

**VERCOM**

| Vercom Capital Group  
Management report  
Q3 2022

November 16, 2022



: Scale beyond

## : Shareholder Letter

Dear Shareholders,

It is with great pleasure that I present to you the report for Q3 2022, which was the best quarter in the history of the Vercom Group. Noteworthy is the nearly threefold increase in gross margin from PLN 14 million to PLN 36 million, as well as adjusted EBITDA, which exceeded PLN 16 million, an increase of 76 per cent year-on-year. The past quarter is also the first full period of consolidation of MailerLite's results, which recorded a 41 per cent year-on-year increase in revenue, adding over PLN 5 million of EBITDA to the Group's consolidated results.

It is worth emphasising that we are consistently implementing plans related to the company's development on the international market, which effectively reduces our dependence on economic factors specific to our region. Thanks to the sale of services to customers in 180 markets, the share of foreign sales in the Group's revenue is already close to 50%. However, the main export market in terms of gross margin is the USA. At the same time, we have tripled the number of customers to almost 63,000, which has allowed us to further reduce the concentration of revenue and gross margin.

After completing a year's worth of intensive work on the implementation of acquisitions announced as part of the IPO, we were again able to focus more strongly on organic growth and the integration of acquired companies. We have recently launched pilot access to selected Vercom services via the MailerLite platform and are working intensively to develop new services tailored to the needs of smaller customers in the international market. At the same time, we are preparing to use MailerLite's advanced email marketing system for Vercom customers. The results of this work should already be visible in the coming year.

At the time of publication of this report, we will already be in the middle of the fourth quarter, in which we historically record the highest turnover. This is a time when our customers are intensifying communication with their service recipients in both the transactional and marketing areas. We are working hard to provide them with the highest possible level of service during this challenging period and look forward to celebrating another record-breaking performance with our shareholders, customers and employees once this period is over.

Yours sincerely,

**Krzysztof Szyszka**

**CEO Vercom**



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# : Operational summary



**: A threefold  
increase in the  
scale of operations**



# : Financial results

Revenue

**PLN 76.0m**

Increase y/y

**+72%**

Gross Profit

**PLN 36.1m**

**+157%**

EBITDA\*

**PLN 16.4m**

**+76%**

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



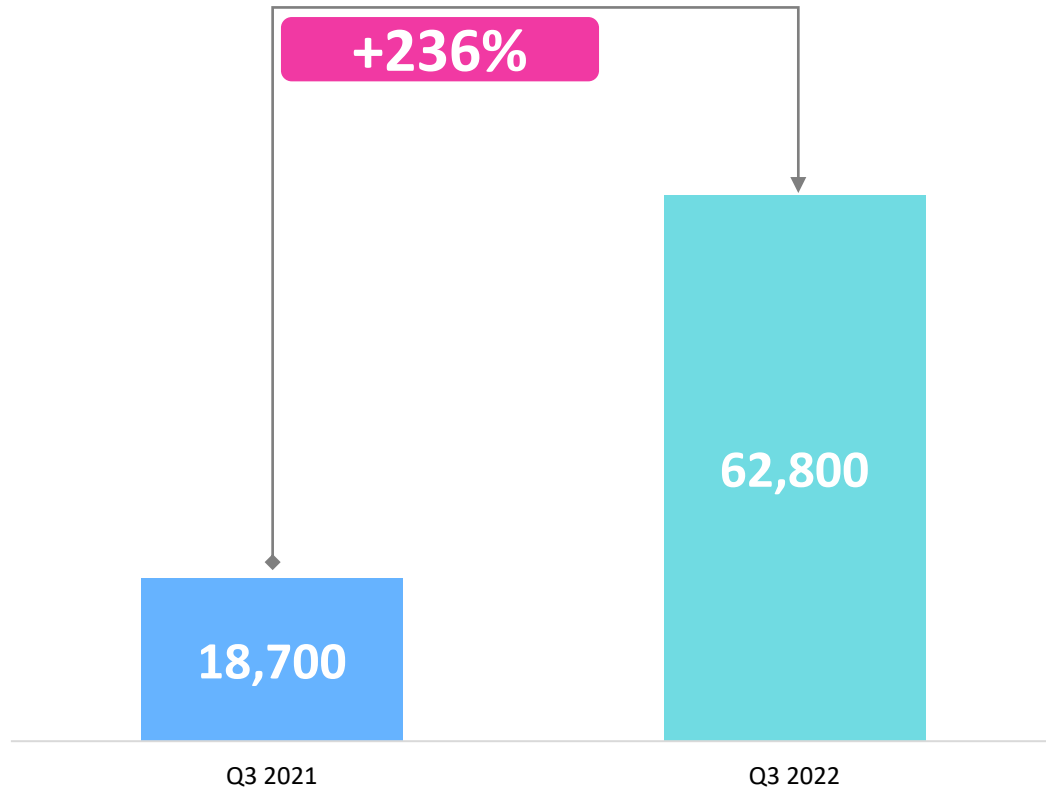
# : Customers

Number of customers

**62 800**

Increase y/y

**+236%**



## : Highlights of Q3 2022

### A threefold increase in the scale of operations

- Revenue up by 72% y-o-y to PLN 76m
- Gross margin by 157% y-o-y to over PLN 36m
- Adjusted EBITDA by 76% y-o-y to PLN 16.4m
- Adjusted net profit by 33 per cent to PLN 8.4m

### Increasing diversification

- A threefold increase in the number of customers to over 62 800 customers in 180 markets provides strong geographical and industry diversification
- Increase in the share of foreign sales to nearly 50%
- Decrease in revenue concentration and gross margin

### Starting to benefit from synergistic effects of MailerLite acquisition

- Two-way exchange of technology
- Development of new services for both Vercom and MailerLite clients
- Optimization of shared resources

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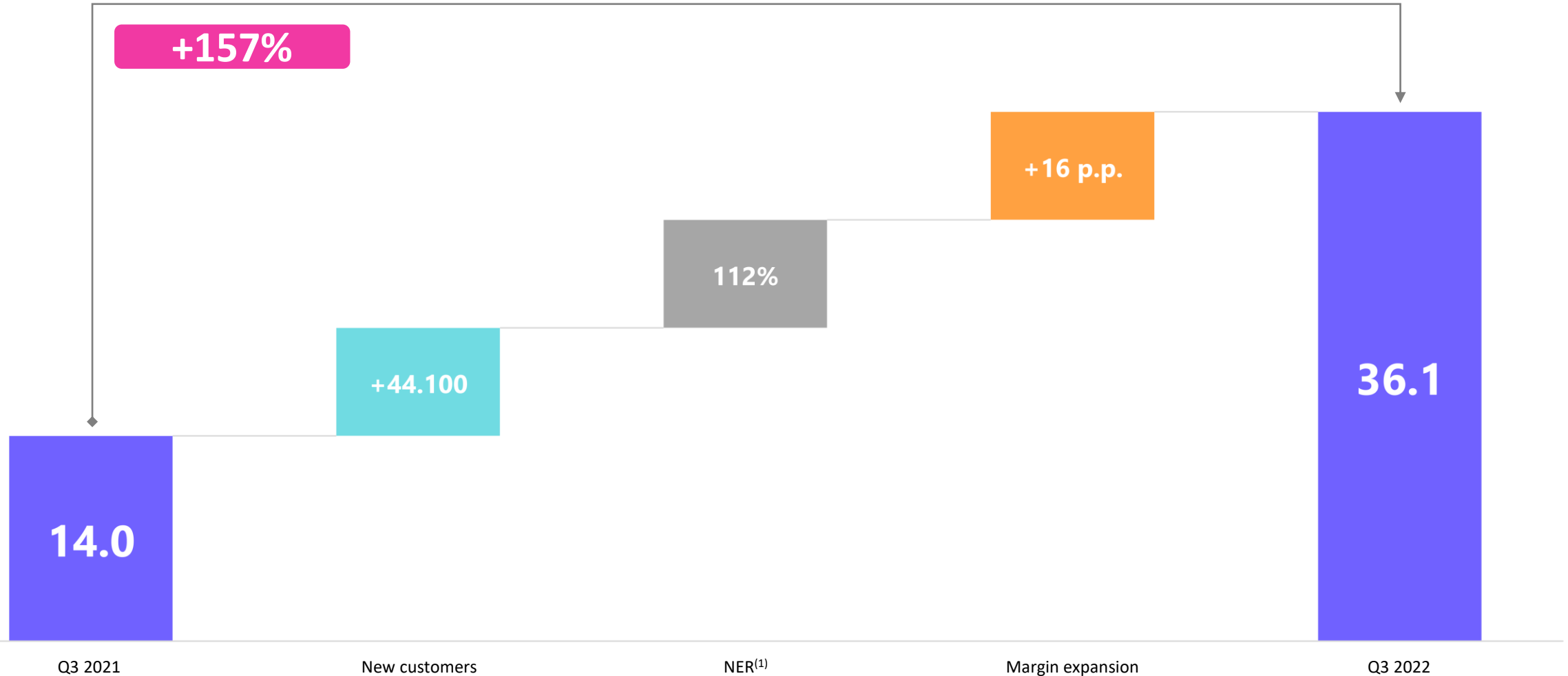
# : Dynamic growth continued in Q3 2022

Revenue (PLNm)



## : Gross profit driven by new customers and margin expansion

Gross profit (PLNm)



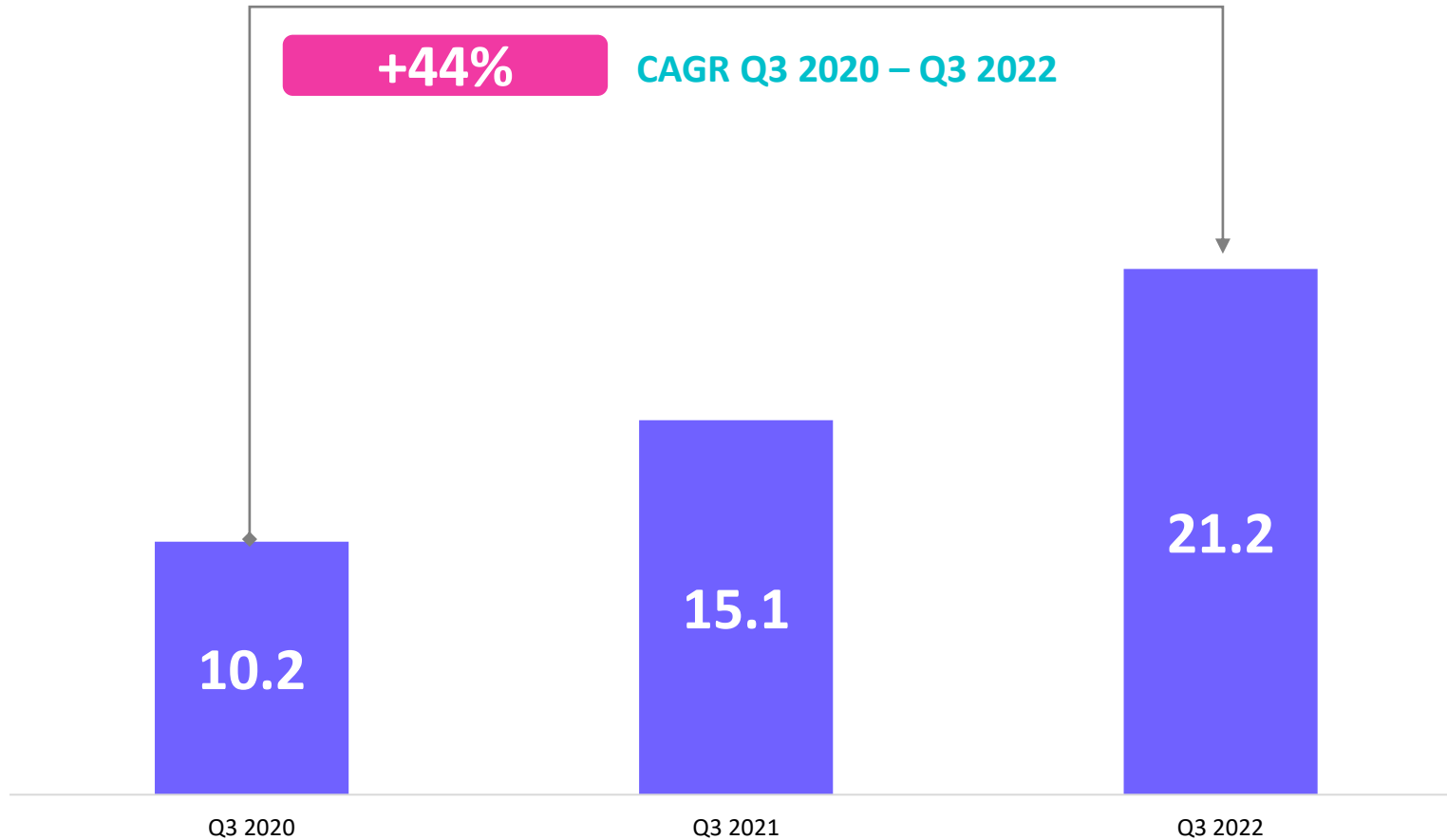
(1) NER (Net Expansion Rate) – change in revenue from customers generating revenue in the current and the comparative period. Applies to revenue from the CPaaS segment.

