VERCOM

Q3 2024

Investor presentation

13 November 2024

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: Profitable growth continued in Q3 2024

: Q3 2024 financial results

Gross profit

PLN 56m

Organic growth y/y

+18%

Adj. EBITDA

PLN 29m

+28%

Net income

PLN 20m

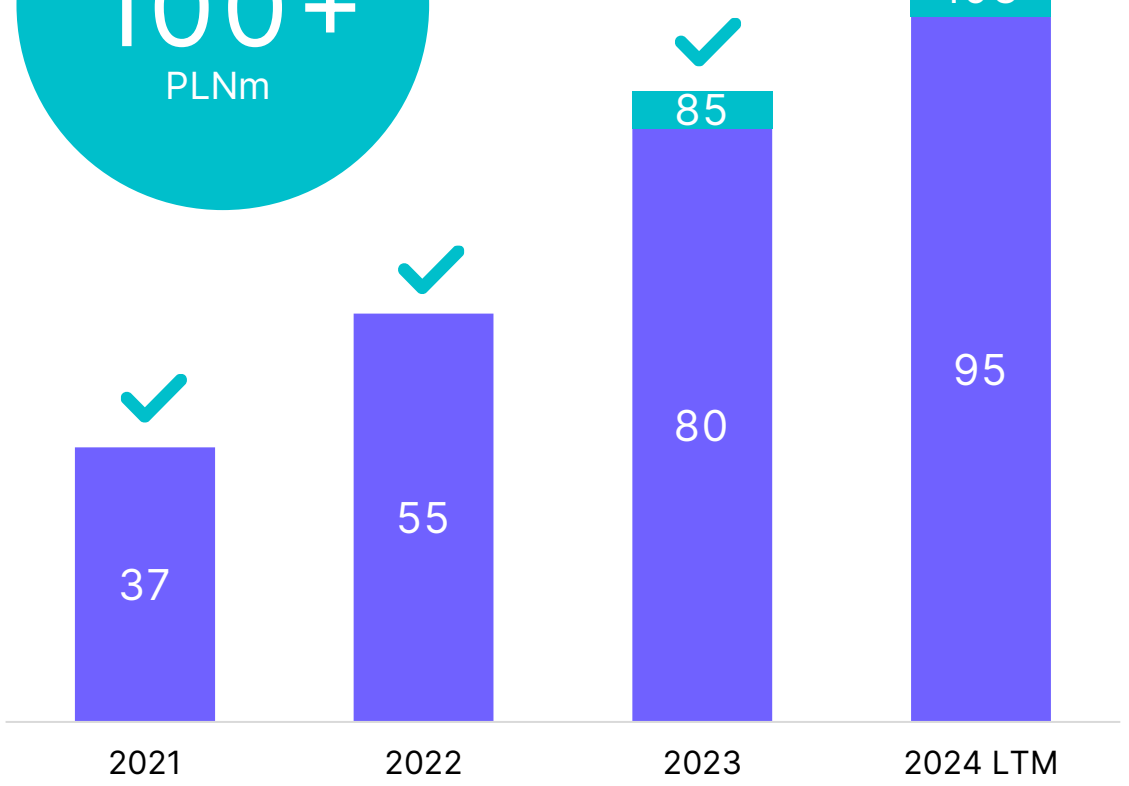
+52%

: LTM EBITDA already above 2024 ESOP target

ESOP financial target – adjusted EBITDA (PLNm)

EBITDA LTM
100+
PLNm

LTM EBITDA already +PLN 8m above the 2024 ESOP target

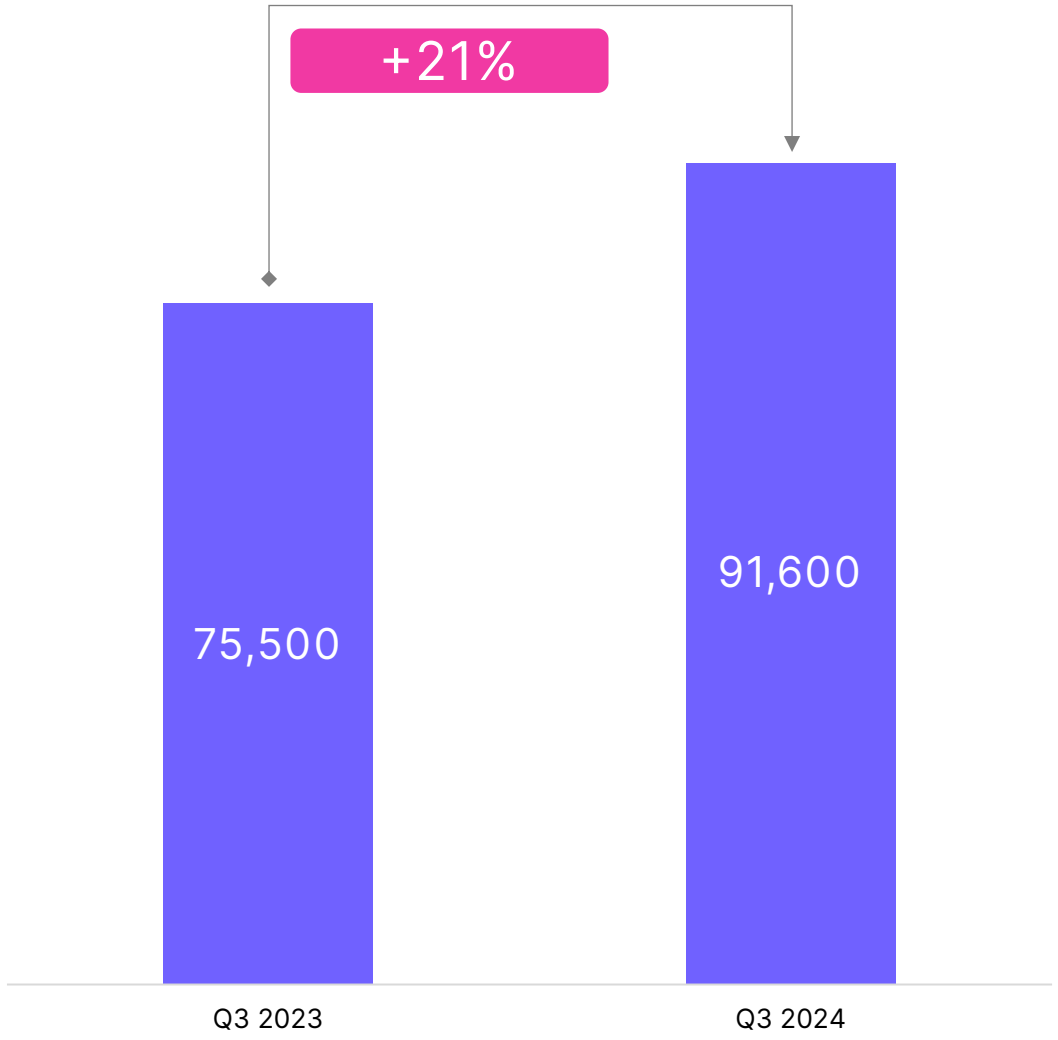


: On track to achieve ESOP target valuation

Market capitalization (PLNm)

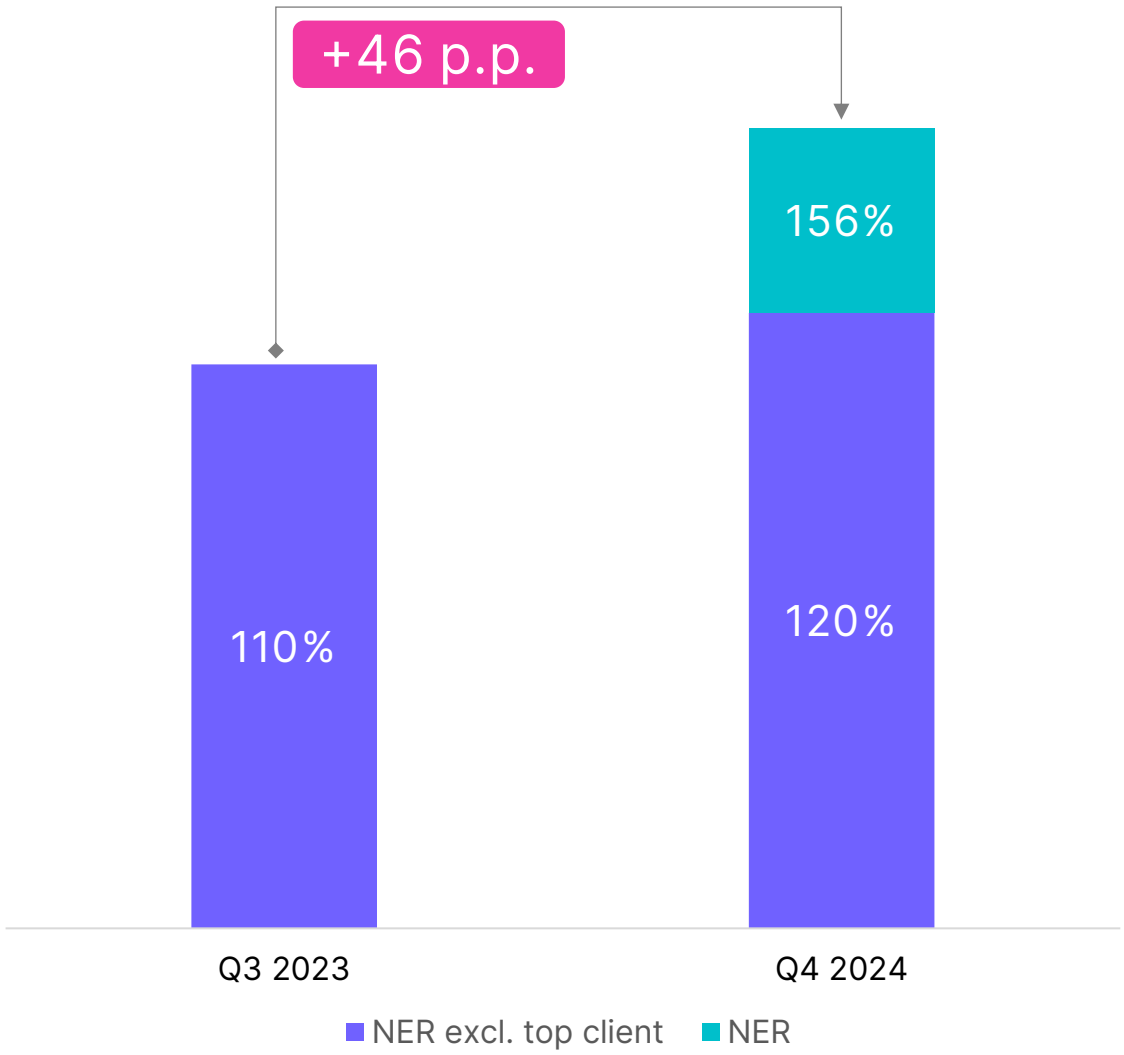
: +20% YoY customer base growth

Total number of customers



: Effective cross-selling drives NER

Net Expansion Rate (NER)



