



Q2 2022 Interim report R22 Group

for H1 2022
ended 30 June 2022

Tuesday, 6 September, 2022





Dear Shareholders, Employees and Partners,

In the first half of 2022 Group revenues rose by 26% to PLN 171.1m, while EBITDA adjusted for one-off items was up by 22% to PLN 44.6m. The increase of our results is the consequence of visible organic growth and acquisitions completed last year. The results reported only include two weeks of consolidation of MailerLite results. If the consolidation of MailerLite started on January 1, R22 Group revenues would have totaled PLN 204m while adjusted EBITDA would reach PLN 51.2m.

The decline of net profit is related to the increase of financial expenses including interest expenses and FX differences arising from the valuation of Euro-denominated loans which, in the following periods, will be offset by a strong cash flow in Euro and USD generated by MailerLite.

The acquisition of MailerLite, a global supplier of e-mail communications tools for corporate clients, is the biggest transaction in the history of R22 Group. It led to an exponential growth of the CPaaS segment and the Group's global exposure. Thanks to this transaction we are present in 180 markets and we have nearly tripled the number of CPaaS clients. The value of this deal is around PLN 400m, making it one of the biggest foreign acquisitions by a Polish tech company over the last decade.

We are noticing dynamic growth of our results in all three segments of Group R22 activities. Results of cyber_Folks segment deserve particular attention as in the first half of this year they have grown, largely organically by over 20% both in terms of sales and EBITDA. Importantly, we are consistently maintaining an EBITDA margin of that segment at over 40% level.

We are basing the Group's growth on technological solutions that support corporate digital transformation and e-commerce services. For us, this is an important direction because of continuous growth of that market and the opportunities to scale up the Group's product offering and activities on a global scale.

I would like to thank all those involved in the growth of R22 Group, its employees and partners, clients and investors for effective collaboration and for the trust you gave us.

My regards,

Jakub Dwernicki



Our Mission

is to empower our customers and partners to recalibrate and rescale their business, by delivering know-how and technology

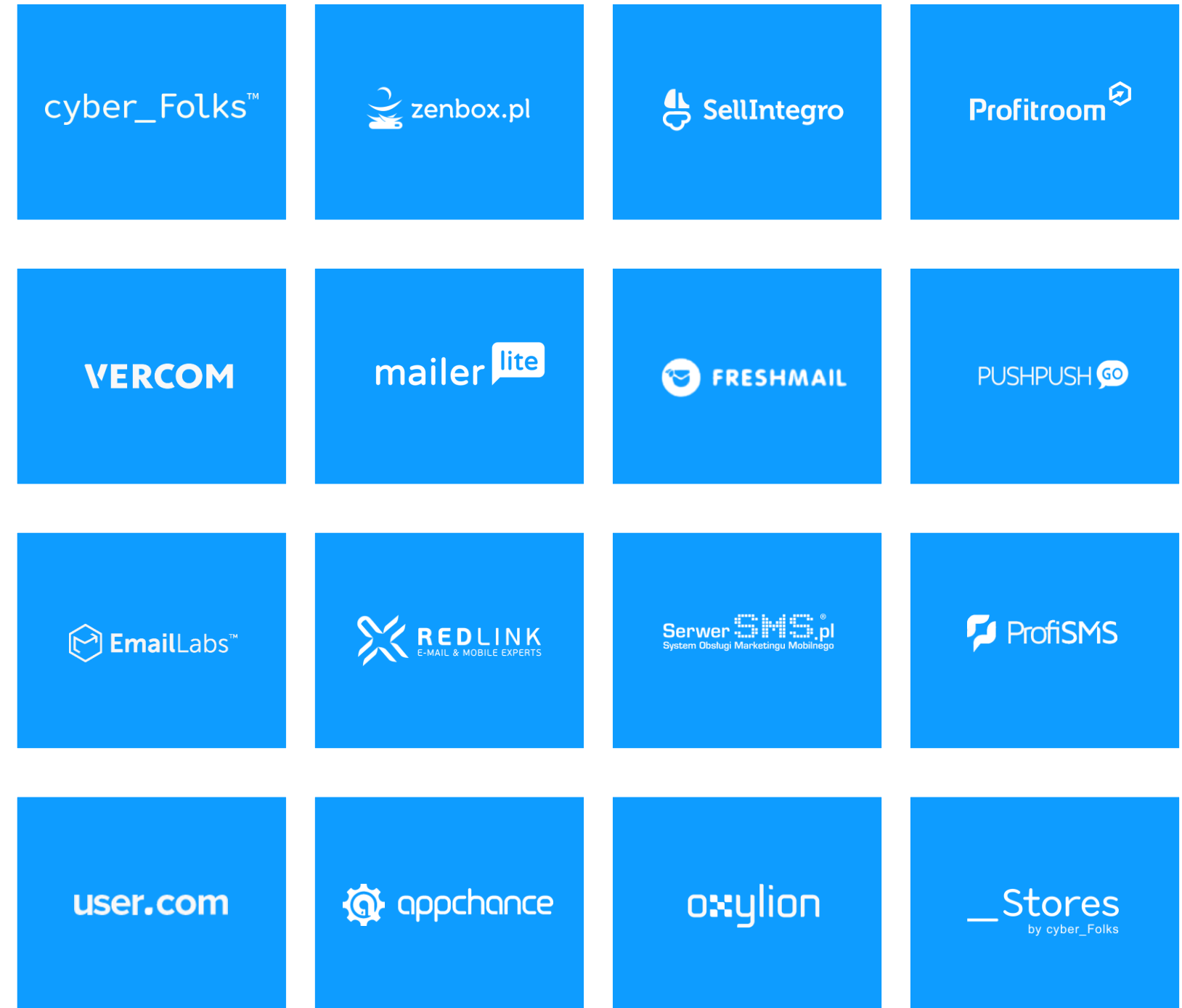


Who we are:

In 1999 we created one of the first hosting companies in Poland. Since then we scaled our business to new sectors and regions, earning us the trust of over 300k customers and PLN 300m in annual sales.

Today, we are a group of dynamically growing technological companies aiming to **support small, medium-sized, and large businesses** in their Internet presence, business process automation, communications, marketing and sales.

Our portfolio includes **scalable services** offered in a **subscription model**, operating along the entire value chain – from creating our own proprietary solutions and their ongoing maintenance, to far-reaching sales and customer support.



*R22 selected brands

Our Team: More than 1000 professionals in over 30 locations



Ionut Ariton
Joint-CEO
cyber_Folks Romania



Adrian Chiruta
Joint-CEO
cyber_Folks Romania



Jacek Duch
Chairman
Supervisory Board



Jakub Dwernicki
Founder & CEO
R22 & cyber_Folks



Katarzyna Garbaciak
Managing Director
Email Labs



Krzysztof Grzęda
Founder &
CEO Profitroom



Anna Harris
Chief Growth
Officer Profitroom



Katarzyna Juszkiewicz
Managing Director
cyber_Folks



Piotr Karwatka
Advisor to the Board



Tomasz Karwatka
Advisor to the Board



Konrad Kowalski
CFO
cyber_Folks



Petra Krajacic
CEO
cyber_Folks Croatia



Marek Kohut
CEO
Profi SMS



Karolina Latos
COO
FreshMail



Adam Lewkowicz
Founder & CTO
Vercom



Dawid Mędrak
Founder & CEO
PushPushGo



Ilma Nausėdaite
Founder & COO
MailerLite



Artur Pajkert
Head of Marketing
cyber_Folks



Tomasz Pakulski
COO
Vercom



Natalia Pawlak
Chief Product Officer
Vercom



Paweł Pindera
Founder & CEO
Sellintegro



Ignas Rubezius
Founder & CEO
MailerLite



Marika Rybarczyk
Managing Director
Oxylion



Paweł Sala
Founder & CEO
FreshMail



Indre Sizovaite
Head of Marketing
MailerLite



Robert Stasik
VP & CFO
R22



Łukasz Szałański
CFO
Vercom



Krzysztof Szyszka
Founder & CEO
Vercom



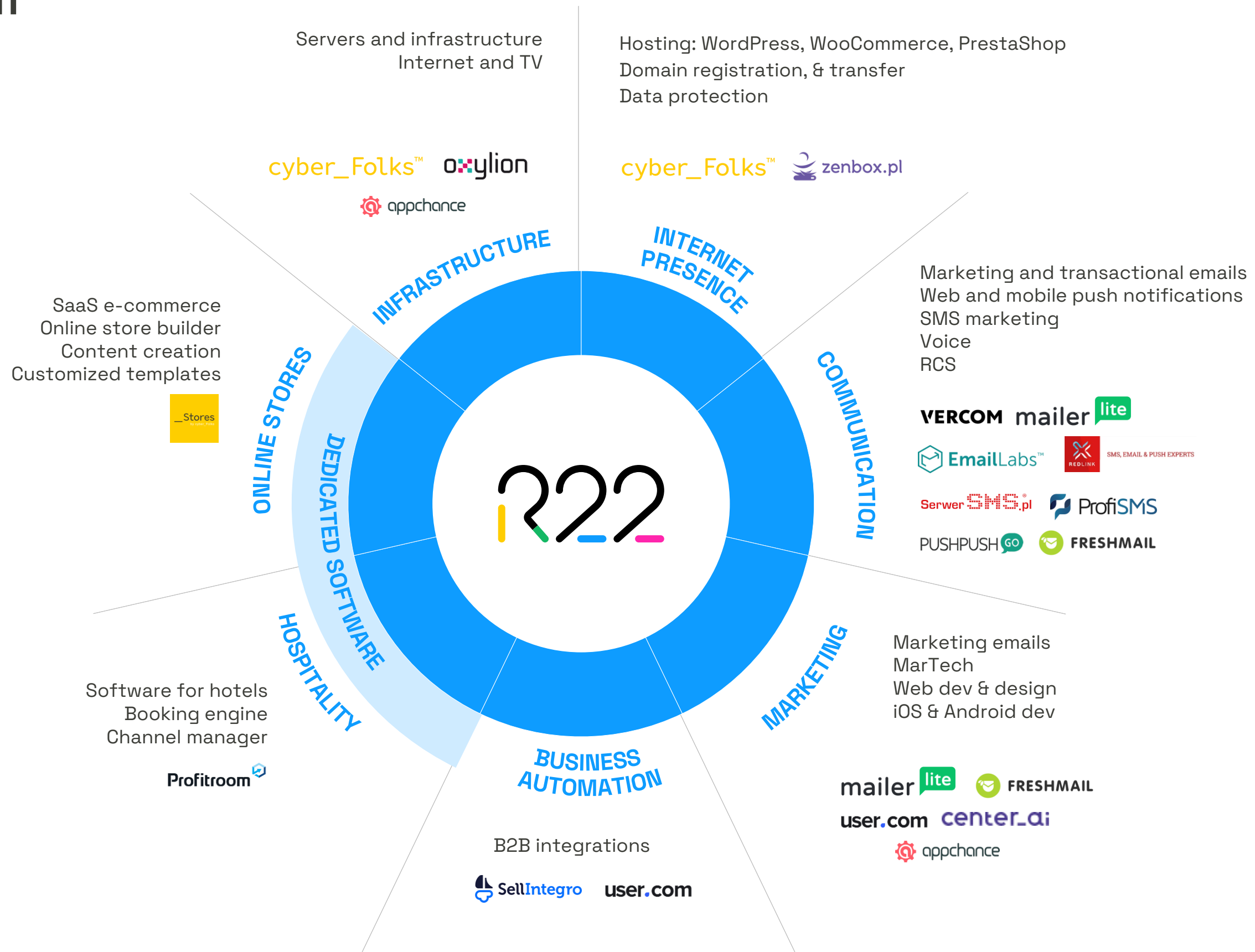
Grzegorz Warzecha
Founder & CEO
User.com



Miłosz Wójcik
Founder
Appchance / Center.ai

*Key team members in alphabetical order

360° Ecosystem



*R22 selected brands



Customer Journey

Delivering end-to-end value of real-life products



Customer Journey:

Hosting

Build your Internet presence:

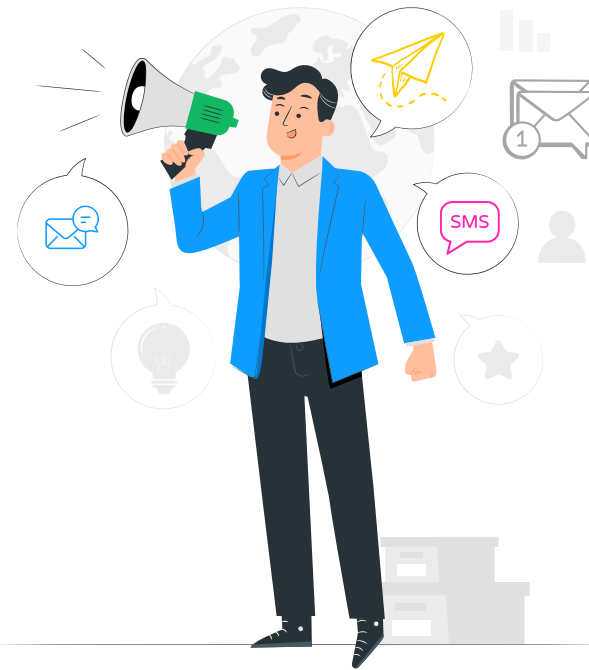
- Domain registration
- Hosting WordPress, WooCommerce, PrestaShop
- E-shops tools
- Data protection
- Servers and infrastructure



CPaaS

Facilitate contact with your clients through omnichannel communication:

- Marketing and transactional e-mails
- SMS notifications
- Web and mobile push notifications
- Voice
- RCS



SaaS

Optimize processes with business automation solutions:

- B2B integrations
- E-commerce integrations
- Dedicated software



Key Facts: Proven ability to translate customer satisfaction into profitable growth



Global-Scale Diversification

>300k

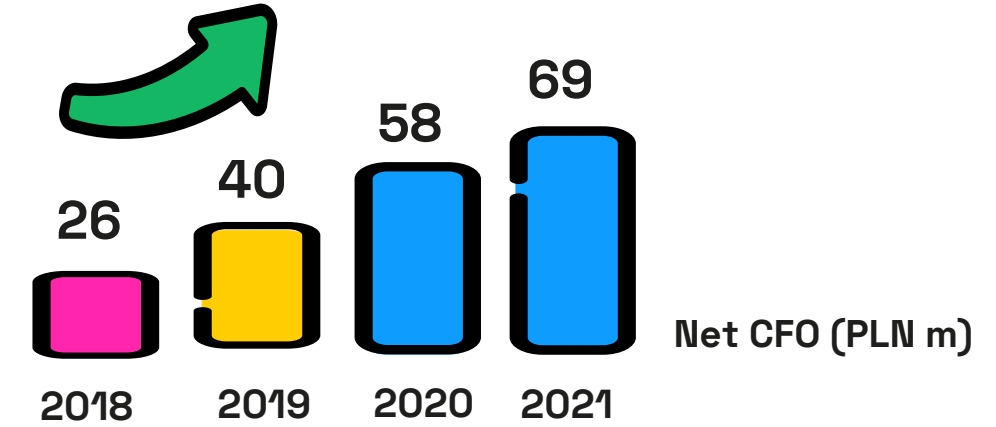
We offer solutions for small, medium, and large business customers representing a wide range of sectors and regions.



High Quality Services & Customer Loyalty

x2 above industry average

Exceptionally high value to price ratio gives us the highest customer ratings in the industry, confirmed by a >70 NPS score⁽²⁾.
The average response time of customer support requests of less than 10 minutes.



Stable & growth Cash Flow

~40% CAGR

High conversion of EBITDA to operating cash flows (>80%) ensures the safety of our operations.

Sources: (1) Source: Retently - B2B Software & SaaS Industry Average NPS: 40, Hosting & Cloud Industry Average NPS: 25, (2) NPS of selected R22 brands.



Our Experience

Over 20 years of building
digital-enabled businesses

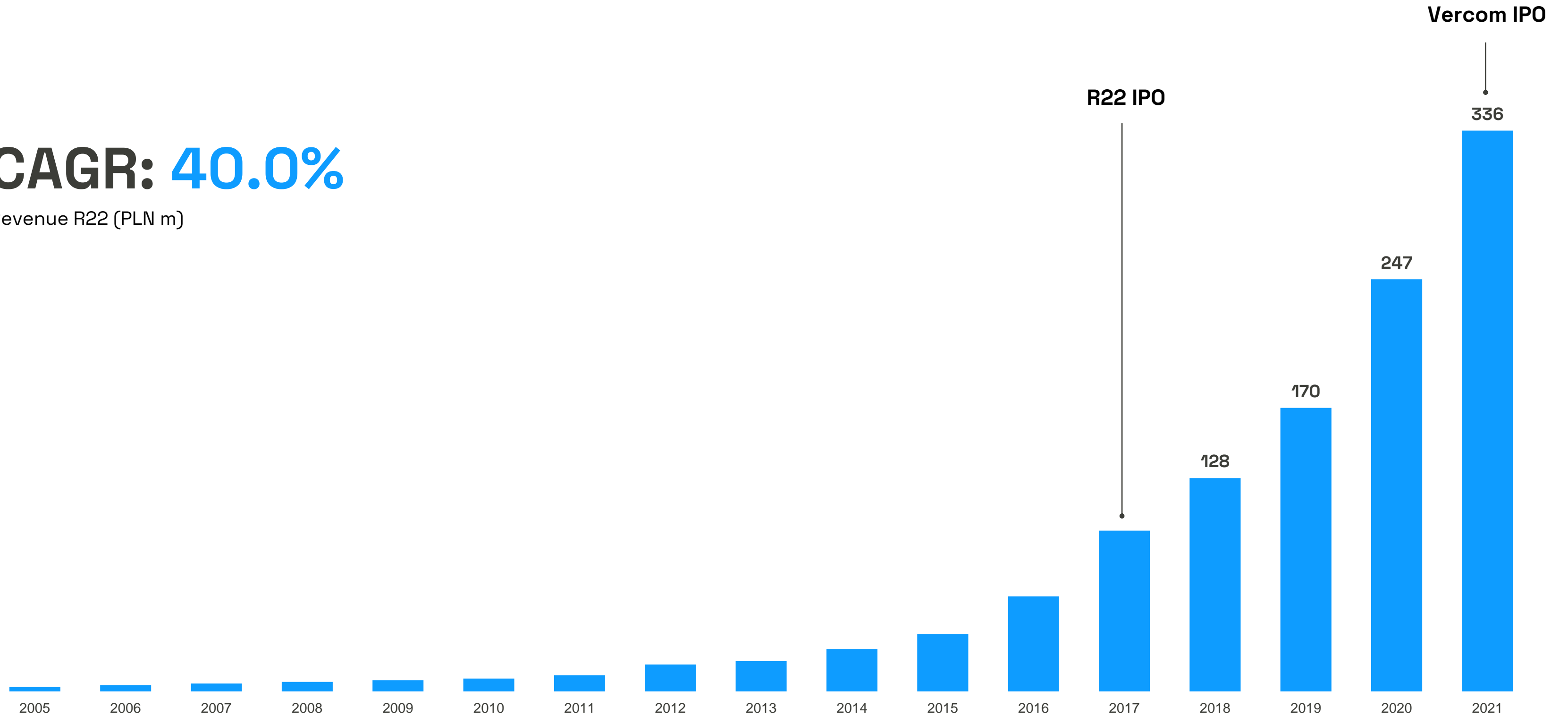




Exponential growth driven by organic growth and acquisitions

CAGR: 40.0%

Revenue R22 (PLN m)





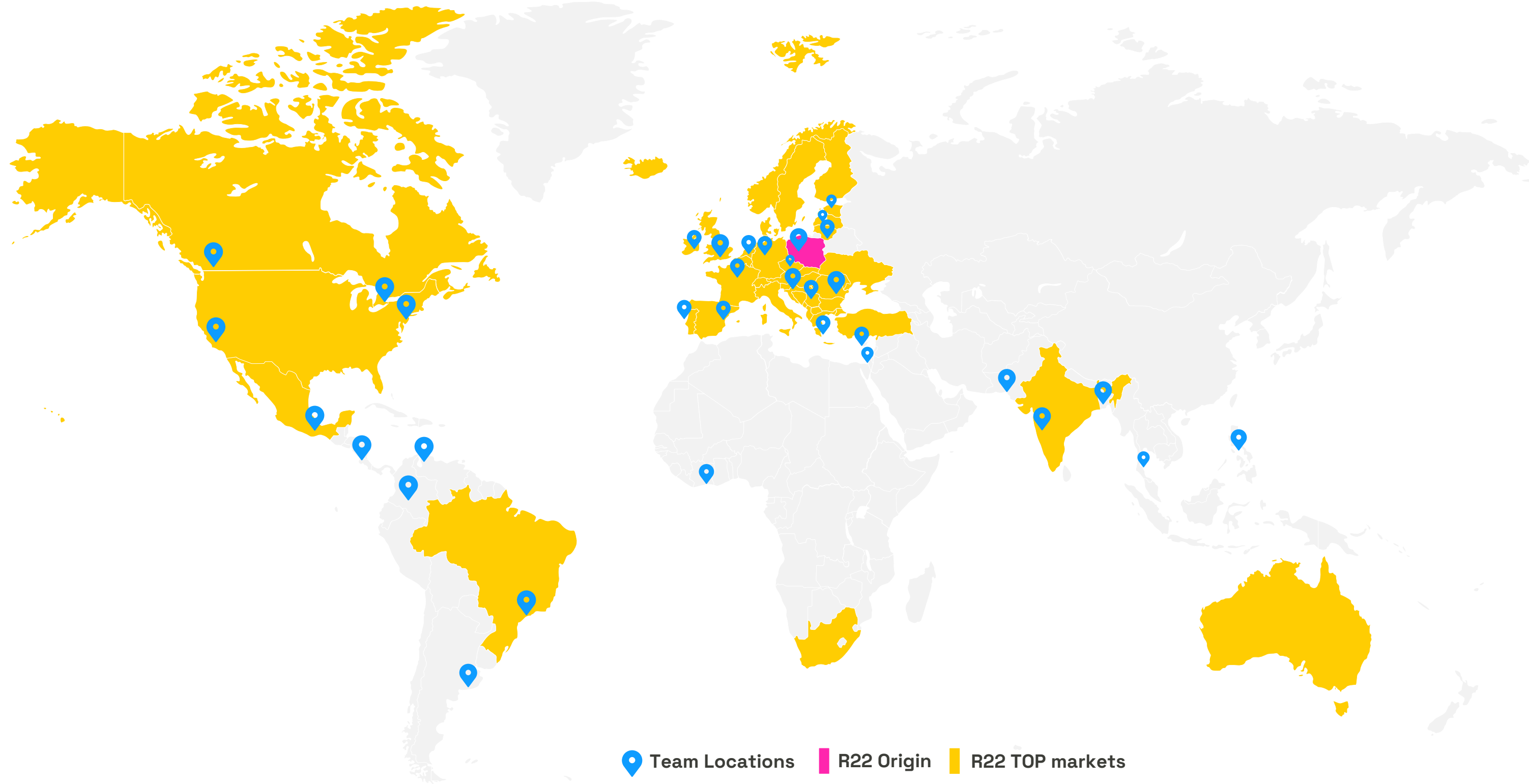
Market

From local company to
global player





Markets: Scaleup to >100 countries

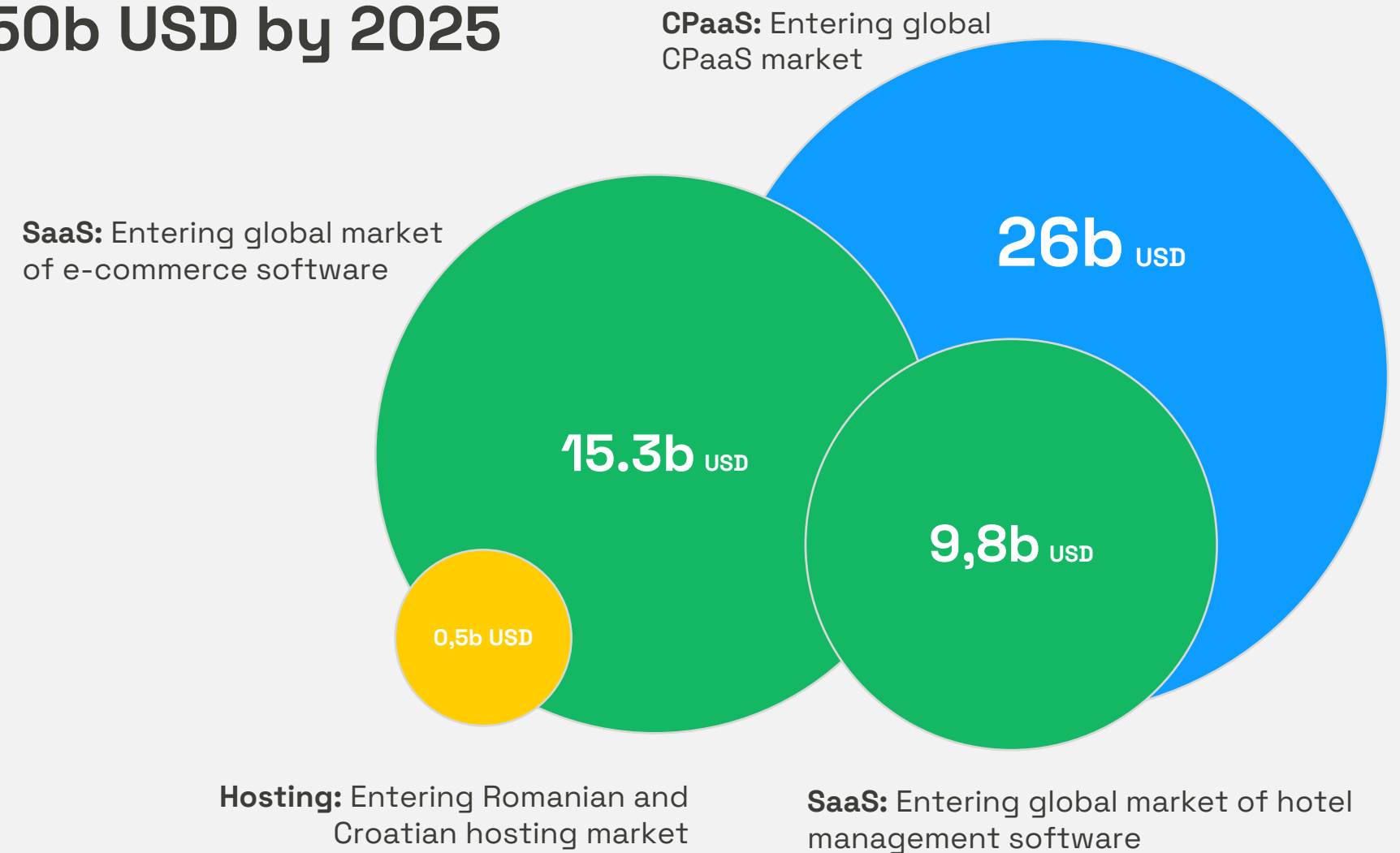


Total Addressable Market: 50x increase in growth potential by unlocking new products and markets

Goal: Maintaining the upward trend of growth by:

- **Product Expansion:** Unlocking new opportunities in the SaaS segment by broadening the product portfolio complexity to meet specific client needs.
- **Segment Expansion:** Increase customer base by mapping and targeting new customer segments in terms of customer size, industry and location.
- **Global Expansion:** Explore post-merger synergies arising from MailerLite acquisition with a focus on global cross-selling and up-selling opportunities.