**: Global presence**  
is a key driving  
force behind  
acceleration of the  
growth dynamics



## : International presence of MailerLite helps to achieve 40%+ growth dynamics

MailerLite revenue \* (PLNm)



MailerLite EBITDA

PLN 5.3m

EBITDA 3Q 2022

25%

EBITDA margin Q3 2022

\* Historical revenues converted at an exchange rate of EURPLN = 4.78

## : Starting to extract synergies from the acquisition

### Two-way exchange of technology and know-how

- Pilot access to selected Vercom services (sms/push channel) for MailerLite customers
- Preparing to offer MailerLite's advanced email marketing solutions to Vercom customers
- Adding new products to the Vercom CPaaS platform (webiste builder)

### Working on new services

- Starting development of new services tailored to the needs of customers in the international market

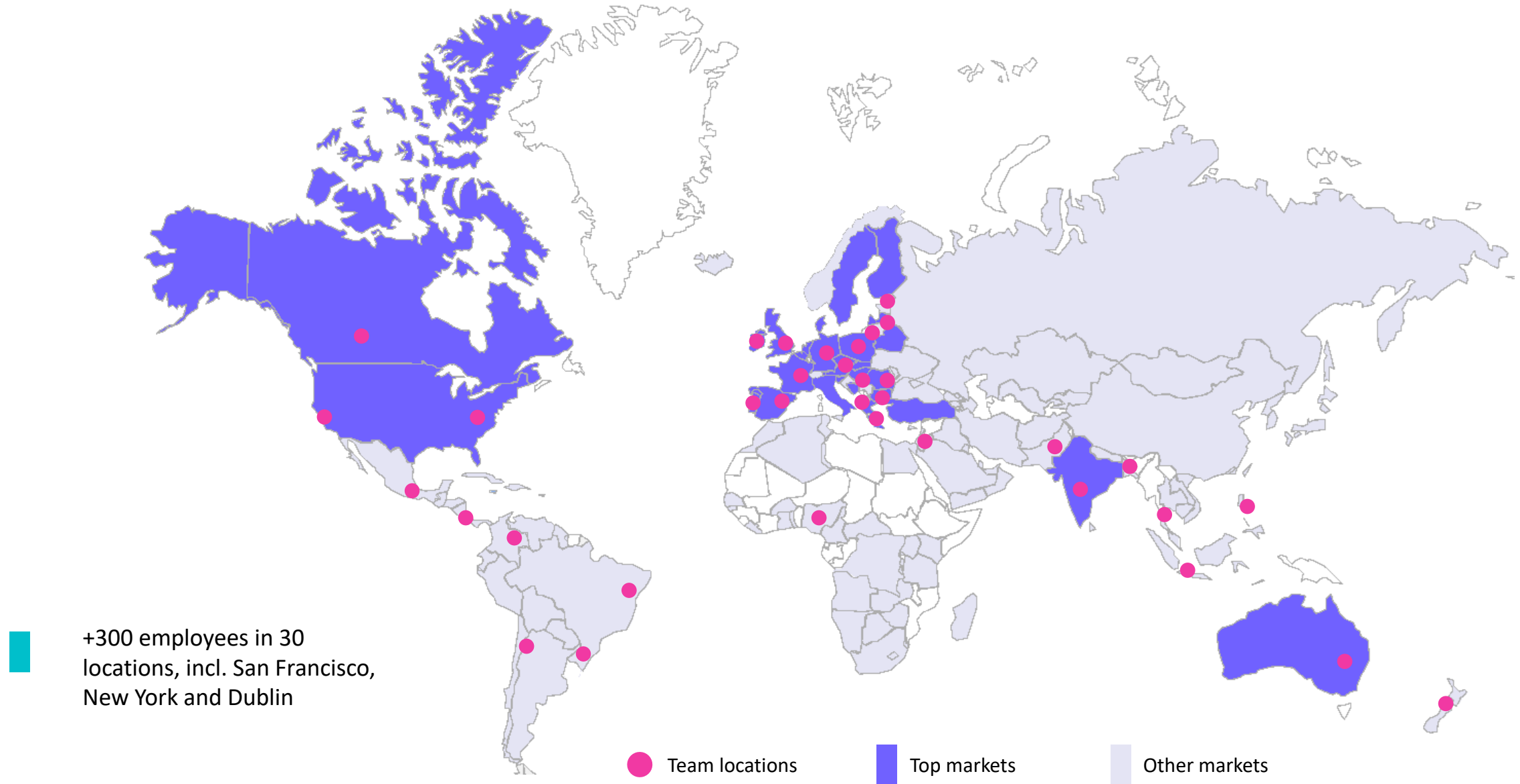
### Progressing integration of teams

- Optimisation of resources and operating procedures
- Leveraging increased human capital and new competences



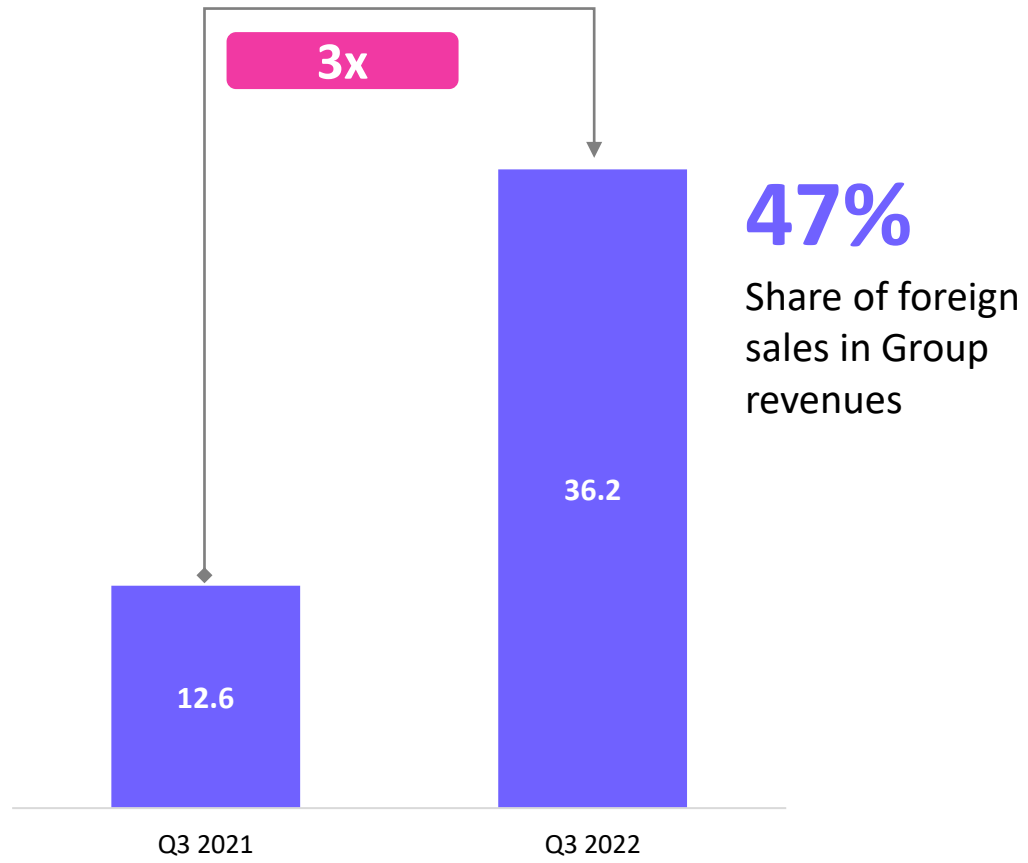
**: Increasing  
diversification**  
underpinned by c.  
50% share of the  
international sales

# : Selling services to customers in 180 markets globally



## : 3x increase in the international sales

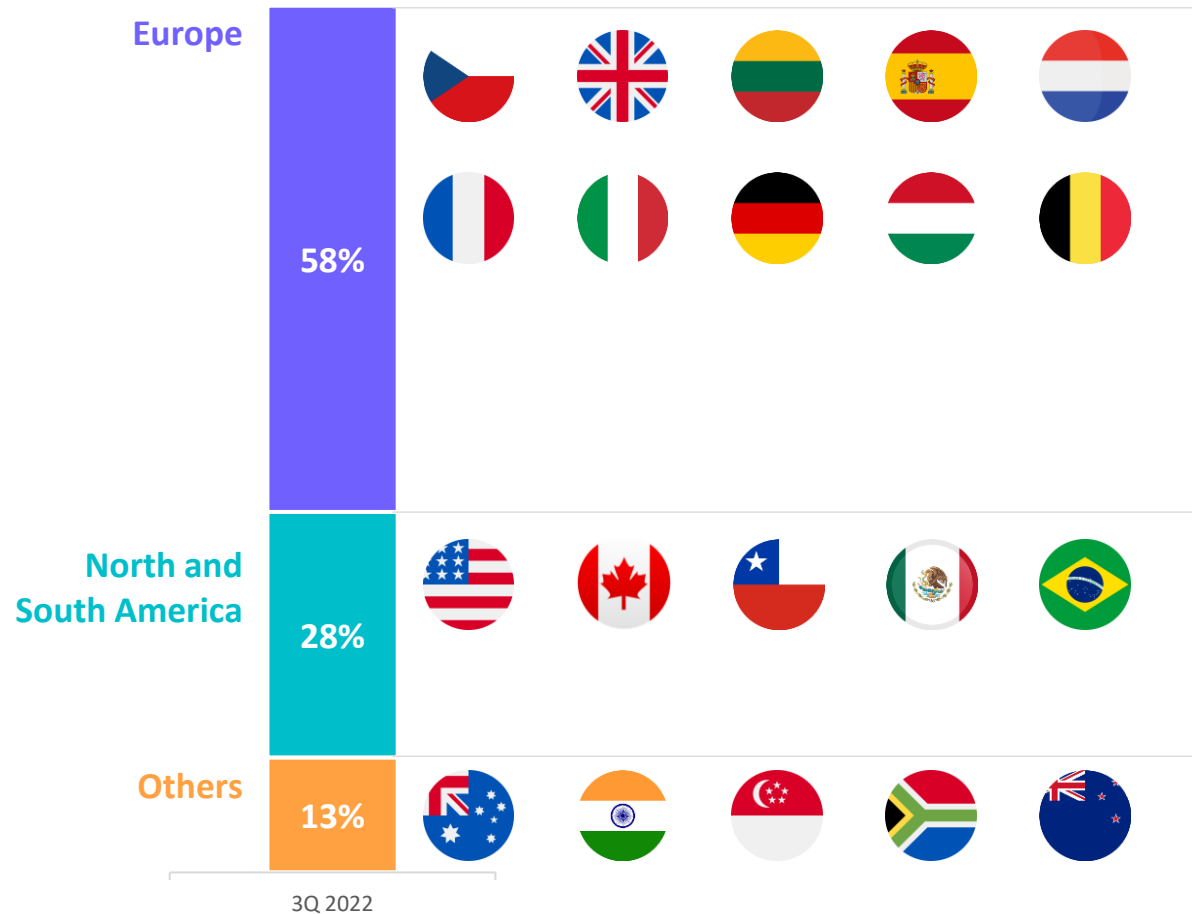
International sales (PLNm)





## : Strong presence in the most attractive markets

Structure of the international sales, leading markets



Note

- ✓ >85% of the international sales to North and South America and Europe
- ✓ Strong presence in the highly attractive markets, including the United States
- ✓ The US is the largest export market in terms of gross margin and the second largest in terms of revenue (22%)
- ✓ Attractive prospects for launching new services on the global market in a self-service model

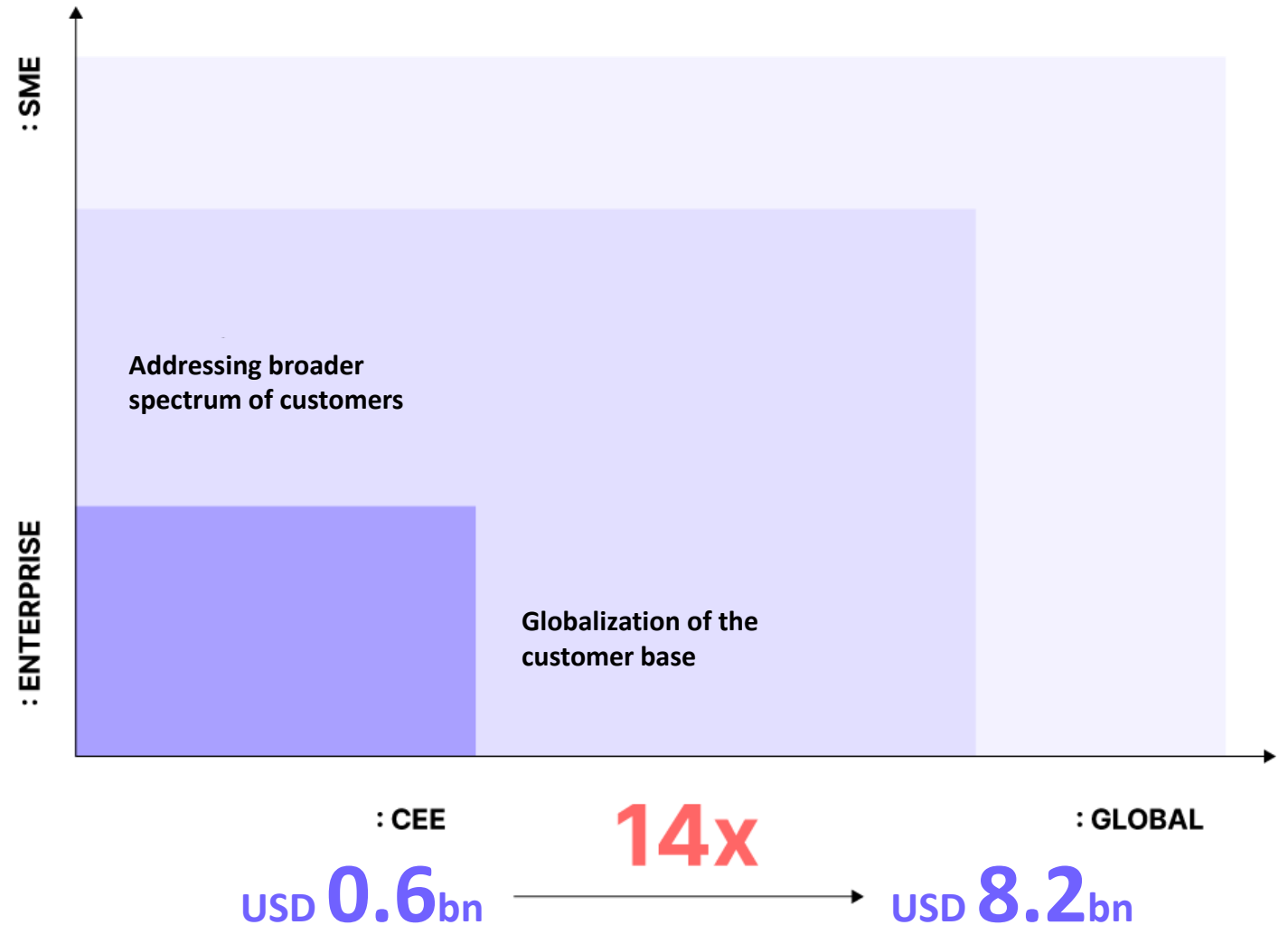
: Strong focus on increasing international presence while targeting broader spectrum of customers



- Recurring revenue (subscription model)
- Global scale-up enabled by self-service sales model

