



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

19/2023/AR

January 16, 2023

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Brand24	Not rated	31.6	Not rated	Sobiesław Pająk, CFA

**Event: Selected 4Q22 KPIs.**

On January 13 (Friday, after the market close) Brand 24 released selected operating data for 4Q22.

At the end of 4Q22 monthly recurring revenues (**MRR**) stood at PLN 1.854 million which implies c. PLN 482,000 more than a year ago (up 35% yoy) and PLN 52,000 more than a quarter before (up 3% qoq). In US\$ terms (as users of the global version who generate the bulk of revenues pay prices denominated in US\$) MRR at the 4Q22 end reached US\$ 416,000 (up 1.5%/ US\$ 6,000 qoq); thus a qoq MRR growth in PLN slowed down just slightly vs the previous 2 quarters (in both, 2Q22 and 3Q22 it was 4%) and significantly vs 1Q22 (then it reached 21% which stemmed from the subscription price upgrades).

At the end of 4Q22 **ARPU** (average revenue per user) reached PLN 483 (US\$ 108) which implies a qoq/ yoy increase by PLN 8 (+2%) (in US\$ terms an ARPU qoq growth was 0%)/ PLN 131 (+37%; mainly a consequence of introduced from the beginning of .2022 price hikes for the Company's existing clients).

The Company also informed that ARPU per a new subscriber (acquired in 4Q22) (so called **Initial ARPU**) stood at PLN 515 (US\$ 115) which is (i) moderately above (up 7%) the ARPU for all the users (in 1Q, 2Q, 3Q22 Initial ARPU exceeded ARPU for all the subscribers by 15-17%), but (ii) 7% lower than a quarter before (and we remind that the Initial ARPU level is under some impact of a scale and scope of Black Friday discounts).

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 such variables 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. The Company informed that in December the churn increased.

All in all, we consider the set of KPIs for 4Q22 as **marginally negative** (increased December churn and rather small qoq MRR growth).

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*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.*