



# 2022 Financial Results

Investor Presentation

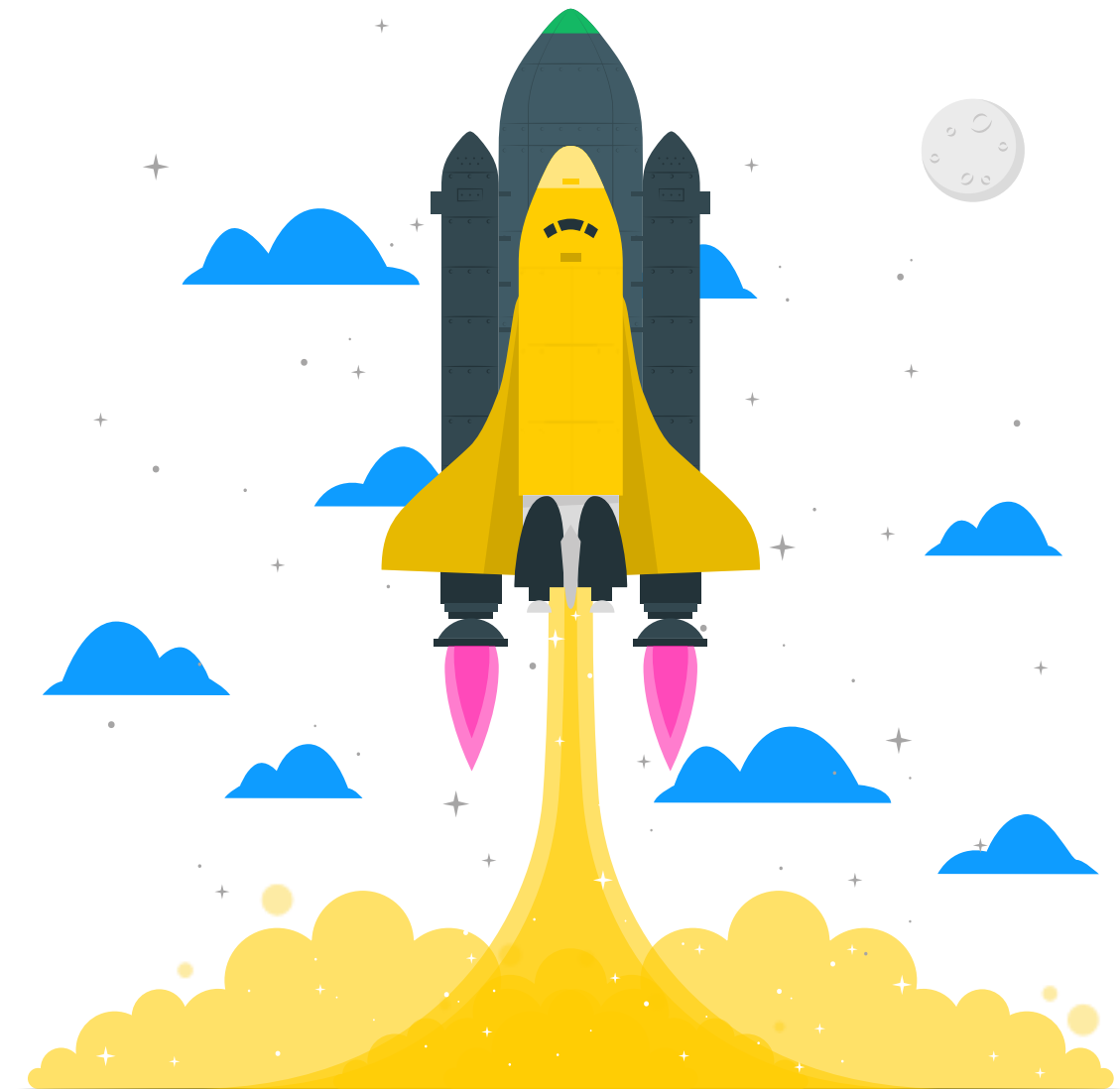
Tuesday, 28 March 2023





# Our Mission

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



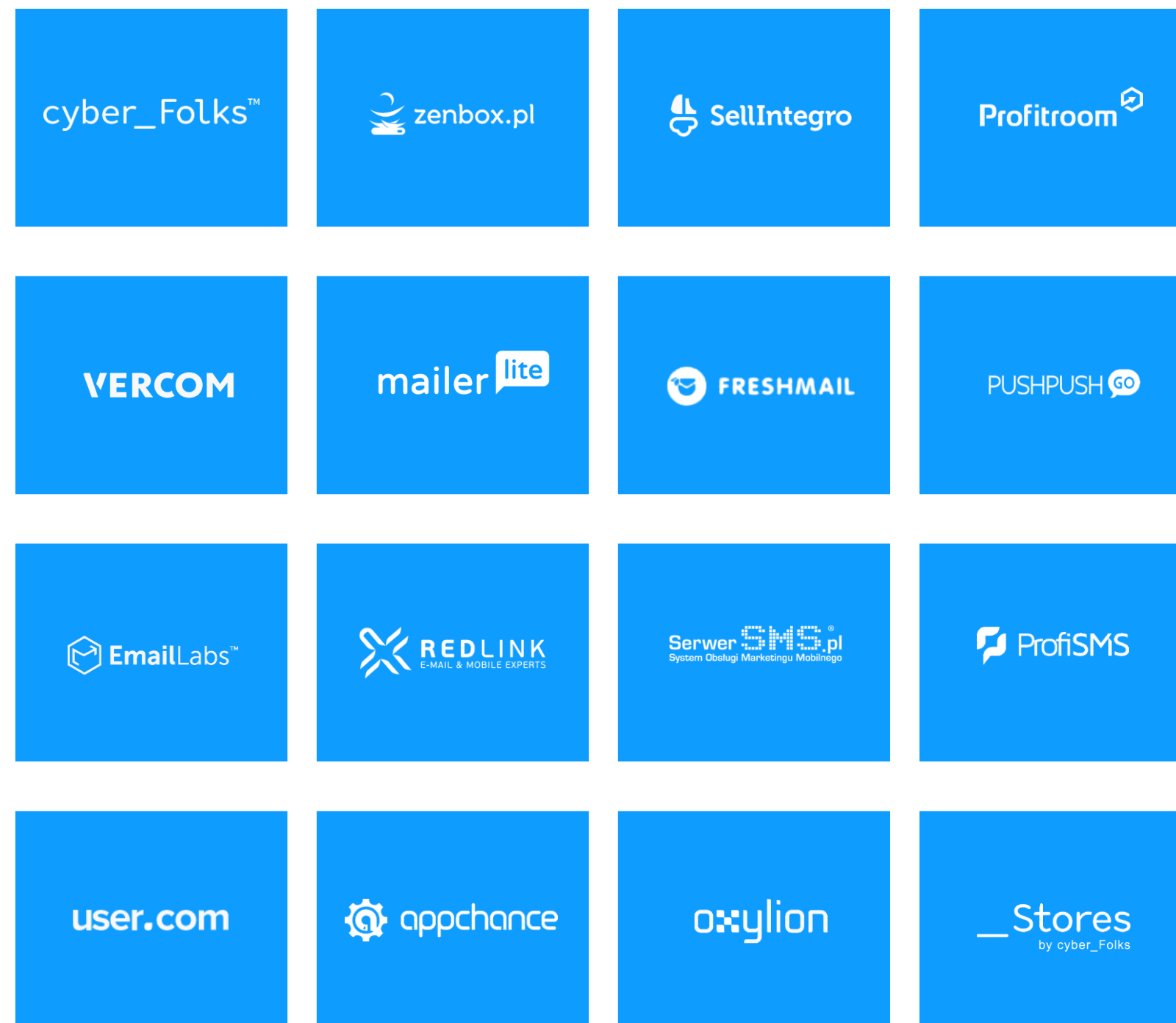


## Who we are:

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 340k customers and over PLN 390m 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 Nausedaite**

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  
Oxyllion



**Paweł Sala**

Founder & CEO  
FreshMail



**Indre Sizovaite**

Head of Marketing  
MailerLite



**Robert Stasik**

VP & CFO  
R22



**Łukasz Szałaśnik**

CFO  
Vercom



**Krzysztof Szyszka**

Founder & CEO  
Vercom



**Grzegorz Warzecha**

Founder & CEO  
User.com



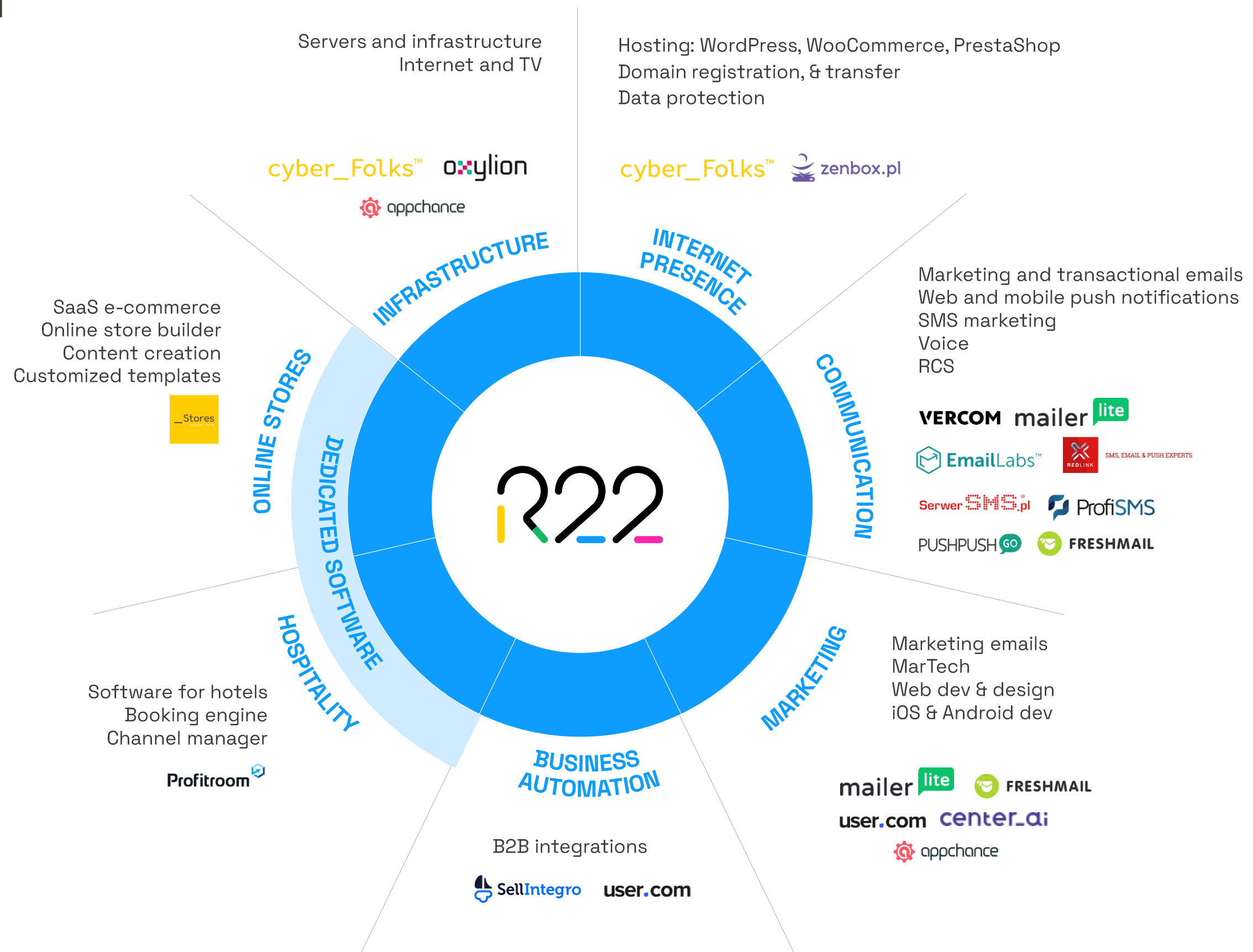
**Miłosz Wójcik**

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:

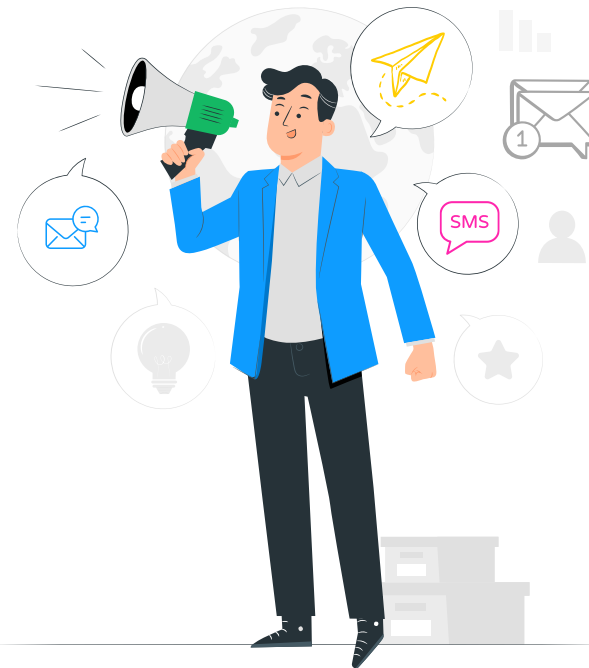
- Domain registration
- Hosting WordPress, WooCommerce, PrestaShop
- E-shops tools
- Data protection
- Servers and infrastructure



## 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

>340k

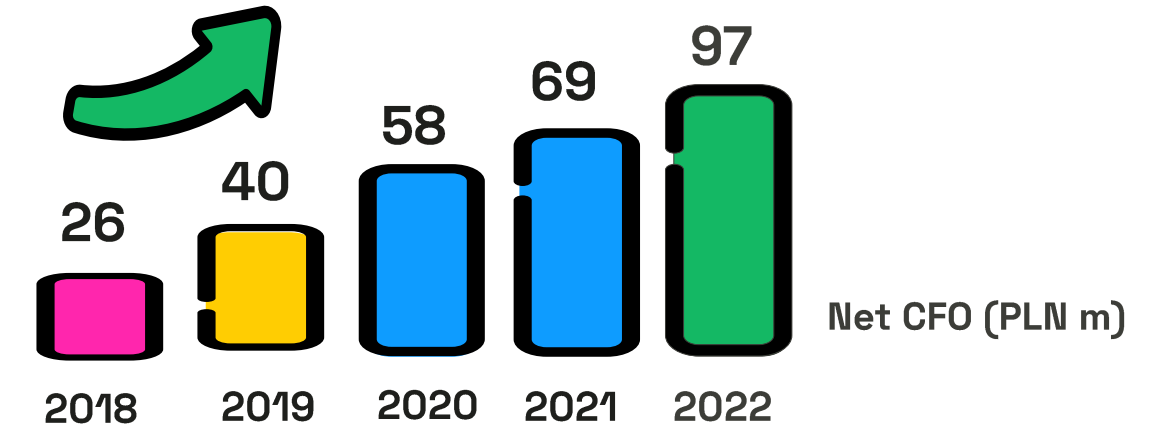
We offer solutions for small, medium, and large business customers representing a wide range of sectors and regions.