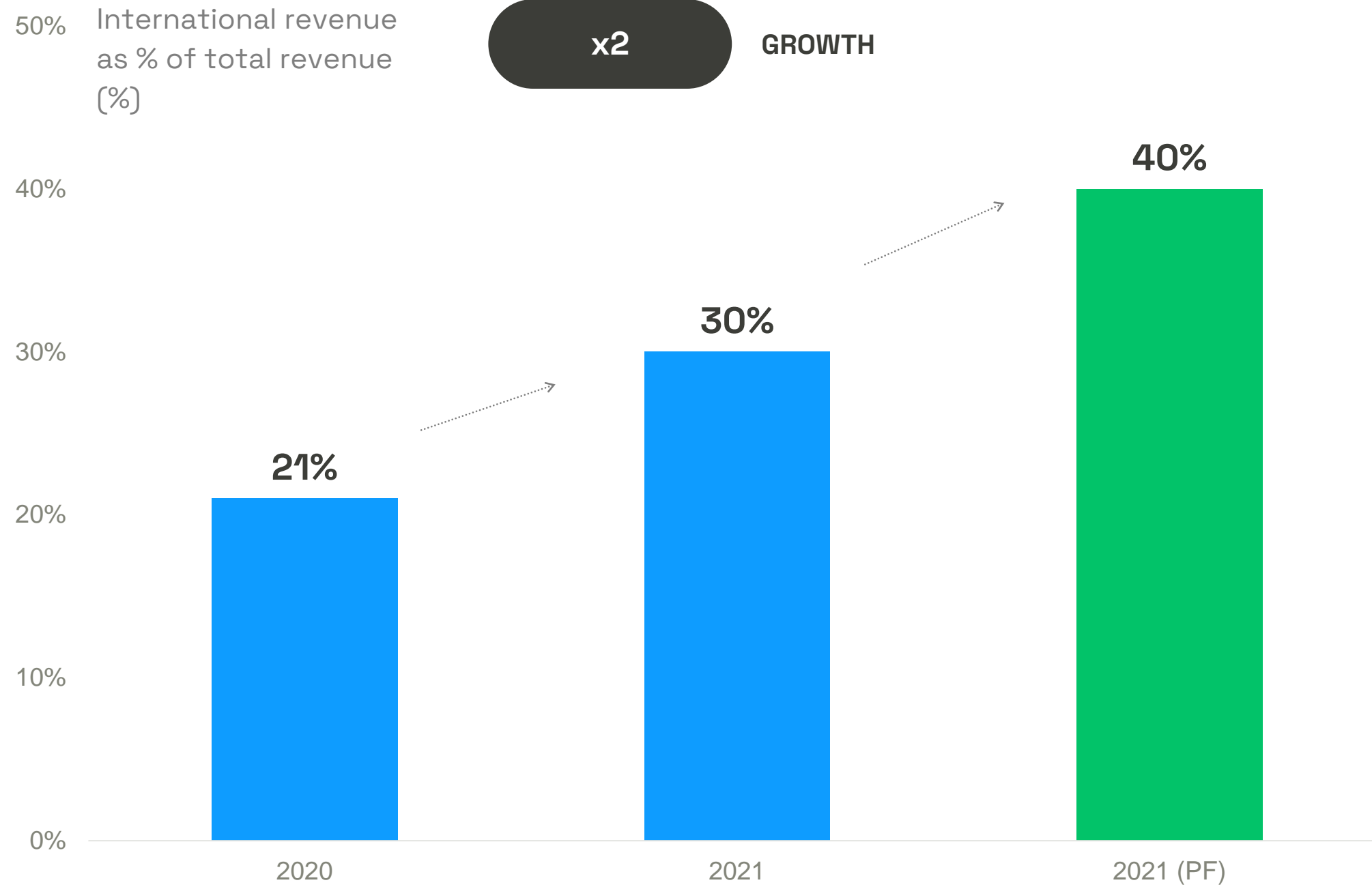
Market Value: 50b USD by 2025



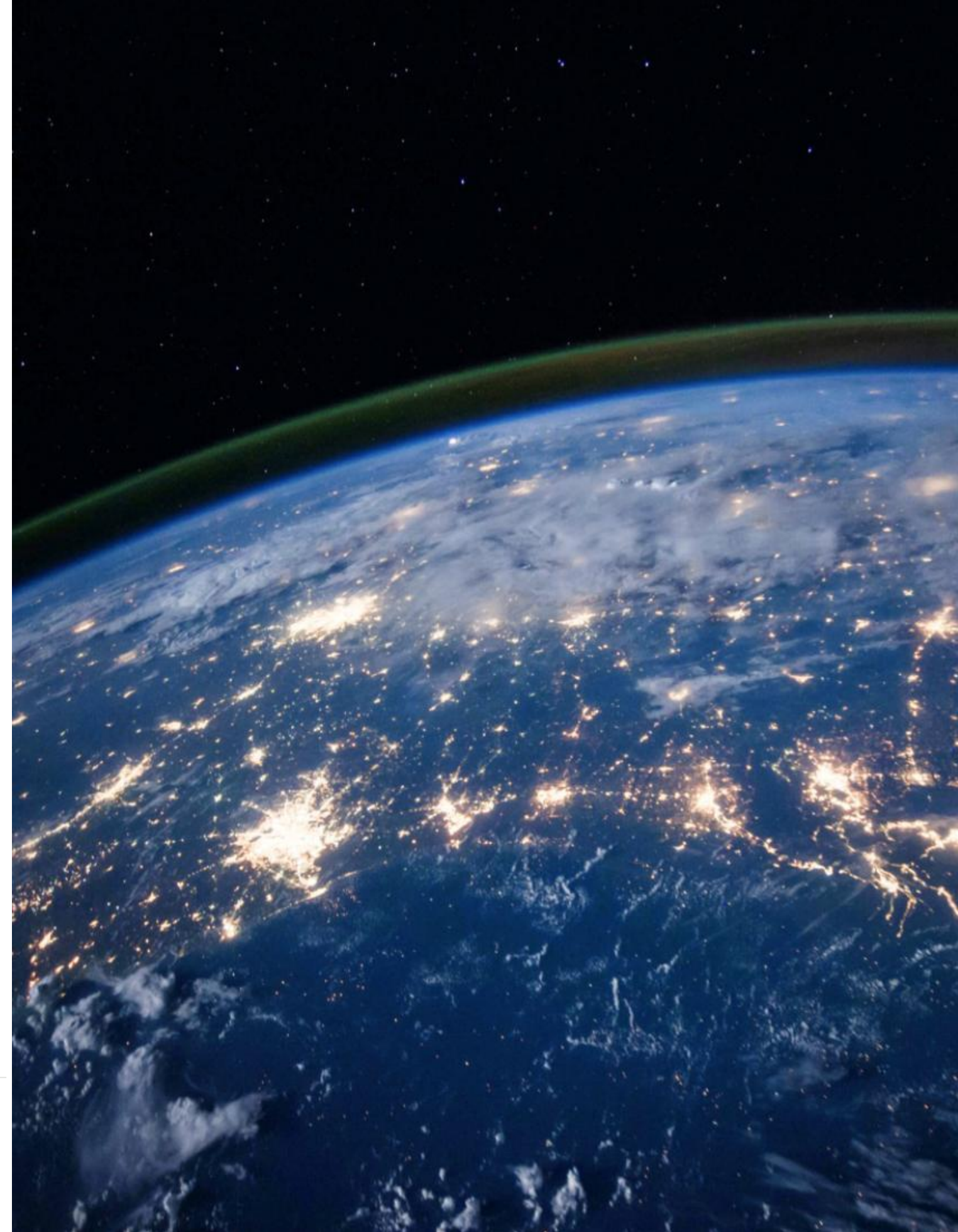
Information for selected markets segments

Sources: Hosting – own estimation based on internal resources and market revenue Statista: “data processing, hosting and related activities”, SaaS: Hotel Management Software market value - Research and Markets: „Hotel Property Management Software Market Research Report”, SaaS: E-commerce Software market value - Grand View Research: „E-commerce Software Market Size, Share & Trends Analysis Report”, CPaaS – based on market revenue Statista.

R22: Welcoming customers all over the world



*2021 (PF) including MailerLite management accounts



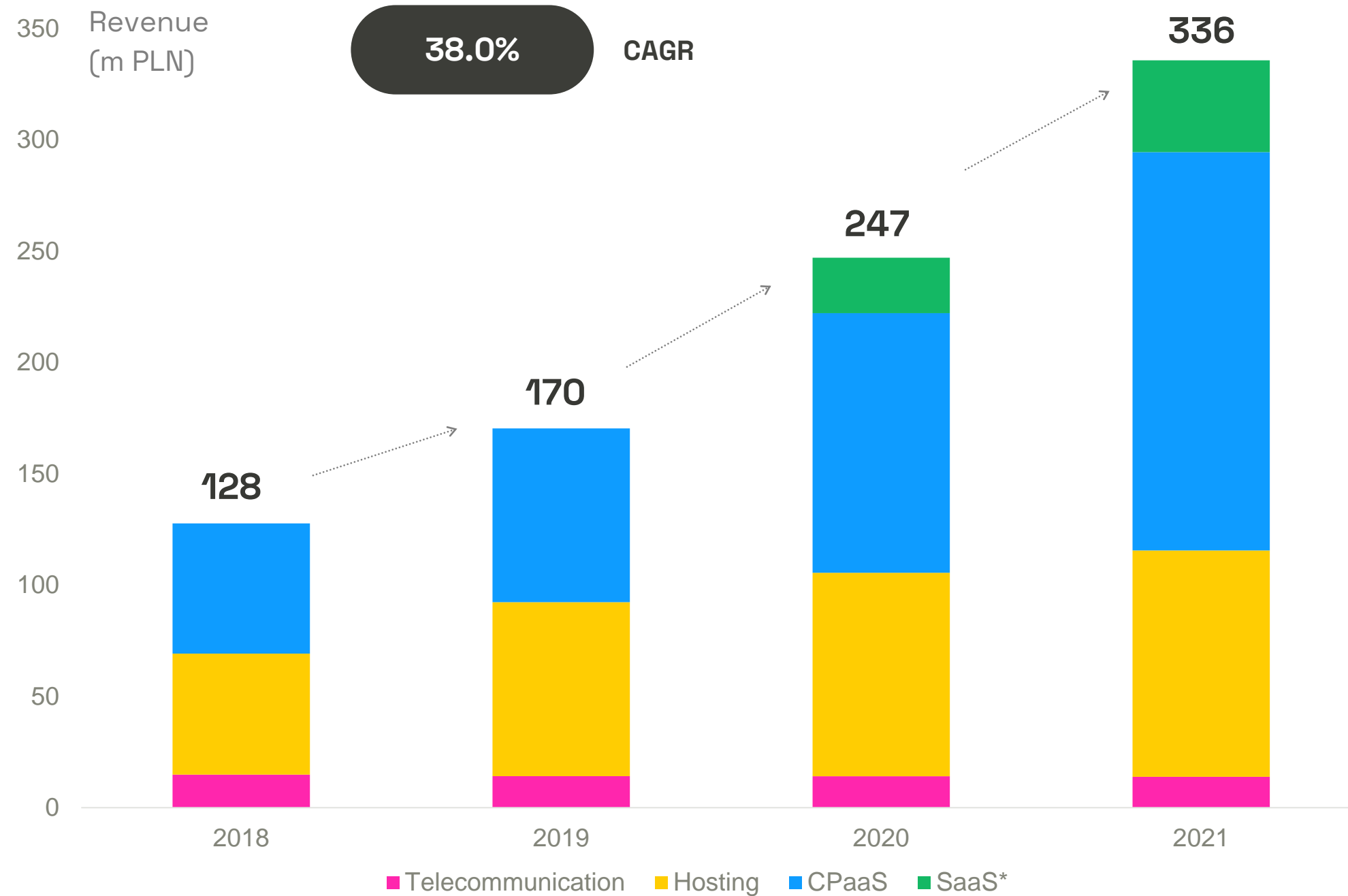


Growth Dynamics

Turning Strategy
into Results

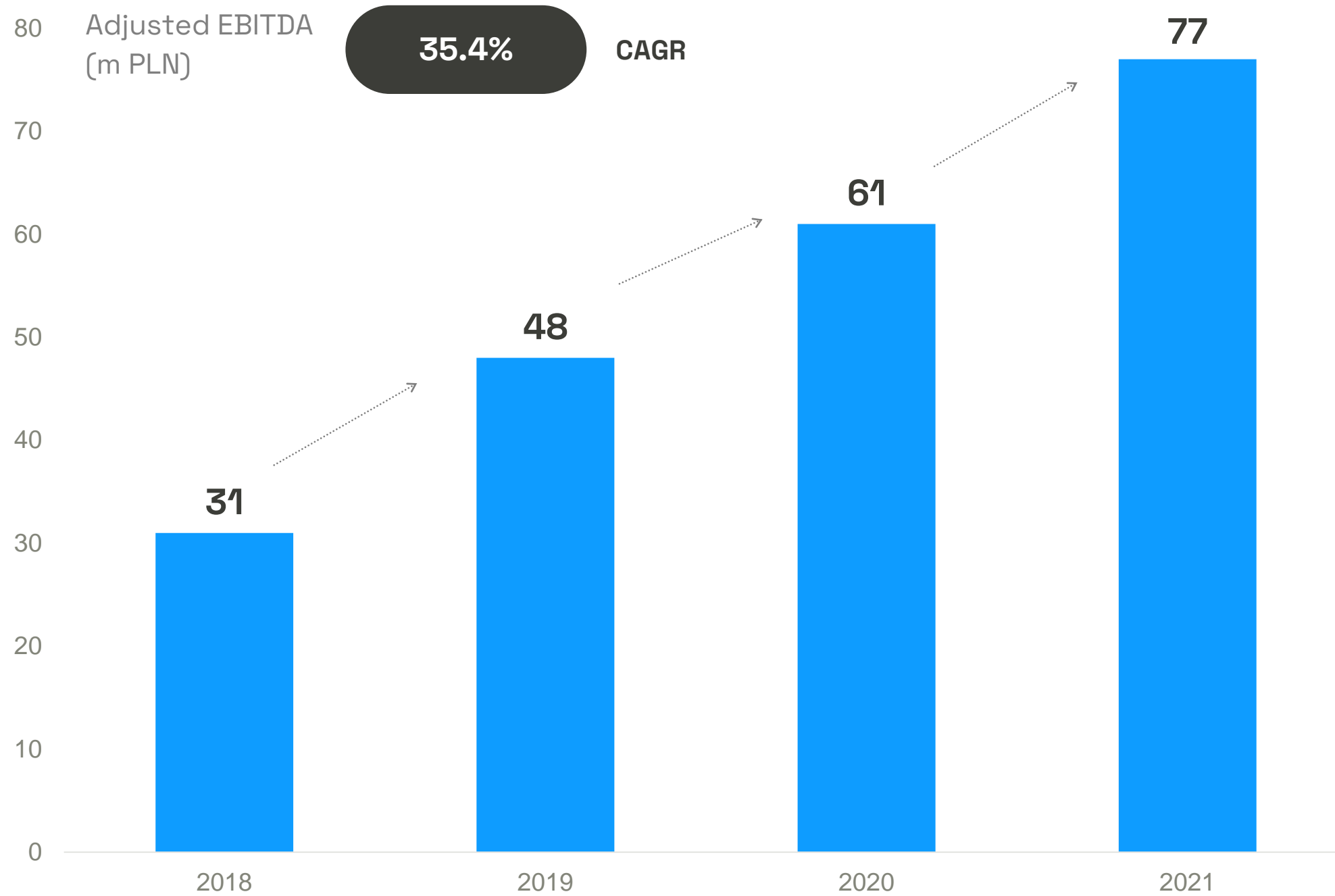


Revenue: Accelerating the growth momentum with highly diversified revenue structure

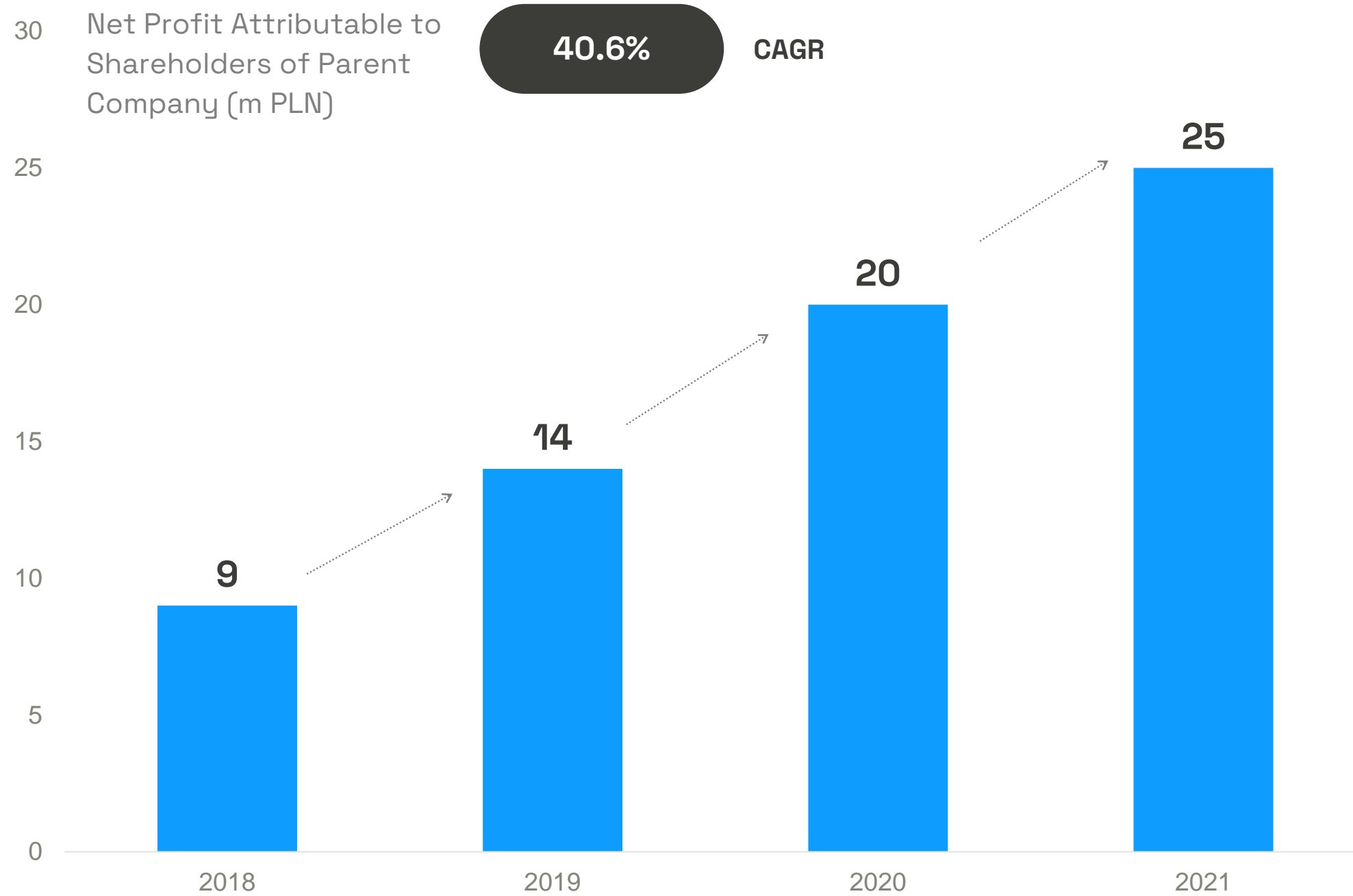


*SaaS segment: The data for this segment also includes financial results of Profitroom and SellIntegro, which are only consolidated by the Group in the net result (no consolidation at the level of revenues and EBITDA). Group R22 has an option of taking over a controlling stake in both companies.

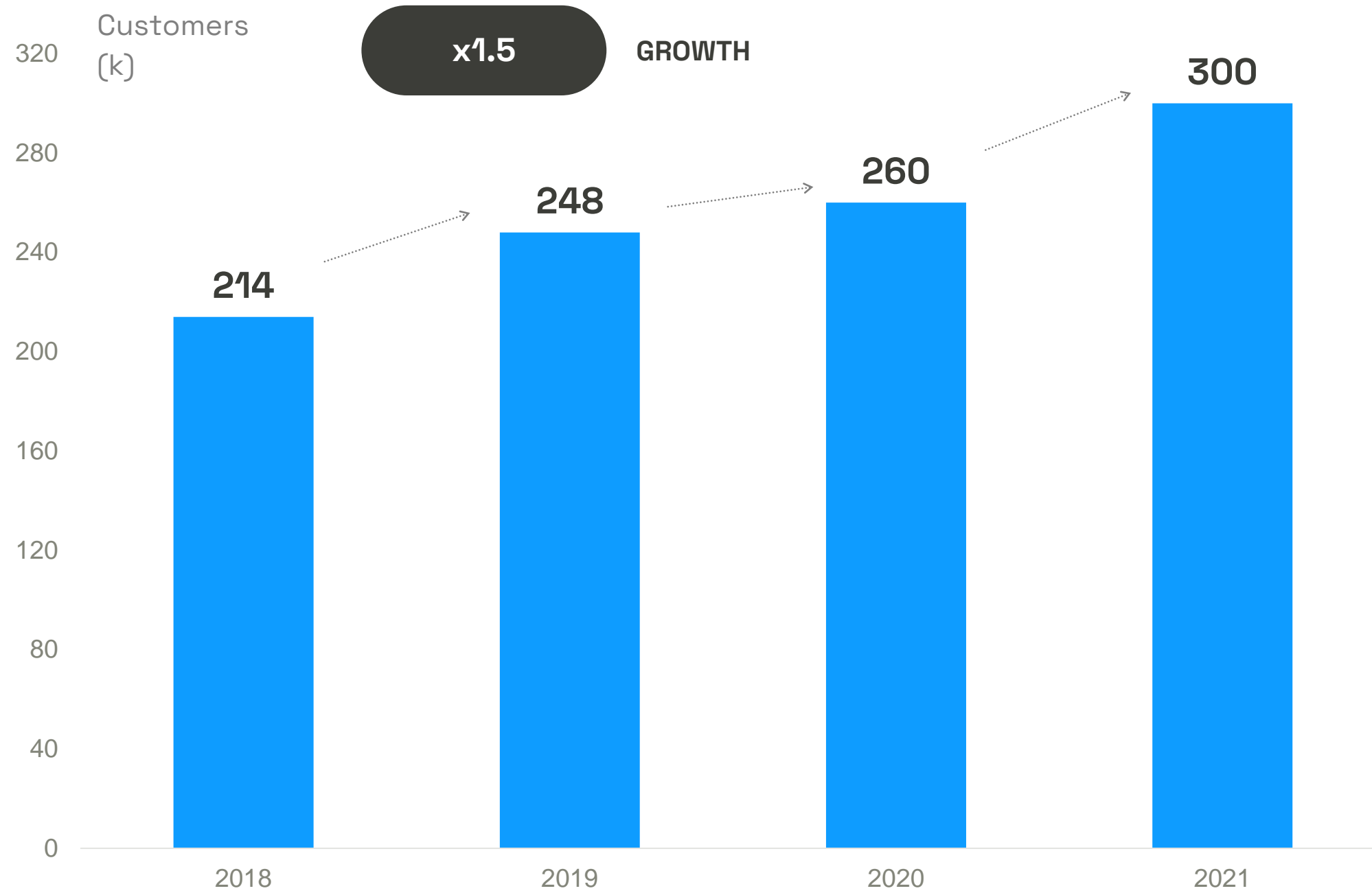
EBITDA: Proving our business value



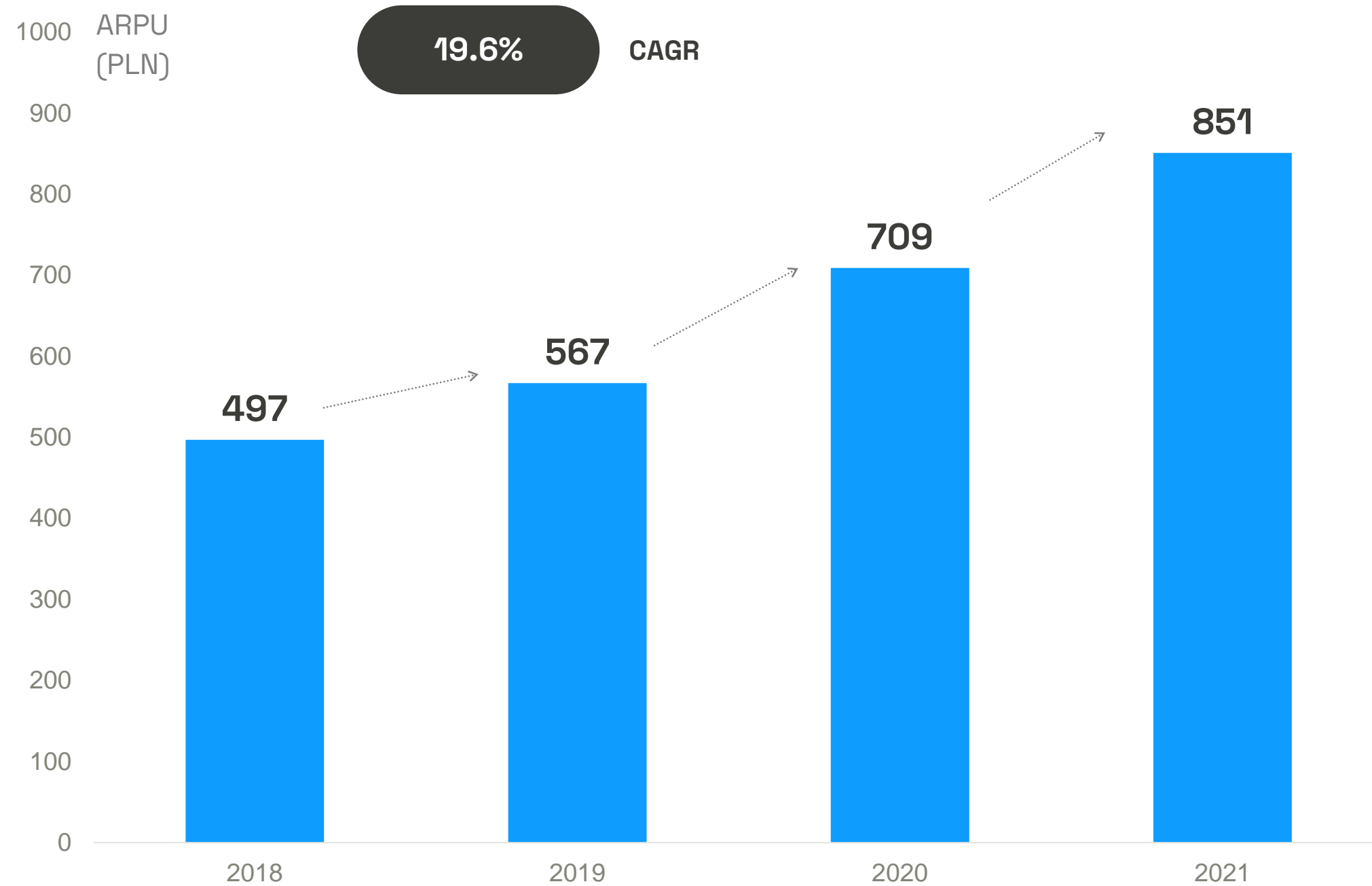
Net Profit: Continuous profitability and cash flow generation



Customers: Steadfast stability thanks to the trust of over 300k customers



ARPU*: Supporting a strong value proposition



*ARPU: Excluding TOP 10 customers generating 14% of revenue and 3% of gross profit (internal estimation).