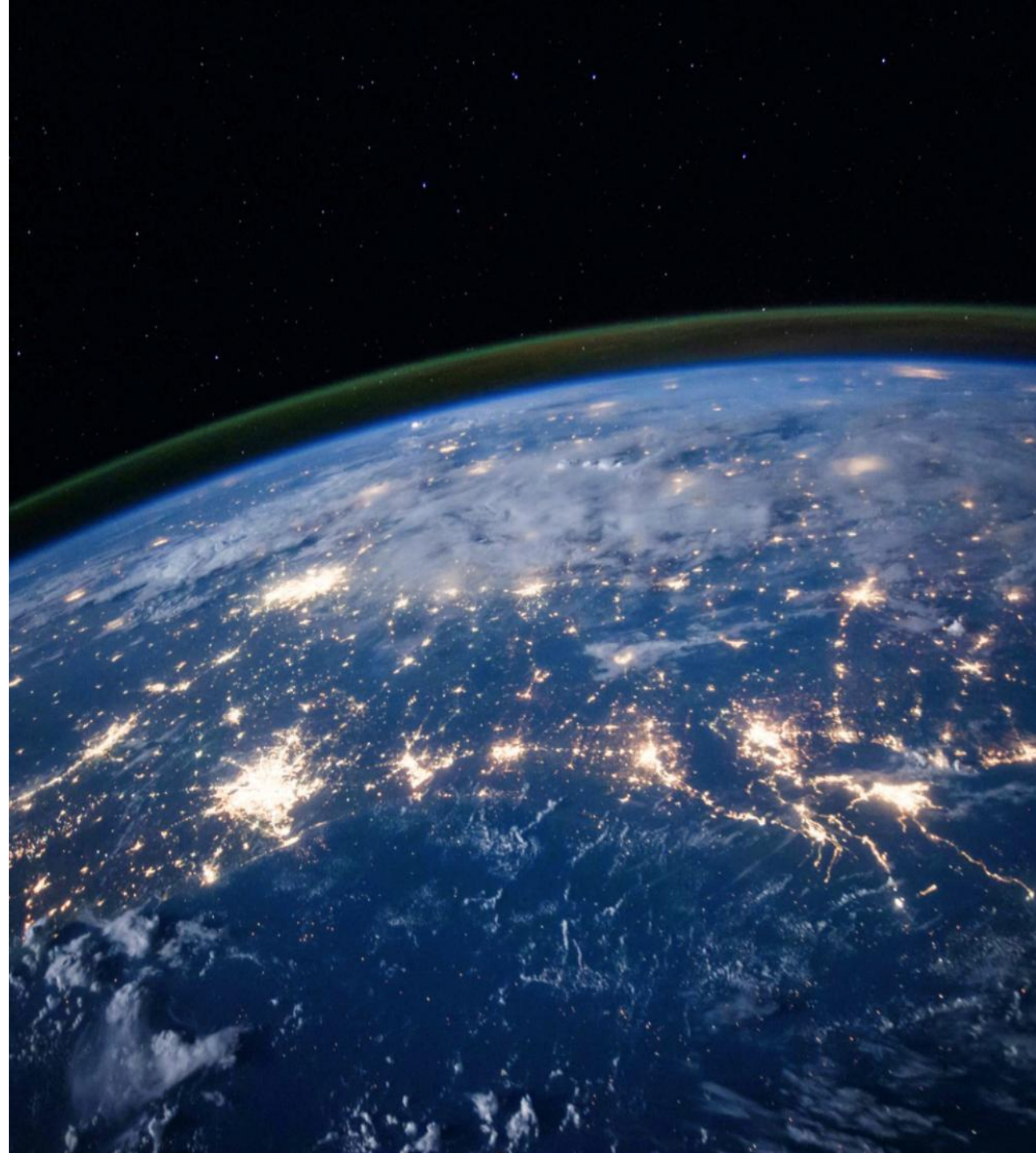


- Growing with the clients (pay-as-you-grow model)
- Stable customer base with extremely low churn



## : Decrease in revenue concentration and gross margin

Share of TOP10 customers in the Group's results (LTM, %)

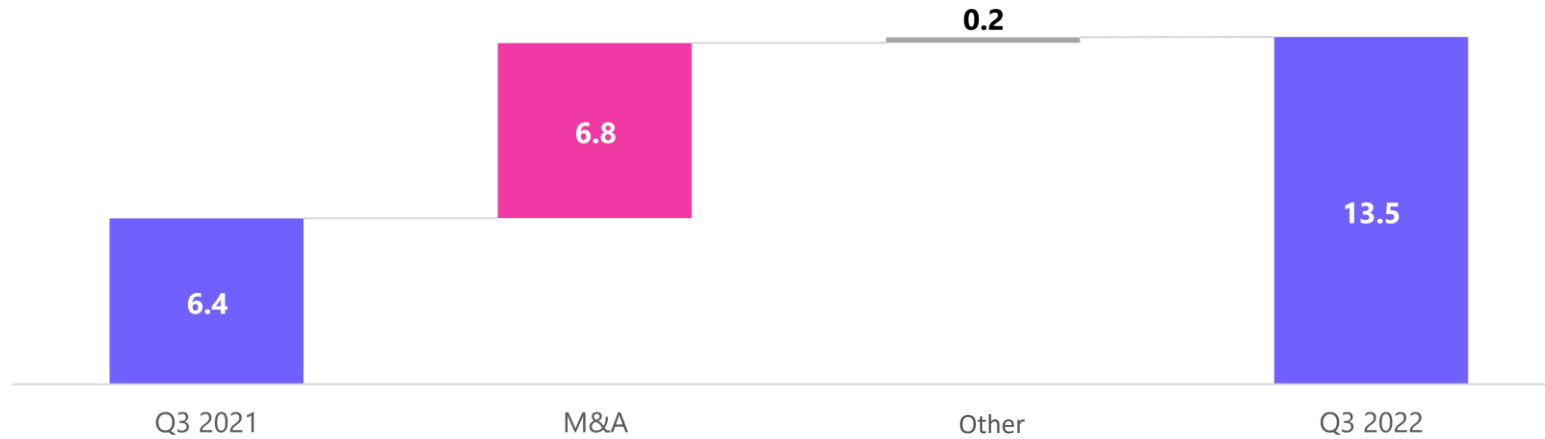


: Strong profitability  
and **record-high**  
**cash flow**



## : Room for further cost optimization

### General and administrative expenses (PLNm)



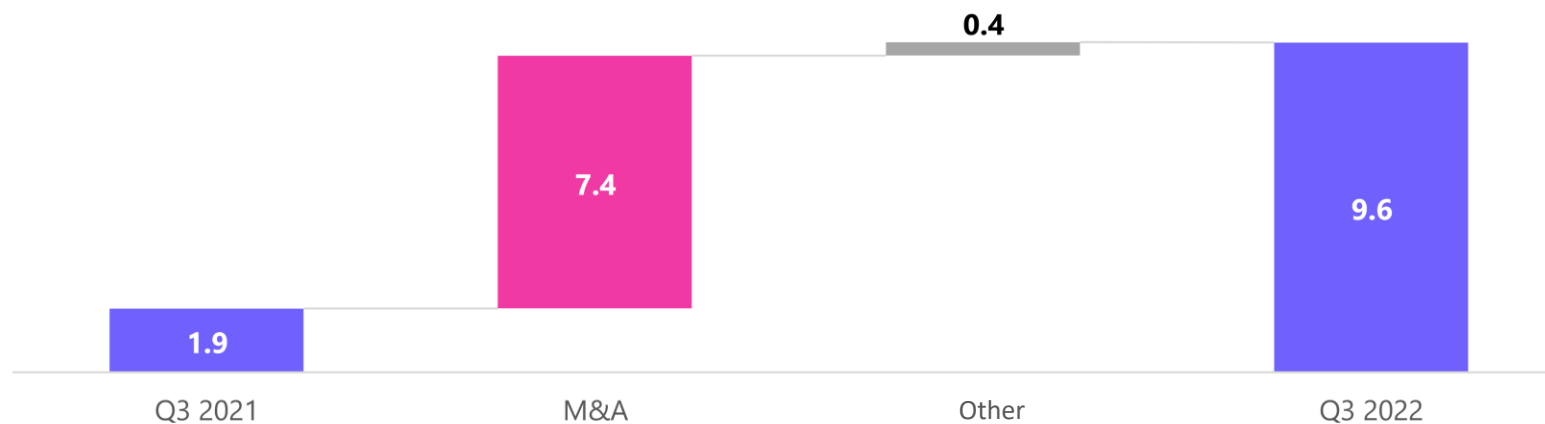
### Note

✓ Increase of SG&A costs associated mostly with the impact of new acquisitions

✓ Remaining SG&As remain flat vs. previous quarter (i.e. Q2 2022)

✓ Starting in Q3 2022, customer service costs are booked to sales and marketing expenses (previously general and administrative expenses)

### Sales and marketing expenses (PLNm)

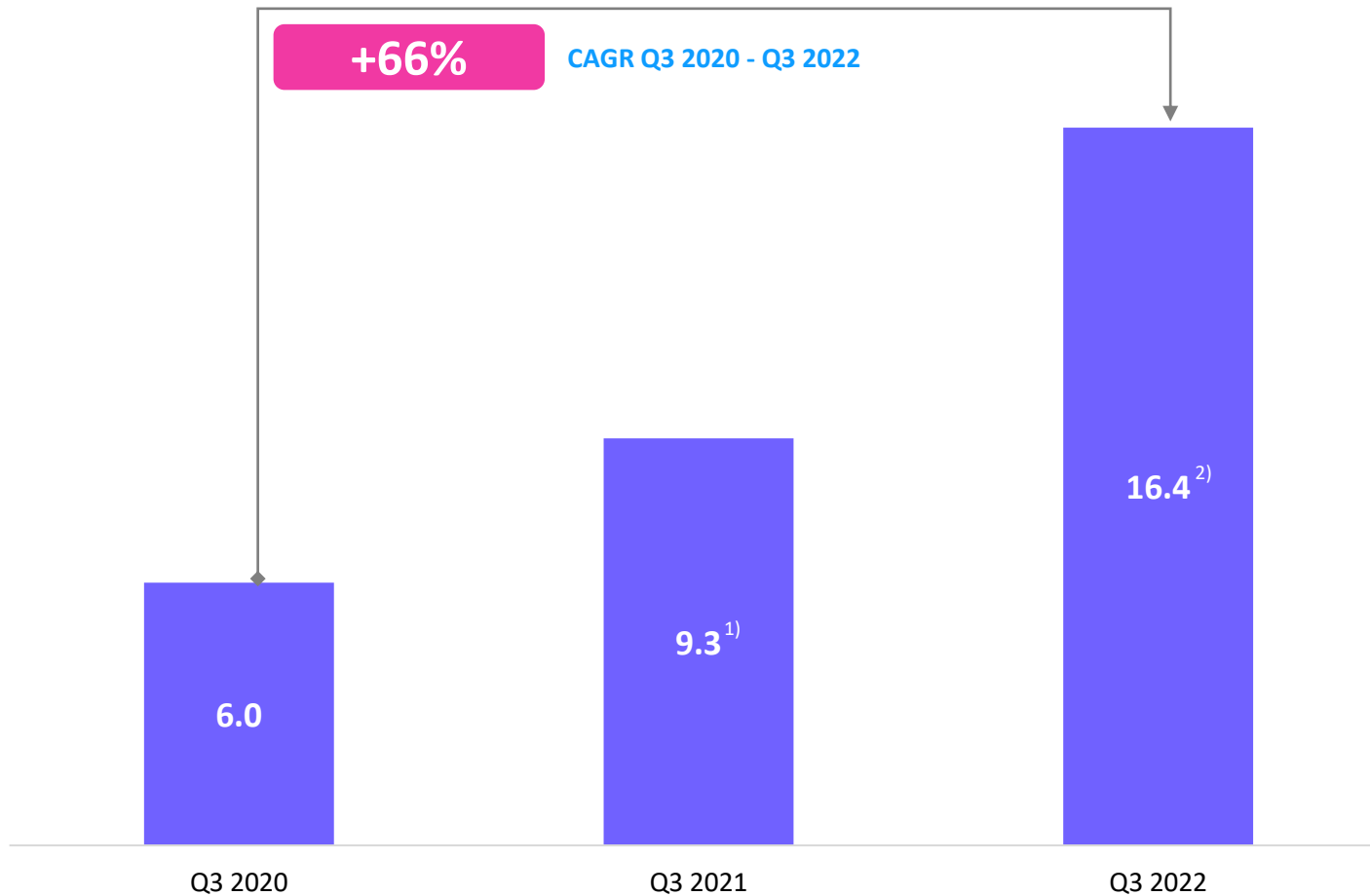


\* M&A costs comprise the costs associated with acquired companies, that have not been yet consolidated in the previous reporting period

## : Significant increase of adjusted EBITDA

EBITDA (PLNm)