## 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<sup>(2)</sup>. 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 (95%) 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

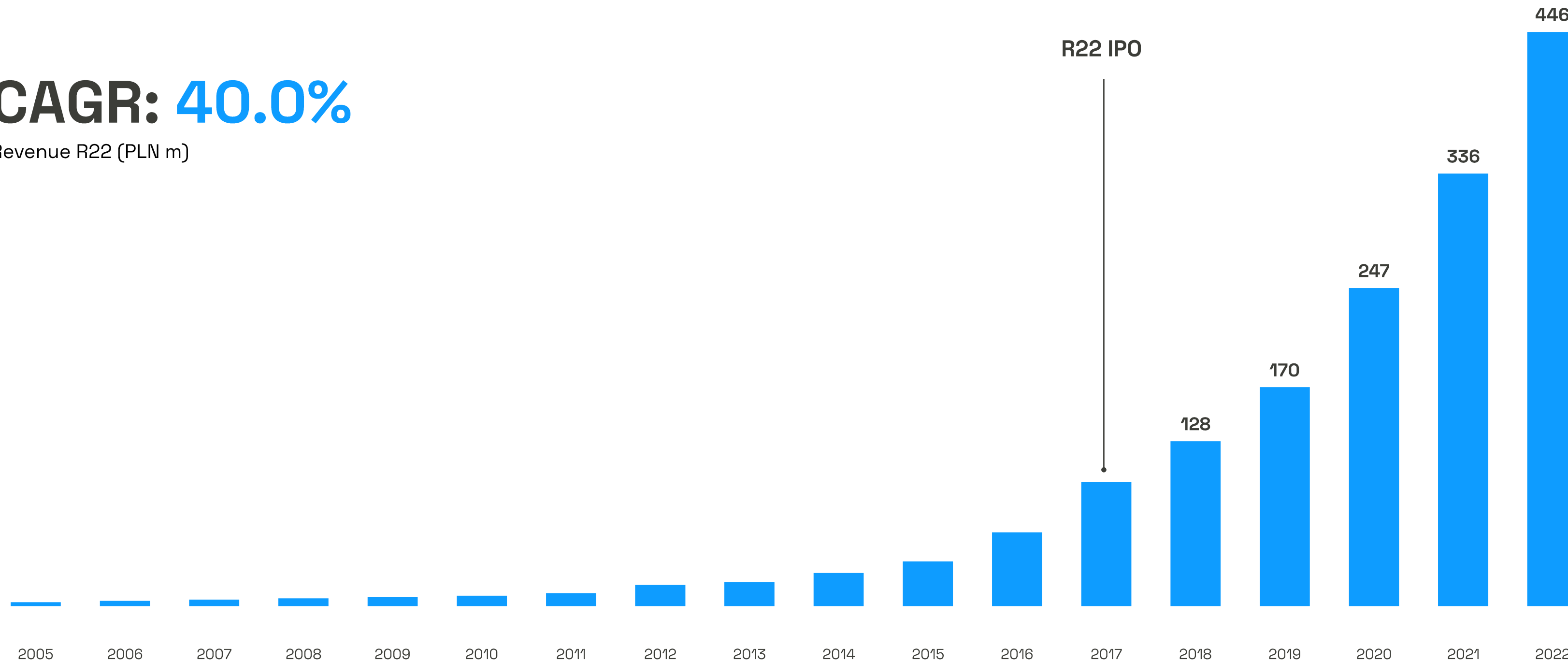




# Exponential growth driven by organic growth and acquisitions

**CAGR: 40.0%**

Revenue R22 (PLN m)



\*The data 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.



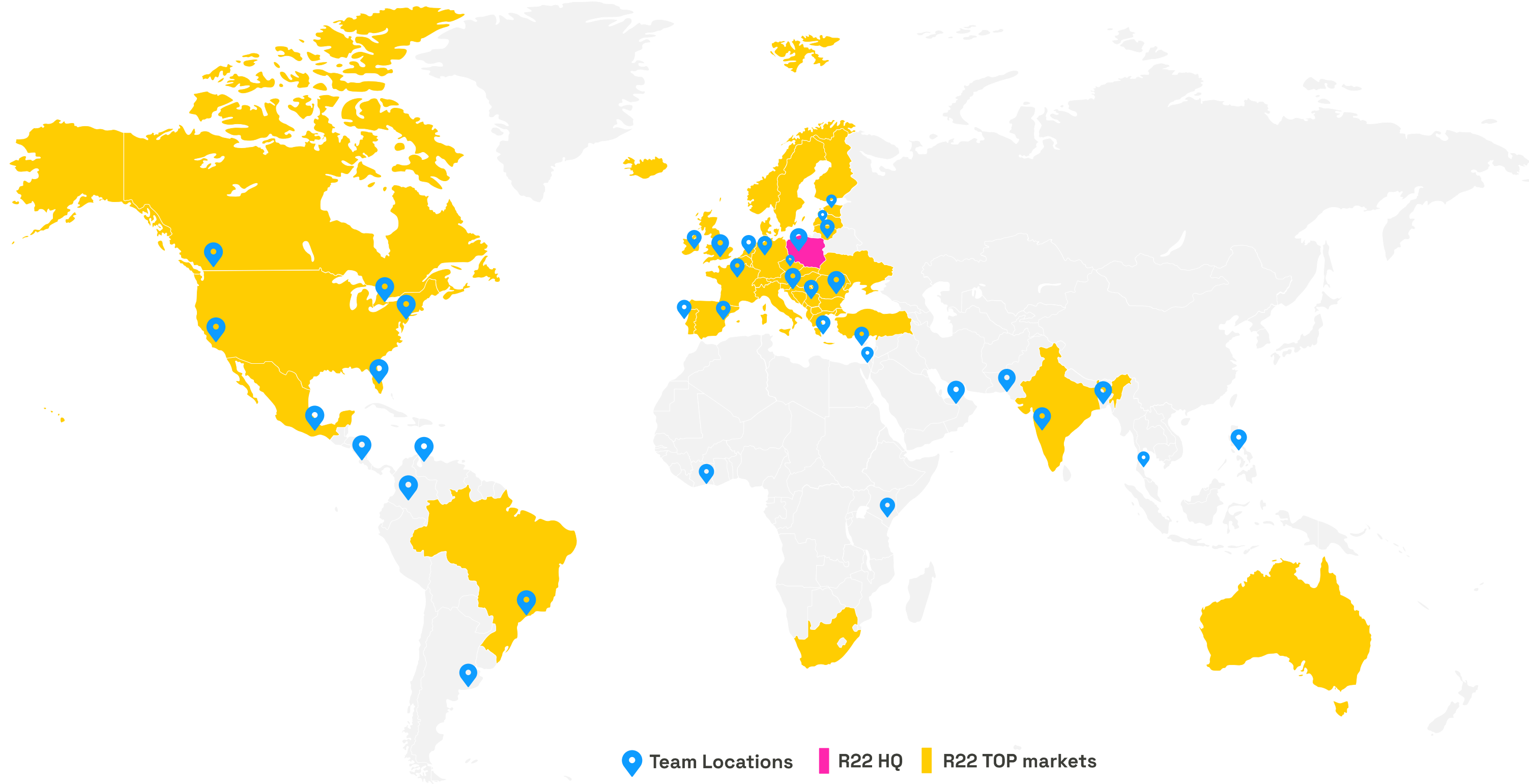
# Market

From local company to  
global player





# Markets: Scaleup to >100 countries



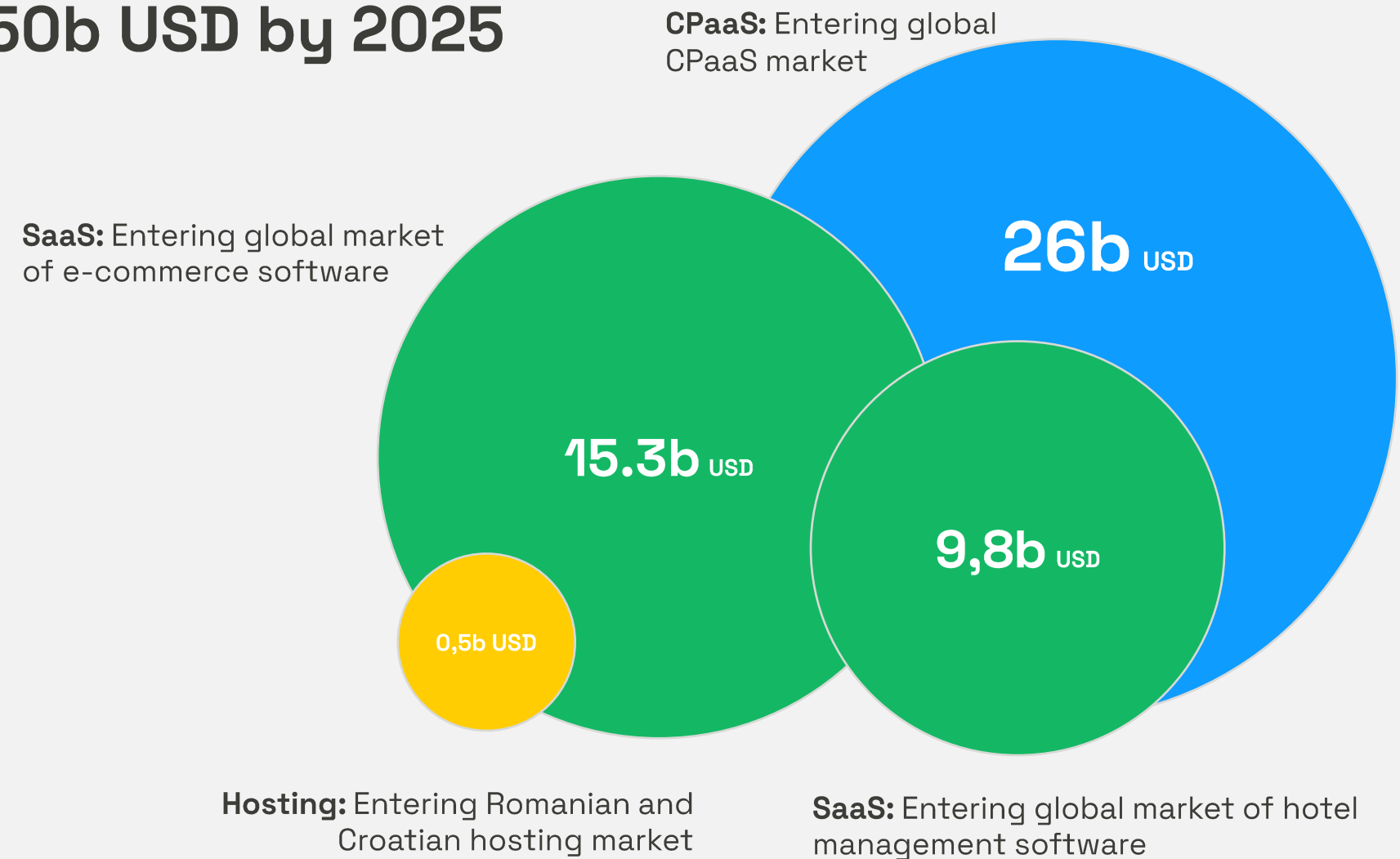


# Total Addressable Market: 50x increase in growth potential by unlocking new products and markets

## 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.

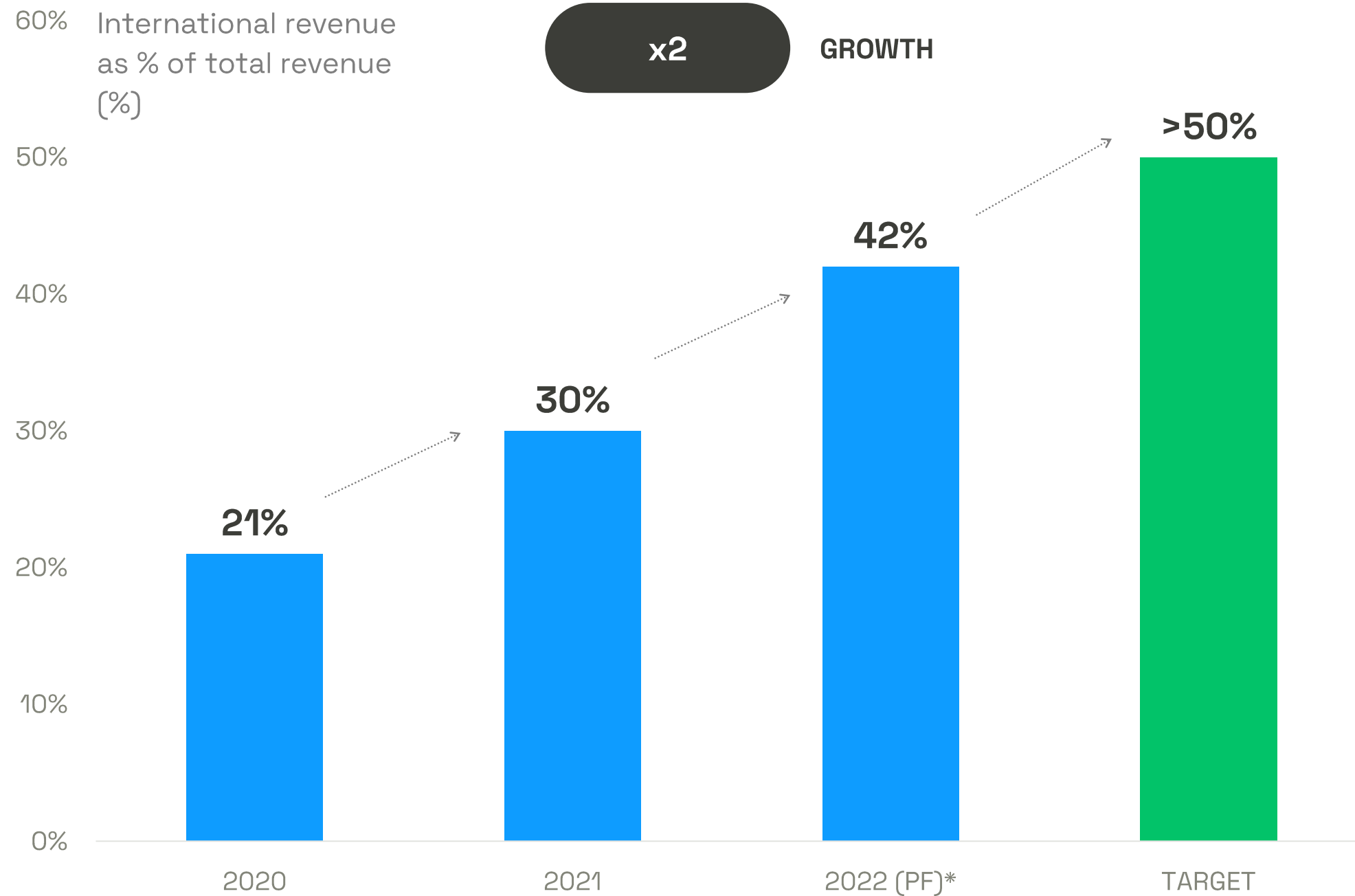
## Market Value: 50b USD by 2025



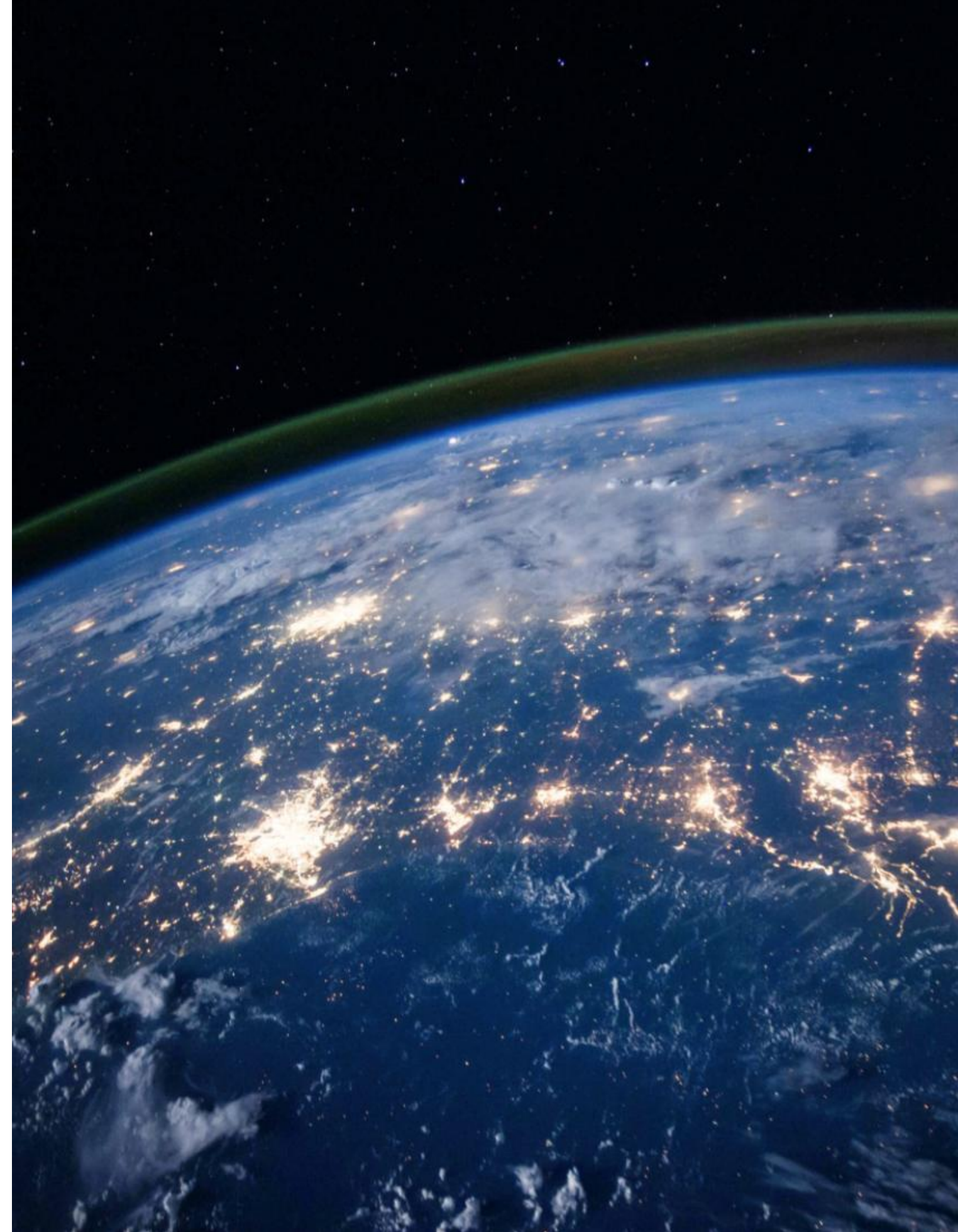
Information for selected markets segments

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



\*including MailerLite's results for the 12-month period (2022).







