



This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program 3.0.

562/2022/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Brand24	Not rated	28.2	Not rated	Sobieslaw Pająk, CFA

Event: Selected 3Q22 KPIs.

On October 14 (Friday, after the market close) Brand 24 released selected operating data for 3Q22.

At the end of 3Q22 monthly recurring revenues (**MRR**) stood at PLN 1.802 million which implies c. PLN 524,000 more than a year ago (up 41% yoy) and PLN 70,000 more than a quarter before (up 4% qoq). In US\$ terms (as users of the global version who generate the bulk of revenues pay prices denominated in US\$) MRR at the 3Q22 end reached US\$ 410,000 (up 0.5%/ US\$ 2,000 qoq); thus a qoq MRR growth was mainly a derivative of Polish currency weakening vs US\$ (MRR denominated in US\$ grew just symbolically 4% vs the previous quarter). We assumed a slightly higher MRR growth than the Company actually reported.

At the end of 3Q22 **ARPU** (average revenue per user) reached PLN 475 (US\$ 108) which implies a qoq increase by PLN 23 (+5%) (in US\$ terms ARPU increased by US\$ 2 implying a 1.9% qoq growth).

The Company also informed that ARPU per a new subscriber (acquired in 3Q22) (so called **Initial ARPU**) stood at PLN 553 (US\$ 126) which is materially above (up 16%) the ARPU for all the users (we remind that in 1Q22 and 2Q22 Initial ARPU reached PLN 495 (US\$ 120) (exceeding by c. 15% ARPU for all the subscribers in this period), and PLN 528 (US\$ 124), respectively; so in 3Q22 this indicator grew 5% (1.6%) qoq in PLN (US\$)). We deem both, the Initial ARPU higher than the ARPU for all the subscribers and further ARPU qoq growth for new subscribers as positive; this proves that Brand24's clients portfolio moves gradually towards bigger brands.

Brand24 has stopped revealing **a number of subscribers** at the quarter end explaining that this indicator no longer belongs to the important KPIs and instead the Company focuses on the variables such as MRR or ARPU. Though the Company's argumentation is right (that MRR and ARPU are more indicative than a number of subscribers), we believe a showing of the number of subscribers should be continued as it would be a valuable piece of information for at least some investors.

All in all, we consider the set of KPIs for 3Q22 **to be marginally negative** (we deem Initial ARPU as positive (its level and trend), but a lower than we expected qoq growth of MRR (merely 0.5% in US\$) somehow outweighs this).

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.