Note



Dynamic growth of adjusted EBITDA continued in Q3 2022



EBITDA margin remains high at 21%+



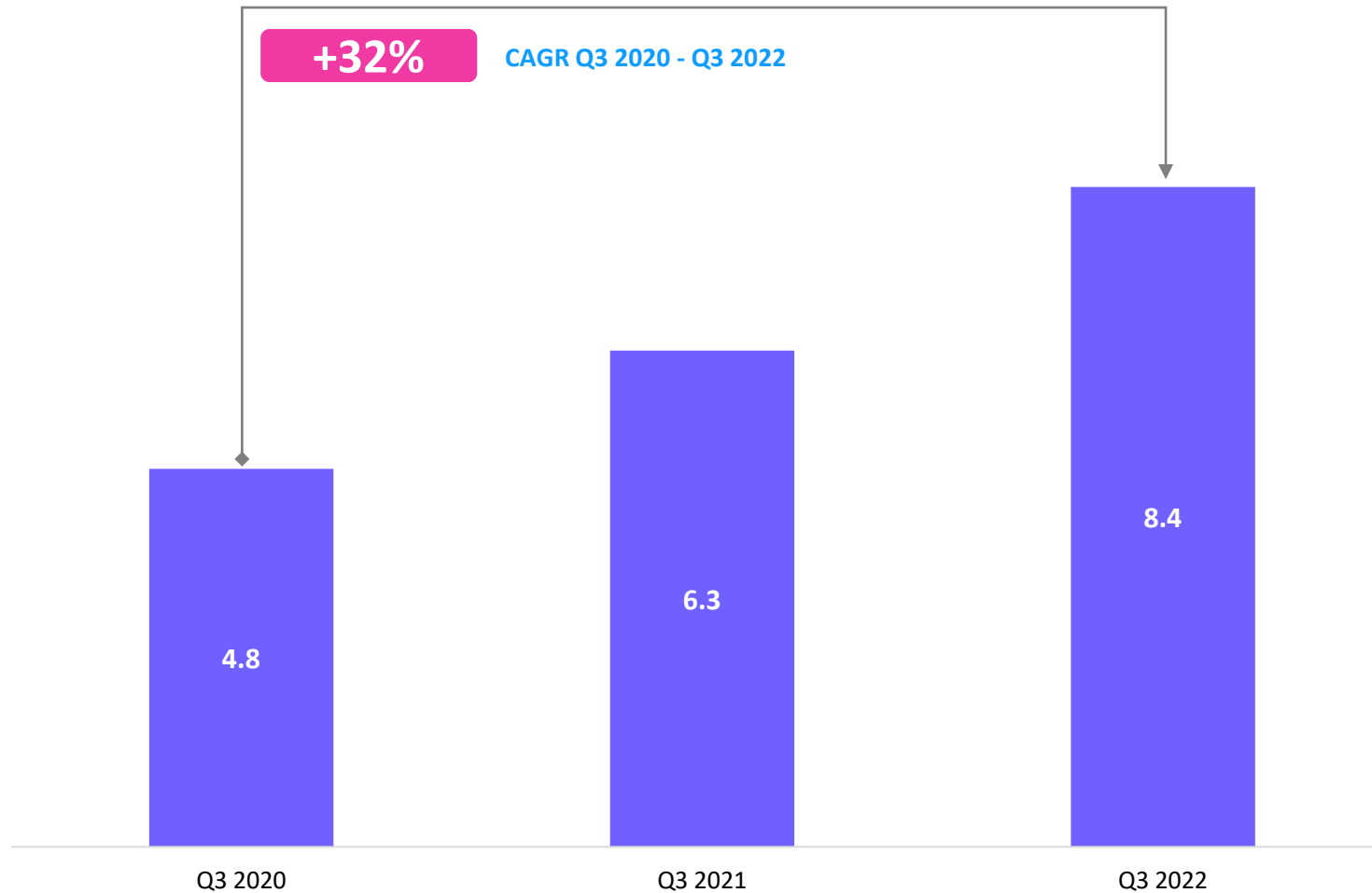
Proven ability to generate significant amount of free cash flow despite dynamic growth

<sup>1)</sup> EBITDA adjusted in plus by the valuation of the incentive programme in the amount of PLN 674k and by transaction costs in the amount of PLN 1.2m

<sup>2)</sup> EBITDA adjusted in plus by the valuation of the incentive programme in the amount of PLN 157k and by transaction and integration costs in the amount of PLN 270k

## : Strong growth in FX-adjusted net profit

Adjusted net profit (PLNm)

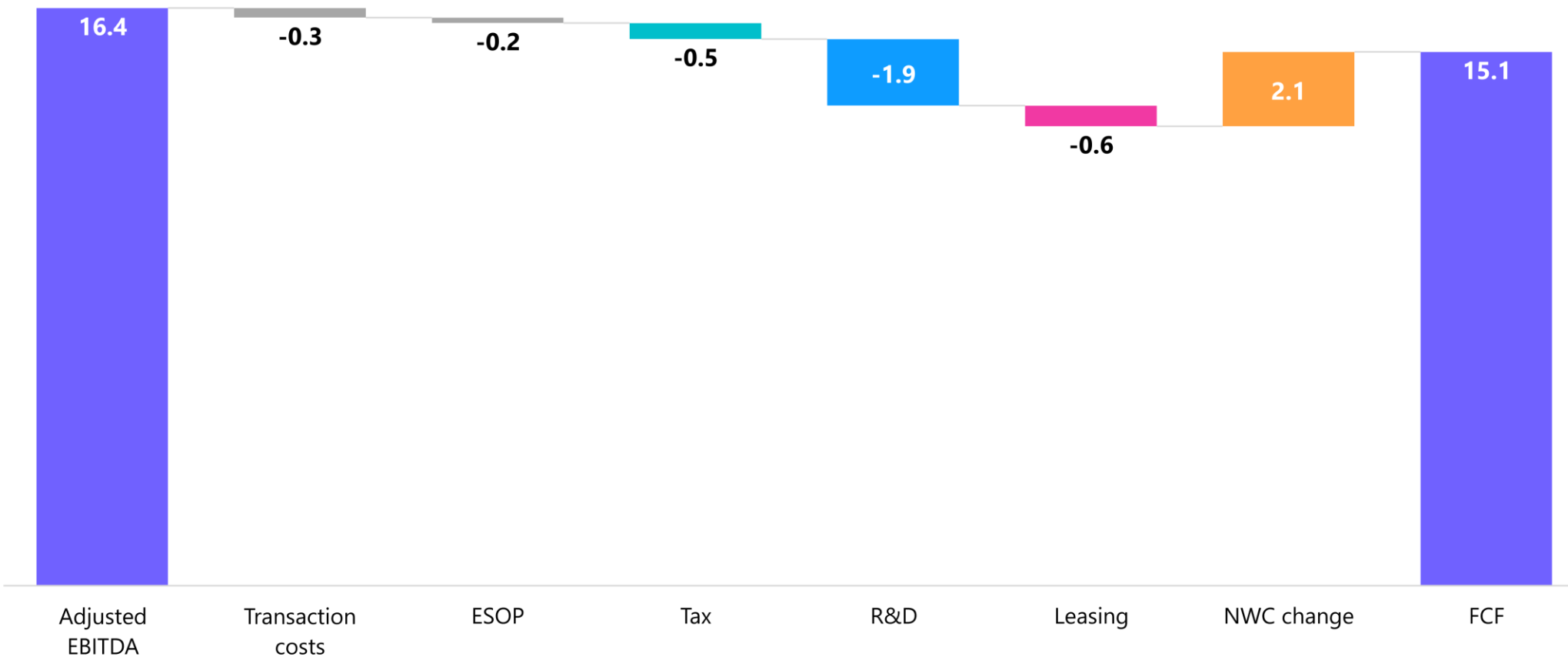


Note

- ✓ Adjusted net profit growth of 33% yoy
- ✓ Adjustments to net profit include non-cash expenses (mainly FX losses) and non-recurring items
- ✓ Adjustments in Q3 2022 include:
  - Foreign exchange losses (PLN 4.5m)
  - Transaction costs (PLN 270k)
  - Valuation of the incentive programme (PLN 157k)
- ✓ Adjustments in Q3 2021 include:
  - Transaction costs (PLN 1.2m)
  - Valuation of the incentive programme (PLN 674k)
  - Negligible effect of FX

# : Strong cash generation capacity

EBITDA to free cashflow bridge (PLNm)

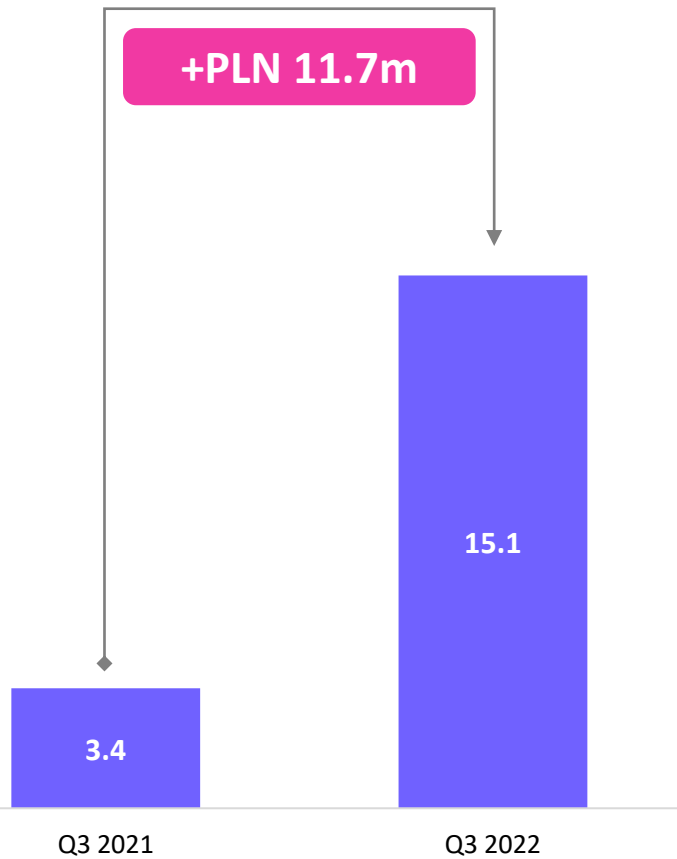


**92%**  
EBITDA to FCF  
conversion

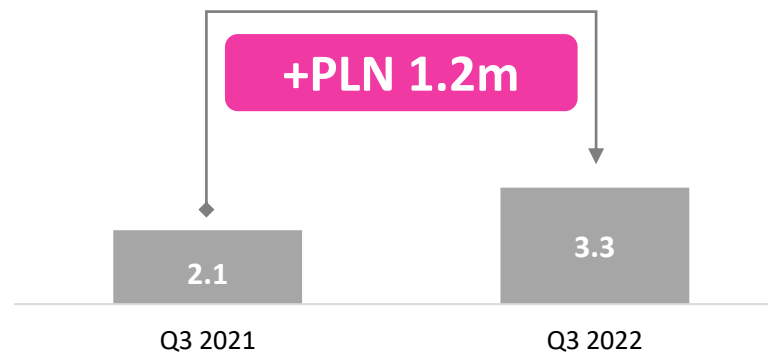


## : Strong cash flow and safe debt level

FCF (PLNm)



Debt service (PLNm)



Note

- ✓ High level of free cash flow (PLN 15.1m) significantly exceeding the current level of debt service costs (PLN 3.3m)
- ✓ Safe level of net debt to annualized EBITDA (2.1x)
- ✓ PLN 42m of cash at the end of Q3 2022
- ✓ Completion of the acquisition program carried out with funds raised from IPO

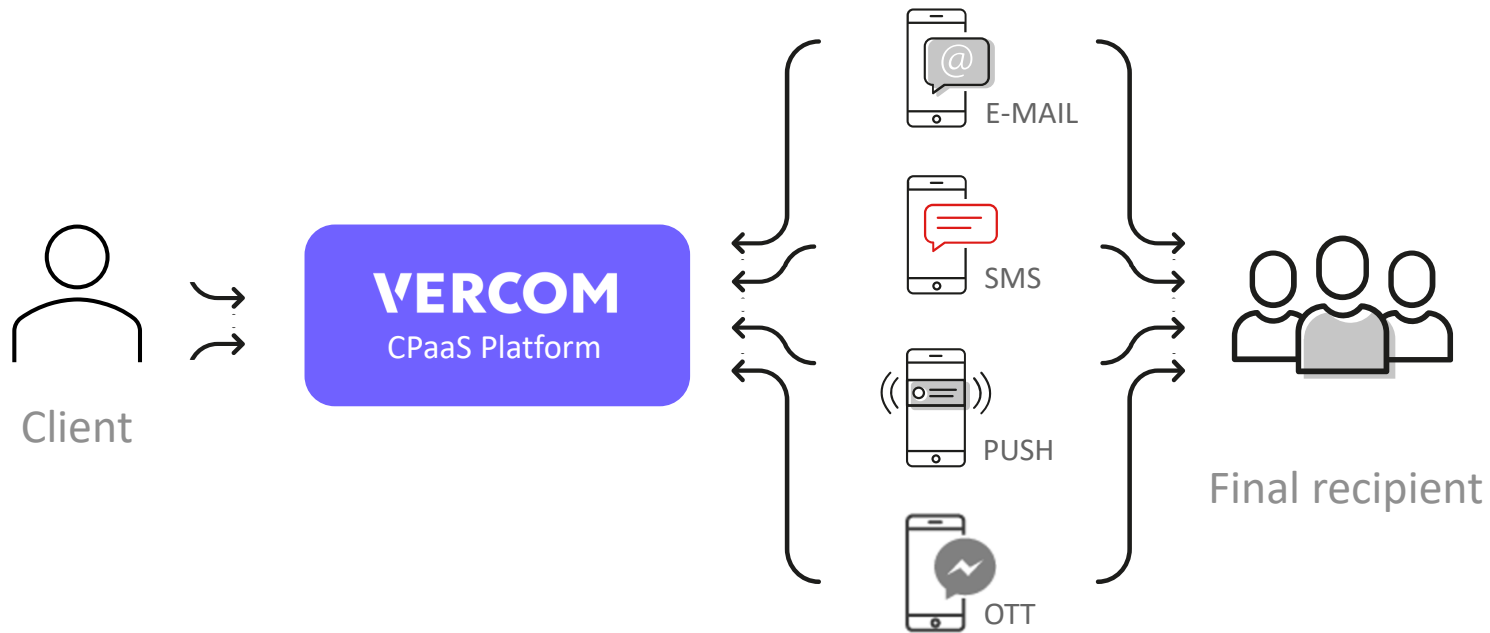
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: Business profile

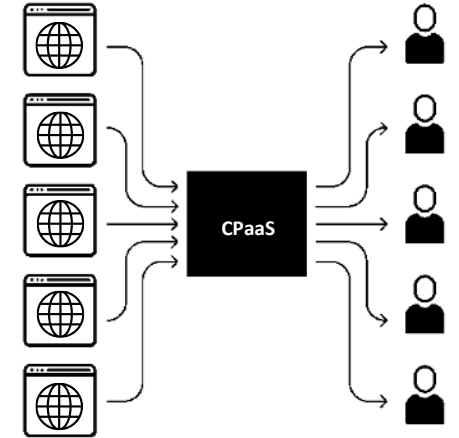


# : CPaaS Platform

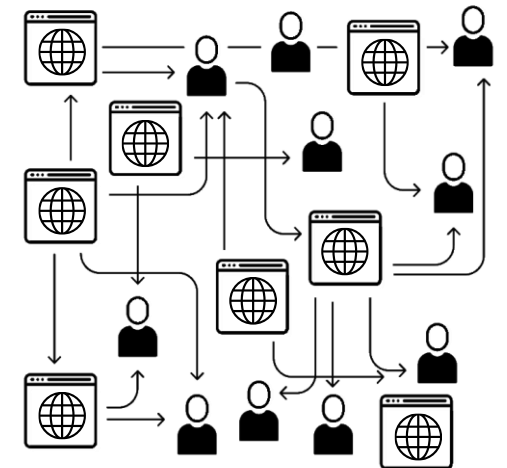
**CPaaS: cloud-based communication platforms** that enable companies to build and develop lasting relationships with their audiences across multiple communication channels.