: We are a fast-growing SaaS company

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

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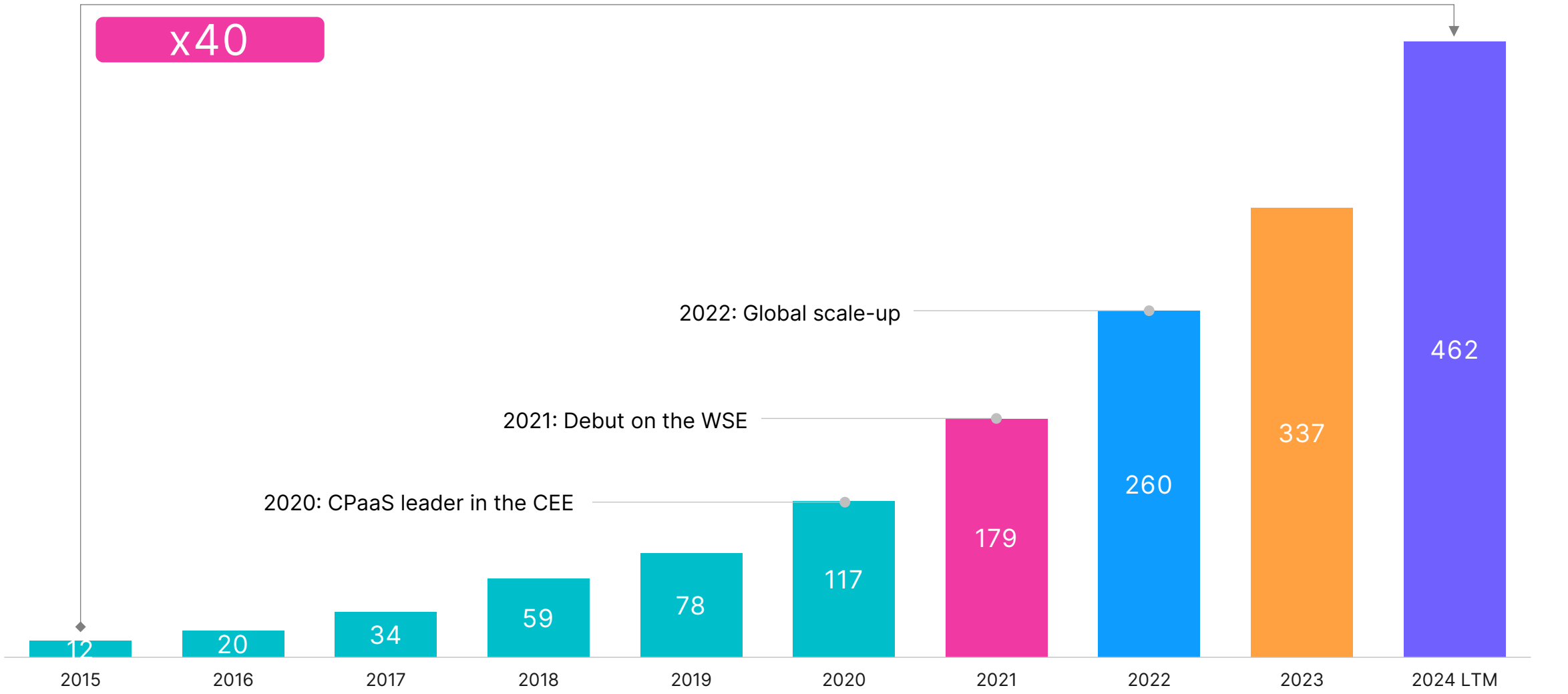
Revenue (PLNm)



: Vercom customer engagement flywheel

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Design & templates

Save time using our content creation tools and templates

Segmentation

Boost customer engagement and loyalty by focusing on the right people

Smart analytics

Turn insights into actions with advanced analytical tools

A/B testing

Use A/B testing and analytics to create highly-effective marketing campaigns

Omnichannel

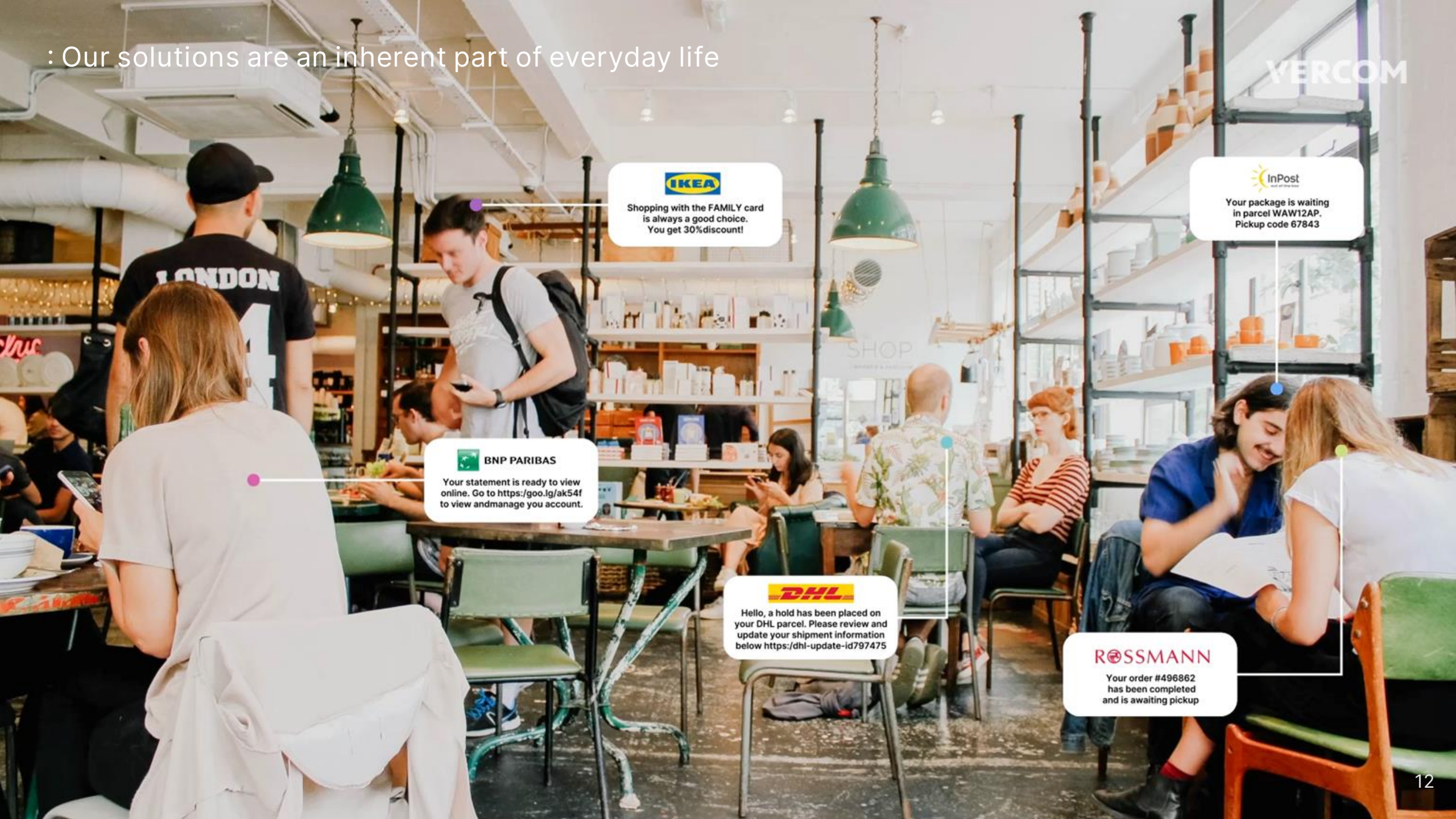
Use a channel (sms, email, push, OTT) that is fit for purpose and customer preferences

