



# 2022 Annual report R22 Group

for 2022 fiscal year  
ended 31 December 2022

Tuesday, 28 March 2023

The official version of Annual report has been published in Polish in xhtml format.  
This document is not an official version.



## Dear Shareholders, Employees, Partners,

We have a record year behind us. **Adjusted Group EBITDA for the first time ever broke the PLN 100m barrier.** Such strong financial performance is the result of continuing dynamic growth of R22 Group. The key factor turned out to be the organic growth of two leading segments, cyber\_Folks and CPaaS and a noticeable growth of MailerLite, a company acquired in 2022.

We are not slowing down. We are convinced that the macroeconomic trends will continue to support our further growth. We have very ambitious plans. We are consistently gaining new clients, implementing new products and integrating processes within the Group.

R22 Group generated PLN 392.2m in revenue from sales for all of 2022, a 32% growth on a yoy basis. Adjusted EBITDA exceeded PLN 103.6m (34% yoy growth). In the course of the reporting period, the Group posted a net profit of PLN 40.2m (a 22% increase yoy). In 4Q of last year alone, consolidated revenues totaled PLN 112.7m (a 29% increase with respect to 4Q 2021).

Among the key events of last year we must mention the **acquisition of MailerLite**, the global provider of e-mail communications tools for business clients. Thanks to this transaction, the CPaaS segment has climbed to a new level and the R22 Group reached worldwide exposure.

Another very significant event was the **launch of \_Stores** by cyber\_Folks in September of last year. \_Stores is a creator tool used to set up and run online stores. We see strong growth prospects of the e-commerce segment hence our decision to create a product that incorporates a full-range offer for companies from that sector.

After nearly twenty years in business we have established a strong market position - **we have built a complete ecosystem of products and services with a global operating scale.** We are reaching 340,000 clients from 180 countries with our products. We are offering a very wide spectrum of opportunities to both big and small business clients. The share of foreign sales is growing systematically. At present over 40% of revenues is generated outside Poland and we want that figure to rise to 50% in the near future.

Growth at MailerLite and Profitroom is focused on global expansion. This means that in the following time periods international sales will have an even greater share of the total. Additionally, R22 Group companies are successively implementing Artificial Intelligence-based solutions. One example is the AI domain creator developed by cyber\_Folks. It is probably the first hosting services operator in Europe to give its clients access to an AI-based domain name creator. user.com and FreshMail are also implementing AI-based solutions.

R22 Group has a very good financial situation. **We have a strong cash-generating capacity. We will continue our dividend policy,** which states that we will pay out at least 30% of our consolidated net profit attributable to shareholders of the parent company and the dividend payment will increase each year.

**I would like to thank all those involved in the development of R22 Group,** our employees, partners, clients and investors for effective collaboration and for their trust. I am convinced that the upcoming quarters will give us more reasons for satisfaction, driven by further growth.

Sincerely,

Jakub Dwernicki

CEO



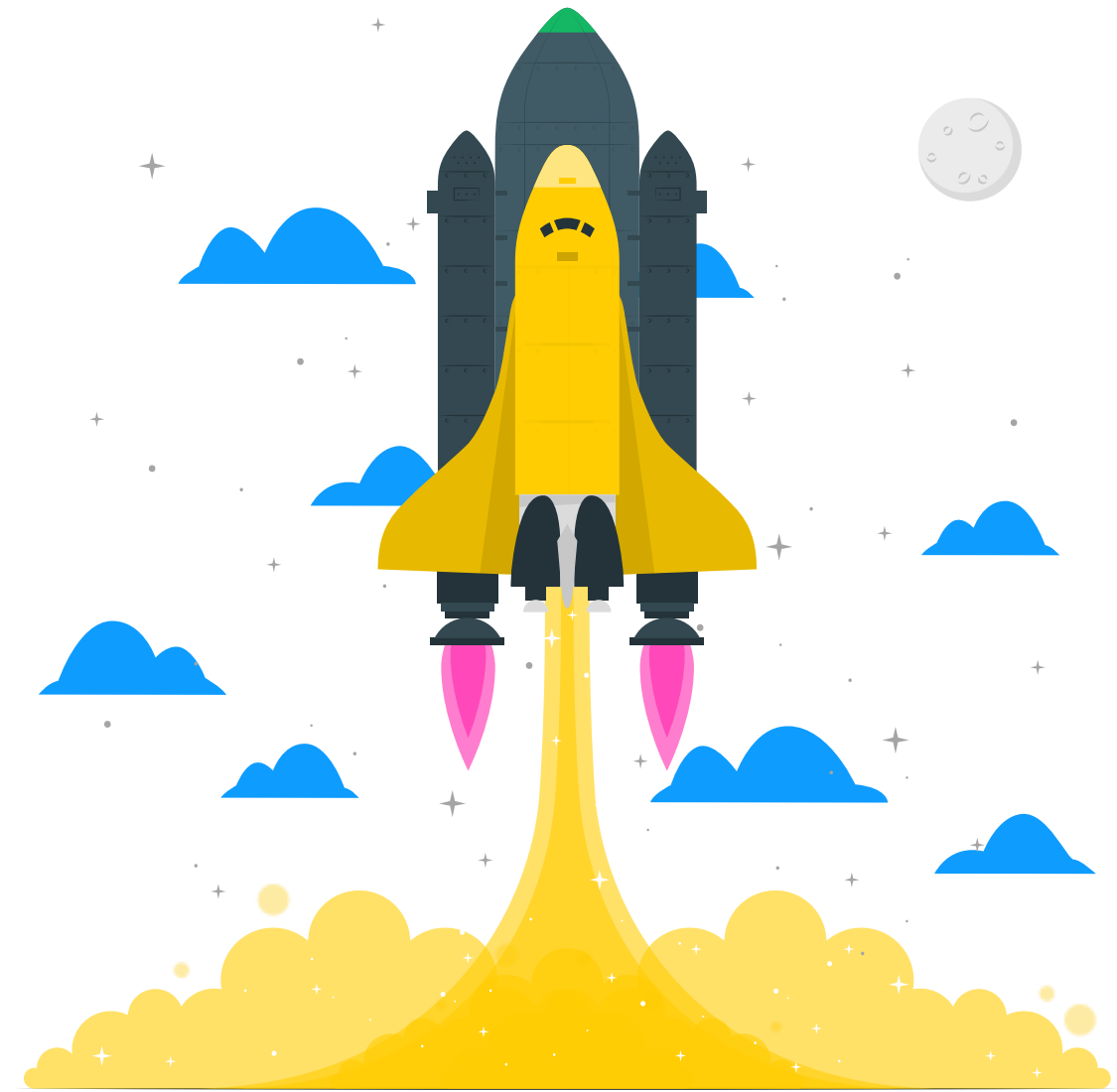
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# Our Mission

is to empower our customers and partners to recalibrate and rescale their business, by delivering know-how and technology

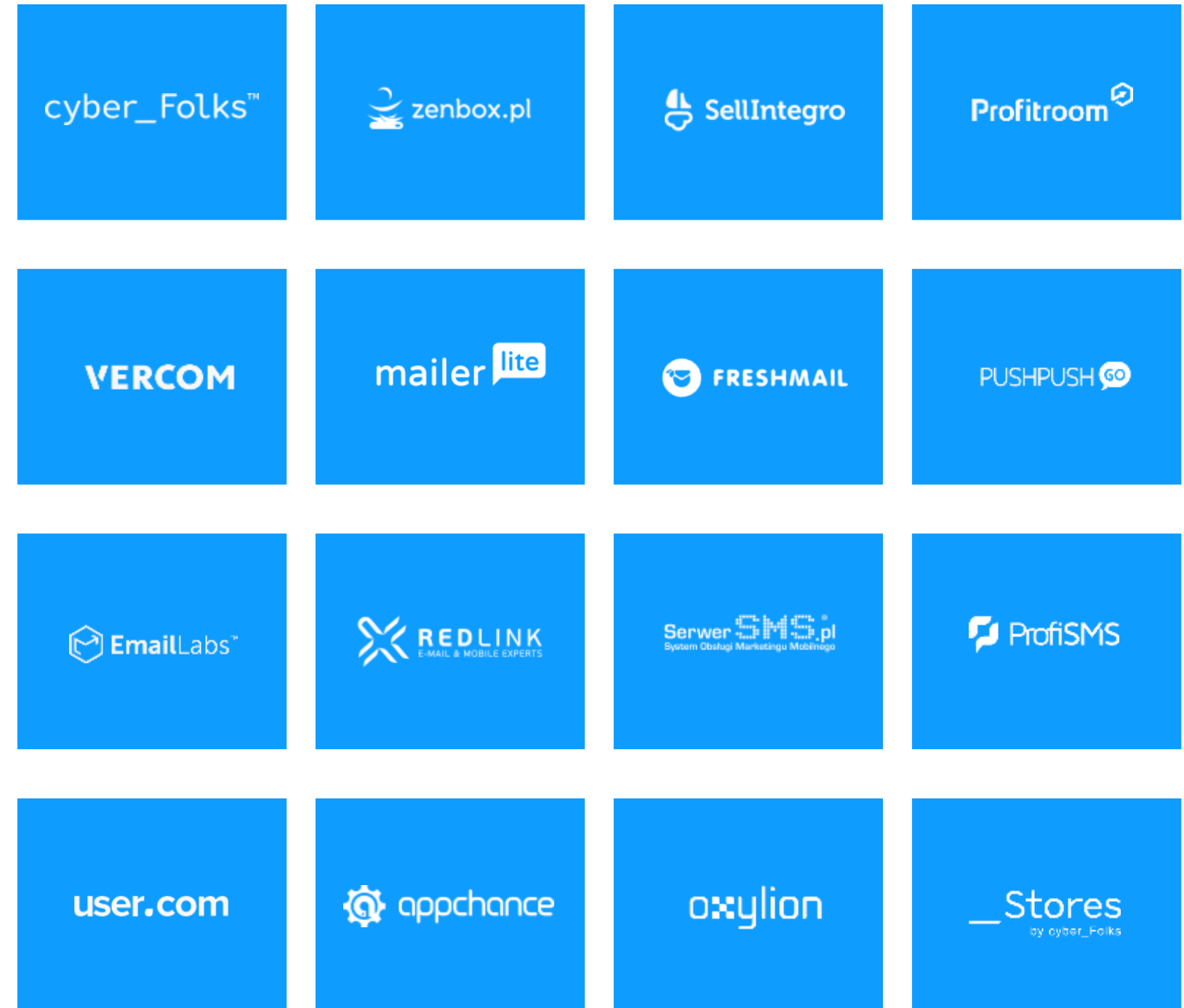


## Who we are:

In 1999 we created one of the first hosting companies in Poland. Since then we scaled our business to new sectors and regions, earning us the trust of over 340k customers and over PLN 390m in annual sales.

Today, we are a group of dynamically growing technological companies aiming to **support small, medium-sized, and large businesses** in their Internet presence, business process automation, communications, marketing and sales.

Our portfolio includes **scalable services** offered in a **subscription model**, operating along the entire value chain – from creating our own proprietary solutions and their ongoing maintenance, to far-reaching sales and customer support.



\*R22 selected brands



# Our Team: More than 1000 professionals in over 30 locations



**Ionut Ariton**

Joint-CEO  
cyber\_Folks Romania



**Adrian Chiruta**

Joint-CEO  
cyber\_Folks Romania



**Jacek Duch**

Chairman  
Supervisory Board



**Jakub Dwernicki**

Founder & CEO  
R22 & cyber\_Folks



**Katarzyna Garbaciak**

Managing Director  
Email Labs



**Krzysztof Grzęda**

Founder &  
CEO Profitroom



**Anna Harris**

Chief Growth  
Officer Profitroom



**Katarzyna Juszkiewicz**

Managing Director  
cyber\_Folks



**Piotr Karwatka**

Advisor to the Board



**Tomasz Karwatka**

Advisor to the Board



**Konrad Kowalski**

CFO  
cyber\_Folks



**Petra Krajacic**

CEO  
cyber\_Folks Croatia



**Marek Kohut**

CEO  
Profi SMS



**Karolina Latos**

COO  
FreshMail



**Adam Lewkowicz**

Founder & CTO  
Vercom



**Dawid Mędrak**

Founder & CEO  
PushPushGo



**Ilma Nausėdaite**

Founder & COO  
MailerLite



**Artur Pajkert**

Head of Marketing  
cyber\_Folks



**Tomasz Pakulski**

COO  
Vercom



**Natalia Pawlak**

Chief Product Officer  
Vercom



**Paweł Pindera**

Founder & CEO  
Sellintegro



**Ignas Rubezius**

Founder & CEO  
MailerLite



**Marika Rybarczyk**

Managing Director  
Oxylion



**Paweł Sala**

Founder & CEO  
FreshMail



**Indre Sizovaite**

Head of Marketing  
MailerLite



**Robert Stasik**

VP & CFO  
R22



**Łukasz Szałański**

CFO  
Vercom



**Krzysztof Szyszka**

Founder & CEO  
Vercom



**Grzegorz Warzecha**

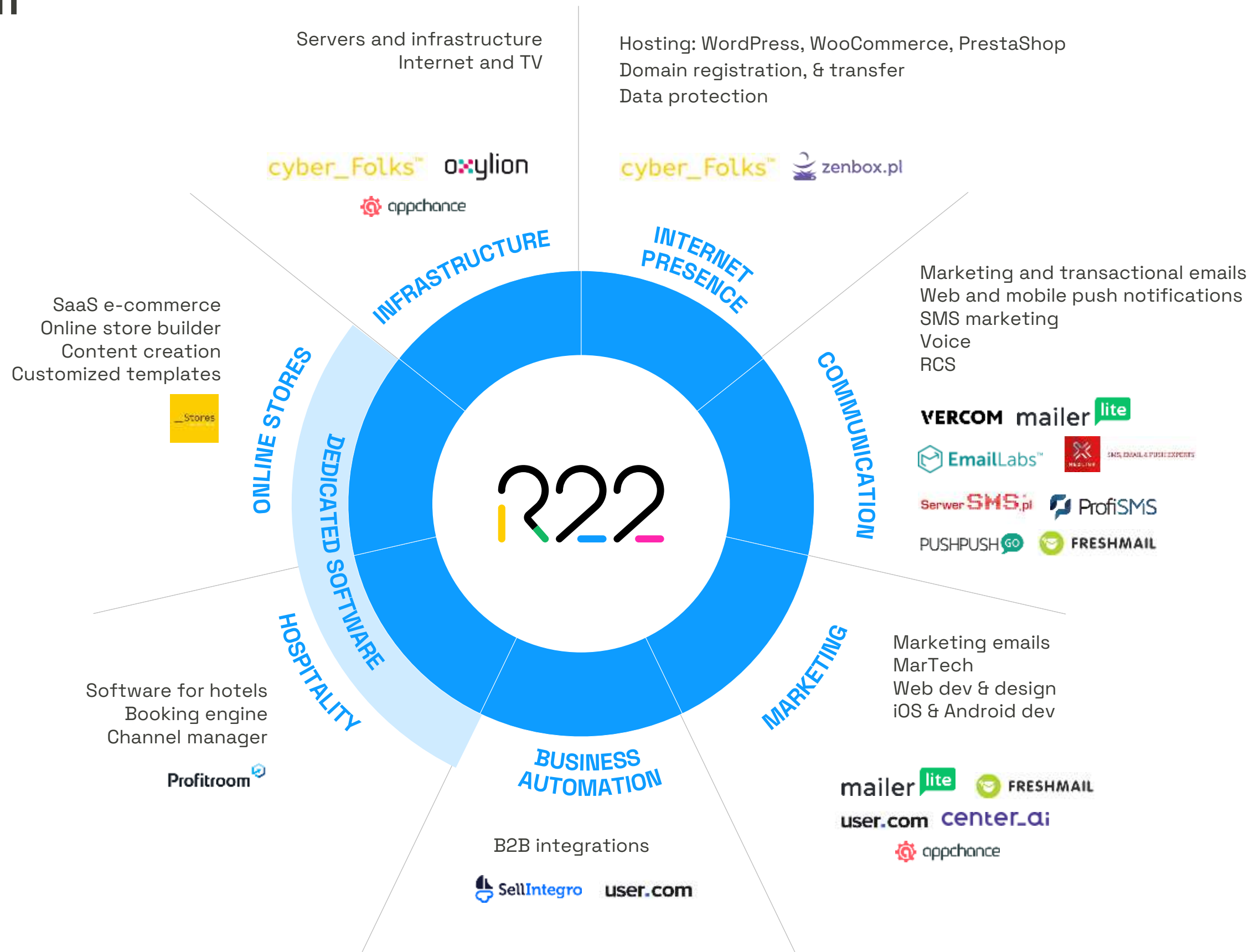
Founder & CEO  
User.com



**Miłosz Wójcik**

Founder  
Appchance / Center.ai

# 360° Ecosystem



\*R22 selected brands





# Customer Journey

Delivering end-to-end value of real-life products





# Customer Journey:

## Hosting

Build your Internet presence:

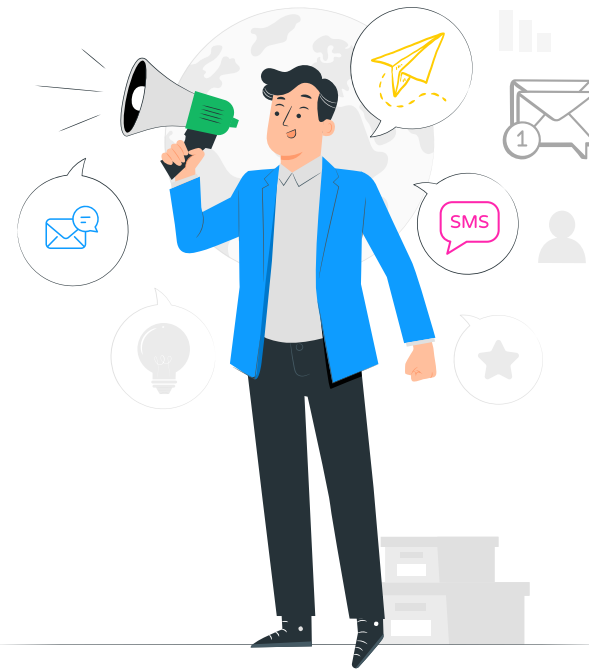
- Domain registration
- Hosting WordPress, WooCommerce, PrestaShop
- E-shops tools
- Data protection
- Servers and infrastructure



## CPaaS

Facilitate contact with your clients through omnichannel communication:

- Marketing and transactional e-mails
- SMS notifications
- Web and mobile push notifications
- Voice
- RCS



## SaaS

Optimize processes with business automation solutions:

- B2B integrations
- E-commerce integrations
- Dedicated software



# Key Facts: Proven ability to translate customer satisfaction into profitable growth



## Global-Scale Diversification

>340k

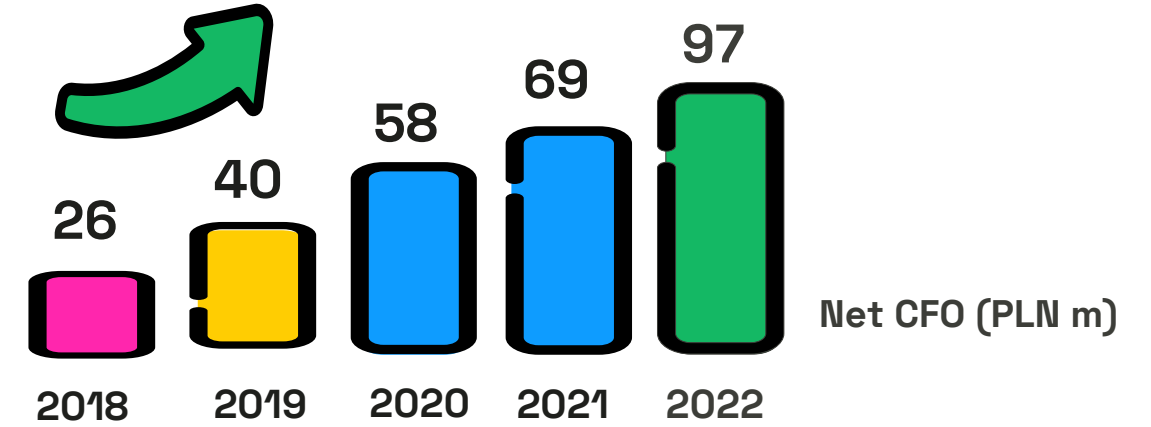
We offer solutions for small, medium, and large business customers representing a wide range of sectors and regions.



## High Quality Services & Customer Loyalty

x2 above industry average

Exceptionally high value to price ratio gives us the highest customer ratings in the industry, confirmed by a >70 NPS score<sup>(2)</sup>. The average response time of customer support requests of less than 10 minutes.



## Stable & growth Cash Flow

~40% CAGR

High conversion of EBITDA to operating cash flows (95%) ensures the safety of our operations.

Sources: (1) Source: Retently - B2B Software & SaaS Industry Average NPS: 40, Hosting & Cloud Industry Average NPS: 25, (2) NPS of selected R22 brands.



# Our Experience

Over 20 years of building  
digital-enabled businesses

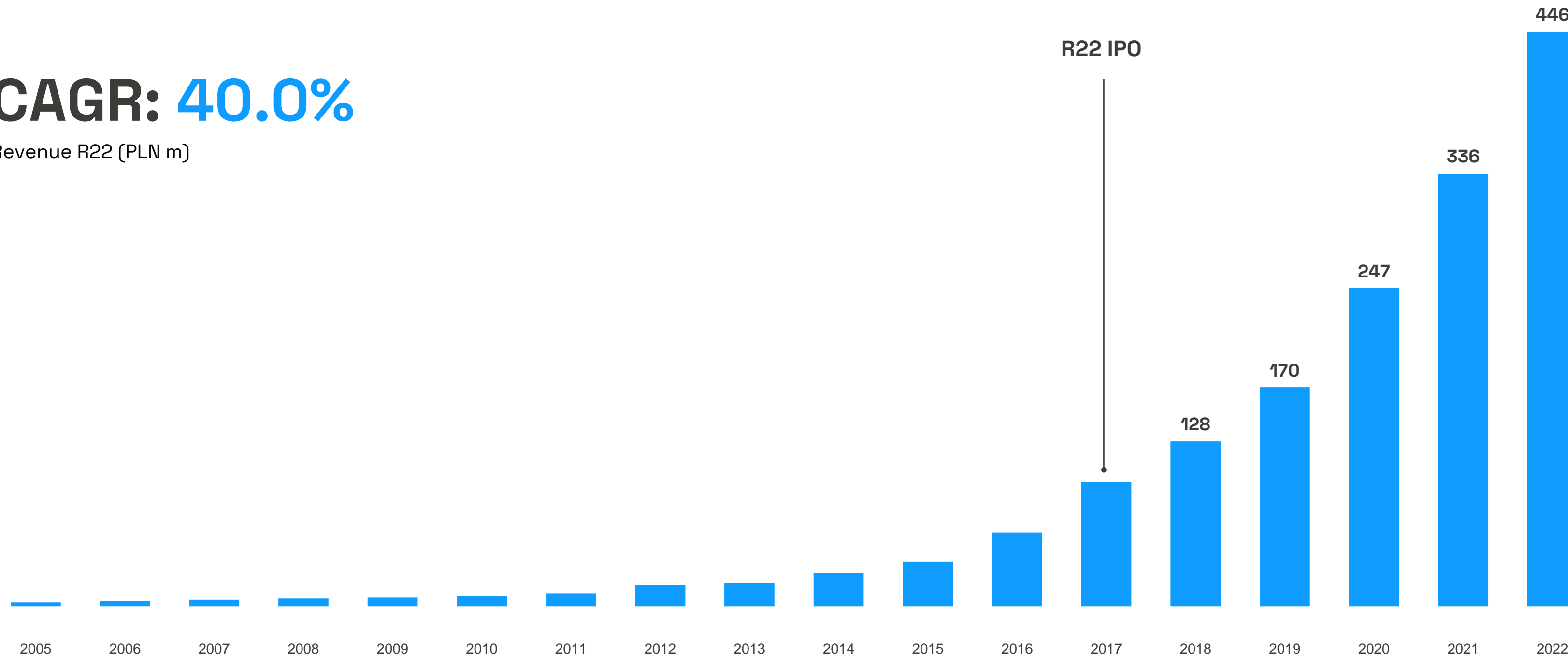




# Exponential growth driven by organic growth and acquisitions

## CAGR: 40.0%

Revenue R22 (PLN m)



\*The data also includes financial results of Profitroom and SellIntegro, which are only consolidated by the Group in the net result (no consolidation at the level of revenues and EBITDA). Group R22 has an option of taking over a controlling stake in both companies.





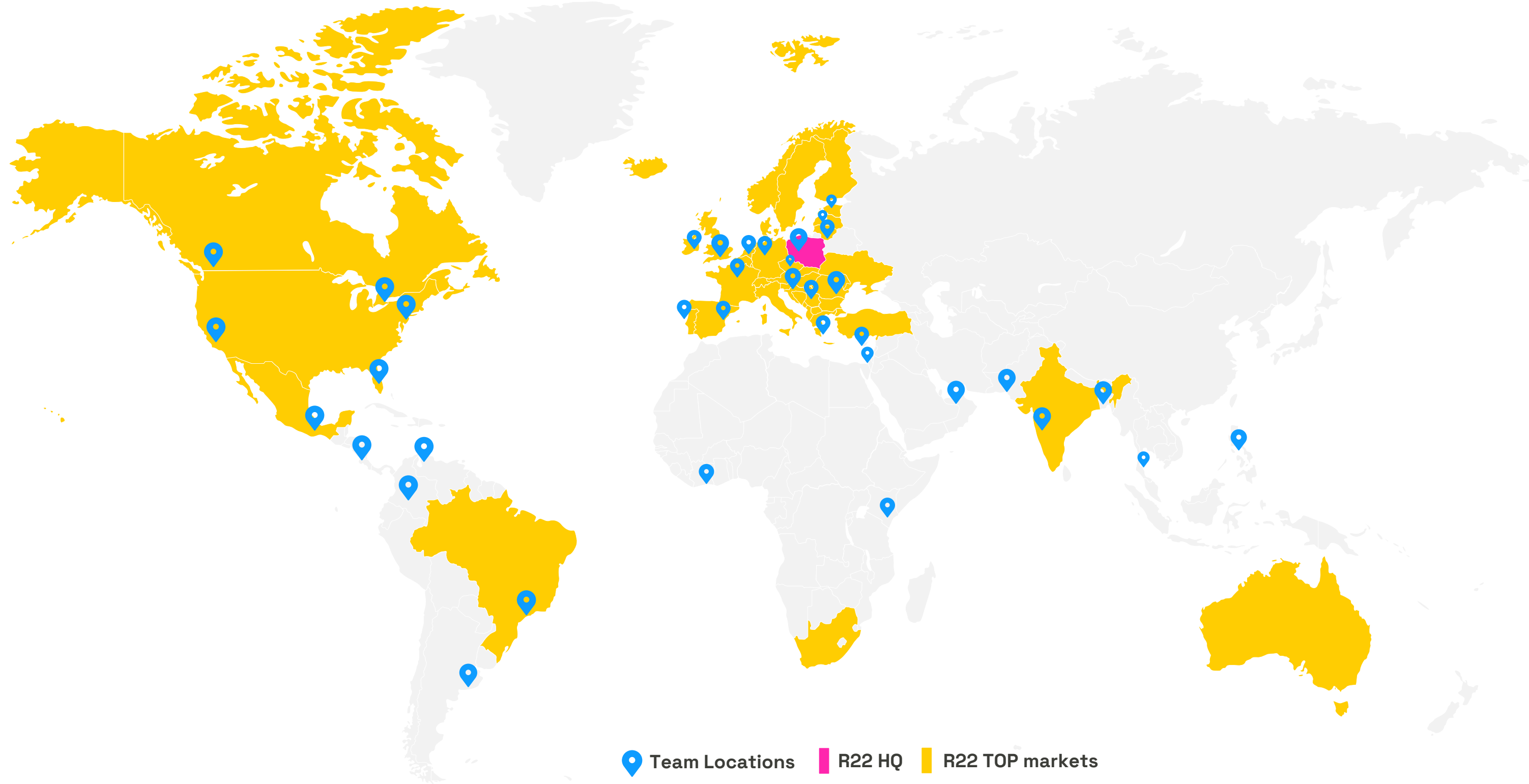
# Market

From local company to  
global player





# Markets: Scaleup to >100 countries

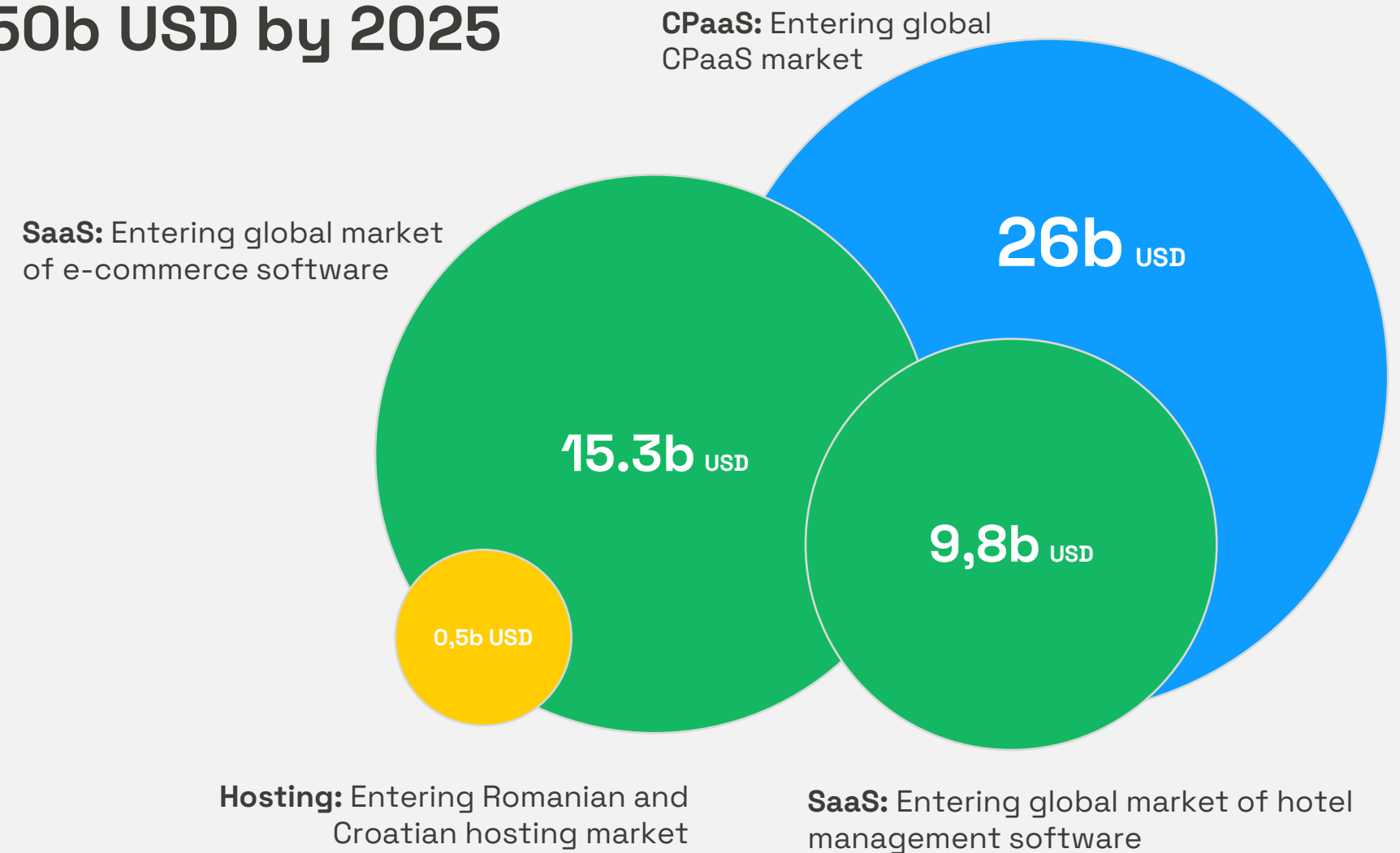


# Total Addressable Market: 50x increase in growth potential by unlocking new products and markets

Goal: Maintaining the upward trend of growth by:

- **Product Expansion:** Unlocking new opportunities in the SaaS segment by broadening the product portfolio complexity to meet specific client needs.
- **Segment Expansion:** Increase customer base by mapping and targeting new customer segments in terms of customer size, industry and location.
- **Global Expansion:** Explore post-merger synergies arising from MailerLite acquisition with a focus on global cross-selling and up-selling opportunities.