With CPaaS



Without CPaaS

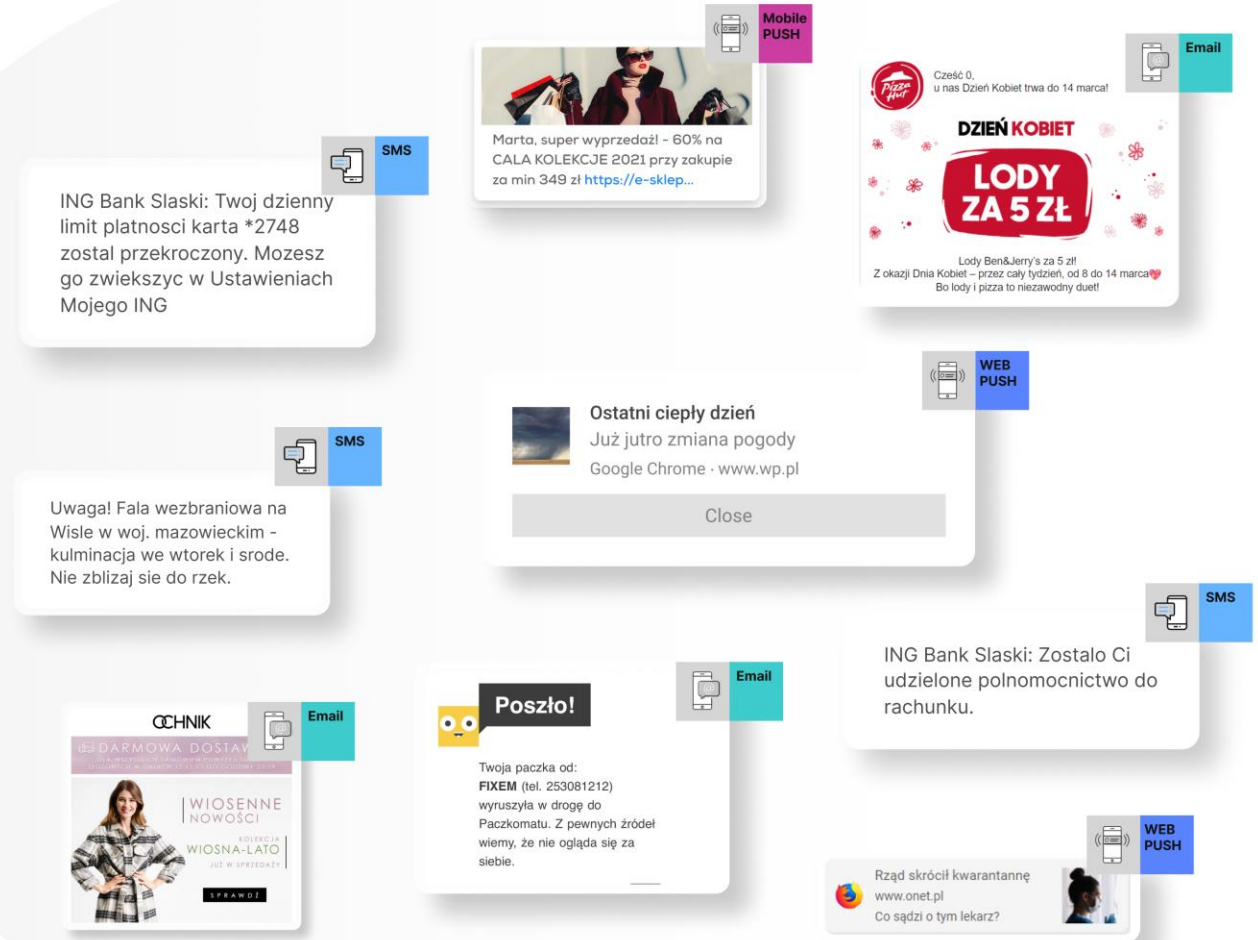


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## : Sources of competitive advantage for Vercom

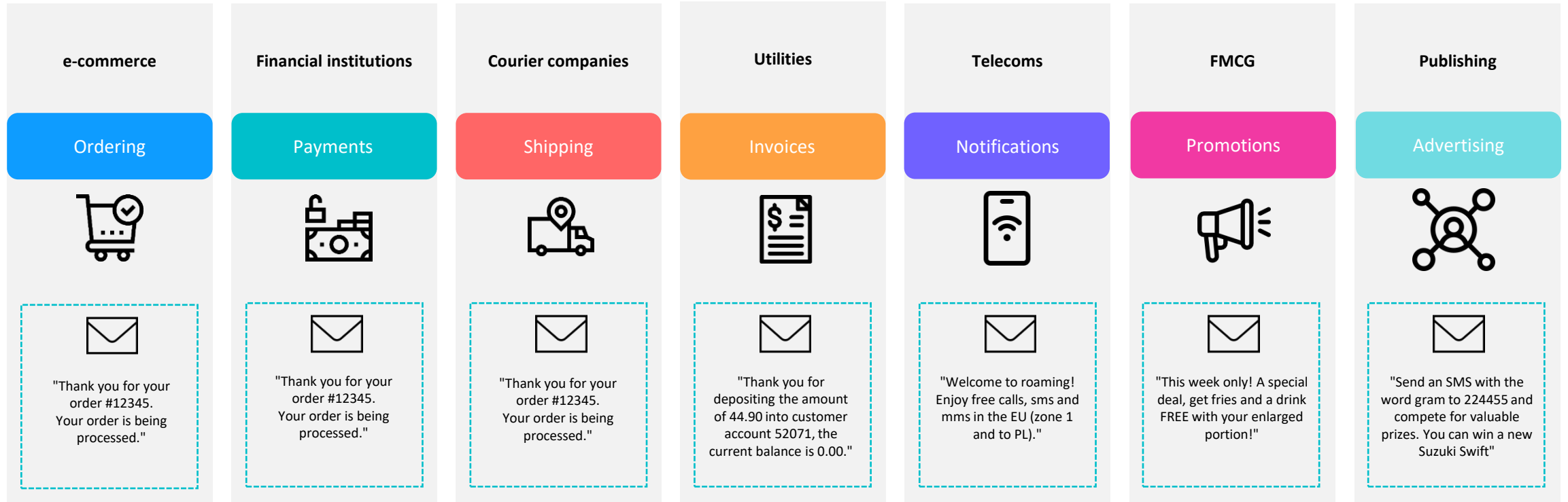
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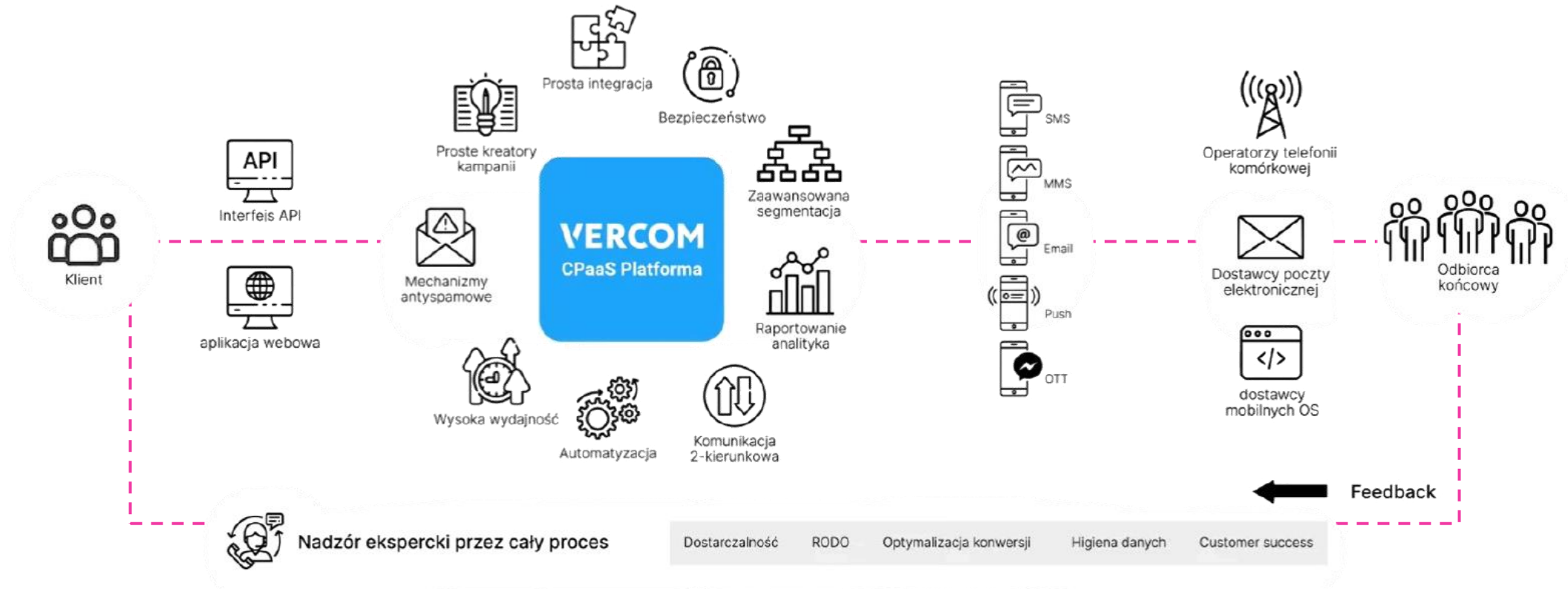
- ✓ High effectiveness of omnichannel communication
- ✓ High level of message deliverability
- ✓ All communication channels available in one service
- ✓ Potential for significant reduction in unit costs on the customer side
- ✓ Possibility of full integration with the customer's IT system
- ✓ Access to advanced analytical tools



# : The key role of CPaaS services in B2C communication

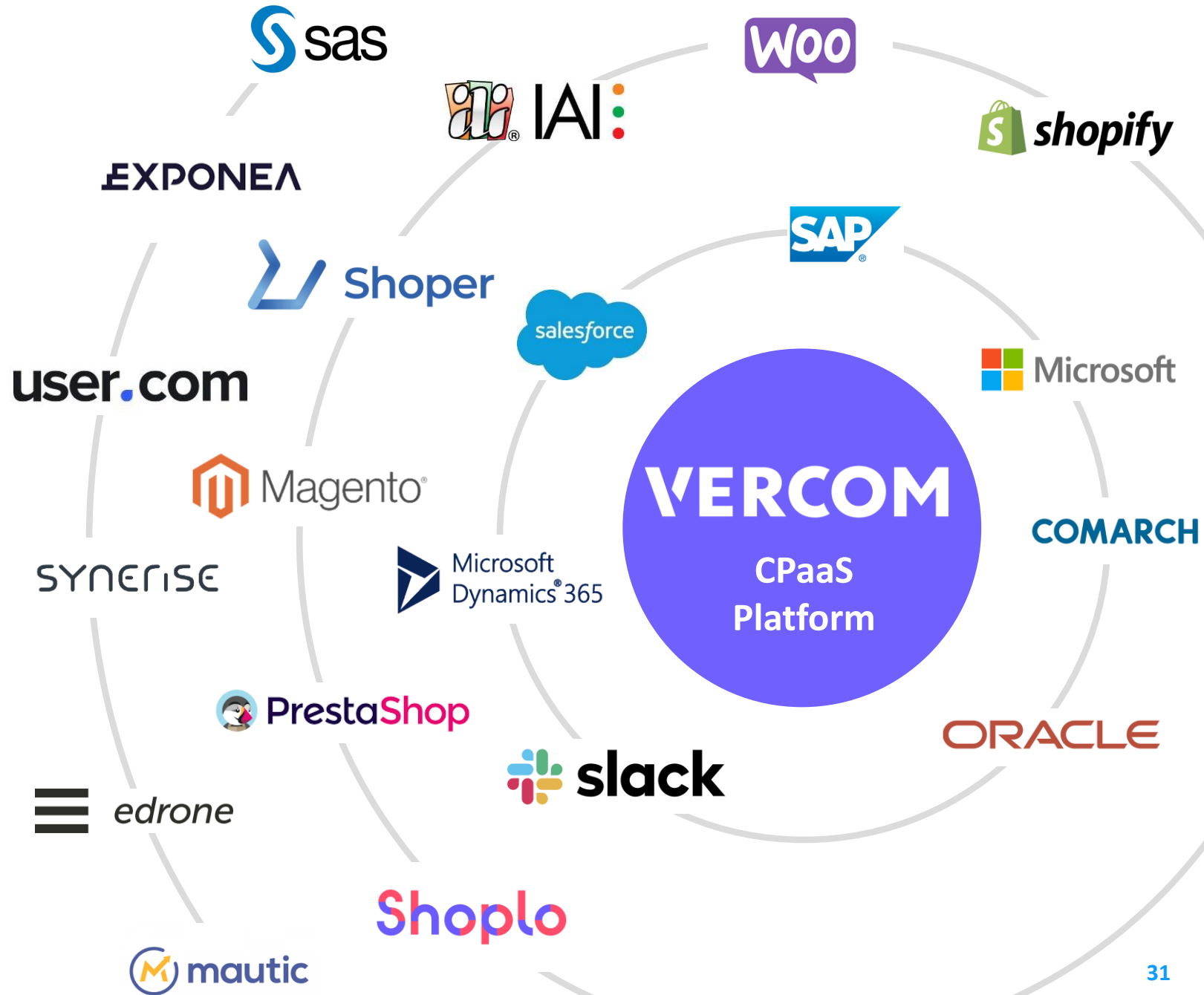
✓ Continuation of the trend of moving company-customer interactions from **offline to online channels**





## : Easy integration with other systems

- ✓ Self-service model using a dedicated Vercom plug-in
- ✓ Possibility to use the platform instantly and without maintenance thanks to numerous integrations
- ✓ Scalable operating model that does not require significant sales and customer support forces
- ✓ Growth also generated from the development of the particular system into which the Vercom platform is integrated
- ✓ The number of self-service customer integrations has increased since the IPO