Automations

Maximize ROI by creating automations based on customer behaviour

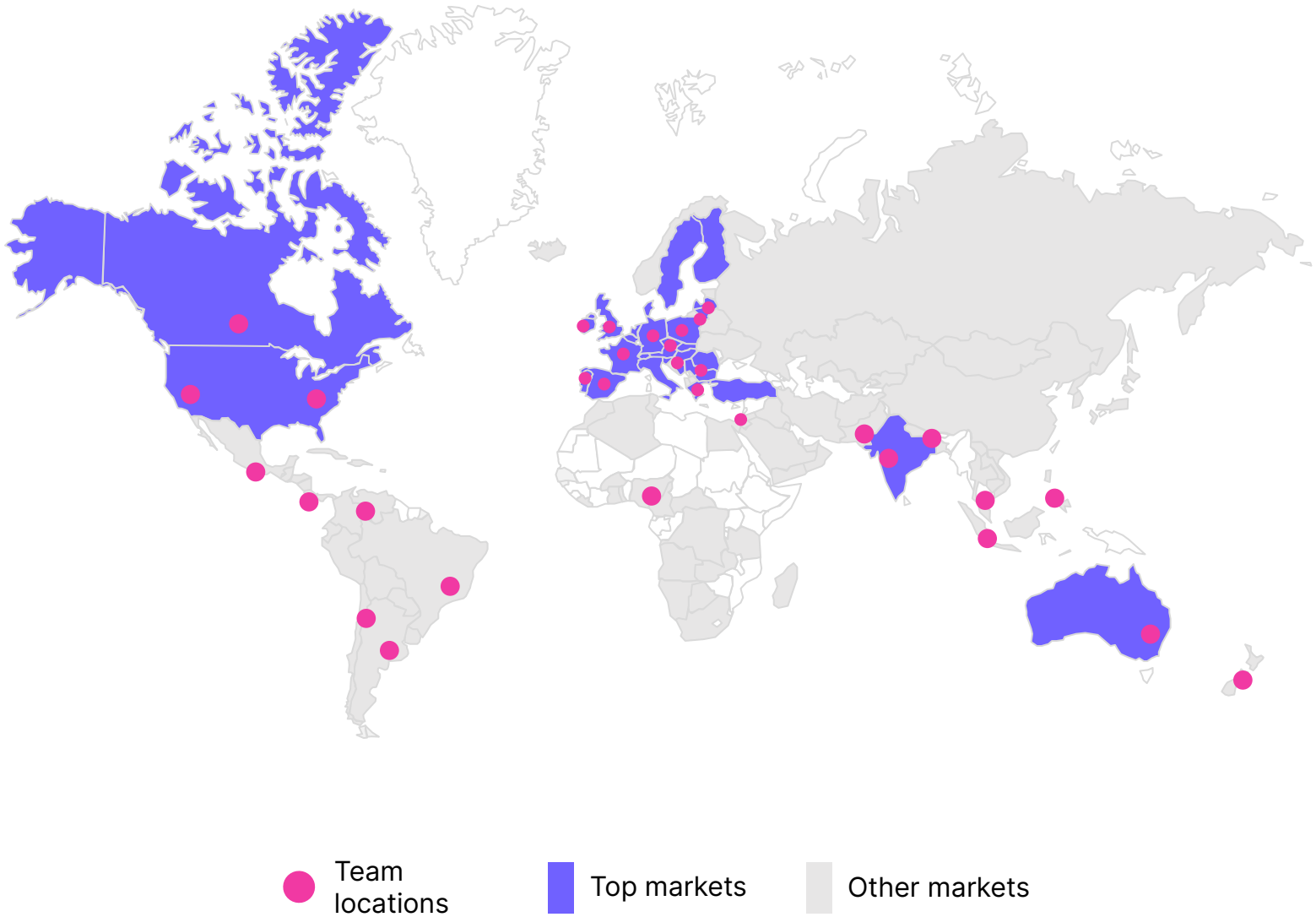
Increasing adoption of AI features

: 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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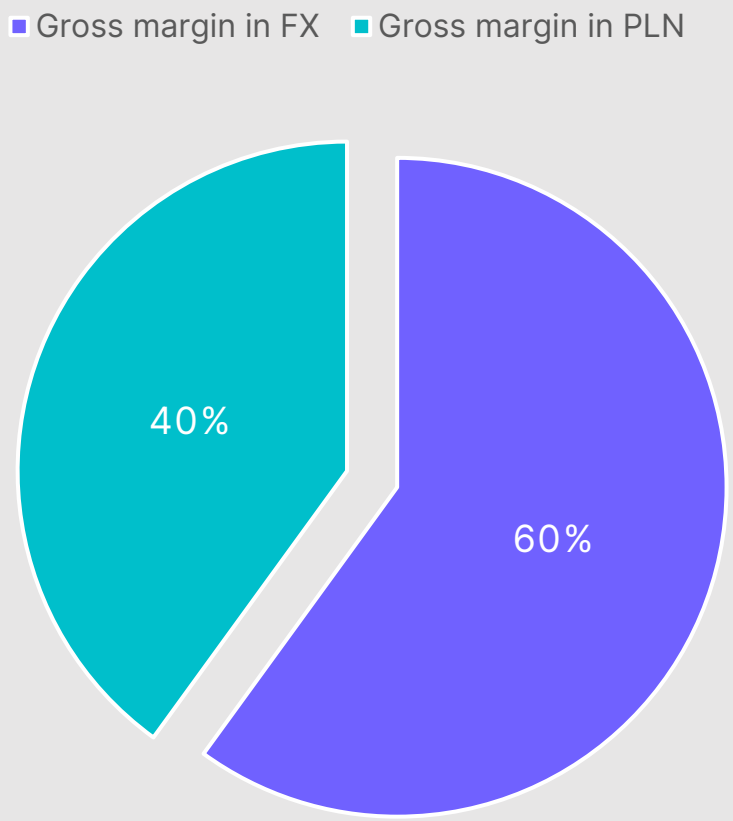
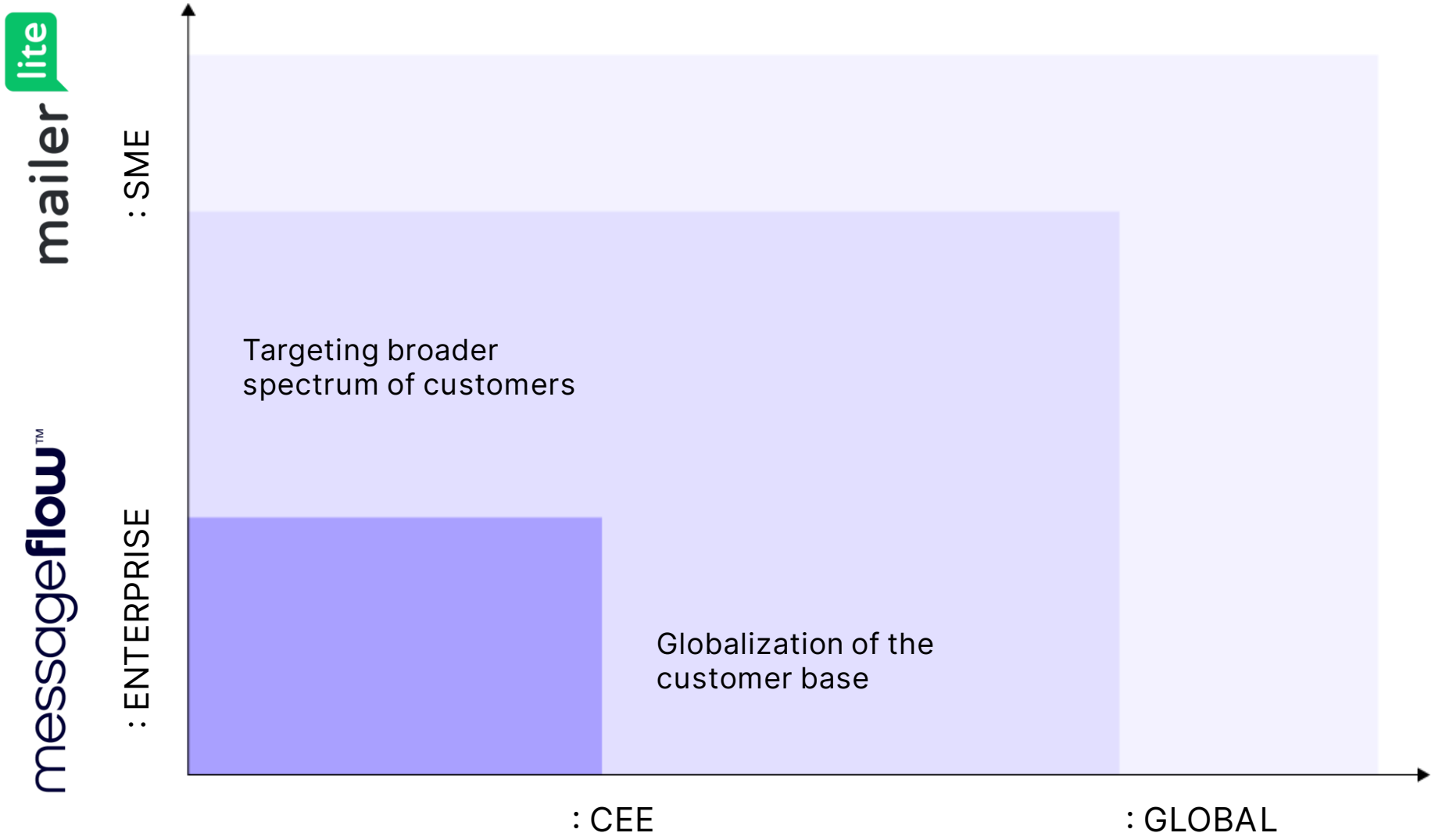
Est. gross margin currency structure (%)