## Market Value: 50b USD by 2025

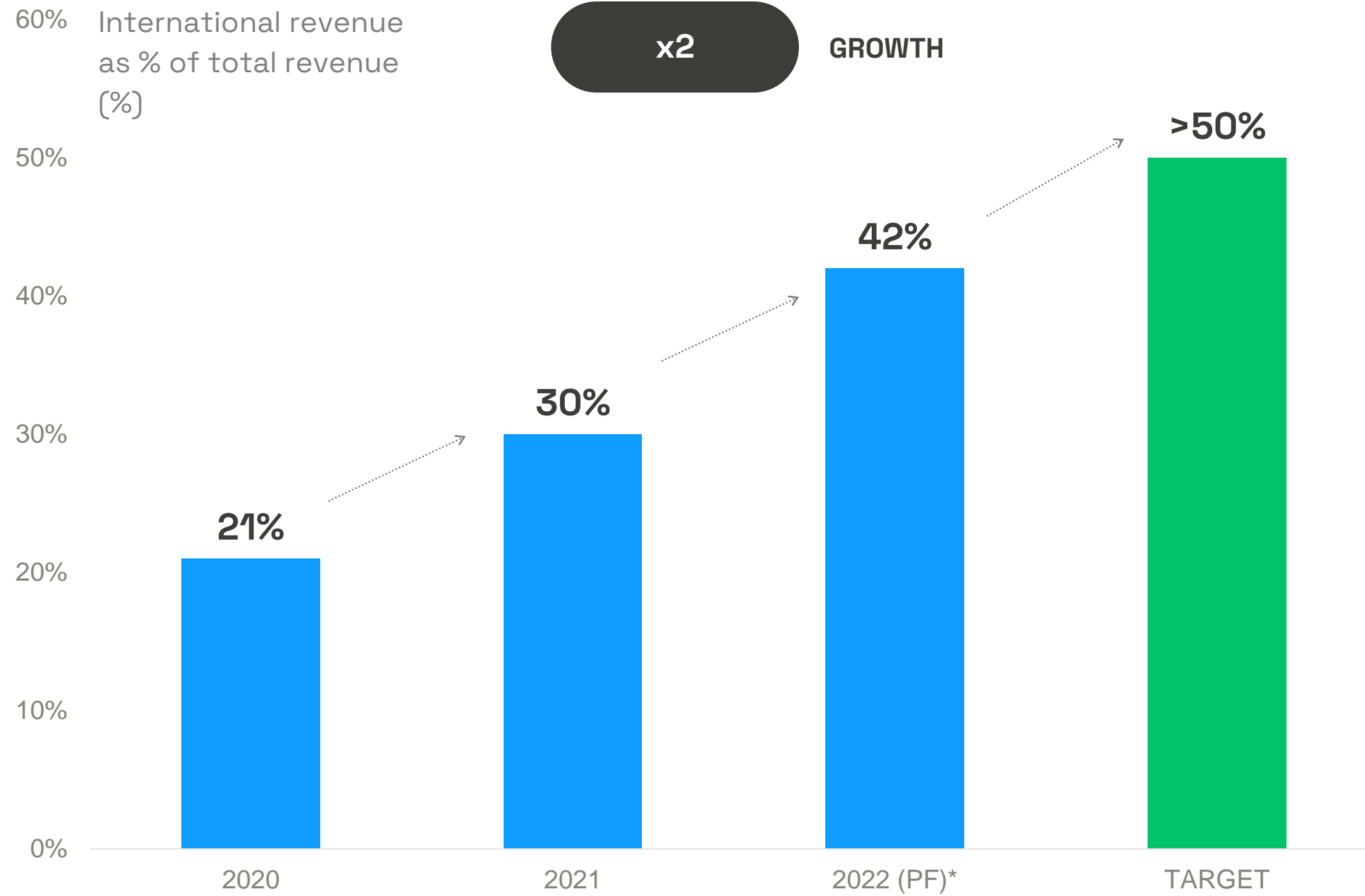


Information for selected markets segments

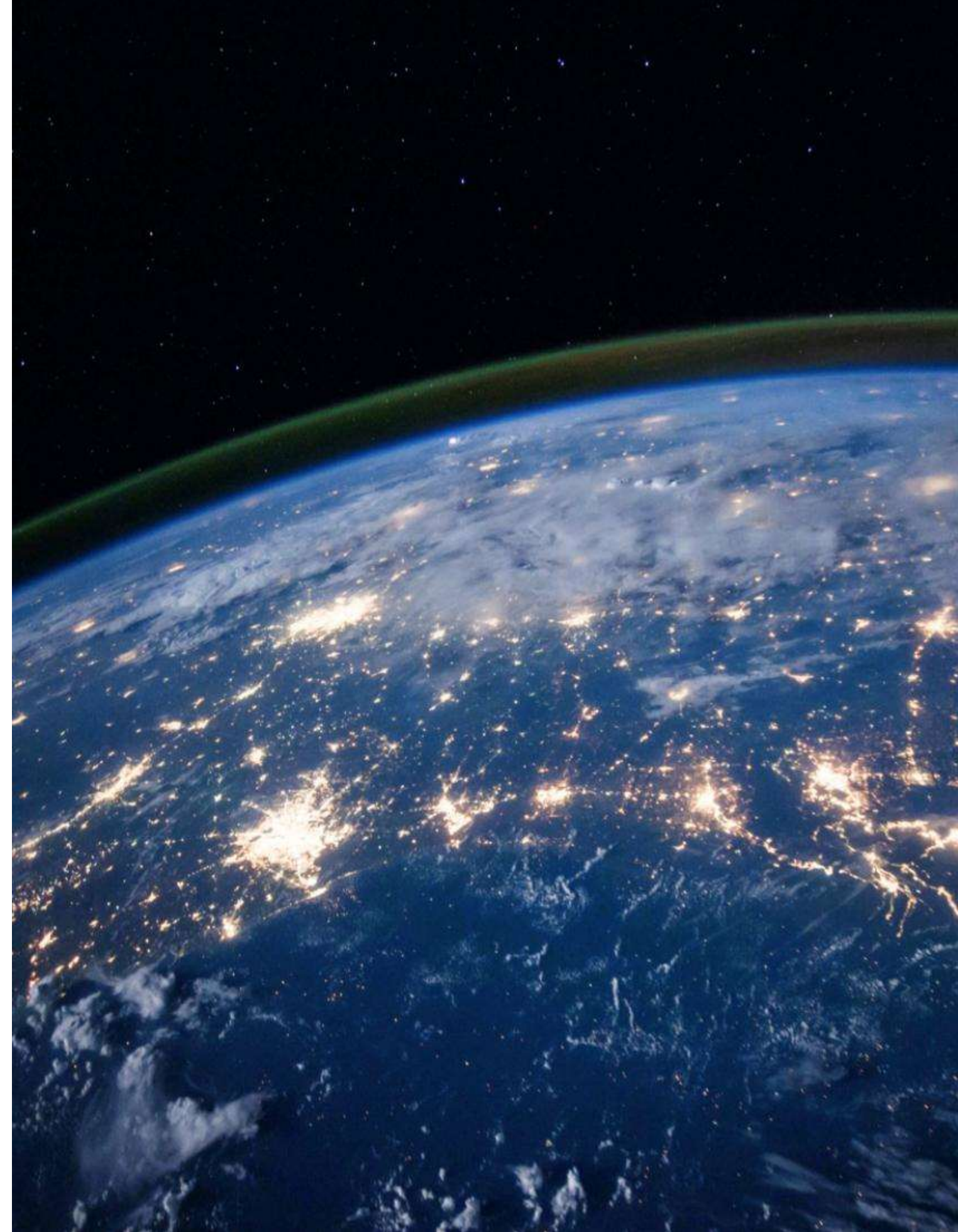
Sources: Hosting – own estimation based on internal resources and market revenue Statista: “data processing, hosting and related activities”, SaaS: Hotel Management Software market value - Research and Markets: „Hotel Property Management Software Market Research Report”, SaaS: E-commerce Software market value - Grand View Research: „E-commerce Software Market Size, Share & Trends Analysis Report”, CPaaS – based on market revenue Statista.



# R22: Welcoming customers all over the world



\*including MailerLite's results for the 12-month period (2022).





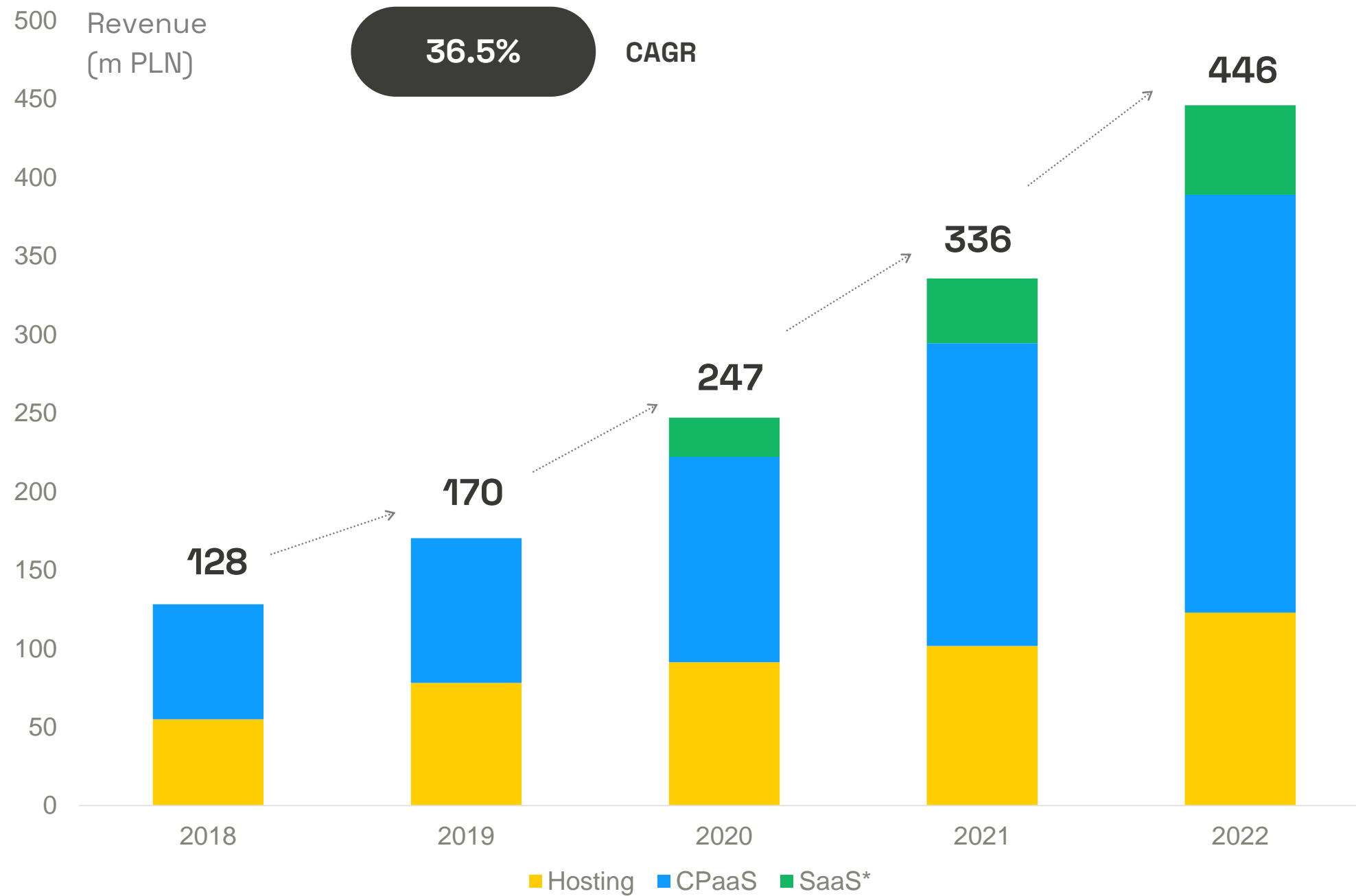
R22

# Growth Dynamics

Turning Strategy  
into Results



# Revenue: Accelerating the growth momentum with highly diversified revenue structure



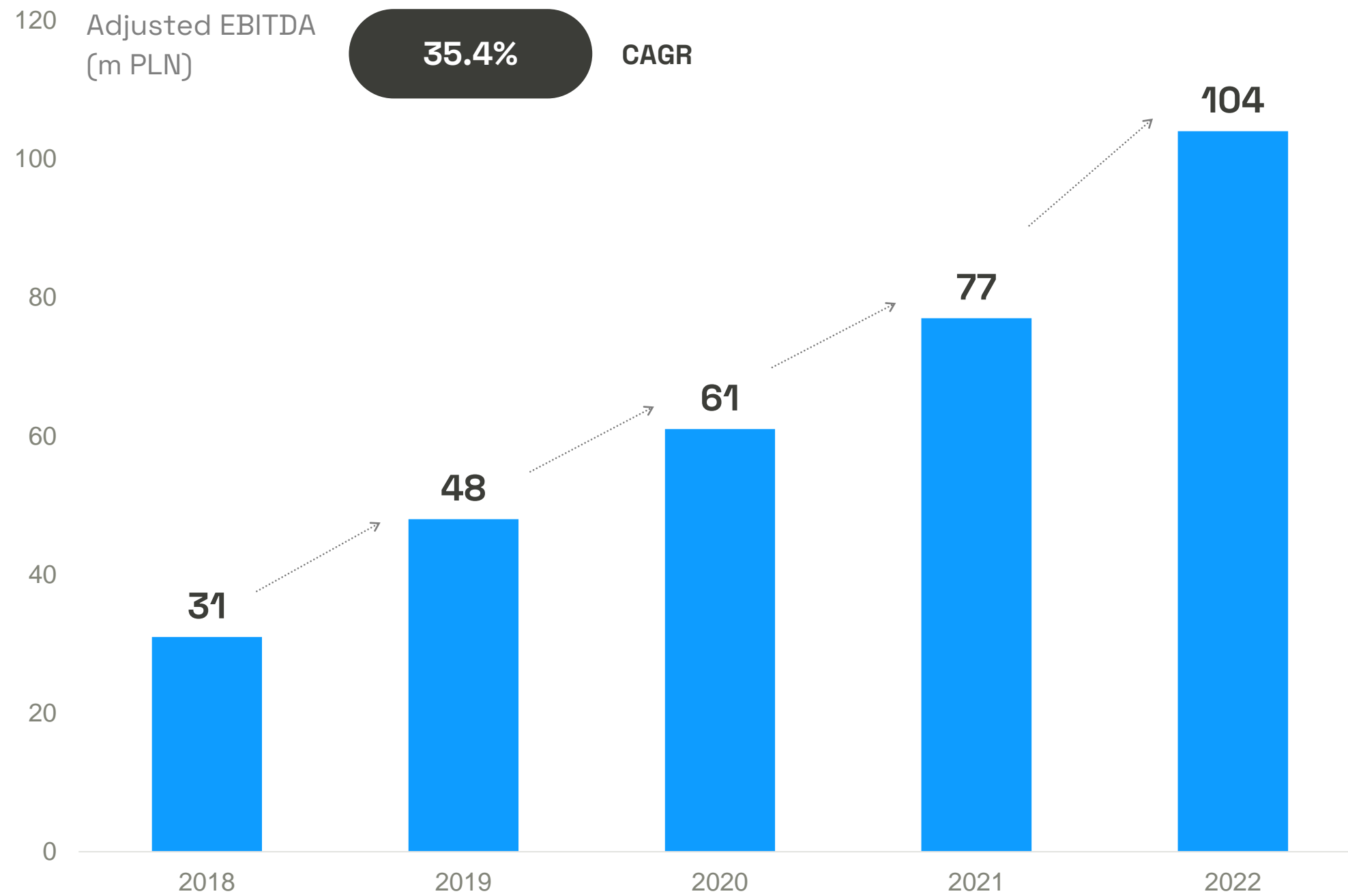
**\*SaaS segment:** The data for this segment also includes financial results of Profitroom and SellIntegro, which are only consolidated by the Group in the net result (no consolidation at the level of revenues and EBITDA). Group R22 has an option of taking over a controlling stake in both companies.

**segment Telecommunications:** as of 14 June 2022, Oxyllion S.A. is assigned to the CPaaS segment.

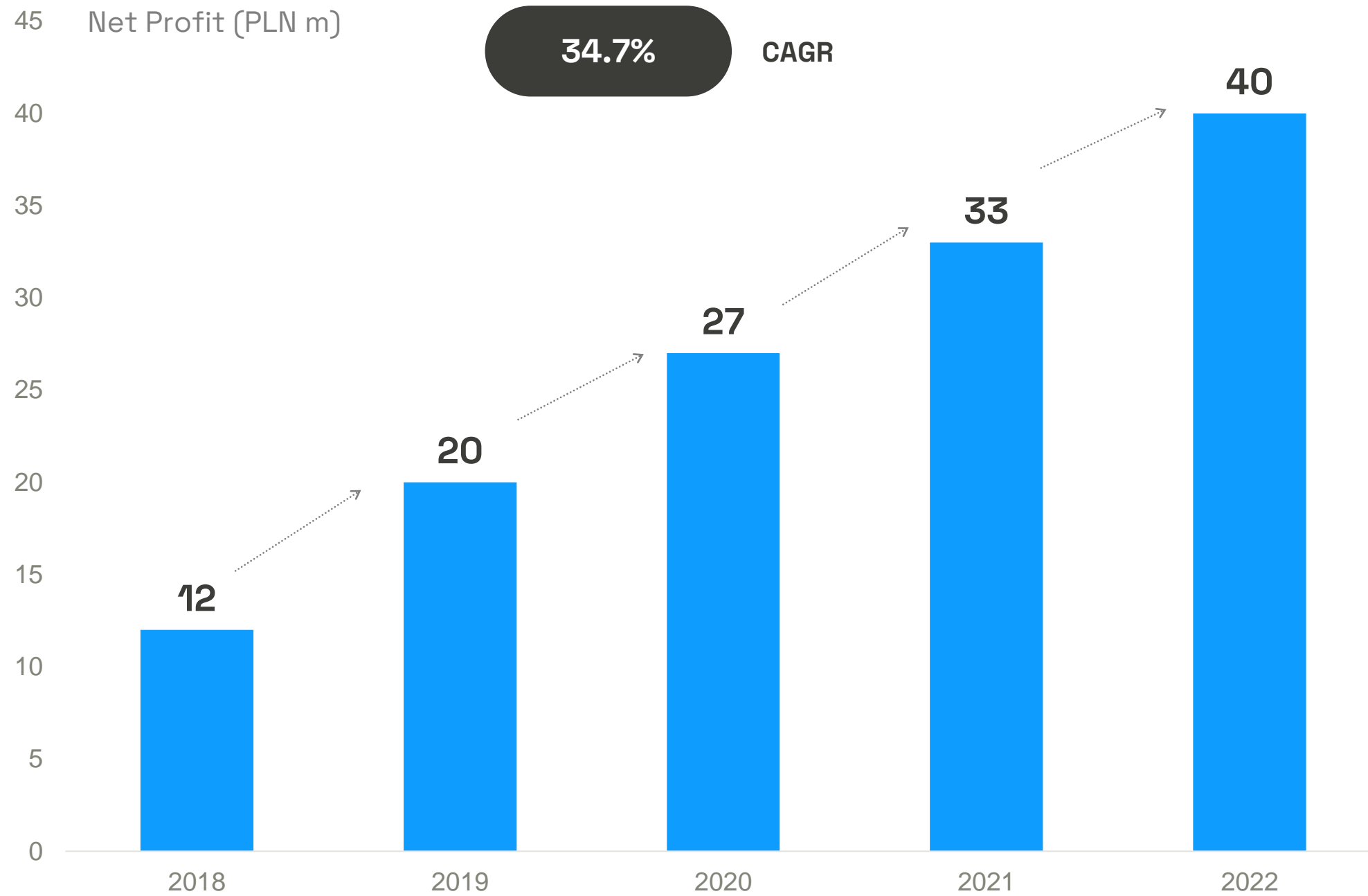




# EBITDA: Proving our business value

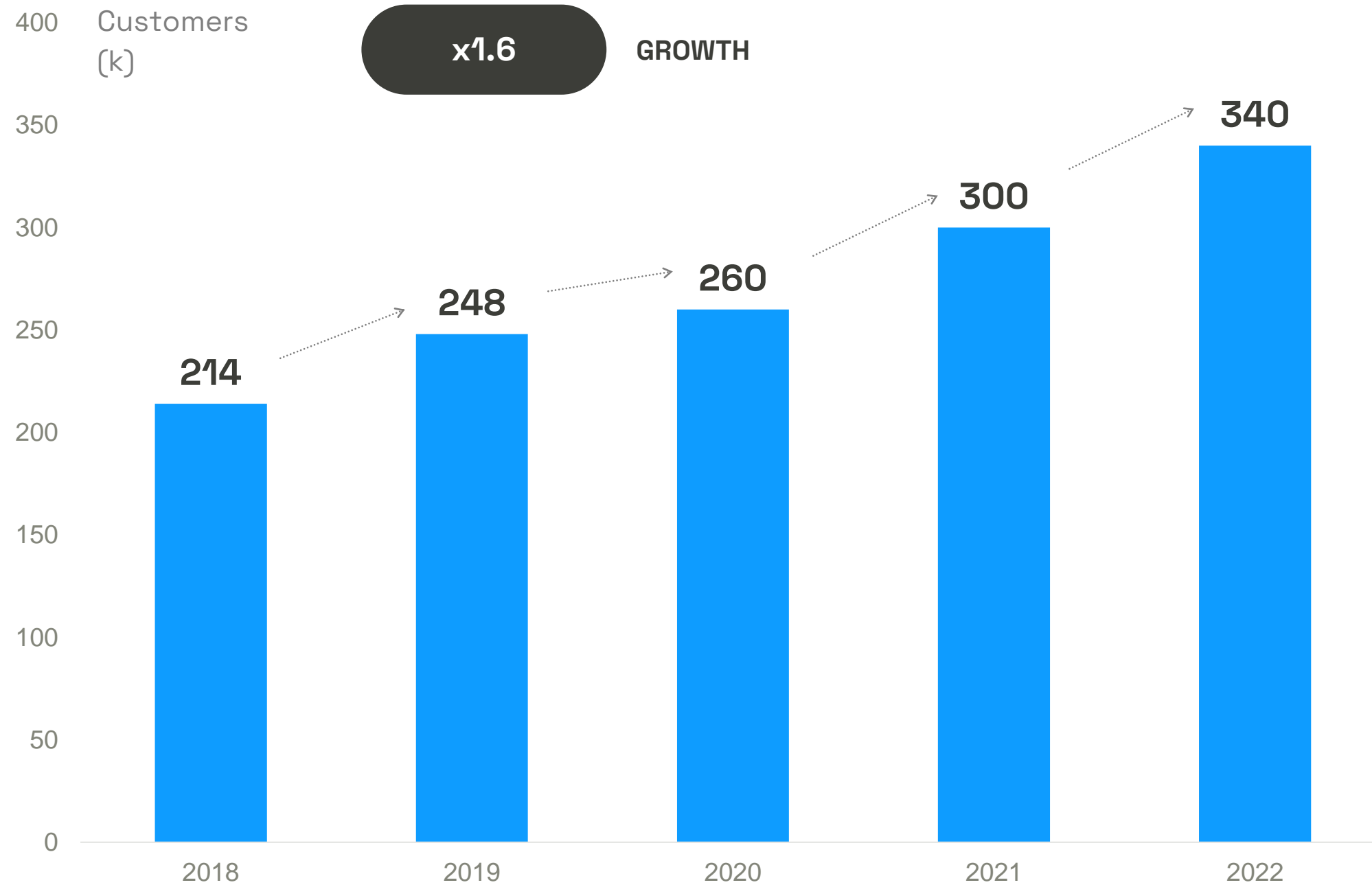


# Net Profit: Continuous profitability and cash flow generation

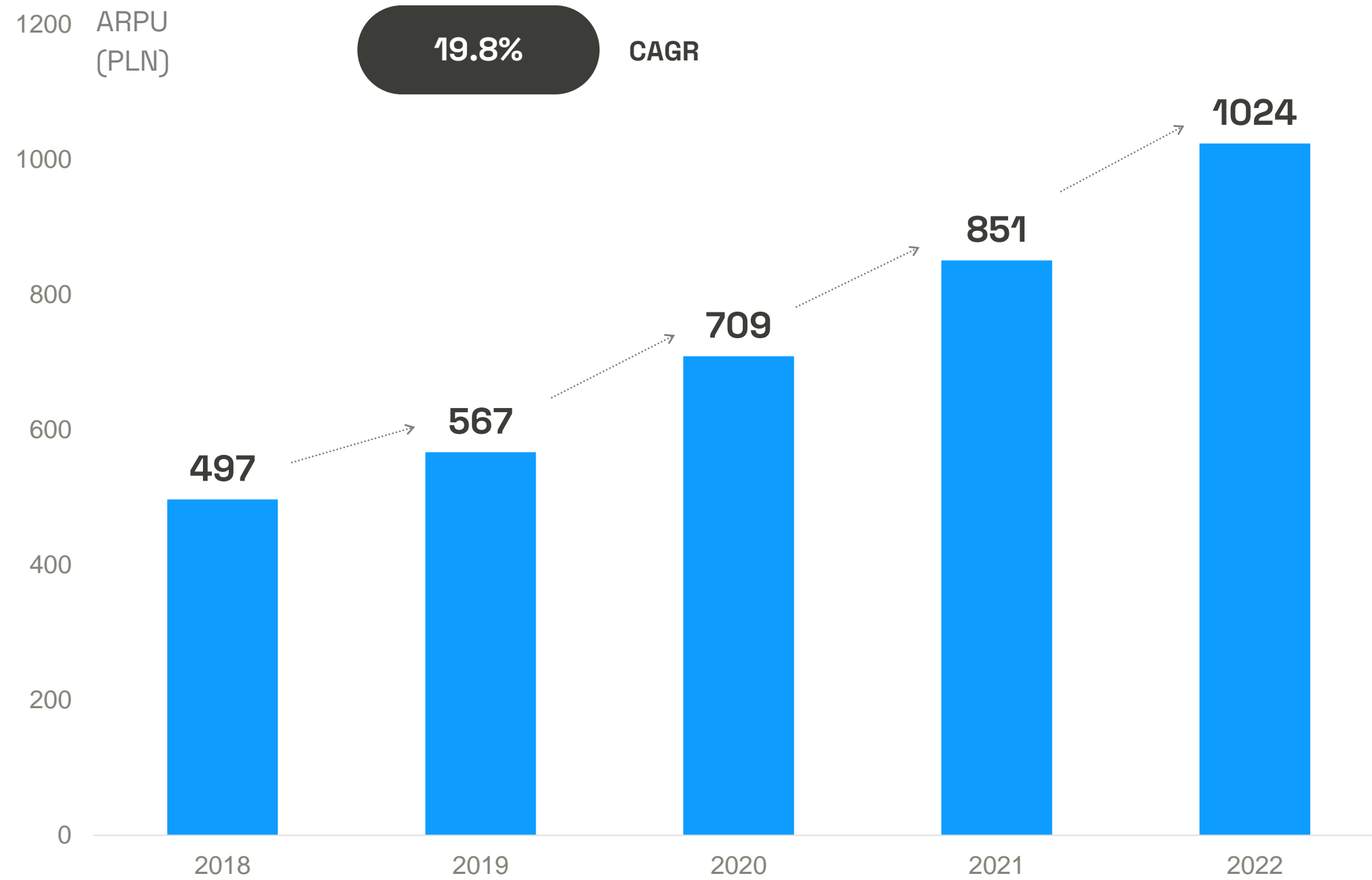




# Customers: Stability thanks to the trust of over 340k customers



# ARPU\*: Supporting a strong value proposition



\*ARPU: Excluding TOP 10 customers generating 11% of revenue (internal estimation).

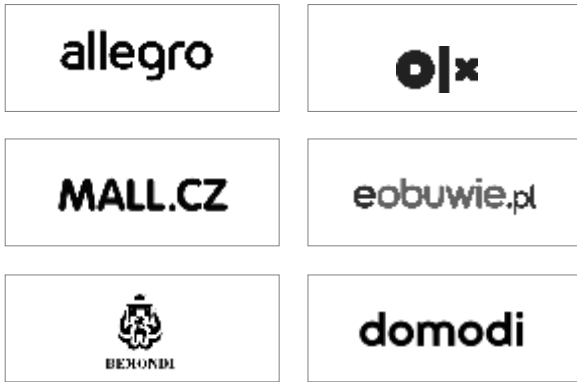
# Our customers

We provide solutions for various sectors to meet the needs of the most demanding customers

## Retail



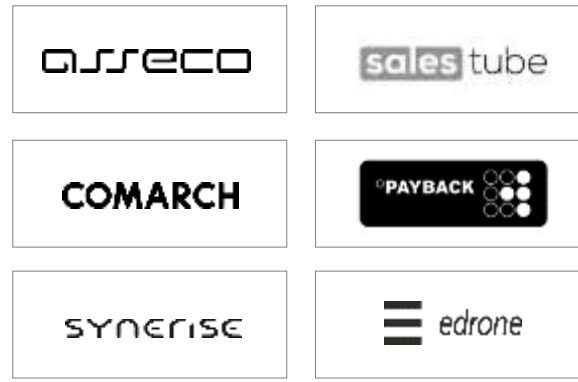
## E-commerce



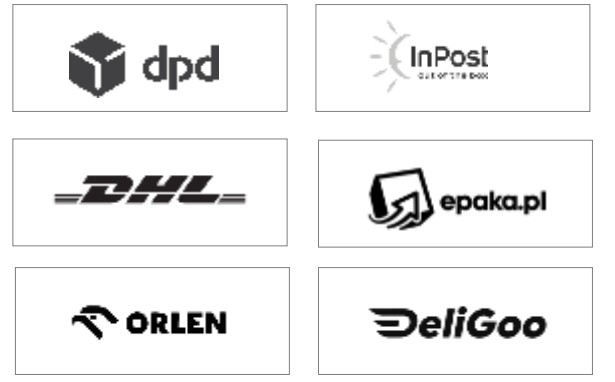
## Financial



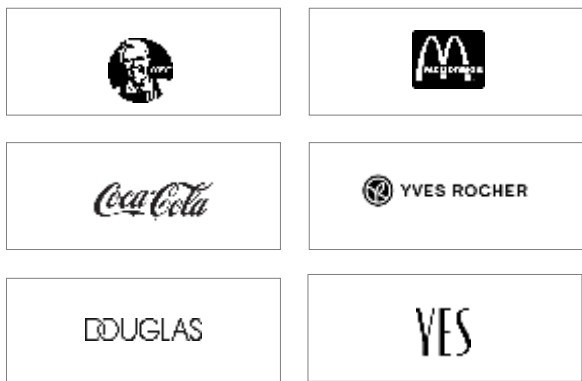
## Tech & Digital Marketing



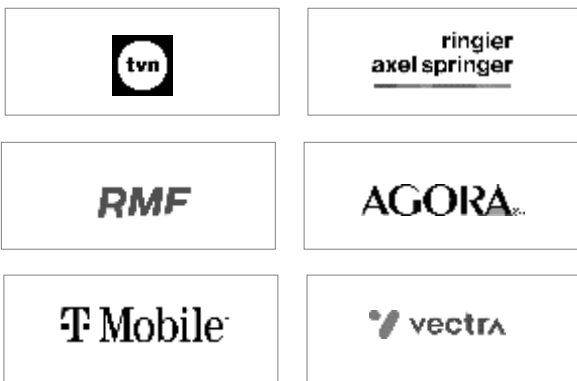
## Last mile



## FMCG



## Media & Telecomms



## Hospitality



## Manufacturing



## Utilities & Other





# 2022: Highlights

## R22 with record results in 2022: EBITDA exceeded PLN 100m

- R22 Group reported more than PLN 392m in net revenue from sales in 2022. That represents a 32% increase compared to consolidated results posted in 2021. During this period adjusted EBITDA reached PLN 104m, a 34% increase yoy. Record results are due to the dynamic growth of R22, successful acquisitions and the growing results of MailerLite.

## MailerLite acquisition:

- Acquisition of MailerLite, a global provider of email marketing solutions, is a strategic decision in the development of the R22 Group, allowing the Group to **scale its business to the global market**, with MailerLite's **high growth parameters of 40% CAGR in revenue over the last 3 years, and 25% EBITDA margin.**





# 2022: Highlights

**cyber\_Folks is launching an ESOP\* program with a projected PLN 100m EBITDA in 2026.**

- Key **cyber\_Folks** employees will be covered by an incentive program split into loyalty-based and incentive components. The criteria relating to business goals include, among others, a constant improvement of cyber\_Folks results, including a **PLN 100m EBITDA target for 2026.**

**cyber\_Folks is building an international brand:**

- cyber\_Folks is starting a rebranding on the Romanian market (**cyberfolks.ro**) and in Croatia (**cyberfolks.hr**). Cyber\_Folks provides hosting solutions to **>250k clients in the CEE region.**

**R22 is intensifying AI-related efforts:**

- Companies that are part of R22 Group are introducing AI into their products: cyber\_Folks – a **creator of internet domains**, FreshMail – SafeGuard, a **tool that improves e-mail delivery rates** and protects users against spam and phishing, User.com – an **AI chat.**

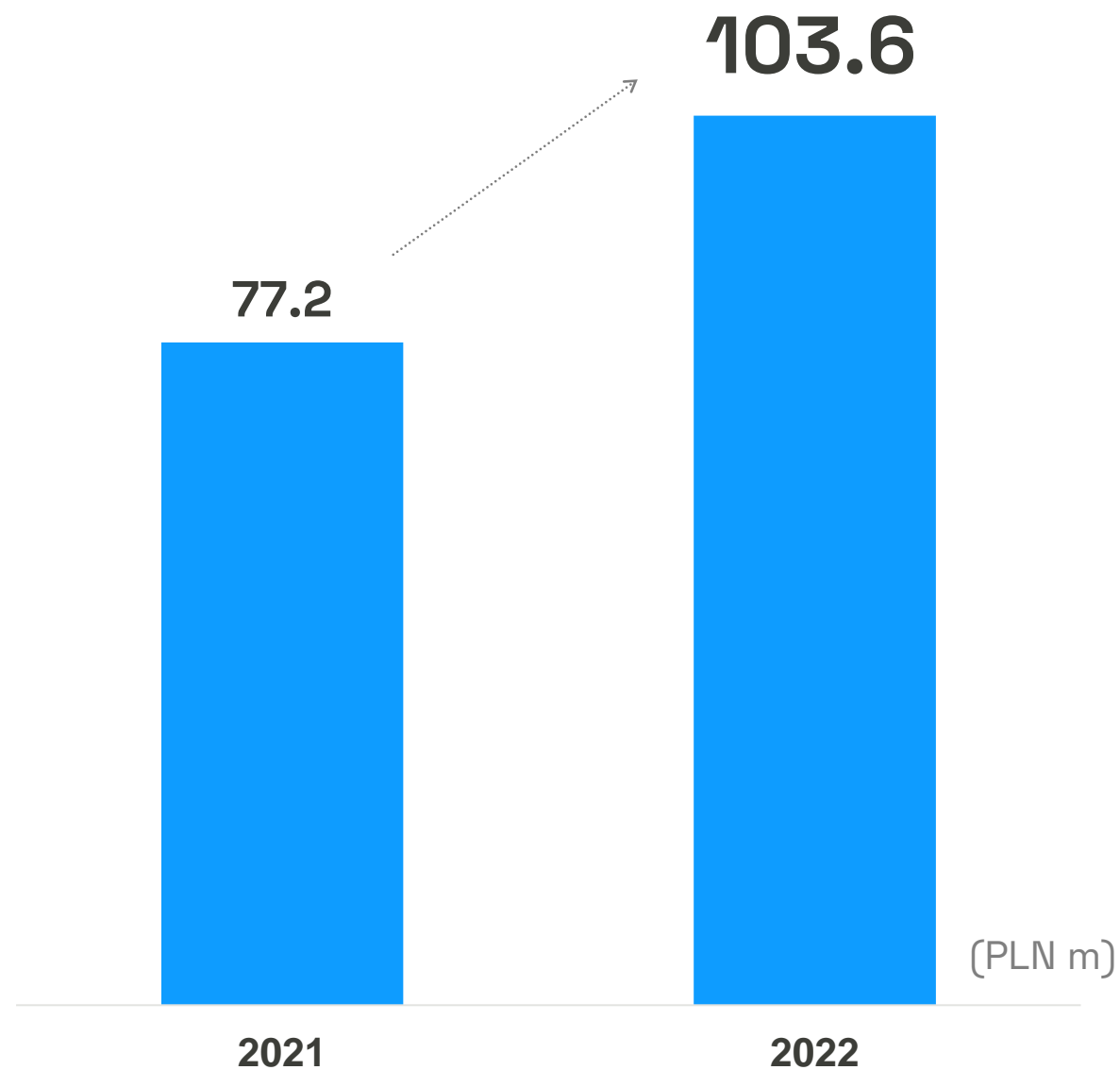
\*The voting on the resolutions of the incentive programme took place on 8 February 2023. At the time of approval of the report, the ESOP bylaws had not been adopted and participation agreements with beneficiaries had not been concluded.