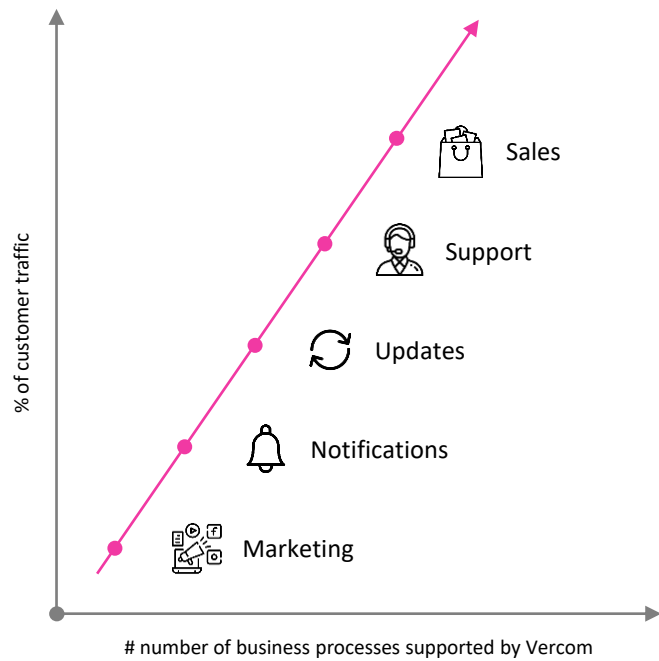
# : Development strategy





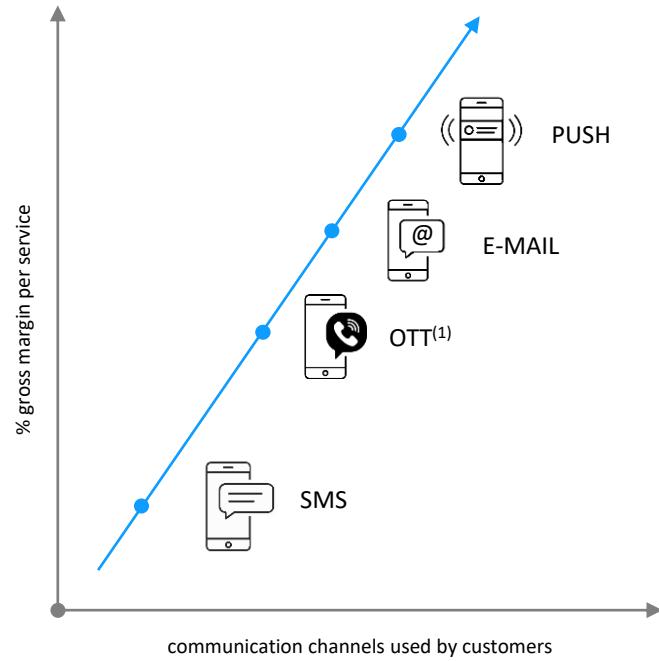
## Customer Development

- ✓ Expansion of cooperation from a single service to new business areas



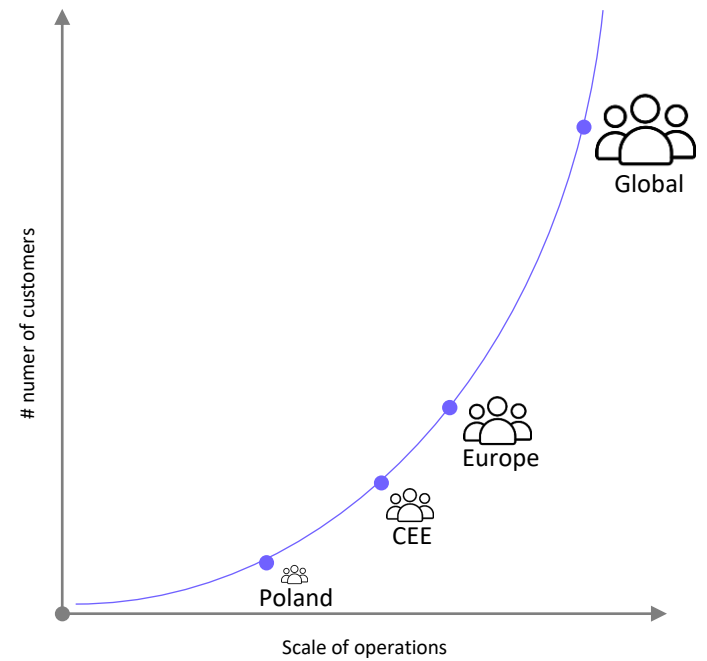
## Cross-selling services

- ✓ Implementing an omnichannel strategy
- ✓ Increasing sales of high-margin services



## Increase in the scale of operations

- ✓ Leveraging global market presence to further increasing organic growth rate

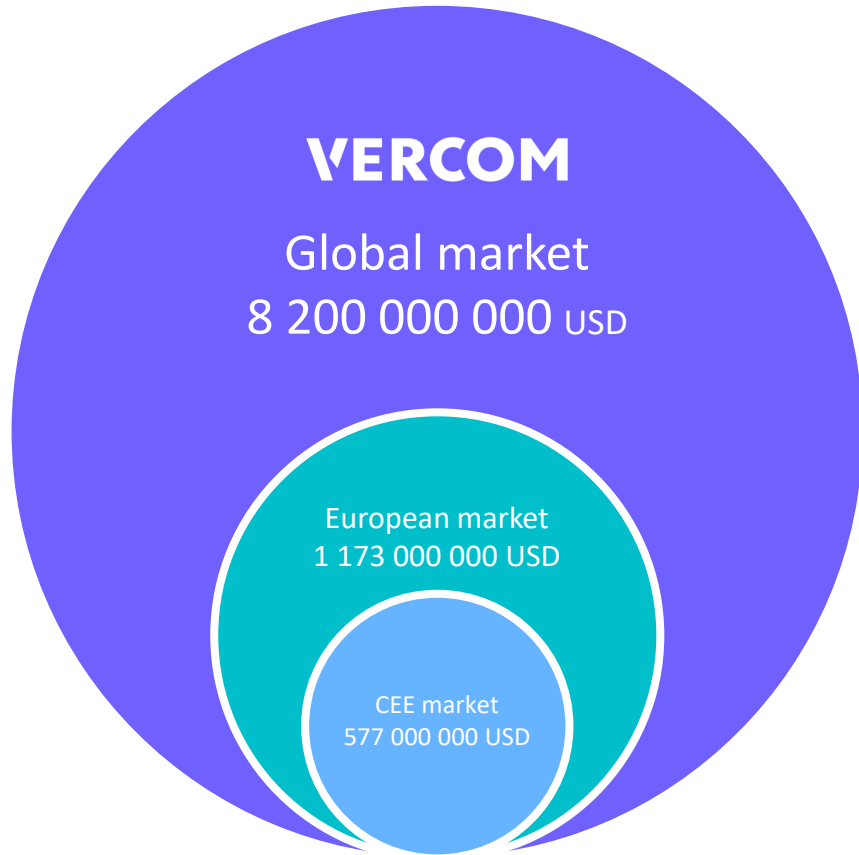


Remarks:  
 (1) Based on gross margin generated from Viber services in the Czech Republic.

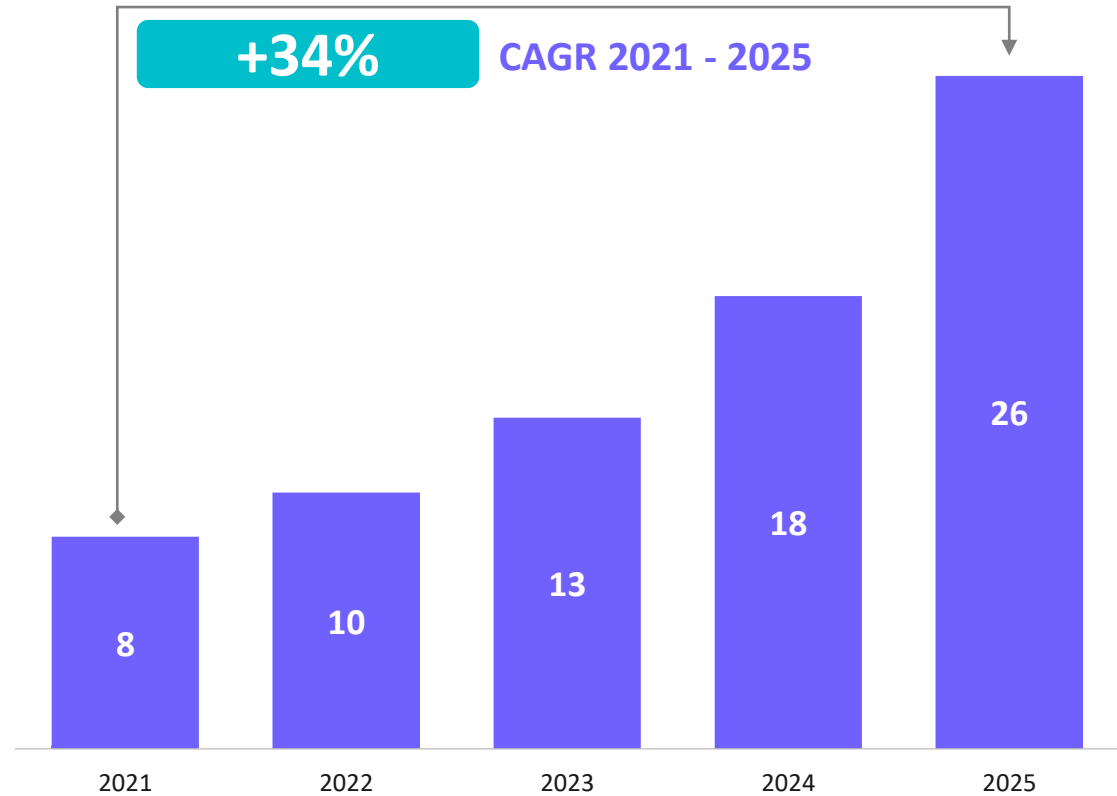
# : Exponential growth of target addressable market

Target addressable market (TAM)

✓ 14x increase of TAM



Global CPaaS market value (USDb)

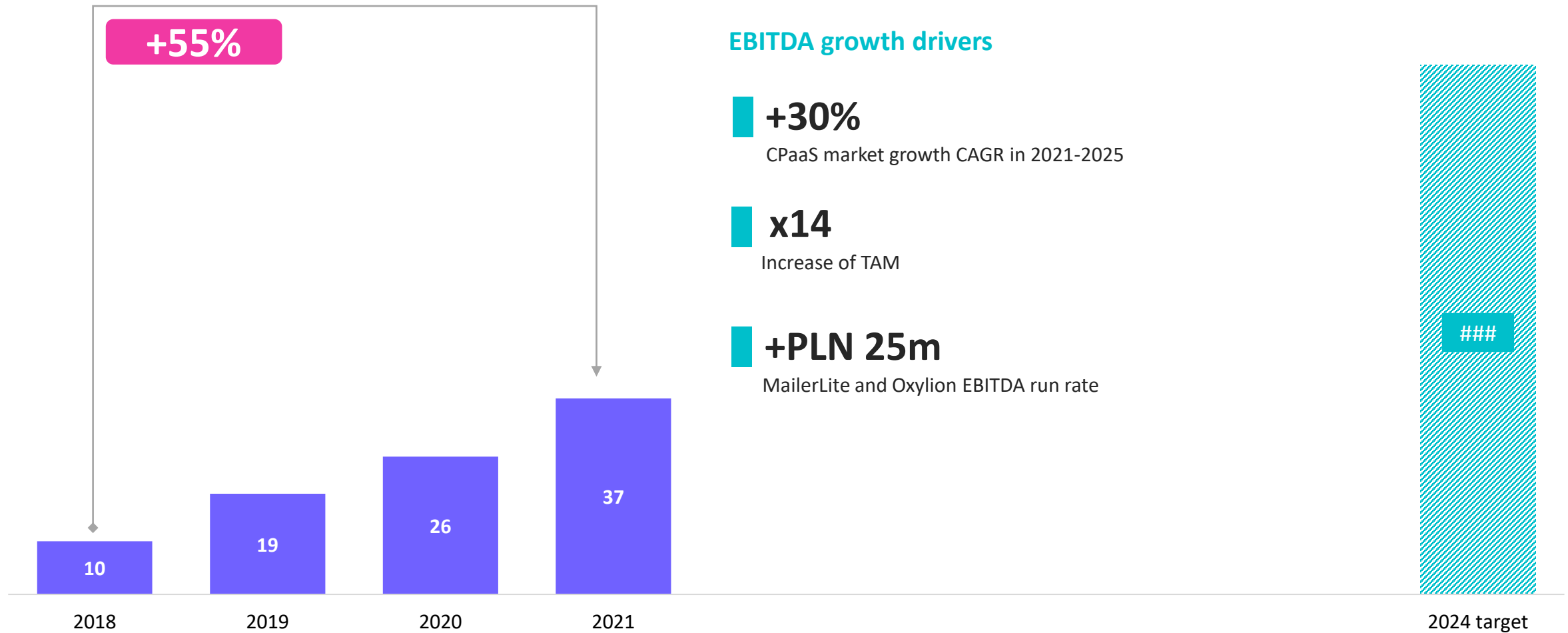


Dynamic market growth driven by:

- Progressing digitization of business processes
- Growing volume of transactional communication
- Development of marketing automation tools

# : Significant potential to maintain EBITDA growth trajectory in the coming years

EBITDA (PLNm)



\* Run-rate: annualisation of MailerLite and Oxyllion results for the last quarter

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: Financial data



## : Profit and loss account - comparative version

(PLN thousands)	Q3 2021	Q3 2022	Change	9m 2021	9m 2022	Change
<b>Revenue from sales</b>	<b>44 297</b>	<b>76 020</b>	<b>72%</b>	<b>122 449</b>	<b>178 943</b>	<b>46%</b>
Other operating revenue	558	37	-93%	565	75	-87%
Amortization	(1 244)	(3 280)	164%	(3 118)	(6 439)	107%
Third party expenses	(33 565)	(54 070)	61%	(92 177)	(131 190)	42%
Employee benefits	(3 916)	(5 996)	53%	(7 075)	(14 992)	112%
Changes in products	802	624	-22%	802	2 240	179%
Materials and Energy costs	(231)	(182)	-21%	(531)	(659)	24%
Taxes and fees	(396)	(76)	-81%	(409)	(210)	-49%
Other operating costs	(4)	(312)	7700%	(7)	(376)	5271%
Gain/(loss) on sale and liquidation of tangible fixed assets	(1)	(41)	4000%	2	183	9050%
Other revaluation write-offs	(127)	(68)	-46%	(178)	(313)	76%
<b>Operating profit</b>	<b>6 173</b>	<b>12 656</b>	<b>105%</b>	<b>20 323</b>	<b>27 262</b>	<b>34%</b>
Net financial costs	(451)	(7 002)	1453%	(1 404)	(8 278)	490%
Share in profit/(loss) of entities accounted for using the equity method	94	319	239%	4	539	13375%
Profit before tax	5 816	5 973	3%	18 923	19 523	3%
Income tax	(1 029)	(1 607)	56%	(2 634)	(3 764)	43%
<b>Net profit</b>	<b>4 787</b>	<b>4 366</b>	<b>-9%</b>	<b>16 289</b>	<b>15 759</b>	<b>-3%</b>
- attributable to shareholders of the parent company	4 787	4 329	-10%	16 319	15 778	-3%

