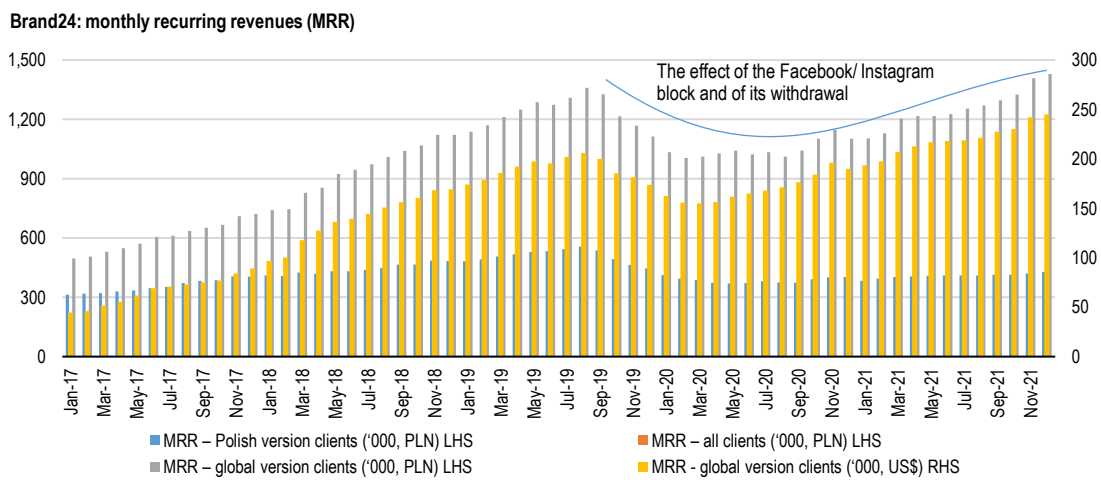


33/2021/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
<b>Brand24</b>	<b>Not rated</b>	<b>31.3</b>	<b>Not rated</b>	Sobieslaw Pająk, CFA

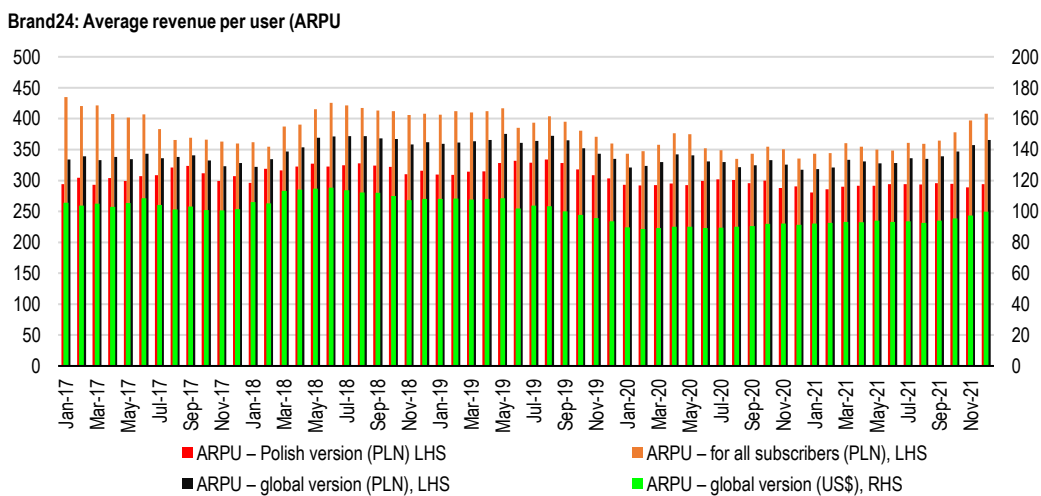
**Event: Selected operating data for 4Q21**

On January 17 Brand24 release selected operating figures for 4Q21. At the end of 4Q21 monthly recurring revenues (MRR) stood at PLN 1,373 million which implies PLN 236,000 more than a year ago (up 21% yoy) and PLN 80,000 more than a quarter before (up 6% qoq). We would like to note that **total MRR** (in PLN) bounced back (after 8 months) to the level observed before the temporary block had been imposed by Facebook and Instagram.