## R22: Record EBITDA of more than PLN 100m

Adjusted EBITDA

+34%



Key factors driving 2022 EBITDA:

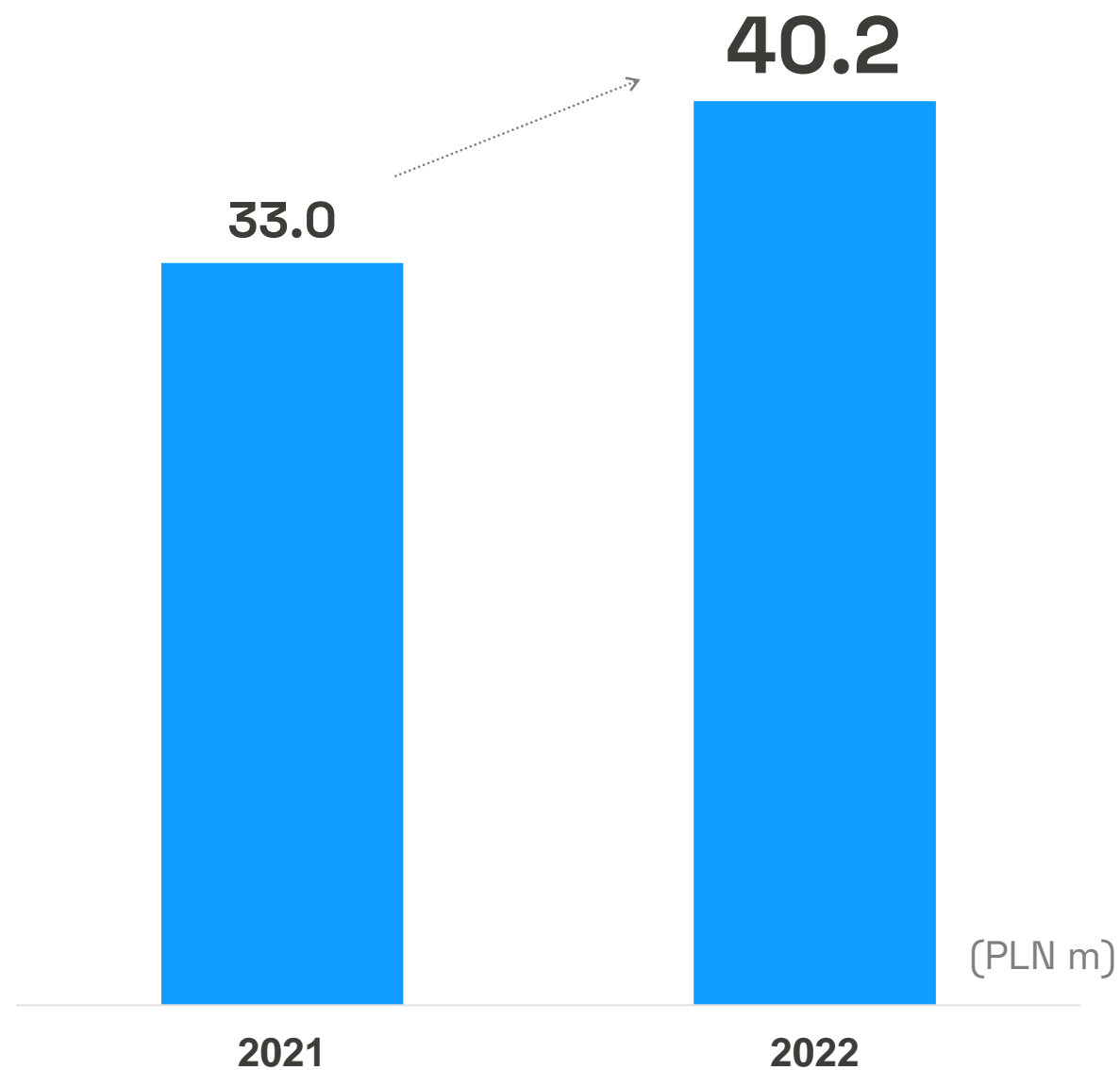
- **organic growth** of the two main segments (cyber\_Folks and CPaaS)
- **dynamic growth of MailerLite** (company acquired in mid-2022)
- strong **expansion on global market** (>340k customer located in >100 countries)

At the same time company results are constantly supported by **global trends** towards digitization, business automation and the use of AI. R22 is consistently **growing at a rate of 30-40% yoy**; it grew at such a pace both in pre-COVID times, during the COVID period when the entire digital services sector recorded previously unseen growth rates, as well as post-COVID. This is validated by the **adjusted EBITDA in Q4 2022** which totaled nearly **PLN 32m**, a **yoy increase of >53%**.

## R22: Net profit increased to over PLN 40 m

Net profit

+22%



Key factors driving 2022 Net profit:

- **organic growth** of the two main segments (cyber\_Folks and CPaaS) as well as **growing results of MailerLite**
- **despite the rise of WIBOR and EURIBOR benchmarks and the foreign exchange-related fluctuations**, R22 reported a **stable growth** of its **net profit** to nearly PLN 40m.

Validated by **the amount of net profit in Q4 2022** totaling over **PLN 17m** (a **yoy increase by >247%**).



R22

# MailerLite

One of the biggest acquisitions in the technology sector in 2022





# MailerLite

## Strong growth momentum and solid prospects:

- **40% CAGR in revenue** over the last 3 years
- Company achieved **USD 500k EBITDA per month** (25% EBITDA margin)
- **Dynamic growth in customer base** and improved monetisation

## Excellent strategic fit and significant synergy potential:

- Strong international presence provides a solid base for global expansion strategy
- Excellent brand recognition - **MailerLite ranked in the top three email marketing solutions according to Forbes**
- Two-way technology exchange **will increase R22 Group's product offering**

## One of the biggest deals in the technology sector in Poland in 2022:

- Total transaction value approx. PLN 340m
- Expected EV/EBITDA 1Y FWD approx. 11x







# ESOP

ESOP confirms our  
ambitious plans



## cyber\_Folks: ESOP with a projected EBITDA of PLN 100m

”

The purpose of the employee loyalty program is to reward the most experienced staff. We are aware that to a large extent we owe it to them the dynamic growth of our company in recent years, as confirmed by the financial results of the hosting segment. From now on, cyber\_Folks employees will become co-owners of the company. We believe that this initiative will incentivize the staff even more and increase its effectiveness, bearing profits in the future.

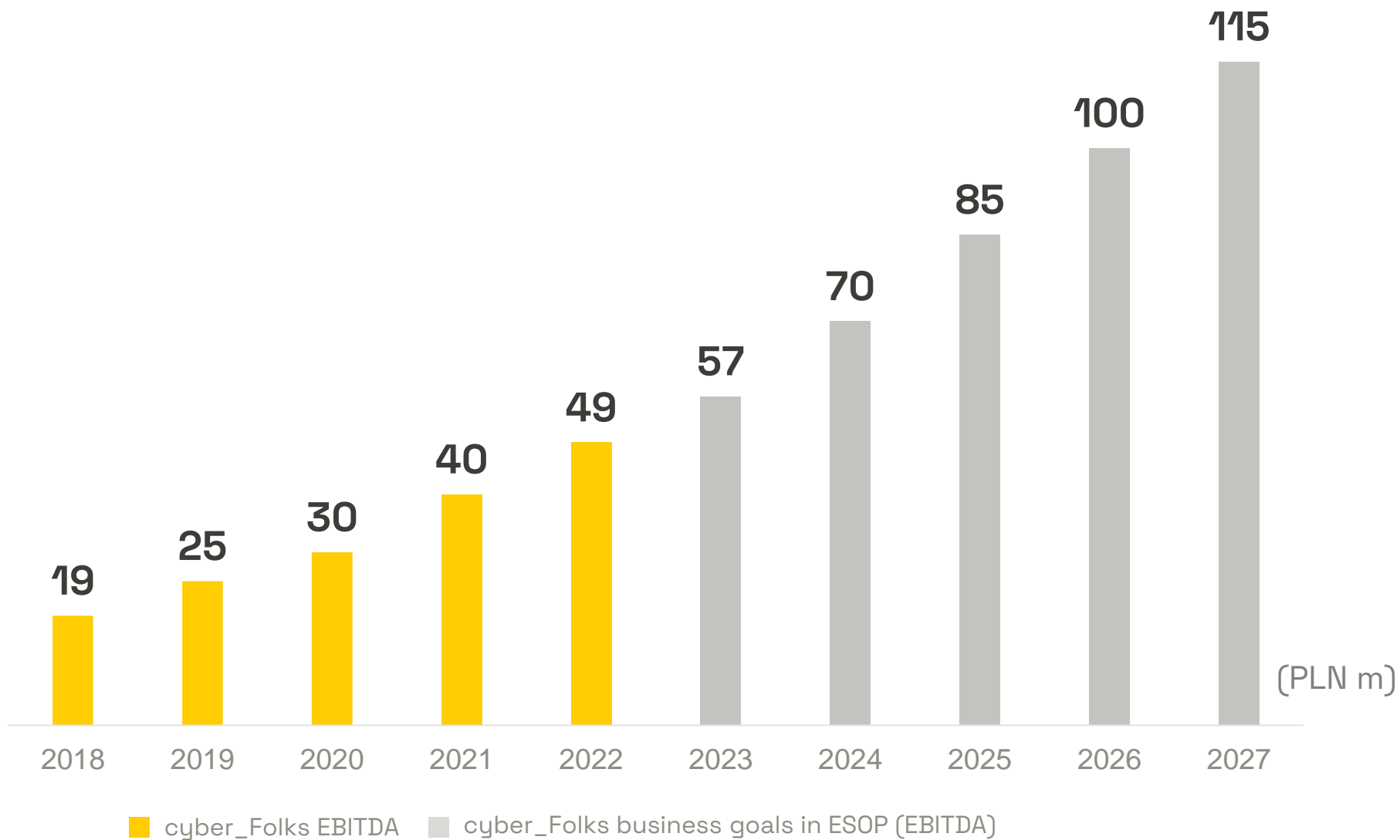
- Jakub Dwernicki, CEO R22





# cyber\_Folks: ESOP with a projected PLN 100m EBITDA in 2026

## Business goals of the incentive program: EBITDA



## ESOP cyber\_Folks

Beneficiaries: key employees of the company

Period: fiscal years 2023-2027

Number of shares: 250k

ESOP program is split into:

- loyalty component (counted by seniority)
- incentive component (dependent on the achievement of business goals)

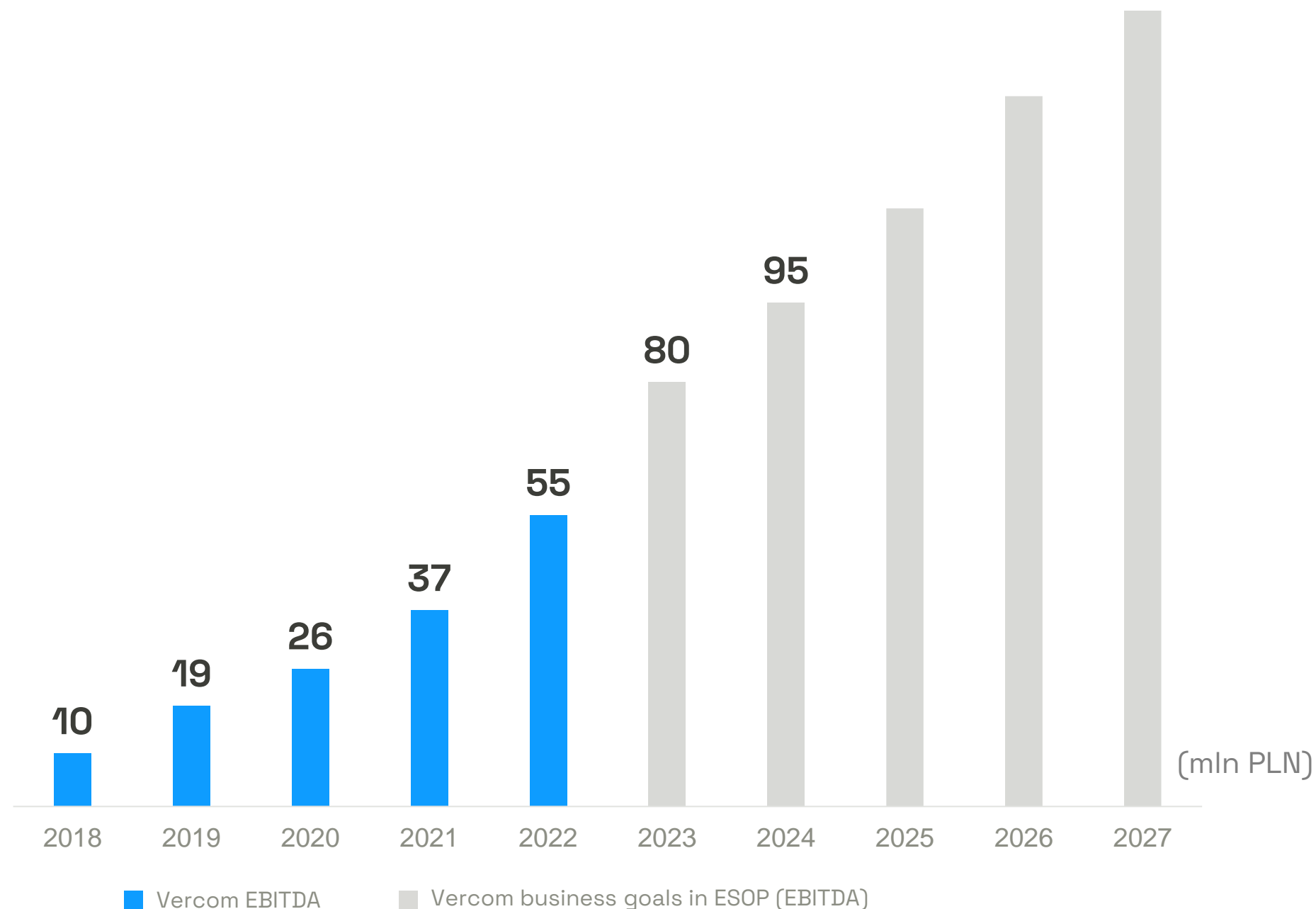
### Assumptions:

Criteria for the business goals include consistent growth of cyber\_Folks results **including PLN 100m EBITDA target in 2026.**



# Vercom: ESOP with a projected PLN 95m EBITDA in 2024

## Business goals of the incentive program: EBITDA



## ESOP Vercom

Beneficiaries: key employees of the company

Period: fiscal years 2021-2024

Number of shares: 126.85k

ESOP program is split into:

- loyalty component (counted by seniority)
- incentive component (dependent on the achievement of business and market goals)

### Assumptions:

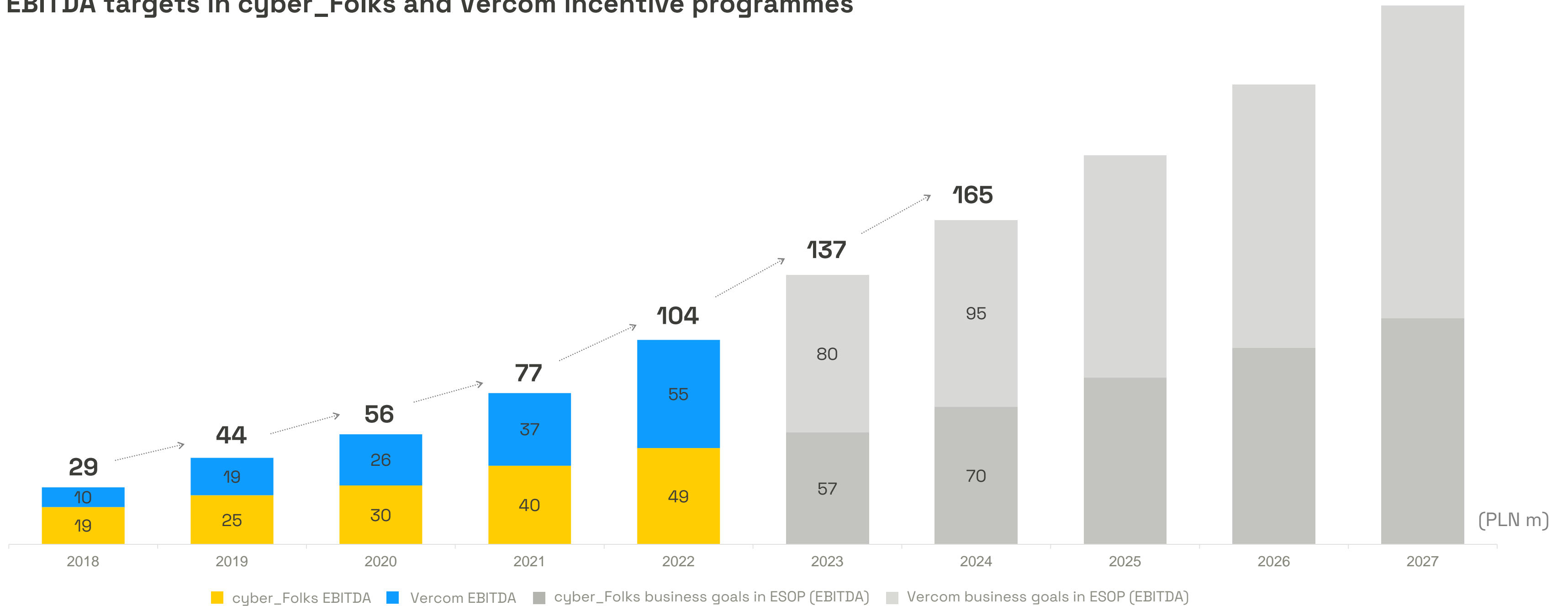
Criteria for the business goals include i.e. consistent growth of Vercom results **including PLN 95m EBITDA target in 2024.**

The EBITDA target applies to adjusted EBITDA.

For the avoidance of doubt, the EBITDA increase generated by takeover targets is recognized as organic growth and is non-adjustable.

# Ambitious ESOP targets

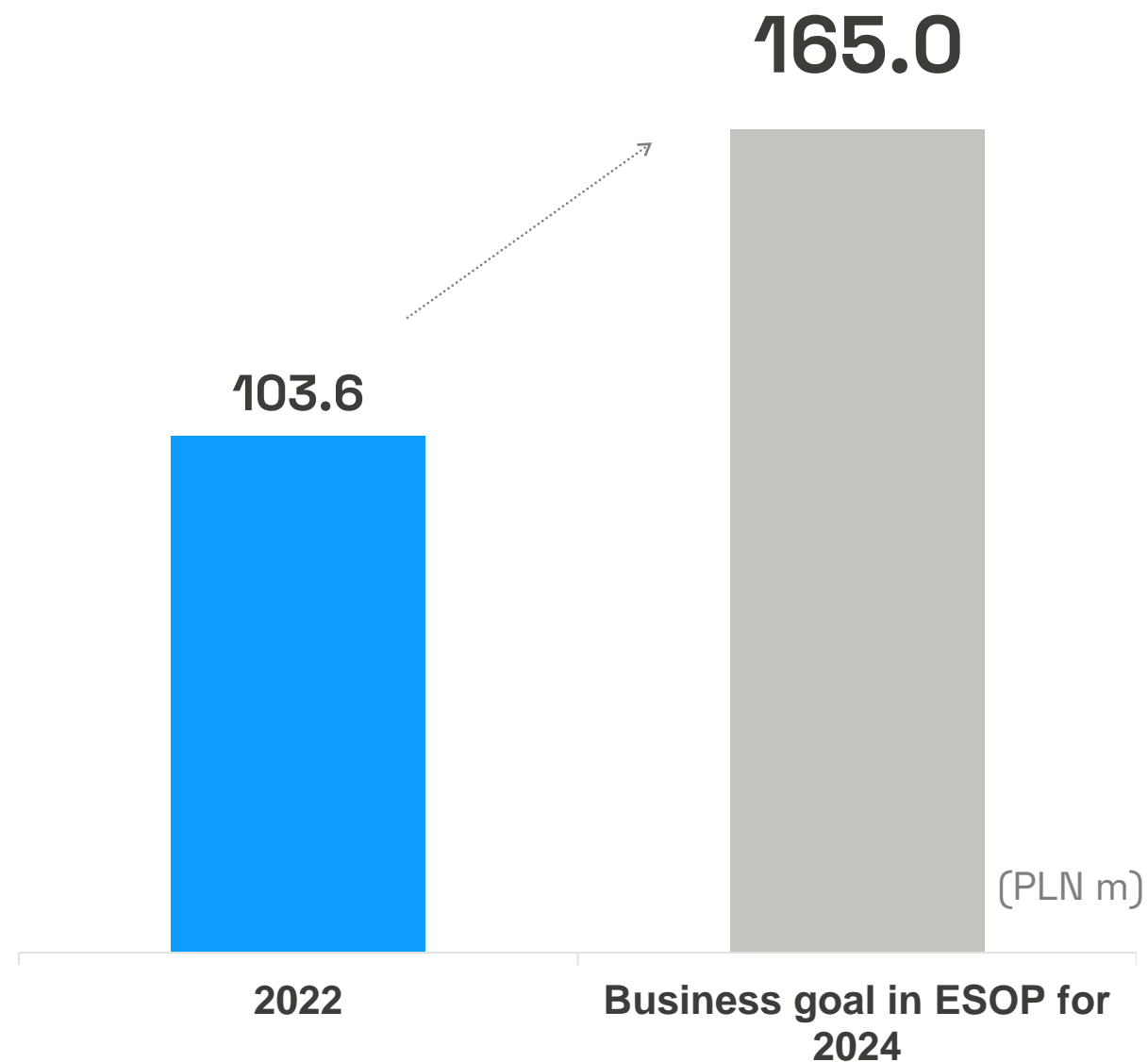
EBITDA targets in cyber\_Folks and Vercom incentive programmes



# ESOP confirms our ambitious plans

Adjusted EBITDA

x1.5



Investment thesis:

- **GROWTH:** 40% revenue CAGR over the past decade
- **STABILITY:** ~100% of revenues generated in SaaS (ARR) model with a diversified base of >340,000 clients
- **SCALE-UP:** Entry on a global market worth USD 50bn\*
- **IMPLEMENTATION OF AI SOLUTIONS:** Implementation of AI products into the offering of R22 Group companies and within R22 Group itself.

**PLN 165 m**

EBITDA according to  
cyber\_Folks and Vercom  
ESOP targets

**+50%**

EBITDA growth over 2 years  
(2022-2024)

\*estimated market value by 2025.



# cyber\_Folks

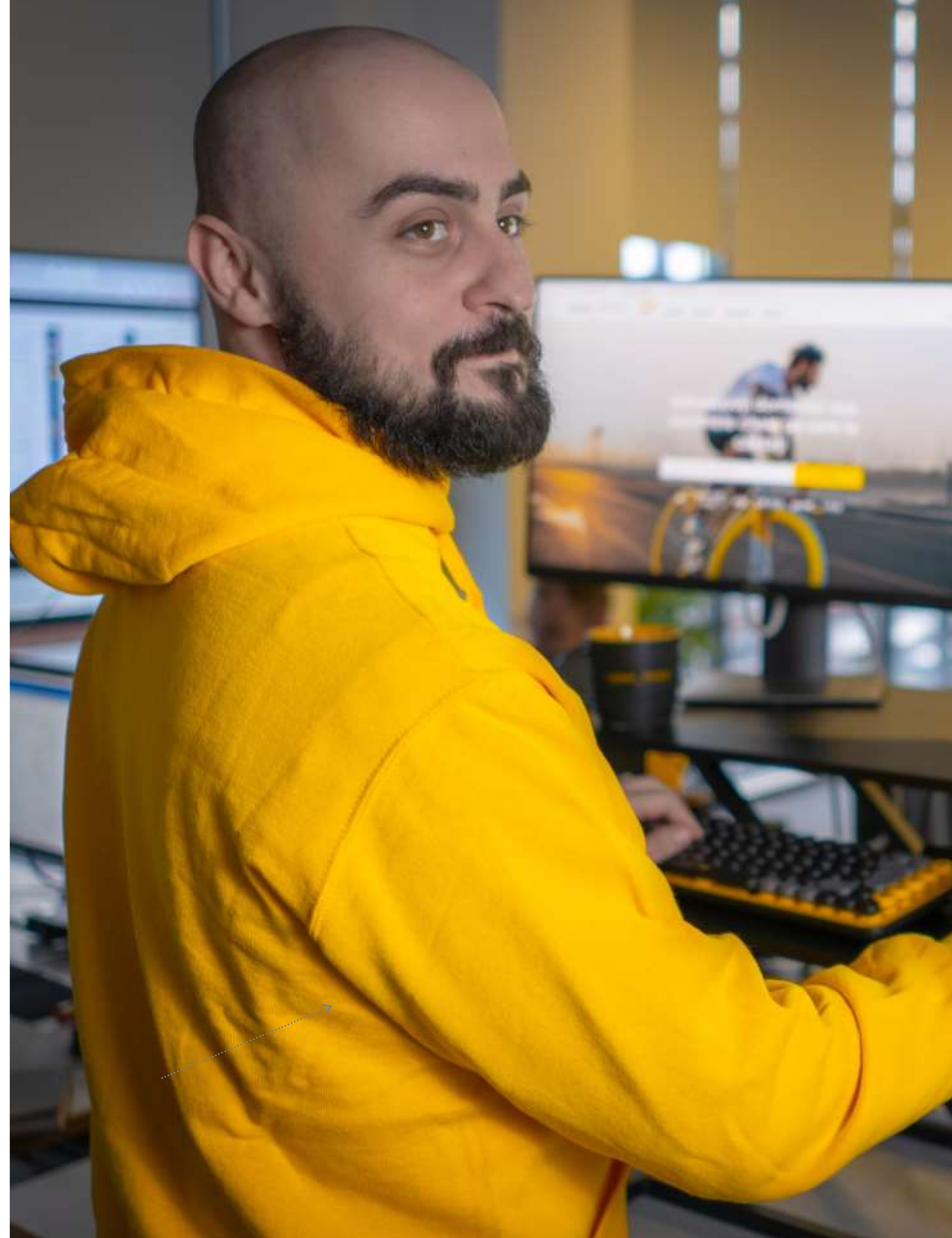
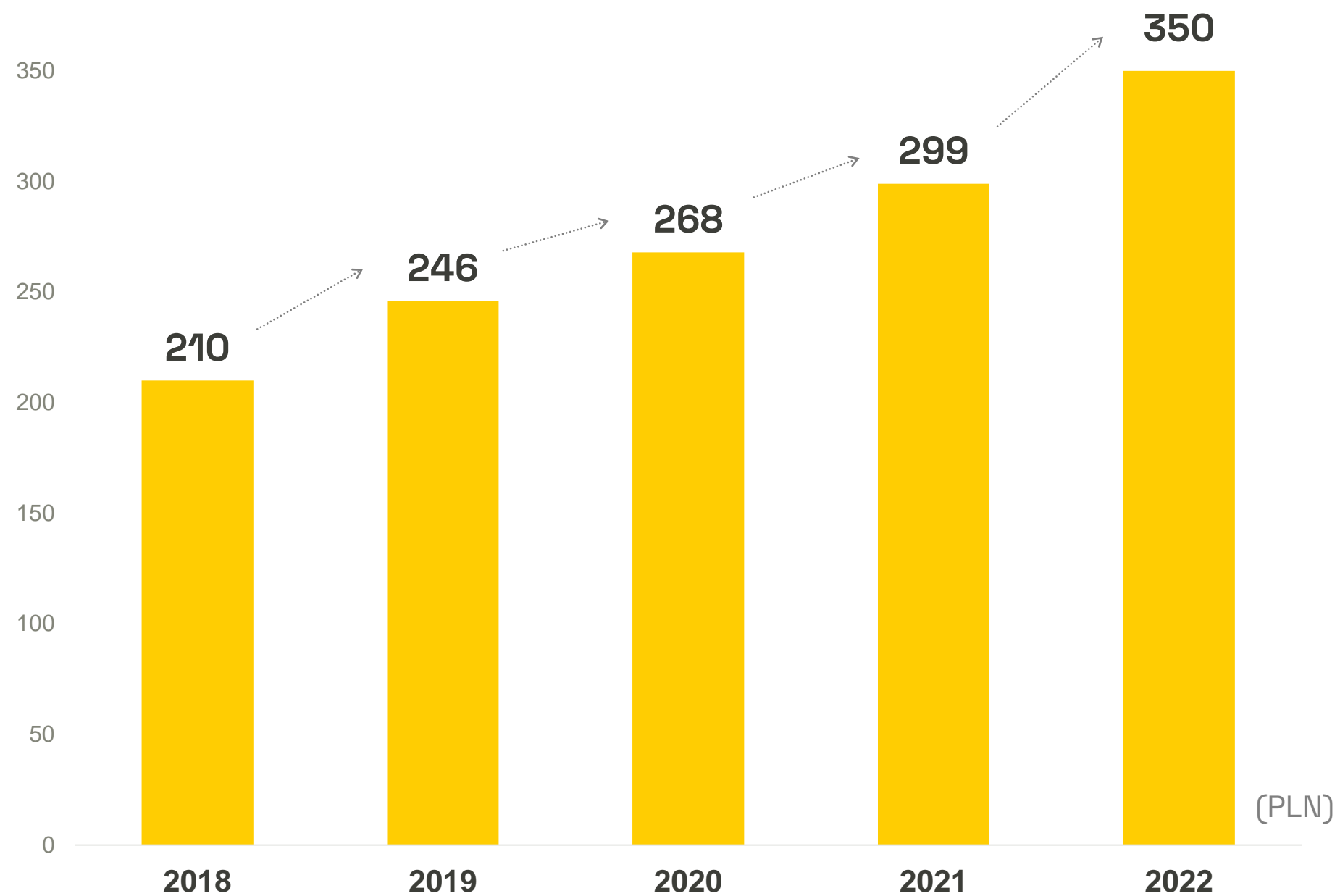
Building an international brand  
starting with the CEE market





cyber\_Folks: We serve >250k customers increasing ARPU consistently

cyber\_Folks: ARPU LTM of hosting



# cyber\_Folks: Building an international brand

cyber\_Folks begins consolidating brands in the Romanian and Croatian markets.

## #1st

We are the **first largest** web hosting provider in Romania

### cyber\_Folks.ro

mxHost	→	cyber_Folks.ro
Gazduire.ro	→	consolidation in 2023
TLH	→	consolidation in 2023
RoHost	→	consolidation in 2023
Hostvision	→	consolidation in 2023
xServers	→	consolidation in 2023

## #2nd

We are the **second largest** hosting provider in Croatia

### cyber\_Folks.hr

Avalon	→	consolidation in 2023
--------	---	-----------------------







Completează numele  
domeniului sau cuvintele cheie

Caută numele domeniului tău   CAUTĂ

cyber\_Folks™



## Certificat SSL

### ... pentru site-ul tău

... utilizatorilor în site-ul tău și oferă paginii  
... ate, securitate și poziții mai bune în motorul

#### Actualități

## Bine ai venit, acum suntem cyber\_Folks!

 4 Ianuarie 2023    9 februarie 2023    aprox. 2 min



## Găzduire WordPress

### În sfârșit este mai rapid să ajungi la clienți noi!

MxHost face parte din grupul cyber\_...  
pentru a-ți oferi mult, mult mai mult!

cyber – este despre servere, pe...

Folks – este despre oameni, co...

Hosting pentru companii și dezvoltatori web, care vor ca  
pagina lor WordPress să fie mai sus în Google și să aibă mai  
mulți clienți. Cum? Datorită vitezei de încărcare mai bune!



#### ALEGEREA CLIENTULUI

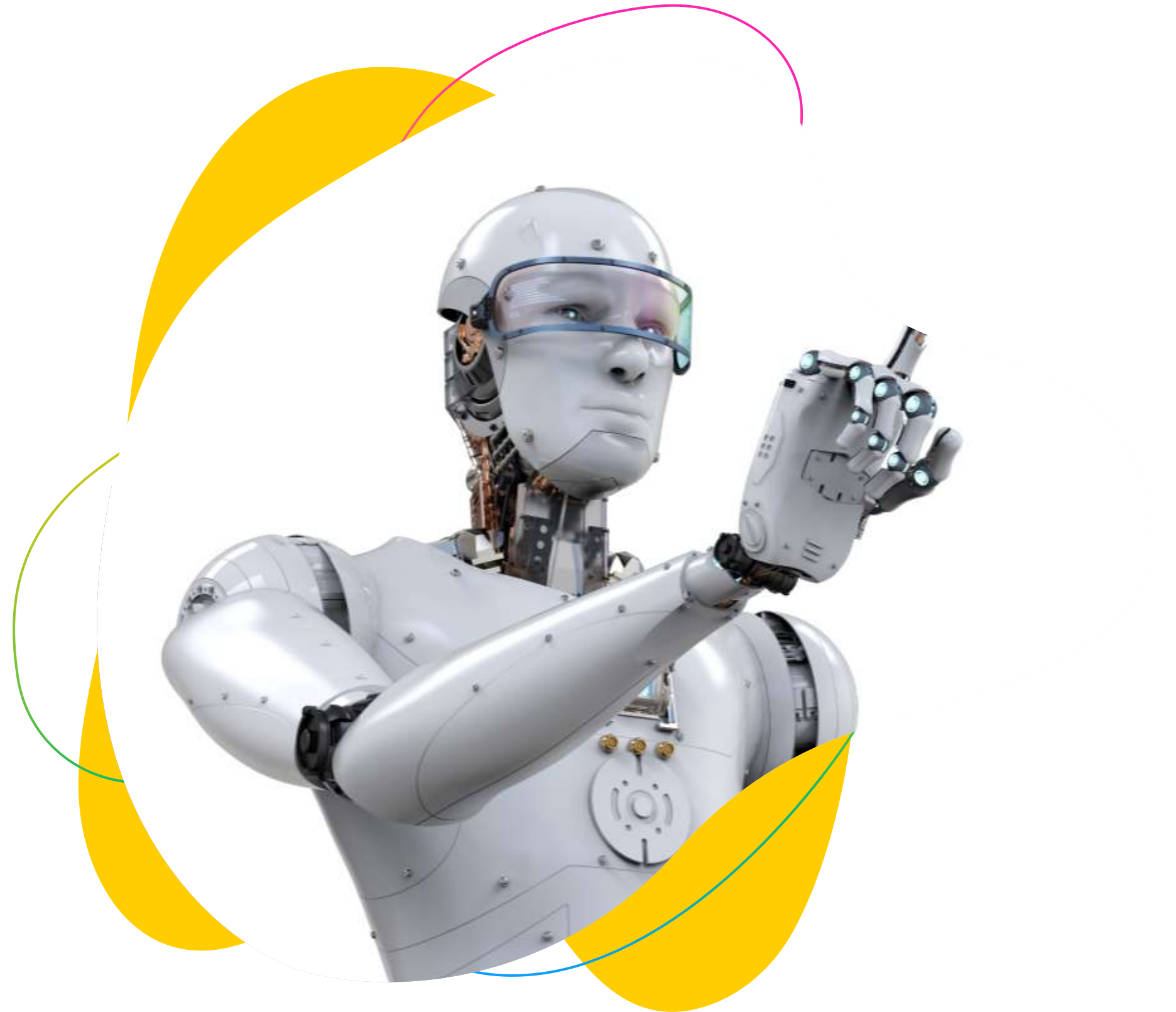
<p><b>wp_IN!</b></p> <p>Pentru începători</p> <p>10 GB NVMe</p>	<p><b>wp_UP!</b></p> <p>Pentru companii mici și bloggeri</p> <p>20 GB NVMe</p>	<p><b>wp_GO!</b></p> <p>Pentru companii și magazine mici</p> <p>60 GB NVMe</p>	<p><b>wp_FLY!</b></p> <p>Pentru companii mari și dezvoltatori</p> <p>120 GB NVMe</p>
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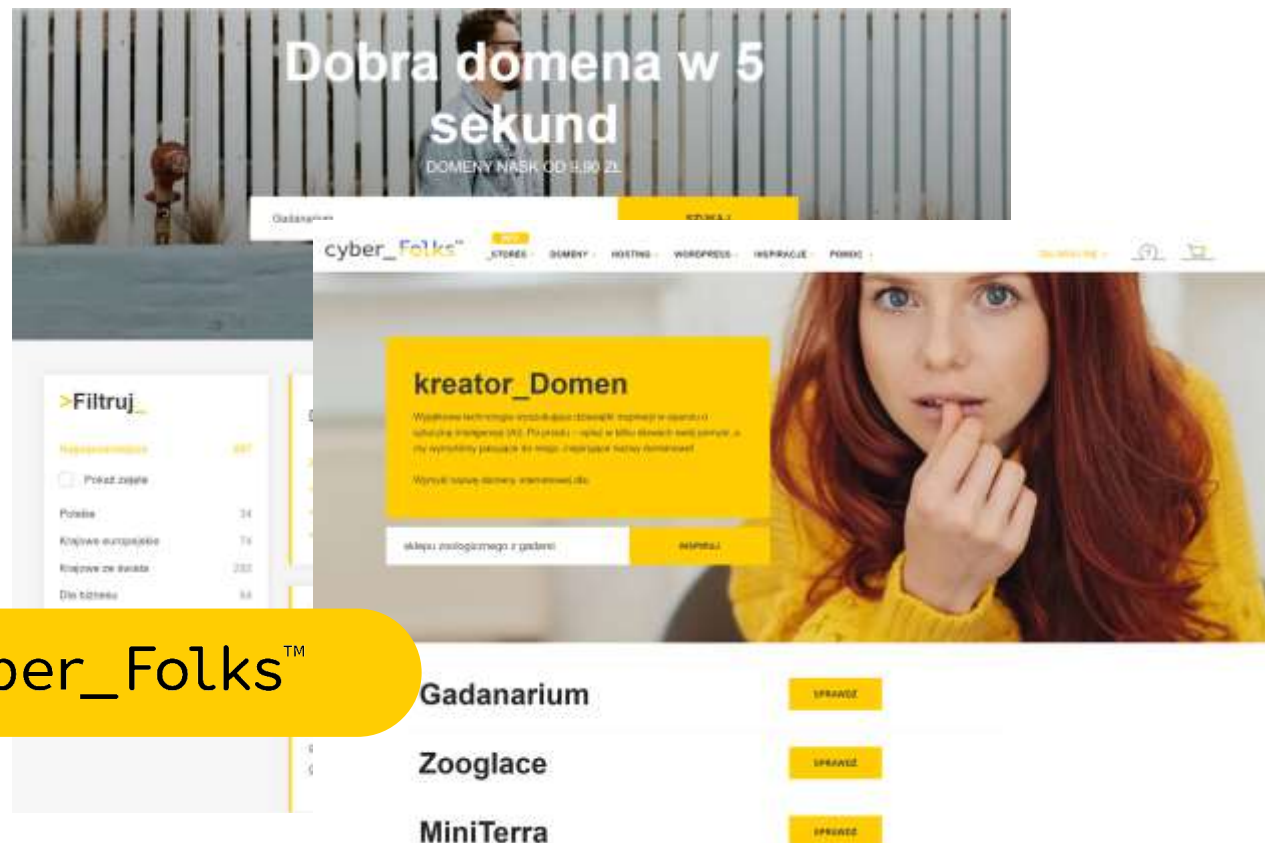
# AI