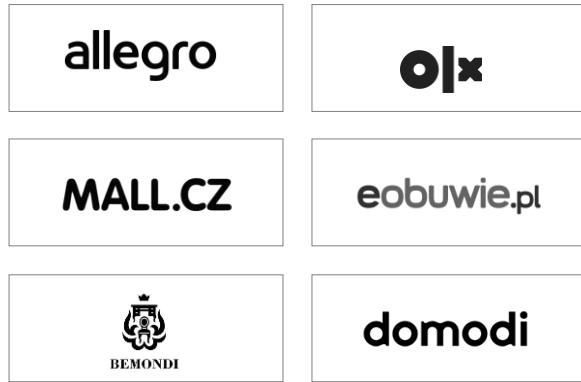
Our Customers

Delivering industry-agnostic solutions that meet the most demanding needs

Retail



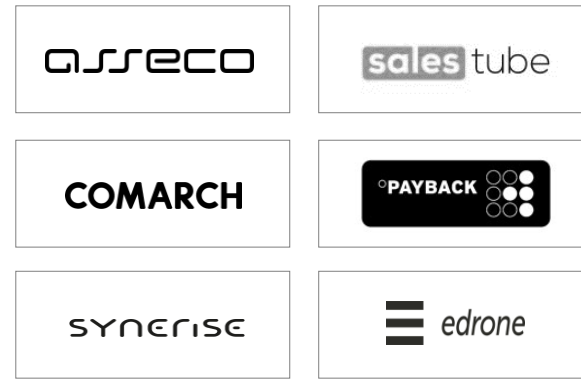
E-commerce



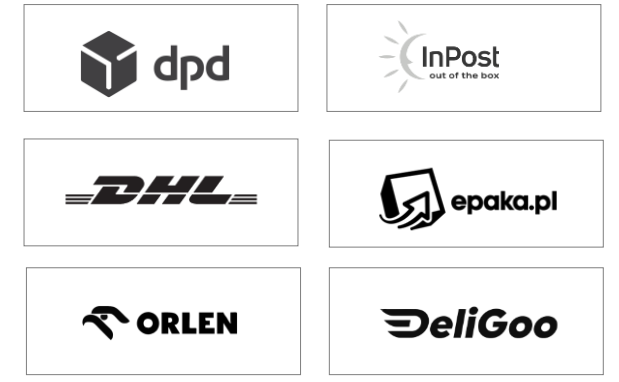
Financial



Tech & Digital Marketing



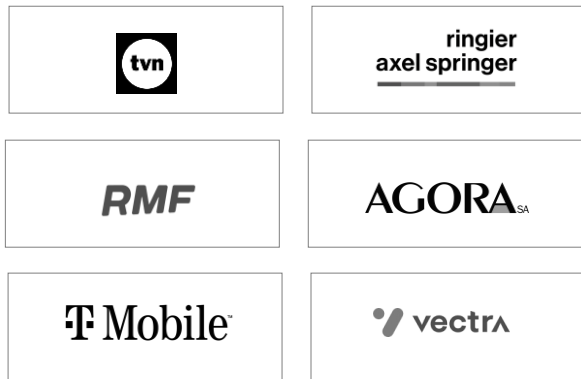
Last mile



FMCG



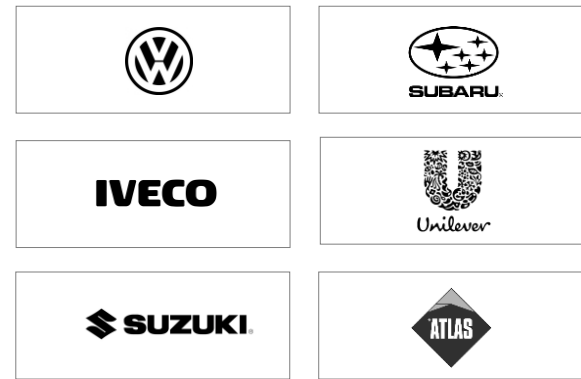
Media & Telecomms



Hospitality



Manufacturing



Utilities & Other

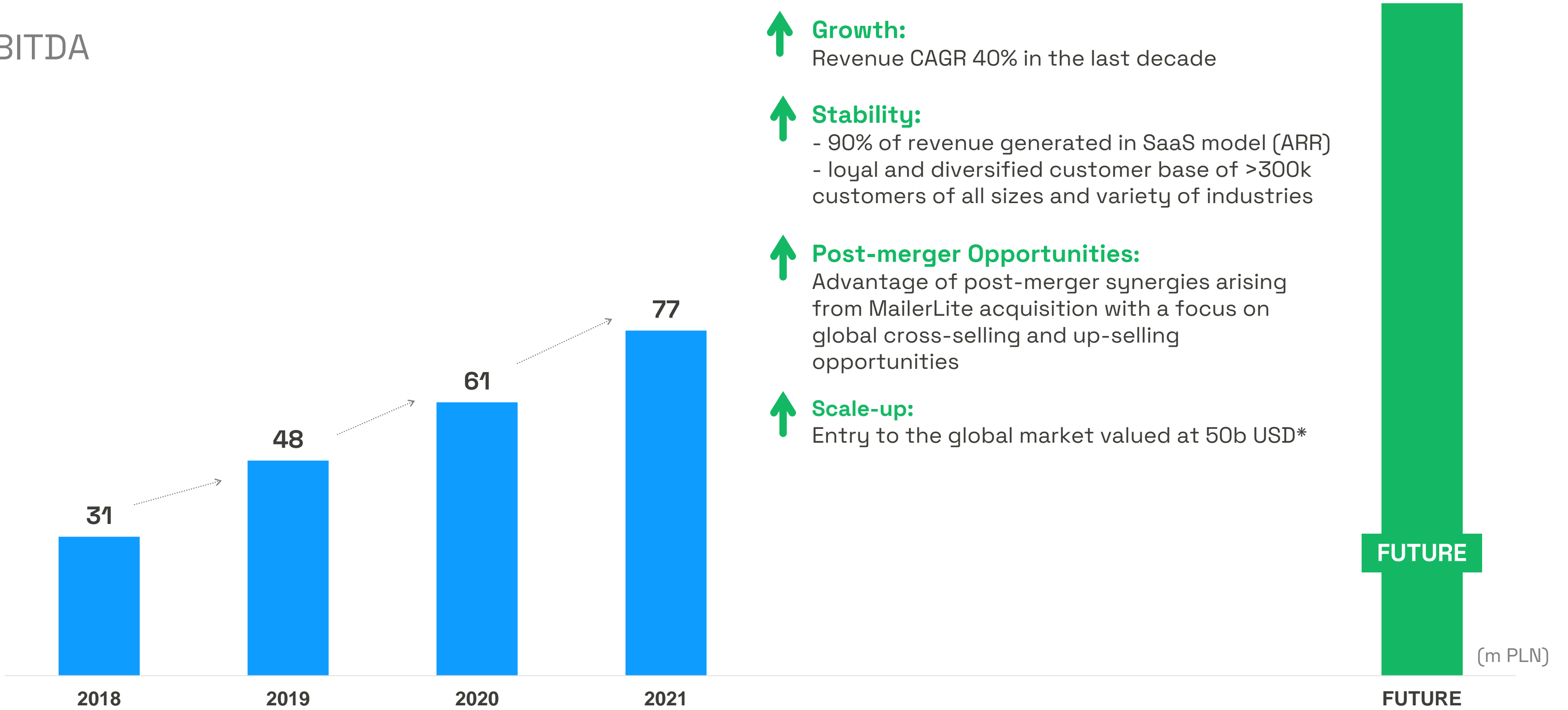


Investment Thesis



R22 Investment Thesis

EBITDA



*by 2025

R22

Highlights





Highlights 2022

13 January 2022

- **Profitroom has won the main prize in the competition "Polish Company - International Champion."**
- Profitroom, a company belonging to the R22 Group - a provider of booking technologies for the majority of Polish hotels - won the main prize in the competition 'Polish Company - International Champion' in the category 'Debutant on Foreign Markets' organised jointly by PwC and Puls Biznesu. The competition focuses on honouring Polish companies which, thanks to foreign investments and export activities, are transforming into global entities, successfully competing on foreign markets and building the Polish brand on the international arena.

24 March 2022

- **Nearly PLN 300m revenue for the R22 Group in 2021.**
- The R22 Group continues its dynamic growth, increasing the scale of its operations and the financial results it achieves. In 2021 revenues increased by 33% to PLN 296.6m and adjusted EBITDA increased by 26% to PLN 77.2m. Adjusted net profit attributable to shareholders of the parent company was 28% higher than a year earlier, at PLN 28.9m, or PLN 2.06 per share. The dynamic growth in the Group's results is supported by favourable market trends in the digitalisation and automation of the economy and exposure to the fast-growing e-commerce industry.

26 April 2022

- **Vercom acquires MailerLite**
- Vercom is reaching a milestone in its international market expansion. The acquisition of MailerLite, a global provider of email communication tools for business customers headquartered in the US, will enable the company to nearly triple its customer base and establish a presence in 180 markets. MailerLite's main markets are the US and Western Europe, which together account for more than 70 per cent of the company's revenue. MailerLite has more than 38k customers in 180 markets and employs around 100 people in 30 international locations. The value of the transaction will be approximately PLN 400m.

9 May 2022

- **Management Board recommends distribution of profit for 2021**
- Management Board of R22 has proposed to the General Meeting a transfer to shareholders of PLN 14m, or 55% of the consolidated net profit attributable to shareholders of the parent company for 2021. The Board's original recommendation was to carry out a buyback of up to 260,000 treasury shares, at a price of no more than PLN 54.00 per share. Influenced by the dialogue with individual investors, CEO and significant shareholder, Jakub Dwernicki, proposed amendments to the draft resolutions, which included the payment of a dividend of PLN 10m and a share buyback of PLN 4m.



Highlights 2022

6 June 2022

- **General Meeting's decision on a dividend payment and a stock buyback**
- On June 6, 2022, an Ordinary General Meeting adopted a resolution on the allocation of profit for the fiscal year 2021. Pursuant to that resolution, PLN 10.07m was allocated for a dividend payment totaling PLN 0.71 per share. The dividend date was set for June 11, 2022, with the payment date set for June 17, 2022. The remaining part of 2021 net profit (PLN 9.94m) was allocated to reserve capital. At the same time the OGM has authorized R22's Managing Board to conduct a stock buyback of up to 80,000 shares for PLN 50 apiece.

14 June 2022

- **Taking up shares in Vercom and the sale of Oxylion shares**
- R22 Group is continuing dynamic growth, scaling up its activities and financial results. Last year its sales rose by 33% to PLN 296.6m while adjusted EBITDA was up by 26% to PLN 77.2m. Adjusted net profit attributable to shareholders of the parent company was 28% higher than the year before and totaled PLN 28.9m, or PLN 2.06 per share. Dynamic growth of the group's results is further supported by positive market trends relating to digital transformation, automatization of the economy and the exposure to the rapidly growing e-commerce sector.

2 August 2022

- **Organizational changes at cyber_Folks**
- The Ordinary General Meeting of cyber_Folks made a decision to change the company's Managing Board. Robert Stasik was recalled from his position as a Managing Board member and was appointed to cyber_Folks Supervisory Board. At the same time Katarzyna Juskiewicz, Konrad Kowalski and Artur Pajkert were appointed as new Managing Board members. The General Meeting also decided on cyber_Folks share split and a dividend payment totaling nearly PLN 18m.
- Prior to that, in January 2022, newly issued shares of cyber_Folks S.A. representing a combined stake of 0.57% were taken up by Tomasz Karwatka and Piotr Karwatka in return for a cash payment of PLN 3m. The Karwatka brothers have extensive experience in the development of eCommerce projects and are currently managing venture builder Catch The Tornado.

R22

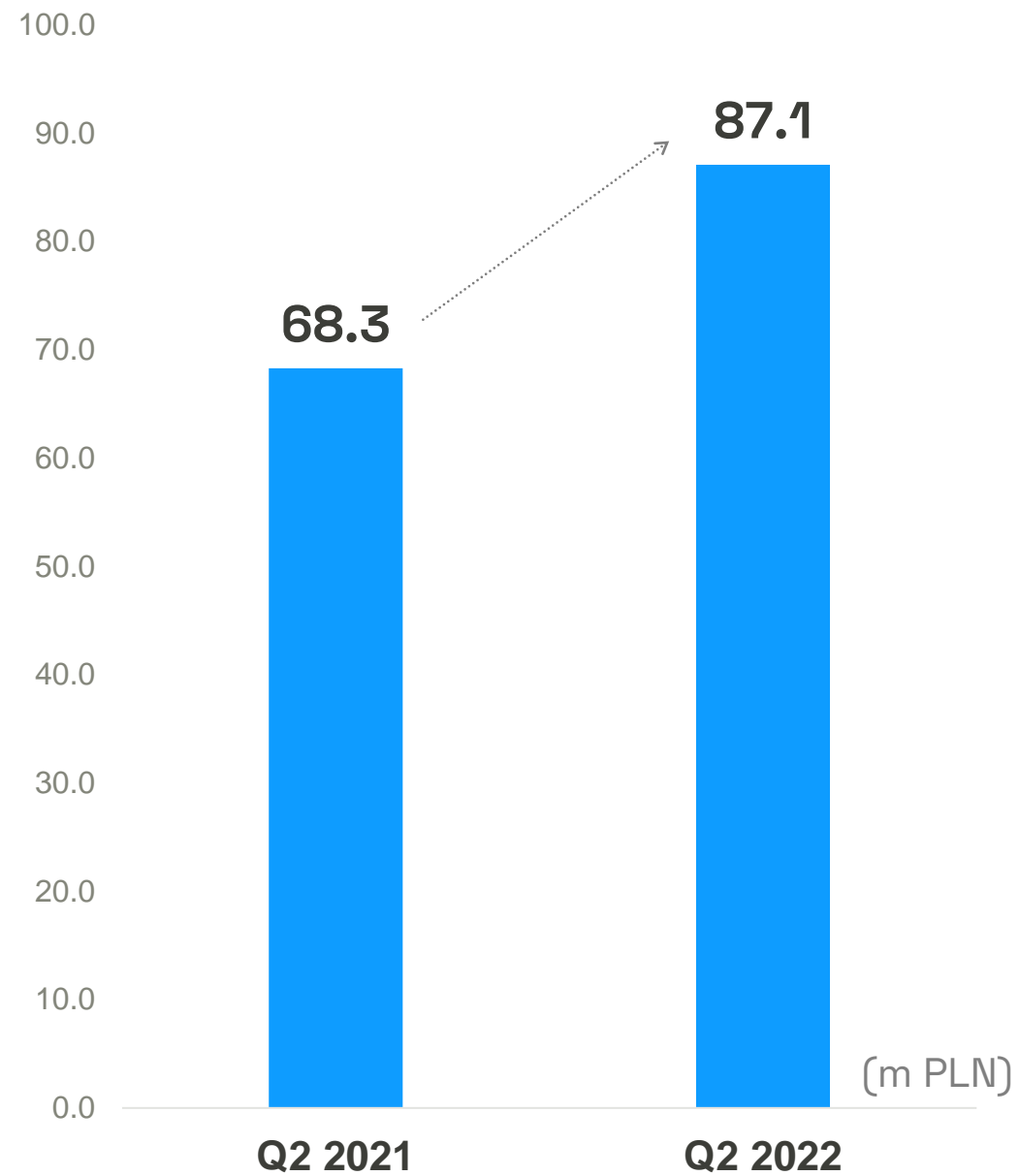
Financial results



Continued growth in the scale of operations

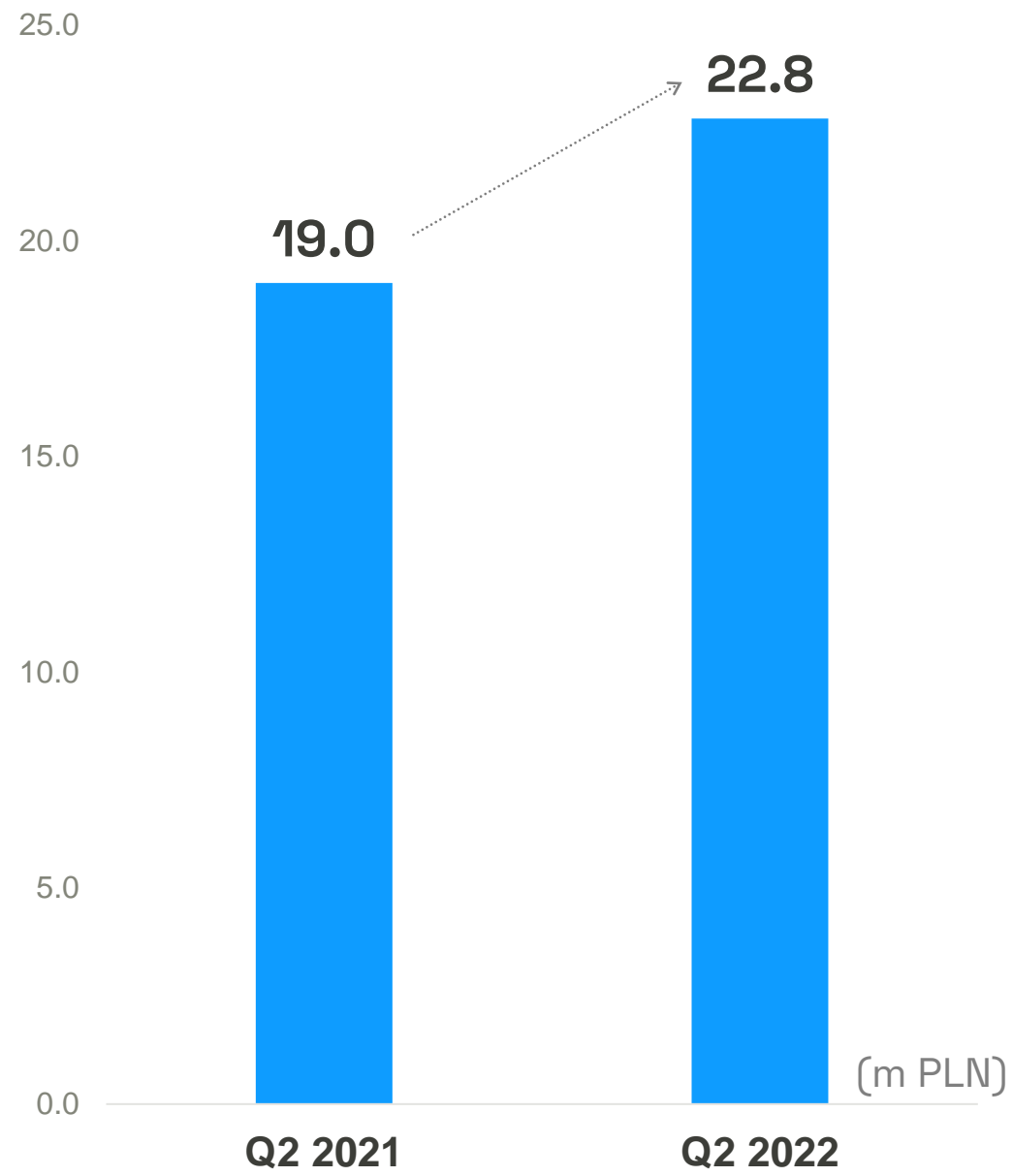
Revenue

+28%



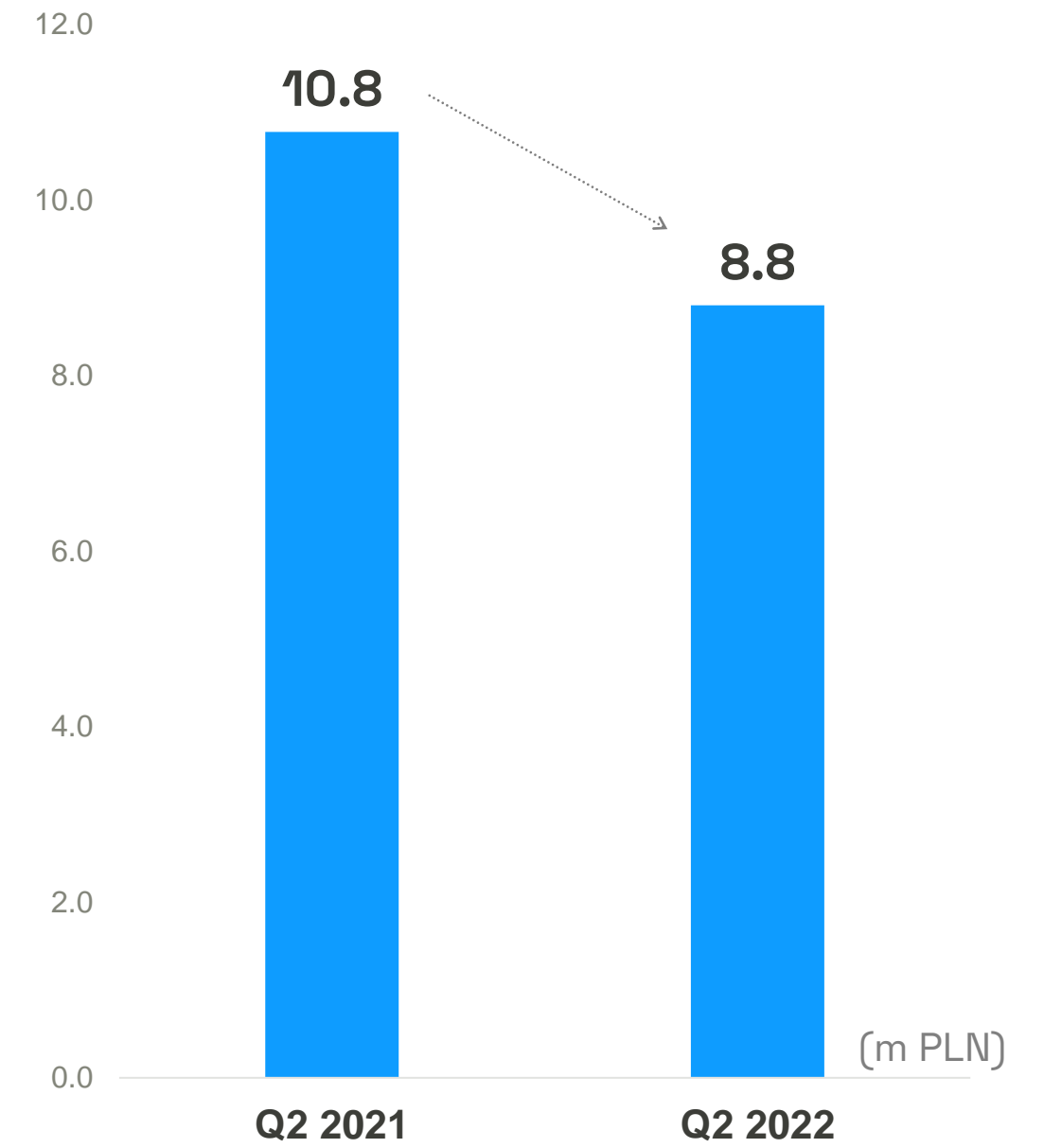
Adjusted EBITDA

+20%

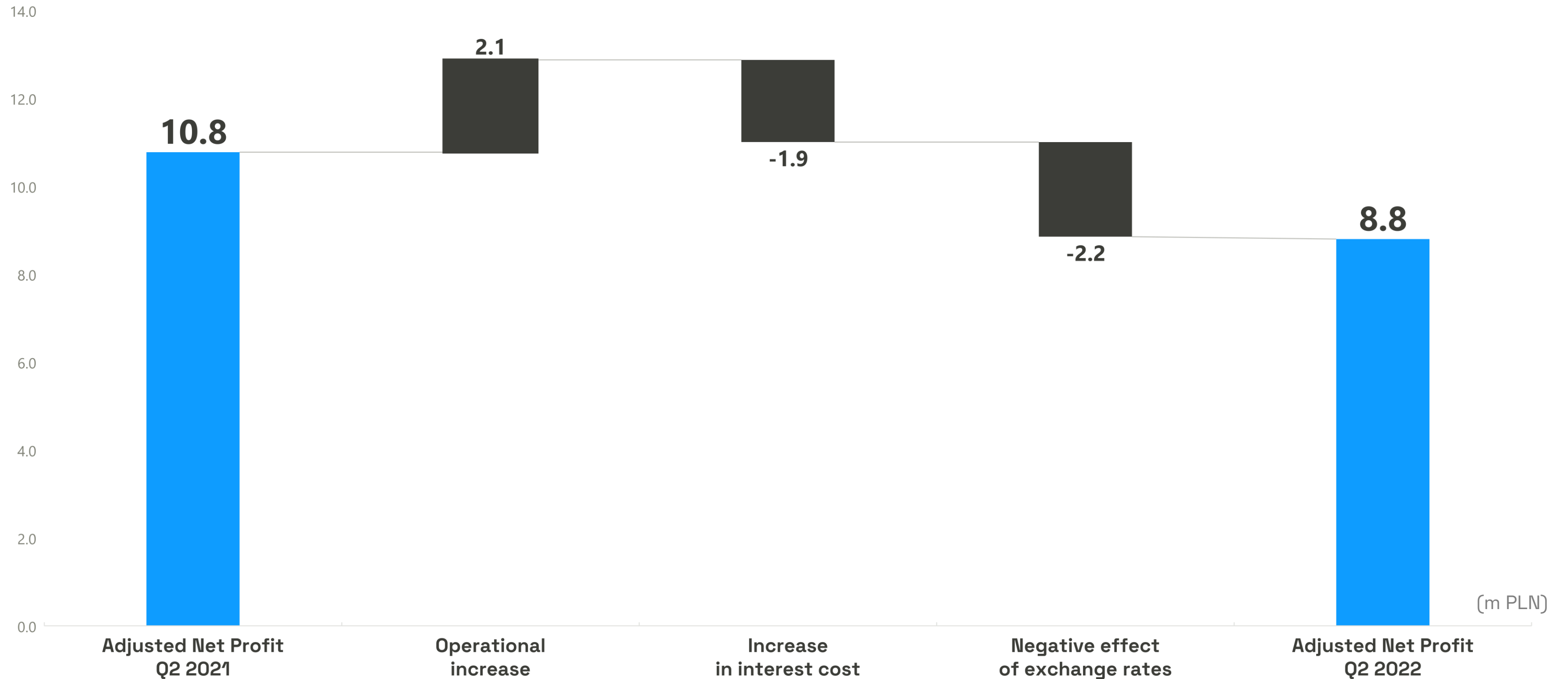


Adjusted Net Profit

-18%



Net Profit: Exceptional impact of financial costs



Dynamic growth of revenues and profits

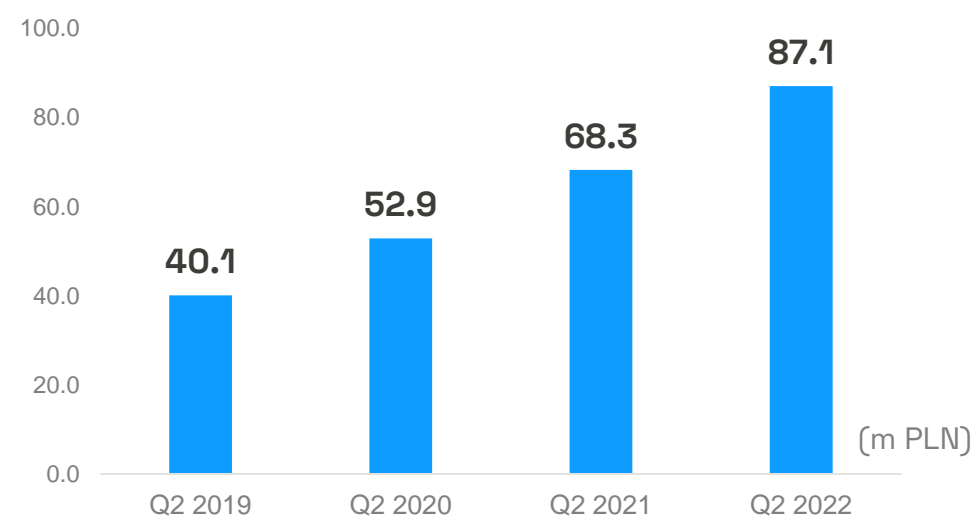
Selected consolidated financial data:

