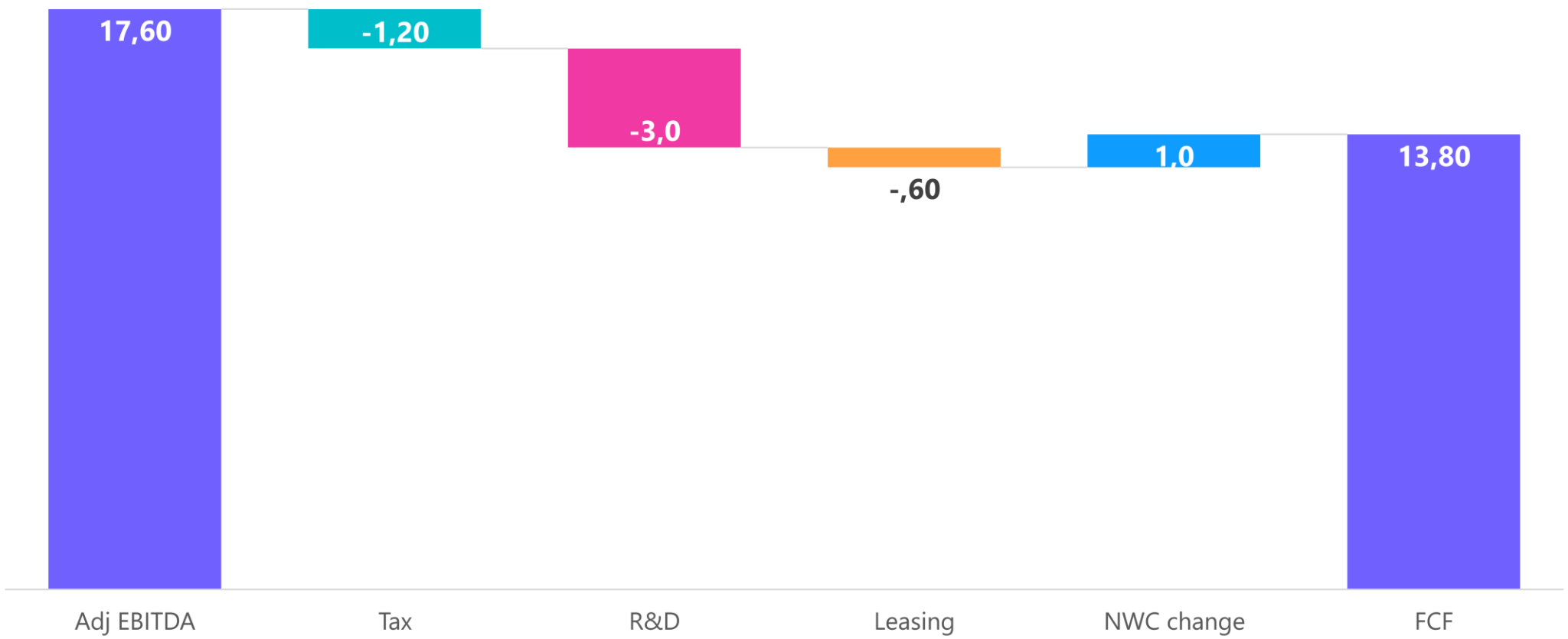


Note

- 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 proven by c. 78% EBITDA to FCF conversation rate

EBITDA to FCF bridge (PLNm)



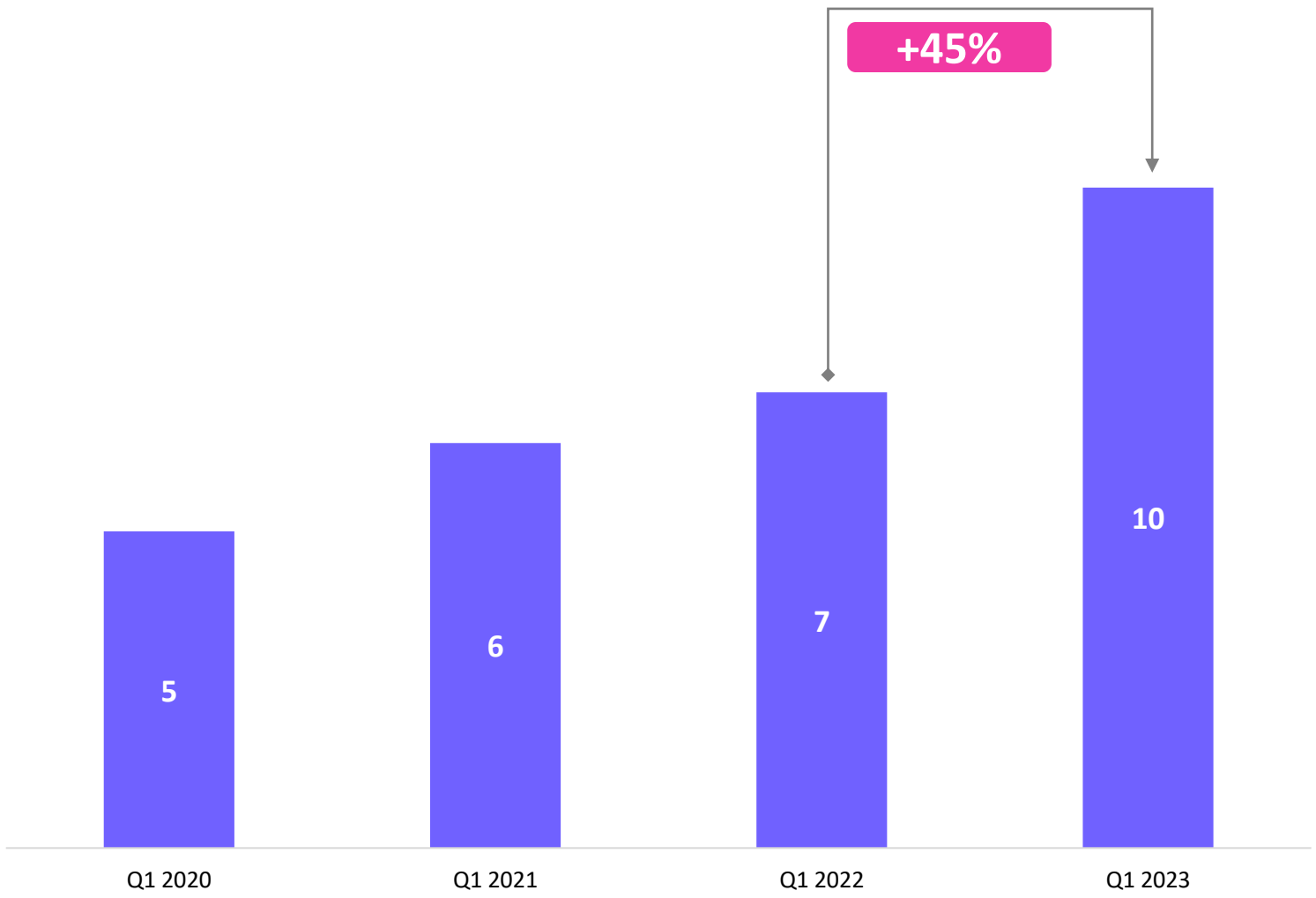
78%

EBITDA to FCF conversion rate

: We deliver strong net income growth providing **ample space for generous dividends**