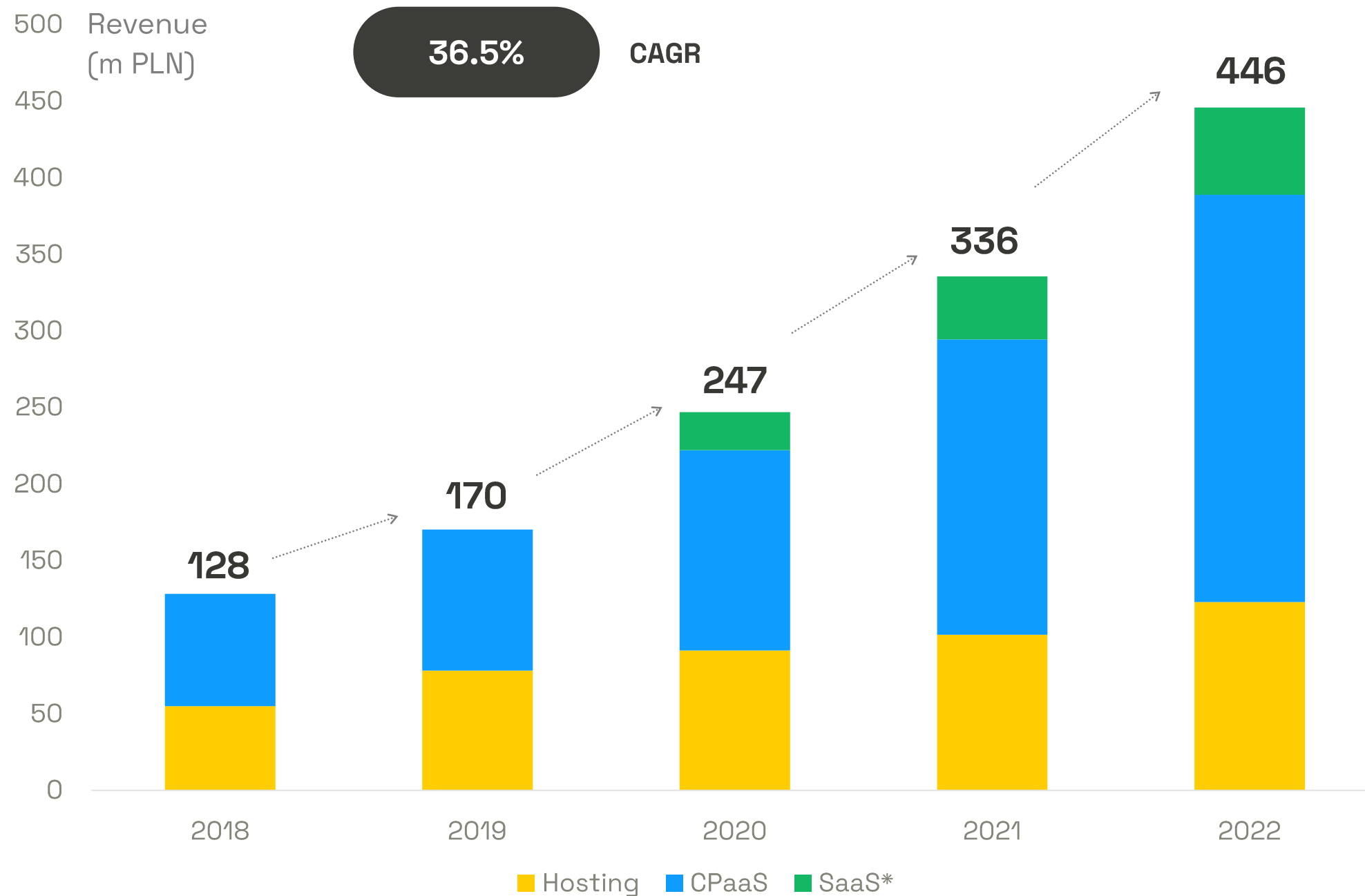
# Growth Dynamics

Turning Strategy  
into Results





# Revenue: Accelerating the growth momentum with highly diversified revenue structure



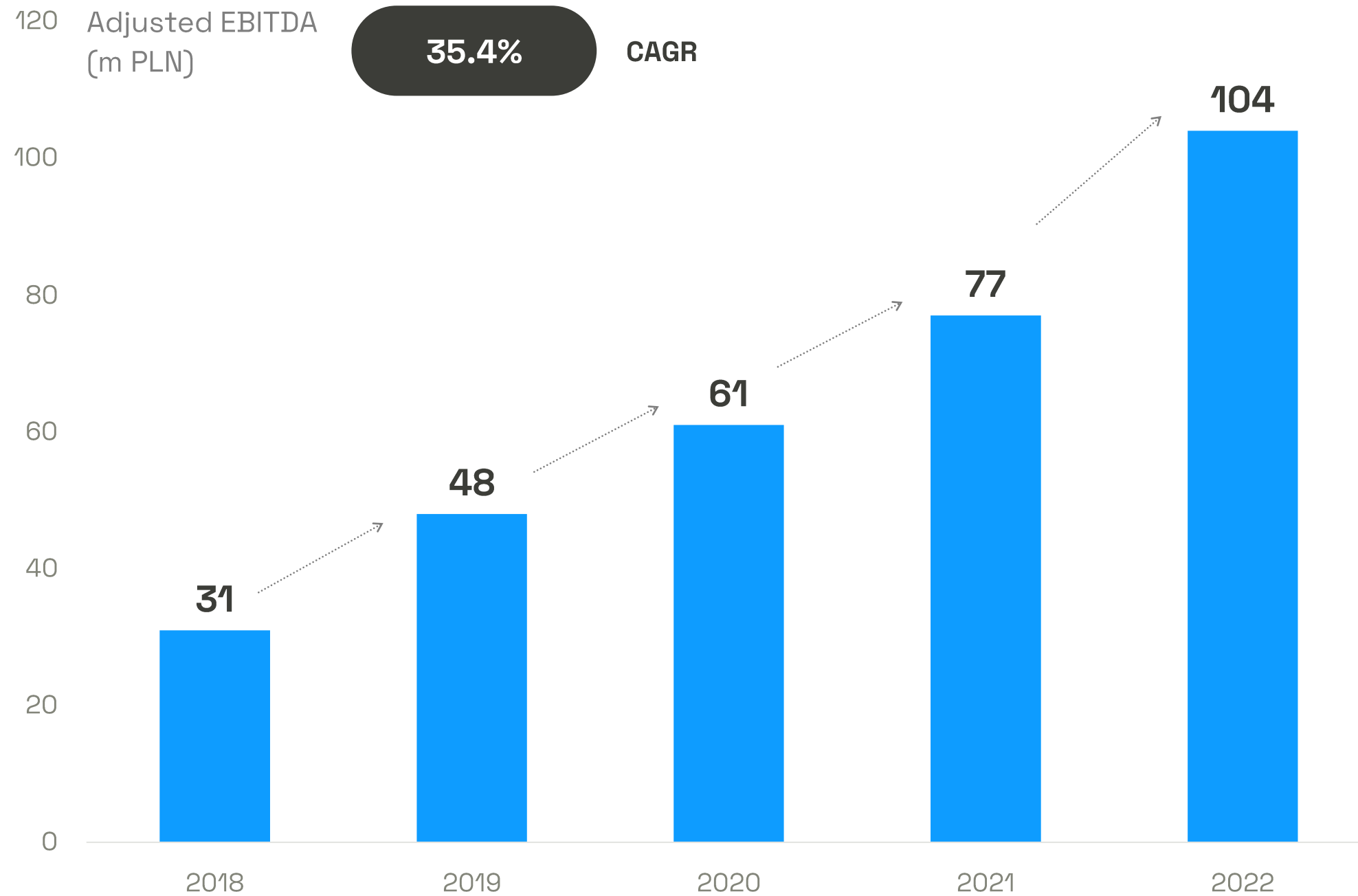
**\*SaaS segment:** The data for this segment also includes financial results of Profitroom and SellIntegro, which are only consolidated by the Group in the net result (no consolidation at the level of revenues and EBITDA). Group R22 has an option of taking over a controlling stake in both companies.