(k PLN)	H1 2021	H1 2022	Change	Q2 2021	Q2 2022	Change
Revenue from sales	135 555	171 054	26%	68 276	87 134	28%
EBIT	26 428	29 662	12%	13 746	15 107	9%
Adjusted EBITDA	36 694	44 858	22%	19 023	23 106	21%
Transaction costs	0	1 936		0	1 286	
ESOP Vercom	449	314	-30%	449	158	-65%
Gain/(loss) on sale and liquidation of tangible fixed assets	0	-503		0	-279	
Net Profit	18 930	17 750	-1%	10 412	7 888	-15%
Adjusted Net Profit	19 294	19 165	-1%	10 776	8 832	-18%
Net Profit attributable to shareholders of parent company	15 239	12 966	-15%	8 430	4 487	-47%

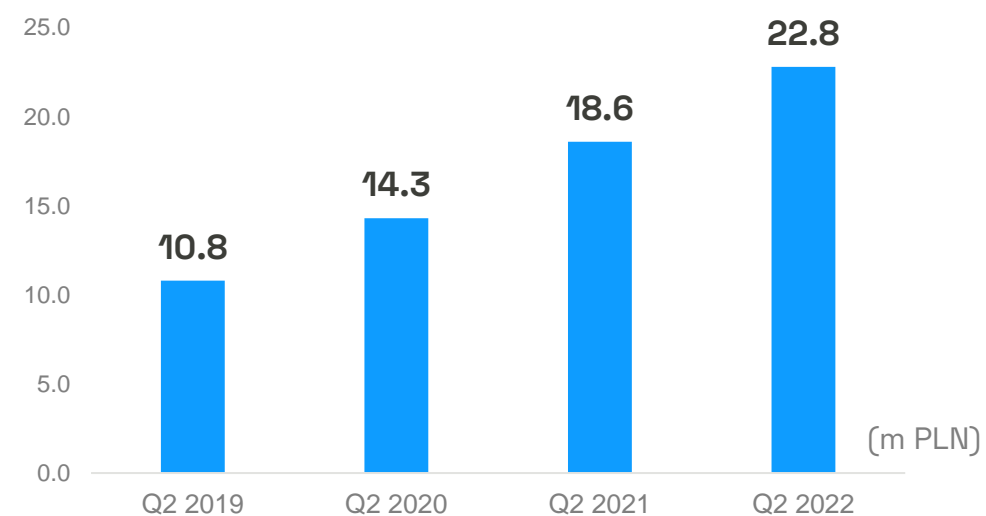
Clear organic growth + Acquisitions:

- A decrease in net profit related to an **increase in net financial costs**, which in H1 2022 amounted to PLN 7.5 million (PLN 3.8 million a year earlier). Including interest costs of PLN 6.4 million (vs PLN 3.8 million) and net foreign exchange differences PLN 1.2 million (vs PLN 0.02 million) - valuation of loan liabilities in EUR, which in subsequent periods will be compensated by a large stream of inflows in EUR and USD generated by MailerLite.
- The decrease in the net profit attributable to the shareholders of the parent company is **temporarily affected by the reduction of the stake in Vercom, with the reported result not including the full result of the acquired entities** (MeilerLite consolidation from June 14 this year).

Revenue:



Adjusted EBITDA:



High cash generationg efficiency

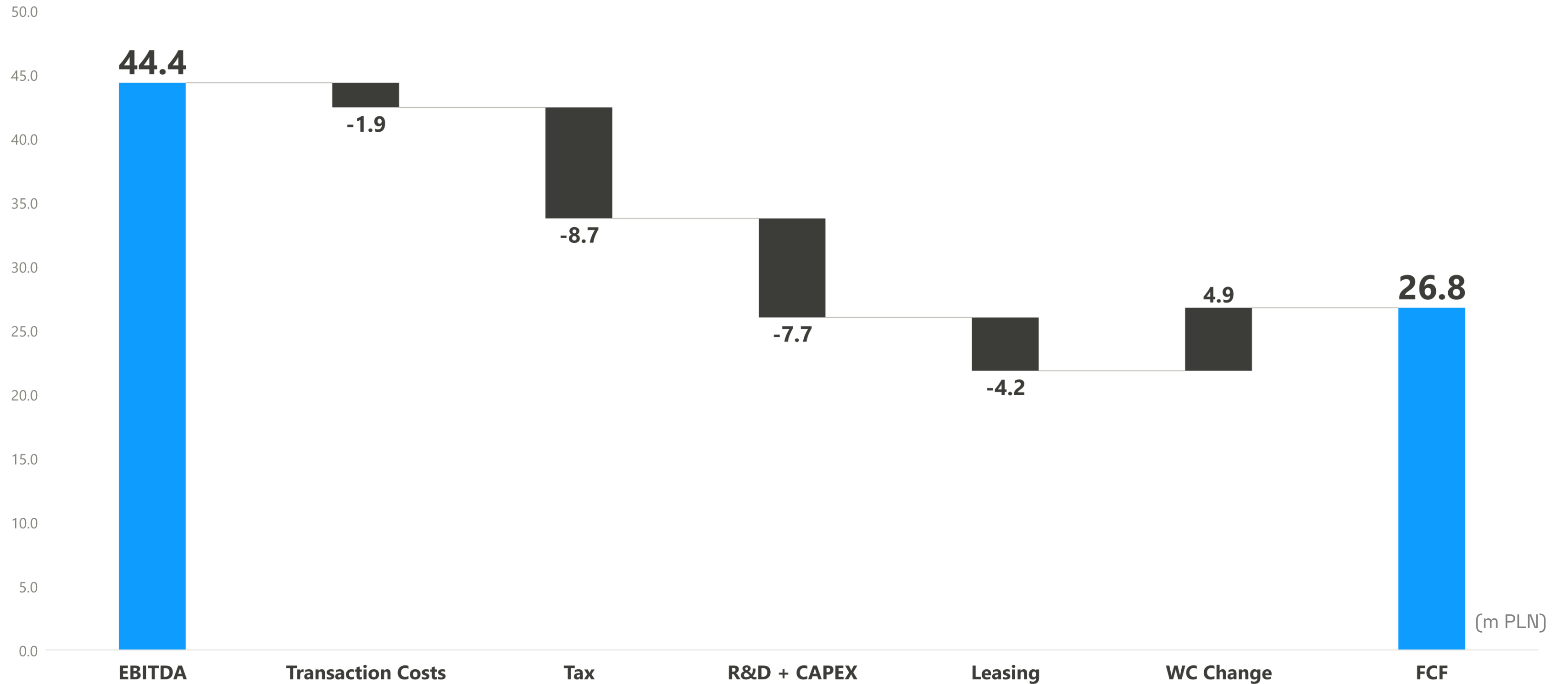
Selected consolidated financial data:

(k PLN)	H1 2021	H1 2022	Change	Q2 2021	Q2 2022	Change
Net cash flow from operating activities	31 640	37 732	19,3%	11 893	16 470	38,5%
Purchase of fixed real assets and intangibles less the proceeds from sale of fixed assets	-5 328	-7 746	45,4%	-2 359	-4 186	77,5%
Payments of lease liabilities	-2 762	-4 173	51,1%	-1 437	-2 353	63,7%
Unlevered FCF	23 550	25 813	9,6%	8 097	10 155	25,4%
Repayment of credits and loans	-13 232	-11 563	-12,6%	-5 620	-5 976	6,3%
Interest paid	-3 871	-6 266	61,9%	-2 382	-3 848	61,5%
Dividends to minority shareholders	-4 442	0	-100,0%	-4 442	0	-100,0%
Free Cash Flow (FCF)	2 005	7 984	298,2%	-4 347	331	-107,6%

(k PLN)	31.12.2021	30.06.2022	Change
Net debt	73 972	322 322	336%

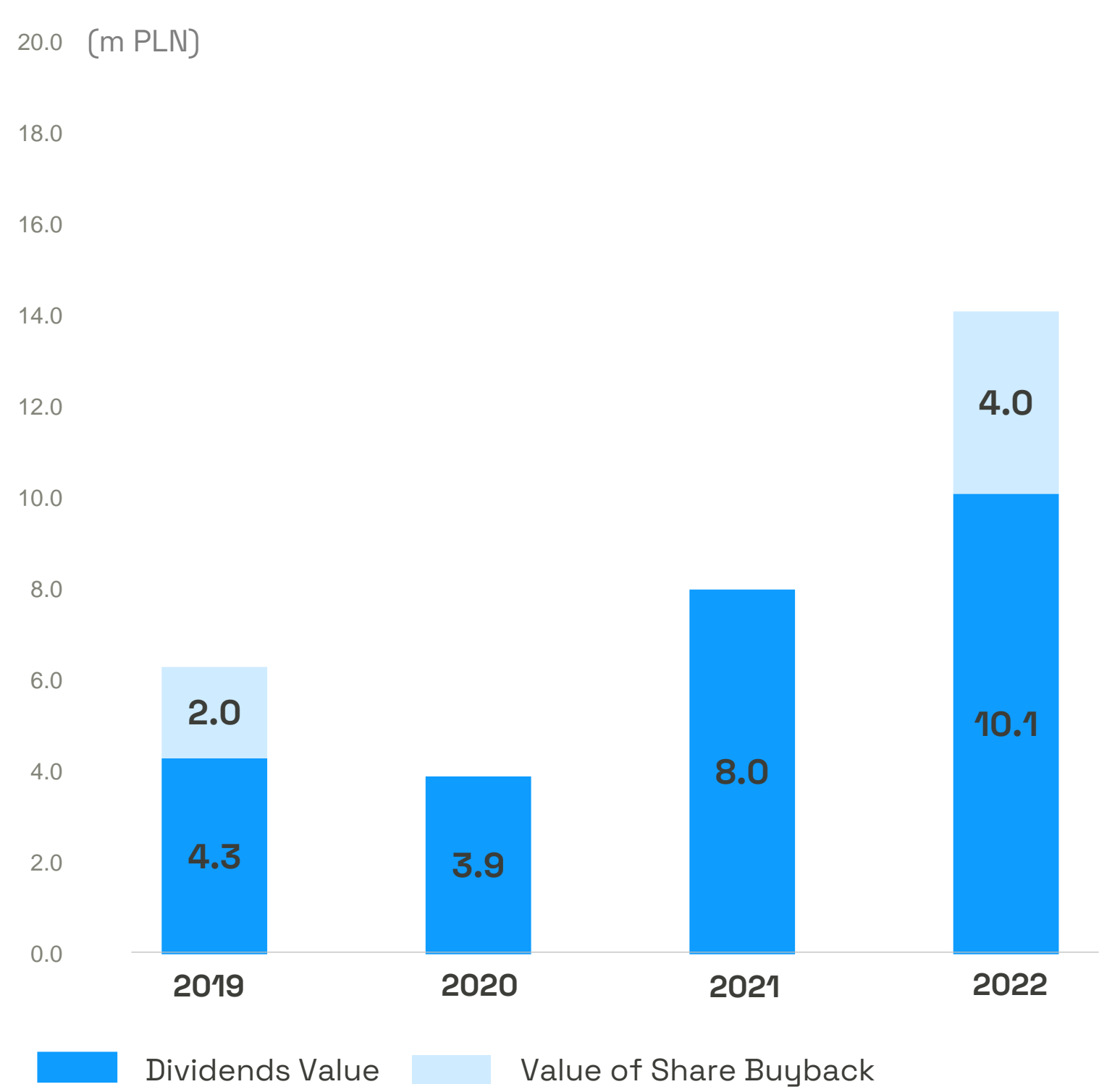
- **High, approx. 90% conversion of EBITDA** into inflows from operating activities.
- **Increase in investment outlays and leasing payments** due to increased outlays on the development of CPaaS platforms and an increase in the scale of operations
- Increase in interest paid due to the increase in WIBOR.
- **Long-term ability to generate high cash surplus.** High efficiency of investment outlays.
- **The change in net debt** is mainly due to the MailerLite acquisition financed with own funds from IPO Vercom and a bank loan.

Cash Flow: High EBITDA to cash conversion





Dividends: Investors benefiting from strategy execution



Business Segment Overview



Key Highlights

Product expansion:

- cyber_Folks launched _Stores, and continues to push ahead with its product expansion.
- Tomasz and Piotr Karwatka joined cyber_Folks as strategic investors and partners for e-commerce expansion.

Geographical expansion:

- Vercom reached a new milestone towards its expansion on the international market with the acquisition of MailerLite: a global provider of tools for email communication. The transaction value amounts to around USD 100m, making it one of the largest acquisition of a foreign entity by a Polish company this year.



cyber_Folks



cyber_Folks™

Financial results of cyber_Folks

Selected financial data:

(k PLN)	H1 2021	H1 2022	Change	Q2 2021	Q2 2022	Change
Revenue	49 313	59 465	20.6%	24 587	29 456	19.8%
EBIT	14 131	17 057	20.7%	7 371	8 456	14.7%
Amortization	-5 647	-6 813	20.6%	-2 779	-3 433	23.5%
EBITDA	19 778	23 870	20.7%	10 150	11 889	17.1%
Margin	40,1%	40,1%	-	41,3%	40,4%	
CapEx	4 951 ⁽¹⁾	5 448	10.0%	2 698	3 465	28.4%
CapEx%	10,0%	9,2%		11,0%	11,8%	

Reformatting the customer base - rotating customers and acquiring new customers with higher growth potential, particularly from the e-commerce industry.

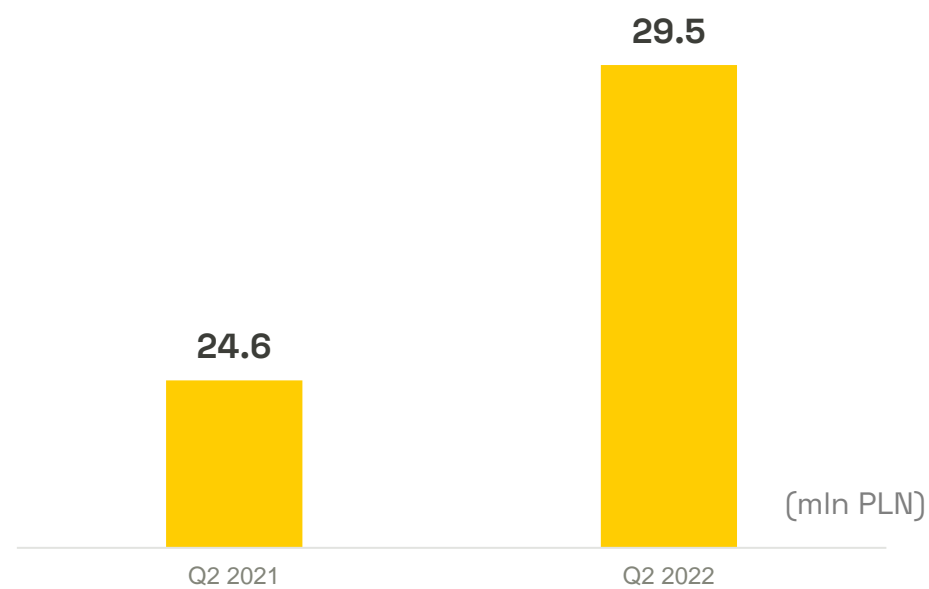
As a result, the observed increase in ARPU and, above all, above-average EBITDA growth.

20% increase in revenues yoy
17% increase in EBITDA yoy

Consolidation of Zenbox.pl from Q4 2021.

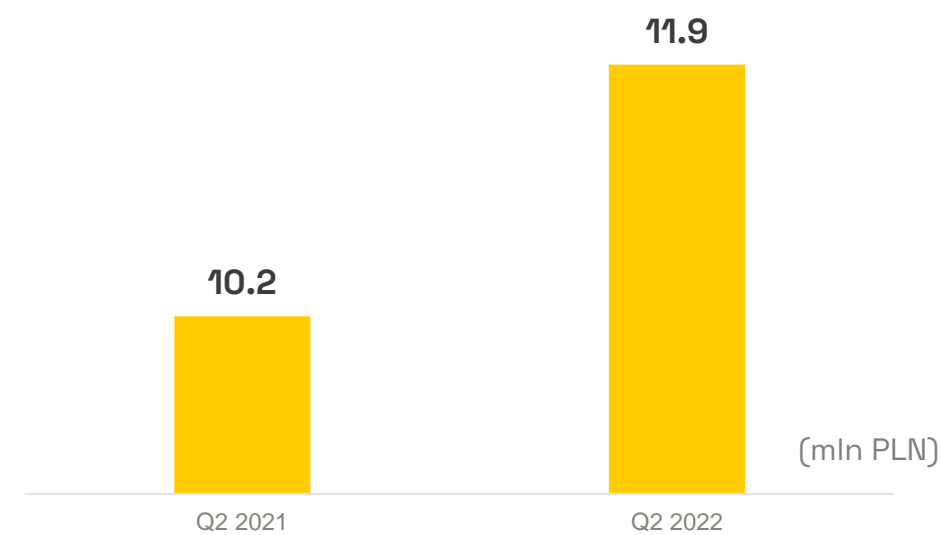
Revenue:

+20%



Adjusted EBITDA:

+17%



*CapEx, excluding the disclosure of the lease agreement for the server room, worth PLN 2.467m

Financial results of cyber_Folks

Hosting:

	Q2 2020	Q2 2021	Q2 2022
# clients (k)	201.9	200.2	216.2
ARPU LTM (PLN)	254.9	278.5	318.3

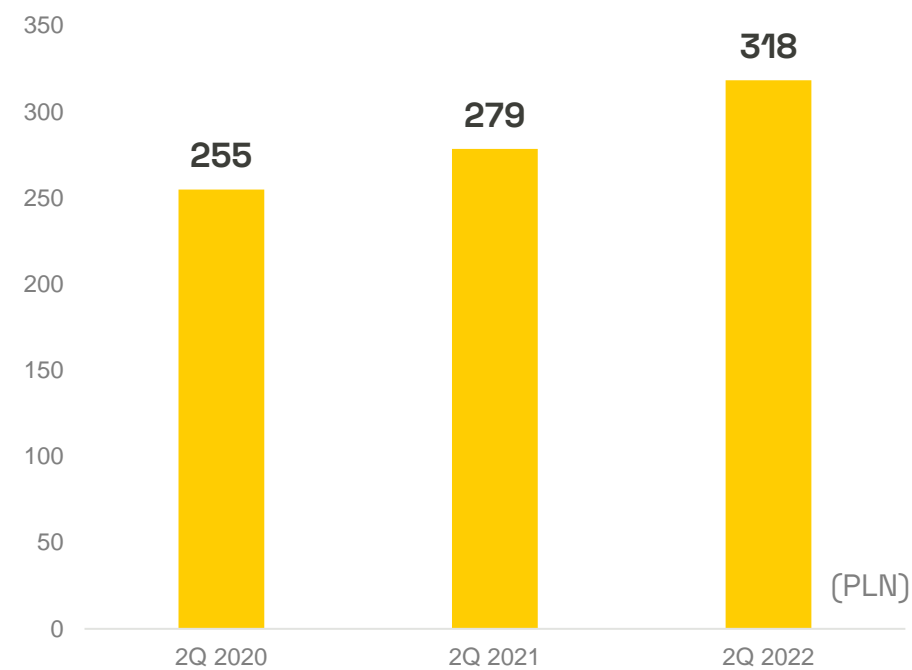
Domains:

	Q2 2020 ¹⁾	Q2 2021 ²⁾	Q2 2022 ³⁾
# domains (k)	366.3	361.6	386.4
ARPU LTM ⁴⁾ (PLN)	68.7	71.9	75.9

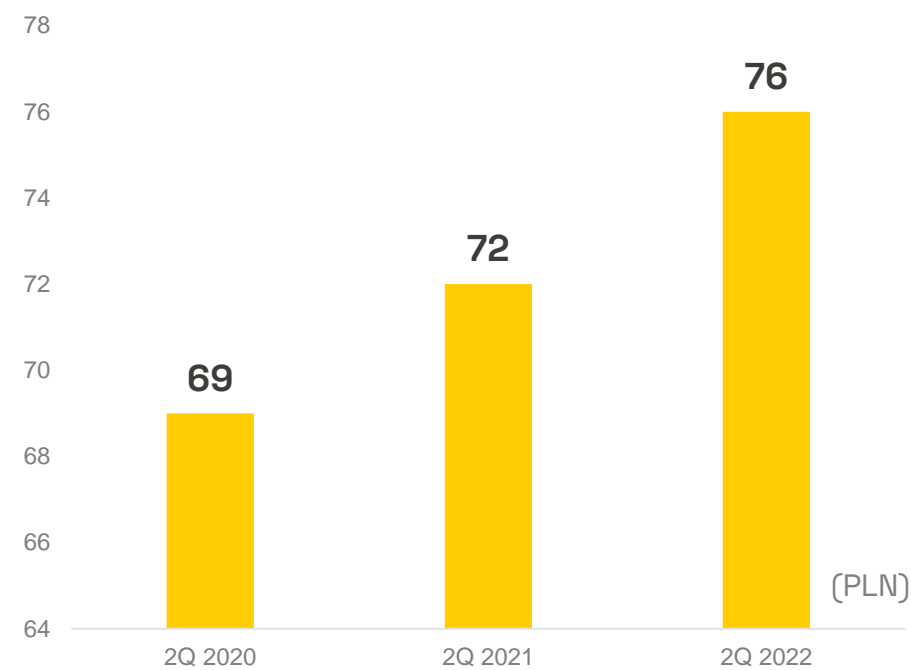
+3.4k clients from acquisition

+8.2k domains from acquisition

ARPU LTM:



ARPU⁴⁾:



Focus on the e-commerce sector

Increase in ARPU and margin

High level of service quality and customer satisfaction.

Stable level of NPS and First Time Response.

The group has about 220k hosting customers and over 390k domains

Stable churn, better the market average:

Hosting 17%

Domains 27%

- 1) Including 31.4k domains in the promotion for PLN 0
- 2) Including 4.5k domains in the promotion for PLN 0
- 3) All paid domains.
- 4) Only on paid domains, in LTM terms



Stores

by cyber_Folks

Launch your online store in less than 15 minutes

_Stores is all-in-one Online Store Builder where you will find everything to easily and effectively start, run, and grow your online sales:

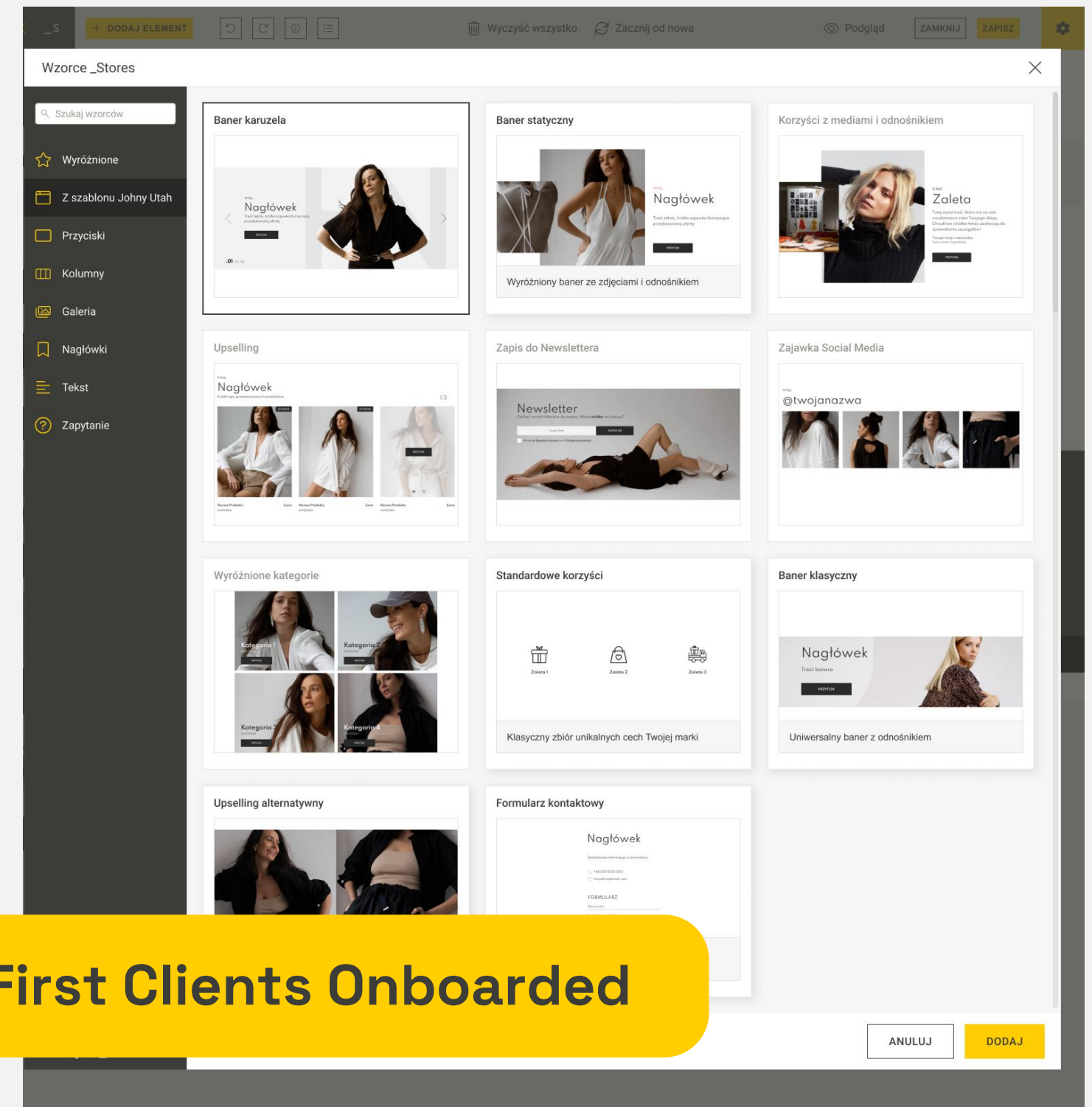
- Support Team focused on increasing sales
- Professional templates optimized for high conversion
- Fully hosted website (incl. domain registration, email inbox)
- Simple and intuitive control panel
- Extensive multi-channel marketing module
- E-commerce tools integrations (incl. payments, delivery)