: Robust net income growth despite increase in net financing costs

Net profit (PLNm)

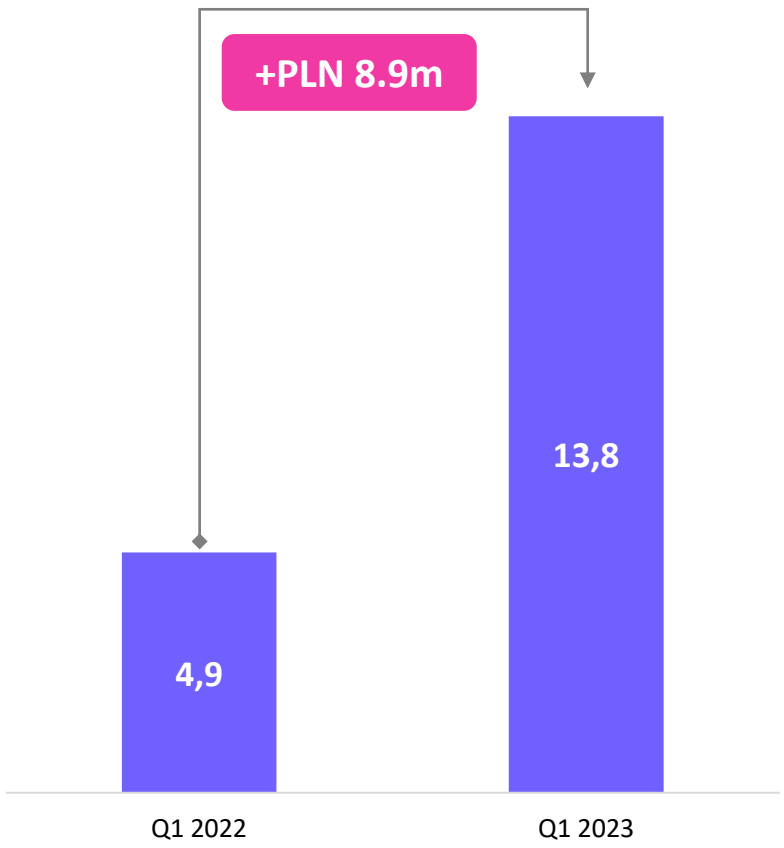


Note

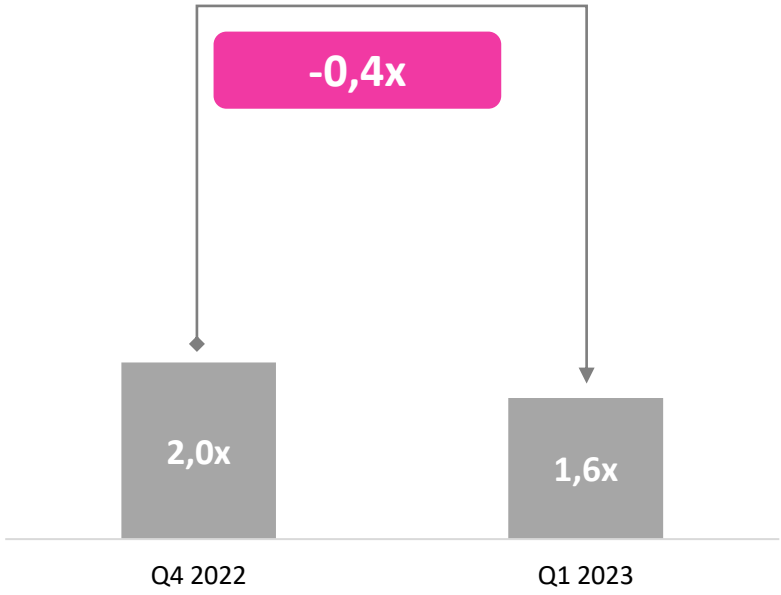
- Robust net profit growth of 45% yoy
- Stable net profit margin amounting to c. 13% despite c. PLN 3m impact of net financial expenses vs. Q1 2022
- Increase in non-cash amortization of PPA trademarks and client base in the amount of PLN 0.5m

: Growing cash flows and decreasing net debt / EBITDA ratio

FCF (PLNm)