R22 Group companies implement solutions based on artificial intelligence (AI)



# cyber\_Folks: AI domain creator

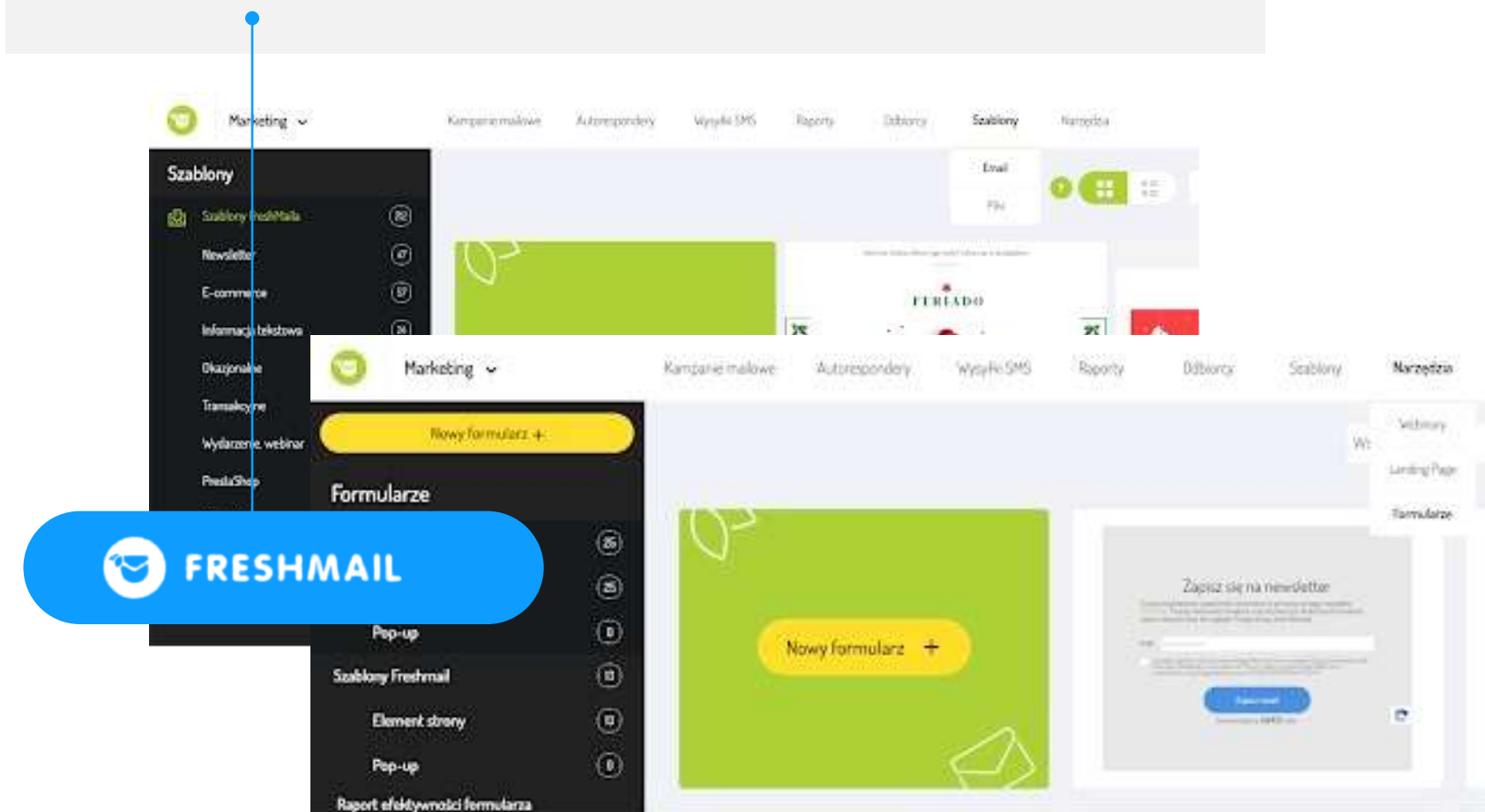
**cyber\_Folks** is probably the first hosting operator in Europe to provide its clients with an AI-based domain name creator. Until now, cyber\_Folks clients had access to a creator based largely on the algorithmic approach, based on a synonymizer and on translations into foreign languages. The current offering is **based on OpenAI technology** made famous by Chat GPT.



cyber\_Folks™

# FreshMail: SendGuard

**FreshMail** introduces SendGuard, a solution that uses **AI** and **ML** to analyze a wide spectrum of message parameters in e-mail marketing and transaction-related messages. SendGuard helps boost the **message delivery rate** by offering clients **anti-spam and anti-phishing features**.



# User.com: AI Chat

**User.com** introduces an intuitive and user-friendly chat that replies to ~76% of user queries in real time thanks to Artificial Intelligence (AI).

The system is powered by two models:

- **OpenAI Davinci-003** trained for User.com,
- **User.com Angel I** which is restricted and hosted on User.com servers in Europe.

AI Chat User.com capacities include the following:

- **automatic read-out and understanding of user messages and generating the appropriate responses** based on user messages and a knowledge database available as part of the application,
- **effective learning of the model using the existing client documentation and the ability to easily add new knowledge** to the system by creating articles on specific topics.

AI Chat is currently able to answer queries in English with plans to expand it to additional languages in the near future.

**user.com**

A pleasure to help today...



Hey again! 🙋 Can I change my plan during the active Diet4You subscription?

Sure, you can change your plan at any moment. All you need to do is contact the dietitian assigned and discuss your nutritional needs. The dietitian will then activate the new plan inside your account.





# Investment Thesis

Consistent distribution of profit to shareholders





## 4th place in the Stock Exchange Company of the Year ranking

R22 was ranked **4th in a ranking of 140 companies** listed on the WSE. The chapter of more than **100 members** includes **analysts, fund managers and investment advisers**.

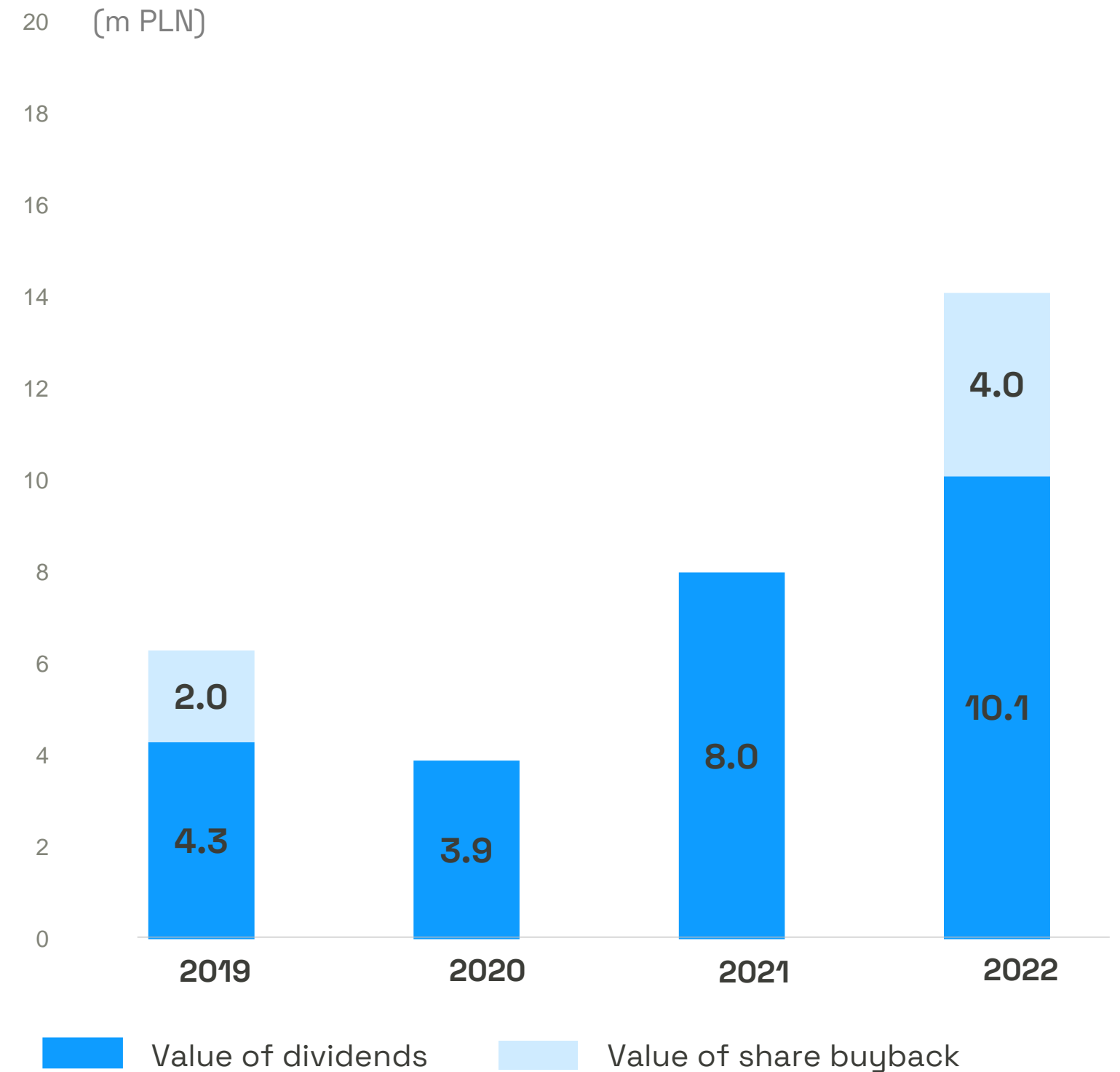
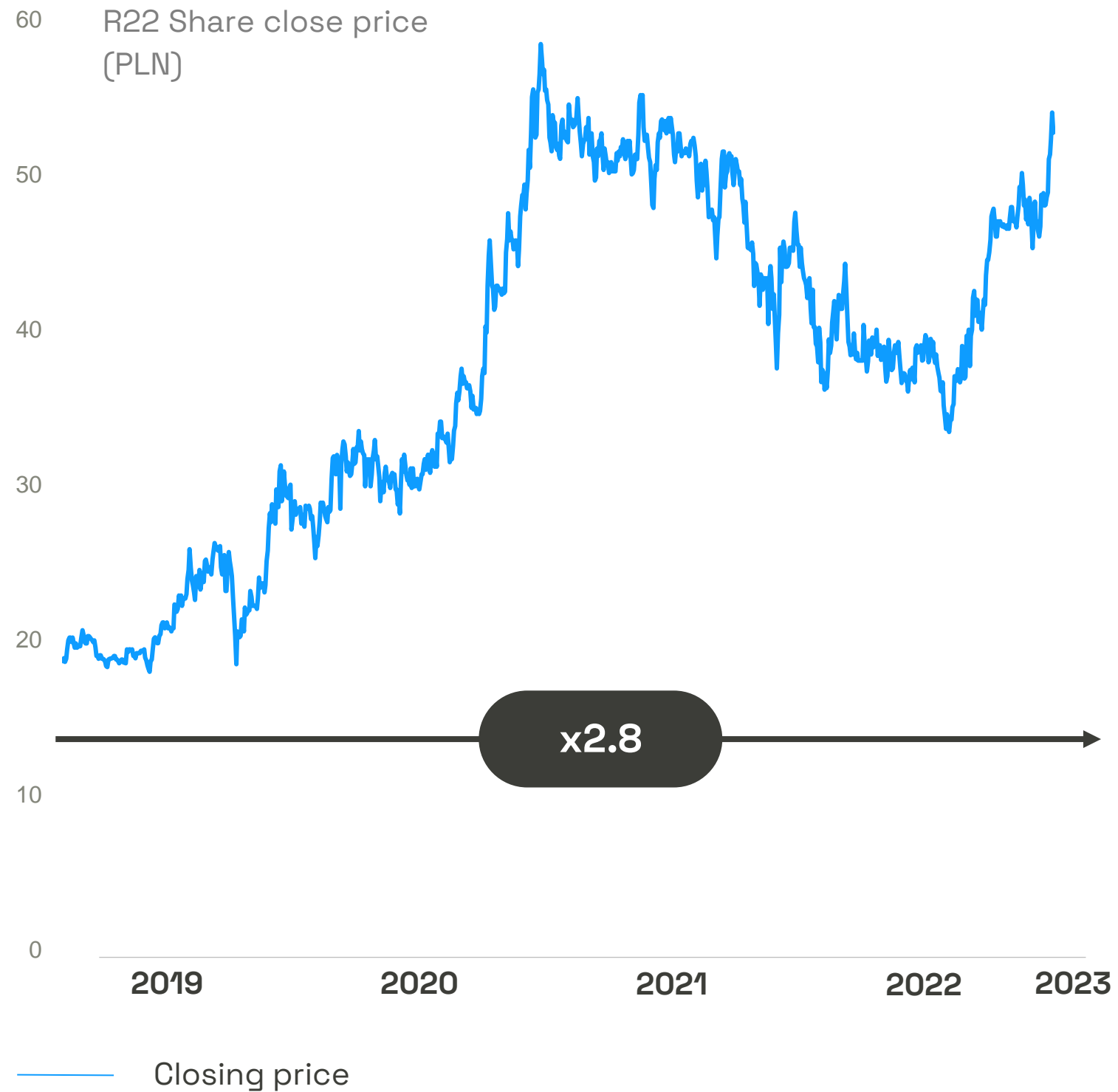
Aspects assessed included the competence of the management board, growth prospects, innovation of products and services, quality of investor relations and the success of the company in 2022.

R22 scored 85.97/100 points placing it among the top ten listed companies according to the ranking.





# Dividends: Investors benefiting from strategy execution





R22

# Highlights 2022





# Highlights 2022

**13 January 2022**

- **Profitroom has won the main prize in the competition "Polish Company - International Champion."**
- Profitroom, a company belonging to the R22 Group - a provider of booking technologies for the majority of Polish hotels - won the main prize in the competition 'Polish Company - International Champion' in the category 'Debutant on Foreign Markets' organised jointly by PwC and Puls Biznesu. The competition focuses on honouring Polish companies which, thanks to foreign investments and export activities, are transforming into global entities, successfully competing on foreign markets and building the Polish brand on the international arena.

**24 March 2022**

- **Nearly PLN 300m revenue for the R22 Group in 2021.**
- The R22 Group continues its dynamic growth, increasing the scale of its operations and the financial results it achieves. In 2021 revenues increased by 33% to PLN 296.6m and adjusted EBITDA increased by 26% to PLN 77.2m. Adjusted net profit attributable to shareholders of the parent company was 28% higher than a year earlier, at PLN 28.9m, or PLN 2.06 per share. The dynamic growth in the Group's results is supported by favourable market trends in the digitalisation and automation of the economy and exposure to the fast-growing e-commerce industry.

**26 April 2022**

- **Vercom has acquired MailerLite**
- Vercom has reached a milestone in its international market expansion. The acquisition of MailerLite, a global provider of email communication tools for business customers headquartered in the US, has allowed the company to nearly triple its customer base and establish a presence in 180 markets. MailerLite's main markets are the US and Western Europe, which together account for more than 70 per cent of the company's revenue. MailerLite has more than 38k customers in 180 markets and employs around 100 people in 30 international locations. The value of the transaction was approximately PLN 340m.

**9 May 2022**

- **Management Board recommends distribution of profit for 2021**
- Management Board of R22 has proposed to the General Meeting a transfer to shareholders of PLN 14m, or 55% of the consolidated net profit attributable to shareholders of the parent company for 2021. The Board's original recommendation was to carry out a buyback of up to 260,000 treasury shares, at a price of no more than PLN 54.00 per share. Influenced by the dialogue with individual investors, CEO and significant shareholder, Jakub Dwernicki, proposed amendments to the draft resolutions, which included the payment of a dividend of PLN 10m and a share buyback of PLN 4m.



# Highlights 2022

**13 May 2022**

- **cyber\_Folks technology partner of PrestaShop**
- cyber\_Folks, as the only Polish hosting company, has become an official PrestaShop hosting partner. The e-commerce solutions, including hosting dedicated to the requirements of this application, have been recognised not only by the 11k shop owners using PrestaShop (almost half of Polish shops using this technology), but also by the producer of this software itself.

**6 June 2022**

- **General Meeting's decision on a dividend payment and a stock buyback**
- On June 6, 2022, an Ordinary General Meeting adopted a resolution on the allocation of profit for the fiscal year 2021. Pursuant to that resolution, PLN 10.07m was allocated for a dividend payment totaling PLN 0.71 per share. The dividend date was set for June 11, 2022, with the payment date set for June 17, 2022. The remaining part of 2021 net profit (PLN 9.94m) was allocated to reserve capital. At the same time the OGM has authorized R22's Managing Board to conduct a stock buyback of up to 80,000 shares for PLN 50 apiece.

**14 June 2022**

- **Taking up shares in Vercom and the sale of Oxyllion shares**
- As part of the transaction, R22 acquired 903,085 new issue shares in Vercom S.A. for a total issue price of PLN 37.0m in exchange for a non-cash contribution of 100% of Oxyllion S.A. shares (PLN 28.0m) and a cash contribution (PLN 9.0m). The amount of PLN 8.0m was used to repay Oxyllion S.A.'s debt to R22.





# Highlights 2022

**2 August 2022**

→ **Organizational changes at cyber\_Folks**

- The Ordinary General Meeting of cyber\_Folks made a decision to change the company's Managing Board. Robert Stasik was recalled from his position as a Managing Board member and was appointed to cyber\_Folks Supervisory Board. At the same time Katarzyna Juskiewicz, Konrad Kowalski and Artur Pajkert were appointed as new Managing Board members. The General Meeting also decided on cyber\_Folks share split and a dividend payment totaling nearly PLN 18m.
- Prior to that, in January 2022, newly issued shares of cyber\_Folks S.A. representing a combined stake of 0.57% were taken up by Tomasz Karwatka and Piotr Karwatka in return for a cash payment of PLN 3m. The Karwatka brothers have extensive experience in the development of eCommerce projects and are currently managing venture builder Catch The Tornado.

**21 September 2022**

→ **cyber\_Folks launches \_Stores**

- \_Stores is a creator for setting up and running online shops. The product is currently available in Beta version. The product stands out for its comprehensive offering, intuitiveness and ease of use, as well as its support in terms of technology and activities focused on increasing sales.

**20 October 2022**

→ **R22 makes early repayment of loans taken from PFR TFI**

- R22 has made an early repayment of loans totalling EUR 3m taken out in 2018 from the Foreign Expansion Fund. The loan proceeds were used for a number of acquisitions in the Romanian and Croatian markets in 2018-2019. Over the past four years, R22 has acquired nine foreign hosting companies.

**27 October 2022**

→ **Book launch 'Patent na e-commerce' [Patent for e-commerce]**

- During the 22nd eCommerce Fair in Warsaw, the book 'Patent for e-commerce' was premiered, in which representatives of leading Polish e-commerce brands share their knowledge and experience in running an e-commerce business. Full of inspiration, the book is available to cyber\_Folks customers and in Empik stores.

R22

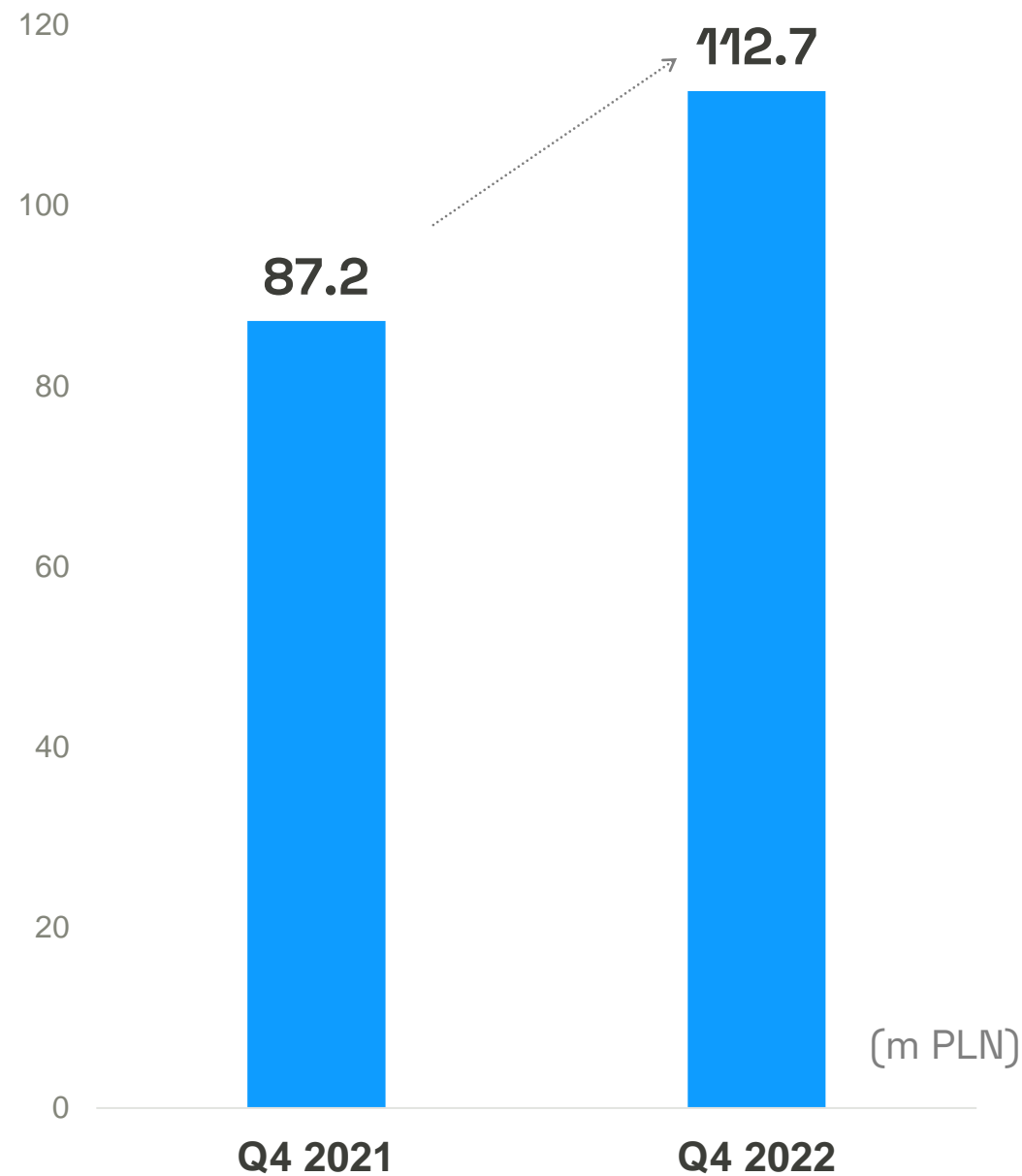
# Selected financial results



# R22: Threefold increase in net profit

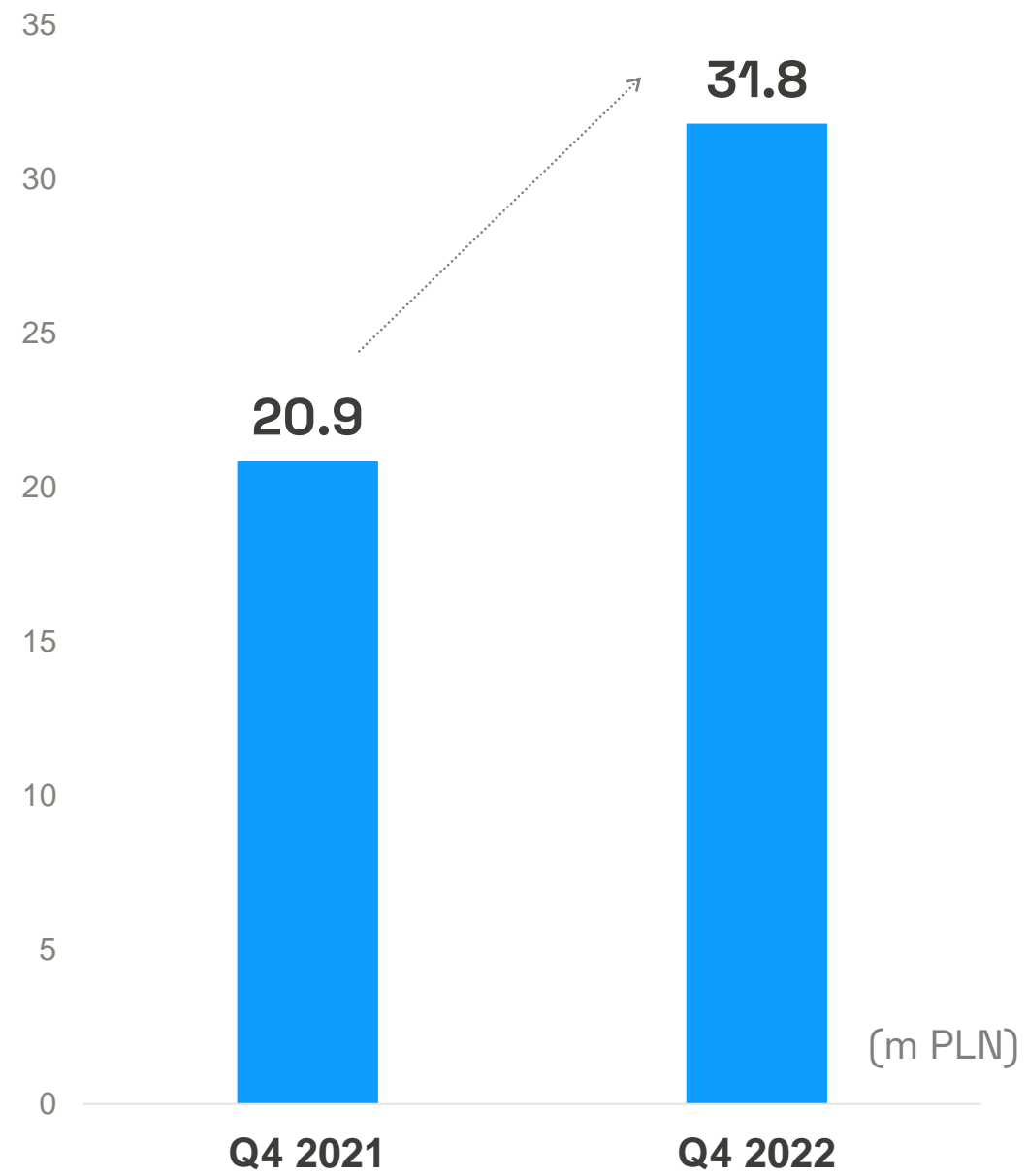
Revenue

+29%



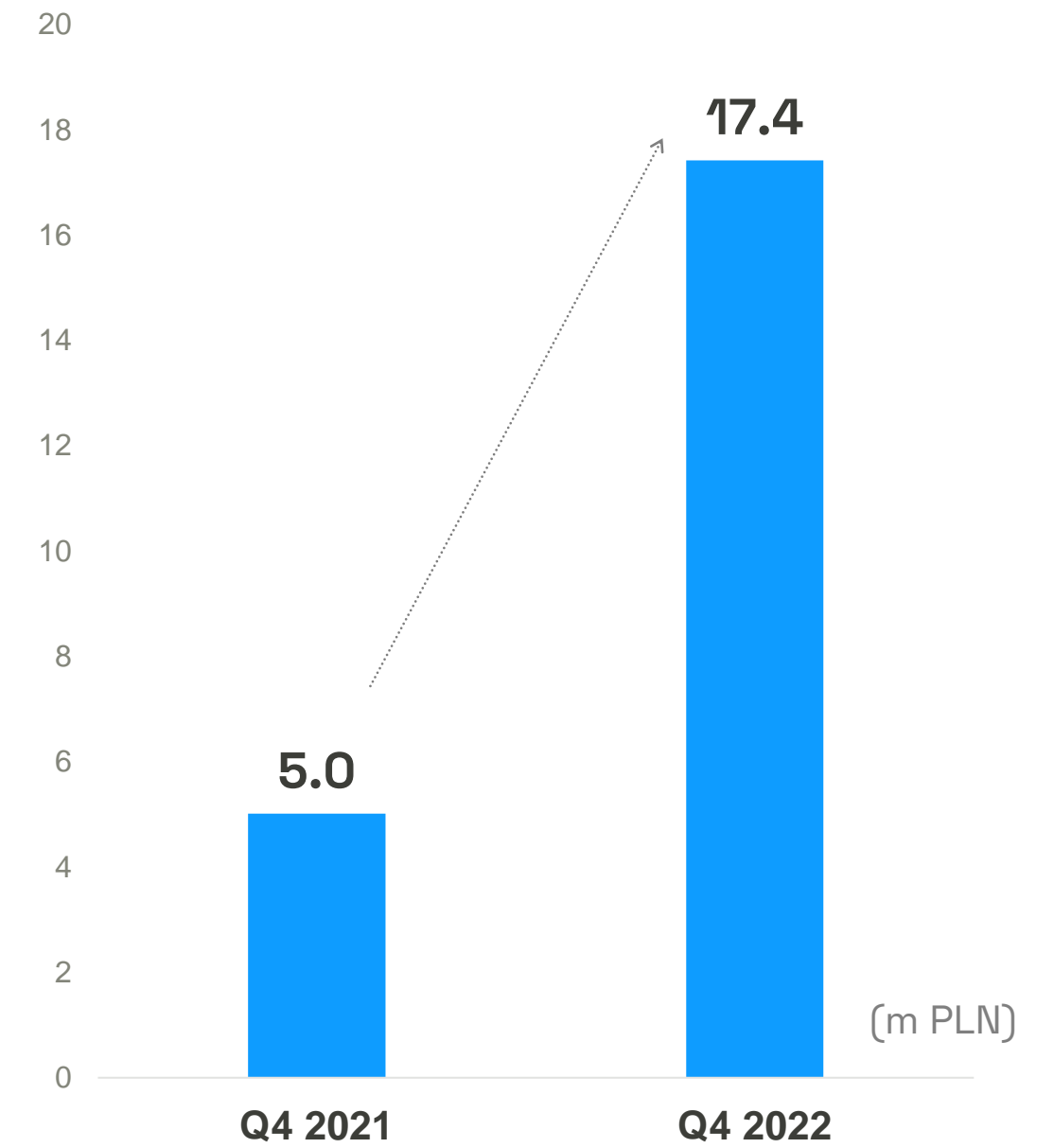
Adjusted EBITDA

+53%



Net profit

+247%



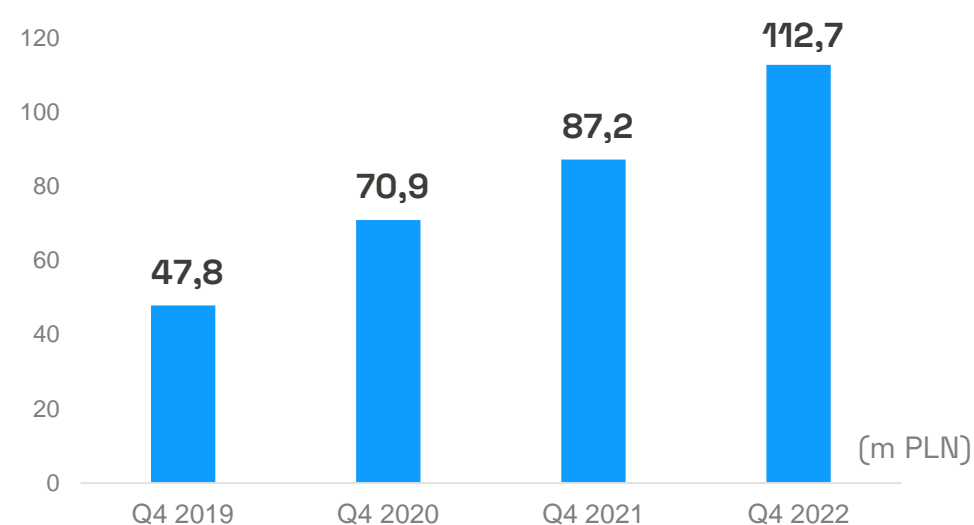


# Dynamic growth of revenues and profits

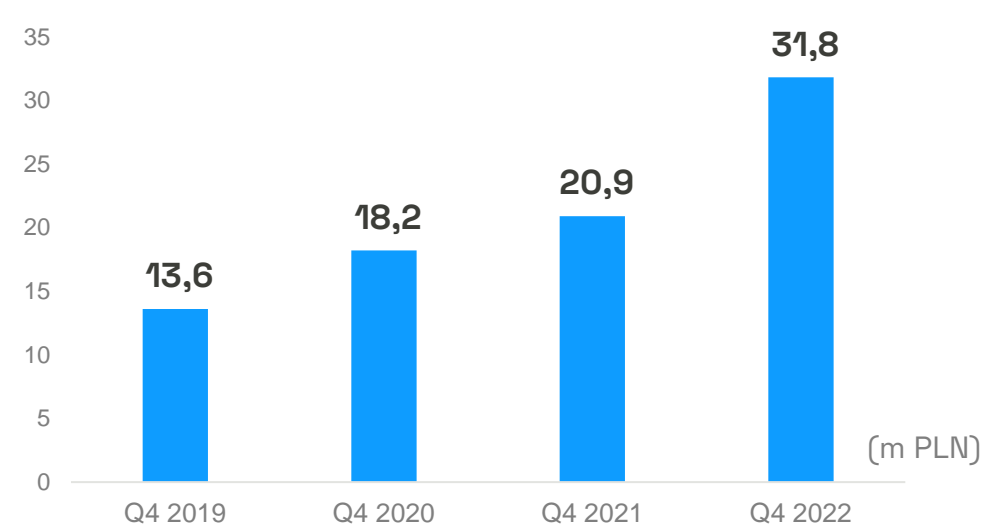
## Selected consolidated financial data:

(k PLN)	12M 2021	12M 2022	Change	Q4 2021	Q4 2022	Change
Revenue from sales	296 600	392 177	32.2%	87 233	112 738	29.2%
EBIT	48 556	74 342	53.1%	9 786	24 556	150.9%
Adjusted EBITDA	77 211	103 563	34.1%	20 859	31 837	52.6%
Transaction costs	2 555	2 220	-13.1%	1 343	-26	-101.9%
ESOP Vercom	1 796	930	-48.2%	673	459	-31.8%
Other adjustments	2 867	-503	-117.5%	2 570	0	-100.0%
<b>Net Profit</b>	<b>33 029</b>	<b>40 220</b>	<b>21.8%</b>	<b>5 014</b>	<b>17 421</b>	<b>247.4%</b>
<b>Net Profit attributable to shareholders of parent company</b>	<b>25 437</b>	<b>24 011</b>	<b>-5.6%</b>	<b>3 078</b>	<b>8 834</b>	<b>187.0%</b>

## Revenue:



## Adjusted EBITDA:

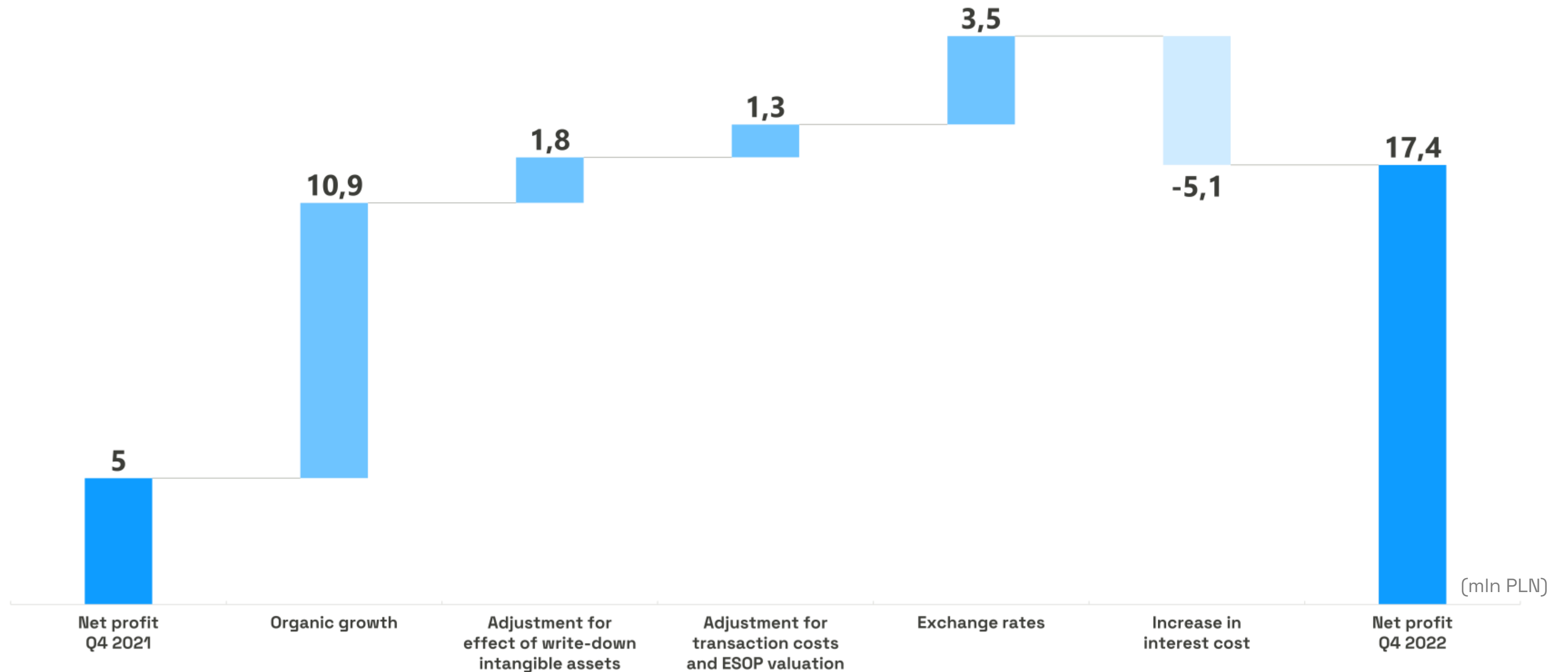


## Clear organic growth + acquisitions:

- Revenue increased to PLN 112.7m (vs. PLN 87.2m) and adjusted EBITDA to PLN 31.8m (vs. PLN 20.9m).
- Since Q3 2022 full **consolidation of the results of MailerLite** which in Q4 2022 reached sales of PLN 22.4m and an EBITDA of PLN 4.8m.
- The increase in net profit was due to organic growth and the consolidation of MailerLite since the mid-year. The results were negatively impacted by higher net financial expenses which totaled PLN 22.7m (PLN 8.0m a year ago), including primarily interest-related expenses of PLN 17.6m (vs. PLN 6.6m).
- In Q4 2022 alone, the net result saw a positive impact of net FX gains which largely reversed the negative impact recorded in Q3 2022. FX impact for the entire year totaled PLN -2m.

These numbers could fluctuate again in the following time periods. However, the valuation of EUR-denominated loans is a non-cash item and in the future time periods it will be offset by a strong stream of EUR and USD-denominated cash flows generated by MailerLite.

## Net profit: Exceptional impact of financial costs



# Significant increase in cash flow from operating activities

## Selected consolidated financial data:

(PLN)	12M 2021	12M 2022	Change	Q4 2021	Q4 2022	Change
<b>Net cash flow from operating activities</b>	<b>68 917</b>	<b>97 225</b>	<b>41.1%</b>	<b>24 340</b>	<b>31 510</b>	<b>29.5%</b>
Purchase of fixed real assets and intangibles less the proceeds from sale of fixed assets	-11 834	-13 443	13.6%	-6 476	-960	-85.2%
Payments of lease liabilities	-6 377	-8 902	39.6%	-1 879	-2 707	44.1%
<b>Unlevered FCF</b>	<b>50 706</b>	<b>74 880</b>	<b>47.7%</b>	<b>15 985</b>	<b>27 843</b>	<b>74.2%</b>
Repayment of credits and loans <sup>1)</sup>	-22 776	-27 054	18.8%	-6 015	-10 531	75.1%
Interest paid	-6 825	-19 951	192.3%	-1 262	-7 711	511.0%
Dividends to minority shareholders	-4 461	-758	-83.0%	-19	-758	3889.5%
<b>Free Cash Flow (FCF)</b>	<b>16 644</b>	<b>27 117</b>	<b>62.9%</b>	<b>8 689</b>	<b>8 843</b>	<b>1.8%</b>

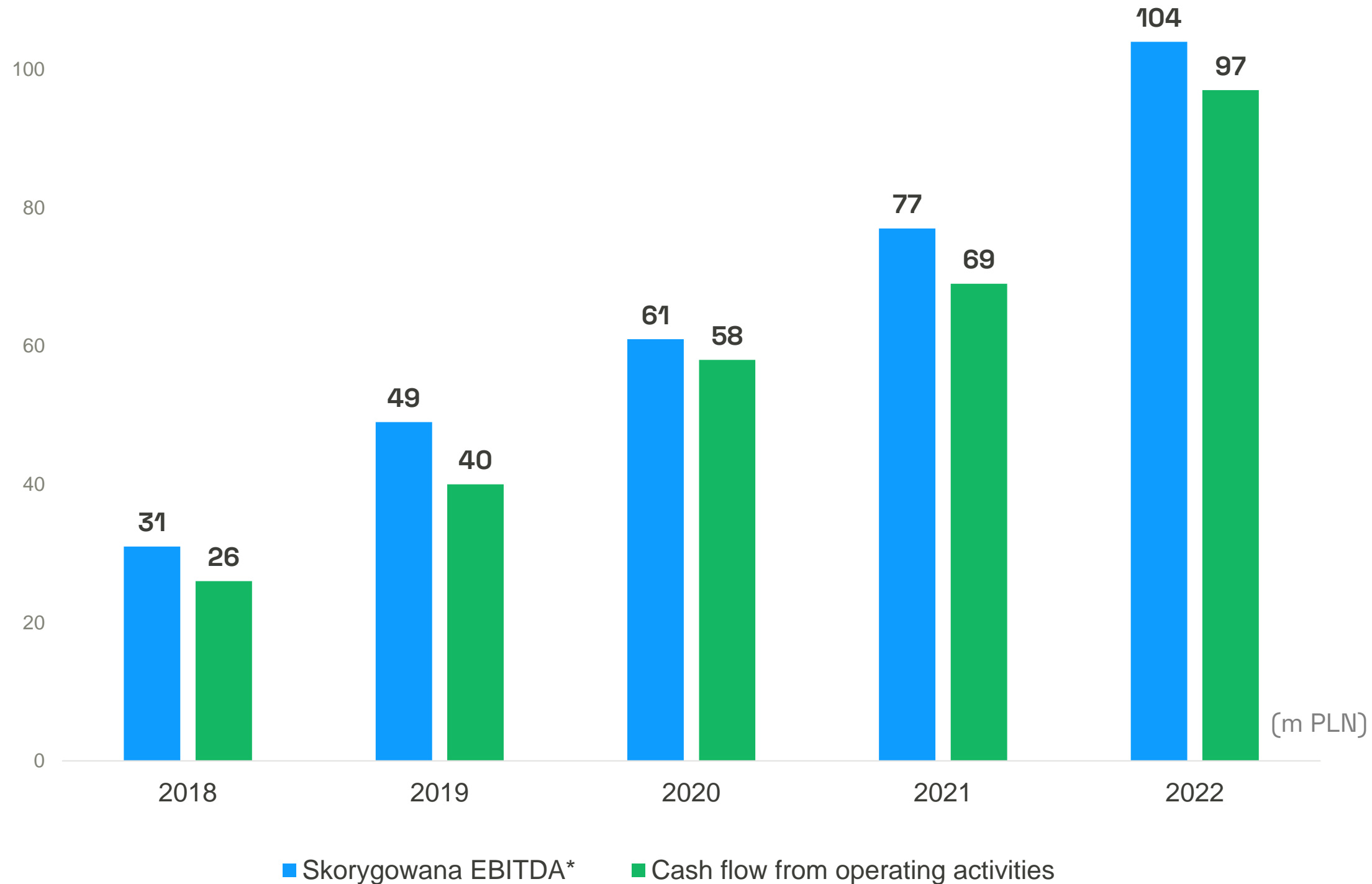
- **High, 95% conversion of EBITDA** to operating cash flow.
- **Increase in capital expenditure and lease payments** due to increased investment in the development of \_Stoers product and CPaaS platforms and increased scale of operations.
- Increase in interest paid due to the increase in WIBOR and EURIBOR.
- **Long-term ability to generate high cash surplus.** High efficiency of capital expenditure.
- **The change in net debt** is primarily due to the MailerLite acquisition financed with equity from the Vercom IPO and a bank loan.

(k PLN)	31.12.2021	31.12.2022	Change
<b>Net debt</b>	<b>73 972</b>	<b>292 150</b>	<b>295%</b>

<sup>1)</sup> Excluding the repayment of the loan to Fundusz Ekspansji Zagranicznej (Foreign Expansion Fund manager by PFR TFI) in the amount of PLN 14,387 thousand - refinanced by a bank loan.



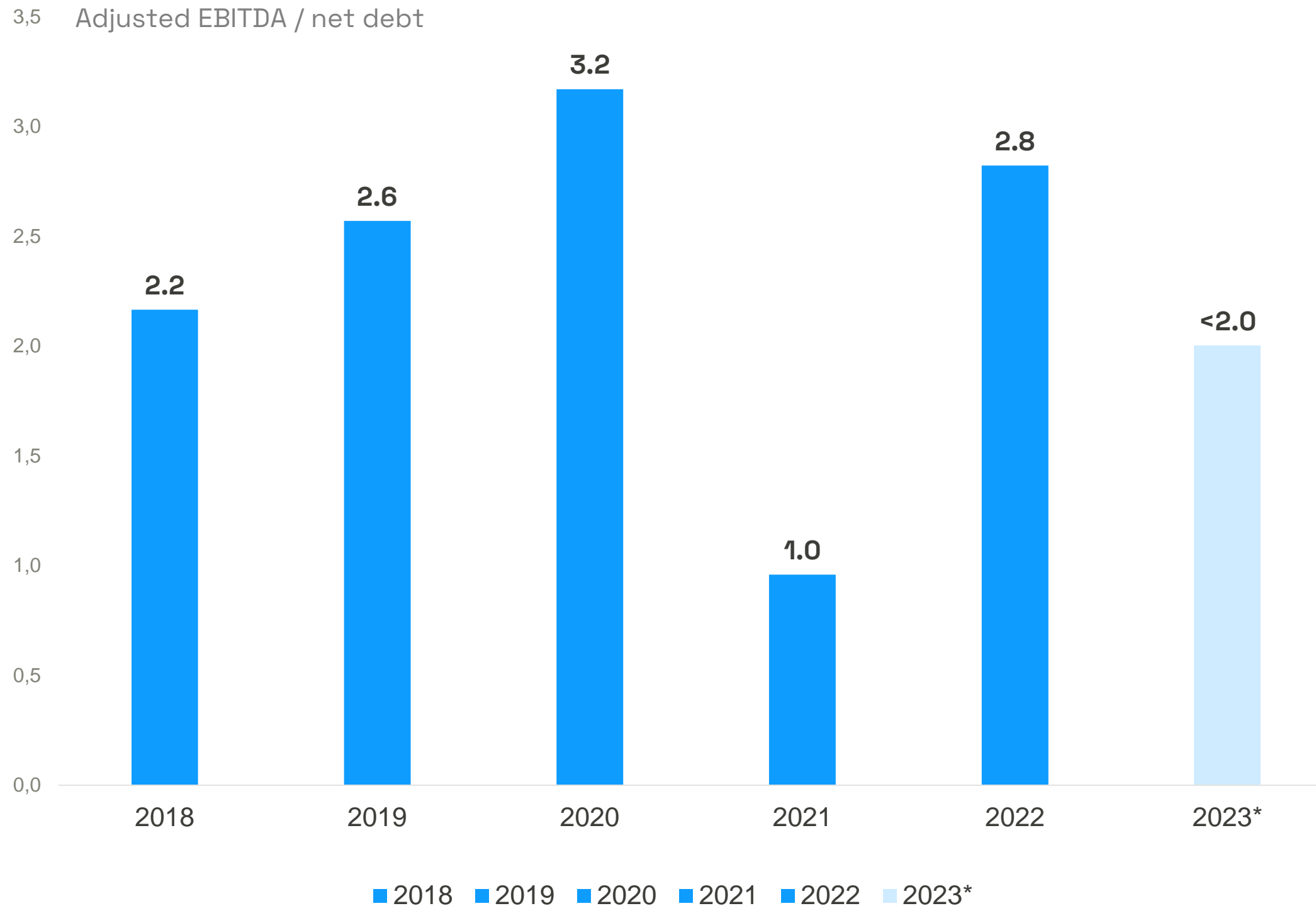
# 95% conversion of EBITDA to operating cash flow



100% conversion of EBITDA to operating cash flow in Q4 2022 alone (PLN 32m)

\*EBITDA adjusted for one-off costs (transaction costs and ESOP valuations at Vercom) and gain on sale of fixed assets

# Safe debt level: EBITDA vs. net debt



- Considering the current debt and cash levels and the loan payment schedule we see that the net debt to EBITDA ratio **stays within the historical range**.
- In Q4 2022 net debt **fell by PLN 21.6m** compared to net debt at the end of Q3 2022 (30 September 2022). As at 31 December 2022, the net debt amounted to PLN 292.15m.
- The debt level will be declining thanks to rapid growth rate and the strong cash-generating potential. Already in **2023** it should decline **below 2x EBITDA**, falling below the historical minimum (excluding the exceptional year 2021 when the group raised a substantial amount of money from Vercom IPO).

\*Target level of net debt to EBITDA in 2023

# Business Segment Overview





**cyber\_Folks**



cyber\_Folks™

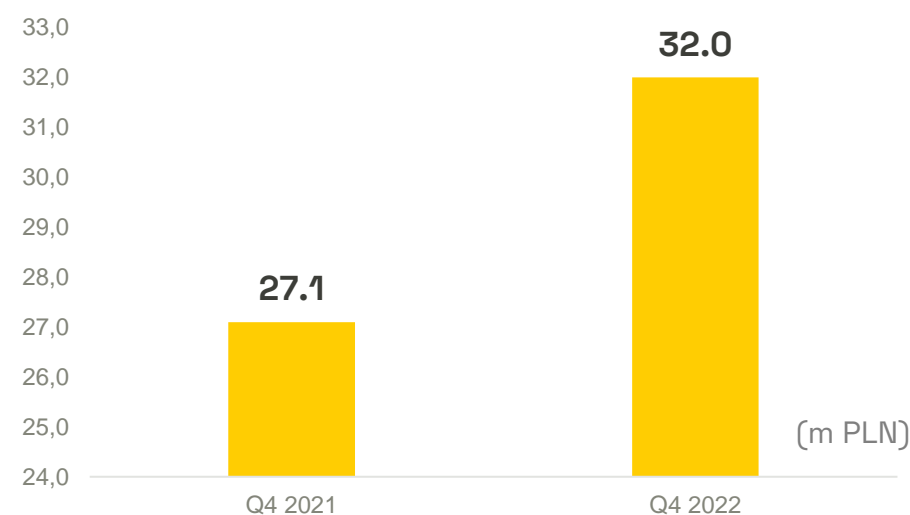
# Financial results of cyber\_Folks

## Selected financial data:

(k PLN)	12M 2021	12M 2022	Change	Q4 2021	Q4 2022	Change
Revenue	101 667	122 702	20,7%	27 144	31 968	17,8%
EBIT	26 692	35 818	34,2%	4 992	9 963	99,6%
Amortization	-12 238	-13 401	9,5%	-3 897	-2 972	-23,7%
<b>EBITDA</b>	<b>38 930</b>	<b>49 219</b>	<b>26,4%</b>	<b>8 889</b>	<b>12 935</b>	<b>45,5%</b>
Transaction costs	648	0	-100,0%	648	0	-100,0%
Adjustment of deferred income	373	0	-100,0%	373	0	-100,0%
<b>Adjusted EBITDA</b>	<b>39 951</b>	<b>49 219</b>	<b>23,2%</b>	<b>9 910</b>	<b>12 935</b>	<b>30,5%</b>
<i>Margin</i>	38,3%	40,1%	4,7%	36,5%	40,5%	23,9%
CapEx <sup>1)</sup>	10 511	8 185	-22,1%	2 792	162	-94,2%
CapEx%	10,30%	6,70%	-35,0%	10,30%	0,50%	-95,1%

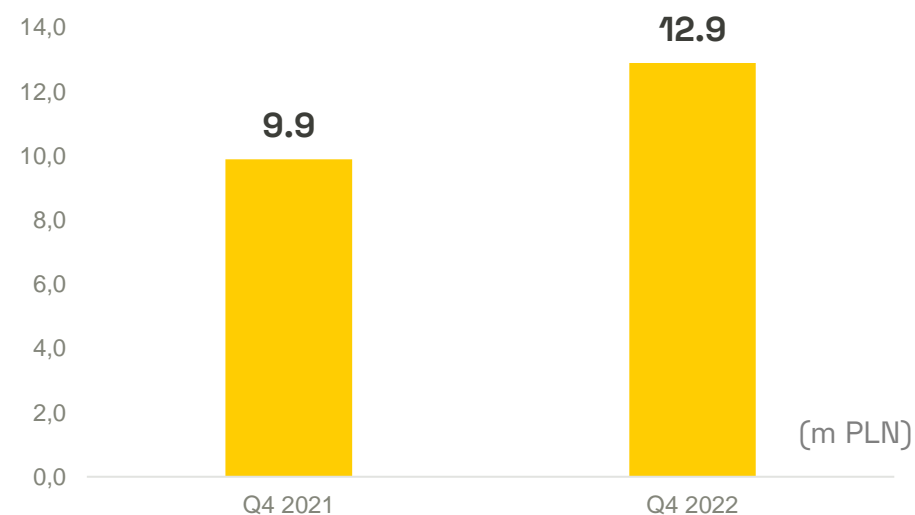
### Revenue:

+18%



### Adjusted EBITDA:

+31%



Reformatting the customer base - rotating customers and acquiring new customers with higher growth potential, particularly from the e-commerce industry.

As a result, the observed increase in ARPU and, above all, above-average EBITDA growth.

**18% increase in revenues yoy**  
**46% increase in EBITDA yoy**

Consolidation of Zenbox.pl from Q4 2021.

**Lower capital expenditure on servers compared to last year.** Major investment in new server room realised in 2021, CAPEX returned to standard levels this year.

In 2023, CAPEX assumed to increase again, related to R&D of \_Stores project and AI projects.

<sup>1)</sup> In the full year 2021 figures. CapEx excluding disclosure of lease agreement on server room worth PLN 2.467m

# Selected KPI of cyber\_Folks

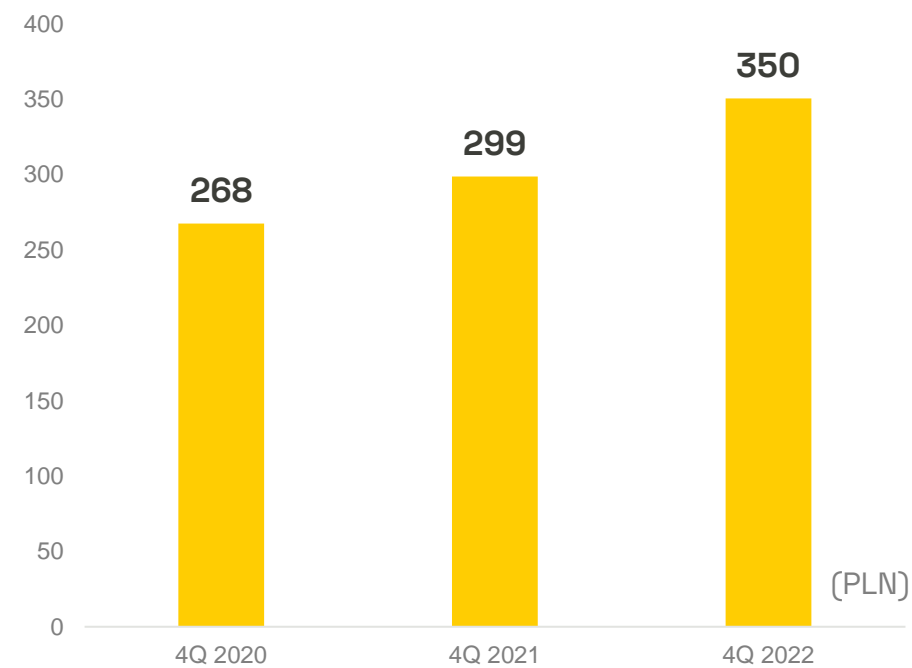
## Hosting:

	Q4 2020	Q4 2021	Q4 2022
# customer (k)	201.8	206.2	<b>221.6</b>
ARPU LTM (PLN)	267.6	298.6	<b>350.4</b>

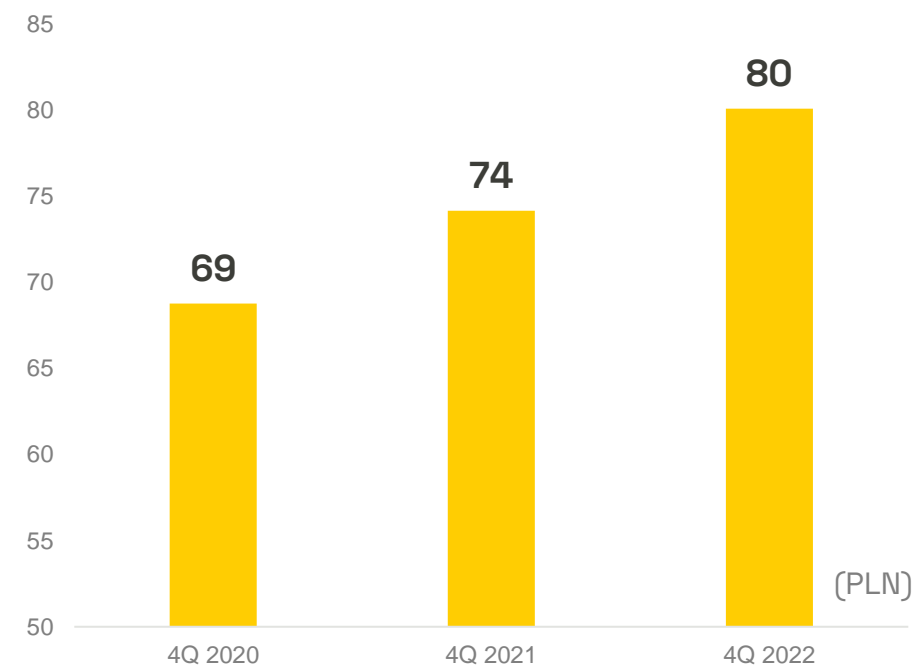
## Domains:

	Q4 2020 <sup>1)</sup>	Q4 2021 <sup>2)</sup>	Q4 2022 <sup>2)</sup>
# domains (k)	<b>368.4</b>	<b>368.4</b>	<b>396.4</b>
ARPU LTM <sup>3)</sup> (PLN)	<b>68.8</b>	<b>74.2</b>	<b>80.1</b>

## ARPU LTM:



## ARPU LTM<sup>3)</sup>:



**Focus on e-commerce**

**Increase in ARPU nad margin**

**High level of service quality and customer satisfaction.**

Stable level of NPS and First Time Response.

The group has about **220k hosting customers**  
and over **396k domains**

Stable churn, better the market average:

Hosting 17%

Domains 27%

- 1) Including 22.8k domains in the promotion for PLN 0
- 2) All paid domains.
- 3) Only on paid domains.



**CPaaS**



**VERCOM**

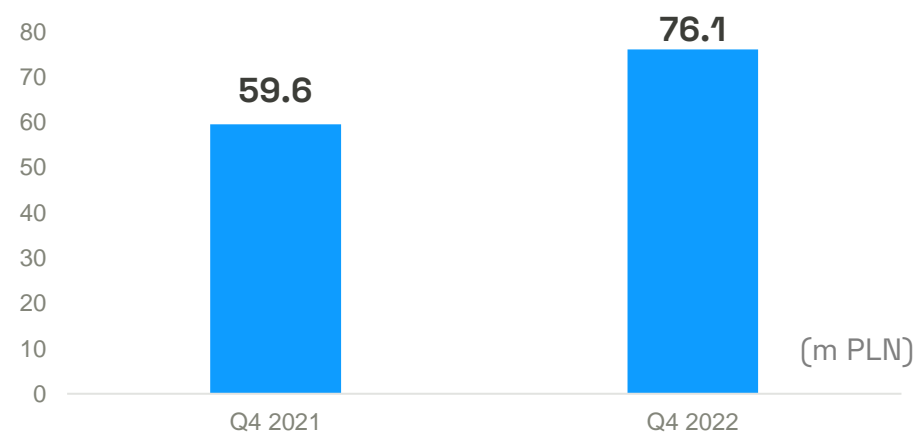
# Financial results of CPaaS

## Selected financial data:

(k PLN)	12M 2021	12M 2022	Change	Q4 2021	Q4 2022	Change
<b>Revenue</b>	192 811	266 920	38,4%	59 602	81 236	36,3%
EBIT	29 793	42 737	43,4%	8 345	14 909	78,7%
Amortization	-8 235	-11 521	40,6%	-2 139	-3 384	53,8%
<b>EBITDA</b>	<b>38 028</b>	<b>54 258</b>	<b>42,7%</b>	<b>10 791</b>	<b>18 293</b>	<b>69,5%</b>
Transaction costs	1 907	2 220	16,4%	695	-26	
ESOP	1 796	930	-48,2%	673	459	-48,2%
Profit for sale fixed assets	0	-224		0	0	
Organisation of the IPO	297	0		0	0	
<b>Adjusted EBITDA</b>	<b>42 048</b>	<b>57 184</b>	<b>36,0%</b>	<b>12 159</b>	<b>18 726</b>	<b>54,0%</b>
<i>Margin</i>	21,8%	21,4%		20,4%	23,1%	
<b>CapEx</b>	9 282	8 983	-3,2%	4 607	2 057	-55,3%
<i>CapEx%</i>	4,8%	3,4%		7,7%	2,5%	

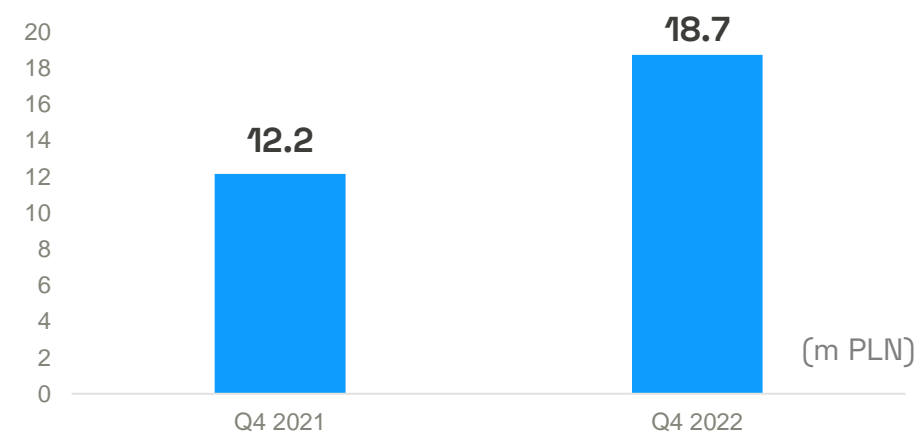
### Revenue:

**+36%**



### Adjusted EBITDA:

**+54%**



Nearly 40% increase in revenue

From Q3 2022, full consolidation of MailerLite results

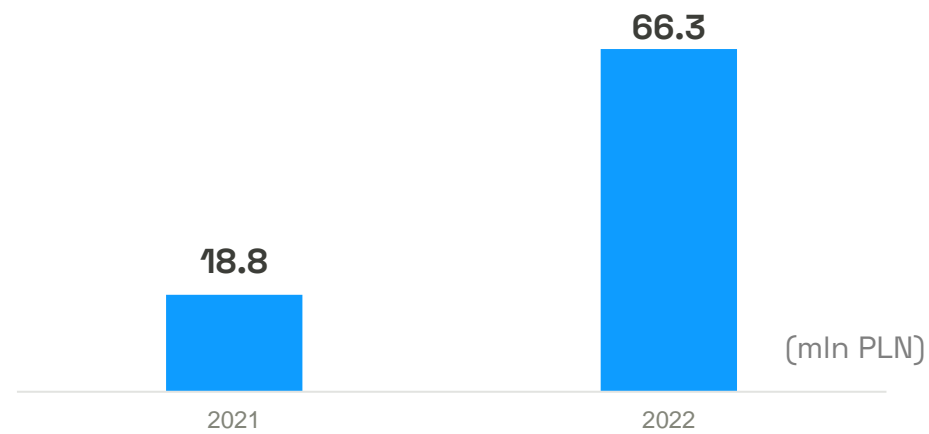
High cash generation capacity

CPaaS segment includes Oxylion results

# Selected KPI of CPaaS

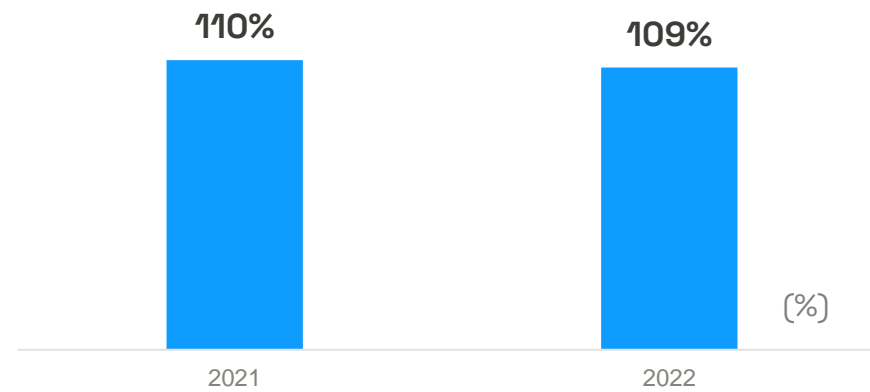
# customers:

+254%



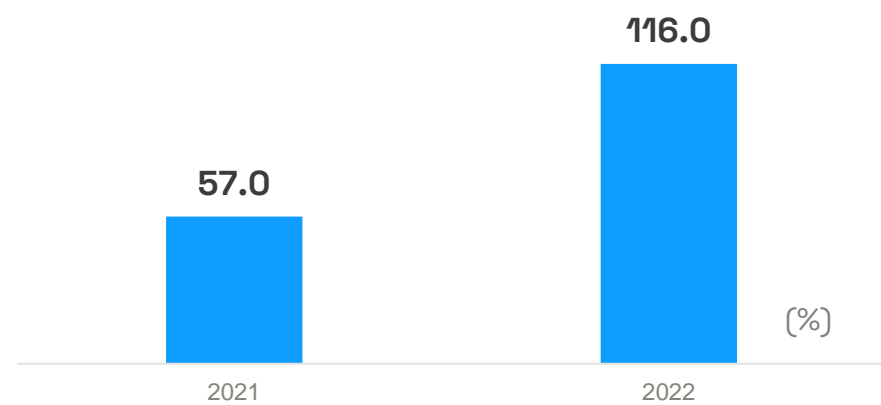
NER<sup>(1)</sup>:

-1 p.p.