## : Profit and loss account – calculation variant

(PLN thousands)	Q3 2021	Q3 2022	Change	9m 2021	9m 2022	Change
Revenue from sales	44 297	76 020	72%	122 449	178 943	46%
Cost of producing services	(30 273)	(39 936)	32%	(86 380)	(107 852)	25%
<b>Gross profit from sales</b>	<b>14 024</b>	<b>36 084</b>	<b>157%</b>	<b>36 069</b>	<b>71 091</b>	<b>97%</b>
Sales and marketing costs	(1 846)	(9 589)	419%	(3 728)	(15 378)	313%
General administration costs	(6 431)	(13 455)	109%	(12 400)	(28 020)	126%
<b>Profit from sales</b>	<b>5 747</b>	<b>13 040</b>	<b>127%</b>	<b>19 941</b>	<b>27 693</b>	<b>39%</b>
Other operating revenues	558	37	-93%	565	75	-87%
Profit from sale of non-financial fixed assets	(1)	(41)	4000%	2	183	9050%
Other operating costs	(4)	(312)	7700%	(7)	(376)	5271%
Other revaluation write-offs	(127)	(68)	-46%	(178)	(313)	76%
<b>Operating profit</b>	<b>6 173</b>	<b>12 656</b>	<b>105%</b>	<b>20 323</b>	<b>27 262</b>	<b>34%</b>
Financial revenues	42	1 523	3526%	51	948	1759%
Financial costs	(493)	(8 525)	1629%	(1 455)	(9 226)	534%
Net financial costs	(451)	(7 002)	1453%	(1 404)	(8 278)	490%
Share of losses of equity accounted investees	94	319	239%	4	539	13375%
Profit before tax	5 816	5 973	3%	18 923	19 523	3%
Income tax	(1 029)	(1 607)	56%	(2 634)	(3 764)	43%
<b>Net profit from continuing operations</b>	<b>4 787</b>	<b>4 366</b>	<b>-9%</b>	<b>16 289</b>	<b>15 759</b>	<b>-3%</b>

## : Financial situation - assets and liabilities

(PLN thousands)	31.12.2021	30.09.2022	Change
Fixed real assets	842	14 806	1658%
Rights-of-use assets	5 251	5 939	13%
Intangibles and goodwill	93 368	467 615	401%
Investments in associates	11 948	12 490	5%
Derivative instruments	625	648	4%
Loan granted	86	0	-100%
Lease receivables	0	494	
Other assets	725	531	-27%
Deferred income tax assets	37	0	-100%
<b>Fixed assets</b>	<b>112 882</b>	<b>502 523</b>	<b>345%</b>
Trade receivables	32 258	30 197	-6%
Loans granted	33 356	4 066	-88%
Lease receivables	0	730	
Cash and cash equivalents	116 799	41 997	-64%
Other assets	653	2 271	248%
<b>Working assets</b>	<b>183 066</b>	<b>79 261</b>	<b>-57%</b>
<b>Total assets</b>	<b>295 948</b>	<b>581 784</b>	<b>97%</b>
<b>Own equity</b>	<b>206 882</b>	<b>342 399</b>	<b>66%</b>
Long-term liabilities	44 567	167 817	277%
- Including, among others, liabilities due to loans and borrowings	35 048	149 544	327%
Short-term liabilities	44 499	71 568	61%
<b>Total liabilities</b>	<b>89 066</b>	<b>239 385</b>	<b>169%</b>
<b>Total own equity and liabilities</b>	<b>295 948</b>	<b>581 784</b>	<b>97%</b>

## : Cash position - cash-flow statement

(PLN thousands)	Q3 2021	Q3 2022	Change	9m 2021	9m 2022	Change
<b>Net profit for the reporting period</b>	4 787	4 366	-9%	16 289	15 759	-3%
Total adjustments	2 188	13 832	532%	6 763	21 293	215%
Cash flow from operating activities	6 975	18 198	161%	23 052	37 052	61%
Tax paid	(1 082)	(451)	-58%	(3 931)	(2 994)	-24%
<b>Net cash flow from operating activities</b>	<b>5 893</b>	<b>17 747</b>	<b>201%</b>	<b>19 121</b>	<b>34 058</b>	<b>78%</b>
Interest earned	1	218	21700%	3	954	31700%
Loans granted	(33 000)	0		(33 000)	(14 500)	-56%
Loan repayments	1 669	0		1 972	35 500	1700%
Purchase of subsidiaries less cash holdings	(33 246)	0		(33 246)	(244 115)	634%
Investments in associates	(2 447)	0		(2 447)	(3)	-100%
Proceeds from sale of tangible fixed assets	(5)	(41)	720%	0	183	
Purchase of fixed real assets and intangibles	(1 639)	(1 849)	13%	(3 011)	(5 180)	72%
<b>Net cash from investing activities</b>	<b>(68 667)</b>	<b>(1 672)</b>	<b>-98%</b>	<b>(69 729)</b>	<b>(227 161)</b>	<b>226%</b>



## : Cash position - cash-flow statement

(PLN thousands)	Q3 2021	Q3 2022	Change	9m 2021	9m 2022	Change
Net proceeds from issue of share	(22)	(60)	173%	170 154	8 965	-95%
Dividends	0	0		(15 061)	0	
Proceeds from credits and loans	2 363	104	-96%	2 819	119 013	4122%
Repayment of credits and loans	(1 756)	(1 656)	-6%	(5 062)	(4 969)	-2%
Interest paid	(318)	(1 599)	403%	(1 133)	(3 140)	177%
Payments of lease liabilities	(355)	(590)	66%	(810)	(1 568)	94%
<b>Net cash from financing activities</b>	<b>(88)</b>	<b>(3 801)</b>	<b>4219%</b>	<b>150 907</b>	<b>118 301</b>	<b>-22%</b>
<b>Total net cash flow</b>	<b>(62 862)</b>	<b>12 274</b>	<b>-120%</b>	<b>100 299</b>	<b>(74 802)</b>	<b>-175%</b>
Cash and cash equivalents at the beginning of the reporting period	0	0		11 684	116 799	900%
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(62 862)</b>	<b>12 274</b>	<b>-120%</b>	<b>111 983</b>	<b>41 997</b>	<b>-62%</b>

## : Changes in own equity

		Reserve capital, including:											
Note	Initial capital	premium on stock sold above face value	Profit deductions	Other	Share-based payment capital	Reserve capital	Own shares	FX differences on conversion with foreign subsidiaries	Retained profits	Equity attributable to equity holders of the parent	Capital attributable to non-controlling interest	Own equity	
As of January 1, 2022	369	170 503	2 588	3 532	1 796	5 622	(970)	549	22 059	206 048	834	206 882	
Net profit	-	-	-	-	-	-	-	-	15 778	15 778	(19)	15 759	
Other total revenues	-	-	-	-	-	-	-	529	-	529	-	529	
<b>Total revenues for the period</b>	-	-	-	-	-	-	-	529	15 778	16 307	(19)	16 288	
<b>Transactions with shareholders included directly in own equity</b>													
Profit-sharing	20	-	-	15 803	-	-	-	-	(15 803)	-	-	-	
Capital increase	20	75	118 743	-	-	-	-	-	-	118 818	-	118 818	
Capital from share-based payments	26	-	-	-	471	-	-	-	-	471	-	471	
Sale of own shares in the ESOP		-	-	-	-	(126)	126	-	-	-	-	-	
Share issue costs		-	(60)	-	-	-	-	-	-	(60)	-	(60)	
<b>Total changes in equity</b>	75	118 683	15 803	-	471	(126)	126	529	(25)	135 536	(19)	135 517	
As of September 30, 2022	444	289 186	18 391	3 532	2 267	5 496	(844)	1 078	22 035	341 585	815	342 399	

## : Unconsolidated income statement - comparative variant

(PLN thousands)	Q3 2021	Q3 2022	Change	9m 2021	9m 2022	Change
<b>Revenue from sales</b>	<b>23 876</b>	<b>34 301</b>	<b>44%</b>	<b>71 977</b>	<b>88 944</b>	<b>24%</b>
Other operating revenue	3	9	200%	6	27	350%
Amortization	(762)	(1 466)	92%	(2 297)	(3 450)	50%
Third party expenses	(18 773)	(23 611)	26%	(55 178)	(65 626)	19%
Employee benefits	(1 310)	(1 123)	-14%	(2 995)	(3 496)	17%
Cost of materials and energy	(34)	(58)	71%	(98)	(160)	63%
Taxes and fees	(18)	(52)	189%	(31)	(109)	252%
Other operating costs	(1)	(4)	300%	(1)	(28)	2700%
Gain/ (Loss) on sale of tangible fixed assets and intangible assets	(2)	1	-150%	0	225	
Other revaluation write-offs	12	31	158%	(120)	(71)	-41%
<b>Operating profit</b>	<b>2 991</b>	<b>8 028</b>	<b>168%</b>	<b>11 263</b>	<b>16 256</b>	<b>44%</b>
Net financial income	(360)	(6 814)	1793%	3 304	3 612	9%
Profit before tax	2 631	1 214	-54%	14 567	19 868	36%
Income tax	(302)	(149)	-51%	(1 029)	(1 310)	27%
<b>Net profit</b>	<b>2 329</b>	<b>1 065</b>	<b>-54%</b>	<b>13 538</b>	<b>18 558</b>	<b>37%</b>

## : Unconsolidated income statement – calculation variant

(PLN thousands)	Q3 2021	Q3 2022	Change	9m 2021	9m 2022	Change
<b>Revenues from sales</b>	23 876	34 301	44%	71 977	88 944	24%
Cost of producing services	(17 243)	(21 884)	27%	(51 551)	(61 137)	19%
<b>Gross profit from sales</b>	6 633	12 417	87%	20 426	27 807	36%
Sales and marketing costs	(1 241)	(788)	-37%	(2 466)	(2 238)	-9%
General administration costs	(2 413)	(3 638)	51%	(6 582)	(9 466)	44%
<b>Profit from sales</b>	2 979	7 991	168%	11 378	16 103	42%
Other operating revenues	3	9	200%	6	27	350%
Profit on sale of tangible fixed assets and intangible assets	(2)	1	-150%	0	225	
Other operating costs	(1)	(4)	300%	(1)	(28)	2700%
Other revaluation write-offs	12	31	158%	(120)	(71)	-41%
<b>Operating profit</b>	2 991	8 028	168%	11 263	16 256	44%
Financial revenues	42	211	402%	4 598	12 605	174%
Financial costs	(402)	(7 025)	1648%	(1 294)	(8 993)	595%
Net financial costs	(360)	(6 814)	1793%	3 304	3 612	9%
Profit before tax	2 631	1 214	-54%	14 567	19 868	36%
Income tax	(302)	(149)	-51%	(1 029)	(1 310)	27%
<b>Net profit</b>	2 329	1 065	-54%	13 538	18 558	37%

## : Unconsolidated balance sheet - assets and liabilities

(PLN thousands)	31.12.2021	30.09.2022	Change
Fixed real assets	629	593	-6%
Right-of-use assets	3 786	3 756	-1%
Intangibles	16 719	35 813	114%
Investments in subsidiaries	81 262	436 040	437%
Investments in associated entities	12 622	12 625	0%
Loan granted	86	-	
Derivative instruments	625	648	4%
Other assets	510	505	-1%
<b>Fixed assets</b>	<b>116 239</b>	<b>489 980</b>	<b>322%</b>
Trade receivables	16 996	18 573	9%
Loans granted	33 422	12 254	-63%
Cash and cash equivalents	98 881	11 552	-88%
Other assets	420	1 328	216%
<b>Working assets</b>	<b>149 719</b>	<b>43 707</b>	<b>-71%</b>
<b>Total assets</b>	<b>265 958</b>	<b>533 687</b>	<b>101%</b>
<b>Own equity</b>	<b>196 036</b>	<b>342 280</b>	<b>75%</b>
Long-term liabilities	41 739	151 498	263%
- Including, among others, liabilities due to loans and borrowings	35 076	146 908	319%
Short-term liabilities	28 183	39 909	42%
<b>Total liabilities</b>	<b>69 922</b>	<b>191 407</b>	<b>174%</b>
<b>Total equity and liabilities</b>	<b>265 958</b>	<b>533 687</b>	<b>101%</b>

: Other information



# : Basic information

## Business profile

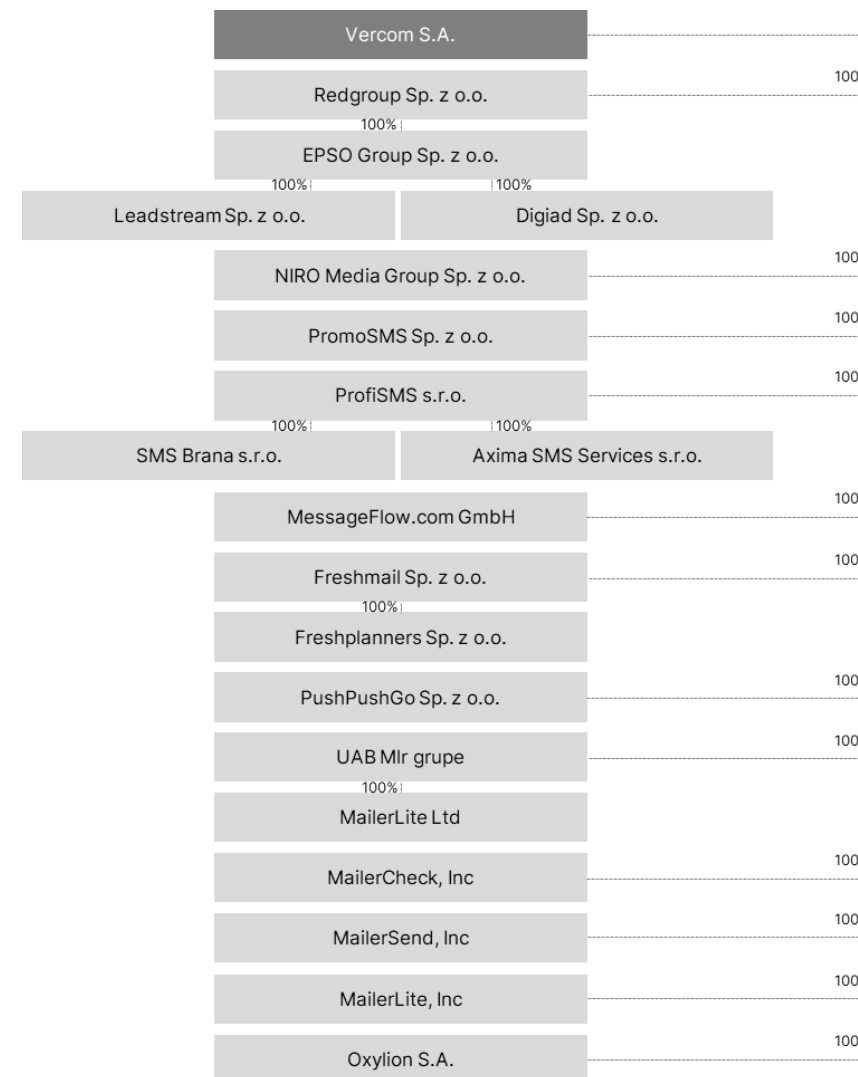
Vercom develops global cloud communications platforms (CPaaS) that enable companies to build and develop lasting relationships with their audiences across multiple communication channels.