: Strong focus on scalability to further grow international presence



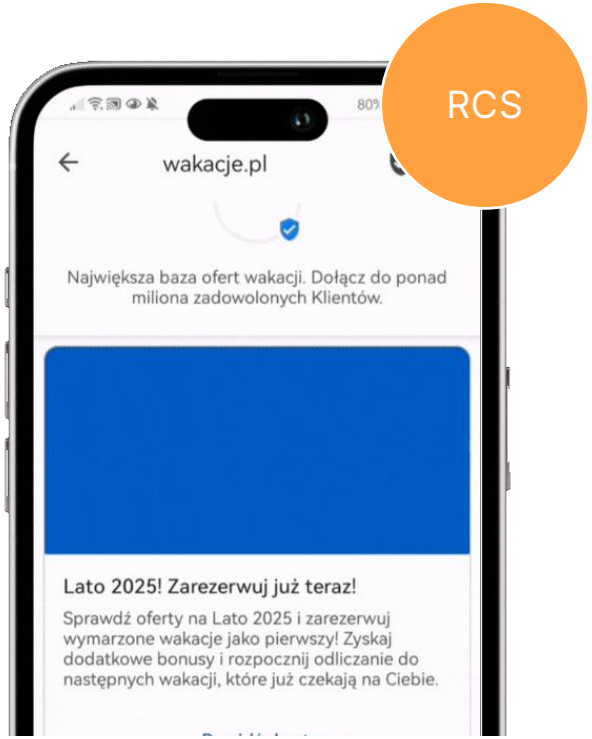
+1m

Long-term target:
Paying customers

: Accelerating adoption of RCS creates new growth opportunities

: RCS combines the best features off all messaging channels

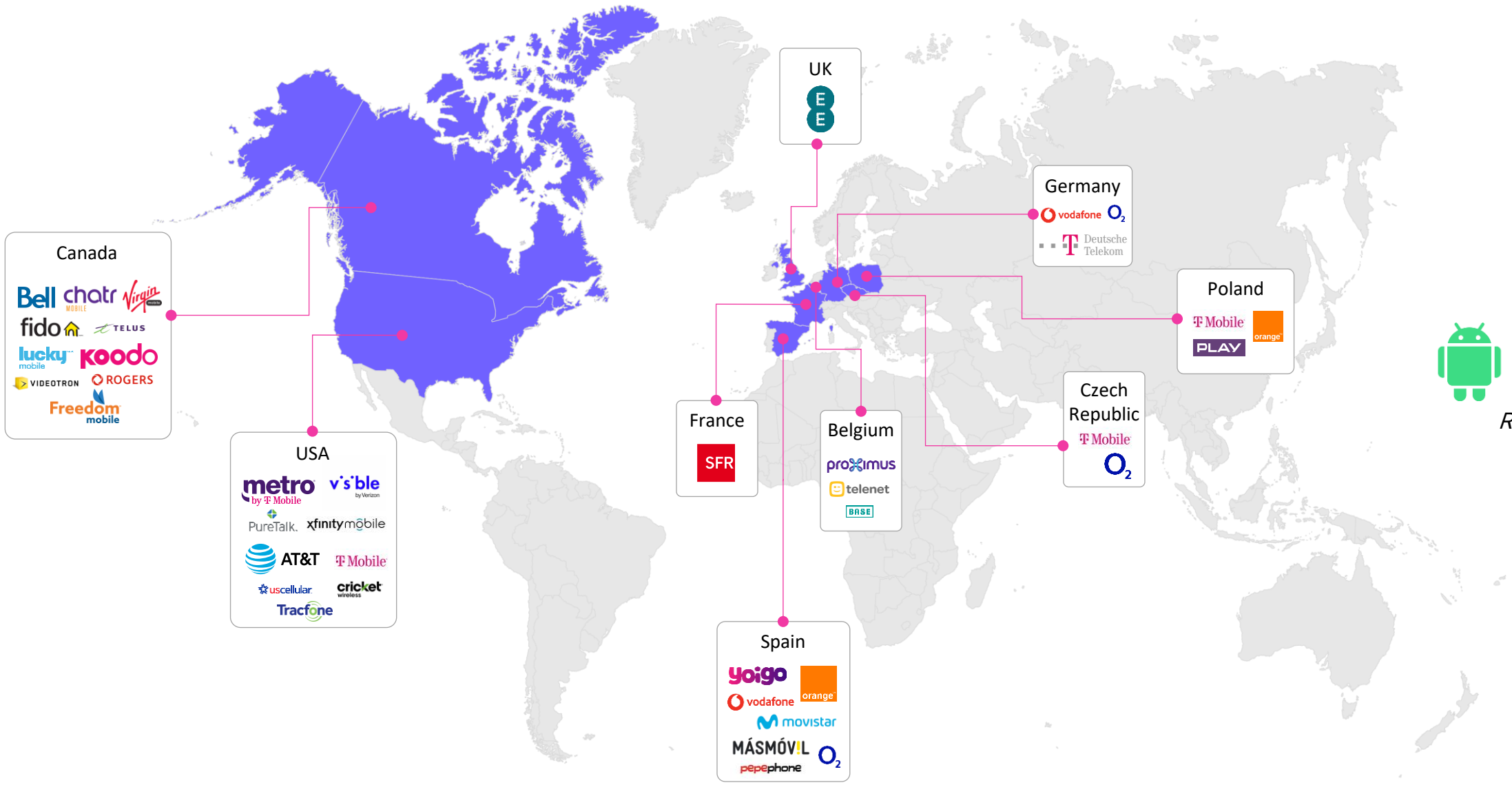
- ✘ No interactive content
- ✘ No branding
- ✓ Native support



- ✓ Interactive content
- ✓ Customer branding
- ✓ Native support

- ✓ Interactive content
- ✓ Customer branding
- ✘ Requires 3rd part app

: Unique features of RCS are driving the adoption in North America and Europe



iOS

RCS supported since Q4 24

: RCS is set to change the A2P messaging landscape

RCS market value (USDb)

Source: MobileSquared 2024

Key highlights

- Total market value expected to reach USD 3bn by 2028, a 9-fold growth vs. USD 300m currently
- Telecoms are expediting implementation of RCS, with significant coverage across Asia, North America and Europe
- Implementation of RCS in iOS devices will further expand supported user base and is expected to provide significant market boost
- It is expected that RCS will be available for 3.6bn devices globally by 2028
- By 2028, the share of RCS in operators' revenue is expected to surpass that of traditional SMS

: Vercom leads the implementation of RCS among the Enterprise customer base

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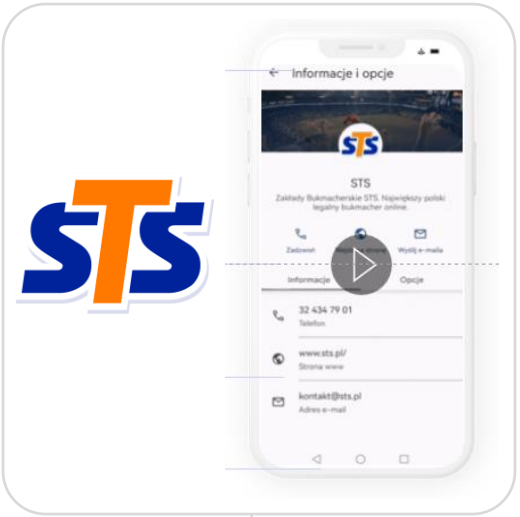
Q1 2024

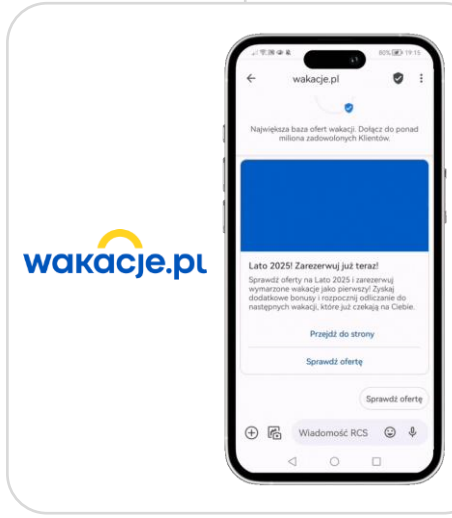
Conclusion of an agreement with Orange and T-mobile for the provision of RCS

Q2 2024



Q3 2024

Conclusion of an agreement with P4 for the provision of RCS



Q4 2024

: Effective customer engagement is a key driver of revenue growth

Case study: customer journey based on combination of different communication channels