**segment Telecommunications:** as of 14 June 2022, Oxyllion S.A. is assigned to the CPaaS segment.

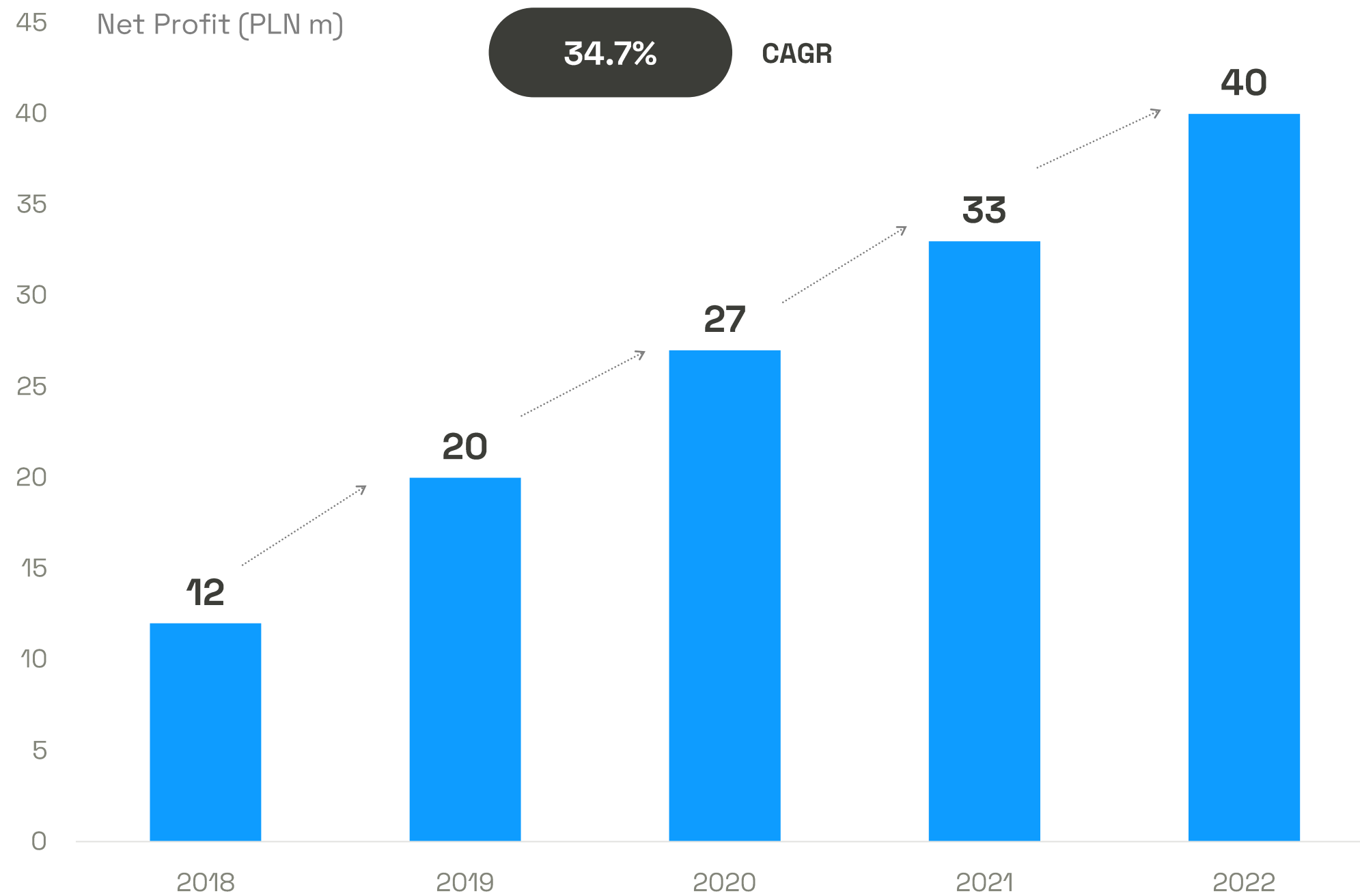




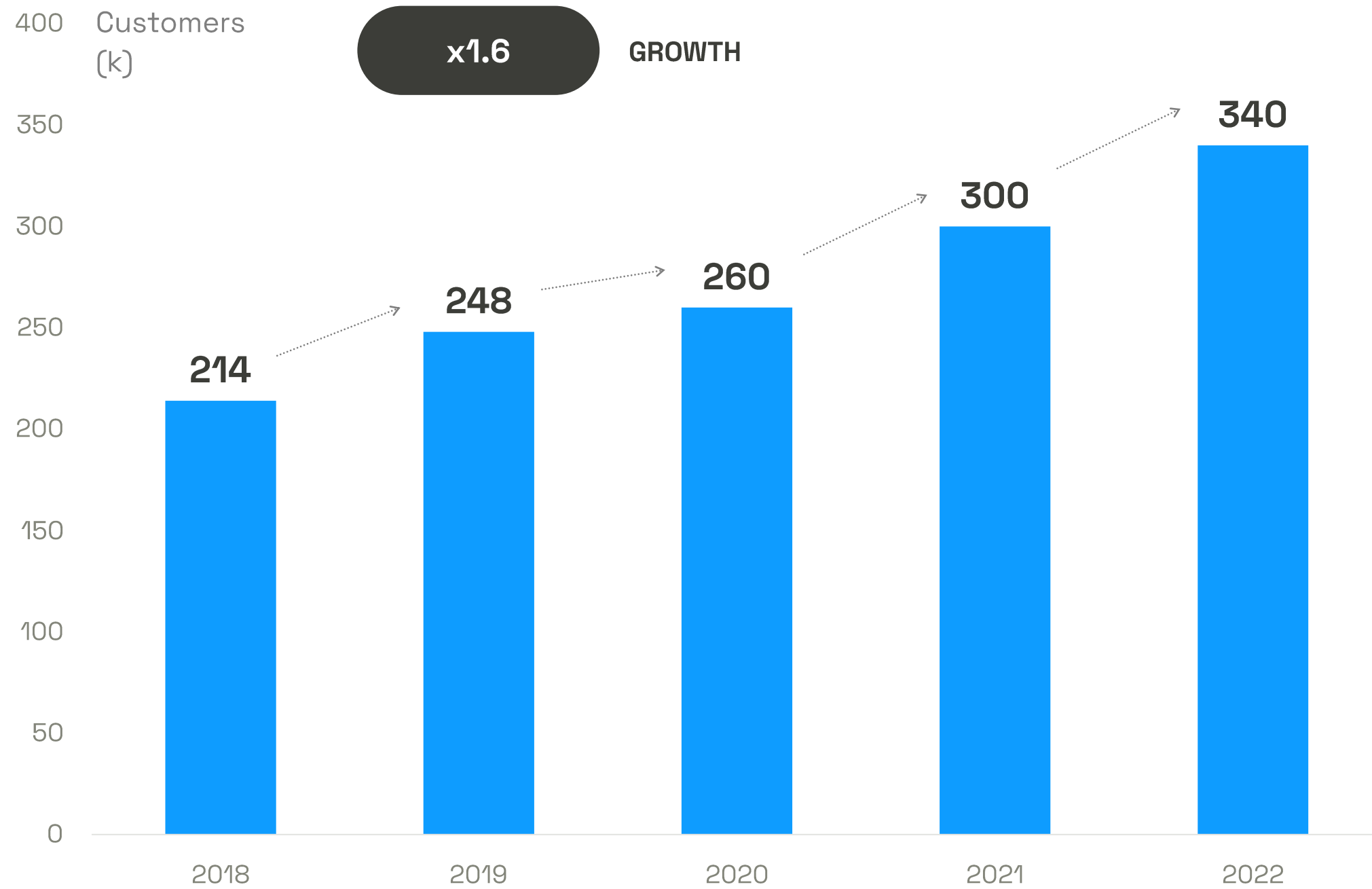
# EBITDA: Proving our business value



# Net Profit: Continuous profitability and cash flow generation

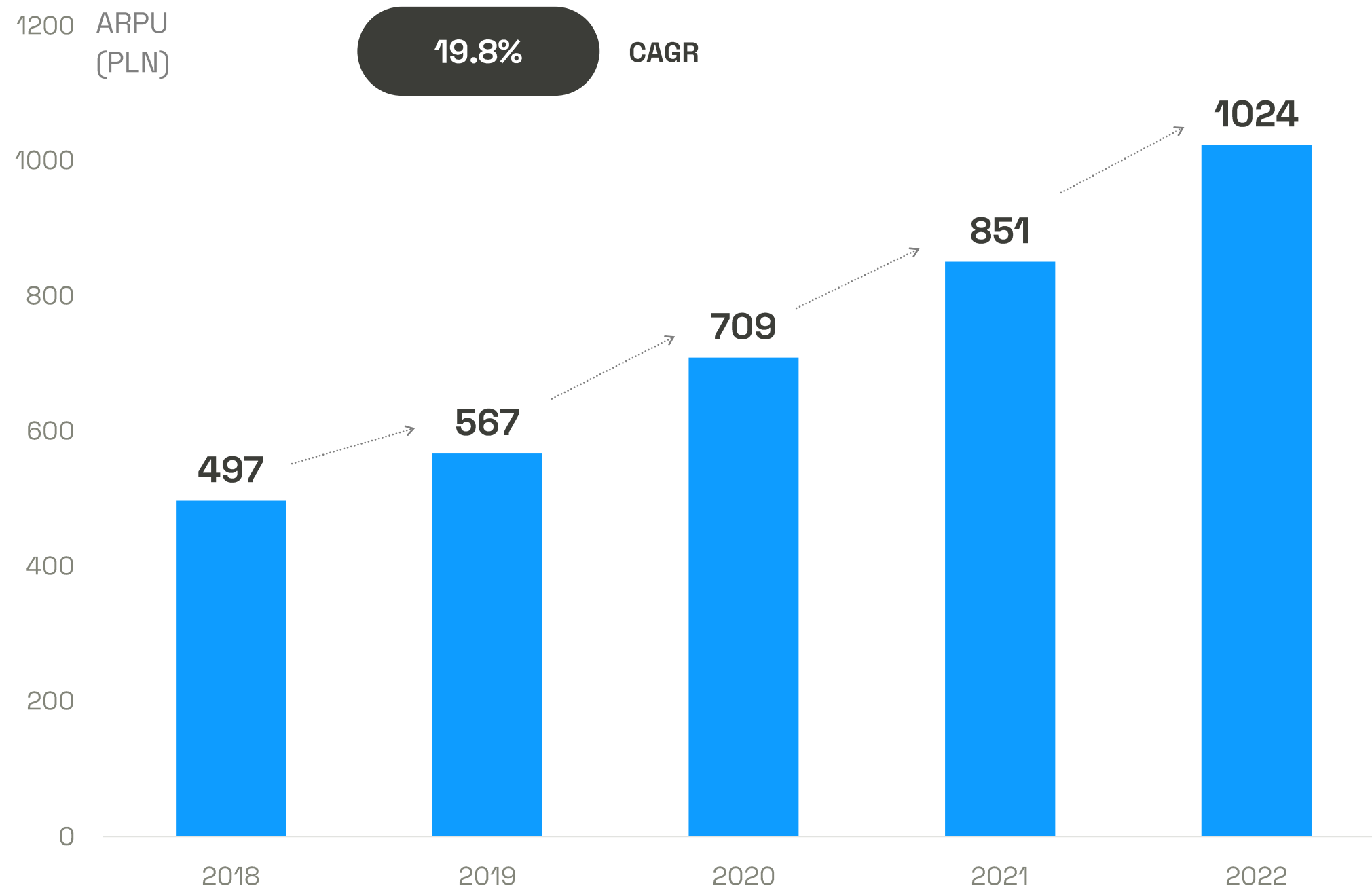


# Customers: Stability thanks to the trust of over 340k customers





# ARPU\*: Supporting a strong value proposition



\*ARPU: Excluding TOP 10 customers generating 11% of revenue (internal estimation).





# 2022 Highlights

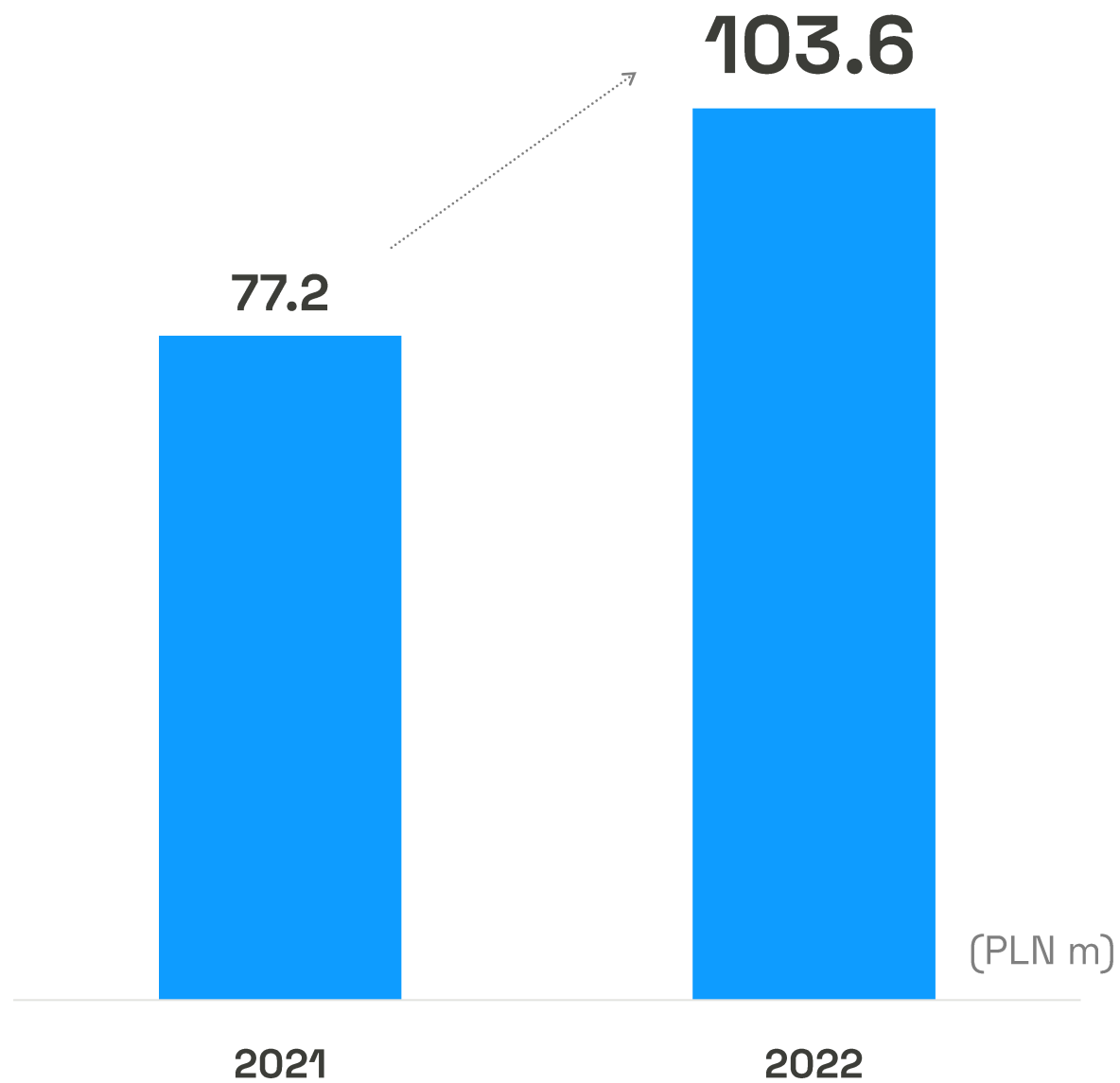
Our achievements and success stories  
over the past year



## R22: Record EBITDA of more than PLN 100m

Adjusted EBITDA

+34%



Key factors driving 2022 EBITDA:

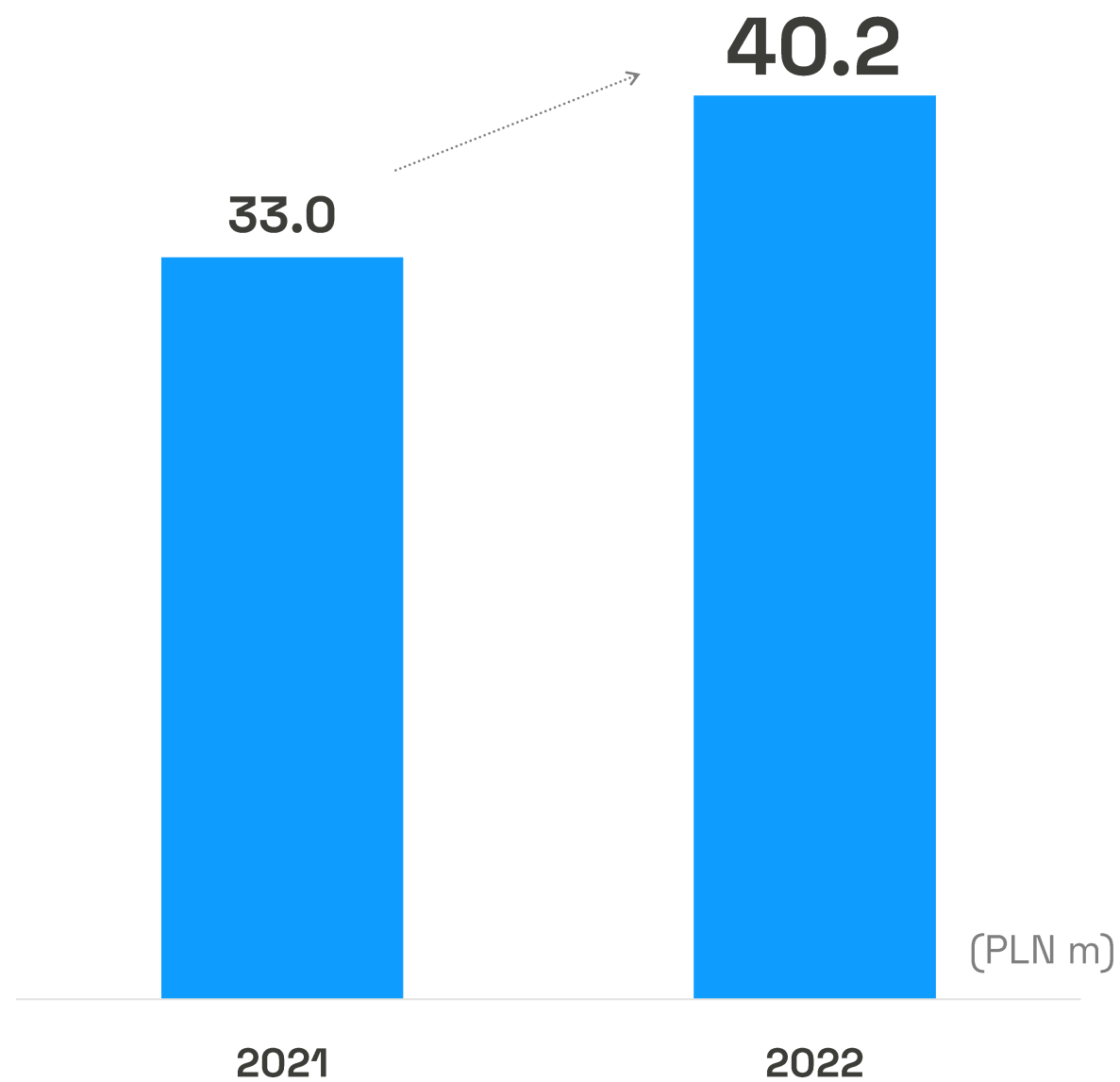
- **organic growth** of the two main segments (cyber\_Folks and CPaaS)
- **dynamic growth of MailerLite** (company acquired in mid-2022)
- strong **expansion on global market** (>340k customer located in >100 countries)

At the same time company results are constantly supported by **global trends** towards digitization, business automation and the use of AI. R22 is consistently **growing at a rate of 30-40% yoy**; it grew at such a pace both in pre-COVID times, during the COVID period when the entire digital services sector recorded previously unseen growth rates, as well as post-COVID. This is validated by the **adjusted EBITDA in Q4 2022** which totaled nearly **PLN 32m**, a **yoy increase of >53%**.

## R22: Net profit increased to over PLN 40 m

Net profit

+22%



Key factors driving 2022 Net profit:

- **organic growth** of the two main segments (cyber\_Folks and CPaaS) as well as **growing results of MailerLite**
- **despite the rise of WIBOR and EURIBOR benchmarks and the foreign exchange-related fluctuations**, R22 reported a **stable growth** of its **net profit** to nearly PLN 40m.

Validated by the amount of net profit in Q4 2022 totaling over **PLN 17m** (a yoy increase by **>247%**).



R22

# MailerLite

One of the biggest acquisitions in the technology sector in 2022





# MailerLite

## Strong growth momentum and solid prospects:

- **40% CAGR in revenue** over the last 3 years
- Company achieved **USD 500k EBITDA per month** (25% EBITDA margin)
- **Dynamic growth in customer base** and improved monetisation

## Excellent strategic fit and significant synergy potential:

- Strong international presence provides a solid base for global expansion strategy
- Excellent brand recognition - **MailerLite ranked in the top three email marketing solutions according to Forbes**
- Two-way technology exchange **will increase R22 Group's product offering**

## One of the biggest deals in the technology sector in Poland in 2022:

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







# ESOP

ESOP confirms our  
ambitious plans





## cyber\_Folks: ESOP with a projected EBITDA of PLN 100m

”

The purpose of the employee loyalty program is to reward the most experienced staff. We are aware that to a large extent we owe it to them the dynamic growth of our company in recent years, as confirmed by the financial results of the hosting segment. From now on, cyber\_Folks employees will become co-owners of the company. We believe that this initiative will incentivize the staff even more and increase its effectiveness, bearing profits in the future.

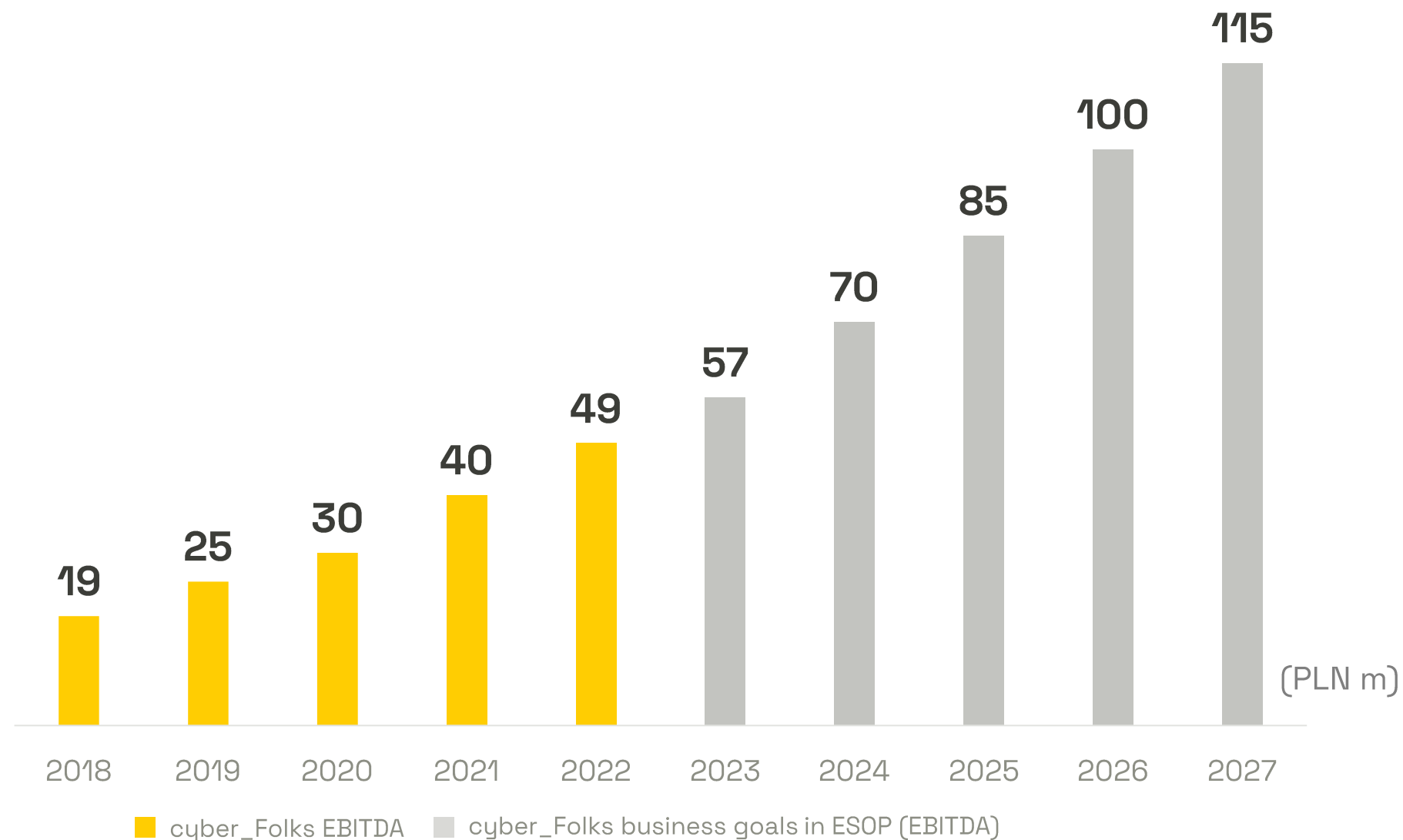
- Jakub Dwernicki, CEO R22





# cyber\_Folks: ESOP with a projected PLN 100m EBITDA in 2026

## Business goals of the incentive program: EBITDA



## ESOP cyber\_Folks

Beneficiaries: key employees of the company

Period: fiscal years 2023-2027

Number of shares: 250k

ESOP program is split into:

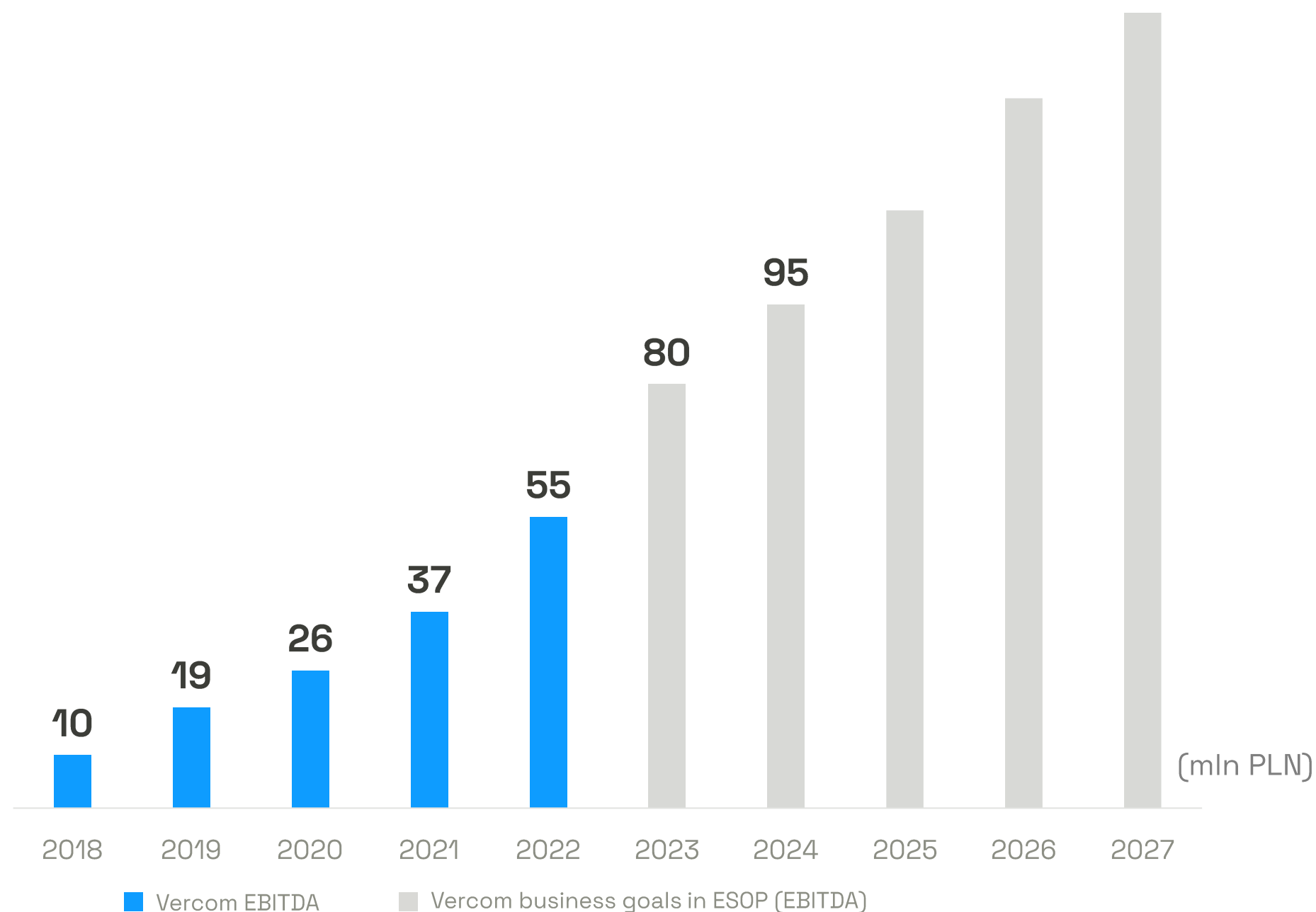
- loyalty component (counted by seniority)
- incentive component (dependent on the achievement of business goals)

### Assumptions:

Criteria for the business goals include consistent growth of cyber\_Folks results **including PLN 100m EBITDA target in 2026.**

# Vercom: ESOP with a projected PLN 95m EBITDA in 2024

## Business goals of the incentive program: EBITDA



## ESOP Vercom

Beneficiaries: key employees of the company

Period: fiscal years 2021-2024

Number of shares: 126.85k

ESOP program is split into:

- loyalty component (counted by seniority)
- incentive component (dependent on the achievement of business and market goals)

### Assumptions:

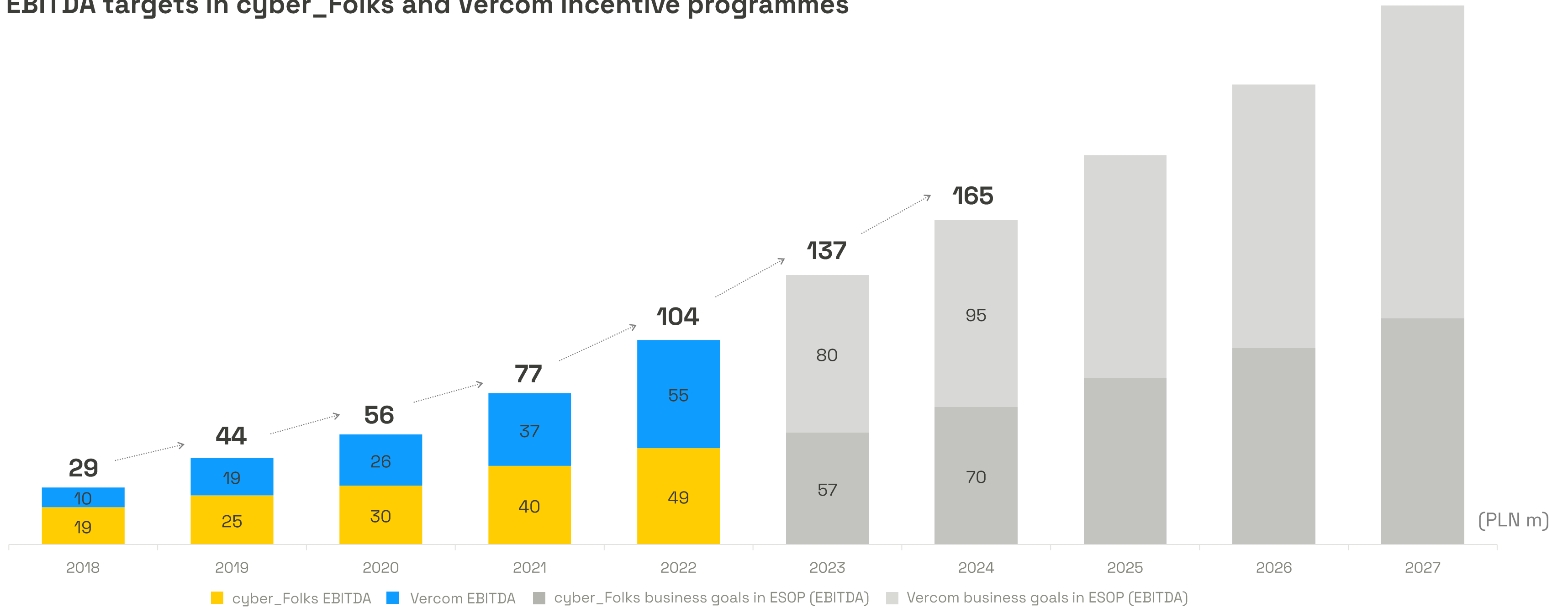
Criteria for the business goals include i.e. consistent growth of Vercom results **including PLN 95m EBITDA target in 2024.**

The EBITDA target applies to adjusted EBITDA.

For the avoidance of doubt, the EBITDA increase generated by takeover targets is recognized as organic growth and is non-adjustable.

# Ambitious ESOP targets

EBITDA targets in cyber\_Folks and Vercom incentive programmes

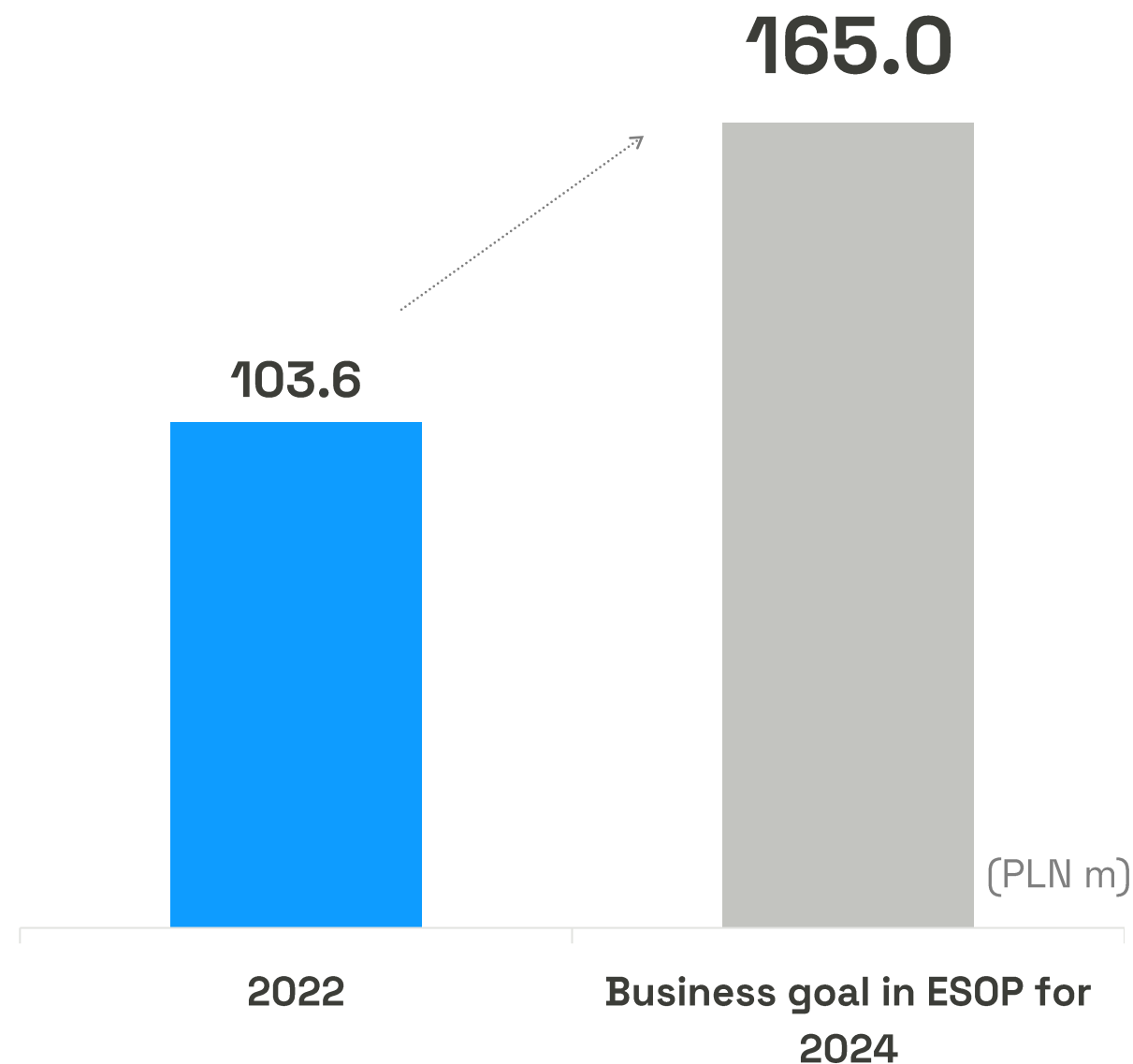




# ESOP confirms our ambitious plans

Adjusted EBITDA

X1.5



Investment thesis:

- **GROWTH:** 40% revenue CAGR over the past decade
- **STABILITY:** ~100% of revenues generated in SaaS (ARR) model with a diversified base of >340,000 clients
- **SCALE-UP:** Entry on a global market worth USD 50bn\*
- **IMPLEMENTATION OF AI SOLUTIONS:** Implementation of AI products into the offering of R22 Group companies and within R22 Group itself.

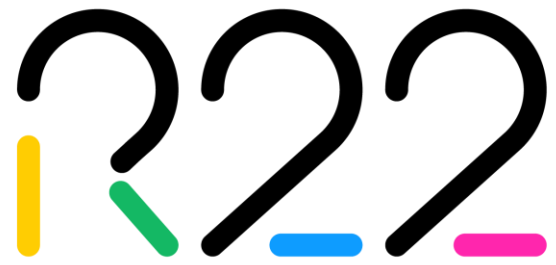
**PLN 165 m**

EBITDA according to cyber\_Folks and Vercom ESOP targets

**+50%**

EBITDA growth over 2 years (2022-2024)

\*estimated market value by 2025.



# cyber\_Folks

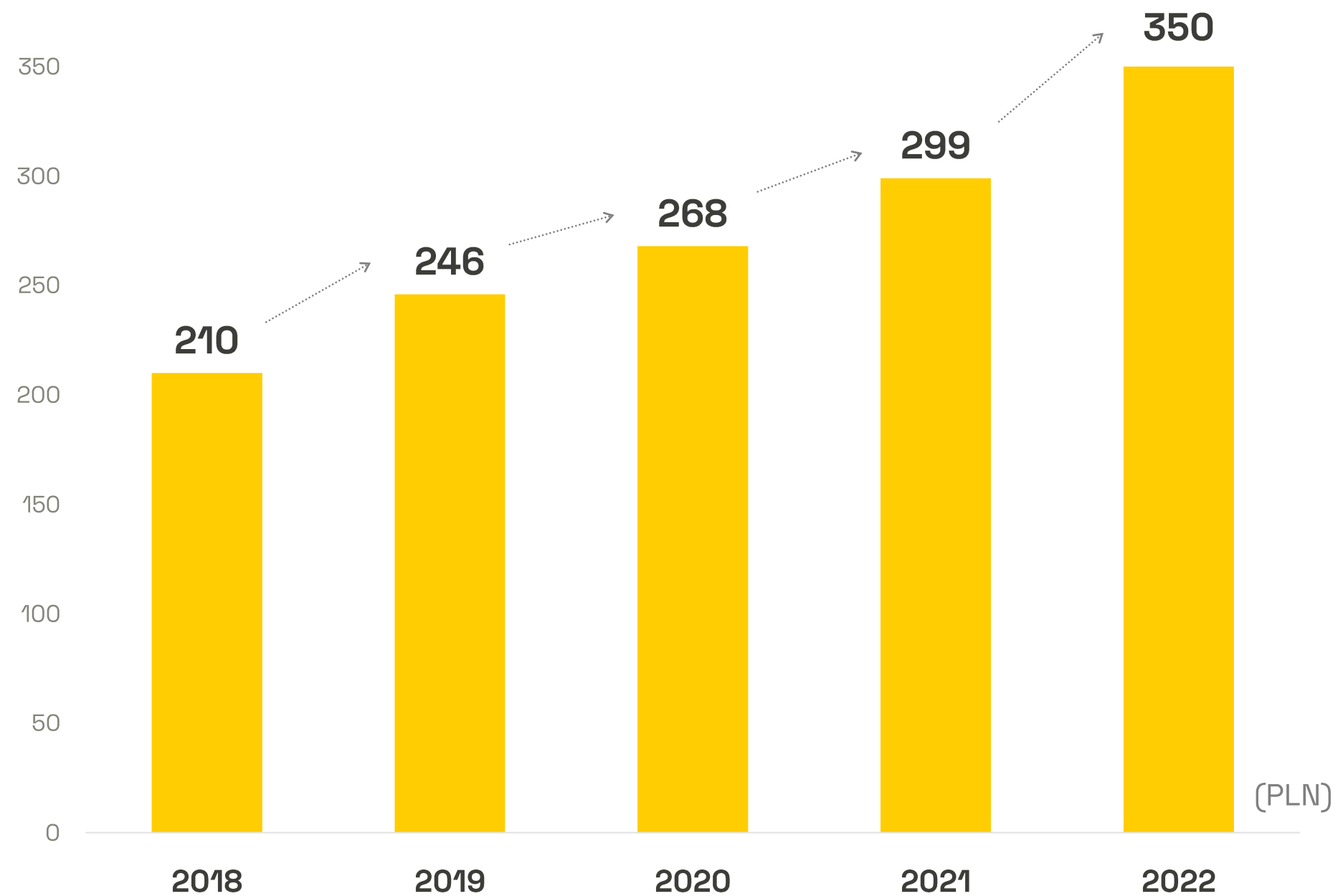
Building an international brand  
starting with the CEE market





cyber\_Folks: We serve >250k customers increasing ARPU consistently

cyber\_Folks: ARPU LTM of hosting





# cyber\_Folks: Building an international brand

cyber\_Folks begins consolidating brands in the Romanian and Croatian markets.