>220k

hosting clients

>40k

of our hosting clients are running online stores



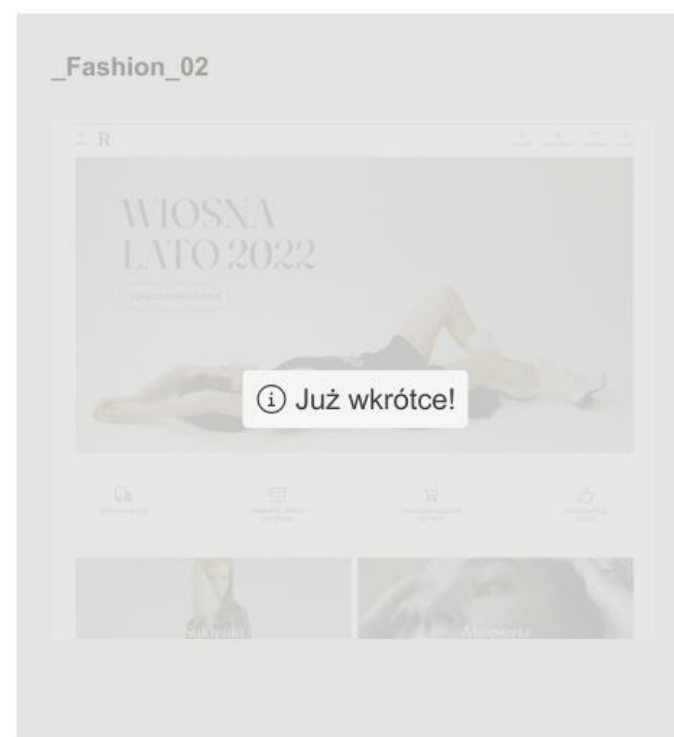
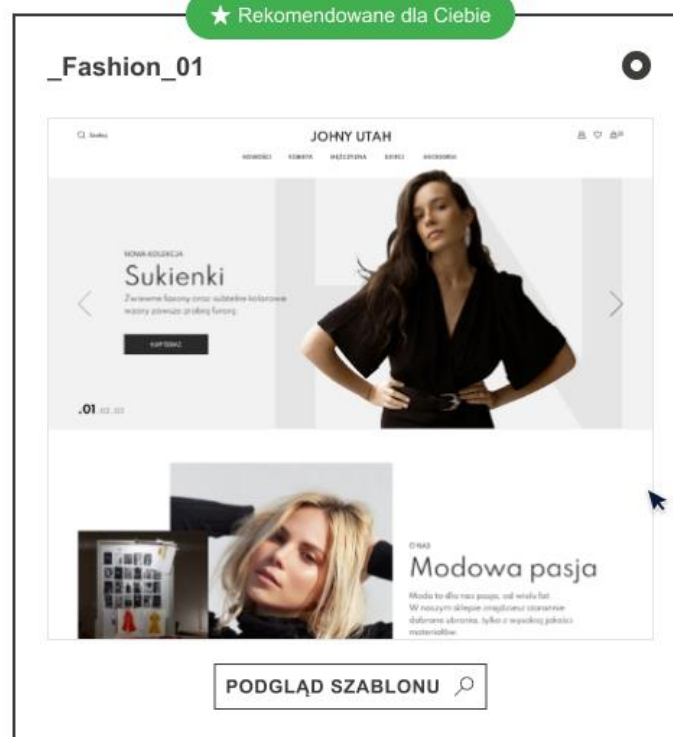
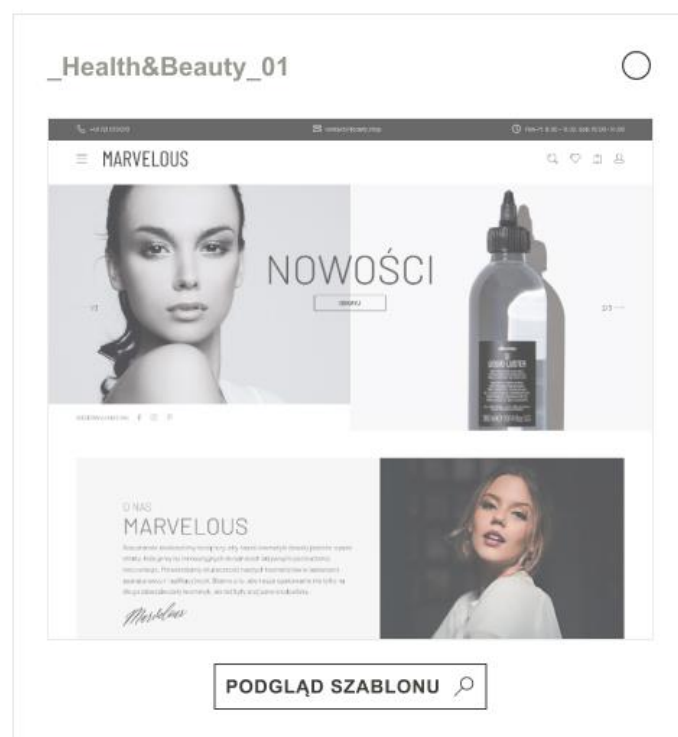
First Clients Onboarded

_Stores



Dobra robota! Teraz wybierzmy szablon do Twojego sklepu. Przygotowałam dla Ciebie kilka gotowych schematów dostosowanych do Twojej branży – wskaż ten, który szczególnie Ci się spodobał. Jeśli później zmienisz zdanie, bez żadnego problemu będzie można zmienić szablon.

> Wybierz szablon dla Swojego sklepu:



← COFNIJ

PRZECHODZĘ DO WYBORU STYLU →

by cyber_Folks™

step 1

Find a template that perfectly fits your needs and configure key options.


Mój sklep + Komunikaty + Dodaj 3/7 Skonfiguruj swój sklep

Dodaj produkt

Bluzka z bufiastym rękawem


Bezpośredni odnośnik: <https://demo.cyberstores.pl/produkt/bluzka-z-bufiastym-rekawem/> EDYTUJ

Obrazek produktu



Kliknij obrazek w celu edycji lub aktualizacji
[Usuń obrazek produktu](#)

Galeria produktu



[Dodaj galerię obrazków produktu](#)

Dane produktu — Prosty produkt | Wirtualny: Do pobrania:

Ogólne	Cena (zł)	199
Magazyn	Cena promocyjna (zł)	185
Wyświetlacz	Daty promocji	2022-07-28 Anuluj
Atrybuty		2022-08-11
Zaawansowane		

Opublikuj

ZAPISZ SZKIC PODGLĄD

Status: Szkic Edytuj

Widoczność: Publiczne Edytuj

Opublikuj natychmiast Edytuj

Czytelność: Niedostępne

SEO: Niedostępne

Widoczność w katalogu: Sklep i wyniki wyszukiwania Edytuj

[Skopiuj do nowego szkicu](#)
[Przenieś do kosza](#) OPUBLIKUJ

Kategorie produktów

Wszystkie kategorie Najczęściej używane

- Akcesoria
- Bluzki Ustaw jako główną
- Marynarki
- Moda Podstawowy
- Okulary
- pomoce do dogoterapii
- Prezenty
- Spodnie
- Sukienki i spódnice

+ Utwórz kategorię

Tagi produktów

DODAJ

Oddzielaj tagi przecinkami

[Wybierz z najczęściej używanych tagów](#)

Describe your products and add photos. We will tell you the best way to do it to optimize your sales.

step 2

Super sklep z butami Komunikaty + Dodaj K

Pomysły na usprawnienia sprzedaży
Te sugestie są aktualizowane na podstawie Twoich postępów konfiguracji.

- Dostosuj swój sklep**
Ustaw logo sklepu, favicon, nazwę sklepu oraz linki do Twoich social mediów.
[Czytaj więcej >](#)
- Podłącz swoją skrzynkę mailową**
Połącz swój adres e-mail, aby wysyłać wiadomości Twojego sklepu przy użyciu własnego adresu lub aby uzyskać niestandardowy biznesowy adres e-mail dla swojej firmy.
[Czytaj więcej >](#)
- Ustawienia SEO**
Zarządzaj ustawieniami SEO, aby zoptymalizować witrynę pod kątem wyszukiwania w sieci.
[Czytaj więcej >](#)
- Produkty z Allegro**
Sprzedajesz również na allegro? Połącz kanały i sprzedawaj w jednym miejscu!
[Czytaj więcej >](#)
- Konfiguracja z baselinker**
Baselinker sprowadza różne kanały sprzedaży na jeden panel oraz automatyzuje kontakt z klientem i realizację zamówień, co znacznie usprawnia transakcje.
[Czytaj więcej >](#)
- Darmowa dostawa**
Ustal minimalny próg wartości koszyka, który aktywuje darmową wysyłkę produktów. Możesz przypisać ją do wybranych metod wysyłki.
[Czytaj więcej >](#)

Komunikaty

- Zainstalowaliśmy wydajny hosting**
12.02.2022
Super wydajny hosting w cyber_Folks został dla Ciebie założony i skonfigurowany. Więcej informacji znajdziesz w panelu klienta.
[Panel klienta cyber_Stores >](#)
- Zainstalowaliśmy Wordpress/WooCommerce**
12.02.2022
Pomyślnie zainstalowaliśmy oprogramowanie Wordpress oraz wtyczkę WooCommerce.
- Skonfigurowaliśmy wstępnie Twój sklep**
12.02.2022
Gratulacje! Twój szablon i wybrane style zostały skonfigurowane i zainstalowane.

Jesteśmy tu dla Ciebie
Jeśli potrzebujesz informacji, zapytaj nas o pomoc lub poszukaj odpowiedzi przy pomocy wyszukiwarki.

Pomoc w konfiguracji:
☎ +48 123 456 789 ✉ support@cyber_stores.com

Wersja DEMO sklepu pozostało: 10 dni
[OPLAĆ →](#)

_Stores
by cyber_Folks **BETA**

Promote your store to potential customers and start sales.

step 3



Tomasz and Piotr Karwatka will strengthen cyber_Folks with their e-commerce competencies

Tomasz and Piotr Karwatka, both serial entrepreneurs, are joining cyber_Folks as strategic investors to further support its expansion into e-commerce sector.

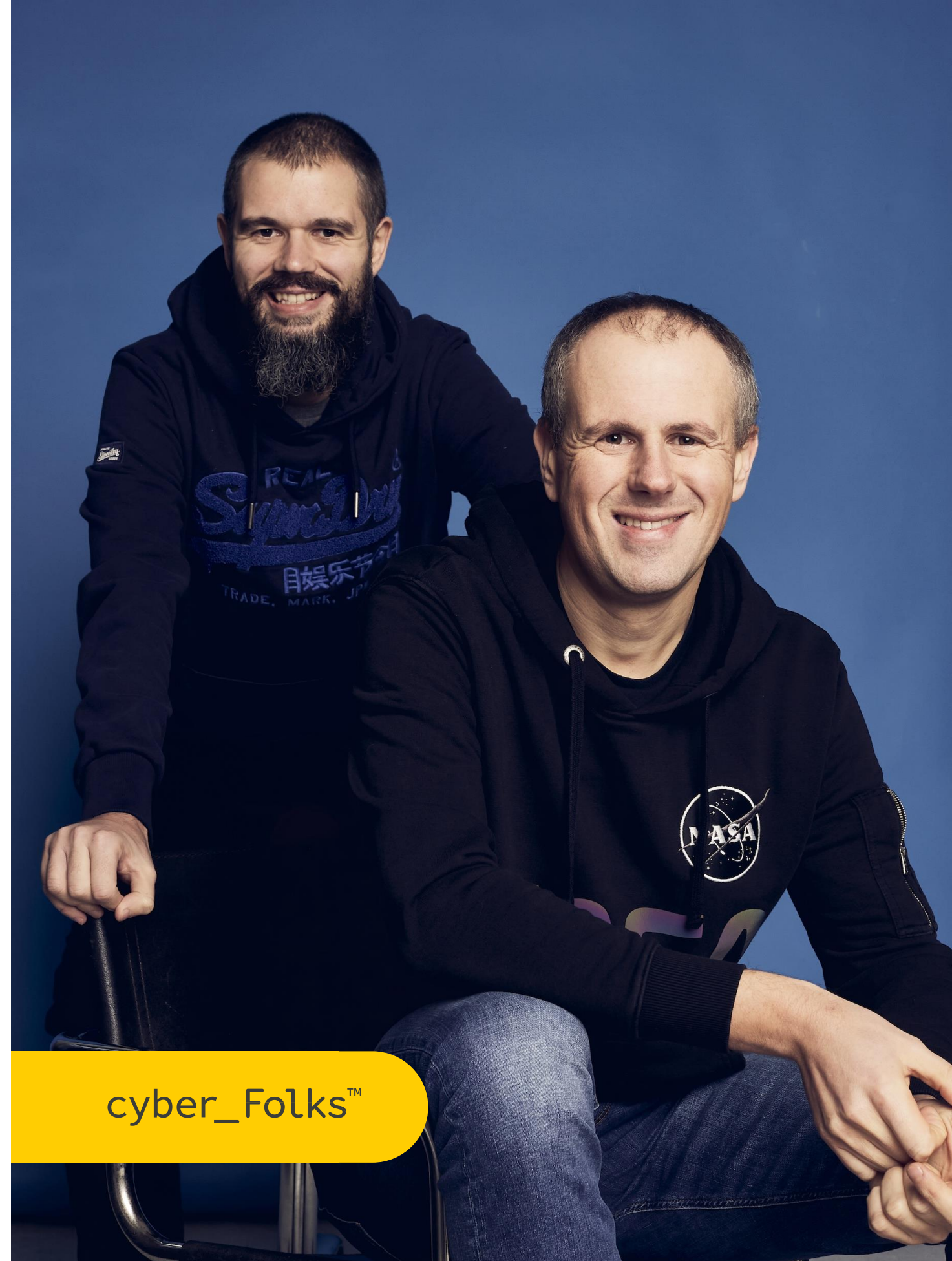
Some noteworthy companies founded and invested by Tomasz and Piotr Karwatka include:



- eCommerce, R&D company, 350 people, double digit YoY growth, double-digit EBITDA. In 2021 sold to Cloudflight. The transaction amount was PLN 251m.



- The fastest growing eCommerce Frontend Tool. Backed by 5 VCs and Y Combinator. One of the biggest A rounds in Poland (post-money valuation of USD 85m).



CPaaS



VERCOM

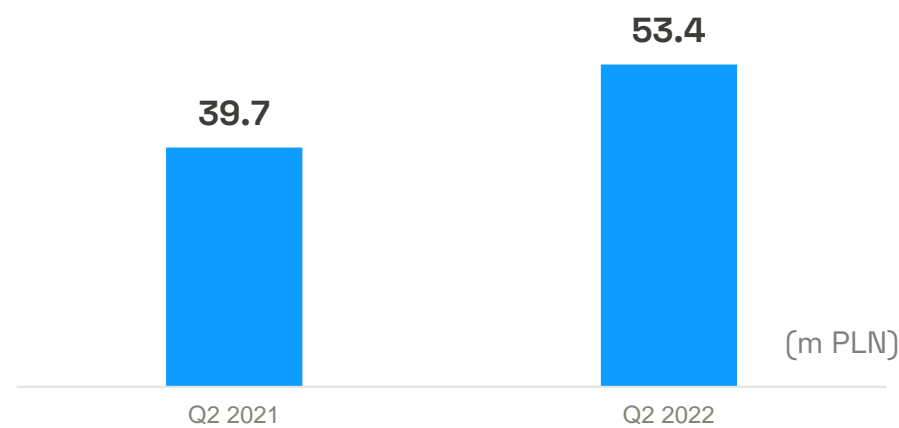
Financial results of CPaaS

Selected financial data:

(k PLN)	H1 2021	H1 2022	Change	Q2 2021	Q2 2022	Change
Revenue	78 152	102 923	31.7%	39 667	53 419	34.7%
EBIT	14 166	14 586	3.0%	7 373	7 760	5.2%
Amortization	-1 894	-3 179	76.2%	-961	-1 602	66.7%
EBITDA	16 060	17 765	10.6%	8 334	9 362	12.3%
Transaction costs	0	1 936		0	1 286	
ESOP	449	314	-30.1%	449	158	-64.8%
Profit for sale fixed assets	0	-224		0	0	
Adjusted EBITDA	16 509	19 791	19.9%	8 783	10 806	23.0%
<i>Margin</i>	21,1%	19,2%		22,1%	20,2%	
CapEx	1 736	4 140	138.5%	927	2 583	178.6%
<i>CapEx%</i>	2,20%	4,02%		2,30%	4,84%	

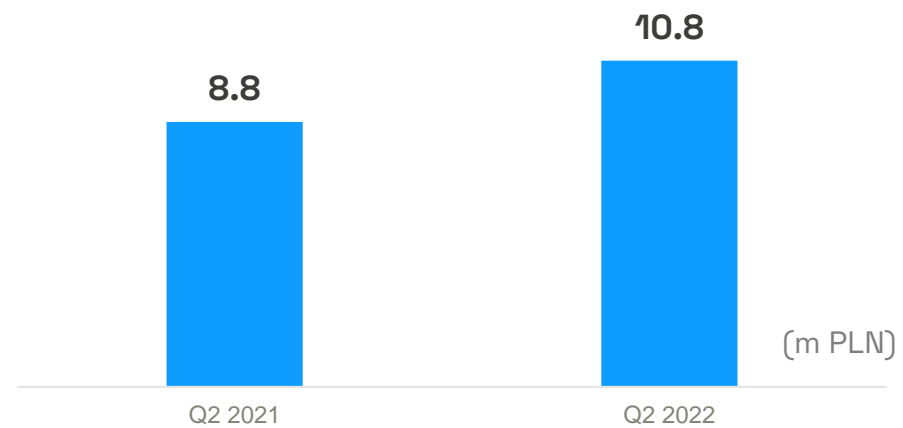
Revenue:

+35%



Adjusted EBITDA:

+23%



35% increase in revenue – the effect of acquiring new customers, selling new services to existing customers, increasing the use of services and acquisitions.

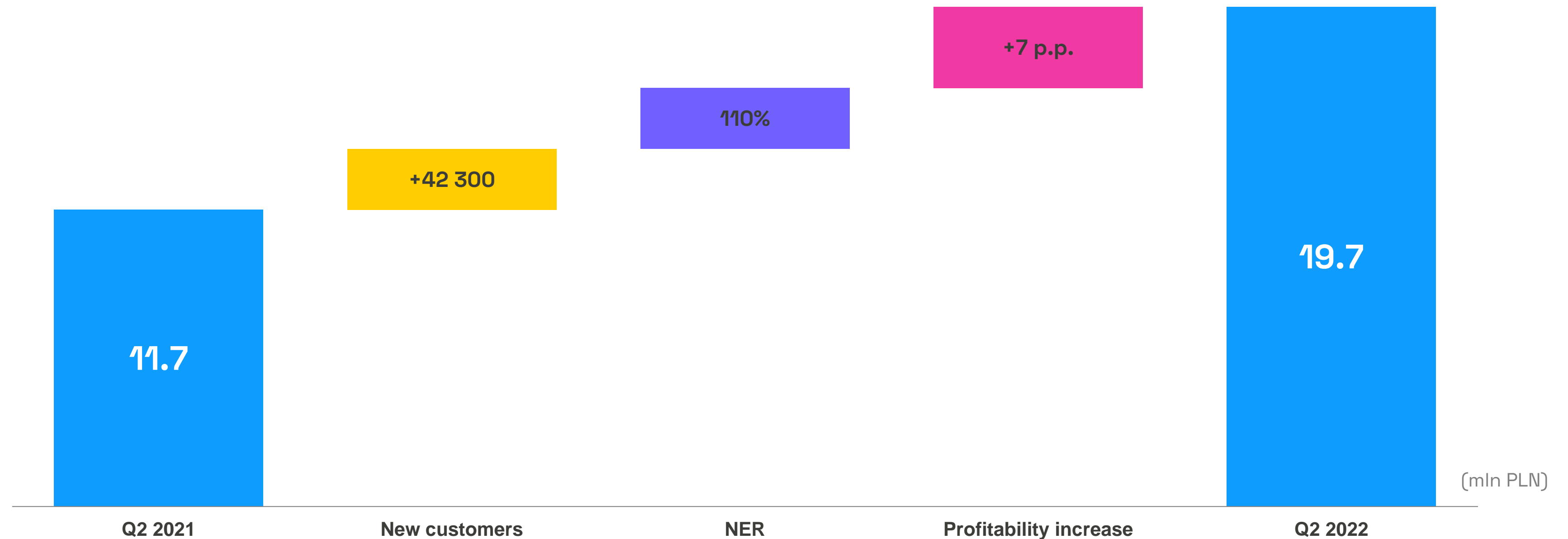
MailerLite consolidation started on 15 June this year.

Increase in customer industry diversification

Significant increase in the SME customer base

High cash generation capacity

Dynamic growth of the gross margin



*NER (Net Expansion Rate): increase in sales to a repeat group of customers, i.e. entities that were the Group's customers in the period for which the ratio is calculated and in the comparative period



Automation and integration of electronic communications

CPaaS

A service or a solution that allows brands and advertisers to communicate with clients using multiple outbound online and mobile channels through a single, centralized platform. ⁽¹⁾

A platform that integrates multichannel digital communication via text messages, e-mail, push and OTT

A universal tool for effective and cost-optimized communications with A2P⁽²⁾ clients

Centralized management for the dissemination of transaction and marketing messages

Highest quality and best scaled automation of an efficient process

Feedback-based analysis of behavioural data

Solutions that are deeply integrated with client's own systems

Initiated an increase in reach (product field) and an expansion to new geographic markets

⁽¹⁾ Source: Juniper Research, ⁽²⁾ A2P (Application-to-Person) – business applications communicating with retail clients

Communication Platform as a Service

Basic information

Vercom is the leading multi-channel CPaaS communication platform in the CEE region, thanks to which companies can communicate with their customers in a scalable, reliable and flexible manner.

The company's solutions include services using commonly used communication channels, such as SMS, email and push.

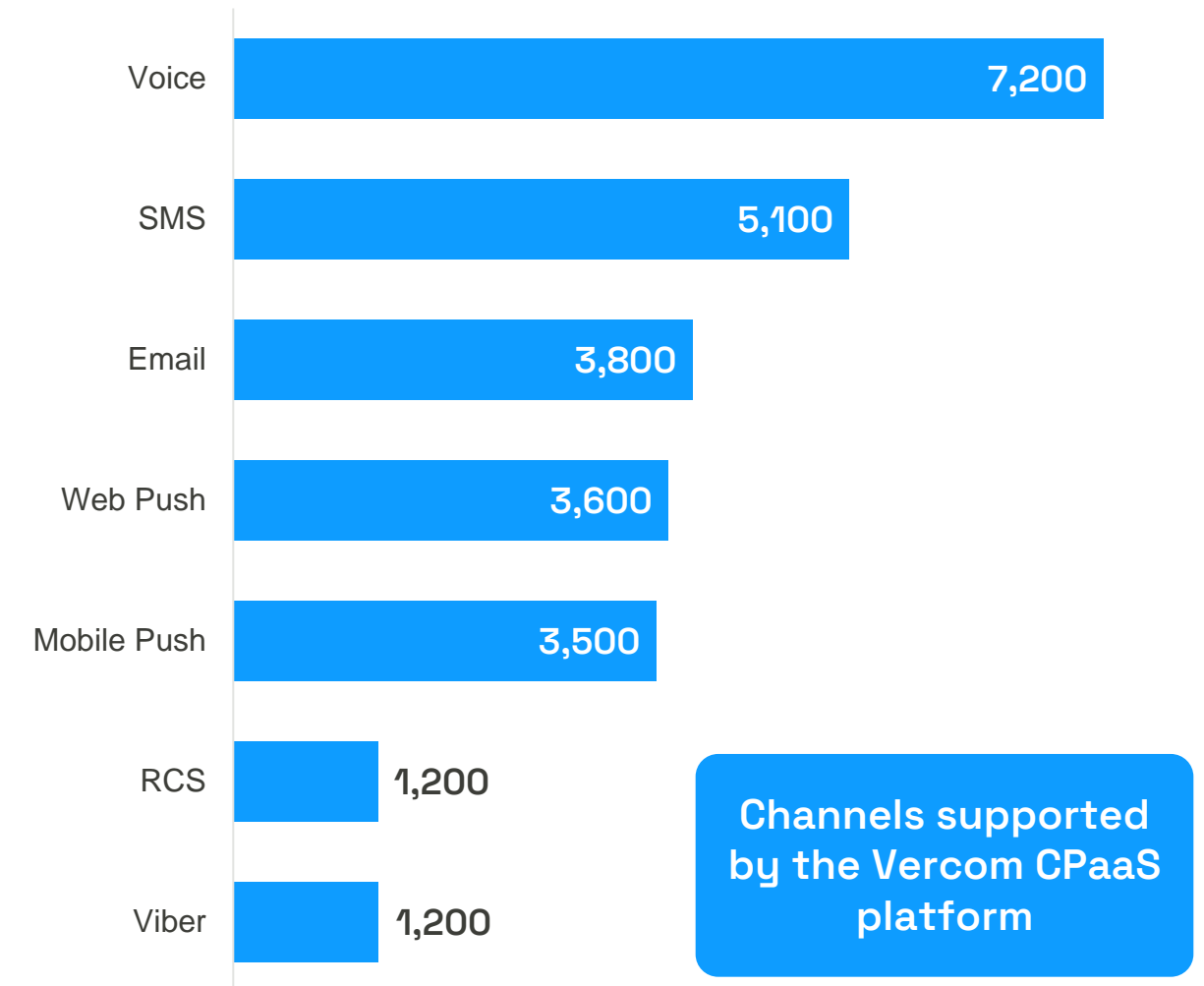
Vercom's clients are entities from various sectors of the economy, in particular e-commerce companies and e-commerce support services, including Logistics of electronic payments. Entities from the financial sector are also a significant group of clients.

CPaaS services

CPaaS is a solution enabling communication between companies and their customers through one centralized platform.

The platform organizes communication within complementary channels: SMS, e-mail, push, OTT, as well as voice and video. In B2C communication, each of these channels has a specific purpose. The key to effective communication is the appropriate combination of individual channels, thanks to which it is possible to transfer transactional and marketing information as effectively as possible.