Connect with customers

Leverage your customer base to connect with your clients

Drive engagement

Drive engagement via advanced automations

Improve upselling

Boost upselling by providing highly-personalized content

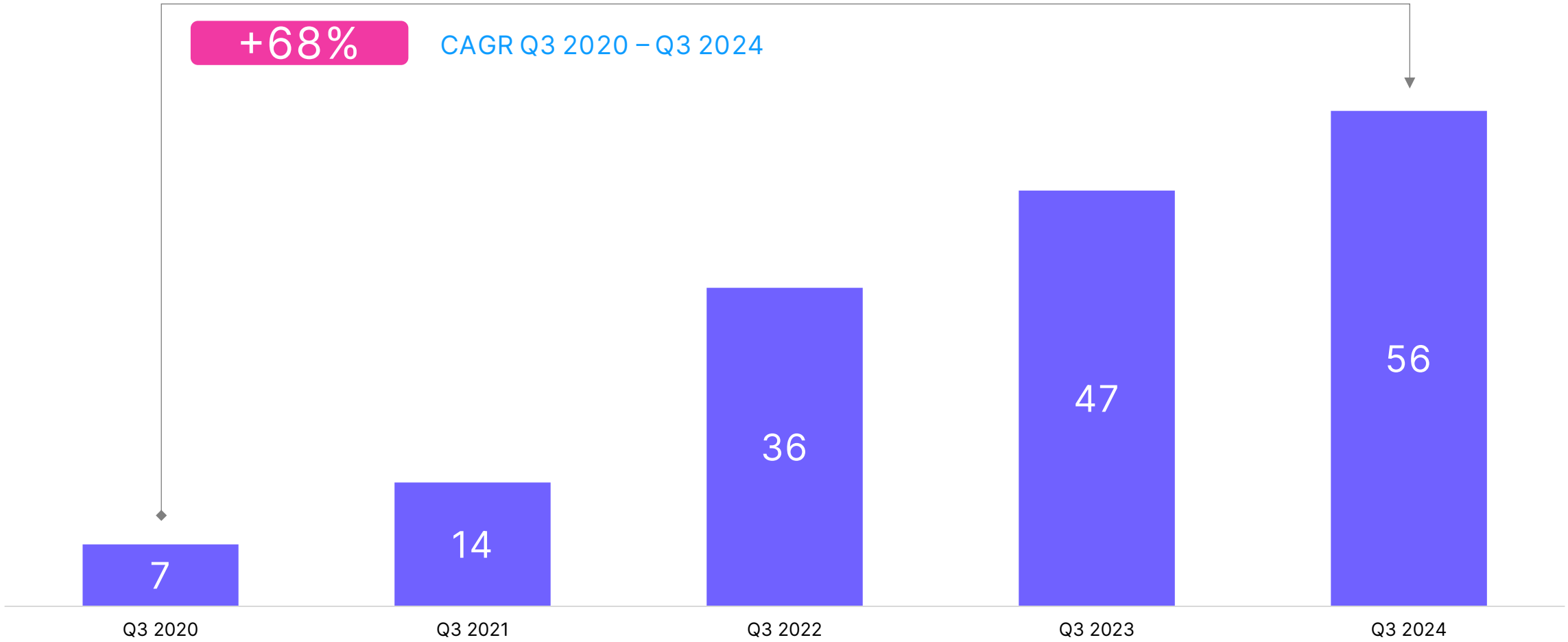
Build your relationship

Stay in touch to nurture the relationship with your clients

: Healthy growth structure driven by customer adds and cross-selling

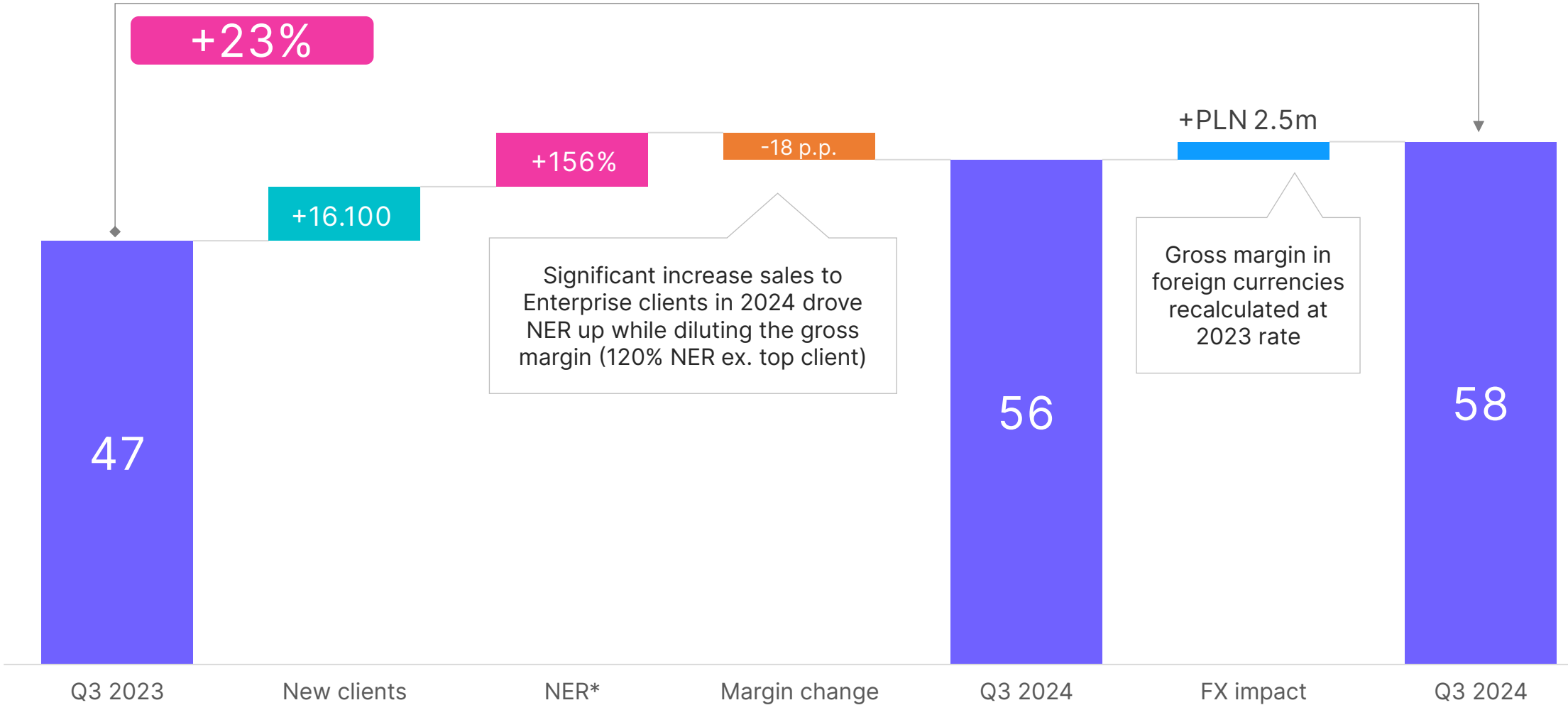
: Strong gross profit growth reflects the growing scale of operations

Gross profit (PLNm)



: Gross profit growth driven by customer adds and cross-selling of services

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 base increases the effect of operating leverage

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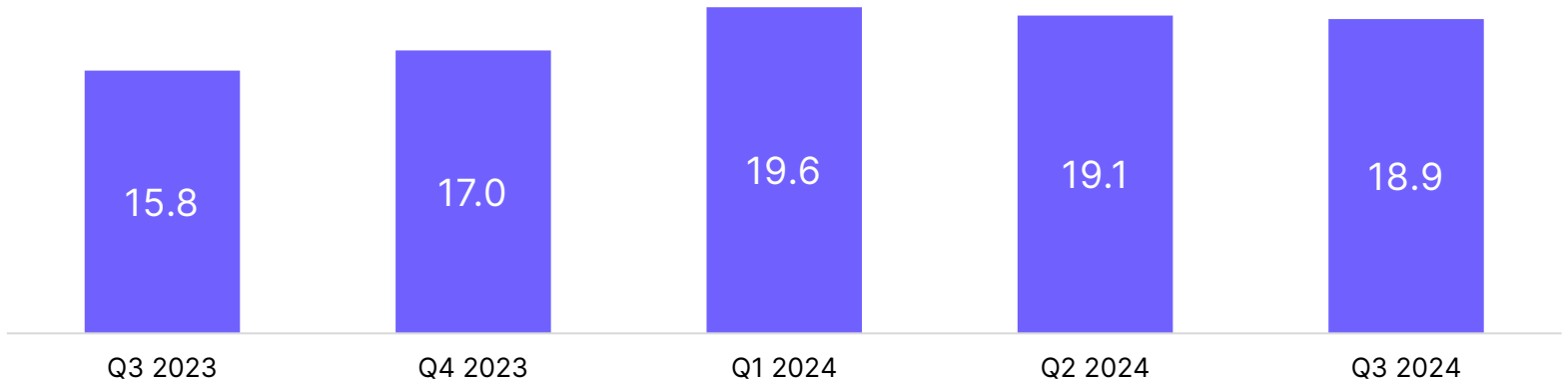
General and administrative expenses (PLNm)



Note

- Stable G&A costs throughout 2024
- The increase of G&A YoY costs is mostly associated with the growing scale of the business (PLN 3.0m)

Sales and marketing expenses (PLNm)

- Stable selling and marketing costs throughout 2024
- PLN 0.8m QoQ increase resulting from the increased marketing intensity of MailerLite and MessageFlow ahead of the high-sales season in Q4

: Dynamic EBITDA growth in line with target growth trajectory for 2024

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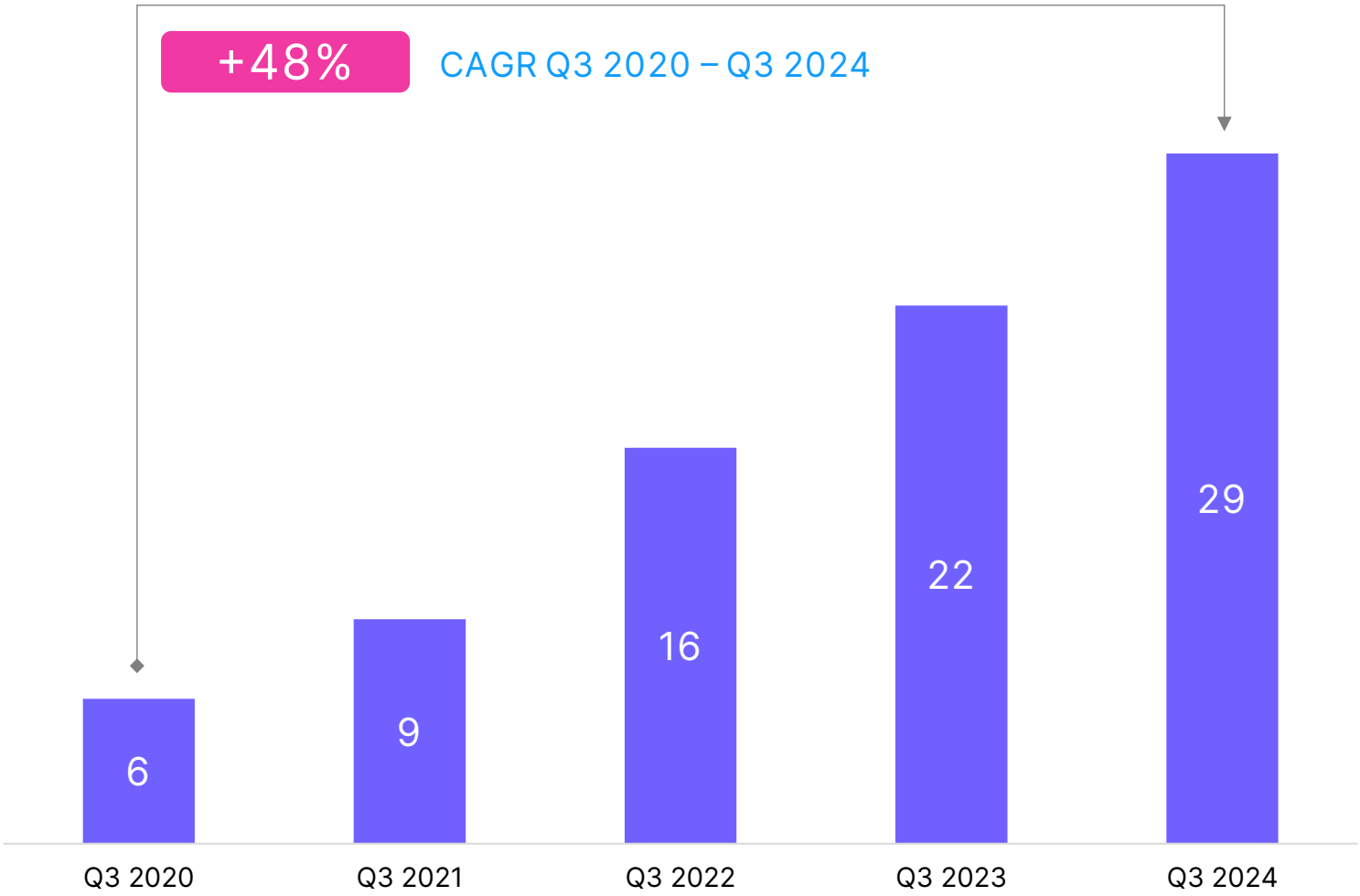
Adjusted EBITDA (PLNm)