## #1st

We are the **first largest** web hosting provider in Romania

### cyber\_Folks.ro

- mxHost → cyber\_Folks.ro
- Gazduire.ro → consolidation in 2023
- TLH → consolidation in 2023
- RoHost → consolidation in 2023
- Hostvision → consolidation in 2023
- xServers → consolidation in 2023

## #2nd

We are the **second largest** hosting provider in Croatia

### cyber\_Folks.hr

- Avalon → consolidation in 2023





Completează numele  
domeniului sau cuvintele cheie

Caută numele domeniului tău   CAUTĂ

cyber\_Folks™



## Cat SSL

### pentru site-ul tău

utilizatorilor în site-ul tău și oferă paginii  
ate, securitate și poziții mai bune în motorul

#### Actualități

## Bine ai venit, acum suntem cyber\_Folks!

 4 ianuarie 2023    9 februarie 2023    aprox. 2 min



MxHost face parte din grupul cyber\_...  
pentru a-ți oferi mult, mult mai mult!

cyber – este despre servere, pe...

Folks – este despre oameni, co...

## Găzduire WordPress

### În sfârșit este mai rapid să ajungi la clienții noi!

Hosting pentru companii și dezvoltatori web, care vor ca  
pagina lor WordPress să fie mai sus în Google și să aibă mai  
mulți clienți. Cum? Datorită vitezei de încărcare mai bune!



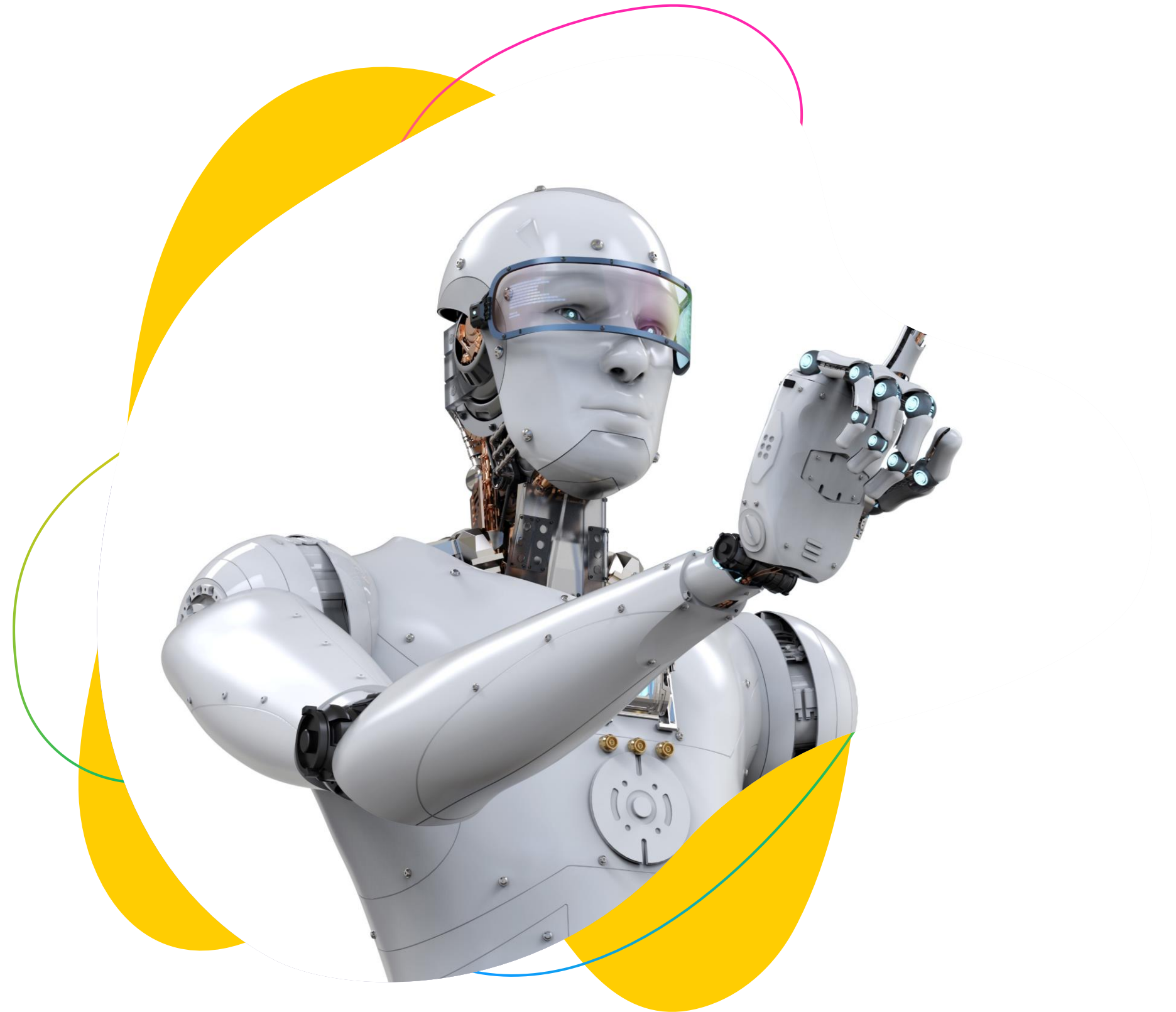
ALEGEREA CLIENTULUI			
<p>&gt;wp_IN!</p> <p>Pentru începători</p> <p>10 GB NVMe</p>	<p>&gt;wp_UP!</p> <p>Pentru companii mici și bloggeri</p> <p>20 GB NVMe</p>	<p>&gt;wp_GO!</p> <p>Pentru companii și magazine medii</p> <p>60 GB NVMe</p>	<p>&gt;wp_FLY!</p> <p>Pentru companii mari și dezvoltatori</p> <p>120 GB NVMe</p>





# AI

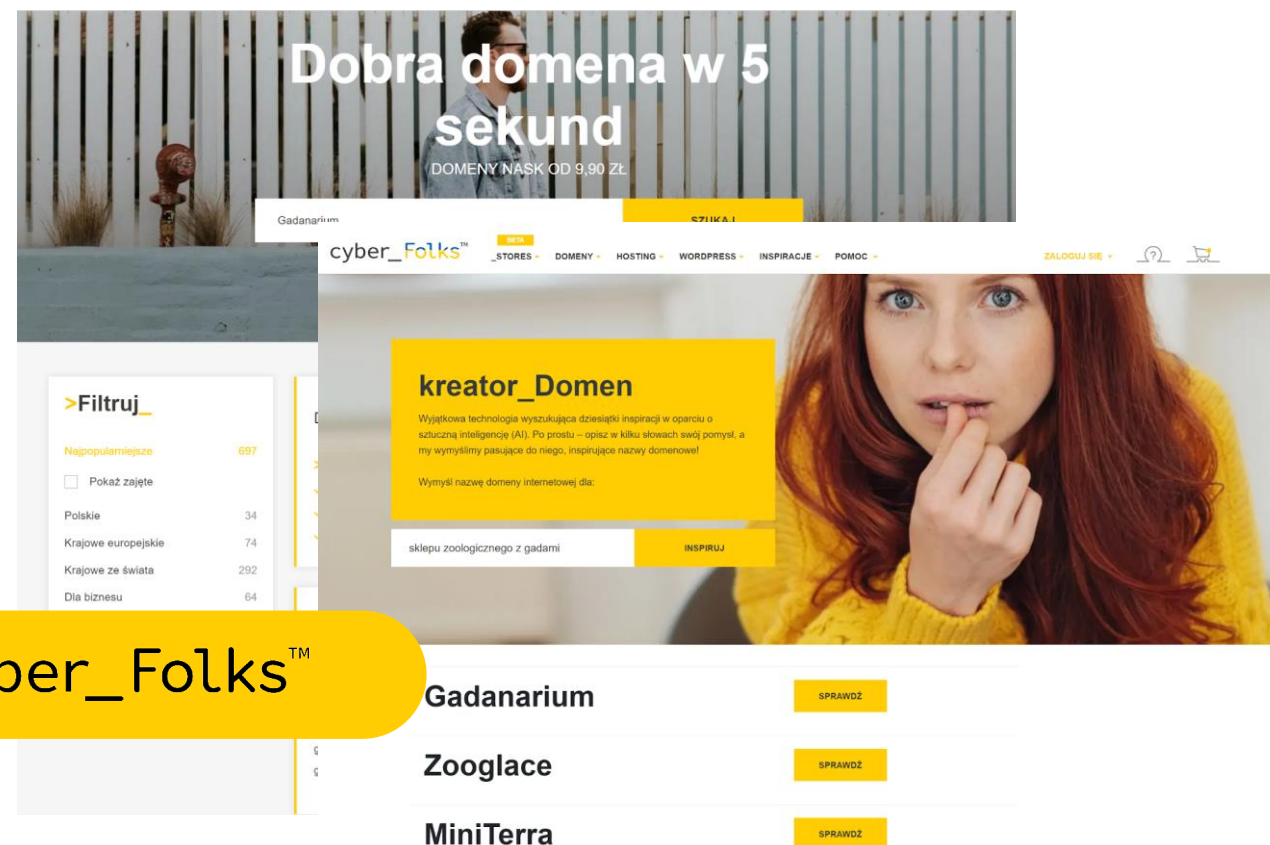
R22 Group companies implement solutions based on artificial intelligence (AI)





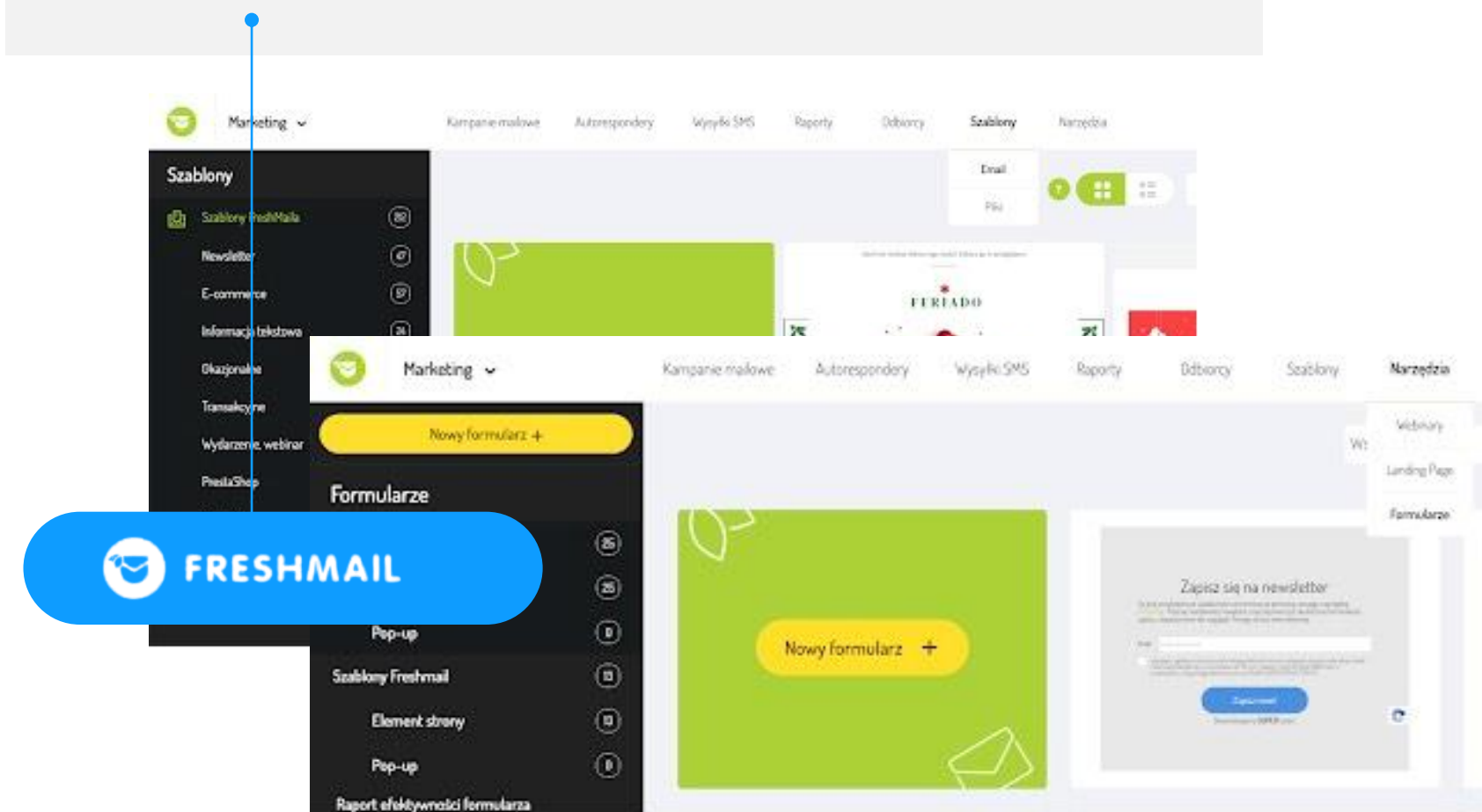
# cyber\_Folks: AI domain creator

**cyber\_Folks** is probably the first hosting operator in Europe to provide its clients with an AI-based domain name creator. Until now, cyber\_Folks clients had access to a creator based largely on the algorithmic approach, based on a synonymizer and on translations into foreign languages. The current offering is **based on OpenAI technology** made famous by Chat GPT.



# FreshMail: SendGuard

**FreshMail** introduces SendGuard, a solution that uses **AI** and **ML** to analyze a wide spectrum of message parameters in e-mail marketing and transaction-related messages. SendGuard helps boost the **message delivery rate** by offering clients **anti-spam and anti-phishing features**.



# User.com: AI Chat

User.com introduces an intuitive and user-friendly chat that replies to ~76% of user queries in real time thanks to Artificial Intelligence (AI).

The system is powered by two models:

- **OpenAI Davinci-003** trained for User.com,
- **User.com Angel I** which is restricted and hosted on User.com servers in Europe.

AI Chat User.com capacities include the following:

- **automatic read-out and understanding of user messages and generating the appropriate responses** based on user messages and a knowledge database available as part of the application,
- **effective learning of the model using the existing client documentation and the ability to easily add new knowledge** to the system by creating articles on specific topics.

AI Chat is currently able to answer queries in English with plans to expand it to additional languages in the near future.

user.com

A pleasure to help today...



Hey again! 🙋 Can I change my plan during the active Diet4You subscription?

Sure, you can change your plan at any moment. All you need to do is contact the dietitian assigned and discuss your nutritional needs. The dietitian will then activate the new plan inside your account.



