

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

100/2023/AR

January 24, 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 preliminary financial results for 4Q22.

On February 24 (shortly before the market session) Brandt24 revealed selected FY22 financial results: (i) revenues at c. PLN 22.17 million vs PLN 15.79 million for FY21, (ii) EBITDA at c. PLN 5.88 million vs PLN 3.38 million for FY21, and (iii) EBIT at c. PLN 3.39 million vs PLN 1.19 million a year ago. After deducting the results for first 3 quarters we obtain preliminary estimates for 4Q22 (Table below). The EBIT and EBITDA released exclude the cost of the incentive program valuation which will be incorporated in the final results to be published on March 28.

4Q22 sales (estimated at PLN 6.06 million; a 51% yoy growth) rose 4% qoq which implies a slower growth dynamic than in previous quarters (8% in 2Q and 3Q22, 12% in 1Q22). EBITDA (estimated at PLN 1.64 million) increased in 4Q22 by 86% yoy, but is flat qoq, which means a slight (by 1 pp) qoq dilution of the EBITDA margin, albeit the EBITDA margin increased c. 5% yoy. 4Q22 EBIT (implied at PLN 0.98 million) soared by 183% yoy, though it fell 3% qoq.

Brand24; selected preliminary 4Q22 financial results

IFRS cons. (PLN million)	4Q22	4Q21	chg yoy	3Q22	chg qoq	1-4Q22	1-4Q21	chg yoy
Revenues	6.06	4.01	51%	5.81	4%	22.17	15.79	40%
EBITDA	1.64	0.88	86%	1.64	0%	5.88	3.38	74%
EBIT	0.98	0.35	183%	1.00	-3%	3.39	1.19	185%

Source: Company, DM BOŚ SA estimates

Selected preliminary 4Q22 results are a tad better than we expected; e.g., by PLN 0.21 million (4%)/ 0.16 million (11%)/ .08 million (9%) on the revenues/ EBITDA/ EBIT level.

All in all, our perception of the Company's selected financial results is marginally positive, as they are slightly higher than we expected, yet at the same time we are not excessively enthusiastic as the qoq dynamics seem to slow down (a mere 4% growth of revenues, flat EBITDA, marginally lower EBIT). The market's reaction was positive (the Company's market price rose after the release), albeit at the moment these preliminary results should have been already discounted.

We uphold our opinion that the effects of the upgrades in the pricing list carried out in 4Q21-3Q22 (leaving aside the currency component related to PLN/ USD rate changes and the level of FX rates secured by the Company) seem to have been almost fully reflected in the level of revenues and Brand24 needs another trigger (for example, a rise in a number of subscribers, another price upgrade (the pricelist stretching – hikes in the pricing of the higher-end packages, or cuts in the pricing of lower-end packages; tightening-up of the free access to trial accounts, etc.), bigger contribution of other products such as *Insights24* etc. to maintain a growth dynamic.

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.