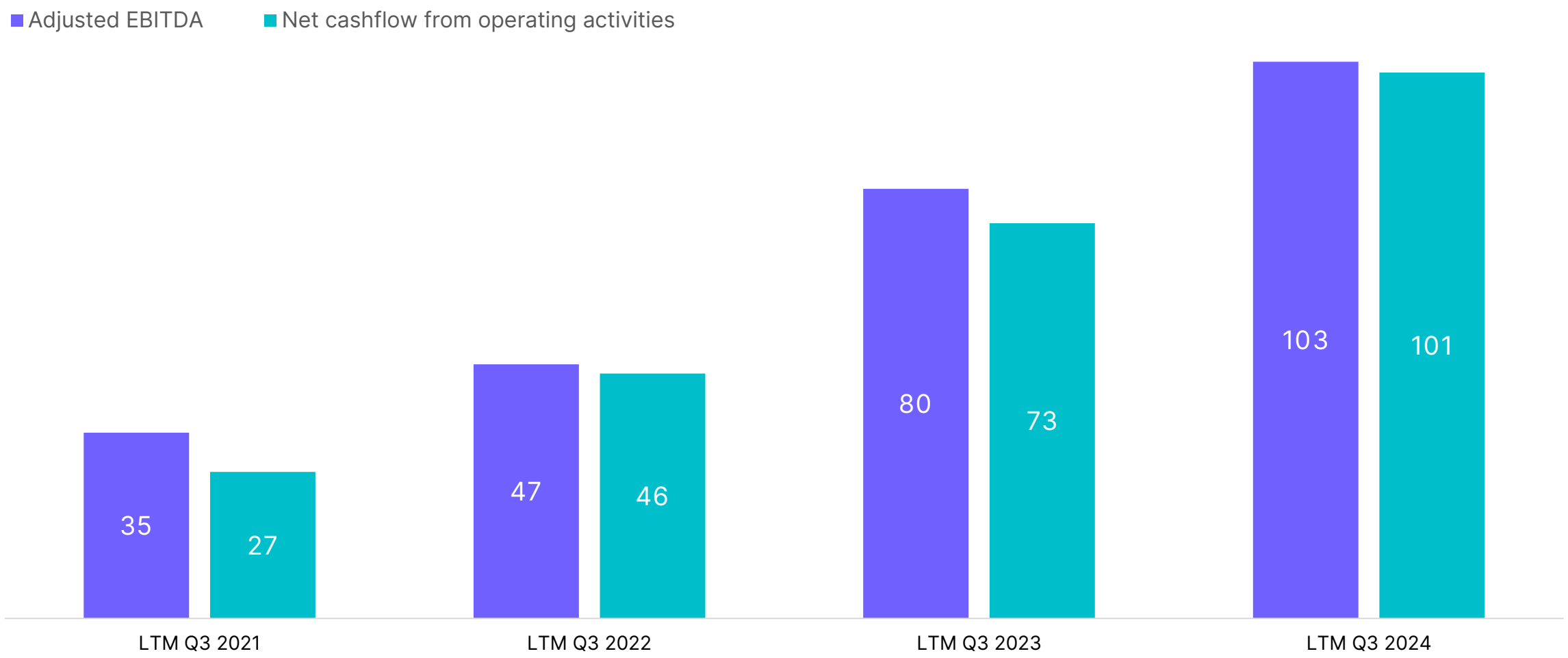
Note

- Q3 2024 EBITDA in line with target growth trajectory for 2024
- Strong organic growth rate amounting to 28% YoY
- Decrease in EBITDA margin resulting from the significant increase of sales to Enterprise clients (+71% YoY total revenue growth in Q3 2024)

: Strong cash generation capacity proven by increasing free cash flow

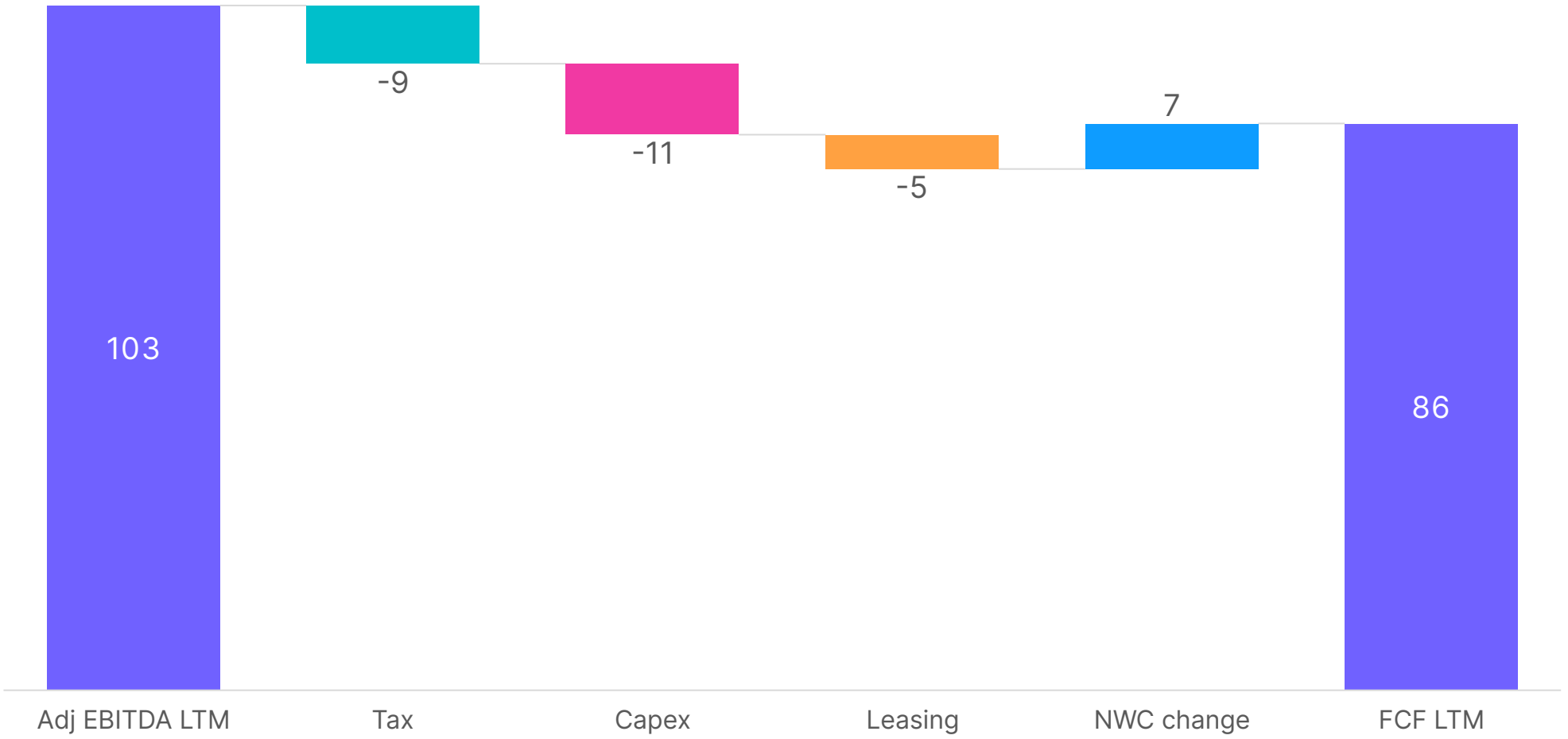
: Almost 100% conversion rate of EBITDA into operating cash flow

Adjusted EBITDA and net cashflow from operating activities (PLNm)



: Strong cash generation capacity underpinned by c. 20% FCF margin

LTM EBITDA to LTM FCF bridge (PLNm)