R22

# Financial results

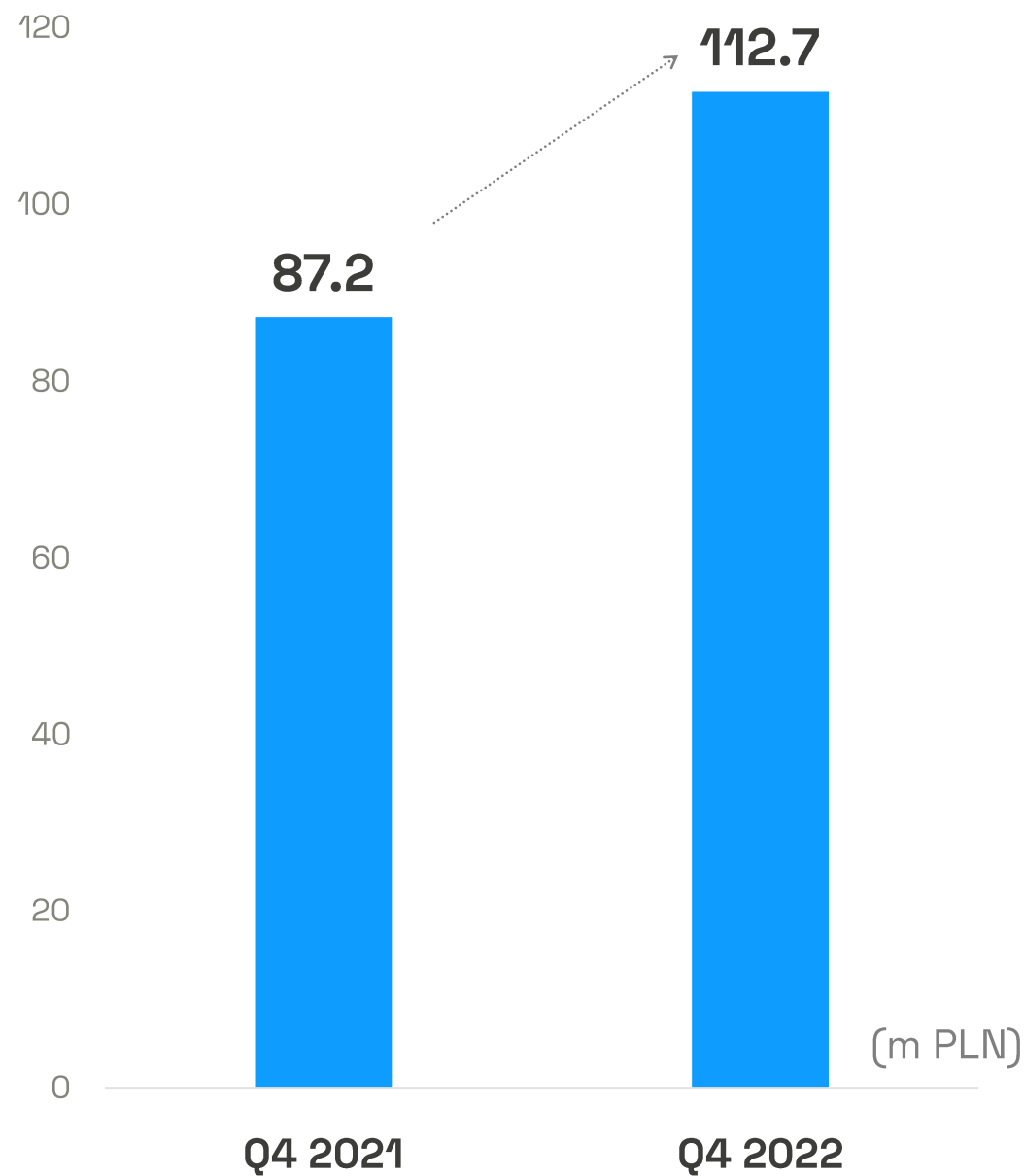




# R22: Threefold increase in net profit

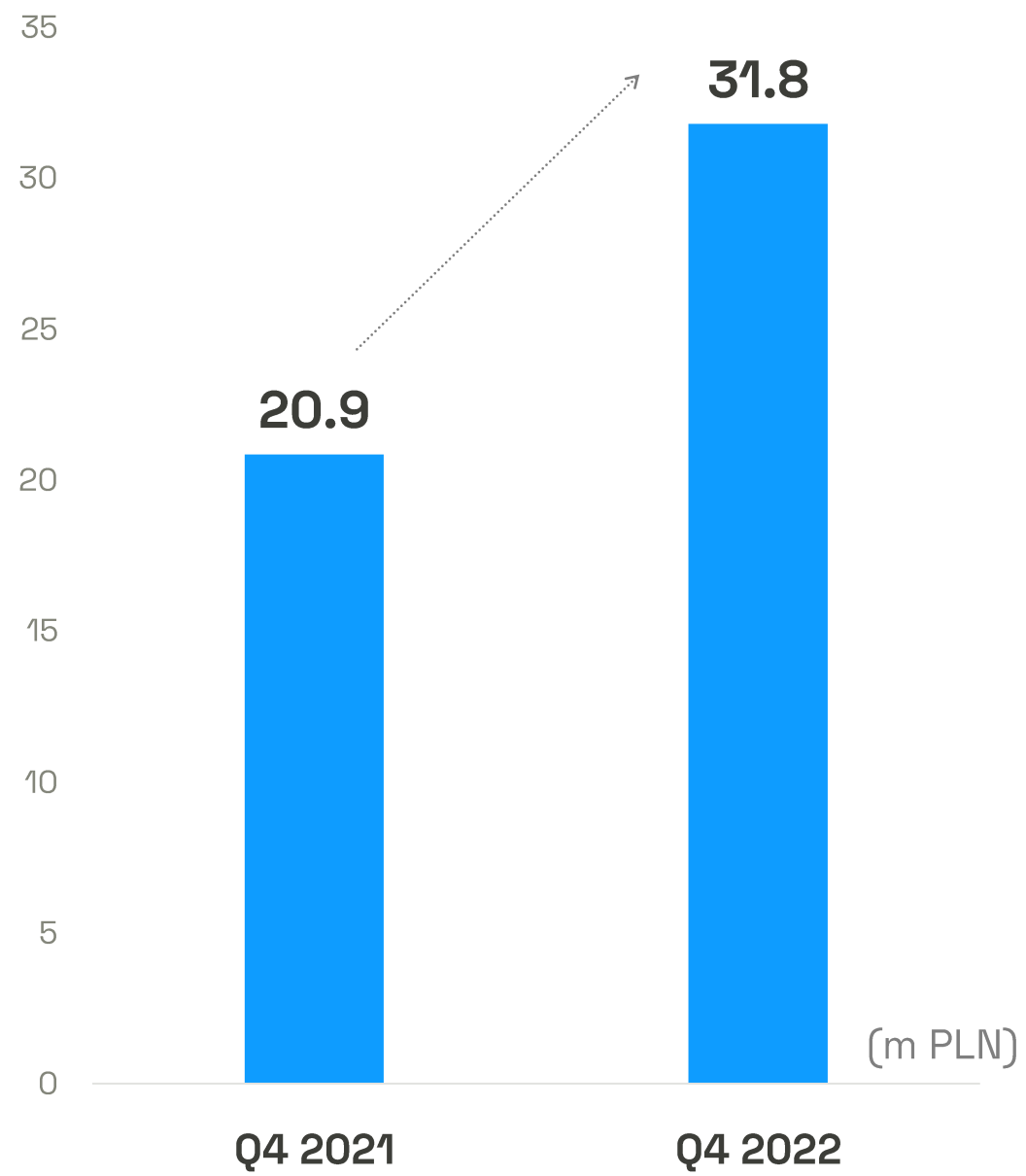
Revenue

+29%



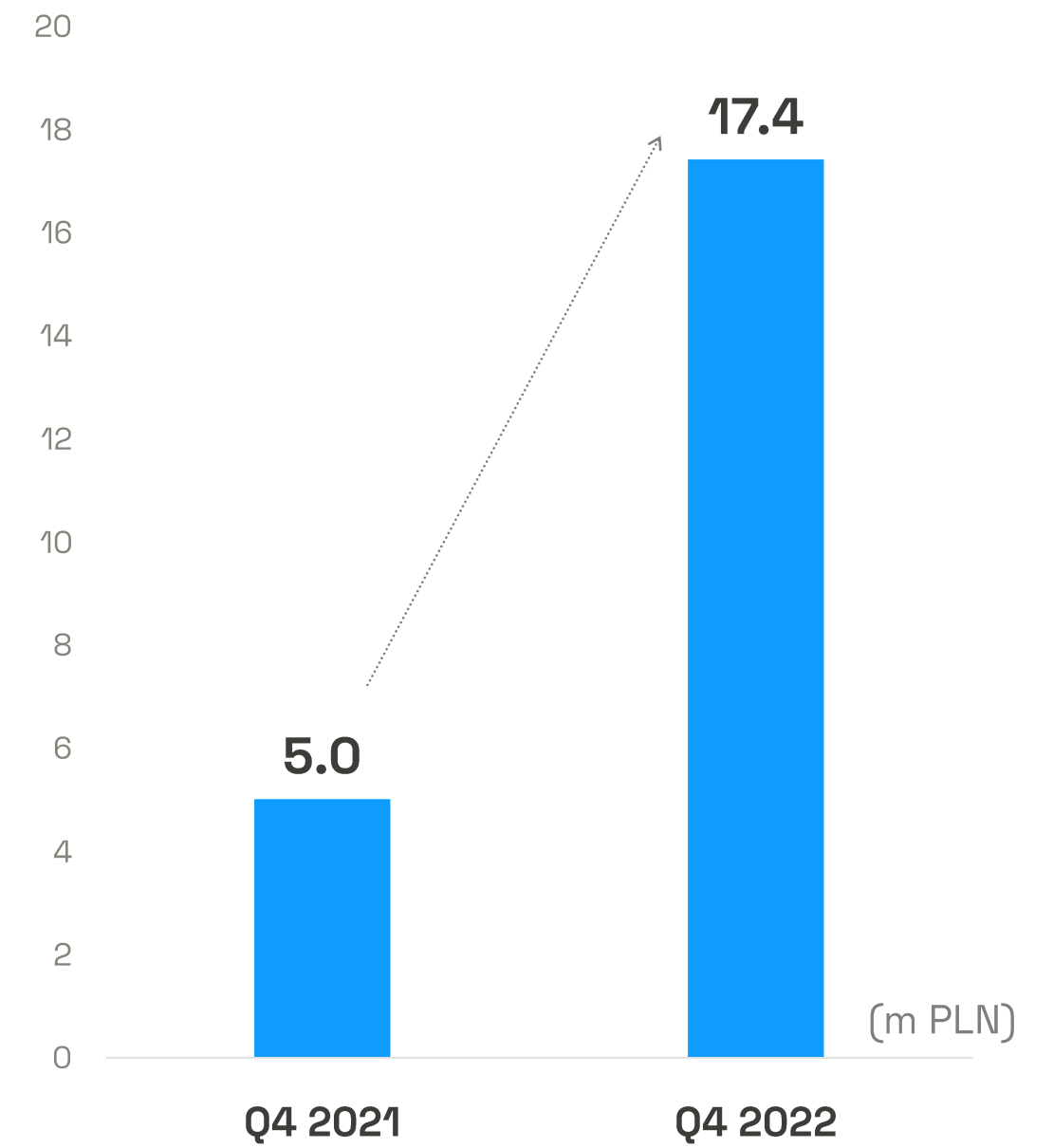
Adjusted EBITDA

+53%



Net profit

+247%

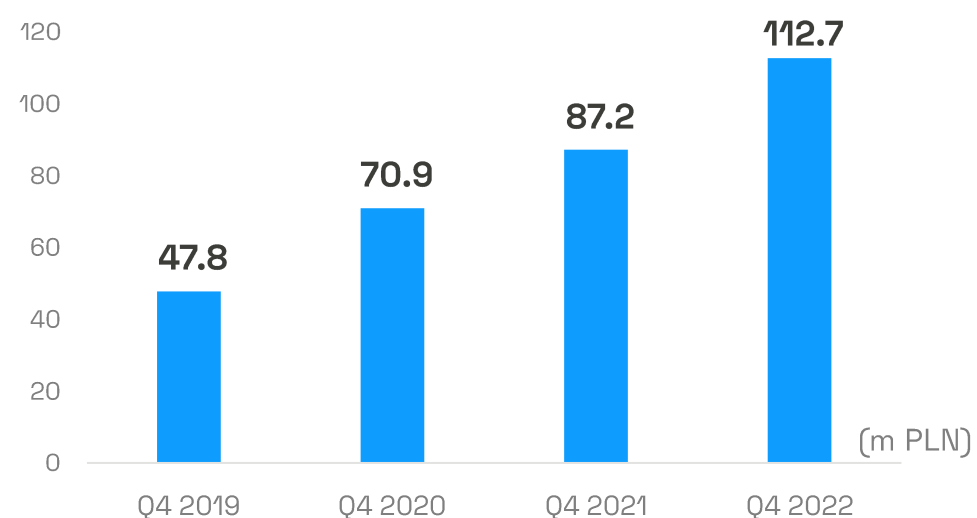


# Dynamic growth of revenues and profits

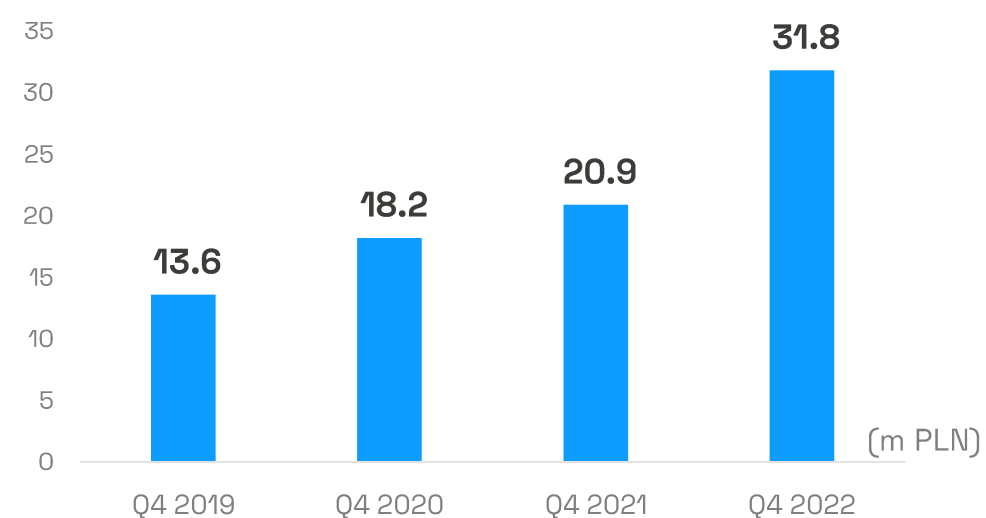
## Selected consolidated financial data:

(k PLN)	12M 2021	12M 2022	Change	Q4 2021	Q4 2022	Change
Revenue from sales	296 600	392 177	32.2%	87 233	112 738	29.2%
EBIT	48 556	74 342	53.1%	9 786	24 556	150.9%
Adjusted EBITDA	77 211	103 563	34.1%	20 859	31 837	52.6%
Transaction costs	2 555	2 220	-13.1%	1 343	-26	-101.9%
ESOP Vercom	1 796	930	-48.2%	673	459	-31.8%
Other adjustments	2 867	-503	-117.5%	2 570	0	-100.0%
Net Profit	33 029	40 220	21.8%	5 014	17 421	247.4%
Net Profit attributable to shareholders of parent company	25 437	24 011	-5.6%	3 078	8 834	187.0%

## Revenue:



## Adjusted EBITDA:

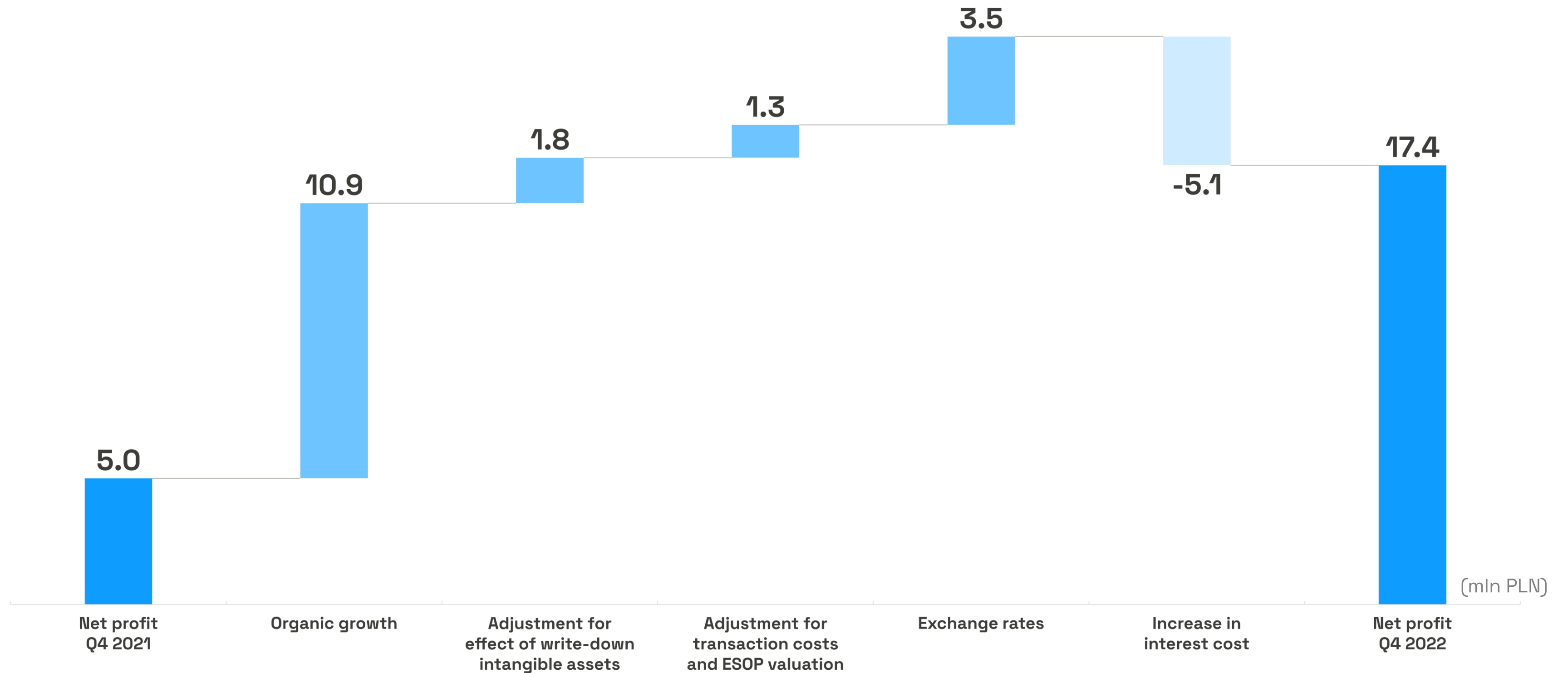


## Clear organic growth + acquisitions:

- Revenue increased to PLN 112.7m (vs. PLN 87.2m) and adjusted EBITDA to PLN 31.8m (vs. PLN 20.9m).
- Since Q3 2022 full **consolidation of the results of MailerLite** which in Q4 2022 reached sales of PLN 22.4m and an EBITDA of PLN 4.8m.
- The increase in net profit was due to organic growth and the consolidation of MailerLite since the mid-year. The results were negatively impacted by higher net financial expenses which totaled PLN 22.7m (PLN 8.0m a year ago), including primarily interest-related expenses of PLN 17.6m (vs. PLN 6.6m).
- In Q4 2022 alone, the net result saw a positive impact of net FX gains which largely reversed the negative impact recorded in Q3 2022. FX impact for the entire year totaled PLN -2m.

