



This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program 4.0.

421/2023/AR

July 14, 2023

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Brand24	Not rated	37.2	Not rated	Sobiesław Pająk, CFA +48 22 504 32 72

Event: Selected 2Q23 KPIs.

On July 14 (before 5:00 p.m.) Brandt24 revealed selected 2Q23 operating figures.

At the end of 2Q23 monthly recurring revenues (**MRR**) stood at PLN 2.113 million which implies c. PLN 381,000 more than a year ago (up 22% yoy) and PLN 8,000 more than a quarter before (up 0.4% qoq). We would like to remind you that in 1Q23 MRR grew considerably, by 14% qoq and US\$ depreciation in 2Q23 had a materially adverse impact on a dynamic of PLN-denominated MRR. In US\$ terms (as users of the global version who generate the bulk of revenues pay prices denominated in US\$) at the 2Q23 end MRR reached US\$ 493,000 which implies a 3% qoq growth pace (up US\$ 14,000 qoq) vs a 15% growth pace at the end of 1Q23; that's why 2Q23 improvement against this high base should satisfy.

Our interpretation: We consider this information **Neutral** (further US\$-denominated MRR qoq growth against the high base was satisfactory; in PLN terms the bulk of this growth was exhausted by US\$ depreciation vs PLN).

At the end of 2Q23 **ARPU** (average revenue per user) reached PLN 550 (US\$ 128) which implies a qoq increase by PLN 9/ US\$ 5 (up 12%/4%) (we remind you that in the previous quarter an ARPU growth was high and reached 12% and 14% qoq in PLN and US\$ terms, respectively). Similarly, as for MRR, the US\$ depreciation vs PLN hit a qoq growth of PLN-denominated ARPU (against the high base) with a qoq growth of US\$-denominated ARPU deemed satisfactory.

The Company also informed that average ARPU per a new subscriber (acquired in 2Q23) (so called **Initial ARPU**) stood at PLN 658 (US\$ 154) which is (i) considerably above (20%) the overall ARPU (for another consecutive quarter) and (ii) up 3% qoq in PLN terms and up 5% qoq in US\$ terms.

Our interpretation: We consider this information **slightly positive**.

A slightly lower qoq growth pace (by c. 1 pp) of MRR vs an ARPU qoq growth pace implies that a number of subscribers was slightly down in 2Q23.

Our interpretation: We consider this information **slightly negative**.

The main drivers behind the Company's 2Q23 operating figures were: (i) price upgrades for new clients (introduced at this year's beginning), (ii) price upgrades for some 'seasoned' clients, (iii) the subscribers portfolio shift towards bigger brands, (iv) introduction of new functionalities in Bran24's application, and (v) US\$ depreciation vs PLN.

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.