Global range (m users)



Source: GSMA.com, Statista, Facebook

Communication Platform as a Service

Why is it worth using CPaaS services

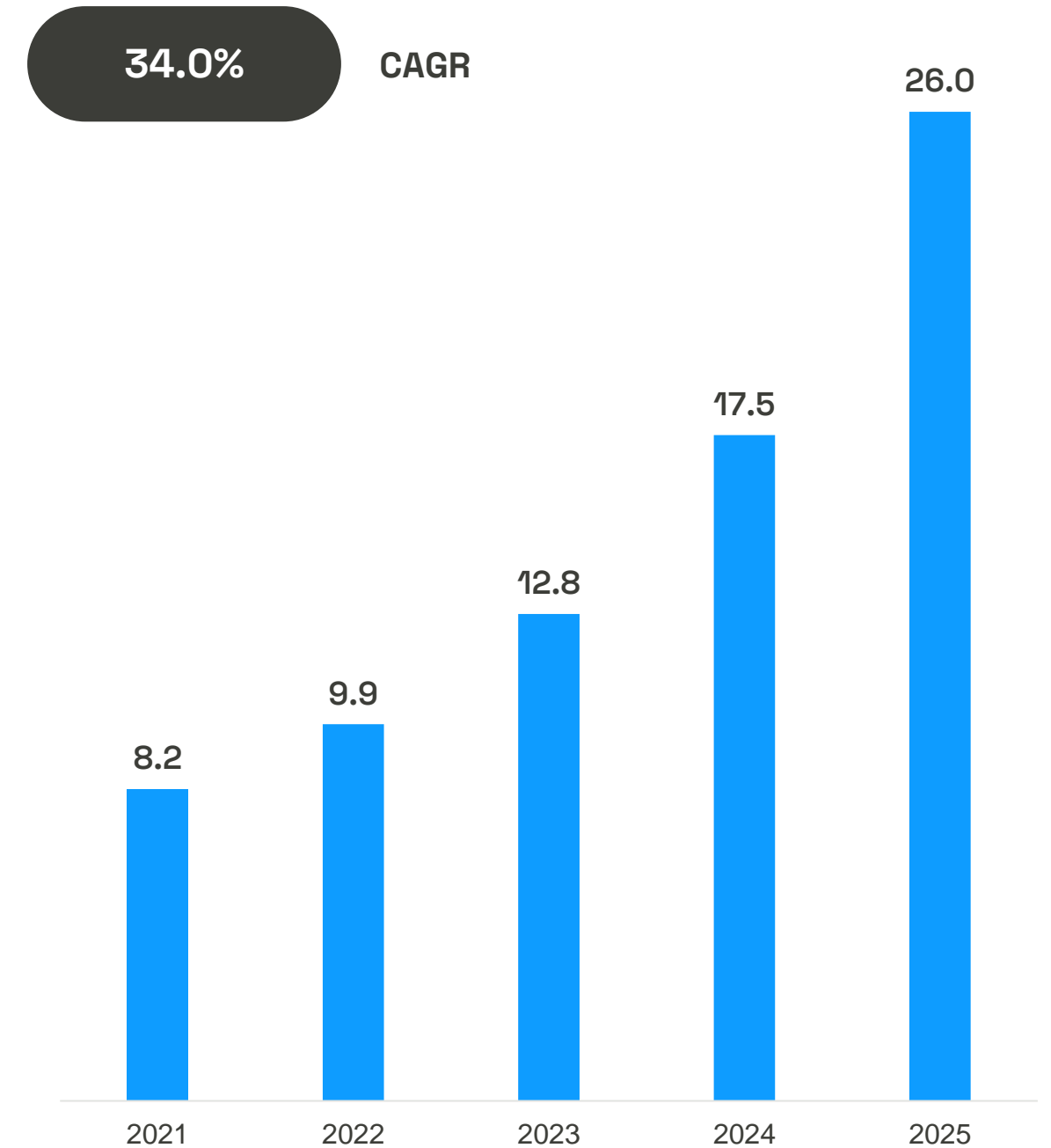
Thanks, among others the use of distributed system architecture and appropriate encryption standards, the use of CPaaS greatly facilitates the management of communication processes and increases security.

CPaaS market

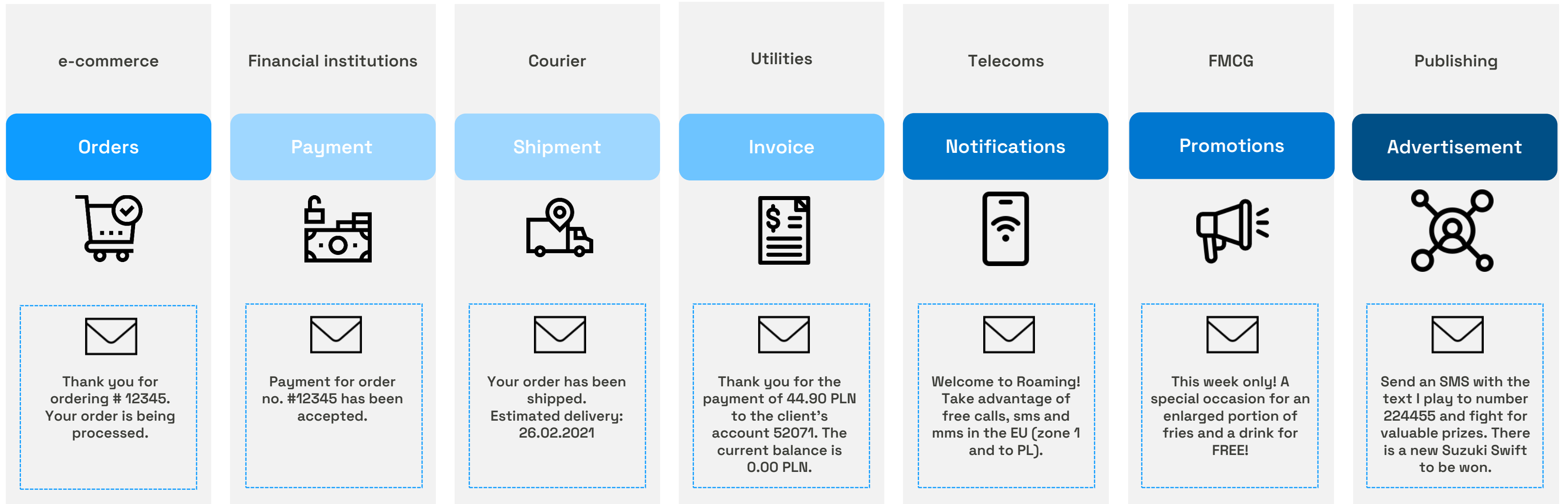
The main stimulants of the growth of this market are the dynamic development of e-commerce, the development of marketing automation services and the broadly understood digitization of society (banking, telecommunications, administration, etc.). The growth of e-commerce consequently drives the growth of the entire ecosystem supporting its operation (logistics, payments, MarTech). For each single online transaction, the CPaaS platform is responsible for providing several information and messages for entities participating in this process.

The level of use of CPaaS services among enterprises is relatively low, which is another factor positively influencing the market development prospects in the long term. The market is still dominated by single-channel solutions, which, compared to multi-channel solutions, are less effective, convert less well, are usually more expensive and more complicated to manage.

Global SPaaS market value (b USD)

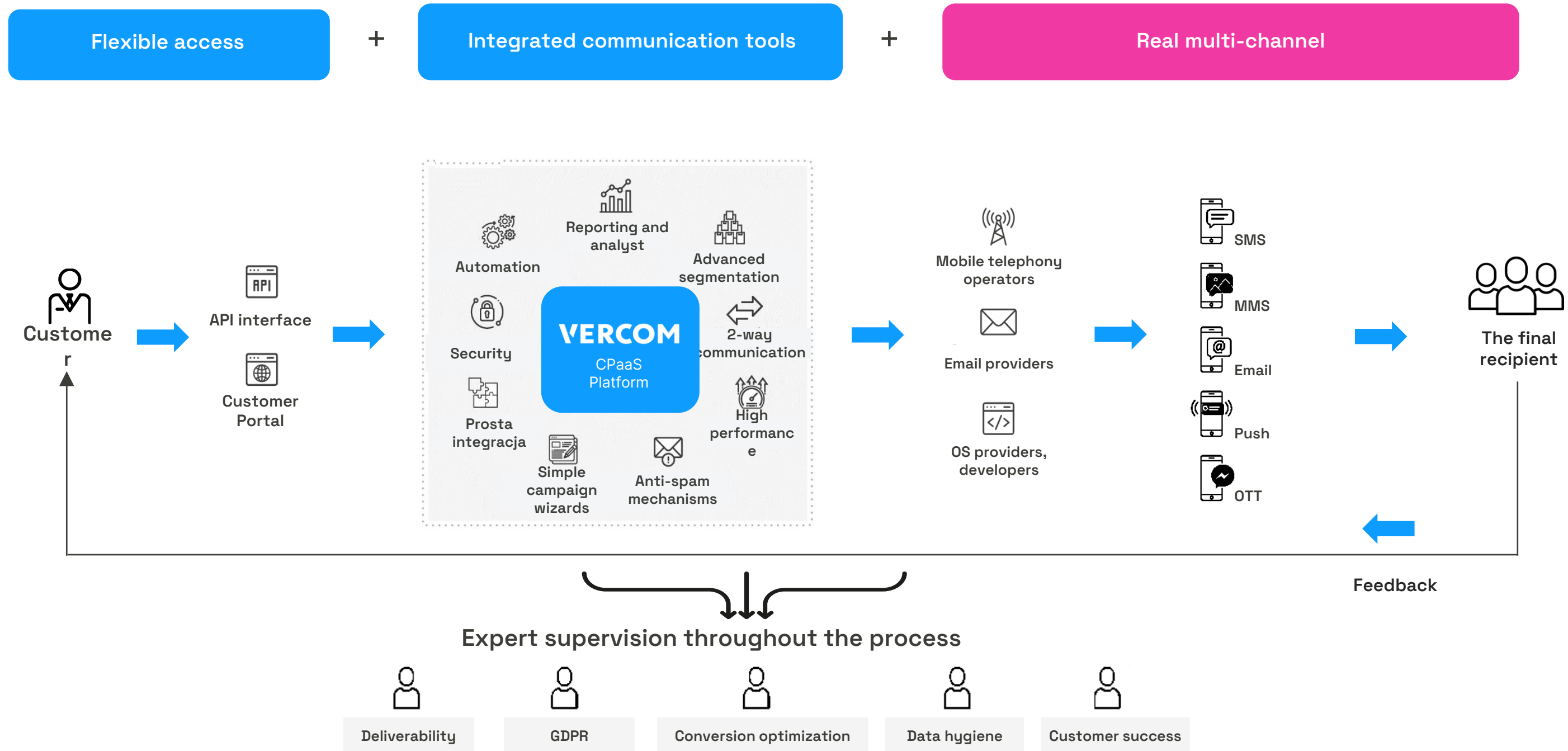


One e-commerce transaction generates multiple messages



Communication Platform as a Service

One of the leading suppliers of technology enabling the integration and automation of various electronic communication channels in CEE

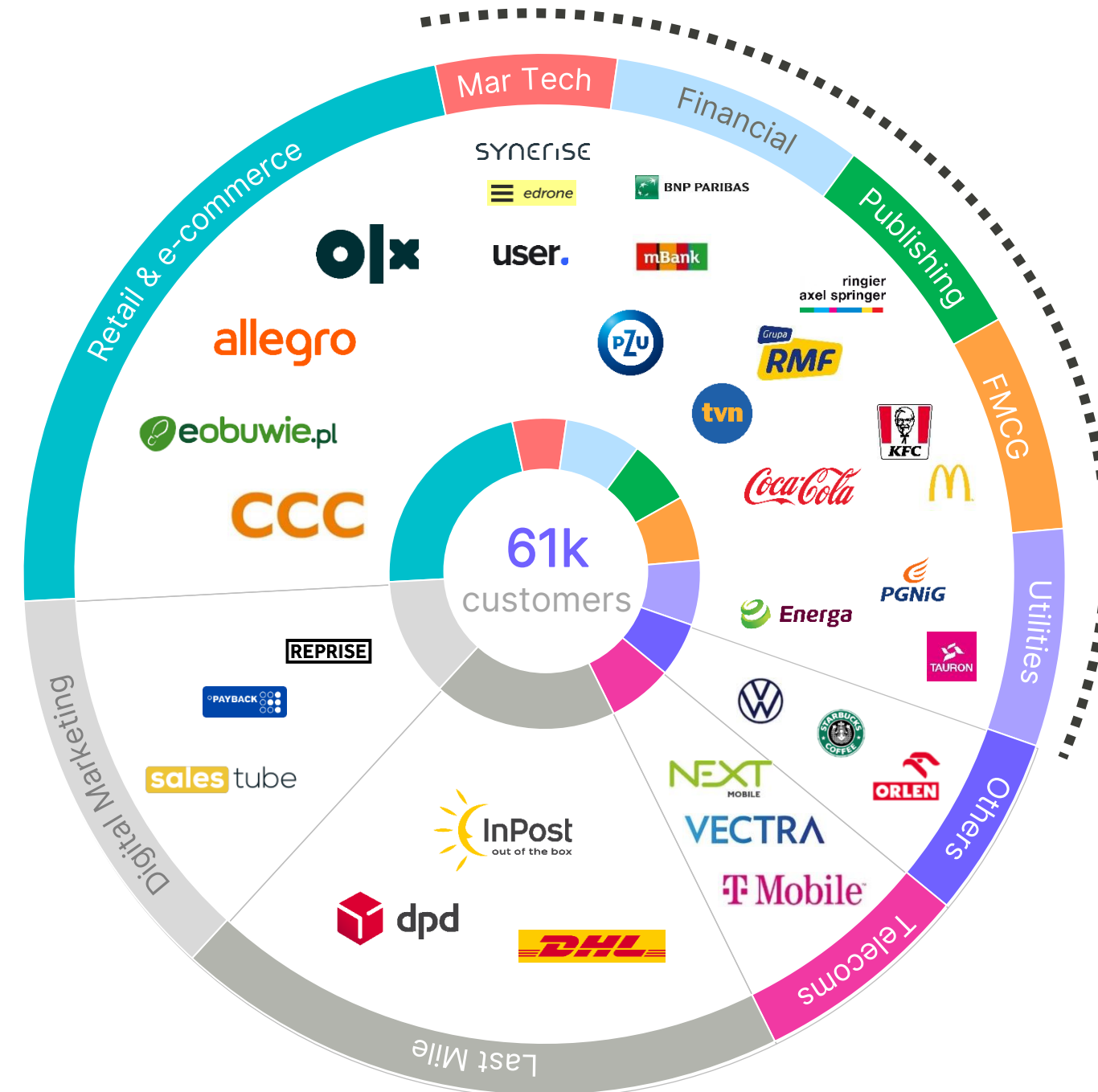


Strong market position of Vercom

Sources of Vercom's competitive advantages

- High efficiency of omnichannel communication
- High level of message deliverability
- All communication channels available under one service
- Potential for a significant reduction in unit costs on the client's side
- Possibility of full integration with the client's IT system
- Access to advanced analytical tools
- Simple integration with other systems
- A scalable self-service model that does not require significant sales forces and customer support

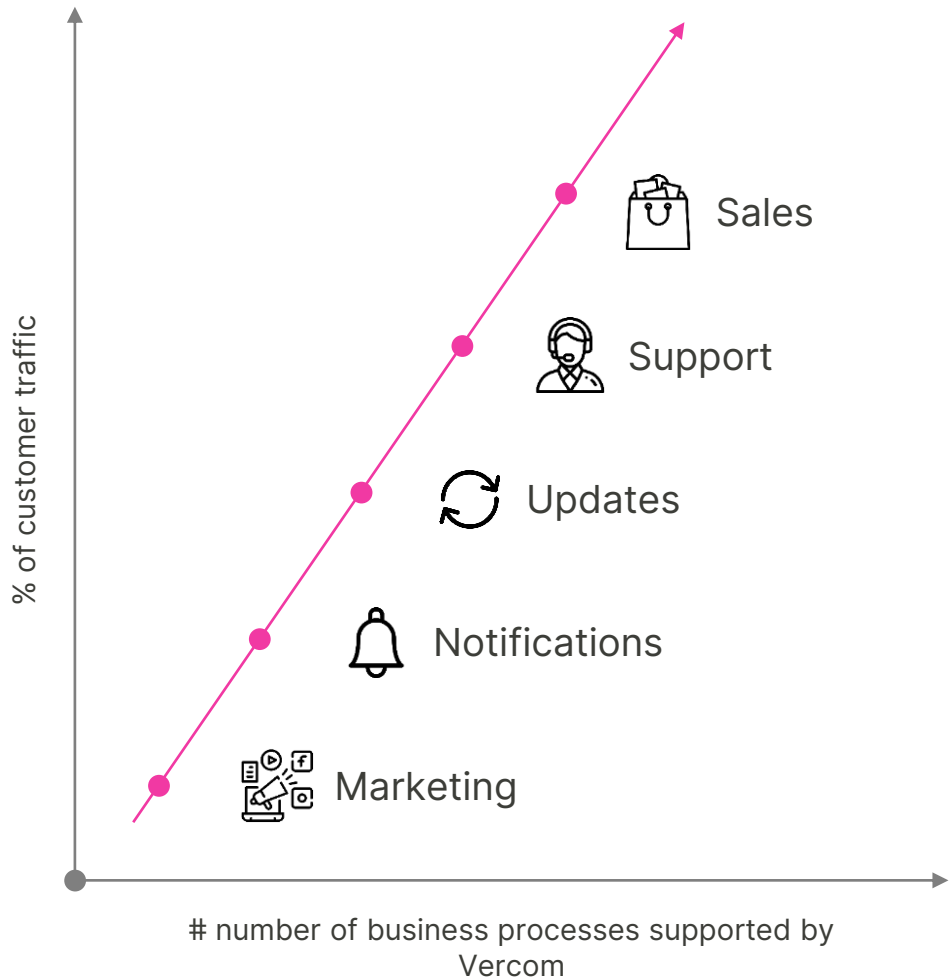
Growing use of Vercom services in other sectors



Development strategy

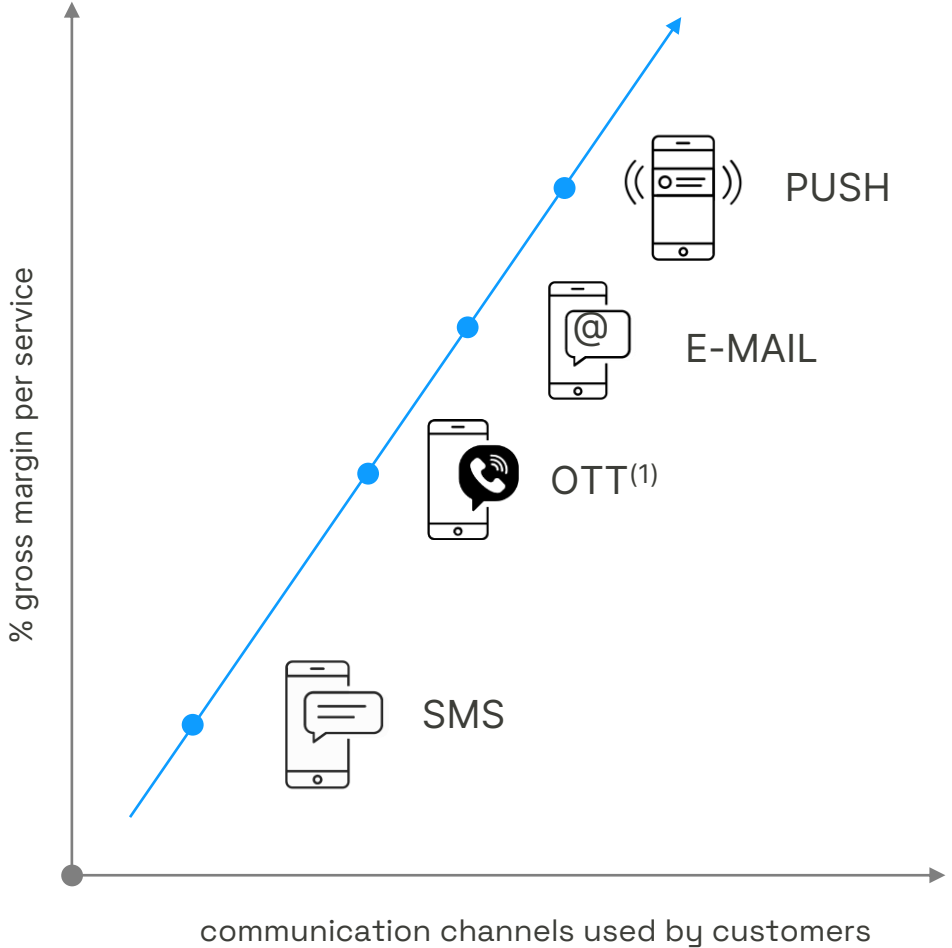
Development of cooperation with clients

→ Extending cooperation to support communication in other business areas



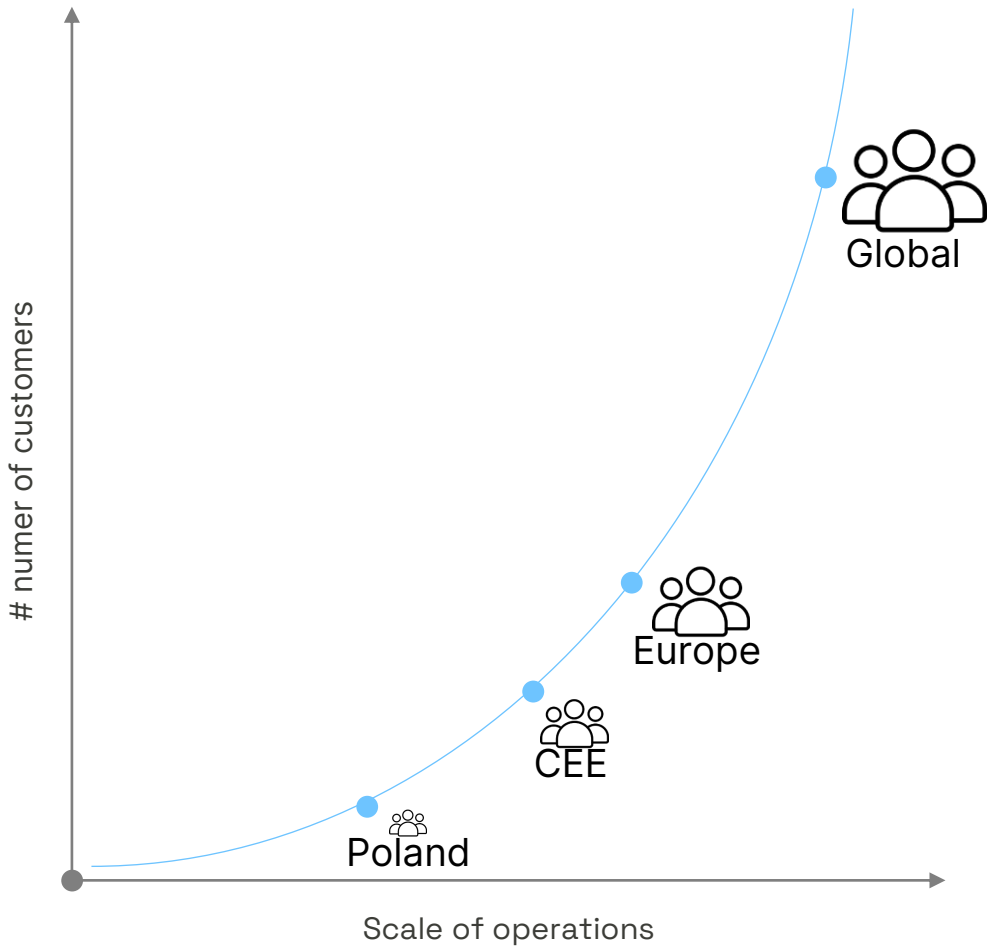
Cross-selling services

→ Implementation of the omnichannel strategy
→ Increase in sales of high-margin services



Increase in the scale of operations

→ Increase business reach through acquisitions and organic growth



(1) Based on gross margin generated from Viber services in the Czech Republic

Global market entry with >38 000 customers
in over 100 locations

mailer  lite



MailerLite: Internationally driven growth

Global presence:

Customers worldwide **>38 000**

Significant revenue:

Revenue Y21 **~53m PLN**

Dynamic growth:

Revenue growth Y21/Y20 **~45%**

Attractive markets:

US & Western Europe **>70% of revenue**

International team:

Talent in 30 locations **>100**



mailer lite

SaaS



Financial results of SaaS

Selected financial data:

(k PLN)	H1 2021	H1 2022	Change	Q2 2021	Q2 2022	Change
Revenue	1 395	2 460	76.3%	674	1 160	72.1%
EBIT	-959	-50	-94.8%	-453	-73	83.9%
Amortization	-360	-553	53.6%	-187	-247	32.1%
EBITDA	-599	503	-	-266	174	-
Margin	-42,9%	20,4%		-39,5%	15,0%	
CapEx	581	472	19.8%	310	124	-60.0%
CapEx%	41,6%	19,2%		46,0%	10,7%	

Significant improvement in financial results.

Blugento's results are consolidated within the SaaS segment.

The segment also includes Profitroom and SellIntegro, which are only consolidated by the Group's share of net income (no consolidation at the revenue and EBITDA level). The R22 Group has an option to acquire a controlling interest in both companies.

Blugento

Blugento is a tool for the development and management of online stores based on the Magento platform. This solution combines all the benefits of an individual, agency-developed solution and a standardized platform for a wide range of entrepreneurs active in online sales.

The company offers an on-line store, hosting, monitoring and support in a price-affordable subscription model. Most of Blugento's customers are from Romania. The company's results have been consolidated since September 2020.

Due to the planned development of the R22 Group's e-commerce offering based on the WooCommerce platform, the Group decided to invest less in Blugento, not actively promote the brand and migrate Blugento customers to the ZentoShop platform.

blugento zento

Dynamic development of Profitroom

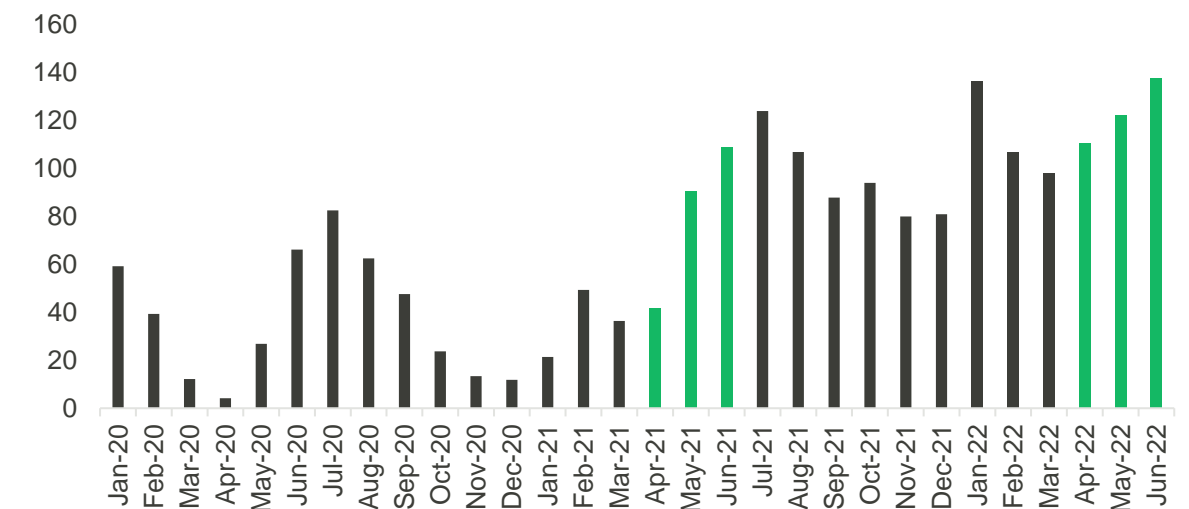
Profitroom:

Profitroom is a software producer in the SaaS model that allows hotels to sell hotel rooms online through their own website, manage online sales channels, a CRM system and service online payments. Profitroom solutions are already used by over 2 thousand hotels, mainly from Poland, where the company has achieved a leading position. Its solutions are used by more than half of the hotels in the country and more than 90 percent. non-chain 4-star hotels. The company dynamically increases the number of customers and generated revenues. The main goal for the coming years is product development and international expansion.

The company generates income from subscriptions and commission - resulting from the value of bookings made via the Profitroom tool.