These numbers could fluctuate again in the following time periods. However, the valuation of EUR-denominated loans is a non-cash item and in the future time periods it will be offset by a strong stream of EUR and USD-denominated cash flows generated by MailerLite.

# Net profit: Exceptional impact of financial costs





# Significant increase in cash flow from operating activities

## Selected consolidated financial data:

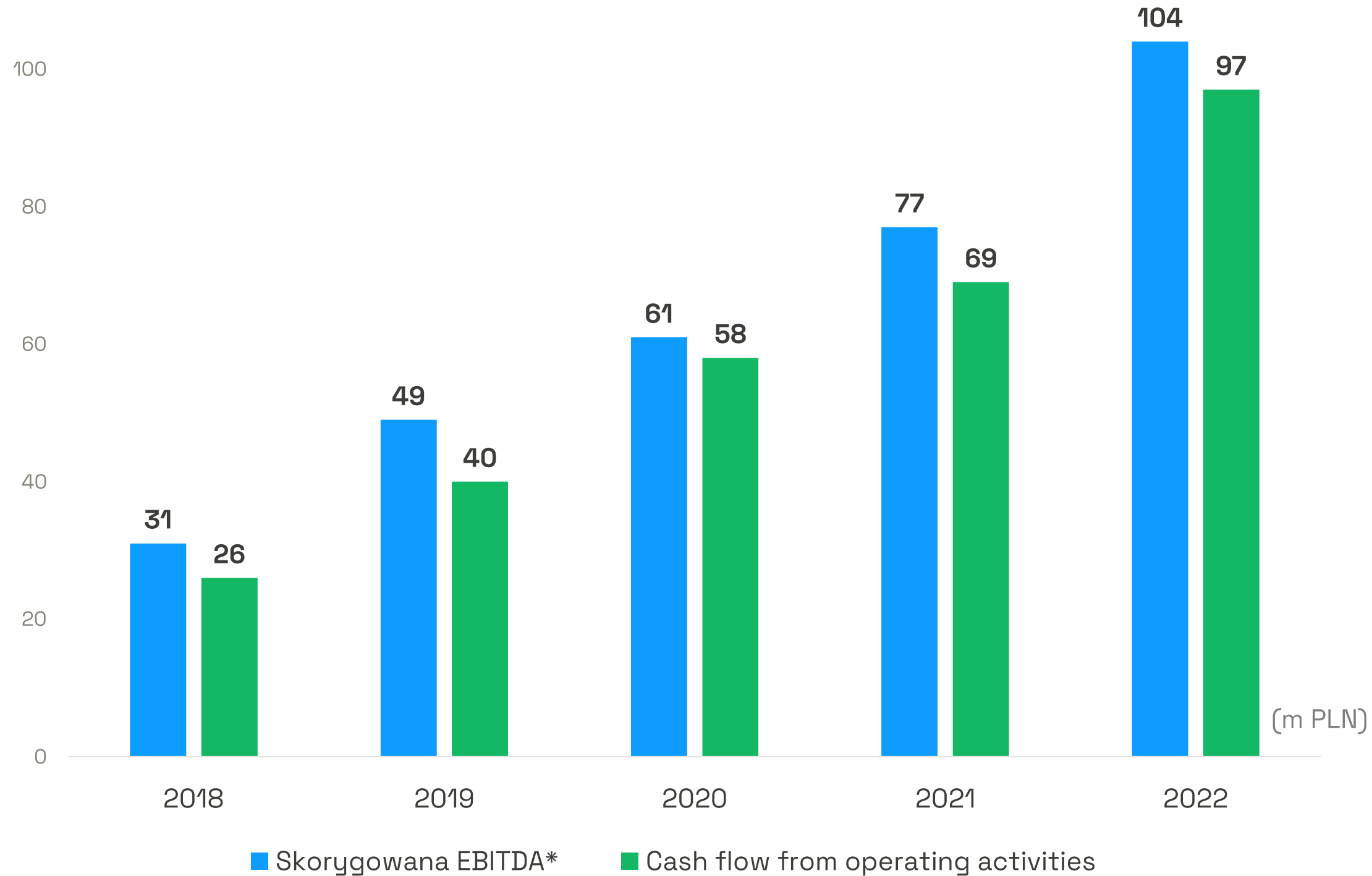
(PLN)	12M 2021	12M 2022	Change	Q4 2021	Q4 2022	Change
<b>Net cash flow from operating activities</b>	68 917	97 225	41.1%	24 340	31 510	29.5%
Purchase of fixed real assets and intangibles less the proceeds from sale of fixed assets	-11 834	-13 443	13.6%	-6 476	-960	-85.2%
Payments of lease liabilities	-6 377	-8 902	39.6%	-1 879	-2 707	44.1%
<b>Unlevered FCF</b>	<b>50 706</b>	<b>74 880</b>	<b>47.7%</b>	<b>15 985</b>	<b>27 843</b>	<b>74.2%</b>
Repayment of credits and loans <sup>1)</sup>	-22 776	-27 054	18.8%	-6 015	-10 531	75.1%
Interest paid	-6 825	-19 951	192.3%	-1 262	-7 711	511.0%
Dividends to minority shareholders	-4 461	-758	-83.0%	-19	-758	3889.5%
<b>Free Cash Flow (FCF)</b>	<b>16 644</b>	<b>27 117</b>	<b>62.9%</b>	<b>8 689</b>	<b>8 843</b>	<b>1.8%</b>

- **High, 95% conversion of EBITDA** to operating cash flow.
- **Increase in capital expenditure and lease payments** due to increased investment in the development of \_Stoers product and CPaaS platforms and increased scale of operations.
- Increase in interest paid due to the increase in WIBOR and EURIBOR.
- **Long-term ability to generate high cash surplus.** High efficiency of capital expenditure.
- **The change in net debt** is primarily due to the MailerLite acquisition financed with equity from the Vercom IPO and a bank loan.

(k PLN)	31.12.2021	31.12.2022	Change
<b>Net debt</b>	73 972	292 150	295%

<sup>1)</sup> Excluding the repayment of the loan to Fundusz Ekspansji Zagranicznej (Foreign Expansion Fund manager by PFR TFI) in the amount of PLN 14,387 thousand - refinanced by a bank loan.

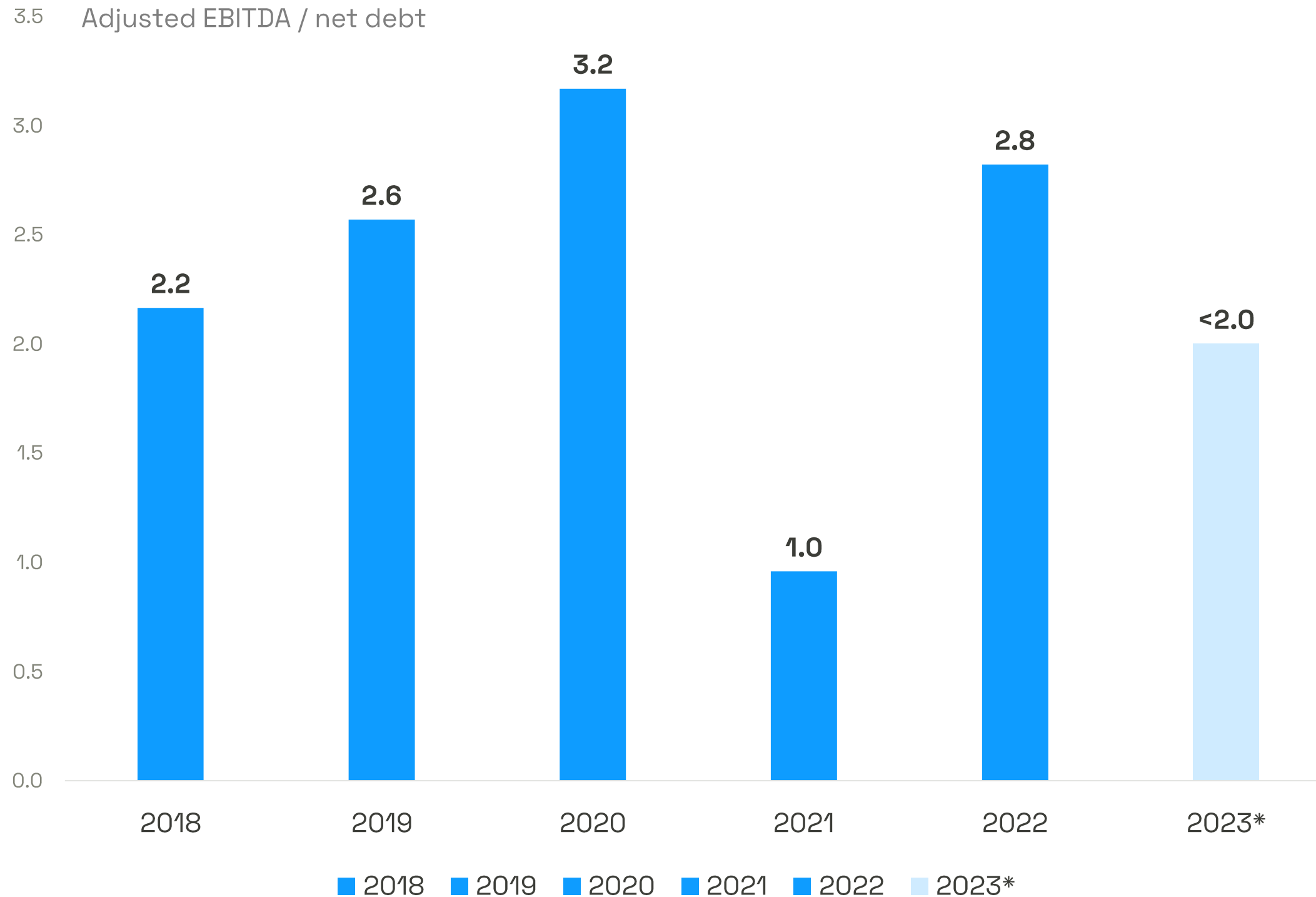
# 95% conversion of EBITDA to operating cash flow



100% conversion of EBITDA to operating cash flow in Q4 2022 alone (PLN 32m)

\*EBITDA adjusted for one-off costs (transaction costs and ESOP valuations at Vercom) and gain on sale of fixed assets

# Safe debt level: EBITDA vs. net debt



- Considering the current debt and cash levels and the loan payment schedule we see that the net debt to EBITDA ratio **stays within the historical range**.
- In Q4 2022 net debt **fell by PLN 21.6m** compared to net debt at the end of Q3 2022 (30 September 2022). As at 31 December 2022, the net debt amounted to PLN 292.15m.
- The debt level will be declining thanks to rapid growth rate and the strong cash-generating potential. Already in **2023** it should decline **below 2x EBITDA**, falling below the historical minimum (excluding the exceptional year 2021 when the group raised a substantial amount of money from Vercom IPO).

\*Target level of net debt to EBITDA in 2023



# Investment Thesis

Consistent distribution of profit to shareholders







## 4th place in the Stock Exchange Company of the Year ranking

R22 was ranked **4th** in a ranking of **140 companies** listed on the WSE. The chapter of more than **100 members** includes analysts, fund managers and investment advisers.

Aspects assessed included the competence of the management board, growth prospects, innovation of products and services, quality of investor relations and the success of the company in 2022.


R22 scored 85.97/100 points placing it among the top ten listed companies according to the ranking.

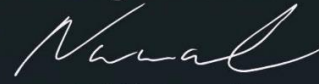


Giełdowa  
Spółka Roku  
2022

R22

znalazło się w gronie dziesięciu  
najlepszych spółek giełdowych w rankingu

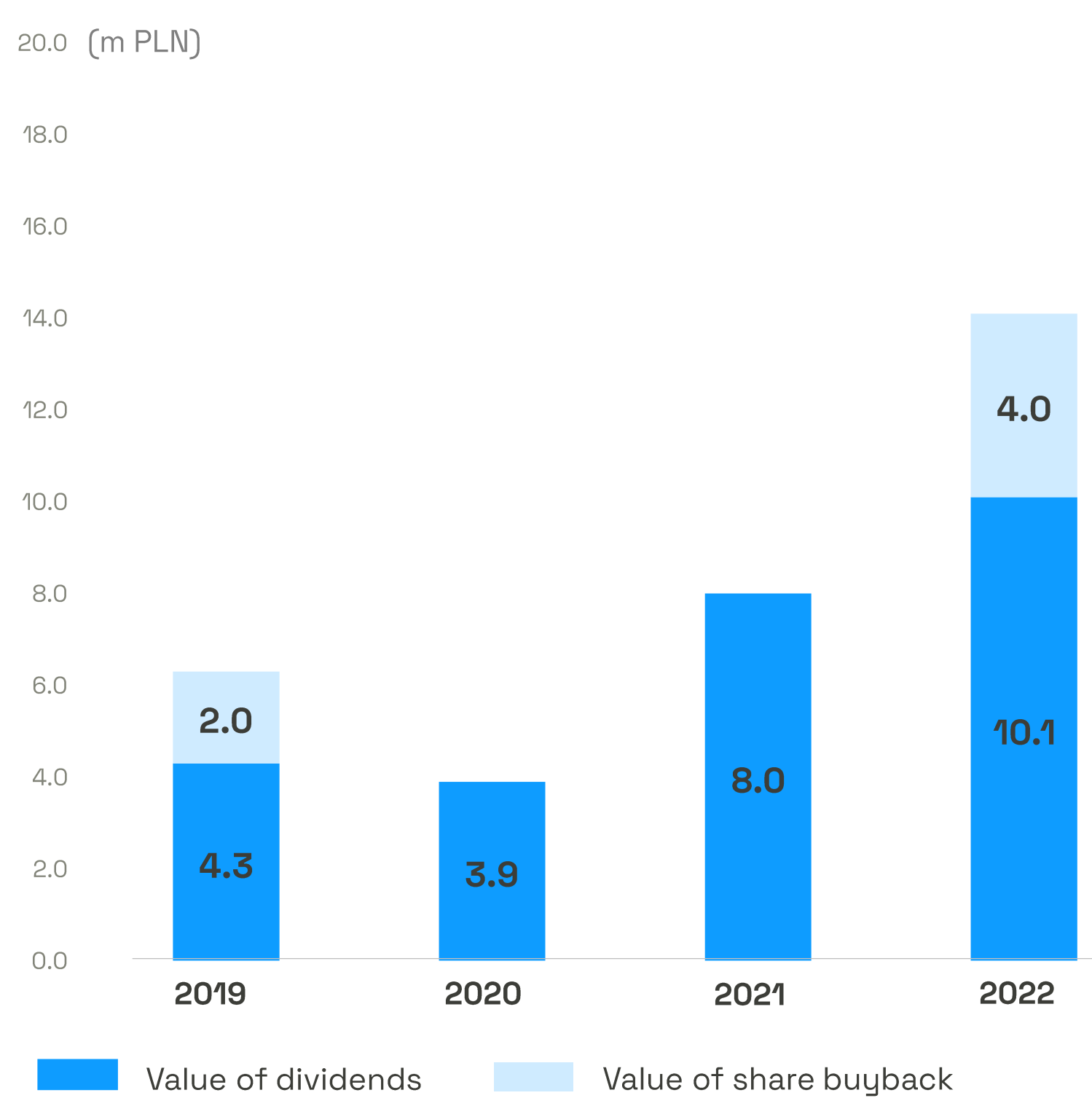
Patricia Deyna  
  
prezes  
Bonnier Business Polska

Grzegorz Nawacki  
  
redaktor naczelny  
„Pulsu Biznesu”





# Dividends: Investors benefiting from strategy execution







**Jakub Dwernicki**

Chairman of the Management Board



**Rober Stasik**

Vice-President of the Management Board

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