Source: Company, DM BOŚ estimates

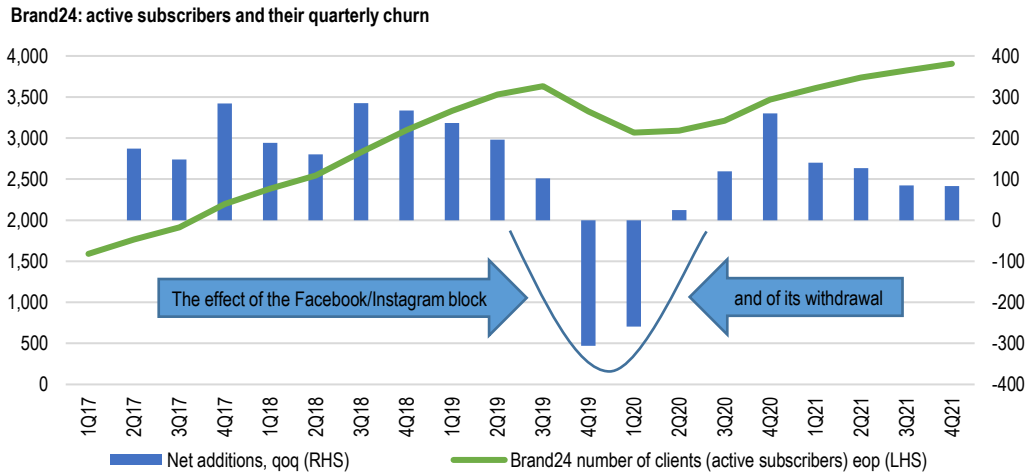
At the end of 4Q21 ARPU (average revenue per user) reached PLN 325 which implies a qoq increase by PLN 13 (+4%) stemming from (i) an increase in ARPU of the global version (denominated in US\$) and (ii) PLN weakening vs US\$ in 4Q21 (the ARPU in PLN for Polish version softened marginally (c. 0.6% qoq)<sup>1</sup>.



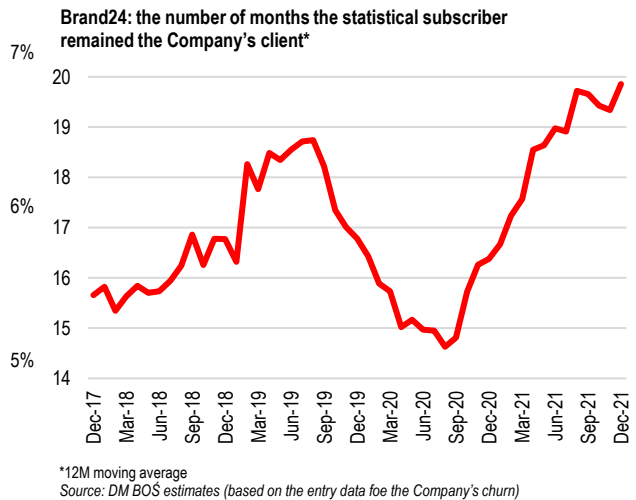
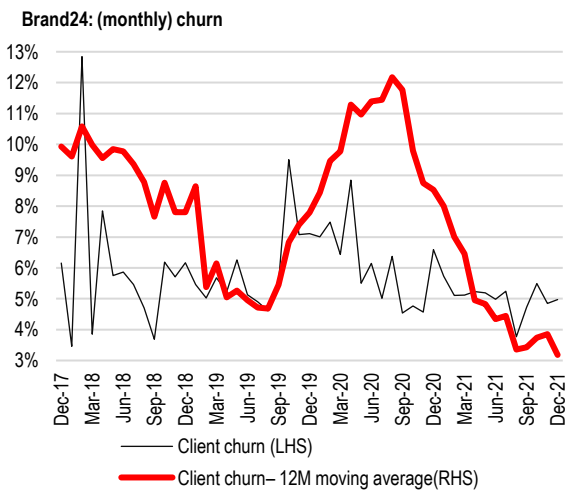
Source: Company, DM BOŚ estimates

<sup>1</sup> At the end of 4Q21 the ARPU in PLN for all subscribers was still 5% lower than the level observed before the temporary block was imposed by Facebook/Instagram

Additionally, the Company informed that at the end of 4Q21 a total number of clients was 3,905 which implies a quarterly increase of 83<sup>2</sup> vs a net addition of 260 clients in 4Q20.