Reservation value:

Q1 2021	PLN 107.1m	-3% yoy
Q2 2021	PLN 240.5m	+147% yoy
Q3 2021	PLN 318.4m	+65% yoy
Q4 2021	PLN 255.1m	+408% yoy
Q1 2022	PLN 340.9m	+218% yoy
Q2 2022	PLN 369.8m	+54% yoy



Profitroom 

Dynamic development of Profitroom

Financial results:

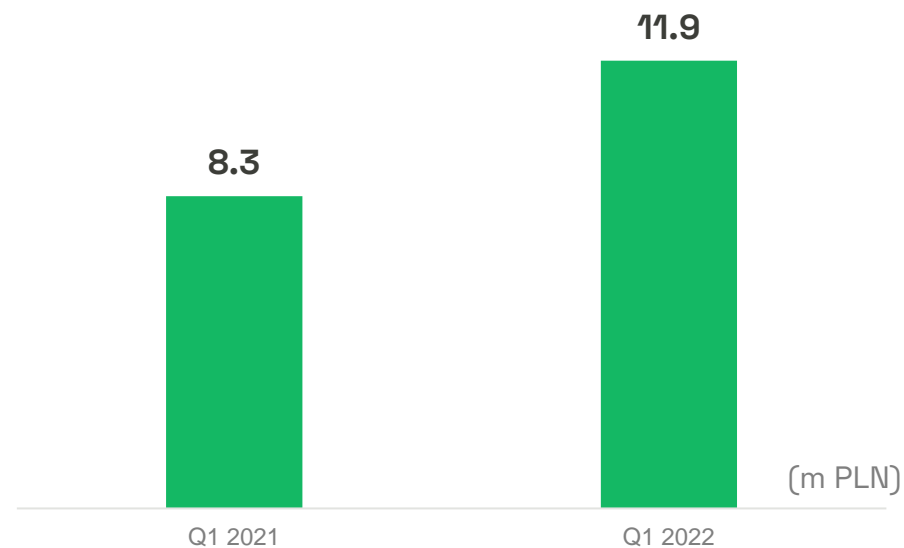
Profitroom's financial results in the current year continue to grow dynamically. In H1 2022, consolidated revenues, excluding customer marketing budgets, amounted to PLN 22.8m, which means an increase by 67% yoy. One of the main factors behind the growth of Profitroom's financial results is foreign expansion.

In the last quarter, 25% of revenues in the SaaS model came from foreign markets. Additional support for the results are the decreasing socio-economic restrictions related to the SARS-CoV-2 pandemic.

In the medium and long term, the shelf expects further revenue growth resulting from organic growth, which may be supported by selective acquisitions.

Revenue⁽¹⁾:

+43%



(1) The consolidated Profitroom data also includes the German subsidiary. Data excluding customer marketing budgets. The individual data of Profitroom as an associate are shown in the Consolidated Financial Statements.



” We have been working with R22 Group for over 2 years. It was a unique time in which we faced many challenges and market uncertainties together.

The lockdown period was particularly difficult for us, and we are grateful to R22 for its support during this period and for the implementation the investment within the original deadline. This has enabled us to survive successive waves of epidemics and lay the foundations for further growth.

R22 strongly supports us in the area of growth strategy, as well as operationally with our acquisition strategy.



Paweł Grzęda
Founder & CEO
Profitroom



Dynamic development of Profitroom

Foreign expansion

Profitroom is the clear leader in technology solutions for hotels on the Polish market. Profitroom Group's objective is to grow dynamically also on foreign markets, in particular in DACH (Germany, Austria, Switzerland), Spain / LATAM (South American), Nordic countries as well as the UK and English-speaking countries around the world. The Company systematically acquires new customers in these markets and recruits employees responsible for developing sales in new markets. In 2021, the Profitroom team was joined by people responsible for sales in, among others, Spain, Mexico, Colombia, Ecuador, Peru, Great Britain, Sweden and DACH countries.

The most attractive expansion market in the Company's opinion is the LATAM market. The saturation of hotel technology products in this region is currently at an extremely low level, making it a perfect fit for the characteristics of a blue ocean with huge growth potential. The region is an area of competition for leadership by various hotel-tech companies.

One of the key factors in the success of the LATAM expansion is to build a position in Spain, which is an important reference point for the tourism and hospitality industry in South America. In 2021, Profitroom has started to consistently build brand recognition and attract new customers in Spain, which is already producing tangible results.

Due to the high saturation and high competitiveness of the Spanish market, organically building a presence in this region is time-consuming. The acquisition strategy is therefore designed to support organic expansion in the region.

M&A

Profitroom aims to support overseas expansion and organic growth through acquisitions. The Group is focusing on directions identified as strategic within the framework of organic growth, particularly in Spain / LATAM countries. The market is on the eve of major consolidation processes, which many industry players are discussing. This is due, among other things, to the highest density of companies offering technology products for hoteliers in Europe.

Profitroom has identified dozens of hotel technology players and has been conducting preliminary talks with between ten and twenty of them. The company focuses on entities offering its solutions to customers in the key leisure segment. As regards the interest in the M&A process there are companies offering their products in the SaaS model with a strong position on one or several strategic markets, having a solid customer base, with a clearly dominant share of hotels from the tourist segment and hotel chains, offering a key product for Profitroom, such as a booking engine, as well as solutions supporting sales and marketing activities of the hotel. The company is also interested in entities that can accelerate its expansion in a given region thanks to a long-term presence in the market and a complementary offer.

In Q3 2021, Profitroom completed its first acquisition - the takeover of a Czech company, which dealt, among other things, with the sale of Profitroom solutions on the Czech and Slovak markets. As a result of the acquisition, the company has increased MRR from the Czech and Slovakian parts of its customer portfolio (no need to share commissions with resellers), and has also gained the ability to align its sales strategy with its effective operations in other markets.

Telecommunication



oxylion

Financial results of Telecommunication

Selected financial data:

(k PLN)	H1 2021	H1 2022	Change	Q2 2021	Q2 2022	Change
Revenue	7 087	6 677	-5.8%	3 556	3 336	-6.2%
EBIT	898	501	-5.1%	462	208	-55.0%
Amortization	-1 756	-1 668	-5.0%	-818	-834	2.0%
EBITDA	2 654	2 169	-18.3%	1 280	1 042	-18.6%
<i>Margin</i>	37,4%	32,5%		36,0%	31,2%	
CapEx	833	904	8.5%	402	481	19.7%
<i>CapEx%</i>	11,8%	13,5%	-	11,3%	14,4%	

Slight drop in revenues

Lower VoIP margins due to regulatory changes
in FTR and MTR rates

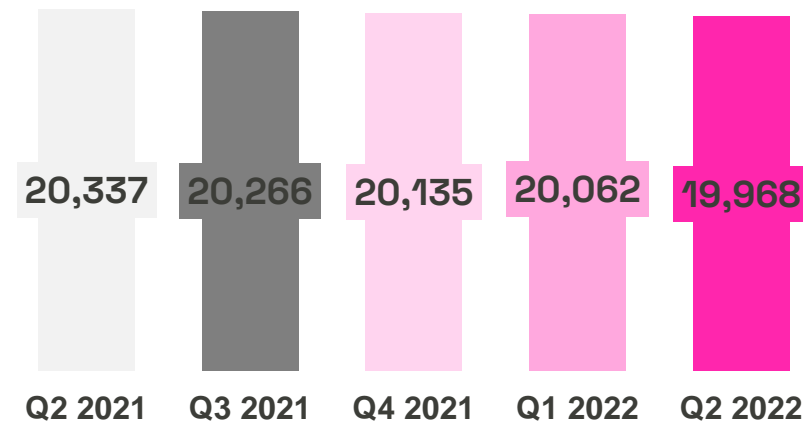
Capital expenditure clearly below the depreciation value
Limited to the minimum necessary to ensure the stability
of services.

On 14 June 2022 was finalized the transaction in which R22 S.A. acquired 903,085 new issue shares of Vercom S.A. for the total issue price of PLN 37.0m (the issue price of 1 share is PLN 41.00) in return for a non-cash contribution in the form of 100% of Oxylion S.A. shares (PLN 28.0m) and a cash contribution (PLN 9.0m). Pursuant to the agreement, the amount of PLN 8 million was used to repay the debt of Oxylion S.A. towards the Issuer.

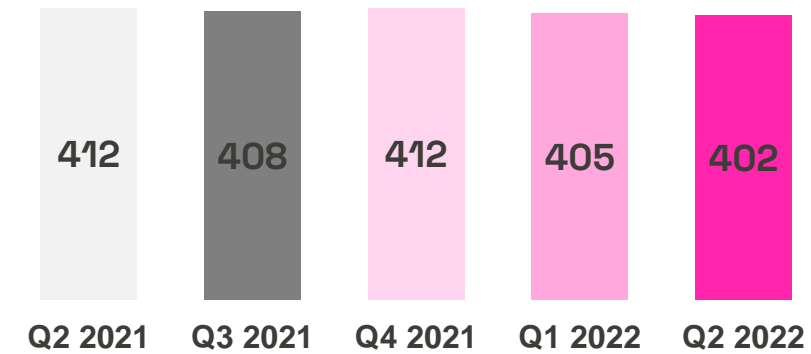
Agreement regarding the terms of sale of Oxylion S.A. was concluded on 26 April 2022 and amended by an annex on 16 May 2022.

Subscriber data of Telecommunication segment

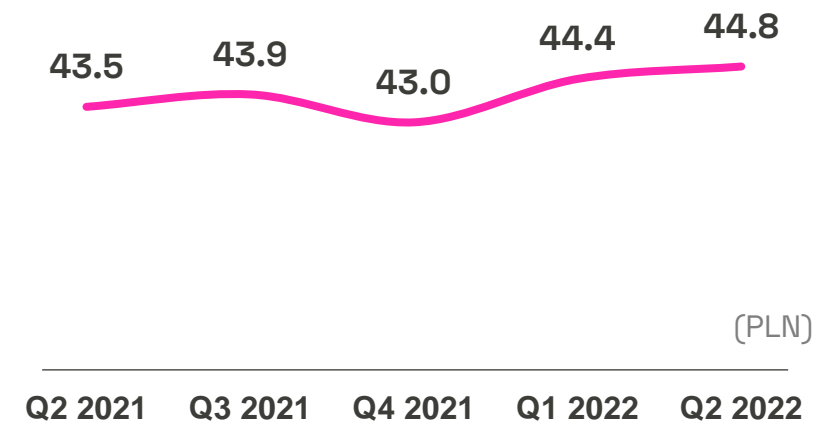
Number of ISP customers*:



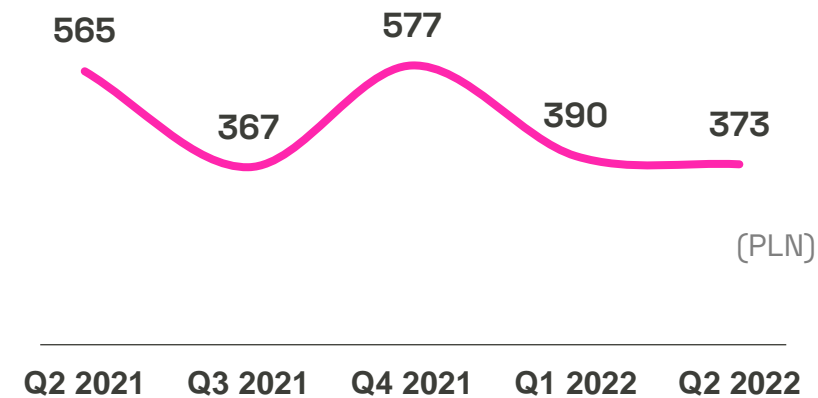
Number of VoIP customers:



ARPU ISP:



ARPU VoIP:



Decrease in the number of customers with an increase in ARPU of ISP services

A slight increase in the number of customers and a significant increase in ARPU in the VoIP segment

The aim of activities in the segment is to maintain the current customer base and at least to maintain the monthly ARPU

As part of the inclusion in the CPaaS platform, the planned development of voice services

*średnia w danym okresie

Ekspozycja na atrakcyjne segmenty telekomunikacji

Areas of activity

Internet (B2C) - ISP

- The Group's structure resulted from eight acquisitions over a three-year period
- Internet access provided via radio and fixed links
- Radio technology dedicated to areas hard to reach
- Low cost for the user + no transfer limit + high service quality

Cloud Telephony (B2B) - VoIP

- A wide range of technologically advanced services
- Sales mainly to resellers, integrators and business clients
- The SME market and individual clients operated by the IPFON brand
- Services integrated with many IT systems (CRM, ERP, etc.)

Oxylion position in the R22 Group

Attractive segments of the telecommunications market

Stable source of cash

Predictability of revenue and cash flow

Infrastructure and know-how used in the Group

On 14 June 2022, a transaction was finalised in which R22 subscribed for new issue shares in Vercom in exchange for a contribution in kind of 100% of Oxylion shares.

Development prospects





Development prospects

We provide essential services for the digitisation and automation of communication and business processes

Our goal is to have a strong presence in global markets

Maintaining growth rate using organic growth and acquisitions while retaining financial stability

Leveraging present customer base

Optimizing the offering, ARPU growth, cross-selling (including to MailerLite customers), product and technology development

International expansion

The R22 Group's goal is to achieve 50% of its revenue from foreign markets, which can be achieved in the short term with the acquisition of MailerLite and the continued international expansion of Profitroom

Portfolio development

Further development of the group's offer to include complementary solutions and cross-selling

Further dynamic development of the SaaS segment
and consolidation of the results of the segment companies (Profitroom, SellIntegro)



Leveraging present customer base

ARPU Boost

- Continuing changes in the service portfolio related to service unification and price increases of both hosting and domain services and omnichannel communication services.
- Cross-selling products and services offered by the R22 Group.
- Increasing sales of additional services, including SSL certificates.

Product development

- Sale of higher-margin communication channels (email, push) to existing customers in the acquired company ProfiSMS.
- Product development in the CPaaS segment, in the field of Viber, WhatsApp, RCS communicators using chatbot technology.
- Use of companies acquired by R22 to sell additional and new group products - User.com (new markets for e-mail and text messaging services), Appchance (push- and RCS-based solutions).
- The Group also plans to develop platforms supporting the currently offered tools. The main areas of interest are primarily e-mail, retargeting and lead generation.
- Development of tools for e-commerce, including, among others, the _Stores online shop creation and maintenance solution and Sellintegro e-commerce integration. Commercialisation in international markets, including cross-sell to R22 customers.

Marketing strategy

- Consolidation of marketing and communications strategy at Group R22 level over the longer term - complete solutions for all clients active in online space and those wishing to communicate effectively with their clients. In the short- and medium-term in particular, the group is planning to consolidate its brands and marketing strategy in the hosting segment, giving it an opportunity it utilize current marketing budgets in a more effective manner, acquiring new clients and supporting other efforts to increase the ARPU, i.e. greater cross-selling among the existing segments and using opportunities to upsell to clients and a further unification of the offering both in Poland and on new markets.

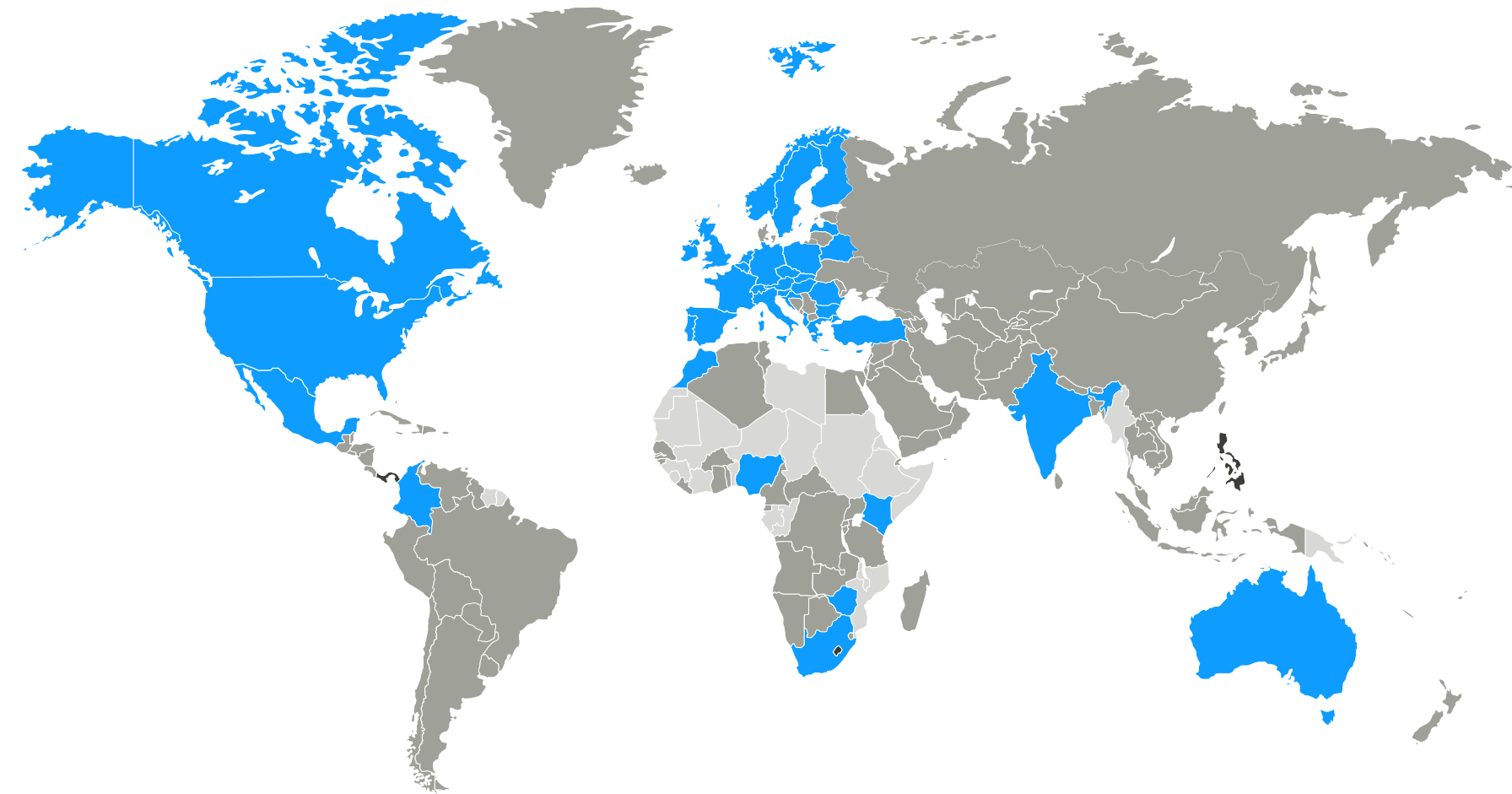
ESG

- Due to the subject and specificity of its activity, the R22 Group has no significant impact on the environment. The company conducts low-emission activities, mainly in the area of software production.
- In its activities, R22 takes into account factors reducing the impact on the environment through, inter alia, reduction of electricity consumption (e.g. investments in energy-saving servers) and paper consumption (e.g. implementation of electronic documentation flow).
- One of the Group's priorities is to ensure appropriate working and development conditions for all employees. The company complies with all regulations related to employee rights, and the principles of gender equality are respected.

Foreign expansion

Acquisitions and sales development

- In May 2019, the Group entered the Croatian market through the acquisition of a local market vice-leader. R22 is analysing further players that could strengthen its market position.
- In late 2019 and early 2020, R22 invested in Profitroom, a developer of SaaS-based technology solutions for the hospitality industry. The company has a dominant position on the Polish market and a growing portfolio of foreign clients. As part of Profitroom's growth, acquisitions in Western European markets are planned.
- The first step of foreign expansion of the CPaaS segment was the acquisition of ProfiSMS - the leader of the Czech SMS market with a strong position on the Slovak market - completed at the turn of Q3 and Q4 2020.
- 26 April this year Vercom signed a conditional agreement to acquire UAB Mlr grupe (MailerLite). The fulfilment of the conditions precedent and the finalisation of the transaction took place on 14 June 2022. The PLN 400m transaction was financed with equity from last year's IPO, debt financing and a share issue to existing MailerLite owners. MailerLite has 38k customers, 100 employees in 30 locations. The company operates in 180 markets, with 70% of revenue coming from the US and Western Europe.
- The group is actively seeking and in discussions with further potential acquisition targets operating overseas.
- In addition to seeking acquisitions in the Group's current business areas, R22 is also in investment and acquisition discussions regarding companies with products that are complementary to the Group's portfolio in the areas of digitalisation and business process automation.



- R22's main markets (including Profitroom and MailerLite)
- R22 business markets (including Profitroom and MailerLite)

Financial data



Consolidated P&L – R22 Group

(k PLN)	H1 2021	H1 2022	Change	Q2 2021	Q2 2022	Change
		01.01.2022 – 30.06.2022		01.04.2021 – 30.06.2021	01.04.2022 – 30.06.2022	
Sales revenue	135 555	171 054	26%	68 276	87 134	28%
Other operating revenue	80	313	291%	45	25	-44%
Amortization and depreciation	-9 817	-12 443	27%	-4 828	-6 276	30%
External services	-82 521	-104 129	26%	-40 856	-52 976	30%
Costs of employee benefits	-14 785	-21 801	47%	-7 716	-11 442	48%
Use fo materials and consumption of energy	-1 481	-2 794	89%	-789	-1 333	69%
Taxes and charges	-258	-389	51%	-145	-174	20%
Other operational expenses	-106	-166	57%	-76	-31	-59%
Profit / (loss) on sale and liquidation of tangible fixed assets	31	503	1523%	21	279	1229%
Other write-offs	-270	-486	80%	-186	-99	-47%
Profit on operating activity (EBIT)	26 428	29 662	12%	13 746	15 107	10%
Net financial cost	-3 798	-7 519	98%	-1 431	-5 373	175%
Share in profits of associates accounted for using the equity method	305	657	115%	606	523	-14%
Profit before taxes	22 935	22 800	-1%	12 921	10 257	-21%
Income tax	-4 005	-5 050	26%	-2 509	-2 369	-6%
Net profit	18 930	17 750	-6%	10 412	7 888	-24%
- attributable to the shareholders of the parent	15 329	12 193	-20%	8 430	3 714	-56%
- attributable to non-controlling shares	3 601	5 557	54%	1 982	4 174	111%



Consolidated P&L – R22 Group

Factors impacting financial results in H1 2022

- Organic sales and profit growth in the CPaaS and hosting segments.
- The acquisition and consolidation of Freshmail and PushPushGo from July 2021 impacted revenue and profit growth in the CPaaS segment.
- Increase in depreciation and amortisation expenses largely due to amortisation of intangible assets recognised on acquisitions.
- Increase in finance costs due to an increase in WIBOR and an increase in debt following the MeilerLite acquisition.
- Significant impact of foreign exchange losses from the valuation of EUR loan commitments in Q2 2022, which will be offset in subsequent quarters by a large stream of EUR and USD inflows generated by MailerLite.
- Increase in earnings of associates, in particular Profitroom.
- Start of consolidation of MailerLite (from 15 June).
- H1 2022 results were impacted by non-recurring costs, i.e. transaction costs of PLN 1,936k (in the CPaaS segment) and ESOP valuation costs of PLN 314k. In Q2 alone, transaction costs of PLN 1,286k and ESOP valuation costs of PLN 158k.

Balance sheet – R22 Group

Assets

	30.06.2021	31.12.2021	30.06.2022
Tangible fixed assets	19 553	19 105	18 497
Right to use assets	17 041	23 186	37 397
Intangible assets and goodwill	242 276	294 477	648 232
Investments in affiliates	40 256	64 755	65 415
Loans granted	0	86	0
Assets due to deferred income tax	6 895	7 291	8 154
Derivatives	0	2 731	2 639
Other assets	314	312	361
Fixed assets	326 335	411 943	780 695
Trade receivables	25 693	34 575	31 637
Loans granted	865	521	1 535
Cash and cash equivalents	185 132	129 709	39 754
Other assets	3 270	2 528	6 617
Current assets	214 960	167 333	79 543
Total assets	541 295	579 276	860 238

The most significant changes in the asset structure

Increase of the right to use assets as a result of signing a lease agreement for a new server room in the hosting segment

Increase in intangible assets and goodwill as a result of the acquisition of MailerLite and previous acquisitions of companies Freshmail, Zenbox and Push Push Go

Increase in investments in affiliates thanks to the positive financial results of these entities and investments in SellIntegro.

Decrease in cash as a result of the implementation of the MailerLite acquisition. Maintained relatively high cash levels due to EBITDA growth achieved and high cash conversion, despite increased interest costs.

Balance sheet – R22 Group

Equity and liabilities

	30.06.2021	31.12.2021	30.06.2022
Basic capital	284	284	284
Own shares	-2 060	-2 060	0
Retained earnings and other capital	168 636	184 929	212 794
Exchange differences on the translation of foreign operations	-911	-808	-1 287
Equity attributable to equity holders of the parent	165 949	182 345	211 791
Non-controlling shares	95 432	95 779	169 222
Equity capital	261 381	278 124	381 013
Liabilities for loans and borrowings	165 008	154 676	293 624
Liabilities due to financial leasing	12 374	16 050	27 926
Liabilities due to contracts with clients	144	149	150
Deferred income tax	17 233	17 674	23 631
Other liabilities	60	3 503	2 075
Long-term liabilities	194 819	192 052	347 406
Liabilities for loans and borrowings	22 220	25 728	31 984
Liabilities due to financial leasing	5 071	7 227	8 811
Derivatives	2	0	0
Trade liabilities	25 609	33 890	36 613
Liabilities due to contracts with clients	22 858	29 894	38 252
Income tax liabilities	2 089	4 772	4 694
Liabilities for employee benefits	2 308	2 726	3 861
Other liabilities	2 652	4 863	7 604
Reserves	2 286	0	0
Short-term liabilities	85 095	109 100	131 819
Total liabilities	279 914	301 152	479 225
Total equity and liabilities	541 295	579 276	860 238

The most significant changes in the structure of equity and liabilities

Increase in equity as a result of IPO Vercom.

Increase in debt related to the implementation of the MailerLite acquisition. Increase in equity - non-controlling interests as a result of the issue of Vercom shares to the sellers of MailerLite.

Increase in lease liabilities due to the conclusion of an aircraft lease agreement worth PLN 14.8m for a period of 10 years.

The increase in liabilities due to contracts with clients is mainly due to high organic sales growth in the hosting segment and the acquisition of MailerLite's customer base.

The increase in other liabilities is due to the deferred payment for the shares in Freshmail and SellIntegro.