Net debt / LTM EBITDA*

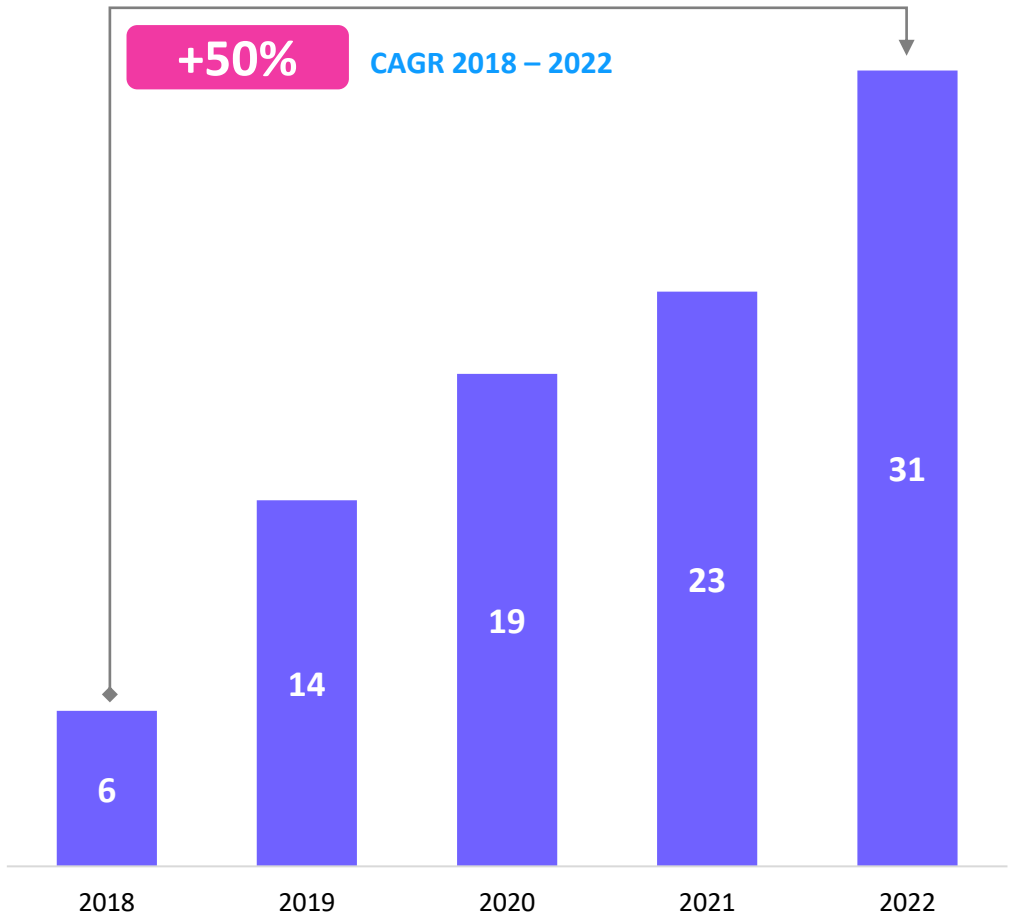


Note

- Nearly 3x FCF growth YoY
- FCF growth by c. PLN 8.9m YoY offsets increase in debt service costs (c. PLN 5.7m YoY)
- Safe and decreasing level of net debt to LTM EBITDA ratio (1.6x)

: Generous dividend to be paid from 2022 net profit

Net profit (PLNm)