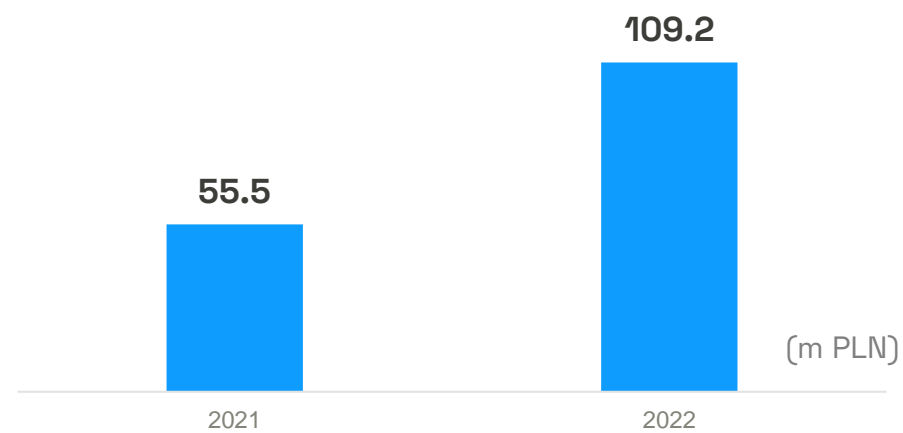
Gross margin:

+103%



Foreign sales:

x2



## 3.5-fold increase in the number of customers

Increase in industry and geographic diversification of customers

## 2-fold increase in gross margin to PLN 116 million

Improved product mix for high-margin services - email and push channels in consolidated revenues

Leap in **international sales growth** as a result of MailerLite acquisition

Presence in **180 markets** with strong exposure to the US and Western Europe

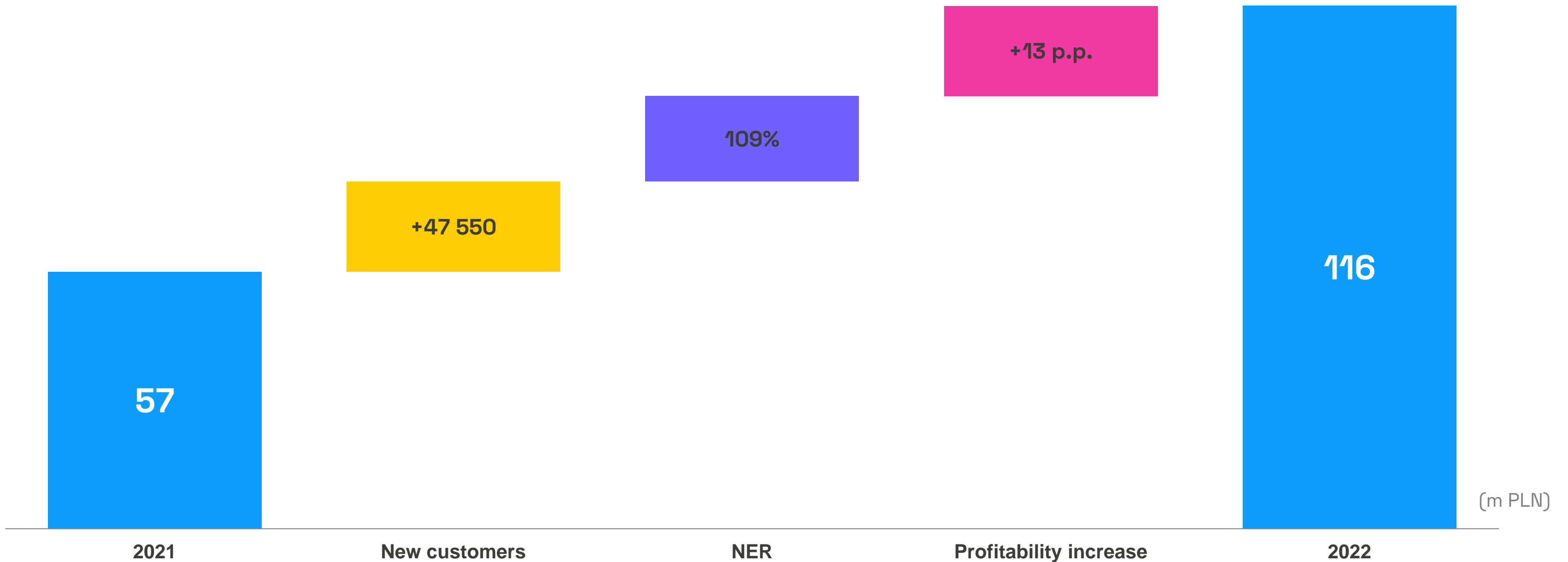
(1) NER (Net Expansion Rate): increase in sales to a repeat group of customers, i.e. entities that were the Group's customers in the period for which the ratio is calculated and in the comparative period



# Dynamic growth of the gross margin

Gross margin:

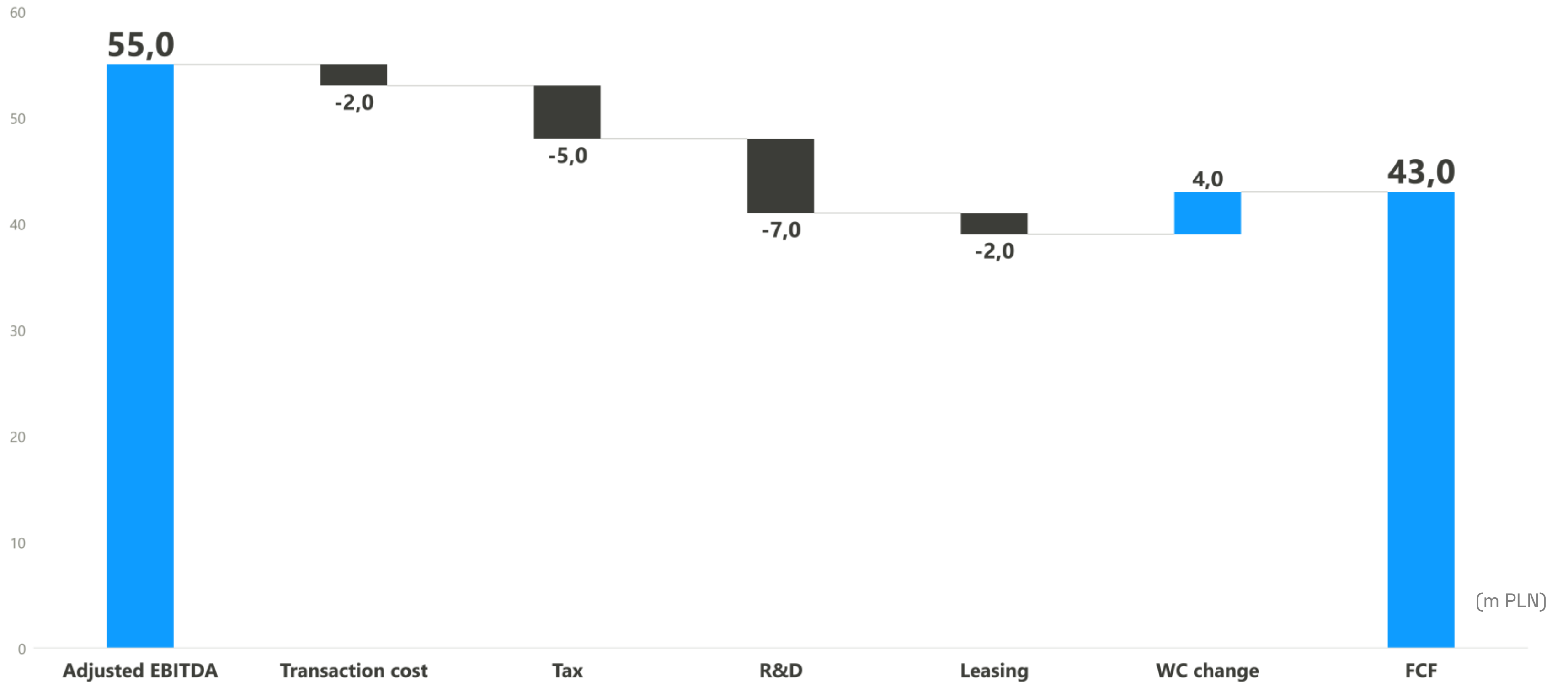
x2



(1) NER (Net Expansion Rate): increase in sales to a repeat group of customers, i.e. entities that were the Group's customers in the period for which the ratio is calculated and in the comparative period.

Refers to revenue from the CPaaS segment.

## Cash Flow: High EBITDA to cash conversion



# Communication Platform as a Service

## Basic information

Vercom creates global cloud-based communications platforms (CPaaS) that enable companies to build and develop lasting relationships with their audiences across multiple communication channels.

Vercom's solutions help our customers and partners overcome communication complexity, automate and scale-up, while maintaining high deliverability and efficiency - all in a fast, secure and reliable manner.

The company's solutions include services using commonly used communication channels, such as SMS, email and push.

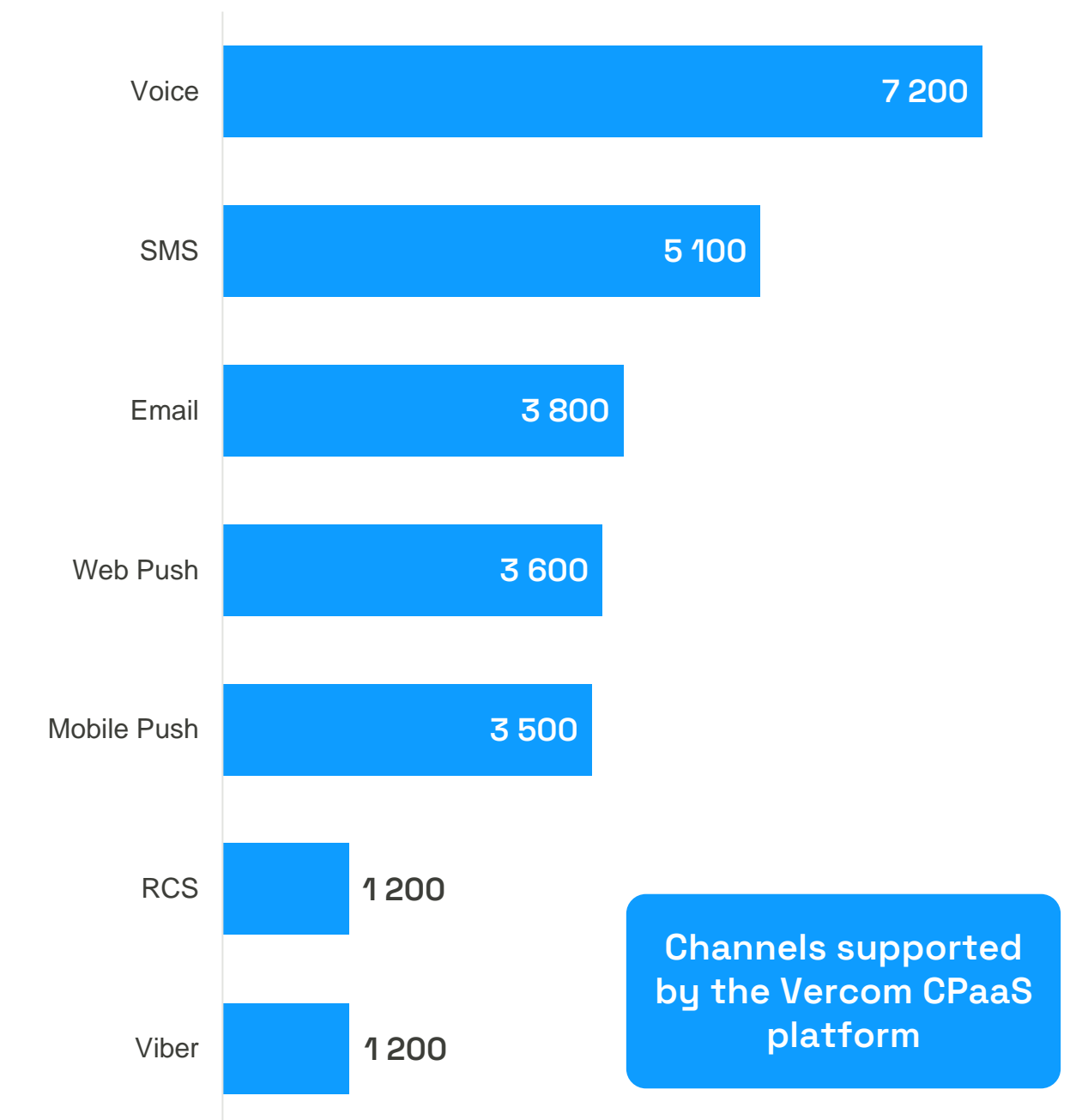
Vercom's clients are entities from various sectors of the economy, in particular e-commerce companies and e-commerce support services, including logistics of electronic payments. Entities from the financial sector are also a significant group of clients.

## CPaaS services

CPaaS is a solution enabling communication between companies and their customers through one centralized platform.

The platform organizes communication within complementary channels: SMS, e-mail, push, OTT, as well as voice and video. In B2C communication, each of these channels has a specific purpose. The key to effective communication is the appropriate combination of individual channels, thanks to which it is possible to transfer transactional and marketing information as effectively as possible.

## Global range (m users)



Source: GSMA.com, Statista, Facebook



# Communication Platform as a Service

## Why is it worth using CPaaS services

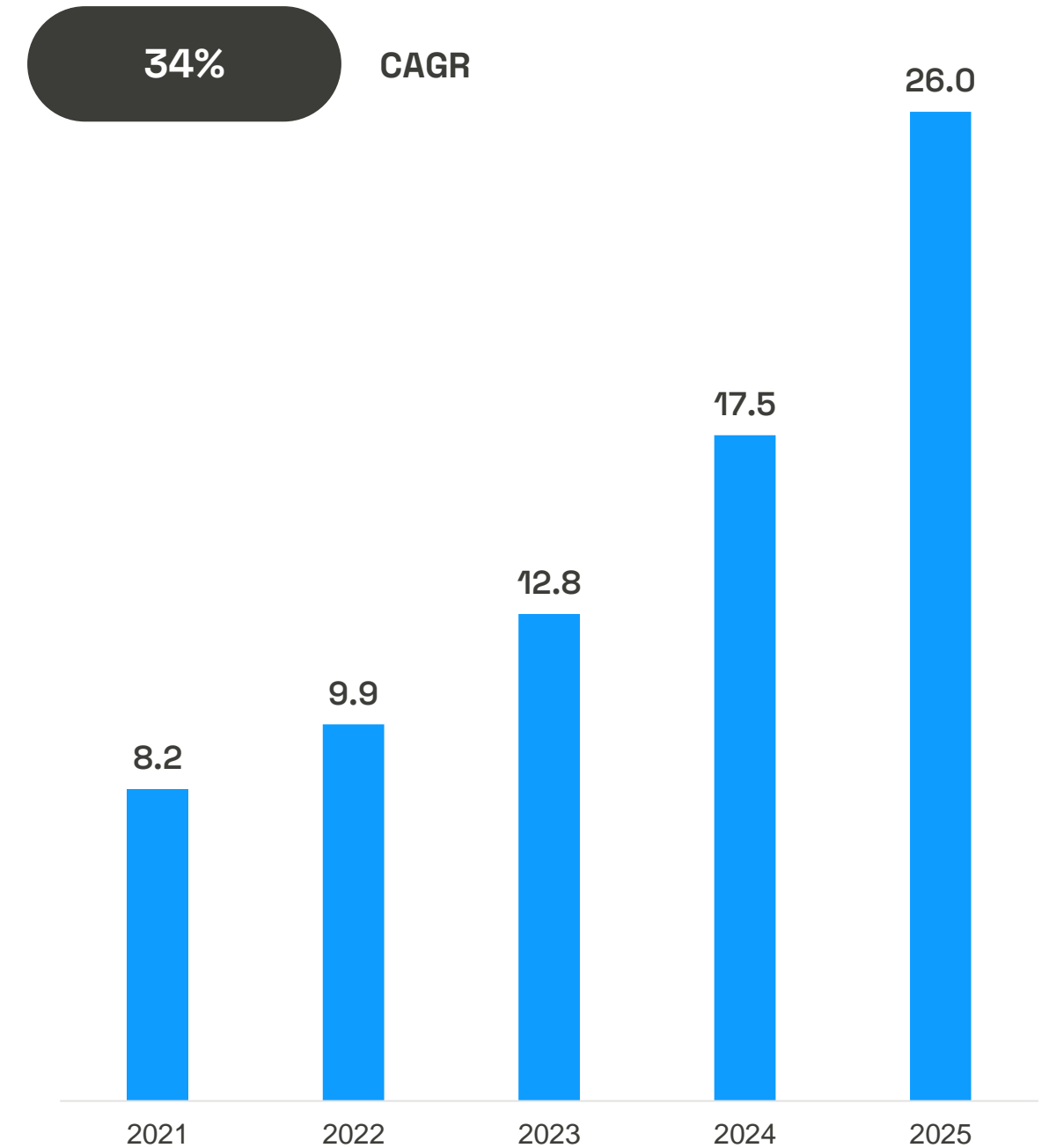
Thanks, among others the use of distributed system architecture and appropriate encryption standards, the use of CPaaS greatly facilitates the management of communication processes and increases security.

## CPaaS market

The main stimulants of the growth of this market are the dynamic development of e-commerce, the development of marketing automation services and the broadly understood digitization of society (banking, telecommunications, administration, etc.). The growth of e-commerce consequently drives the growth of the entire ecosystem supporting its operation (logistics, payments, MarTech). For each single online transaction, the CPaaS platform is responsible for providing several information and messages for entities participating in this process.

The level of use of CPaaS services among enterprises is relatively low, which is another factor positively influencing the market development prospects in the long term. The market is still dominated by single-channel solutions, which, compared to multi-channel solutions, are less effective, convert less well, are usually more expensive and more complicated to manage.

## Global SPaaS market value (b USD)



# User.com: dynamic growth of no-code platform in SaaS model



## User.com:

User.com is a full-service No-Code Marketing Automation (MA) & Customer Data Platform (CDP) that helps mid-market and enterprise-class clients convert huge amounts of data into personalized customer experience, consequently helping to increase their revenues.

The system can be used to build a single source of knowledge about clients (data collected in real term combined with data from various external sources and applications) and to automatically deliver personalized content and experiences. The core of this platform is an intuitive creator of no-code automation that facilitates creation of complex user segmentation rules and automation paths without the participation of IT teams.

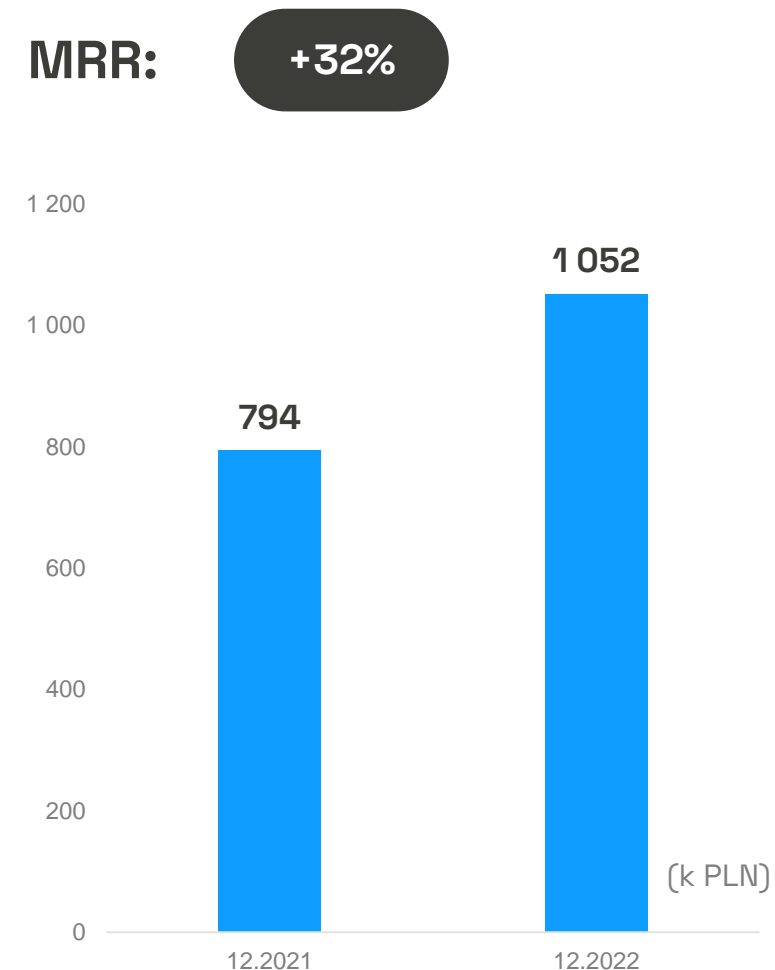
## Key events of 2022:

The year 2022 was a period of consistent execution of the strategy to pivot from the acquisition of clients from the SME (Small and Medium Enterprises) segment in favor of dynamic growth in sales to businesses from mid-market and enterprise segments. User.com ends the year with very strong projections for 2023, with the number of potential new clients (SQL) from mid-market and enterprise segment in Q4 2022 being over 8-fold higher than in Q4 2021.

In 2022 the company turned profitable and ended the financial year with a positive net result.

## MRR, ARPU and number of customers:

In Q4 2022, the company recorded further stable growth in MRR, which amounted to ~PLN 1.1m in December 2022 (+32% yoy). Additionally, through the implementation of a strategy related to increased sales activities targeting the mid-market and enterprise sectors, User.com increased its average monthly recurring revenue per customer (ARPU) by 45% yoy.



**SaaS**



# Financial results of SaaS

## Selected financial data (Blugento):

(k PLN)	12M 2021	12M 2022	Change	Q4 2021	Q4 2022	Change
Revenue	3 029	3 293	8.7%	791	761	-3.8%
EBIT	-3 738	335		-2 175	146	
Amortization	-623	-738	18.5%	-44	-172	290.9
Impairment losses on non-current assets	-2 197	0	-100.0%	-2 197	0	-100.0%
EBITDA	-918	1 073		66	318	381.8%
Margin	-30.3%	32.6%		8.3%	33.0%	
CapEx	1 562	1 373	-12.1%	705	530	-24.8%
CapEx%	51.6%	29.0%		89.1%	48.6%	

### Significant improvement in financial performance.

Within the SaaS segment, the results of Blugento are consolidated.

The segment also includes Profitroom and SellIntegro, which are only consolidated by the Group's share of net income (no consolidation at the revenue and EBITDA level). The R22 Group has an option to acquire a controlling interest in both companies.

## Blugento

Blugento is a tool for the development and management of online stores based on the Magento platform. This solution combines all the benefits of an individual, agency-developed solution and a standardized platform for a wide range of entrepreneurs active in online sales.

The company offers an on-line store, hosting, monitoring and support in a price-affordable subscription model. Most of Blugento's customers are from Romania. The company's results have been consolidated since September 2020.

Due to the planned development of the R22 Group's e-commerce offering based on the WooCommerce platform, the Group decided to invest less in Blugento, not actively promote the brand and migrate Blugento customers to the ZentoShop platform.

blugento zento



# Dynamic development of Profitroom

## Profitroom

Profitroom is a supplier of booking technologies for hotels, sold in SaaS model, as well as other solutions which support online sales and marketing. These solutions let guests book their stay and pay for it while hotel operators are given access to CRM-type solutions, a mailing system and give them an opportunity to manage sales via third party brokers such as Booking.com, Expedia, Airbnb etc.

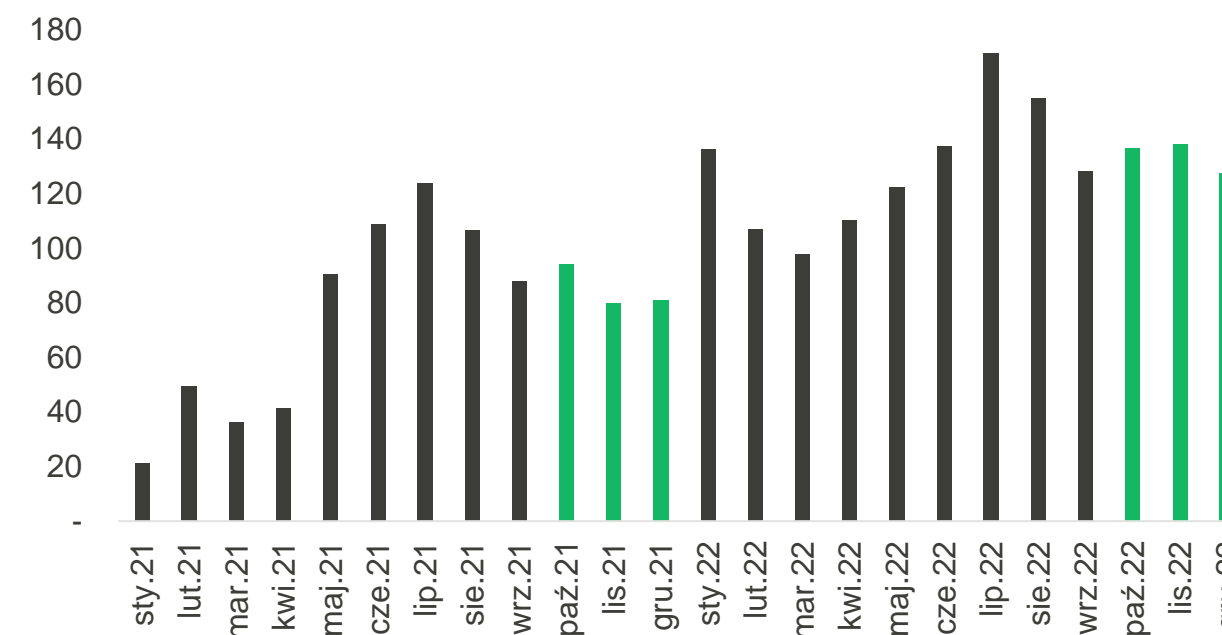
The effectiveness of solutions offered by Profitroom turned it into a **technological leader on the Polish hotel market**, used by over half of all hotels, including primarily the biggest Polish resorts such as Dr Irena Eris, Hotel Arłamów, Grand Lubicz, Hotele PURO, Górskie Resorty and many others.

The company, which has been growing year-on-year at a rate of several tens of per cent, is focusing on further expanding its customer base in foreign markets. Profitroom is dynamically increasing the share from abroad in its portfolio and now serves hotels on **5 continents, in 44 countries**.

The competitiveness of Polish technology was not only reflected in the tool's performance. In the global **Hotel Tech Report 2022** technology ranking, Profitroom's tools were **ranked 2nd**, where several hundred hospitality tech providers were assessed.

## Wartość rezerwacji:

Q3 2021	PLN 318.4m	+65% yoy
Q4 2021	PLN 255.1m	+408% yoy
Q1 2022	PLN 340.9m	+218% yoy
Q2 2022	PLN 369.8m	+54% yoy
Q3 2022	PLN 454.8m	+43% yoy
<b>Q4 2022</b>	<b>PLN 402.2m</b>	<b>+58% yoy</b>



Profitroom 

# Dynamic development of Profitroom

## Financial results

The company's business model is based on charging commissions on bookings made, accompanied by regular subscription fees. Total Gross Booking Value made by Profitroom booking engine in 2022 **exceeded PLN 1.5bn** representing a **70% increase** compared to 2021.

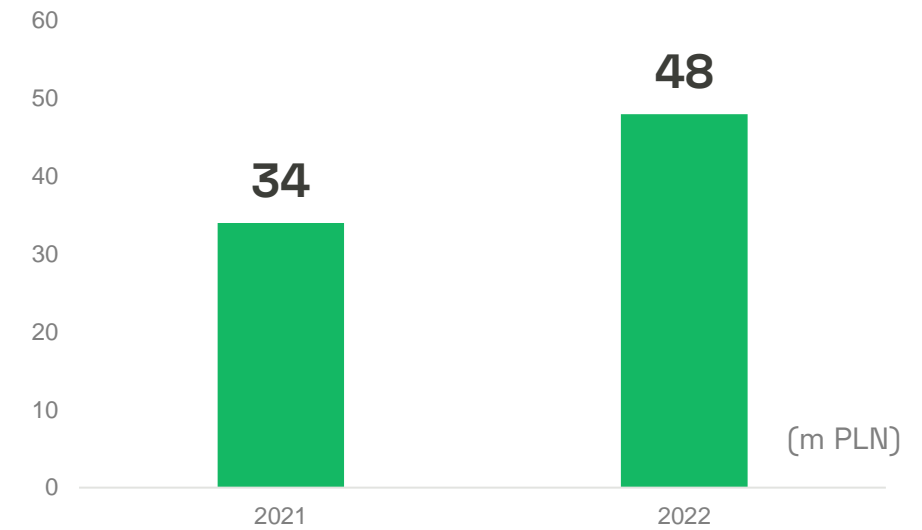
This translated into **PLN 48m in revenue**. The company retained a high, double digit growth rate, increasing its sales by almost 41%, **including almost doubling its revenues from foreign markets (+89%)**.

The company executed its investments in foreign expansion faster and with a greater effort than planned. This caused a leap growth in the number of contracts signed with new clients, particularly on the African market. Aside from rising client numbers, the company made changes to its technologies which led to greater conversion and the opening of new revenue sources. Some of those new features worth highlighting include the dropped basket feature added to the booking engine, combining the offers or launching a phone or email bookings processing system for all clients.

These investments into technology and business development abroad have impacted the **EBITDA, which totaled PLN 1.7m**. The expenses made in 2022 relating to foreign expansion will materialize in 2023 and serve as an investment towards future revenues.

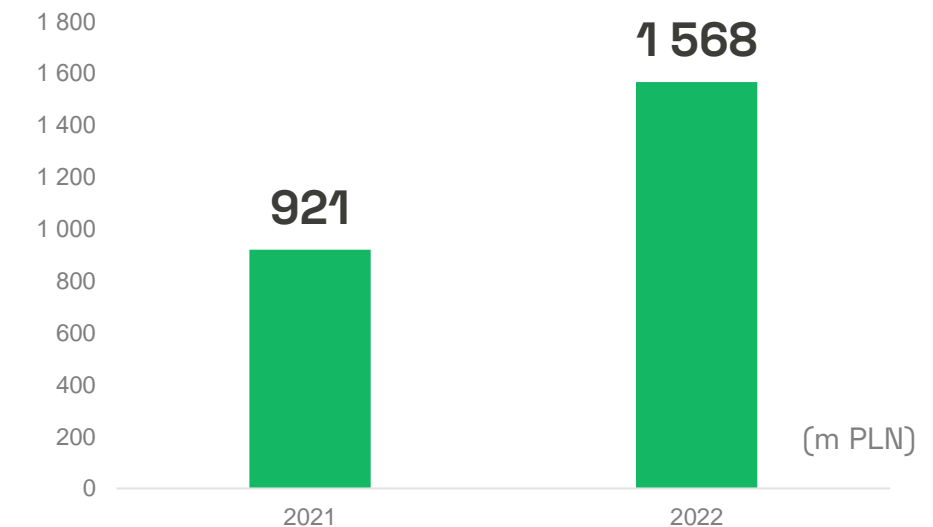
## Revenue<sup>(1)</sup>:

+41%



## Booking value:

+70%



<sup>(1)</sup> The consolidated Profitroom data also includes the German subsidiary. Data excluding customer marketing budgets. The individual data of Profitroom as an associate are shown in the Consolidated Financial Statements.

# Sellintegro developing its product ecosystem

## Sellintegro:

Sellintegro is an ecosystem for clients from the e-commerce sector, **used to manage all the processes in one place**. Thanks to Sellintegro, the client is free to select the providers of OMS service and ERP systems, couriers, marketplaces - Sellintegro offers integrations with the majority of tools currently present on the market. Thus, Sellintegro gives its clients the ability to **reduce the time to service end-users while effectively using their own resources and reducing costs**.

## Highlights 2022:

- Sellintegro is developing a new module with a view of **expanding the ecosystem to the e-commerce segment: an integrator between diverse marketplaces** that allows clients to quickly and easily start sales on various marketplaces. At the end of 2022, the first Sellintegro clients were successfully using the features of this new solution.
- Additionally, Sellintegro started working on an **online invoicing system** that will supplement the Group's offering. The invoicing system will give clients access to a full range of services for their online store in collaboration with Sellintegro.

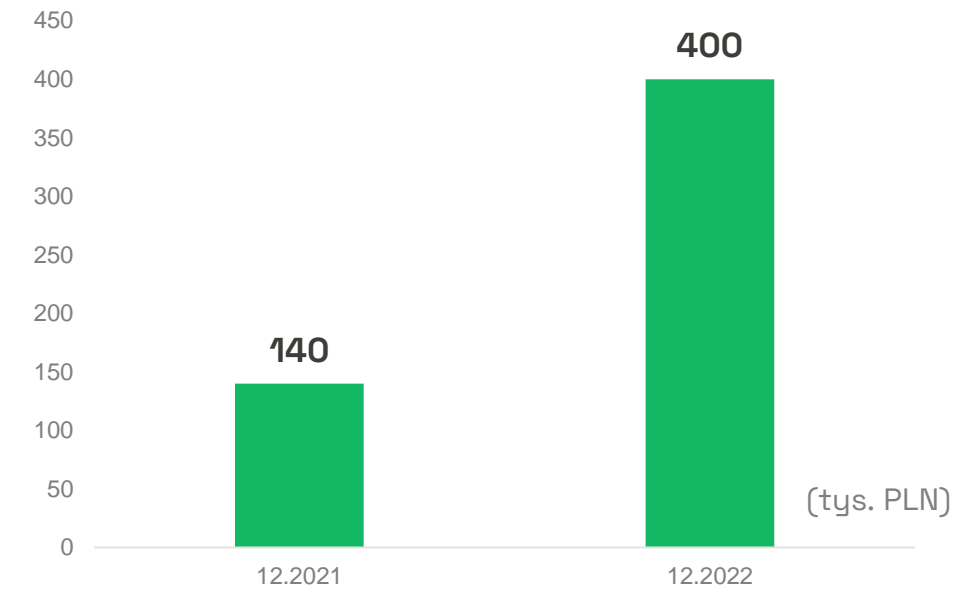


\* Excluding foreign countries



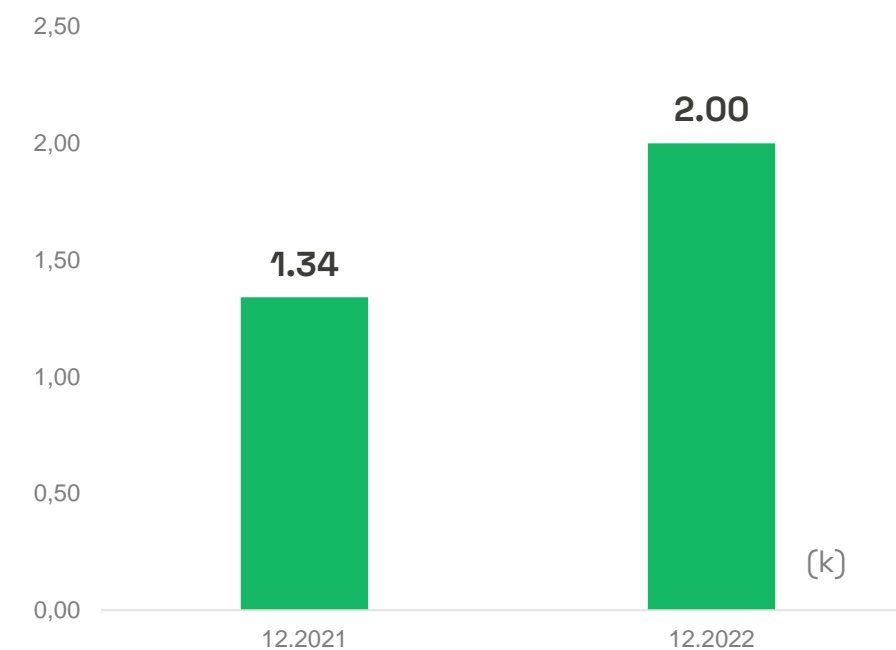
## MRR\*:

+186%



## Customers:

+49%



# Development prospects







# Development prospects

We provide essential services for the digitisation and automation of communication and business processes

Our goal is to have a strong presence in global markets

Maintaining growth rate using organic growth and acquisitions while retaining financial stability

### Leveraging present customer base

Optimizing the offering, ARPU growth, cross-selling (including to MailerLite customers), product and technology development

### International expansion

The R22 Group's goal is to achieve 50% of its revenue from foreign markets, which can be achieved in the short term with the acquisition of MailerLite and the continued international expansion of Profitroom

### Portfolio development

Further development of the group's offer to include complementary solutions and cross-selling

### Developing artificial intelligence

The use of artificial intelligence (AI) in the design of new products that build value for the Group's customers and the use of AI solutions to improve the R22 customer experience



# Leveraging present customer base

## ARPU Boost

- Continuing changes in the service portfolio related to service unification and introduction of new products of both hosting and domain services and CPaaS services.
- Cross-selling products and services offered by the R22 Group.
- Increasing sales of additional services, including SSL certificates.