Cashflow – R22 Group

Cash flow statement

	H1 2021	H1 2022
Net profit for the reporting period	18 930	17 750
Adjustments, including i.a.:	17 726	23 727
- Amortization and depreciation	9 817	12 443
- <i>Income tax</i>	4 005	5 050
- <i>Interest cost</i>	3 796	7 268
Change in inventories, receivables, liabilities and other assets - total	2 323	4 930
Cash generated on operating activities	38 979	46 407
Tax paid	-7 339	-8 674
Net cash from operating activities	31 640	37 732
Interest received	25	16
Repayment of granted loans	303	6
Loans granted	0	-920
Acquisition of subsidiaries less cash acquired	-740	-244 503
Investments in affiliates	0	-3
Proceeds from sale of tangible fixed assets	94	560
Purchase of tangible fixed assets and intangible assets	-5 328	-8 306
Net cash from investign activities	-5 647	-253 150
Proceeds from the sale of own shares	0	3 244
Net proceeds from the issue of subsidiary shares	170 176	0
Dividends and other payments to owners	-8 037	-10 068
Dividends paid to non-controlling shareholders	-4 442	0
Other distributions to non-controlling shareholders	0	-808
Proceeds from borrowings	0	159 895
Repayment of loans and credits	-13 232	-11 563
Receipts / (Repayment) of overdraft facility	456	-3 770
Acquisition of non-controlling interests	0	3 000
Interest paid	-3 871	-6 266
Payments of liabilities under financial leasing agreements	-2 856	-4 173
Acquisition of non-controlling interests in subsidiaries	0	-4 028
Net cash from financing activities	138 194	125 463
Total net cash flow	164 188	-89 955
Cash and cash equivalents at the beginning of the period	20 944	129 709
Cash and cash equivalents at the end of the period	185 132	39 754

The most significant changes in cash flows

High conversion of EBITDA into operating cash flows:

- Adjusted EBITDA: PLN 44.6m
- Net cash flows from operating activities: PLN 37.7m

Current operating cash flows covered, among other things:

- Acquisitions of non-current assets and intangible assets, the increase in which is due to expenditure on IT equipment in the new server room and R&D expenditure.

MailerLite acquisition of approximately PLN 400m financed with own funds from the issue of Vercom shares in 2021, a bank loan and partly settled in new Vercom shares.

Within flows from financing activities, the changes are due to:

- The increase in interest paid is due to the increase in the WIBOR rate

Changes in equity – R22 Group

	Basic capital R22 S.A.	Retained earnings and other capital	Own shares	Exchange differences on the translation of foreign operations	Capital from valuation of hedging instruments	Equity attributable to equity holders of the parent	Capital attributable to non-controlling shares	Equity
As at 1 January 2022	284	184 929	-2 060	-808		182 345	95 779	278 124
Net profit		12 193				12 963	5 557	17 750
Other comprehensive income				-479		-479	199	-280
Total income in the period		12 193		-479		11 714	5 756	17 470
Transactions with owners included directly in equity								
Acquisition of non-controlling interests		-10 068				-10 068		-10 068
Acquisition of non-controlling interests		-2 706				-2 706	-1 322	-4 028
Net assets attributable to non-controlling interests from acquisition of shares in subsidiary		2 249				2 249	751	3 000
Sale of own shares		1 184	2 060			3 244		3 244
Capital increase in a subsidiary		25 013				25 013	68 752	93 765
Share-based payment capital							314	314
Net assets attributable to non-controlling interests due to capital reduction in subsidiary							-808	-808
As at 30 June 2022	284	212 794	0	-1 287		211 791	169 222	381 013



Factors important for the development of R22 & threats and risks

The R22 Group has an established position on the Polish hosting and domain market as well as automated SMS, Mobile and E-mail communication platforms. At the same time, the Group is expanding its operations in new markets, both through acquisitions of local entities (Romanian and Croatian market of hosting and domains, Czech SMS communication market) and organic development of Polish companies on foreign markets. The markets in which the R22 Group operates are characterized by high growth dynamics, they are influenced by many internal and external factors, which in the future may translate into the financial and market situation of the Group. Among the most important factors and risks that may affect the Group in the perspective of at least one quarter, the following can be distinguished:

- Effectiveness of subsequent acquisitions
- Increase or decrease in customer confidence and volatility of the CHURN index
- Dependency on suppliers in the CPaaS segment
- Dependency on suppliers in the Hosting segment
- Retention and acquisition of new employees. Ability to effectively allocate staff competence and knowledge and motivate them
- Changes in interest rates
- Ensuring compliance with RODO and other legislation
- Situation on the e-commerce and m-commerce market
- SARS-CoV-2 pandemic
- Potential hacking attacks

- Effectiveness of realising operational, revenue and cost synergies from past acquisitions
- Opportunities and risks associated with relatively rapid technological change and innovation in the IT market
- Activities carried out by competing companies
- The economic, business and political situation in Poland, Romania, Croatia, the Czech Republic and the countries in which the Group will develop its operations
- Inflation and exchange rate fluctuations of currencies of the countries in which the Group operates and performs its settlements (PLN, RON, HRK, CZK, USD, EUR)
- An increase or decrease in demand for shared hosting, dedicated hosting, internet domains and additional services accompanying them
- An increase or decrease in demand for multi-channel, automated communication services via digital channels
- Changes in interest rates

Separate statement of P&L – R22 S.A.

P&L

	H1 2021	H1 2022
Revenue	1 950	2 292
Profit on operating activity (EBIT)	-1 741	-2 384
Net financial cost	9 696	-1 654
Profit before taxes	7 955	-4 038
Income tax	171	333
Net profit	8 126	-3 705

Factors affecting performance and financial position

The main item of the profit and loss account is financial income resulting from received dividends, gains on the sale of shares in subsidiaries and received interest

The increase in investments in subsidiaries with a decrease in loans granted is due to the conversion of part of the loans granted to cyber_Folks into share capital

Assets

	31.12.2021	30.06.2022
Fixed assets including, among others	337 939	333 998
Right to use assets	417	15 053
Investments in subsidiaries	253 139	287 521
Investments in affiliates	30 266	30 266
Loans granted	53 255	0
Current assets	3 164	2 239
Cash and cash equivalents	1 958	734
Total assets	341 103	336 237

Equity and liabilities

	31.12.2021	30.06.2022
Equity capital including, among others	230 733	216 960
Reserve capital <i>from the excess of the issue price over the nominal value</i>	209 270	209 270
Reserve capital from profit appropriations	880	6 588
Supplementary capital	0	4 300
Retained earnings	20 299	-3 482
Longterm liabilities including, among others	96 253	103 119
Liabilities due to credits, loans and bonds	95 946	89 701
Liabilities due to financial leasing	307	13 418
Shortterm liabilities	14 117	16 158
Liabilities due to credits, loans and bonds	12 885	13 751
Total liabilities	110 370	119 277
Total equity and liabilities	341 103	336 237

Shares and shareholding



Shares and shareholding

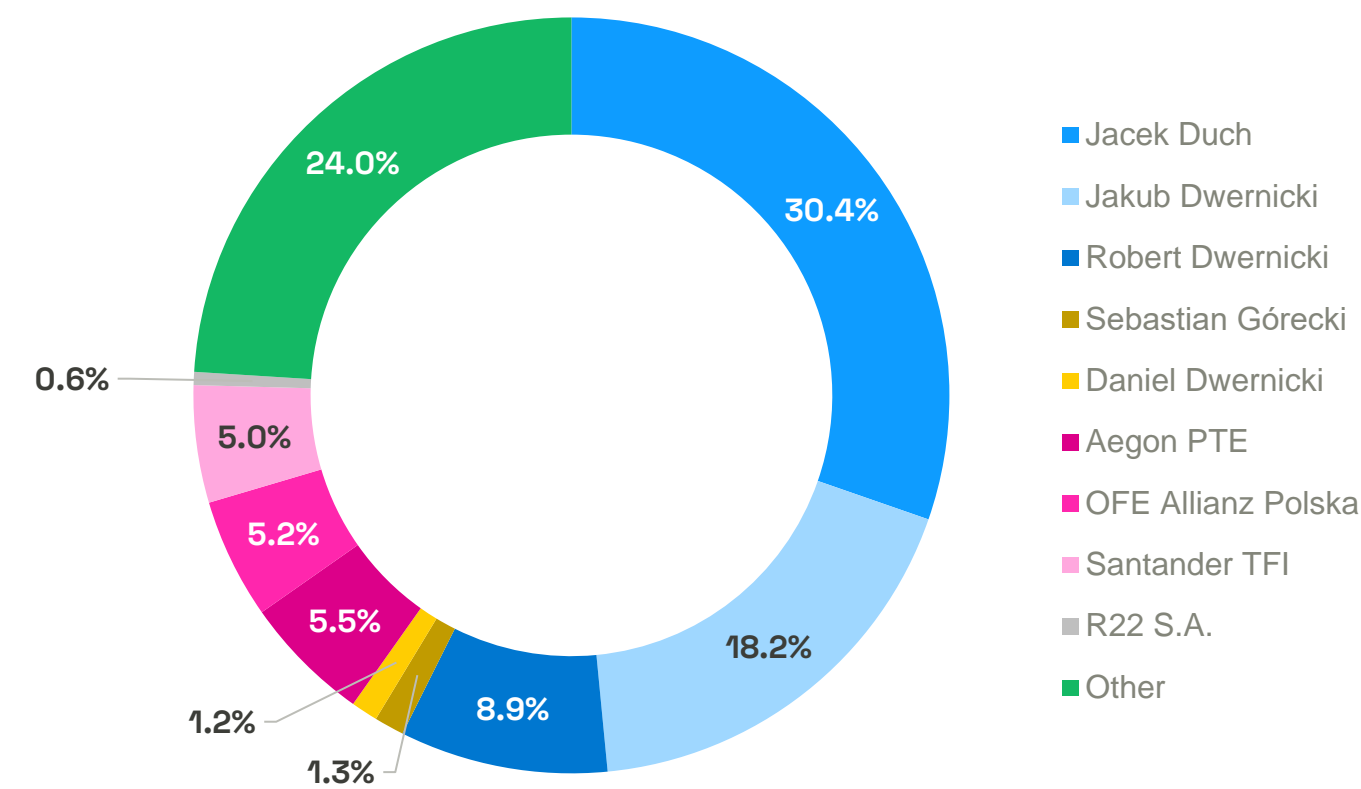
Shareholders holding at least 5% of votes at the General Meeting

As at the date of this report, the Company's share capital amounts to PLN 283,600 and is divided into 14,180,000 shares with a nominal value of PLN 0.02 each.

Shareholders holding at least 5% of the number of votes at the General Meeting as at 30 June 2022 and as at the date of publication of this report:

Shareholder	30 June 2022		6 September 2022	
	Number of shares / votes at the GM	% of shares in the share capital / votes at the GM	Number of shares / votes at the GM	% of shares in the share capital / votes at the GM
Shareholders' agreement*, including:	8 541 150	60,23%	0	0%
<i>Jacek Duch</i>	4 316 522	30,44%	4 288 993	30,25%
<i>Jakub Dwernicki</i>	2 591 578	18,28%	2 576 080	18,17%
<i>Robert Dwernicki</i>	1 296 857	9,15%	1 263 193	8,91%
<i>Sebastian Górecki</i>	171 642	1,21%	181 238	1,28%
<i>Daniel Dwernicki</i>	164 551	1,16%	163 501	1,15%
Aegon PTE	776 507	5,48%	776 507	5,48%
OFE Allianz Polska	730 535	5,15%	730 535	5,15%
Santander TFI	712 360	5,02%	712 360	5,02%
cyber_Folks S.A.	80 000	0,56%	0	0%
R22 S.A.	0	0%	80 000	0,56%
Other shareholders	3 339 448	23,55%	3 407 593	24,03%
TOTAL	14 180 000	100,00%	14 180 000	100,00%

Shareholding structure



*Jacek Duch, Jakub Dwernicki, Robert Dwernicki, Sebastian Górecki and Daniel Dwernicki as at 30 June 2022 remained in agreement due to the agreement of all the Issuer's shareholders concluded on August 18, 2017, regulating the corporate governance principles in the Company, as well as the rights and obligations of the Shareholders in the scope of owning, purchasing and selling shares in the Company, the principles of taking up shares in the increased share capital of the Company, as well as specifying the terms of cooperation of the Shareholders, including in particular the rules for maintaining a lasting policy towards the Company and the consistent voting on general meetings of the Company, including within the meaning of Art. 87 para. 1 point 5) of the Act on Public Offer.

The investment agreement was for a period of 5 years, due to its expiry on 18 August 2022. The shareholders' agreement has been terminated.



Shares and shareholding

Stock buyback

After the reporting period, R22 S.A. held a stock buyback of 80,000 shares for PLN 50 apiece. The buyback was conducted as a tender offer. In response to the tender, the company received sale offers for a total of 12,544,050 R22 shares. The average oversubscription reached 99.36%. The transaction was executed and cleared on July 28.

Treasury shares may be canceled, resold to third parties, used to finance acquisitions of other companies or they may be offered as part of an ESOP scheme set up by the Company based on a separate resolution of the Company's General Meeting.

On May 20 a subsidiary, cyber_Folks S.A., sold 80,000 shares of R22. The buyers (40,000 shares each) were Vercom board members Krzysztof Szyszka and Adam Lewkowicz. At the same time each sold 44,000 shares of Vercom.

The purpose of this transaction was to help R22 retain a majority stake in Vercom following the planned stock sale related to Vercom's acquisition of MailerLite and Oxyllion.

Employee shares

The company does not run any employee share programs. The employee shares program is conducted by the subsidiary Vercom S.A. It is addressed to the employees of the Vercom Group, and its implementation depends on the achievement of the market and performance goals of the Vercom Group.

Company shares held by the Management Board and the Supervisory Board

Name	Position	30 June 2022	6 September 2022
Jacek Duch	Przewodniczący RN	4 316 522	4 288 993
Jakub Dwernicki	Prezes Zarządu	2 591 578	2 576 080
Robert Stasik	Wiceprezes Zarządu	44 950	44 931

Agreements which may lead, in the future to changes in the share holdings among shareholders and bondholders

The company is not aware of any contracts that may change the proportion of shares held by shareholders.

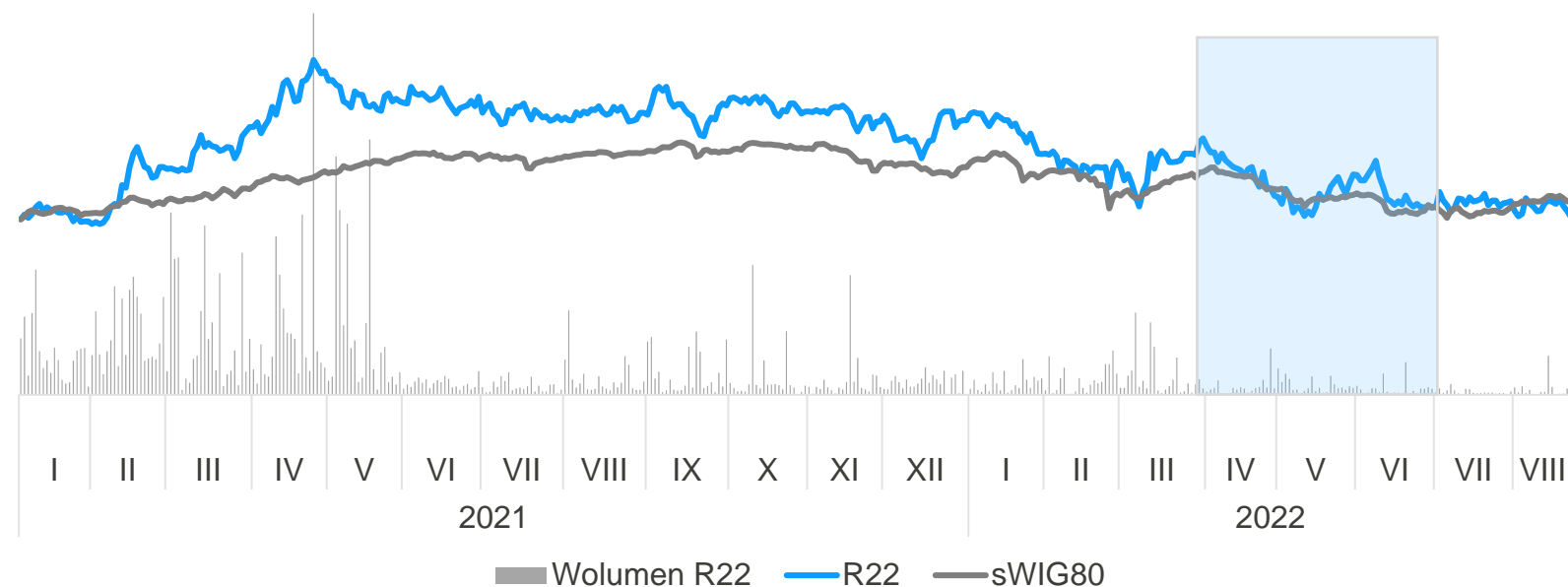
Shares and shareholding

R22 at the WSE

Shares of R22 have been listed on the Warsaw Stock Exchange since 29 December 2017. The company's shares are part of stock indices: sWIG80, sWIG80TR, WIG, WIG-Poland, WIGTECH.

At the end of June 2022, R22 quotations were 24.3% lower than at the beginning of 2022.

R22 share price as of the beginning of 2021, with a comparison to the sWIG80 index price.



Dividend

6 June 2022. The General Meeting passed resolutions on the payment of dividends and the repurchase of treasury shares. PLN 10.07m was allocated to the payment of dividends, which amounted to PLN 0.71 per share. The dividend date was set for 11 June 2022 and the dividend payment date for 17 June 2022.

The remaining part of 2021 net profit (PLN 9.94m) was allocated to reserve capital. At the same time the OGM has authorized R22's Managing Board to conduct a stock buyback of up to 80,000 shares for PLN 50 apiece. The buyback was carried out in July this year.

Dividend Policy

In accordance with the dividend policy R22, the Management Board will recommend to the General Meeting of the Company the payment of a dividend in the amount of at least 30% of the consolidated net profit of the R22 Capital Group, attributable to the shareholders of the parent company, with a simultaneous increase in the nominal amount of dividend per share.

When recommending the distribution of the net profit R22, the Management Board will take into account the current and predictable financial and liquidity situation of R22 S.A. and the R22 Capital Group as well as existing and future liabilities.

The dividend policy was adopted by the R22 Management Board on 9 September 2019. The final decision on the amount of dividend paid is made by the General Meeting of R22 S.A.

Dividends and share repurchases carried out by the company in each calendar year.

Year	Dividend per share	Value of dividends	Value of share buy-backs	Total transfer to shareholders
2019	PLN 0.30 ¹⁾	PLN 4.254m	PLN 2.0,	PLN 6.3m
2020	PLN 0.28 ²⁾	PLN 3.948m	-	PLN 3.9m
2021	PLN 0.57 ³⁾	PLN 8.037m	-	PLN 8.0m
2022	PLN 0.71 ⁴⁾	PLN 10.068m	PLN 4.0m	PLN 14.1m

1) Dividend for the 2018/2019 financial year.

2) Advance dividend on profits for FY 2019/2020

3) Dividend advance from earnings for 2019/2020 FY.

4) Dividend advance for 2021 FY.

Group authorities



Management Board R22

Founder and main person managing the R22 Group

The main author of the hosting business acquisition strategy. President of cyber_Folks S.A.

In R22, he is responsible for development strategy and acquisitions



Jakub Dwernicki

President of the Management Board



Robert Stasik

Vicepresident of the Management Board

Member of the Management Board, Financial Director, CIMA

He has been associated with the R22 Group for 9 years, as the Financial Director since 2014.

Responsible for managing the Group's finances, controlling, relations with banks, acquisitions



Supervisory Board

Jacek Duch

Chairman of the Supervisory Board

In 1970 he graduated from the Warsaw University of Technology. During his doctoral studies he worked at Nixdorf Computer in Germany and then as a researcher at PSI AG in Berlin. In the years 1978-1993 he worked for Digital Equipment Corporation (DEC) where he led projects including in Munich, Vienna and Paris. He supervised the creation of the DEC branch in the countries of Central Europe, including Poland.

From 1993 to 1998, he was the head of Oracle Polska and then served on the management boards of Prokom Software S.A. and Prokom Internet S.A., as well as numerous supervisory boards, among others Postdata S.A., Bank Pocztowy S.A., PVT a.s, numerous Asseco companies. He has extensive experience in both technical software engineering and management in international and Polish IT groups.

Katarzyna Zimnicka-Jankowska

Member of the Supervisory Board (independent)

A graduate of the Faculty of Organization and Management at the Lodz University of Technology. He holds the Chartered Financial Analyst title. She completed numerous courses and trainings in accounting, financial management, financial modeling and business valuation.

Running his own business, and previously working at KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp. K., Pekao Access Sp. z o.o., Armada Sp. z o.o. and Grupa Zarządzająca Łódź Sp. z o.o. - companies specializing in corporate finance consulting - implemented projects in the field of mergers and acquisitions, obtaining financing for transaction purposes and the implementation of investment plans, as well as financial restructuring projects.

She was a Member of the Management Board, Commercial Director and Strategy Director of PKP Intercity S.A., where she was responsible, inter alia, for IT systems and IT development. He sits on the supervisory boards of IDS-BUD S.A., DiM Construction Sp. z o.o. and Piastowskie Przedsiębiorstwo Usług Komunalnych Sp. z o.o.

Prof. dr hab. inż. Wojciech Cellary

Member of the Supervisory Board (independent)

Computer scientist currently working at the WSB University in Poznan. Previously he worked at 3 universities in Poland - Poznan University of Technology, where he held the position of Deputy Director of the Institute of Computer Science, at the Franco-Polish School of New Information and Communication Technologies, where he held the position of Vice Rector for Science, and at the Poznan University of Economics, where he held the position of Head of the Department of Information Technology. In addition, he worked at 6 universities in France and Italy and was a visiting professor at the United Nations University in Macao and Portugal. He was the manager of more than 80 research and industrial projects, the main organizer of 60 scientific conferences, and a member of the program committees of 350 conferences. He has authored over 200 scientific publications. His professional activities include consulting, membership in professional organizations, editorial boards of scientific journals, expert groups, committees, councils and associations. He has promoted 18 PhD's, 6 of whom were subsequently habilitated and 2 of whom became full professors. He has received 40 awards for achievements in scientific and teaching work.

His lectures in Polish, English and French were attended by about 20,000 students. Currently he specializes in e-business technology, e-government, digital economy and society and Industry 4.0.

Magdalena Dwernicka

Member of the Supervisory Board

In 2002, she graduated from the University of Agriculture in Poznań, in 2003 and 2004 she graduated from Marketing Business Management and Human Resources Management at the Academy of Economic Development. In 2003-2004 she participated in a series of trainings in the field of implementation and settlement of projects implemented under the European Social Fund organized by PARP.

She worked in 2007-2012 as a PR specialist in Telepuls "Spider" Sp. z o.o. S.K.A. based in Poznań, in the years 2012 - 2017 as Ogicom "Spider" Sp. z o.o. S.K.A. (currently H88 S.A.) based in Poznań as an EU Projects Specialist.



Supervisory Board

Kamil Pałyska

Member of the Supervisory Board (independent)

Kamil Pałyska has over 13 years of experience in the field of finance. Currently, he leads the team in the finance department at Agora SA Capital Group, supporting the companies in the Group in the field of controlling, financial and non-financial reporting, taxes and financial reporting. He also conducts training in the field of new standards and changes in tax legislation regarding the finances of large enterprises.

He has an accounting certificate issued by the Minister of Finance and is at the final stage of receiving the international ACCA (Association of Chartered Certified Accountants) title. He is a graduate of the University of Warsaw, where he graduated in Finance and Accounting.

He started his professional career in an accounting office where he took his first steps in finance. After 4 years, he moved to the international consulting company KPMG, where he continued to expand his knowledge in the field of finance, starting from the position of the Senior Manager of audit projects in the Technology, Media and Telecommunications department. In the years 2018-2020 he was a Manager in the Audit Department at Deloitte Polska. During these 7 years, he participated in many consulting projects in the field of audit, acquisition, restructuring and assistance in introducing IPO of listed companies.

Changes in the Management Board and Supervisory Board

There were no changes to the composition of the Supervisory Board in H1 2022.

Other information





Other information

Principles of managing the Company and the Group

There were no other significant changes in the basic management principles of the Company and its Capital Group in the reporting period.

Description of material court proceedings

The R22 Group has yet to settle advance Payments made to SOPOL Solewodzińscy sp. j. („SOPOL”) totaling PLN 517 thous. For the provision of services. The R22 Group, According to the agreement on the provision of services signed with SOPOL has charged a contractual penalty totaling PLN 1,100,000 for the failure by SOPOL to provide the minimum daily capacity for text messages as per contractual terms. Proceedings to issue a payment order were initiated on 2 July 2018. The contractual penalty has not been booked as a profit until there is a strong likelihood of the actual collection. A court bailiff at the District Court in Mikołów has initiated enforcement proceedings against the properties owned by the partners of SOPOL. Additionally, the R22 Group has a judicial mortgage of PLN 1,396,208.04 on a property owned by SOPOL in order to secure its claims arising from the above contractual penalty.

In 2020, the Group made a write-down on receivables in the amount of PLN 250 thousand. As at 31 December 2021, the Group assessed the risk of the debtor's repayment of receivables and, as a result of this assessment, considers that the write-downs made in the previous year are sufficient.

As at the date of the report, proceedings brought by the company Vercom S.A. are pending. towards Polkomtel sp.z o.o. for the payment of PLN 4,806,945 with statutory interest for delay for the period from 4 May 2020 to the date of payment as a contractual penalty reserved for the benefit of the Company. The suit was filed by the Company on 5 February 2021. In the opinion of the Company, Polkomtel did not duly perform its obligations under the contract concluded between the parties regarding the execution of the Company's orders regarding the sending / receiving of SMS / MMS messages by the Company in accordance with the rules set out between the parties.

Aside from the above, the R22 group has no other material proceedings before courts, arbitration bodies or the institutions of public administration relating to claims by R22 and its subsidiaries.

Employment

As at 30 June 2022 the Group had 472 employees calculated on a full-time basis. In the course of Q2 2022, the average employment totaled 470 employees.

Sureties and guarantees

Sureties and guarantees are described in the consolidated financial statements

Significant transactions with related entities

Transactions with related entities were presented and described in unconsolidated and consolidated financial statements (Note 24).

Financial forecast

The Management Board has not published financial forecast.

Relevant Agreements

In the first half of 2022. The Group did not enter into any significant contracts.

Ordinary General Meeting

On 6 June 2022, the Annual General Meeting of the Company was held. At the AGM, the shareholders decided, among other things, to distribute the net profit made in 2021, including the payment of a dividend totalling PLN 4m, and to authorise the management board to carry out a buyback of own shares with a total value of PLN 10m.

Information on the General Meetings is available on the company's website: www.r22.pl/walne-zgromadzenie/



Statement of the Management Board

Management Board statement on the reliability of the R22 Group consolidated financial statement for H1 2022

The Management Board of R22 S.A. hereby states that to the best of its knowledge, R22's consolidated financial statement for H1 2022 ended 30 June 2022 and the comparable data were prepared in accordance with accounting regulations in force.

The Management Board also states that the data presented reflects, in a true, reliable and transparent manner the group's financial situation and assets and its financial results. The report on activities contains a true image of the group's development, achievements and situation, including the description of basic risks and threats.

Jakub Dwernicki
President of the Management Board

Robert Stasik
Vicepresident of the Management Board

Management Board statement on the reliability of the R22 Group separated financial statement for H1 2022

The Management Board of R22 S.A. hereby states that to the best of its knowledge, R22's separated financial statement for H1 2022 ended 30 June 2022 and the comparable data were prepared in accordance with accounting regulations in force.

The Management Board also states that the data presented reflects, in a true, reliable and transparent manner the group's financial situation and assets and its financial results. The report on activities contains a true image of the group's development, achievements and situation, including the description of basic risks and threats.

Jakub Dwernicki
President of the Management Board

Robert Stasik
Vicepresident of the Management Board



Date of the report and approval for publication of the Interim Report of the R22 Group for H1 2022

6 September 2022

Date of the publication of the Interim Report of the R22 Group for H1 2022:

6 September 2022



Jakub Dwernicki

CEO



Rober Stasik

CFO