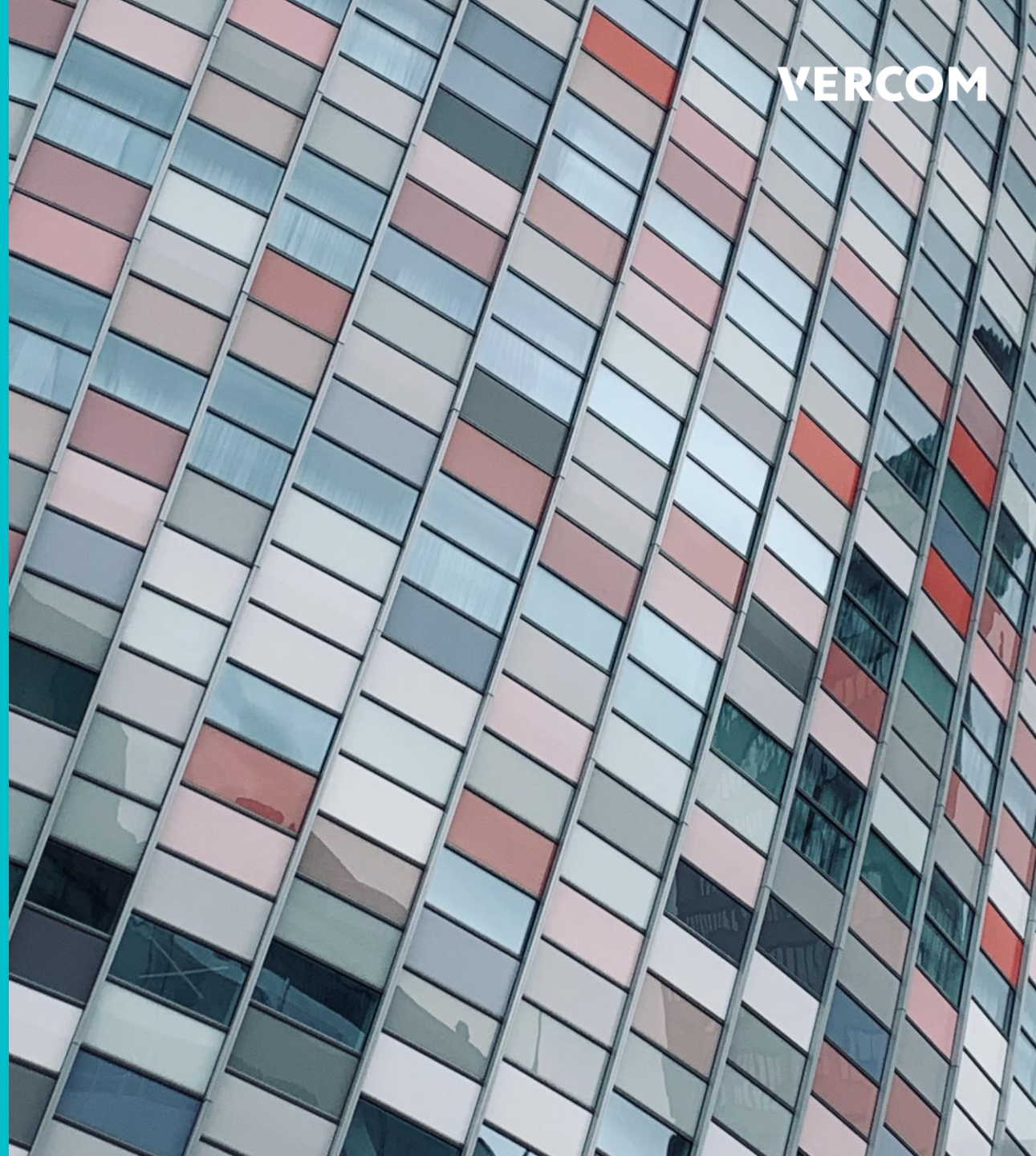


PLN
+25m
Recommended dividend value

Note

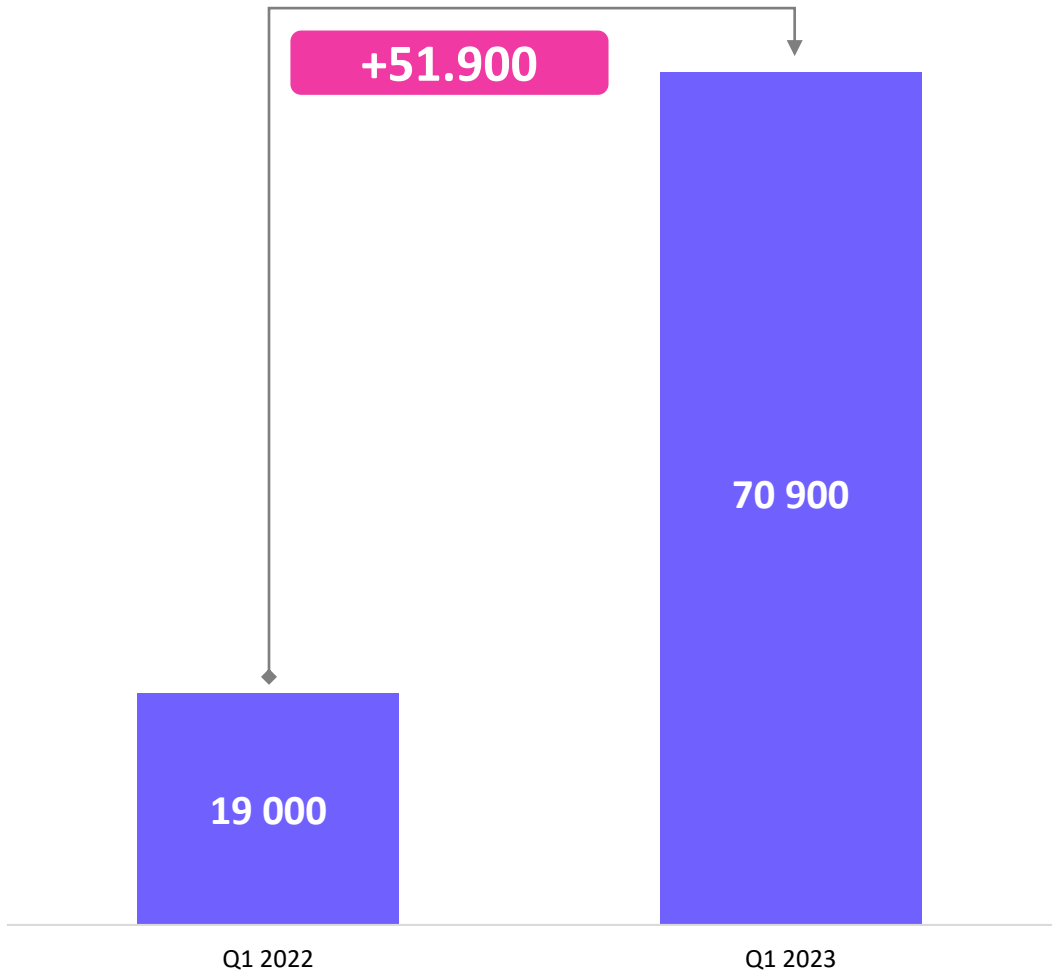
- PLN 25m dividend to be paid out from 2022 net profit (c. 80% of consolidated net profit)
- Dividend policy announced in March 2023 assumes a minimum of 50% of consolidated net profit to be paid out as dividend
- Strong bottom line expansion combined with limited capital needs translates into an attractive perspective of growing dividends in the coming years

: Increasing global footprint means **we are more diversified than ever before**



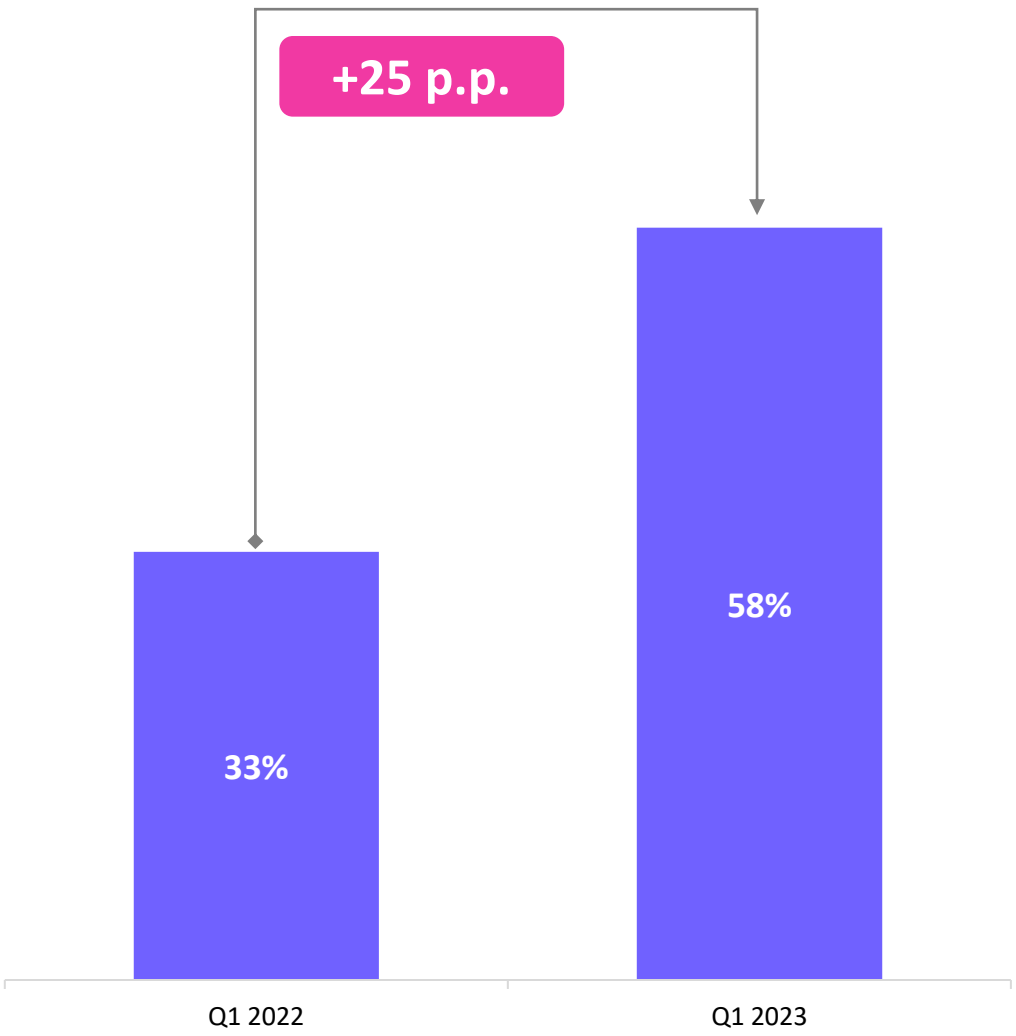
: 3x increase in the number of customers