## Product development

- Use of R22 investee companies to sell existing and new Group products - User.com (new markets for email and SMS sales), Appchance (solutions using push and RCS), MailerLite (new markets for sms and push sales),
- Product development in the CPaaS segment, for instant messaging solutions such as Viber, WhatsApp, RCS using chatbot technology.
- The Group also plans to develop platforms to support the currently offered tools. The main areas of focus are primarily email, retargeting and lead generation.
- Development of tools for e-commerce, including, among others, the solution for creating and running online shops \_Stores and the e-commerce integration Sellintegro. Commercialisation in international markets, including cross-sell to R22 customers.
- Development of products using artificial intelligence (AI) - cyber\_Folks - AI domain builder, FreshMail - SendGuard (anti-spam and anti-phishing tool to increase email deliverability), User.com - ChatAI.

## Marketing strategy

- Consolidation of marketing and communications strategy at Group R22 level over the longer term - complete solutions for all clients active in online space and those wishing to communicate effectively with their clients. In the short- and medium-term in particular, the group is planning to consolidate its brands and marketing strategy in the hosting segment, giving it an opportunity it utilize current marketing budgets in a more effective manner, acquiring new clients and supporting other efforts to increase the ARPU, i.e. greater cross-selling among the existing segments and using opportunities to upsell to clients and a further unification of the offering both in Poland and on new markets.

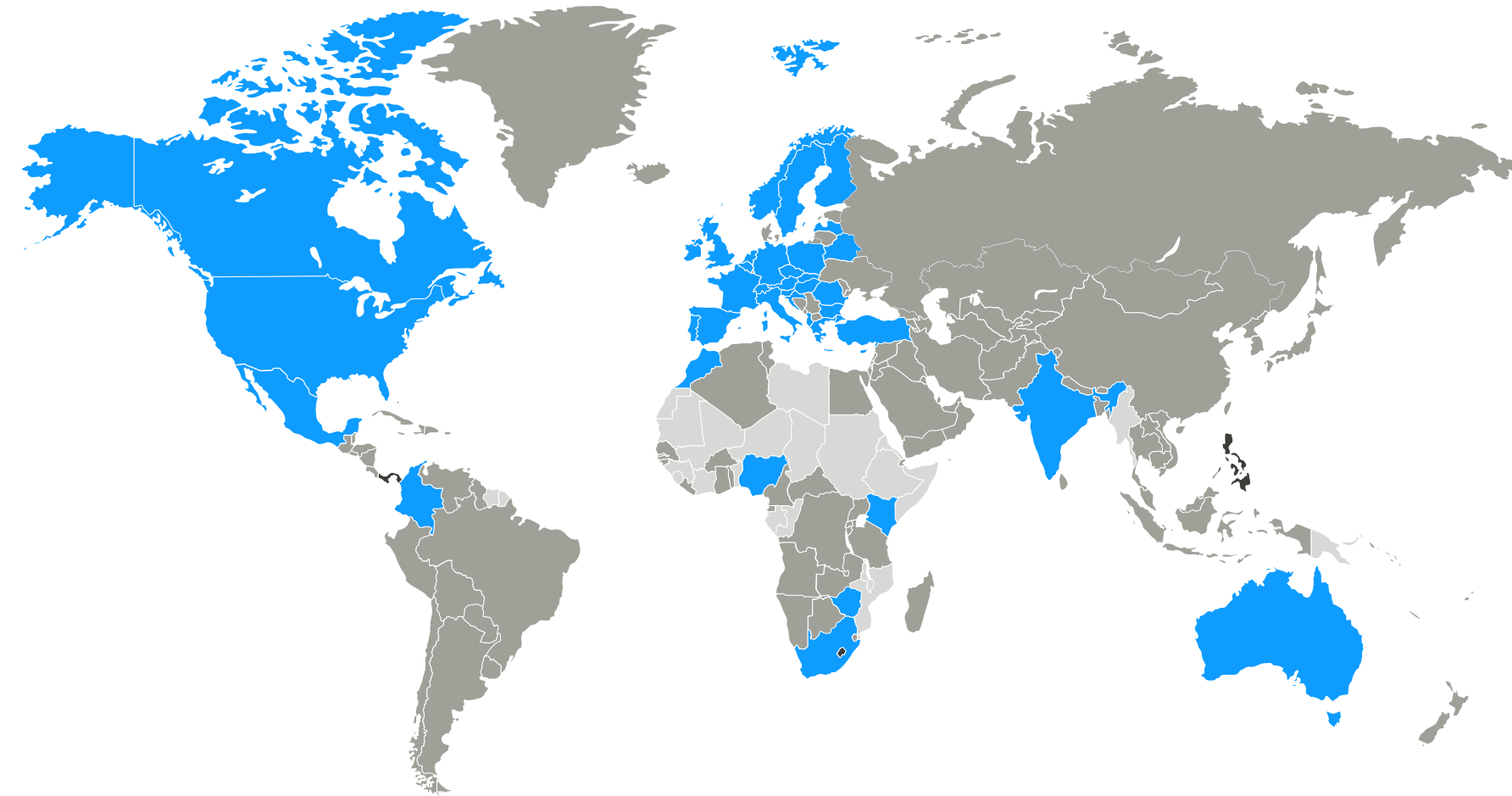
## ESG

- Due to the subject and specificity of its activity, the R22 Group has no significant impact on the environment. The company conducts low-emission activities, mainly in the area of software production.
- In its activities, R22 takes into account factors reducing the impact on the environment through, inter alia, reduction of electricity consumption (e.g. investments in energy-saving servers) and paper consumption (e.g. implementation of electronic documentation flow).
- One of the Group's priorities is to ensure appropriate working and development conditions for all employees. The company complies with all regulations related to employee rights, and the principles of gender equality are respected.

# Foreign expansion

## Acquisitions and sales growth

- In 2018 the Group extended the activities of its hosting segment to the CEE region through its investments on the Romanian and Croatian markets.
- At the turn of 2019 and 2020, R22 made an investment into Profitroom, a developer of technological solutions offered in the SaaS model for the hotel industry. Profitroom holds the dominant position on the Polish market and a rapidly growing portfolio of foreign clients.
- The first step towards foreign expansion in the CPaaS segment was the takeover of ProfiSMS at the turn of Q3 and Q4, 2020. ProfiSMS is the leader of the Czech SMS market with a strong position on the Slovak market.
- On April 26, 2022, Vercom signed a conditional agreement to acquire UAB Mlr grupe (MailerLite). Fulfillment of conditions precedent and closing of the deal took place on June 14, 2022. The transaction, worth approximately PLN 340m, was financed using own resources from Vercom's IPO in 2021, debt financing and a stock issue for the previous owners of MailerLite. MailerLite has 38,000 clients and 100 employees at 30 locations. It operates on more than 100 markets and 70% of its revenues come from the US and from Western Europe.
- The investment into MailerLite gave R22 Group the opportunity to scale up its activity to the global market (over 100 countries) while expanding the base of CPaaS clients 5-fold.



■ R22's main markets (including Profitroom and MailerLite)  
■ R22 business markets (including Profitroom and MailerLite)

# Financial results





# Consolidated P&L – R22 Group

(k PLN)	12M 2021	12M 2022	Change	Q4 2021	Q4 2022	Change
	01.01.2021 - 31.12.2021	01.01.2022 - 31.12.2022		01.10.2021 - 31.12.2021	01.10.2022 - 31.12.2022	
<b>Sales revenue</b>	<b>296 600</b>	<b>392 177</b>	<b>32%</b>	<b>87 233</b>	<b>112 738</b>	<b>29%</b>
Other operating revenue	362	282	-22%	267	-101	
Amortization and depreciation	-21 437	-26 574	24%	-6 487	-6 848	6%
External services	-183 199	-238 361	30%	-55 245	-67 433	22%
Costs of employee benefits	-34 796	-45 849	32%	-11 235	-11 817	5%
Use fo materials and consumption of energy	-4 173	-5 274	26%	-1 784	-1 162	-35%
Value of goods and materials sold	0	5		0	5	
Taxes and charges	-1 177	-860	-27%	-416	-196	-53%
Other operational expenses	-176	-461	162%	262	-70	
Profit / (loss) on sale and liquidation of tangible fixed assets	65	506	678%	1	42	
Impairment losses on non-financial fixed assets	-2 197	0		2 197	0	
Other write-offs	-1 316	-1 249	-5%	-613	-598	-2%
<b>Profit on operating activity (EBIT)</b>	<b>48 556</b>	<b>74 342</b>	<b>53%</b>	<b>9 786</b>	<b>24 556</b>	<b>151%</b>
Net financial cost	-7 851	-22 734	190%	-1 718	-2 772	61%
Share in profits of associates accounted for using the equity method	395	868	120%	-794	32	
<b>Profit before taxes</b>	<b>41 100</b>	<b>52 476</b>	<b>28%</b>	<b>7 274</b>	<b>21 816</b>	<b>200%</b>
Income tax	-8 071	-12 256	52%	-2 260	-4 395	94%
<b>Net profit</b>	<b>33 029</b>	<b>40 220</b>	<b>22%</b>	<b>5 014</b>	<b>17 421</b>	<b>247%</b>
- attributable to the shareholders of the parent	25 437	24 011	-6%	3 078	8 834	187%
- attributable to non-controlling shares	7 592	16 209	114%	1 936	8 587	344%



# Consolidated P&L – R22 Group

## Factors impacting Q4 and 12M 2022 results

- Organic sales and earnings growth in CPaaS and Cyber\_Folks segments.
- Consolidation of MailerLite results from mid-2022.
- The increase in depreciation and amortization largely due to the amortization of intangibles booked as a result of takeovers.
- The increase in financing expenses as a result of higher WIBOR and EURIBOR rates and an increase in debt level following the MailerLite takeover.
- In 2022 the impact of foreign exchange losses due to the valuation of EUR-denominated loans, a non-cash expense, one which in the following periods will be offset by a large stream of EUR- and USD-denominated revenues generated by MailerLite.
- Higher profits at associated entities.
- The increase in wages and salaries due both to a higher headcount and to salary increases.
- The results for 2022 were also impacted by one-off expenses in the CPaaS segment, i.e. transaction-related costs totaling PLN 2.2m and ESOP valuation costs totaling PLN 930,000.
- The increase of effective interest rate related to the increase of interest expenses, a part of capital expenses which cannot be deducted from profits from operating activity.

# Balance sheet – R22 Group

## Assets

(k PLN)	31.12.2021	31.12.2022
Tangible fixed assets	19 105	17 918
Right to use assets	23 186	35 241
Intangible assets and goodwill	294 477	644 357
Investments in affiliates	64 755	67 326
Loans granted	86	0
Assets due to deferred income tax	7 291	7 073
Derivatives	2 731	1 537
Other assets	312	271
<b>Fixed assets</b>	<b>411 943</b>	<b>773 723</b>
Trade receivables	34 575	32 827
Derivatives	0	241
Loans granted	521	1 458
Cash and cash equivalents	129 709	54 078
Other assets	2 528	3 273
<b>Current assets</b>	<b>167 333</b>	<b>91 877</b>
<b>Total assets</b>	<b>579 276</b>	<b>865 600</b>

## The most significant changes in the asset structure

Increase of the right to use assets as a result of signing a lease agreement for aircraft.

Increase in intangible assets and goodwill as a result of the acquisition of MailerLite.

Decrease in cash as a result of the implementation of the MailerLite acquisition. Maintained relatively high cash levels due to EBITDA growth achieved and high cash conversion, despite increased interest costs.

# Balance sheet – R22 Group

## Equity and liabilities

(k PLN)	31.12.2021	31.12.2022
Basic capital	284	284
Own shares	-2 060	-4 090
Retained earnings and other capital	184 929	224 552
Exchange differences on the translation of foreign operations	-808	-2 026
<b>Equity attributable to equity holders of the parent</b>	<b>182 345</b>	<b>218 720</b>
Non-controlling shares	95 779	179 447
<b>Equity capital</b>	<b>278 124</b>	<b>398 167</b>
Liabilities for loans and borrowings	154 676	273 556
Liabilities due to financial leasing	16 050	25 761
Liabilities due to contracts with clients	149	198
Deferred income tax	17 674	22 838
Other liabilities	3 503	58
<b>Long-term liabilities</b>	<b>192 052</b>	<b>322 411</b>
Liabilities for loans and borrowings	25 728	37 842
Liabilities due to financial leasing	7 227	9 069
Trade liabilities	33 890	37 410
Liabilities due to contracts with clients	29 894	40 850
Income tax liabilities	4 772	8 121
Liabilities for employee benefits	2 726	3 460
Other liabilities	4 863	8 270
<b>Short-term liabilities</b>	<b>109 100</b>	<b>145 022</b>
<b>Total liabilities</b>	<b>301 152</b>	<b>467 433</b>
<b>Total equity and liabilities</b>	<b>579 276</b>	<b>865 600</b>

## The most significant changes in the structure of equity and liabilities

Vercom's issue to the sellers of MailerLite.

Increase in debt related to the implementation of the MailerLite acquisition. Increase in equity - non-controlling interests as a result of the issue of Vercom shares to the sellers of MailerLite.

Increase in lease liabilities due to the conclusion of an aircraft lease agreement worth PLN 14.8m for a period of 10 years.

The increase in liabilities due to contracts with clients is mainly due to high organic sales growth in the hosting segment and the acquisition of MailerLite's customer base.

The increase in other liabilities is due to the deferred payment for the shares in Freshmail and SellIntegro.



# R22 Group's cash position

## Statement of cash flows

(k PLN)	12M 2021	12M 2022
<b>Net profit for the reporting period</b>	33 029	40 220
Adjustments, including i.a.:	48 069	69 603
- Amortization and depreciation	21 437	26 574
- <i>Income tax</i>	8 071	12 256
- <i>Interest cost</i>	7 663	20 946
Change in inventories, receivables, liabilities and other assets - total	7 395	8 984
Cash generated on operating activities	81 098	109 490
Tax paid	-12 181	-12 265
<b>Net cash from operating activities</b>	<b>68 917</b>	<b>97 225</b>
Interest received	59	541
Repayment of granted loans	2 249	0
Loans granted	-201	-986
Acquisition of subsidiaries less cash acquired	-50 699	-244 923
Investments in affiliates	-24 463	-1 300
Proceeds from sale of tangible fixed assets	186	506
Purchase of tangible fixed assets and intangible assets	-11 834	-13 441
<b>Net cash from investign activities</b>	<b>-84 703</b>	<b>-259 603</b>
Proceeds from the sale of own shares	0	3 244
Buyback of own shares	0	-4 090
Net proceeds from the issue of subsidiary shares	170 451	-60
Dividends and other payments to owners	-8 037	-10 068
Dividends paid to non-controlling shareholders	-4 461	-758
Other distributions to non-controlling shareholders	0	-808
Proceeds from taking loans and borrowings	0	174 295
Repayment of loans and credits	-22 776	-41 441
Receipts / (Repayment) of overdraft facility	1 883	-4 012
Contributions by non-controlling interests to increase capital in a subsidiary	0	3 000
Interest paid	-6 825	-19 958
Payments of liabilities under financial leasing agreements	-6 377	-8 902
Acquisition of non-controlling interests in subsidiaries	0	-4 028
Proceeds from subsidies received	693	0
<b>Net cash from financing activities</b>	<b>124 551</b>	<b>86 414</b>
Total net cash flow	108 765	-75 964
Cash and cash equivalents at the beginning of the period	20 944	129 709
<b>Cash and cash equivalents at the end of the period</b>	<b>129 709</b>	<b>54 078</b>

## The most significant changes in cash flows

High conversion of EBITDA into operating cash flows:

- Adjusted EBITDA: PLN 103.6m
- Net cash flows from operating activities: PLN 97.2m

Current operating cash flows covered, among other things:

- Acquisitions of non-current assets and intangible assets, the increase in which is due to expenditure on IT equipment and R&D expenditure.

MailerLite acquisition financed with own funds (from the issue of Vercom shares in 2021), a bank loan and partly settled in new Vercom shares.

The increase in interest paid is due to increases in WIBOR and EURIBOR.

# Changes in equity – R22 Group

	Basic capital R22 S.A.	Retained earnings and other capital	Own shares	Exchange differences on the translation of foreign operations	Equity attributable to equity holders of the parent	Capital attributable to non-controlling shares	Equity
<b>As at 1 January 2022</b>	<b>284</b>	<b>184 929</b>	<b>-2 060</b>	<b>-808</b>	<b>182 345</b>	<b>95 779</b>	<b>278 124</b>
Net profit		24 011			24 011	16 209	40 220
Other comprehensive income				-1 218	-1 218	-86	-1 304
<b>Total income in the period</b>		<b>24 011</b>		<b>-1 218</b>	<b>22 793</b>	<b>16 123</b>	<b>38 916</b>
Transactions with owners included directly in equity							
Payment of dividends to owners		-10 068			-10 068		-10 068
Acquisition of non-controlling interests		-2 706			-2 706	-1 322	-4 028
Net assets attributable to non-controlling interests due to the acquisition of subsidiaries		2 249			2 249	751	3 000
Sale of own shares		1 184	2 060		3 244		3 244
Buyback of own shares			-4 090		-4 090		-4 090
Capital increase in a subsidiary		25 013			25 013	68 752	93 765
Capital from valuation of ESOP in subsidiary						930	930
Share issue costs in a subsidiary		-60			-60		-60
Net assets attributable to non-controlling interests due to capital reduction in subsidiary						-808	-808
Payment of dividends to non-controlling interests						-758	-758
<b>As at 31 December 2022</b>	<b>284</b>	<b>224 552</b>	<b>-4 090</b>	<b>-2 026</b>	<b>218 720</b>	<b>179 447</b>	<b>398 167</b>



# Factors important for the development of R22 & threats and risks

The R22 Group has an established position on the Polish hosting and domain market as well as automated SMS, Mobile and E-mail communication platforms. At the same time, the Group is expanding its operations in new markets, both through acquisitions of local entities (Romanian and Croatian market of hosting and domains, Czech SMS communication market) and organic development of Polish companies on foreign markets. The markets in which the R22 Group operates are characterized by high growth dynamics, they are influenced by many internal and external factors, which in the future may translate into the financial and market situation of the Group. Among the most important factors and risks that may affect the Group in the perspective of at least one quarter, the following can be distinguished:

## **The risk relating to takeovers executed by the Group**

Execution of Group strategy includes, among others, selective takeovers:

- (i) of entities with a similar business profile in Poland and abroad, as well as,
- (ii) entities possessing a technology that fits into Group's plans for further development or is complementary to services offered currently.

While making decisions regarding takeovers, as well as during the execution of takeovers, it is possible to make a number of mistakes and the occurrence of a range of deviations from the transaction principles adopted earlier, which include in particular:

- an incorrect assessment of target's profit-generating capacity,
- an incorrect analysis of target's product offering potential or its technological solutions,
- effects of target's integration with the Group failing to meet initial assumptions,
- the loss of some of target's clients,
- the loss of selected key staff or entire teams of the target,
- reduced scope of collaboration with target's suppliers.

In particular, deviations and mistakes may be affected by the following:

- (i) lack of access to complete financial and technological information of the target,
- (ii) incomplete or unreliable data presented by the target, both with respect to themselves and to their market environment,
- (iii) lack of knowledge at the Group regarding the local conditions,
- (iv) lack of sufficient skills by the Group's staff or the staff of takeover targets.

Materials risks related to growth through acquisitions also include the lack of sufficient involvement of the Managing Board or other members of Group's management in the day-to-day management and growth of the Group in areas unrelated to acquisitions if target integration process fails to proceed according to prior assumptions. In the case of takeovers executed outside of Poland, the risks also include potential failure to identify all the issues related to the new market, including regulatory or accounting-related and the lack of complete familiarity with local conditions of the specific country which may lead to acquisition results that fail to meet the initial expectations. In the Company's assessment, because of the significant number of acquisitions which the Group is executing in various countries and involving entities engaging in diverse types of activities, such risk is above-average compared to other entities which are executing growth-through-acquisition strategy. Risk realization may have a negative impact on the prospects for revenue growth, profitability or the Group's financial situation. Such risk failed to materialize in the Group's history so far.

## **Increase or decrease in customer confidence and volatility of the CHURN**

In connection with the implemented changes in the offer, resulting in an increase in ARPU, and at the same time activities integrating the acquired key entities in the Group's development, it is monitoring the CHURN index and customer satisfaction (NPS), and undertaking protective and protective measures to ensure the best customer service and stability of services, so that any negative reactions and events did not affect not only the loss of the customer himself, but also the level of his satisfaction, and more specifically the ability to recommend services to other potential customers.



# Factors important for the development of R22 & threats and risks

## Dependence on suppliers in the CPaaS segment

Vercom works with all the major mobile phone carriers and e-mail providers but, in line with the established market standards, has no long-term contracts with them. A change of commercial terms to less favorable ones will impact the level of profitability and profit generated. This risk applies to all market players. Furthermore, push communications only works in collaboration with the providers of mobile operating systems. A change of their policies in the area of marketing communications with terminal users could have a negative impact on the turnover figure generated by Vercom.

## Dependence on suppliers in the Hosting segment

The Group has limited abilities to replace its suppliers in the area of purchasing domains and software for the use of hosting services. A potential change of commercial terms to less favorable ones would have a negative impact on the level of profitability. This risk applies to all parties present on the hosting and domain market.

## Financial risk

R22 has a material level of outstanding financial debt and is therefore exposed to interest rate changes. In the event of interest rate cuts, its financial expenses will decline while in the event of an increase of interest rates, the cost of debt servicing will go up. The group generates stable, high cash flows and cash-generating ability and is thus prepared for an increase of financing expenses, but that may lead to a decline in profitability and its ability to pay out dividends.

Group's profitability, restrictions on its liquidity and the ability to pay out dividends may be affected by changing macroeconomic conditions and the financial condition of Group's business partners. Such risk is minimized by the prepayment for services, particularly in cyber\_Folks segment, but also for some of the services in the Vercom segment, e.g. MailerLite.

## Retaining and gaining new employees. The ability to effectively allocate employee competences and know-how and motivating them

In order to retain operating capacity and the increasing scale of operations it is necessary to retain existing human resources and gain new ones to facilitate efforts in key areas:

- Programming work - due to specific nature of the hosting environment and the uniqueness of CPaaS solutions it is necessary to develop own technological solutions,
- Integration of the Companies Acquired - it is necessary to have a specialized, competent team that coordinates the integration of newly acquired Companies and ensures that the integration process is heading in the same direction.

In the current market environment and the wage pressure in the field of IT, the ability to effectively allocate employee competence and knowhow and motivating them will be very important.

## Situation on e-commerce and m-commerce market

The Group is a technology company but it has a strong exposure to the e-commerce market since a significant part of its clients, particularly the CPaaS segment, is involved in sales online.





# Factors important for the development of R22 & threats and risks

## Ensuring compliance with the GDPR and other legal provisions

As part of its day-to-day operations, the Group processes personal data on a significant scale, both of its customers of the cyber\_Folks Group and the Oxyllion Group, as well as of recipients of messages sent via the infrastructure belonging to the Vercom Group. The processing of personal data by individual entities of the Group must be carried out in a manner consistent with the provisions on the protection of personal data in force in Poland, as well as in the countries where the Issuer's Group or its clients conduct or will conduct business. The related obligations have been significantly extended since May 2018 due to the entry into force of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free the flow of such data. The Company cannot exclude that, despite the application of technical and organizational measures ensuring the protection of personal data being processed, there will be a breach of legal obligations by any of the Group's entities in this respect, in particular disclosure of personal data to unauthorized persons.

Readiness for compliance with the provisions of the GDPR is of particular importance in the CPaaS segment, where the specificity of the largest customers determines the highest quality of services.

## Potential hacking attacks

Due to the scope of its activities and high market share - both hosting services and transactional and marketing communication, the Group is exposed to potential hacker attacks. Their intensity may increase in connection with the Russian-Ukrainian war. The Group has appropriate process and technical safeguards to prevent such situations and react quickly if they occur.

## In the following quarters, the activities of the R22 Group may also be affected by:

- Effectiveness of operating, income and cost synergies resulting from the acquisitions made so far
- Risks and opportunities relating to the relatively rapid technological changes and innovations on the IT market.
- Actions taken by competitors
- The economic, business and political situation in Poland, Romania, Croatia, Czech Republic and in countries in which the group will be developing its activities
- Inflation and FX fluctuations of the currencies of countries, in which the group is active and whose currencies it is using (PLN, RON, CZK, USD, EUR).
- An increase or a decline in the demand for shared hosting services, dedicated hosting, Internet domains and additional, related services
- An increase or a decline in the demand for multichannel, digital mass communications services

# Separate statement of P&L – R22 S.A.

(k PLN)	12M 2021	12M 2022	Zmiana	Q4 2021	Q4 2022	Zmiana
	01.01.2021 - 31.12.2021	01.01.2022 - 31.12.2022		01.10.2021 - 31.12.2021	01.10.2022 - 31.12.2022	
<b>Sales revenue</b>	<b>3 806</b>	<b>5 055</b>	<b>33%</b>	<b>890</b>	<b>1 639</b>	<b>84%</b>
Other operating income	94	53	-44%	93	-8	
Amortization and depreciation	-341	-914	168%	-100	-602	502%
External services	-5 208	-5 256	1%	-1 450	-872	-40%
Costs of employee benefits	-2 307	-3 104	35%	-753	-650	-14%
Use fo materials and consumption of energy	-80	-310	288%	-23	-108	370%
Taxes and charges	-13	-11	-15%	-4		
Other operational expenses	-1	-331		-1	-234	
Profit on sale intangible assets	258	279	8%	257		
<b>Profit on operating activity (EBIT)</b>	<b>-3 792</b>	<b>-4 539</b>	<b>20%</b>	<b>-1 091</b>	<b>-835</b>	<b>-23%</b>
Net financial cost	23 399	10 971	-53%	-568	-2 098	269%
<b>Profit before taxes</b>	<b>19 607</b>	<b>6 432</b>	<b>-67%</b>	<b>-1 659</b>	<b>-2 933</b>	<b>77%</b>
Income tax	402	267	-34%	102	-73	
<b>Net profit</b>	<b>20 009</b>	<b>6 699</b>	<b>-67%</b>	<b>-1 557</b>	<b>-3 006</b>	<b>93%</b>

# Financial position R22 S.A.

## Assets

	31.12.2021	31.12.2022
Tangible fixed assets	115	93
Right to use assets	417	14 438
Intangible assets	96	338
Investments in subsidiaries	253 139	287 521
Investments in affiliates	30 266	30 266
Loans granted	53 255	0
Assets due to deferred income tax	546	813
Other assets	105	135
<b>Fixed assets</b>	<b>337 939</b>	<b>333 604</b>
Trade receivables	622	338
Cash and cash equivalents	1 958	198
Other assets	584	324
<b>Current assets</b>	<b>3 164</b>	<b>860</b>
<b>Total assets</b>	<b>341 103</b>	<b>334 464</b>

## Equity and liabilities

	31.12.2021	31.12.2022
Basic capital	284	284
Reserve capital, including:	210 150	215 858
- from the excess of the issue price over the nominal value	209 270	209 270
- from profit write-offs	880	6 588
Supplementary capital	0	4 300
Own shares	0	-4 090
Retained earnings	20 299	6 922
<b>Equity capital</b>	<b>230 733</b>	<b>223 274</b>
Liabilities due to credits, loans and bonds	95 946	83 242
Liabilities due to financial leasing	307	12 945
<b>Longterm liabilities</b>	<b>96 253</b>	<b>96 187</b>
Liabilities due to credits, loans and bonds	12 885	12 961
Liabilities due to financial leasing	227	970
Trade liabilities	556	581
Liabilities for employee benefits	268	268
Other liabilities	181	223
<b>Shortterm liabilities</b>	<b>14 117</b>	<b>15 003</b>
<b>Total liabilities</b>	<b>110 370</b>	<b>111 190</b>
<b>Total equity and liabilities</b>	<b>341 103</b>	<b>334 464</b>

# Shares and shareholding





# Shares and shareholding

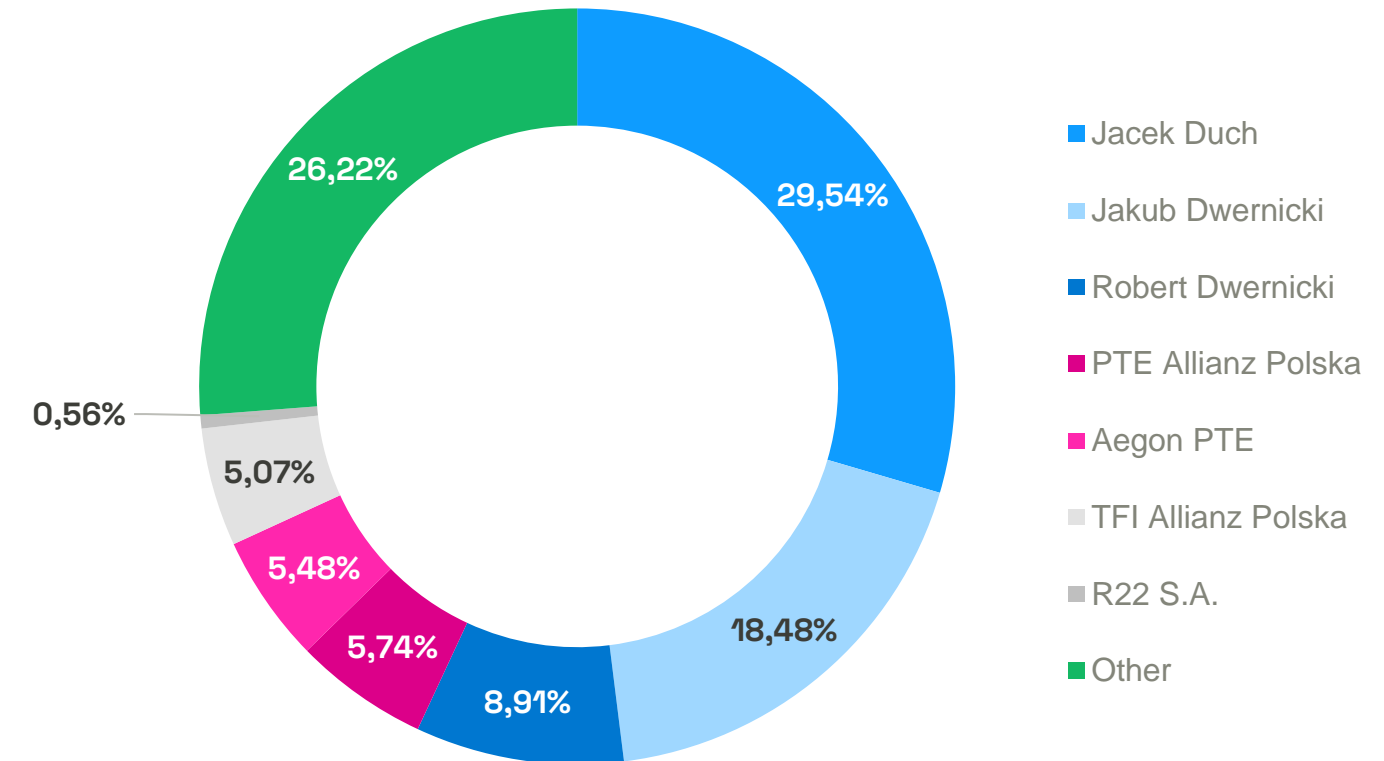
## Shareholders holding at least 5% of votes at the General Meeting

As at the date of this report, the Company's share capital amounts to PLN 283,600 and is divided into 14,180,000 shares with a nominal value of PLN 0.02 each.

Shareholders holding at least 5% of the number of votes at the General Meeting as at 31 December 2022 and as at the date of publication of this report:

Shareholder	31 December 2022		27 March 2023	
	Number of shares / votes at the GM	% of shares in the share capital / votes at the GM	Number of shares / votes at the GM	% of shares in the share capital / votes at the GM
Jacek Duch	4 188 993	29.54%	4 188 993	29.54%
Jakub Dwernicki	2 620 479	18.48%	2 620 479	18.48%
Robert Dwernicki	1 263 193	8.91%	1 263 193	8.91%
PTE Allianz Polska	814 393	5.74%	814 393	5.74%
Aegon PTE	776 507	5.48%	776 507	5.48%
TFI Allianz Polska	718 880	5.07%	718 880	5.07%
R22 S.A.	80 000	0.56%	80 000	0.56%
Other shareholders	3 717 555	26.22%	3 717 555	26.22%
TOTAL	14 180 000	100.00%	14 180 000	100.00%

## Shareholding structure as at 31 December 2022



# Shares and shareholding

## Purchase of own shares

R22 S.A. carried out a buyback of 80,000 own shares at a price of PLN 50.00 per share.

The buyback was in the form of an invitation to submit offers for the sale of shares. Within the framework of the buyback, sale offers were submitted covering a total of 12,544,050 R22 shares. The average reduction rate of the submitted bids was 99.36%. The transactions were concluded and settled on 28 July this year.

The treasury shares may be used for cancellation, resale to third parties, financing of acquisitions of other entities or may be offered as part of an incentive programme that may be established by the Company by a separate resolution of the Company's General Meeting.

On 20 May 2022, the subsidiary cyber\_Folks S.A. sold 80,000 R22 shares. The purchasers of the shares (40,000 each) were Vercom board members Krzysztof Szyszka and Adam Lewkowicz. A parallel transaction took place to purchase 44,000 Vercom shares from them each. The transaction was intended for R22 to retain a majority stake in Vercom after a planned share issue related to Vercom's acquisition of MailerLite and Oxyllion.

## Employee shares

The company does not run any employee share programs. The employee shares program is conducted by the subsidiary Vercom S.A. It is addressed to the employees of the Vercom Group, and its implementation depends on the achievement of the market and performance goals of the Vercom Group.

In February 2023, an incentive programme was also enacted at cyber\_Folks\*. The programme is aimed at employees of the cyber\_Folks Group and is subject to business and loyalty targets.

Business targets in the incentive programme for each year:

[PLN m]	2023	2024	2025	2026	2027
EBITDA	57	70	85	100	115

\*The voting on the resolutions of the incentive programme took place on 8 February 2023. At the time of approval of the report, the ESOP bylaws had not been adopted and participation agreements with beneficiaries had not been concluded.

## Company shares held by the Management Board and the Supervisory Board

Name	Position	16 November 2022	27 March 2023
Jacek Duch	Chairman of the SB	4 288 993	4 188 993
Jakub Dwernicki	President of MB	2 576 080	2 620 479
Robert Stasik	Vicepresident of MB	44 931	44 931

## Agreements which may lead, in the future to changes in the share holdings among shareholders and bondholders

The company is not aware of any contracts that may change the proportion of shares held by shareholders.



# Shares and shareholding

## Changes in the shareholding structure

On 3 August 2022, the Company received a notice from the Shareholders' Agreement (Jacek Duch, Robert Dwernicki, Sebastian Górecki, Daniel Dwernicki, Jakub Dwernicki) in which the Shareholders' Agreement gave notice that as a result of share sale transaction executed on 28 July 2022, the Shareholders' Agreement stake in the initial equity changed by more than one percentage point. Following the change, members of the Shareholders' Agreement possess 8,473,005 of R22 shares representing 59.75% of the initial equity.

On 18 August 2022 the Shareholders' Agreement made on 18 August 2017 between Jacek Duch, Jakub Dwernicki, Robert Dwernicki, Sebastian Górecki and Daniel Dwernicki expired. Upon the expiry of this Agreement, no entity holds a majority stake at the Company's shareholders' meeting.

