



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

185/2024/AR/April 16, 2024

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Brand24	Not rated	56.2	Not rated	Sobiesław Pająk, CFA

Event: Selected 1Q24 KPIs.

On April 15 (past 4.00 p.m.) Brandt24 revealed selected 1Q24 operating figures.

At the end of 1Q24 monthly recurring revenues (**MRR**) stood at PLN 2.48 million which implies an increase of c. PLN 0.375 million (up 18% yoy) and PLN 0.08 million more than a quarter before (up 3.3% qoq). In US\$ terms MRR at the 1Q24 end reached US\$ 622,000 which implies a 8.7% qoq and 30% yoy growth pace (up US\$ 50,000 qoq and US\$ 142,000 yoy).

Our interpretation (*ceteris paribus*): Slightly positive.

At the end of 1Q24 **ARPU** (average revenue per user) reached PLN 633 (US\$ 159) which implies a qoq increase by PLN 9 (up 1.4% qoq), and by US\$ 11 (up 7.4% qoq) (a yoy increase by US\$ 35, up 29%).

Our interpretation (*ceteris paribus*): Slightly positive.

Contrary to 4Q23, but similarly as in the quarters before, the Company revealed **Initial ARPU** (average ARPU per a new subscriber acquired in 1Q24) that reached PLN 768 (US\$ 192), which means a yoy increase by 20% (30%)¹; 1Q24 Initial ARPU is higher than ARPU for all the clients by 21% (in those previous quarters, when Initial ARPU was revealed, it remained materially higher than ARPU for all the clients).

Our interpretation (*ceteris paribus*): Slightly positive.

We would like to stress that **under a visibly upward trend of a number of trials** (since the beginning of 2023; in 1Q24 up c. 12% yoy) a **percent conversion** (that was falling in the 9 consecutive quarters) stopped plummeting in 1Q24.

A **monthly churn rate** (mainly on the back of price upgrades for the subsequent groups of clients) has been steadily rising since last spring resulting in a falling number of months when an average subscriber remains the Company's client (over 20 in 4Q22-1Q23 vs 18 in 1Q24).

All in all, we consider selected 1Q24 KPIs revealed on Monday **slightly positive** (a set of KPIs should have been discounted by now, as they were released before the market close on Monday).

The main drivers behind the Company's 1Q24 operating figures were: (i) price list restructuring, (ii) the subscribers portfolio skew towards bigger brands, (iii) introduction of new functionalities in Bran24's application, and (iv) US\$ weakening against 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.

¹ A qoq change is not known, as there are no data for 4Q23.