Number of CPaaS customers



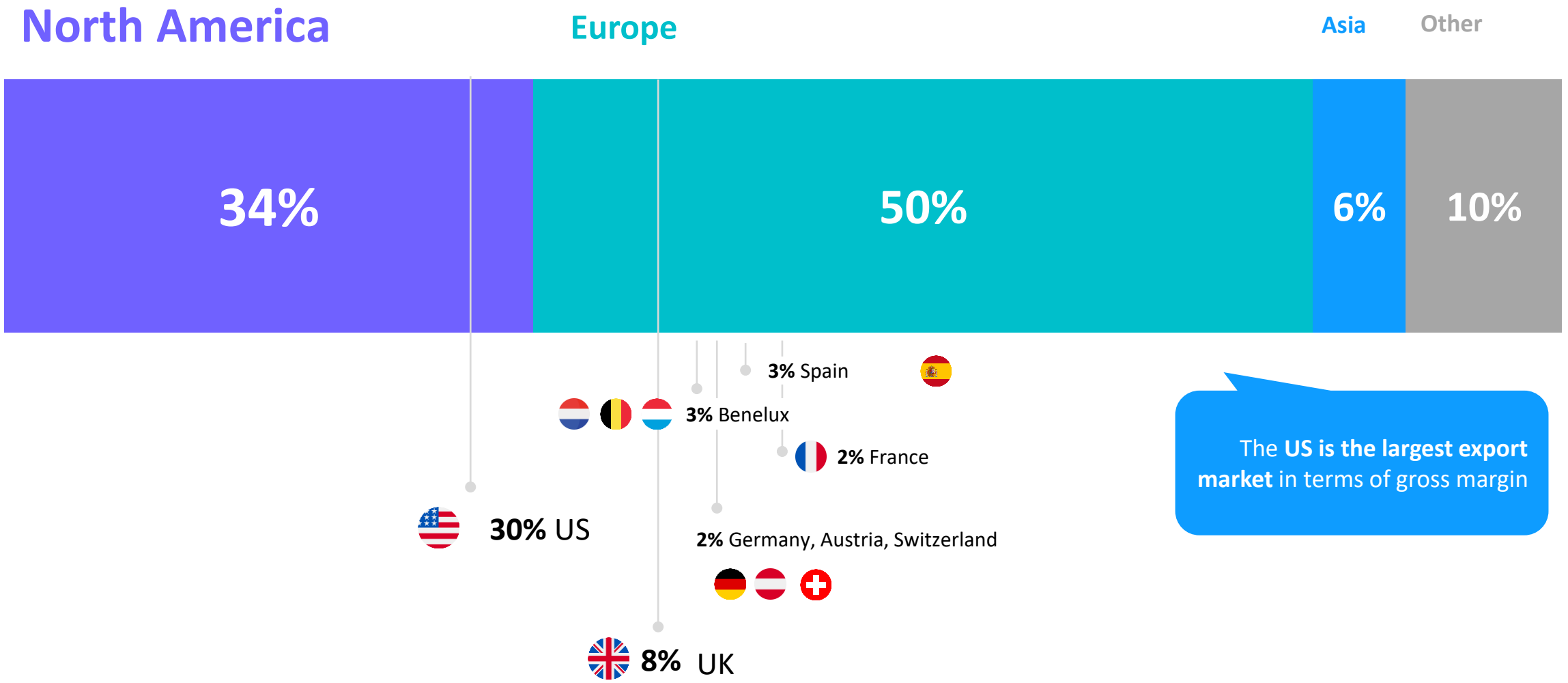
: Growing contribution of international sales

International sales as a % of CPaaS revenue



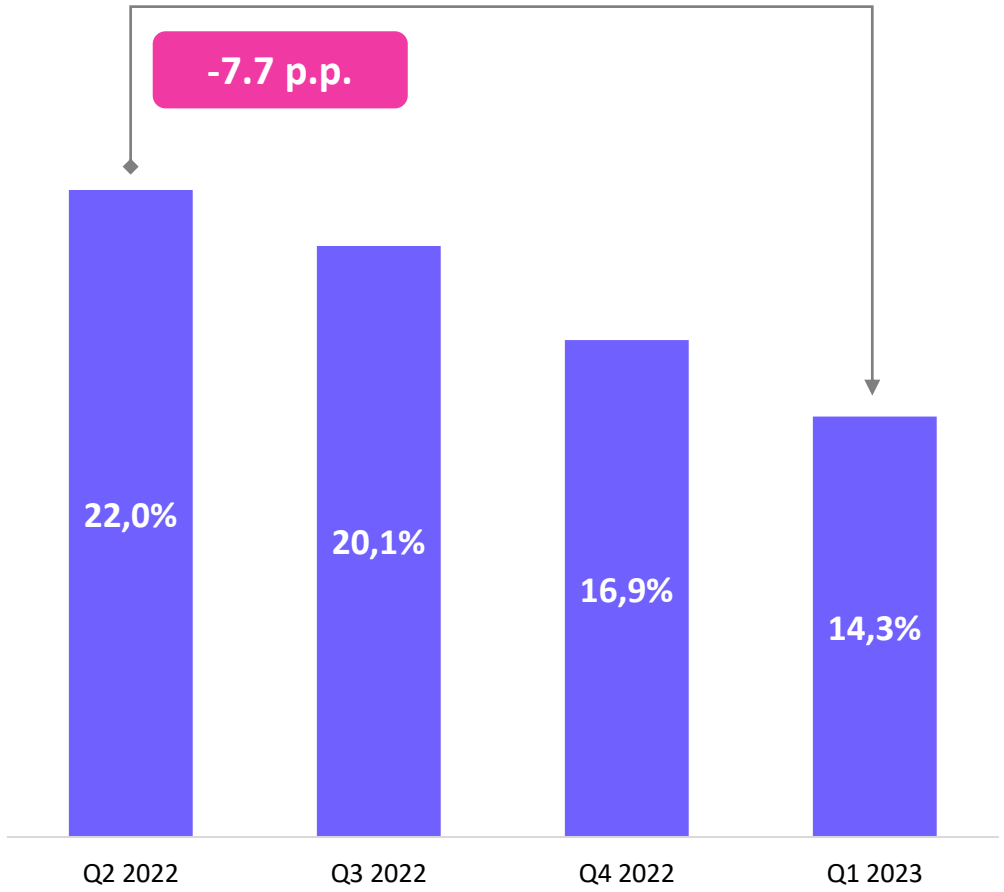
: Attractive customer structure - nearly 35% gross margin in the North American market

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

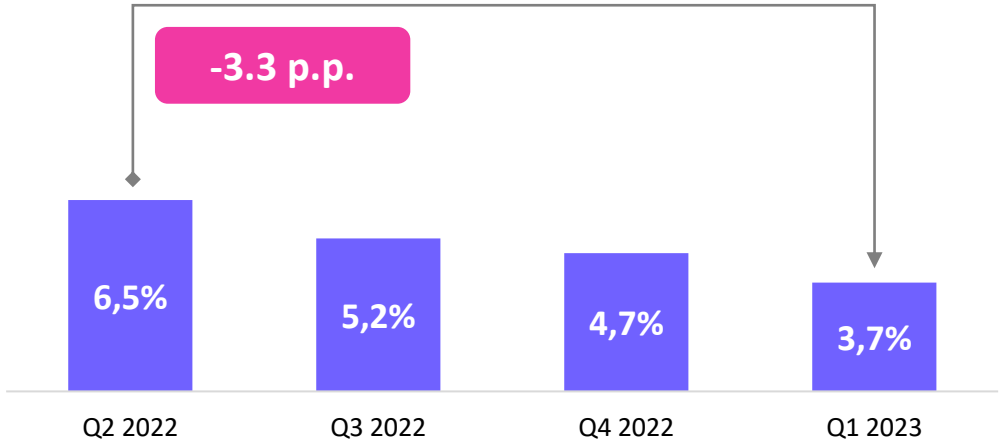


: Decreasing client concentration driven by the growing customer base

Contribution of top 10 clients to total revenue (less = better)