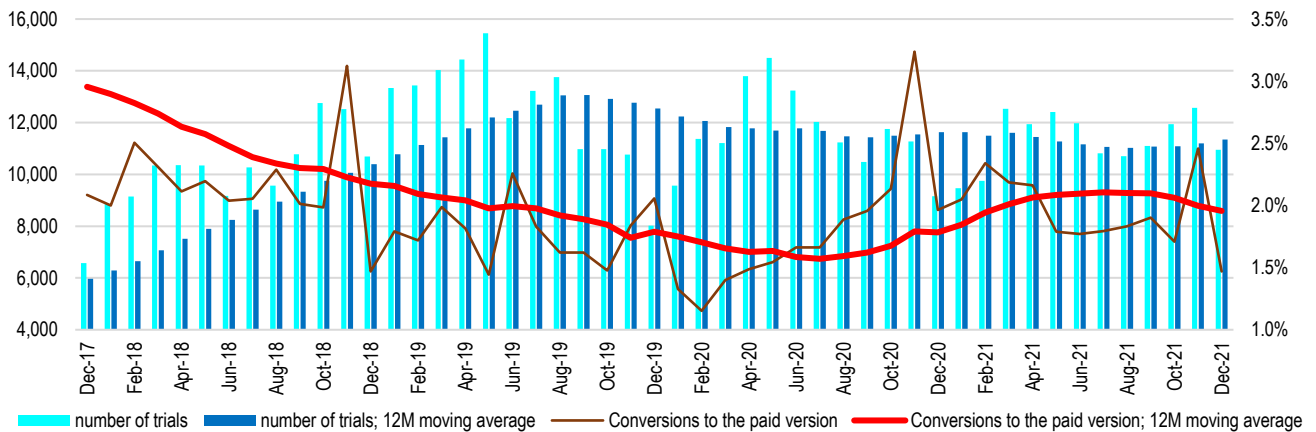
In 4Q21 the customer churn oscillated at 5% (similar to the 12M moving average). In 4Q21 the statistical subscriber remained the Company's client for almost 20 months which is a historical high level.



<sup>2</sup> If it were not for the churn of the clients who had existing discounts changed materially, a quarterly net client addition would have *ceteris paribus* stood at 155.

Between October and December a number of trials was c. 10% higher, both yoy and qoq, the conversion ratio deteriorated yoy (it did not change much with respect to the quarterly average in a qoq perspective).

Brand24: The number of trials (LHS) and conversions to the paid version (RHS)



**Factors that had the impact on the Company's KPIs (abovementioned) in 4Q21:**

- **Price list change** for new clients in November 2021 (price rises + new subscription plan introduction + annual subscriptions establishment which, according to the Company, translates into higher sale of these subscriptions and, in consequence, improves the clients' retention),
- **Discount revision** for existing clients in October 2021, which added US\$ 4,000 to MRRR (despite the fact that out of 321 clients whose discounts were changed 249 stayed which implied *ceteris paribus* a decline of the clients base by 72), and
- **Black Friday** annual promotion.

**Factors with the likely impact on the Company's KPIs in 1Q22:**

- **Price rises for existing clients** from January 2022 (for the first time in a decade; it will most likely be the most important development this year in Brand24),
- **End of the promotion season related to Black Friday** (February 2022), and
- **Planned further changes related to pricing plans and price list structure** (January 2022).

*The report is not a recommendation within the meaning of Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.*