83%
EBITDA to FCF conversion rate

19%
FCF margin

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

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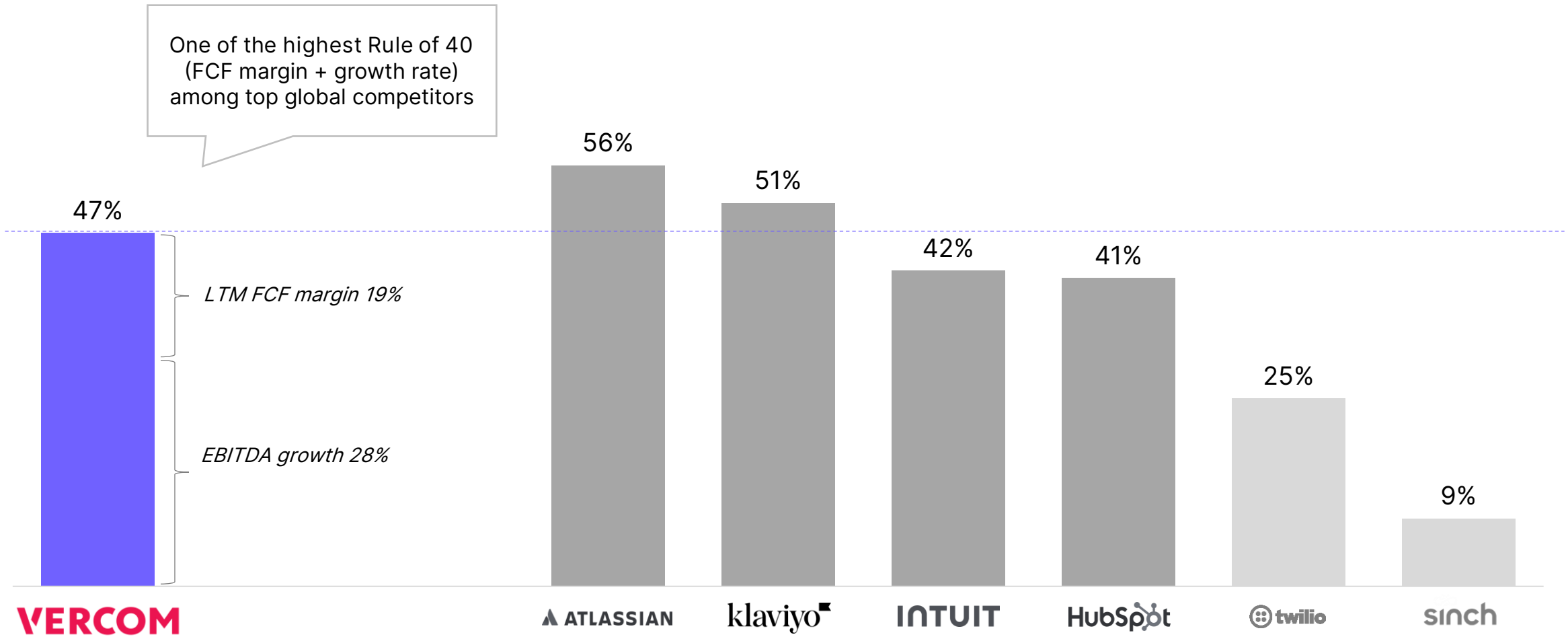
Rule of 40 for selected SaaS peers



Source: finbox.com, accessed on 12/09/2024

: Net income growth supported by decreasing leverage

: Net income growth supported by decreasing leverage

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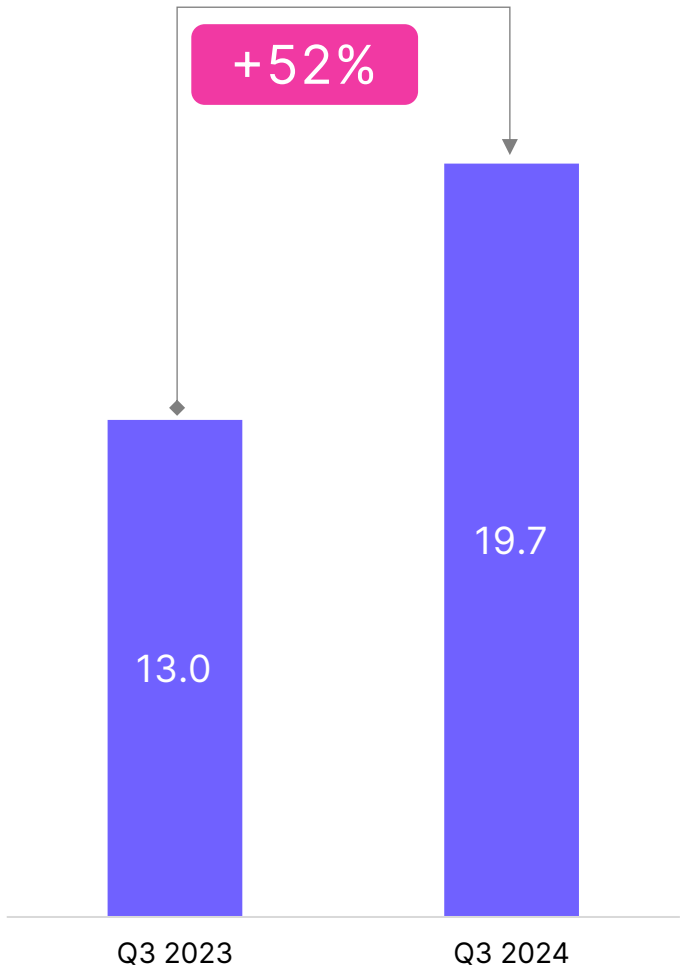
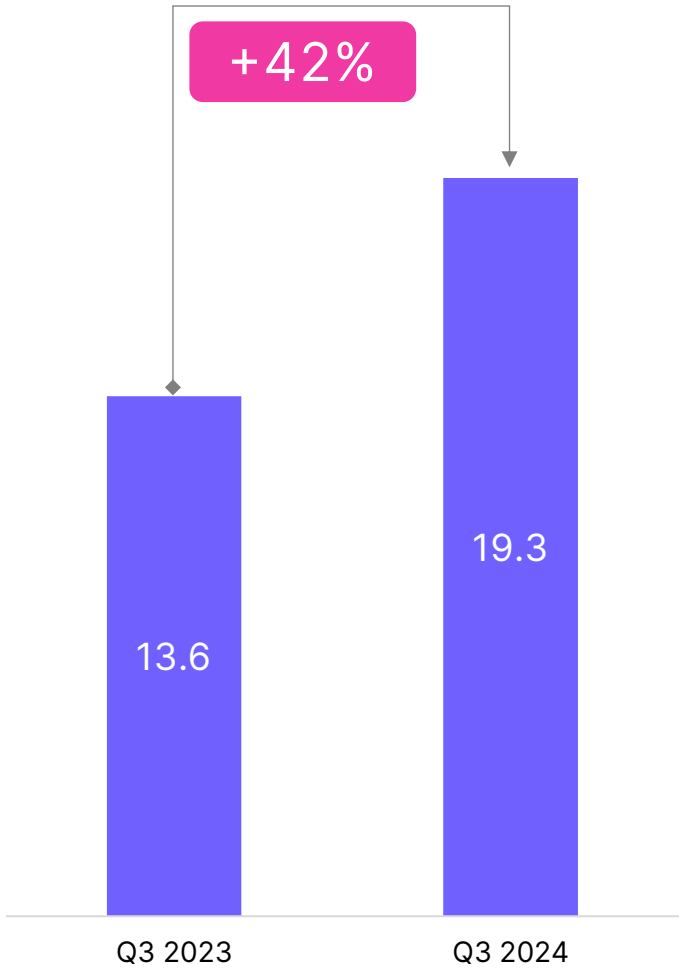
Reported net profit (PLNm)



FX-adjusted net profit[1] (PLNm)



Note

- FX-adjusted net profit growth of 42% yoy
- Net income supported by:
  - Operating leverage
  - Decreasing financing costs
  - Positive tax rate impact due to:
    - The decreasing level of interest payments
    - Tax reliefs resulting from increased R&D capex

(1) Net profit in Q3 2023 adjusted for FX impact and one-off tax benefit (+PLN 0.6m), Q3 2024 net profit adjusted for FX impact (-PLN 0.4m)

: We expect to have positive net cash position by the end of the year

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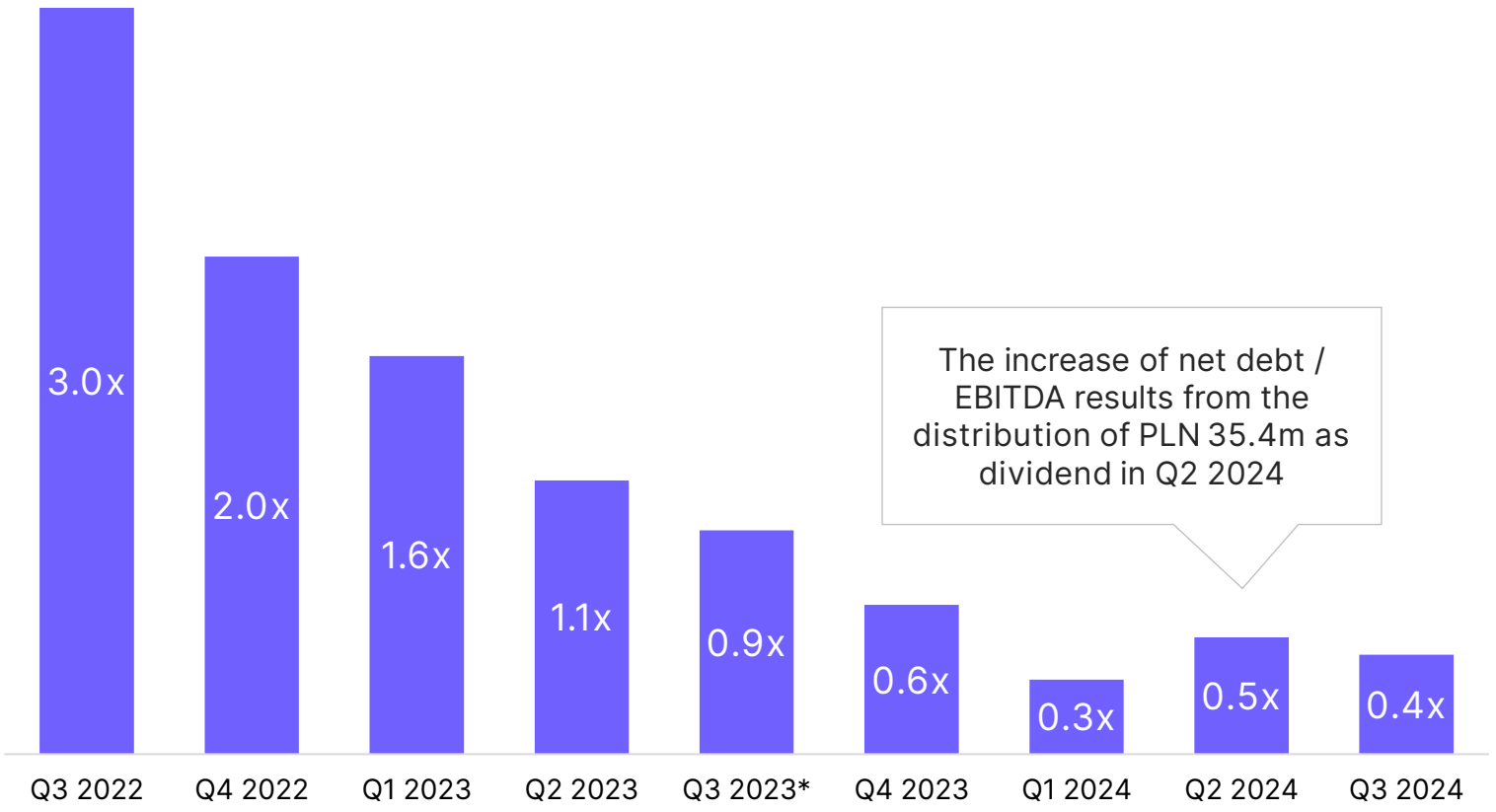
Net debt / LTM EBITDA