Our solutions help our customers and partners overcome the complexity of communications, automate and scale, while maintaining high deliverability and efficiency - all in a fast, secure and reliable way.

## Risk factors

- Risk of an increase in the cost of purchasing sms messages and access to email systems and push messaging capabilities
- Risk of introducing restrictions on email and push messaging
- Risk of limiting cooperation or worsening terms of cooperation with significant customers
- Risks associated with acquisitions carried out by the Group
- Risk of making mistakes or experiencing unexpected difficulties related to the Group's rapid growth and strategy implementation
- Risk of maintaining a competitive service offering
- Risks associated with the human team
- Risks associated with the failure of equipment and IT systems
- Risk of attacks on the Group's own and customers' infrastructure
- Risks associated with the Group's large-scale processing of personal data
- Risks associated with the copyright of software used by the Group
- Risks related to the impact of the COVID-19 pandemic on the Group's operations
- Impact of the macroeconomic situation
- Tax risk regarding IP Box relief
- Risk of liability for credit obligations of Vercom Group companies.

## Group structure



## : Vercom on the WSE

### Quotations

Vercom shares have been listed on the Warsaw Stock Exchange since 6 May 2021. As of 18 March 2022, Vercom shares were included in the sWIG80 index comprising 80 companies from the Warsaw Stock Exchange (excluding WIG20 and mWIG40 companies) with the highest ranking determined on the basis of turnover and capitalisation

### Dividend policy

In light of the planned acquisitions, in particular those described in point 4 of the Prospectus, the Managing Board does not intend to recommend making a dividend payment to the General Meeting prior to allocation of profits for the fiscal year 2022. Furthermore, the final decision concerning the recommendation on the allocation of profit for the fiscal year 2022 will depend on the financial and liquidity situation of the Issuer's Group and its investment plans at the time. Ultimately, it is the intention of the Managing Board to recommend dividend payment totaling up to 40% of the Issuer's net result. With the provision that the decision on dividend payment will be made each year by the General Meeting based on the Managing Board recommendation based on the Company's current financial position and its requirements for financial resources in the following time periods.

### Historical dividend

Resolution date	Dividend amount
26.04.2019	PLN 8m
12.05.2020	PLN 10,3m
08.04.2021	PLN 15,1m





## : Shares and shareholders

### Shareholder structure as of September 30, 2022

	Number of A, B, D, E and F series shares*	Face value of each share (in PLN)	Initial capital (in PLN)	% votes at the General Meeting	Share in initial capital
R22 S.A.	11 016 935	0,02	220 339	49,82%	49,82%
cyber_Folks S.A.	97 445	0,02	1 949	0,44%	0,44%
Adam Lewkowicz	1 602 250	0,02	32 045	7,25%	7,25%
Krzysztof Szyszka	1 410 147	0,02	28 203	6,38%	6,38%
Tomasz Pakulski	143 450	0,02	2 869	0,65%	0,65%
Aleksander Duch	3 898	0,02	78	0,02%	0,02%
Itema Ventures UAB	2 850 000	0,02	57 000	12,89%	12,89%
Funds managed by Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A. **	1 250 715	0,02	25 014	5,66%	5,66%
Vercom S.A. (own shares)	110 350	0,02	2 207	-	-
Others	3 738 595	0,02	74 772	16,91%	16,85%
<b>TOTAL</b>	<b>22 223 785</b>		<b>444 476</b>	<b>100,00%</b>	<b>100,00%</b>
** incl. Nationale-Nederlanden Otwarty Fundusz Emerytalny	1 100 736	0,02	22 015	4,98%	4,98%

\* series E and F shares were registered on 1 July 2022

# : Incentive plan

## Key principles

- Founders will retain significant stake post-IPO and will not participate in Vercom stock-based Employee Stock Option Plan (ESOP)
- ESOP is addressed to key managers and employees responsible for operational management
- ESOP targets and execution apply to fiscal years 2021-2024
- The plan includes 126,850 shares (84,472 as the basic tranche and 42,378 as an additional tranche for potential new employees).
- The basic tranche includes 14,500 loyalty shares which are to be granted in the first year of the Plan without additional result-based criteria.
- The purchase price is equal to the face value.
- ESOP target weights:
  - Normalized EBITDA - 40%
  - Market results - 20%
  - Individual targets - 40%

Total cost of the incentive plan in the years 2021-2024 was estimated on April 30, 2021 (award date as defined by IFRS 2 Share-based payments) at PLN 2,857,000. Therefore, it had an impact on the results in Q2 2021 in the amount of PLN 449,000, in Q3 2021. PLN 674,000. and in Q4 2021 PLN 673,000.

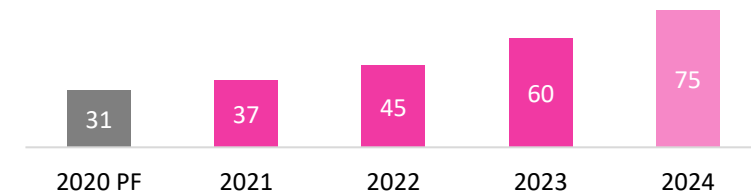
Total incentive plan cost will be booked over the plan's duration in the fiscal years 2021-2024.

## Incentive plan targets

### Normalized EBITDA (PLN, million)

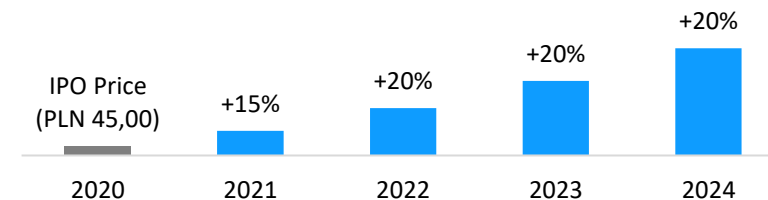
EBITDA target refers to normalized EBITDA, adjusted by ESOP cost, extraordinary or one-off items and historical EBITDA of the companies acquired.

For the avoidance of doubt, EBITDA growth generated by companies acquired is treated as organic growth and is not subject to normalization.



### Stock price

A 15% rise from the IPO price (PLN 45,00) in the first year. In the following years an increase by 20% from previous year's target.



## : Vercom Managing Board



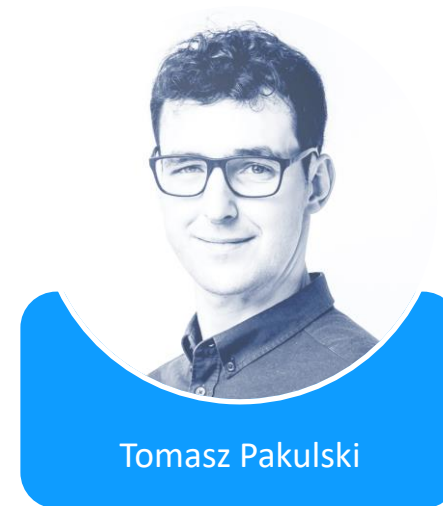
Krzysztof Szyszka

CEO, Founder



Adam Lewkowicz

CTO, Founder



Tomasz Pakulski

COO

Industry experience  
(years)

**>20**

**>20**

**>12**

At Vercom (years)

**>15**

**>15**

**>12**

## **Jakub Dwernicki – Chairman of the Supervisory Board**

Founder and the main manager of R22 Group. The group offers a full range of services for corporate clients with respect to online presence, automation and digitization of business processes, particularly communications, marketing and sales. Jakub Dwernicki is the main author of the strategy to acquire hosting businesses. Over the past five years the Group has completed around 20 such transactions both in Poland and in other CEE countries. He gained his professional experience serving in management and supervisory roles and as the founder of companies that were combined into today's R22 Group

## **Franciszek Szyszka – Supervisory Board Member**

Graduate of the Warsaw University of Technology, Department of Mechanical Engineering, Energy and Aviation. In 2006 Mr. Szyszka passed an exam for supervisory board members and since 2009 he is also authorized to issue energy characteristics certificates. Mr. Szyszka gained his professional experience at PPU Allmet as Technical Director, Elbląg City Hall as Head of the Investment Department, Municipal Buildings Managing Board in Elbląg as Director of the Managing Board, at the Municipal Public Transit Board in Elbląg as Supervisory Board Member and at Elbląg Water and Sewage Works as Supervisory Board Member.

## **Katarzyna Juskiewicz – Supervisory Board Member<sup>1)</sup>**

Graduate of the Poznań University of Technology in the fields of Information Technology and Management. She gained her professional experience at Spider sp. z o.o. as an employee of the Customer Service Office, Manager of the Customer Service Office and Director of the Customer Service Office, at Polskie Sieci Radiowe sp. z o.o. as Operations Director and by cooperating with Inotel Voip sp. z o.o. in the course of her business.

## **Jakub Juskowiak – Supervisory Board Member**

Graduate of the University of North Carolina with a degree in Business Administration and post-graduate studies at the Poznan University of Economics in the field of accounting. Holds statutory auditor certification since 2011. Mr. Juskowiak gained his professional experience as an Assistant to Statutory Auditor at BDO sp. z o.o., Assistant to Statutory Auditor and Audit Manager at PKF Consult z o.o. sp.k. and as the CFO at Ebrex Polska sp. z o.o. Mr. Juskowiak meets the criteria as an independent supervisory board member set forth in the WSE Good Practices.

## **Aleksander Duch – Supervisory Board Member**

Graduate of the University of Warsaw, Faculty of Law and Administration. Received his PMP certificate from Project Management Institute. For 7 years he worked at IBM Poland managing projects and business development. Since 2007, he has worked for the Asseco Group, where initially he managed the sales department and, in the following years, he was responsible for the Group's development outside Poland by participating in acquisition processes and subsequent supervision over the acquired companies. At present, he serves on the management boards of Asseco Western Europe SA, Bioalter Sp. z o.o. Allter Power Sp. z o.o., Polish Association of Agricultural Biogas Producers (PSPBR) and Polish Fintech Investors Association (SPIF). Aleksander Duch meets the independence criteria set by the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017 and the requirements indicated in the Good Practices of Companies Listed on the WSE.

## **Joanna Drabent – Supervisory Board Member<sup>2)</sup>**

Experience in the PR industry - from working in an agency to running her own serving clients in the new technology industry. Co-founder and CEO of Prowly.com, which offers a tool to support PR activities for businesses. As of 2019, Prowly.com sp. z o.o. joined the portfolio of the international holding company Semrush Inc, which offers a full range of online marketing tools. In 2018, she was honoured by the foreign edition of Forbes magazine as one of the TOP100 startup founders in Europe. Participant in the EY Entrepreneurial Winning Women 2018 programme.

<sup>1)</sup> until 21 January 2022 and from 31 May 2022 until 20 October 2022.

<sup>2)</sup> from 21 October 2022.

## : Other information

### Management principles of the Company and the Group

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

### Description of material court proceedings

As at the date of preparation of the report, the Company's claim against Polkomtel sp. z o.o. for payment of PLN 4,806,945 with statutory interest for delay from 4 May 2020 to the date of payment in respect of the contractual penalty reserved for the Company is pending. The lawsuit was filed by the Company on 5 February 2021. In the Company's opinion, Polkomtel S.A. did not properly perform its obligations under the agreement concluded between the parties concerning execution of the Company's orders concerning sending/receiving SMS/MMS messages by the Company in accordance with the rules determined between the parties.

Vercom Group has unsettled prepayments paid to SOPOL Solewodziński sp. j. in the amount of PLN 517 thousand under a service agreement. Pursuant to the service provision agreement concluded with SOPOL Solewodziński sp. j., Vercom Group charged SOPOL Solewodziński sp. j. with a contractual penalty of PLN 1,100,000 for not providing by SOPOL Solewodziński sp. j. the minimum daily throughput of SMS messages in accordance with the provisions of the agreement. The proceedings for issuing a payment order were initiated on 2 July 2018. The contractual penalty has not been recognized as revenue until the possibility of its recovery becomes probable. In order to cover the claims for the contractual penalty above, the Court Enforcement Officer at the District Court in Mikołów initiated enforcement proceedings for the real estate owned by the partners of SOPOL Solewodziński sp. j. Moreover, Vercom Group has a compulsory mortgage registered in the amount of PLN 1,396,208,04 on the real estate owned by SOPOL Sowoledziński sp. j. as a security of claims for the aforementioned contractual penalty.

### Employment

During the reporting period ended September 30, 2022, the Vercom Group had an average of 161 employees.

### Sureties and guarantees

Sureties and guarantees are described in the consolidated financial statements

### Significant transactions with related parties

Transactions with related parties were made on an arm's length basis. The transactions are presented in the Consolidated Financial Statements (Note 26.).

### Financial forecast

The Company's Management Board has not published any financial forecasts.

### Material agreements

In the Q3 2022 Vercom has not entered into any new material agreements.

### Ability to execute investment plans

The Group has the ability to achieve its investment intentions, including capital investments, both from its own resources and from debt financing.

**Roosevelta 22**  
**60-829 Poznań**

The Directors' Report on the Operations of Vercom S.A. and the Group was approved on November 16, 2022.

**Krzysztof Szyszka**

President  
of the Board

**Adam Lewkowicz**

Vice-President  
of the Board

**Tomasz Pakulski**

Member  
of the Board