Contribution of top 10 clients to total gross profit (less = better)



: We have secured long-term growth potential via **14x increase of TAM**

: Exponential growth of target addressable market

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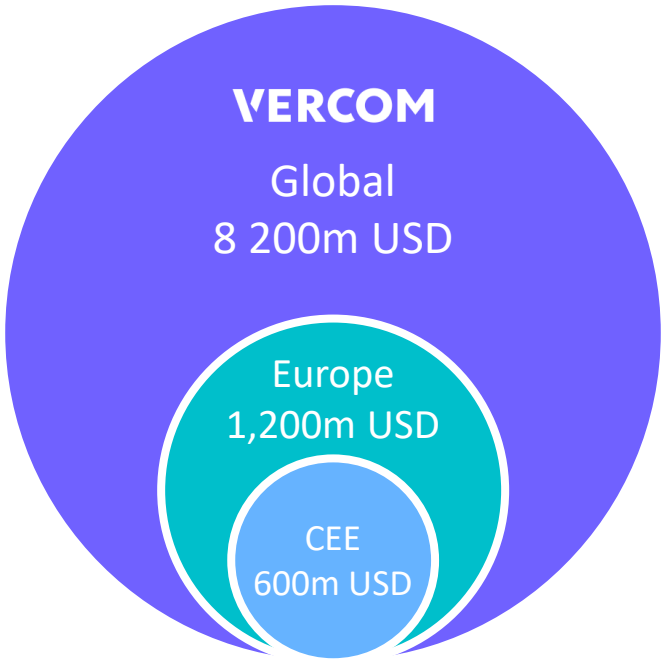
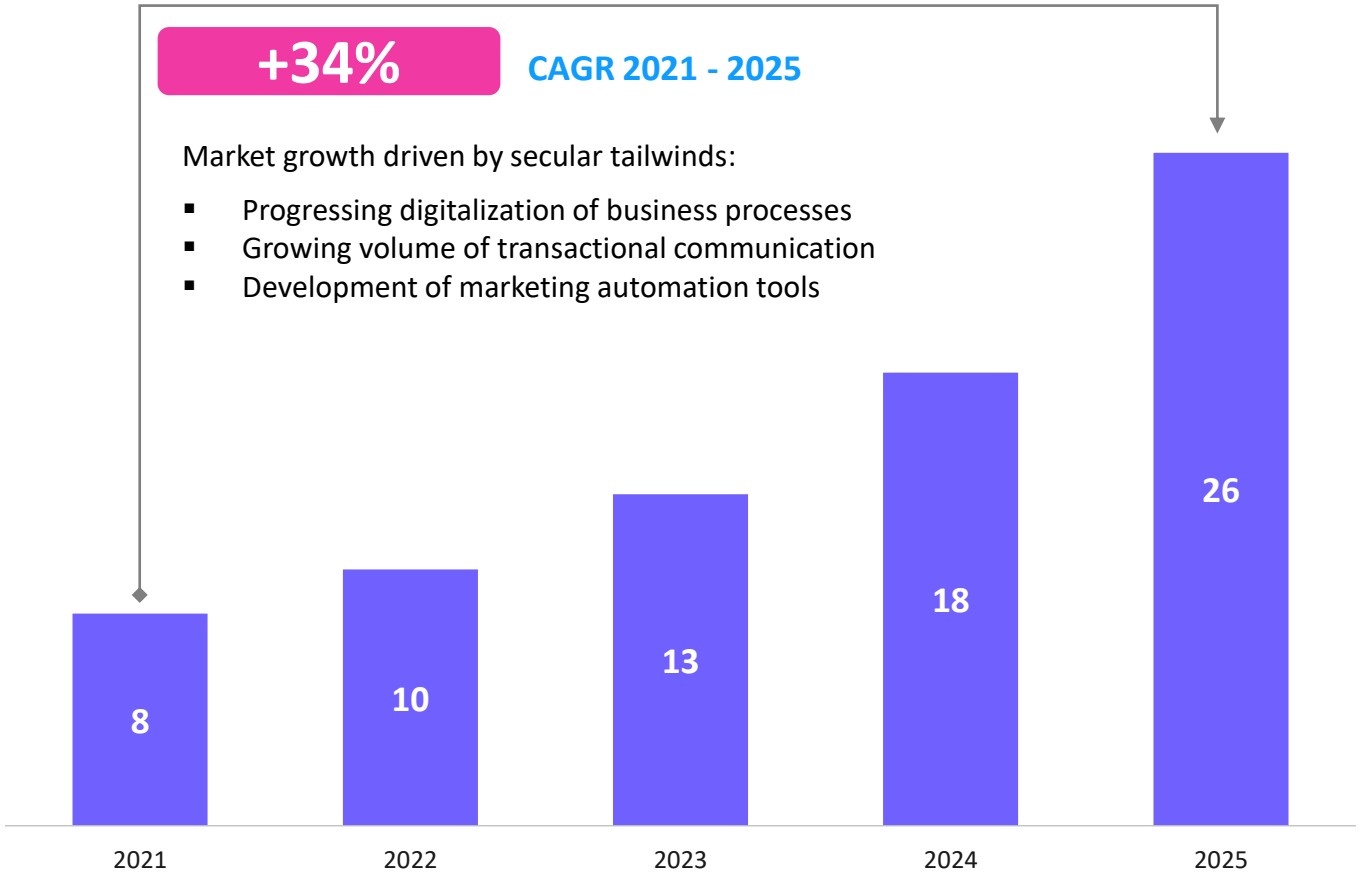
Target addressable market (TAM)

14x TAM growth



Global CPaaS market value (USDb)



Source: Juniper Research

: Integration of services around MailerLite (SME) and MessageFlow (mid-market)