Note

- Net debt amounts to PLN 41m
- Decreasing net debt / EBITDA (c. 0.4x) trend affected by PLN 35m dividend distribution
- Healthy balance sheet structure means plenty of headroom for potential dividends and growth initiatives

* 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

: We are on track to achieve 2024 growth target

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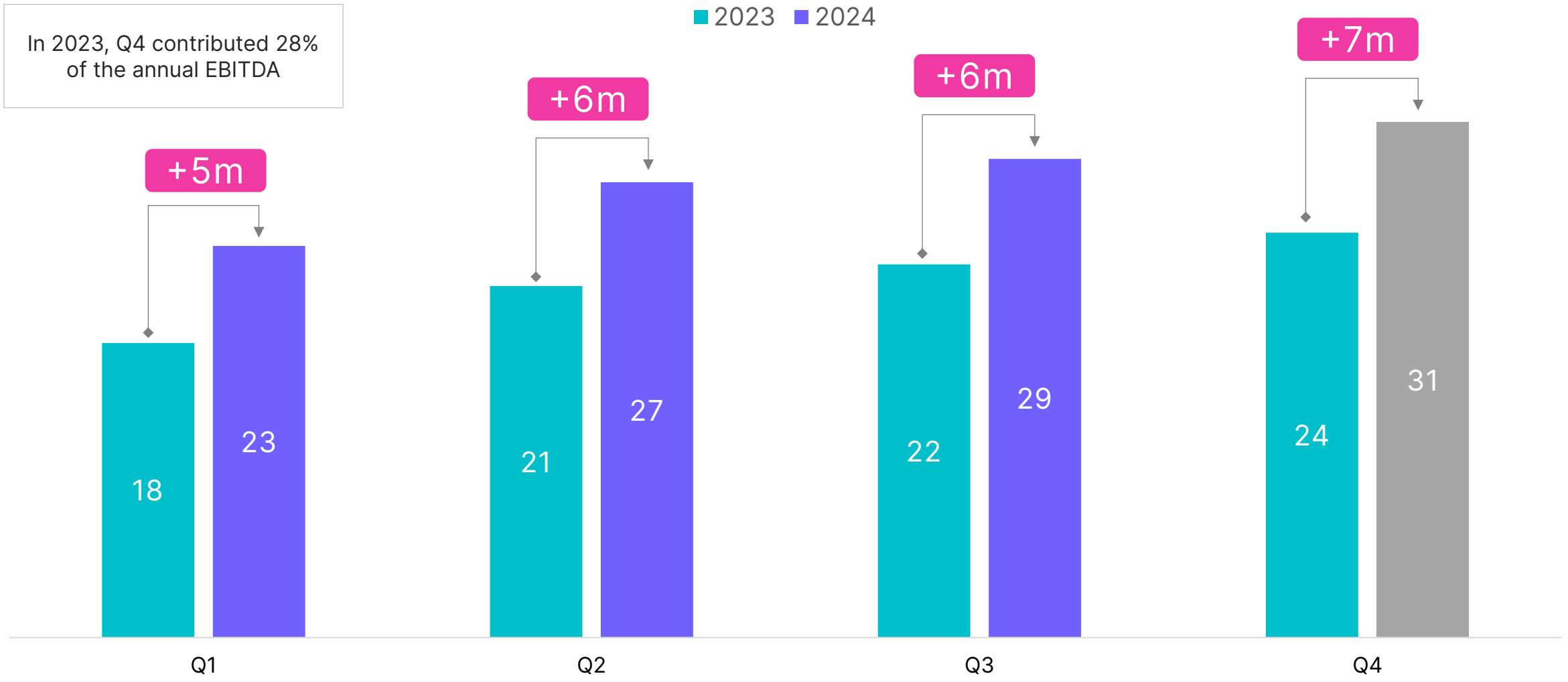
Adjusted EBITDA[1] (PLNm)

In 2023, Q4 contributed 28% of the annual EBITDA



(1) Q4 2024 target based on current trends and historical seasonality

: Key takeaways from Q3 2024 results

- Exceeded PLN 100m of adj. LTM EBITDA with robust +28% YoY growth, in line with target growth trajectory for 2024
- Healthy growth structure driven by acceleration in customer adds (+16,100 clients, c. 21% YoY) and continued strong cross-selling of services to Enterprise clients (NER +156%)
- Massive increase in the RCS adoption with several implementations for major Enterprise clients incl. LPP, Jeronimo Martins, Media Expert, Ziaja, Wakacje.pl, Home&You and many more in the pipeline
- Potential continuation of USD and EUR appreciation vs. PLN will strongly support gross margin dynamics (in Q3 2024 we estimate the effect decreased gross margin dynamics by almost 5 p.p.)
- +42% YoY FX-adjusted net income growth driven by operating leverage and lower financing costs implies growing dividend potential and more space for growth initiatives

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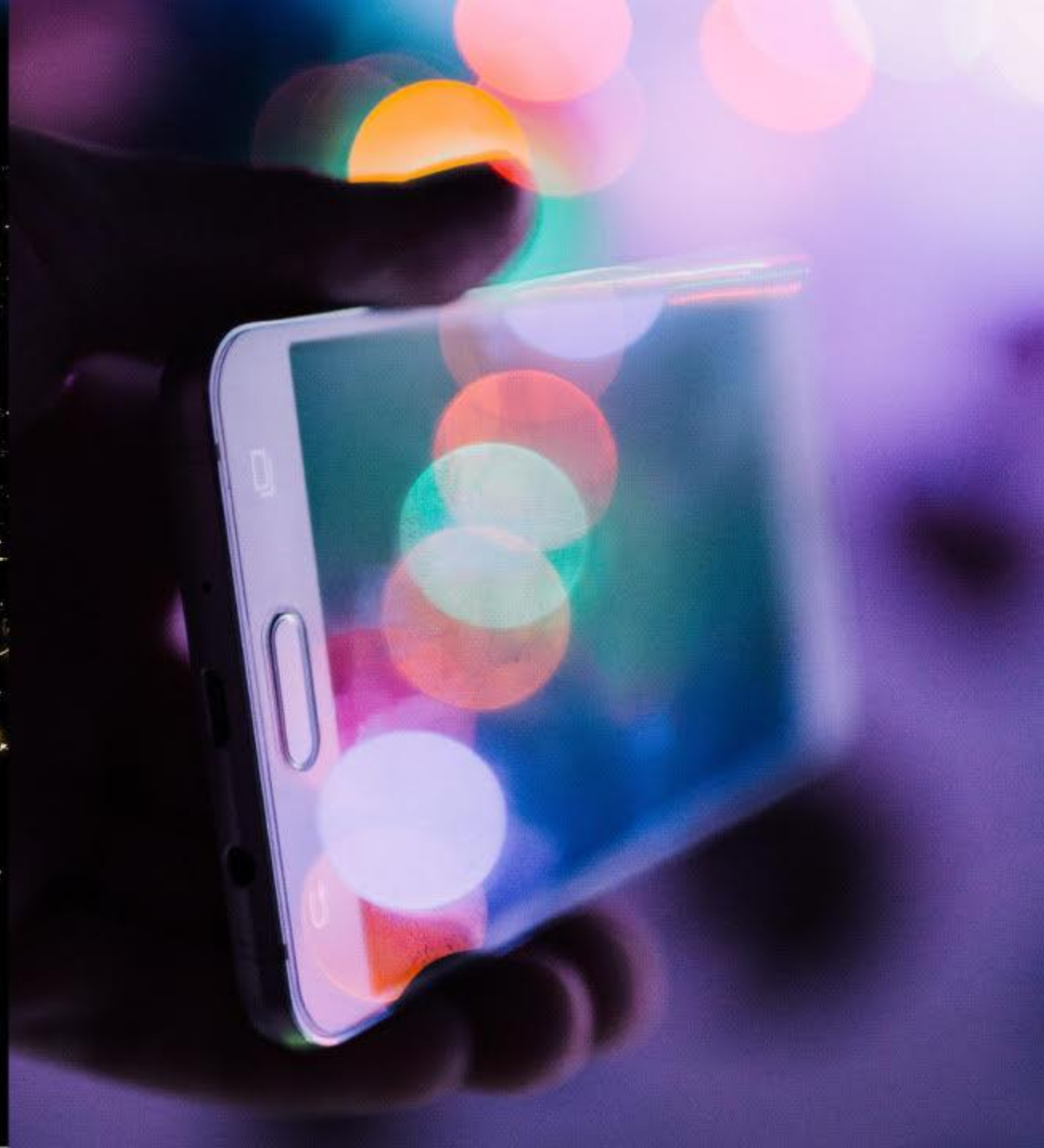
: Scale beyond