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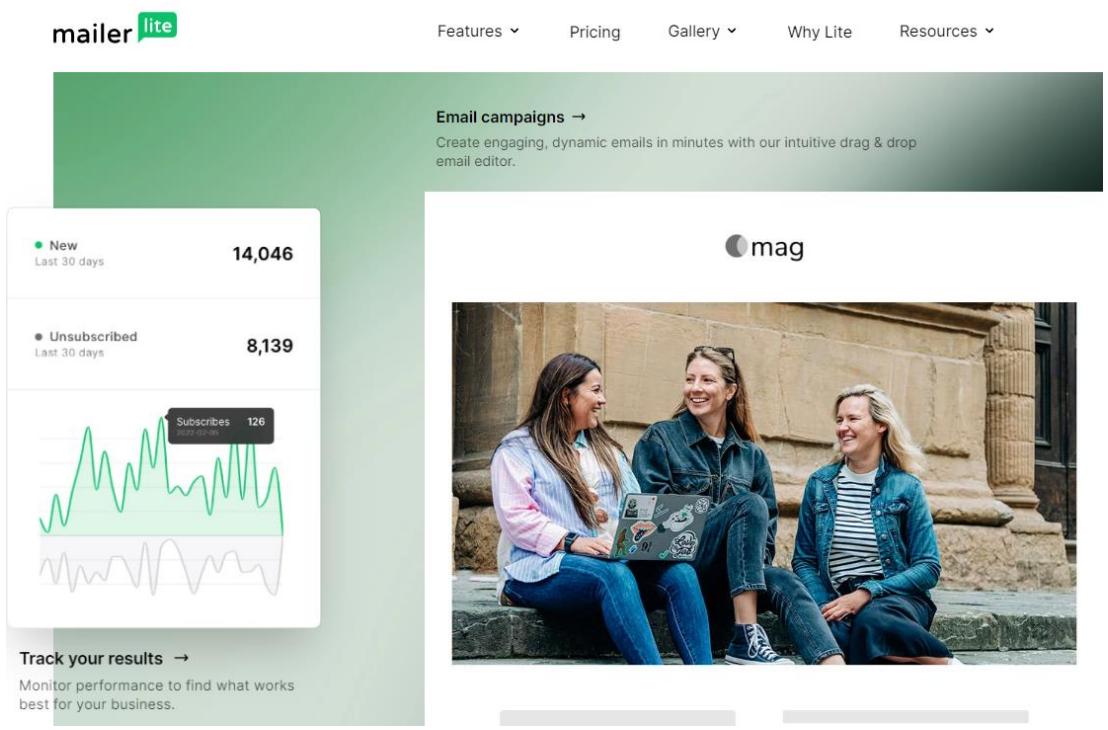
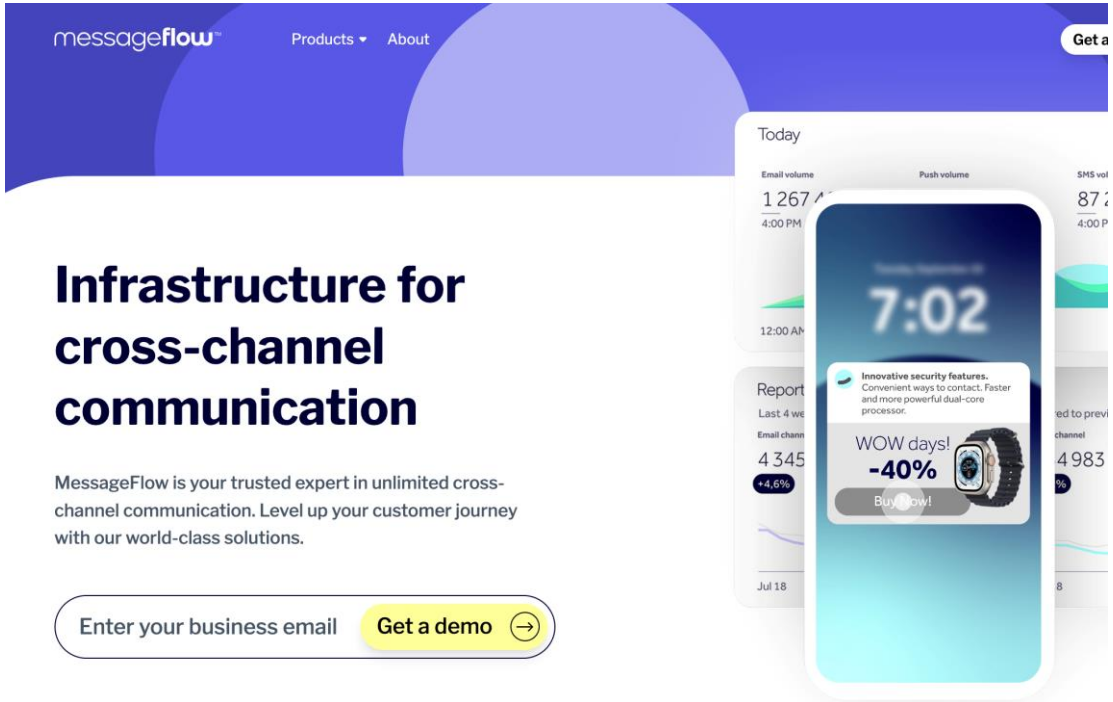
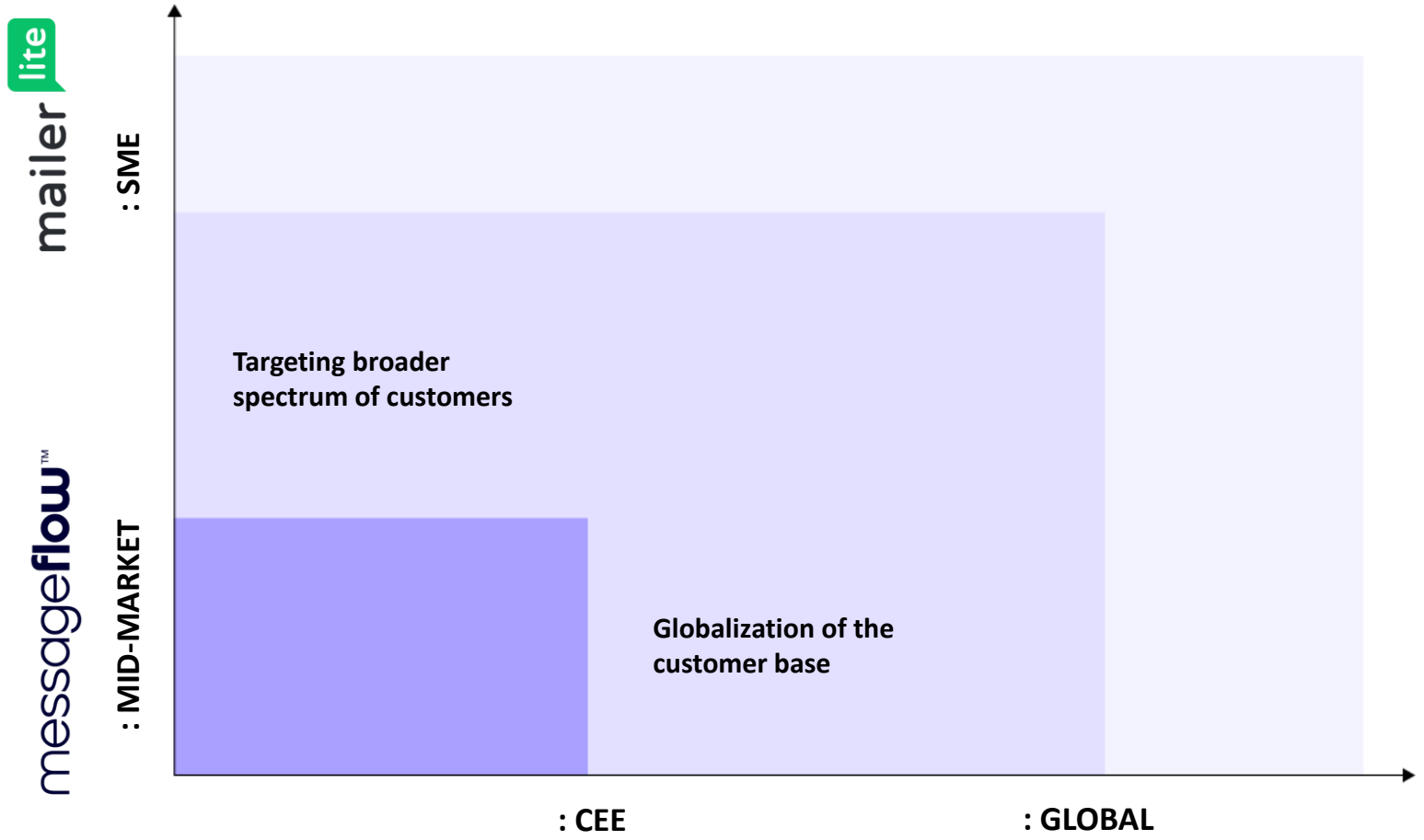
MaileLite: services for SME clients



MessageFlow: services for mid-market clients



: Strategic focus on increasing international presence



Growth strategy in SME segment

- Tap the tremendous potential of 2m freemium clients
- Improve monetization of paying users via new services and localizations
- Leveraging strong competitive position and brand recognition

Growth strategy in mid-market segment

- New MessageFlow platform dedicated to mid-market clients
- Continuing proven land & expand strategy
- Leveraging cross-selling potential of omnichannel (sms, email, push, OTT) product offering

: Product roadmap reflects our strategic goals for 2023-2024

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: Solutions for Mid-market clients

: Solutions for SMBs and creators

Launch of MessageFlow and expansion into new geographies

Polish and Spanish **localization of MailerLite**

New integrations with global SaaS systems

Integration of Freshmail with MailerLite

Integration of **transactional email** solutions

Commercial implementation of **conversational communication solutions leveraging** proprietary and 3rd party AI technology

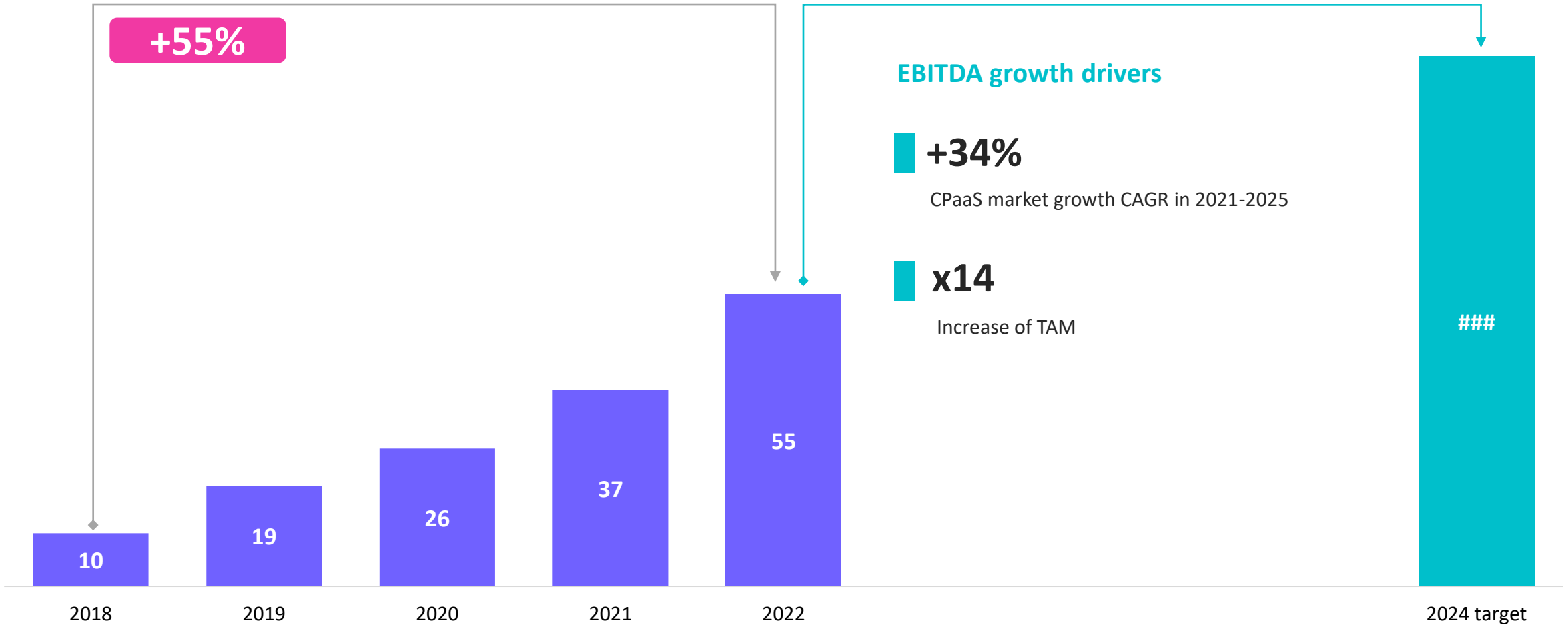
2023

2024

: We are **on track** to achieve our mid-term growth targets

: Significant potential to maintain EBITDA growth trajectory

Adjusted EBITDA (PLNm)



: Key takeaways

We continue to grow fast

- **145% YoY** gross profit expansion to **PLN 40m** in Q1 2023
- Growing share of **high-margin**, **fast-growing services**
- **95% YoY** EBITDA expansion to **PLN 18m** in Q1 2023

We are improving profitability and cash generation

- **Expansion of EBITDA margin by +5 p.p.** YoY driven by improving product mix and operating leverage
- **Healthy EBITDA margin** amounting to c. 23% in Q1 2023
- **98% conversion** of EBITDA to net operating cashflow

We are more diversified than ever before

- Selling services to **70,900+ customers in 180 markets**
- **+58% share of international sales** in the CPaaS revenue
- We are leveraging **strong international footprint** and 14x increase of TAM

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: Q&A