Following the termination of the Shareholders' Agreement, its members reported on 22 August of this year the number of shares and votes they held directly at R22 general meetings:

- a) Jacek Duch holds 4,288,993 shares in the Company, representing 30.25% of the share capital, entitling him to cast 4,288,993 votes, representing 30.25% of the total number of votes,
- b) Jakub Dwernicki holds 2,576,080 shares in the Company, representing 18.17% of the share capital, entitling him to cast 2,576,080 votes, representing 18.17% of the total number of votes,
- c) Robert Dwernicki holds 1,263,193 shares in the Company, representing 8.91% of the share capital, entitling him to cast 1,263,193 votes, representing 8.91% of the total number of votes,
- d) Sebastian Górecki holds 181,238 shares in the Company, representing 1.28% of the share capital, entitling him to cast 181,238 votes, representing 1.28% of the total number of votes,
- e) Daniel Dwernicki holds 163,501 shares in the Company, representing 1.15% of the share capital, entitling him to cast 163,501 votes, representing 1.15% of the total number of votes.

On 16 September 2022 the Company received notice from Oslo-domiciled Norges Bank in which Norges Bank gave notice about exceeding 5% stake in the general number of votes on 15 September 2022, taking into consideration votes related to shares held directly and votes arising from financial instruments held.

On 19 September 2022, the Company received notice from Oslo-domiciled Norges Bank in which Norges Bank gave notice about exceeding 5% stake in the general number of votes on 16 September 2022, taking into consideration votes related to shares held directly.

On 13 October 2022 the Company received notice from Oslo-domiciled Norges Bank in which Norges Bank gave notice about:

- going below the threshold of 5% in the general number of votes on 11 October 2022, taking into consideration votes related to shares held directly (taking into consideration votes arising from financial instruments held, Norges Bank held more than 5% of the shares),
- Exceeding 5% stake in the general number of votes on 12 October 2022, taking into consideration votes related to shares held directly

On 14 October 2022 the Company received notice from Santander Towarzystwo Funduszy Inwestycyjnych S.A. in which Fund gave notice about going below the threshold of 5% in the general number of votes on 10 October 2022.

On 20 October 2022 the Company received notice from Oslo-domiciled Norges Bank in which Norges Bank gave notice about going below the threshold of 5% in the general number of votes on 19 October 2022, taking into consideration votes related to shares held directly and votes arising from financial instruments held.

On 22 December 2022, the Company received a notification from TFI Allianz Polska, in which Fund gave notice about exceeding 5% stake in the general number of votes on 21 December 2022.

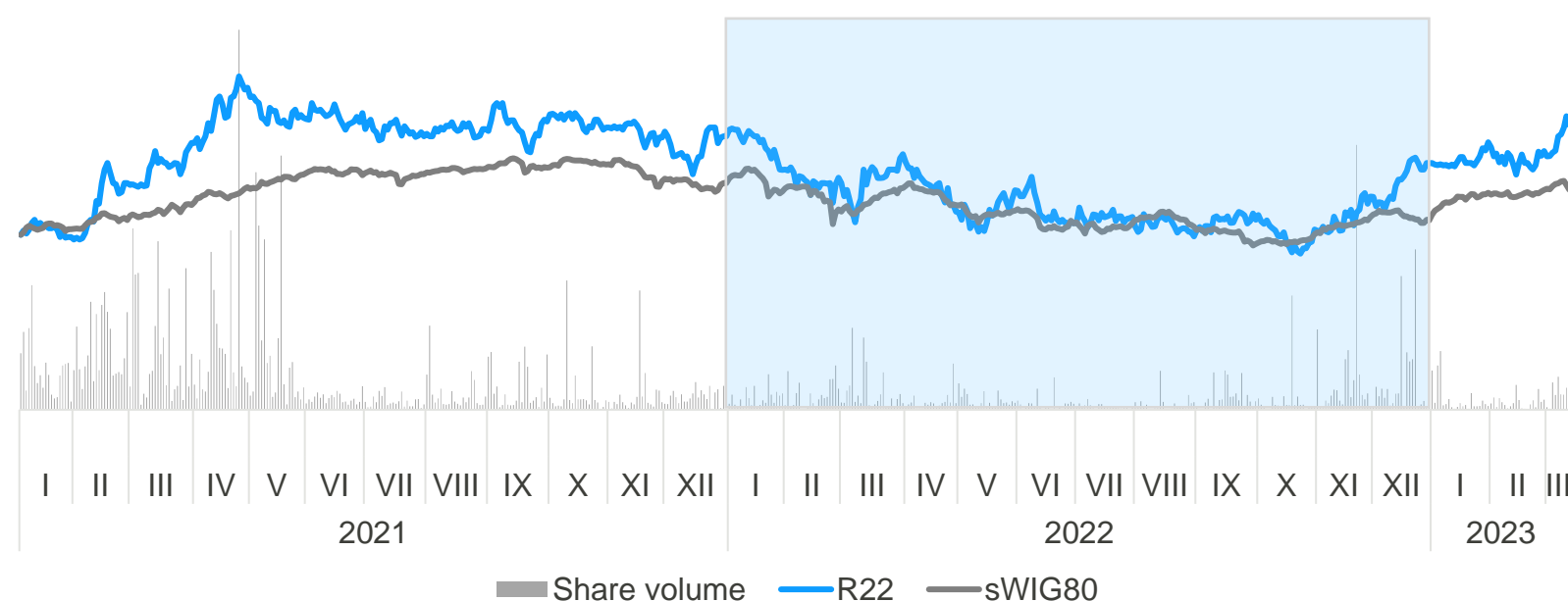
# Shares and shareholding

## R22 on the WSE

Shares of R22 have been listed on the Warsaw Stock Exchange since 29 December 2017. R22 shares were added to the sWIG80 and sWIG80TR indices. The company's shares are also part of WIG, WIG-Poland and WIGTECH indices.

At the end of 2022, R22 was trading 7.9% lower than at the beginning of 2022. From the beginning of 2023 to the date of approval of this Report, the share price has increased by 12.2%.

R22 share prices from the beginning of 2020, compared to the sWIG80 index.



## Dividend

On 6 June 2022, the General Meeting passed resolutions on the payment of dividends and share buybacks. PLN 10.07m was earmarked for dividend payment, which amounted to PLN 0.71 per share. The dividend date was set for 11 June 2022 and the dividend payment date for 17 June 2022.

The remaining amount from the net profit for 2021 (PLN 9.94m) was allocated to the reserve capital. At the same time, the AGM authorised the Board of Directors of R22 to repurchase up to 80,000 of its own shares at a price of up to PLN 50,00 per share. The buyback was carried out in July this year.

## Dividend policy

In accordance with the dividend policy R22, the Management Board will recommend to the General Meeting of the Company the payment of a dividend in the amount of at least 30% of the consolidated net profit of the R22 Capital Group, attributable to the shareholders of the parent company, with a simultaneous increase in the nominal amount of dividend per share.

When recommending the distribution of the net profit R22, the Management Board will take into account the current and predictable financial and liquidity situation of R22 S.A. and the R22 Capital Group as well as existing and future liabilities.

The dividend policy was adopted by the R22 Management Board on 9 September 2019. The final decision on the amount of dividend paid is made by the General Meeting of R22 S.A.

Dividends and share repurchases carried out by the company in each calendar year.

Year	Dividend per share	Value of dividends	Value of share buy-backs	Total transfer to shareholders
2019	PLN 0.30 <sup>1)</sup>	PLN 4.254m	PLN 2.0,	PLN 6.3m
2020	PLN 0.28 <sup>2)</sup>	PLN 3.948m	-	PLN 3.9m
2021	PLN 0.57 <sup>3)</sup>	PLN 8.037m	-	PLN 8.0m
2022	PLN 0.71 <sup>4)</sup>	PLN 10.068m	PLN 4.0m	PLN 14.1m

1) Dividend for the 2018/2019 financial year.

2) Advance dividend on profits for FY 2019/2020

3) Dividend advance from earnings for 2019/2020 FY.

4) Dividend advance for 2021 FY.



# Management Board and Supervisory Board



# Management Board R22

Founder and main person managing the R22 Group

The main author of the hosting business acquisition strategy. President of cyber\_Folks S.A.

In R22, he is responsible for development strategy and acquisitions



## Jakub Dwernicki

President of the Management Board



## Robert Stasik

Vicepresident of the Management Board

Member of the Management Board, Financial Director, CIMA

He has been associated with the R22 Group for 9 years, as the Financial Director since 2014.

Responsible for managing the Group's finances, controlling, relations with banks, acquisitions



# Supervisory Board

## Jacek Duch

### Chairman of the Supervisory Board

In 1970 he graduated from the Warsaw University of Technology. During his doctoral studies he worked at Nixdorf Computer in Germany and then as a researcher at PSI AG in Berlin. In the years 1978-1993 he worked for Digital Equipment Corporation (DEC) where he led projects including in Munich, Vienna and Paris. He supervised the creation of the DEC branch in the countries of Central Europe, including Poland.

From 1993 to 1998, he was the head of Oracle Polska and then served on the management boards of Prokom Software S.A. and Prokom Internet S.A., as well as numerous supervisory boards, among others Postdata S.A., Bank Pocztowy S.A., PVT a.s, numerous Asseco companies. He has extensive experience in both technical software engineering and management in international and Polish IT groups.

## Katarzyna Zimnicka-Jankowska

### Member of the Supervisory Board (independent)

A graduate of the Faculty of Organization and Management at the Lodz University of Technology. He holds the Chartered Financial Analyst title. She completed numerous courses and trainings in accounting, financial management, financial modeling and business valuation.

Running his own business, and previously working at KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp. K., Pekao Access Sp. z o.o., Armada Sp. z o.o. and Grupa Zarządzająca Łódź Sp. z o.o. - companies specializing in corporate finance consulting - implemented projects in the field of mergers and acquisitions, obtaining financing for transaction purposes and the implementation of investment plans, as well as financial restructuring projects.

She was a Member of the Management Board, Commercial Director and Strategy Director of PKP Intercity S.A., where she was responsible, inter alia, for IT systems and IT development. She sits on the supervisory boards of IDS-BUD S.A. and DiM Construction Sp. z o.o.

## Prof. dr hab. inż. Wojciech Cellary

### Member of the Supervisory Board (independent)

Computer scientist currently working at the WSB University in Poznan. Previously he worked at 3 universities in Poland - Poznan University of Technology, where he held the position of Deputy Director of the Institute of Computer Science, at the Franco-Polish School of New Information and Communication Technologies, where he held the position of Vice Rector for Science, and at the Poznan University of Economics, where he held the position of Head of the Department of Information Technology. In addition, he worked at 6 universities in France and Italy and was a visiting professor at the United Nations University in Macao and Portugal. He was the manager of more than 80 research and industrial projects, the main organizer of 60 scientific conferences, and a member of the program committees of 350 conferences. He has authored over 200 scientific publications. His professional activities include consulting, membership in professional organizations, editorial boards of scientific journals, expert groups, committees, councils and associations. He has promoted 18 PhD's, 6 of whom were subsequently habilitated and 2 of whom became full professors. He has received 40 awards for achievements in scientific and teaching work.

His lectures in Polish, English and French were attended by about 20,000 students. Currently he specializes in e-business technology, e-government, digital economy and society and Industry 4.0.

## Magdalena Dwernicka

### Member of the Supervisory Board

In 2002, she graduated from the University of Agriculture in Poznań, in 2003 and 2004 she graduated from Marketing Business Management and Human Resources Management at the Academy of Economic Development. In 2003-2004 she participated in a series of trainings in the field of implementation and settlement of projects implemented under the European Social Fund organized by PARRP.

She worked in 2007-2012 as a PR specialist in Telepuls "Spider" Sp. z o.o. S.K.A. based in Poznań, in the years 2012 - 2017 as Ogicom "Spider" Sp. z o.o. S.K.A. (currently H88 S.A.) based in Poznań as an EU Projects Specialist.





# Supervisory Board

## Kamil Pałyska

### Member of the Supervisory Board (independent)

Kamil Pałyska has over 13 years of experience in the field of finance. Currently, he leads the team in the finance department at Agora SA Capital Group, supporting the companies in the Group in the field of controlling, financial and non-financial reporting, taxes and financial reporting. He also conducts training in the field of new standards and changes in tax legislation regarding the finances of large enterprises.

He has an accounting certificate issued by the Minister of Finance and is at the final stage of receiving the international ACCA (Association of Chartered Certified Accountants) title. He is a graduate of the University of Warsaw, where he graduated in Finance and Accounting.

He started his professional career in an accounting office where he took his first steps in finance. After 4 years, he moved to the international consulting company KPMG, where he continued to expand his knowledge in the field of finance, starting from the position of the Senior Manager of audit projects in the Technology, Media and Telecommunications department. In the years 2018-2020 he was a Manager in the Audit Department at Deloitte Polska. During these 7 years, he participated in many consulting projects in the field of audit, acquisition, restructuring and assistance in introducing IPO of listed companies.

## Changes in the Management Board and Supervisory Board

There were no changes to the composition of the Management Board and Supervisory Board in 2022.



# Remuneration policy

## Compensation of the Managing Board and the Supervisory Board

The following table shows the compensation, bonuses and benefits due to Managing and Supervisory Board members for 2022 – values in thousand PLN.

First name and last name	Fixed remuneration for performing a function in R22	Variable remuneration for performing a function in R22	Remuneration for the provision of services (variable)	Remuneration for holding functions in subsidiaries (fixed)	Valuation of the incentive program in the subsidiary Vercom
Jakub Dwernicki	288	100	954	121	
Robert Stasik	144	52	712	4	120
Jacek Duch	54	0			
Magdalena Dwernicka	48	0			
Wojciech Cellary	48	0			
Kamil Pałyska	55	0			
Katarzyna Zimnicka-Jankowska	54	0			

The R22 Group has in place Compensation Policy adopted by the Extraordinary Meeting of Shareholders on 18 August 2020. This document regulates the principles for compensating persons covered by the Policy, i.e. members of the Managing Board and the Supervisory Board. Compensation Policy's goal is to contribute to the development of the Group's mission and vision, execute strategic goals as well as motivate and establish permanent ties with the R22 Group.

Amount of variable compensation is set on the basis of individual performance of Managing Board members or results of the Group, including the Company.

The criteria for the determination of Managing Board members' variable compensation components with respect to their participation in stock option programs:

1. Financial criteria (quantitative criteria) - these may include:
  - a) having the Company achieve a specific EBITDA figure in the selected fiscal year;
  - b) having the Company achieve a specific net profit in the selected fiscal year;
  - c) achievement of a market goal, i.e. change in the price of Company's stock on the Warsaw Stock Exchange.
2. Non-financial criteria (qualitative criteria) may include:
  - a) working or serving on behalf of the Company or the Group based on an appointment, contract of employment or any other relationship whose goal is to perform work or contract work in return for compensation or financial benefit from the Company or a company from the R22 Group with a set period of time
  - b) signing up a Managing Board member for the stock option program by the Supervisory Board
  - c) No competing activities performed by Managing Board member.

Regardless of the fulfillment of quantitative criteria, qualitative criteria must be met in order to grant the rights.

On 22 December 2022, the Supervisory Board adopted the "Rules for the allocation and payment of variable remuneration to the members of the R22 S.A. Management Board". According to these, the payment of variable remuneration is subject to the achievement of management targets (70% of variable remuneration), which are set as the level of EBITDA (related to the level planned in the Company's budget for the year) and the fulfilment of bank covenants. The remaining 30% of potential variable remuneration is paid on a discretionary basis.



# Remuneration policy

## Compensation of the Managing Board and the Supervisory Board

Criteria for the determination of variable compensation components for Managing Board members relating to bonuses granted to Managing Board members:

1. These criteria include the following:
  - a) actions by the Managing Board member which, in the assessment of the Supervisory Board, warrants granting a bonus to such Managing Board member,
  - b) execution of a specific task.
2. A task is an action which leads to a result in one of the following areas:
  - a) effective management of environmental issues relating to the functioning of the Company, including by:
    - monitoring the use of electrical energy,
    - undertaking efforts to minimize environmental damage caused by Company's operations, including notification of relevant authorities in the event of such damage,
    - minimizing the cost of restoring the environment to the required standards,
    - conducting investments to reduce negative impact of Company's operations on the environment,
  - b) effective management of the Company while taking into consideration Company's social responsibility, including, among others, by:
    - managing Company's sponsorship activities,
    - contributing to Company's sustainable development, including the health and wellbeing of its employees,
    - managing the Company in a manner compliant with all corporate governance regulations in force on the WSE,
    - undertaking efforts within the scope of Company's influence by supporting local institutions and individuals, collaboration with local organizations, programs for children and young people.

There are no agreements between R22 S.A. and management personnel which would guarantee them financial compensation in the event of a resignation or a dismissal from their position without cause.

In the past fiscal year, an EGM of R22 has for the first time approved a compensation policy. There were no further changes.

The Managing Board is positively assessing the functioning of the compensation policy so far. The group is consistently expanding the scale of its business and improving its financial results. The results include an increase in the value of R22 shares on the Warsaw Stock Exchange.

The company does not have any pensions and similar obligations for former executives, supervisors or former members of its administrative bodies.

# Corporate governance





# Declaration on corporate governance application

## Specification of the set of corporate governance principles applied

The company strives to ensure the highest possible transparency of its activities, proper quality of communication with investors and protection of shareholders' rights, also in matters not regulated by law. In connection with that the Management Board of R22 represents that in 2022 financial year, the company applied the principles of corporate governance constituting Annex to the Resolution no 23/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange of 29 March 2021, titled: "Best Practice for GPW Listed Companies 2021" (BPLC, Corporate governance), which were published on the website run by WSE at [www.gpw.pl/dobre-praktyki2021](http://www.gpw.pl/dobre-praktyki2021).

## Corporate governance principles and recommendations the application of which was waived

DISCLOSURE POLICY, INVESTOR COMMUNICATIONS

*1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:*

The company does not apply the above rule.

*1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;*

The company does not apply the above rule.

*1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.*

The company does not apply the above rule.

The Company regularly updates information on its growth strategy and ongoing projects in its periodic reports. The Company does not publish specific measures and does not have measurable targets for its ESG strategy. In terms of climate change, the Company in particular takes active measures to reduce the consumption of electricity and consumables used in its operations. Due to the low scale of impact, the company has not adopted quantitative measures. In the Company's opinion, particularly due to the specific nature of the IT industry, the current structure and scale of employment do not require such statistics. The Company controls remuneration at the pay spine level according to position, competence and experience, applying the Company's principles of equal treatment and non-discrimination in force from the outset.





# Declaration on corporate governance application

## Corporate governance principles and recommendations the application of which was waived

### MANAGEMENT BOARD, SUPERVISORY BOARD

*2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.*

The company does not apply the above rule.

The Company has not adopted a diversity policy in relation to the Supervisory Board and the Management Board. Decisions on the composition of the Company's bodies are taken on the basis of the individual qualifications and skills of the persons concerned, respecting equal opportunities for each person, irrespective of his/her gender or age, and respecting the principle of equal treatment and non-discrimination. In terms of personnel policy, the Company has applied the principles of equal treatment and non-discrimination from the outset. The members of the Supervisory Board for the current term are two women and three men.

*2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.*

The company does not apply the above rule.

As explained in rule 2.1, the Company has not adopted a diversity policy. The criteria for the selection of members of the Company's bodies shall ensure the full professionalism of the Company's bodies, shall be made with respect to the principle of equal treatment and non-discrimination, thus fulfilling, the objectives indicated in the preamble of this chapter of DPSN2021.

*2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.*

The company does not apply the above rule.

The Company does not have an adopted Diversity Policy as explained in rule 2.1.

### INTERNAL SYSTEMS AND FUNCTIONS

*3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.*

The company does not apply the above rule.

The Company is working towards the appointment of an internal audit, with existing internal controls being appropriate for the size of the Company and the type and scale of its business. In 2021, a contract was signed with an external entity that carried out internal audit procedures in key risk areas.

*3.6. The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.*

The company does not apply the above rule.

The Company is working towards the appointment of an internal audit as explained in rule 3.3, with existing internal controls being appropriate to the size of the Company and the nature and scale of its business.

### GENERAL MEETING, SHAREHOLDER RELATIONS

*4.3. Companies provide a public real-life broadcast of the general meeting.*

The company does not apply the above rule.

The Company's experience with the conduct of general meetings and the lack of such demand from shareholders to date indicate that the non-application of the indicated rule will not have a negative impact on the possibility for shareholders to participate in general meetings.



# Declaration on corporate governance application

## Description of the key features of the issuer's internal control and risk management in relation to the process of preparing financial statements and consolidated financial statements

Principles and procedure of preparing financial statements are in particular regulated by the International Financial Reporting Standards, act on accounting and internal procedures functioning in R22.

Establishment of systems of internal control and risk management as regards the process of preparation of financial statements aims particularly at guaranteeing the completeness of financial data processing and maintaining correctness of financial information included in financial statements and interim reports. The implemented procedures are designed to ensure proper authorization of registered operations and to include all operations in the financial statements

## Rules on amendments to the Company's Articles of Association

Pursuant to the provisions of the Commercial Companies Code, amendment to the Company's Articles of Association requires a resolution passed with the majority of votes at a General Meeting and an entry in the register.

The Company's Articles of Association contain no provisions that differ from the provisions of the Commercial Companies Code regulating the amendment of the Articles of Association.

## Information on shares and shareholding

Detailed information on the share capital structure is included in the Shares and shareholding section on page 83.

## Restrictions on exercising voting rights

Till the date of preparation of this report there are no restrictions on exercising voting rights in the Company, other than those provided for in generally applicable provisions of law.

## Restrictions on assigning the ownership title to securities

As at the date of preparation of this report the Company has no limitations concerning transfer of the title to securities of the Issuer.

## Securities with special powers

The Company has not issued any securities that could give special inspection rights with respect to the Issuer. Any special rights of shareholders result from the Company's Articles of Association.



# Declaration on corporate governance application

## Management Board

### Personal composition

As at the date of this report, the Management Board of R22 consists of two members. The President of the Management Board of R22 is Jakub Dwernicki, and the Vice-President of the Management Board is Robert Stasik. They were appointed to the Management Board by the Supervisory Board by a resolution of 25 August 2020. The current term of office of the Management Board lasts until 25 August 2023.

### Principles relating to appointing and recalling management personnel

According to the Company's Articles of Association the Company's Management Board is composed of one or more members, including the President of the Board. The number of Management Board members of a given term is determined by the Supervisory Board.

The Members of the Board are appointed and recalled by the Supervisory Board. The Supervisory Board appoints members of the Management Board for a three-year common term.

### Powers and competences of management personnel

The Management Board of the Company is obliged to draw up annual plans of the Company's and subsidiaries' operations, budgets of the Company and subsidiaries, strategic plans of the Company and subsidiaries, and if necessary also amendments to these documents, and to submit these documents and their amendments for approval by the Company's Supervisory Board.

The Management Board concludes an agreement with the entity authorized to audit financial statements, selected by the Supervisory Board, to audit the individual and consolidated financial statements. The terms of the agreement with the above entity are approved by the Supervisory Board.

Decisions regarding the issue or redemption of shares fall within the authority of the General Meeting of Shareholders.

### Management Board's principles of operation

The Management Board transacts business of the Company and represents it. All matters related to managing the Company's affairs, not reserved by the provisions of the Commercial Companies Code or these Articles of Association, to the authority of the General Meeting or the Supervisory Board, fall within the scope of the Management Board's operations.

If the Management Board is collective, the following persons are authorized to make declarations of will on behalf of the Company: President of the Management Board independently, two members of the Management Board acting jointly or one member of the Management Board acting jointly with a commercial proxy.

The President of the Board manages the work of the Board, in particular coordinates, supervises and organizes the work of members of the Board, as well as convenes and chairs meetings of the Board.

The Management Board operates and conducts the Company's affairs collectively, makes decisions regarding the conduct of the Company's affairs in the form of resolutions. For the resolutions of the Management Board to be valid, at least half of its members must be present at the meeting. The resolutions of the Board of Management are adopted with majority of votes. The Management Board can adopt resolutions in writing or remotely using means of direct remote communication. In the event of a tie vote, the President of the Board shall have the casting vote.

Members of the Management Board supervise work on the issues entrusted to them and work of the organizational units of the Company directly subordinated to them.

The full text of the Company's Articles of Association and the Regulations of the Management Board, in which the description of the Management Board's activities was given in detail, are available on the website [www.r22.pl](http://www.r22.pl), in a tab "Investors" -> "Corporate Documents".



# Declaration on corporate governance application

## Supervisory Board

### Personal composition

As at the date of this report, the Supervisory Board is composed of 5 people. For information on the composition of the Supervisory Board, see Group Authorities on pages 90-91.

In 2021, there were no changes to the composition of the Supervisory Board.

Pursuant to the Company's Articles of Association, the Supervisory Board is composed of 5 or 7 members, appointed for a joint term of office lasting 3 years. The number of members of the Supervisory Board during a given term is determined by the General Meeting.

Selected shareholders have the personal right to appoint and dismiss members of the Supervisory Board, including to entrust the function of the Chairman. These rights are described in detail in the Company's Articles of Association.

The Supervisory Board elects the Vice-Chairman and Secretary of the Board from its composition at the first meeting of the new term of office.

At least two members of the Supervisory Board should meet the criteria of being independent from the Company and related entities.

### Principles of operation

The Supervisory Board supervises all the operations of the Company on an ongoing basis. The Supervisory Board operates on the basis of the provisions of the Commercial Companies Code, the Company's Articles of Association, resolutions of the General Meeting, the Regulations of the Supervisory Board and generally applicable law.

The powers of the Supervisory Board include, i.a.:

- assessment of the Board's reports,
- appointing, dismissing and suspending members of the Management Board,
- approving the annual business and budget plan of the Company and the Group,
- determining the amount, principles of remuneration and contract terms of members of the Management Board,
- selection and change of the entity authorized to audit financial statements, approval of contract terms, consent to changes or termination of contracts,
- approving the introduction of incentive programs in the Company,
- consenting to the conclusion of an agreement between the Company and a shareholder holding at least 5% of the total number of votes or a related entity, unless legal regulations require the consent of the General Meeting,
- expressing consent to the purchase or sale of assets or shares by the Company or a subsidiary whose value exceeds PLN 30 million or, since the audited financial statements exist, 20% of the value of equity determined based on the recent, individual financial statements,
- reviewing other matters falling within the authority of the Supervisory Board in accordance with legal regulations, or matters brought by the Management Board, including giving opinions on matters to be the subject of resolutions of the General Meeting.





# Declaration on corporate governance application

Resolutions of the Supervisory Board are adopted by an absolute majority of votes, unless the provisions of the Commercial Companies Code or the Company's Articles of Association provide otherwise. In the event of a tie vote, the vote of the President shall prevail.

The Supervisory Board can adopt resolutions if at least 50% of its members are present at the meeting and all of the members have been duly notified of the meeting.

Members of the Supervisory Board may participate in adoption of the Board's resolutions, casting their vote in writing via another member of the Supervisory Board. Resolutions may be adopted without holding a meeting, in writing. The Supervisory Board may adopt resolutions using means of direct remote communication. A resolution adopted in this mode is valid if all members of the Supervisory Board have been notified of the content of the draft resolution.

A meeting of the Supervisory Board may be held without a formal convening, if all its members agree and all members of the Supervisory Board are present at such a meeting.

A resolution of the Supervisory Board on an item not included in the agenda may only be adopted if all members of the Supervisory Board are present at the meeting and all have agreed to such a resolution.

Meetings of the Supervisory Board are convened by the Chairman of the Supervisory Board on his own initiative and at the request of a member of the Management Board or a member of the Supervisory Board within two weeks of submitting the application or, in situations requiring a quick decision to be made, within three days of submitting the request. The request should include the proposed agenda.

Meetings of the Supervisory Board are chaired by its Chairman, and in their absence, by Vice-Chairman.

Invitations to a meeting of the Supervisory Board are sent via registered letters or dispatch sent by courier services. Instead of a registered letter or dispatch sent by courier services, the invitation may be sent by e-mail if a member of the Supervisory Board has previously given their written consent, specifying the address to which the notification should be sent. The invitation should indicate the day, time and place of the meeting as well as a detailed agenda.

The Supervisory Board should be convened as needed, at least once a quarter. Members of the Management Board and other persons invited by the Chairman may participate in the meeting of the Supervisory Board.

In 2022, seven meetings of the Supervisory Board were held. Apart from meetings, resolutions were also adopted online.

Minutes are made of the meeting of the Supervisory Board. The minutes of the meeting are signed by the Chairman and all members of the Supervisory Board present at the meeting.

The authority of the Supervisory Board is described in detail in the Company's Articles of Association available at [www.r22.pl](http://www.r22.pl) in a tab of "Investors" -> "Corporate Documents".



# Declaration on corporate governance application

## Audit Committee

As at 31 December 2022 and as at the date of this Report, the Supervisory Board had an audit committee composed of:

**Kamil Pałyska** - Chairman of the Audit Committee

**Katarzyna Zimnicka-Jankowska** - Member of the Audit Committee

**Jacek Duch** - Member of the Audit Committee

Kamil Pałyska and Katarzyna Zimnicka-Jankowska satisfy the criterion of independence.

Jacek Duch holds knowledge and skills in the industry in which the Company operates, due to many years of technical experience in software engineering and management in international and Polish IT groups.

Kamil Pałyska has over 13 years of experience in the field of finance. Currently, he manages the team in the finance department in Agora SA Capital Group, supporting the companies in the Group in the field of controlling, financial and non-financial reporting, taxes and financial reporting. He also conducts training in the field of new standards and changes in tax legislation regarding the finances of large enterprises. He has an accounting certificate issued by the Minister of Finance and is at the final stage of receiving the international ACCA (Association of Chartered Certified Accountants) title.

Katarzyna Zimnicka-Jankowska holds the Chartered Financial Analyst title. She completed numerous courses and trainings in accounting, financial management, financial modeling and business valuation. He has experience in strategic and financial analysis of enterprises, business valuations, due diligence analyzes and investment effectiveness analyzes.

Seven meetings of the Audit Committee were held in the financial year from 1 January 2022 to 31 December 2022.

The Audit Committee's tasks include in particular:

- monitoring the process of financial reporting;
- monitoring the effectiveness of internal control systems and risk management systems as well as internal audit, including in financial reporting;
- performing financial auditing activities, in particular conducting an audit by an audit firm;
- controlling and monitoring the independence of the statutory auditor and the audit firm, in particular when services other than audit are provided to the Company by the audit firm;
- informing the Company's supervisory board about the results of the audit and explaining, how the audit contributed to the reliability of financial reporting in the Company, as well as the role of the audit committee in the audit process;
- assessing the independence of the auditor and agreeing to their provision of authorized non-audit services in the Company;
- developing a policy of selecting the audit company to perform the audit;
- developing a policy for providing by the audit company carrying out the audit, entities related to that audit company and a member of the audit company's network of authorized non-audit services;
- determining the procedure for selecting the audit company by the Company;
- presenting recommendations to the supervisory board regarding the establishment of an audit company in accordance with the policies developed by the audit committee; submitting recommendations to ensure the reliability of the financial reporting process in the Company.



# Declaration on corporate governance application

## Audit Committee

### Key assumptions of the developed policy for selecting the audit company to conduct the audit

The audit company is selected by the Supervisory Board, acting on the recommendation of the Audit Committee.

The Audit Committee during the preparation of recommendations and the Supervisory Board during the final selection of the entity authorized to audit, are guided by the following guidelines:

The selection of the audit company is made in a timely manner so that the date of the audit and issue of the audit report do not interfere with the schedule of publishing the financial statements of the Company and the Group to the public;

The Supervisory Board, when making its selection, pays particular attention to the need to maintain the independence of the audit company and the statutory auditor;

When analyzing the offers, the Supervisory Board and the Audit Committee also take into account parameters such as: price and the entity's previous experience in auditing the financial statements of public interest entities, including companies listed on the Warsaw Stock Exchange,

The selection of an audit company is made taking into account the principle of rotation of the audit companies and key statutory auditor required by law;

The first contract for the audit of the financial statements is concluded with the audit company for a period of not less than 2 years, taking into account the principles of rotation of the audit companies and the key statutory auditor arising from the provisions of law;

The Supervisory Board sends the justification for the selection of the audit company to the body approving the financial statements.

### Key assumptions of the policy for providing by the audit company carrying out the audit, entities related to that audit company and a member of the audit company's network of authorized non-audit services;

A statutory auditor or an audit company carrying out statutory audits of the Company's statements and consolidated statements of the Group or any member of the network to which the statutory auditor or an audit company belongs may not provide, directly or indirectly, the audited entity, its parent entity or entities controlled by it, with prohibited services within the meaning of art. 5.1, second paragraph, of Regulation No. 537/2014 and with other services that are not auditing activities, with the exception of permitted services, which are:

- due diligence services in terms of economic and financial condition;
- services for issuing assurance letters - provided in connection with the issue prospectus of the audited entity, carried out in accordance with the national standard of related services and consisting of carrying out agreed procedures;
- attestation services in the field of pro-forma financial information posted in the prospectus of the audited entity;
- examination of historical financial information for the prospectus mentioned in the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council on the information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
- verification of consolidation packages;
- confirmation of compliance with the terms of the loan agreements based on the analysis of financial information derived from the financial statements audited by the auditing company;
- attestation services in the field of financial reporting on corporate governance, risk management and corporate social responsibility;
- services consisting in assessing the compliance of information disclosed by financial institutions and investment firms with the disclosure requirements regarding capital adequacy and variable remuneration components;
- certifications regarding reports or other financial information intended for supervising authorities, the supervisory board or other supervisory body of the company or owners, going beyond the scope of the statutory audit and intended to assist those authorities in fulfilling their statutory obligations

Provision of services referred to above is only possible to the extent not related to the tax policy of the audited entity, after the audit committee has carried out an assessment of the threats and safeguards of independence referred to in art. 69-73 of the Act of 11 May 2017 on statutory auditors, audit companies and public supervision.

# Declaration on corporate governance application

## Audit Committee

To audit the Company's financial statements KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. was selected, with its registered office in Warsaw, Inflancka 4A, auditing company number 3546.

The contract for auditing the Company's financial statements was concluded on 20 December 2019. The audit company was selected by the Company's Supervisory Board pursuant to the resolution of 14 November 2019, based on the recommendation of the Audit Committee.

In the past financial year, the auditing company provided the company with the following services: audit of separate and consolidated annual financial statements and review of interim separate and consolidated financial statements. The auditing company also provided services in the field of auditing the annual statutory financial statements of subsidiaries.

In the past financial year, the audit firm provided the following services to the company: the audit of the separate and consolidated annual financial statements and the review of the interim separate and consolidated financial statements. The audit firm also provided audit services for the annual statutory financial statements of subsidiaries.

In addition, the audit firm provided Vercom with interim review services of the separate and consolidated financial statements.

Audit firm's remuneration

(k PLN)	2021	2022
Mandatory audit and review of the separate and consolidated financial statements of the parent company and subsidiaries	535	852
Assurance services, including reviews of the separate and consolidated financial statements of the parent company and subsidiaries <sup>1)</sup>	170	353
Other services	15	0
<b>Total</b>	<b>720</b>	<b>1 205</b>

<sup>1)</sup> attestation services include fees for the review of the interim condensed financial statements and the evaluation of the Supervisory Board's report on the remuneration of the members of the Management Board and Supervisory Board





# Declaration on corporate governance application

## General Meeting of Shareholders

**A general meeting and its key powers, and a description of rights of shareholders and the manner of their exercising, in particular those arising from the regulations of the general meeting, provided that the information in this regard do not arise directly from the law**

**General Meetings of R22's shareholders are held on the basis of the Commercial Companies Code, the Company's Articles of Association and the Regulations of General Meetings.**

The right to participate in the General Meeting of the Company is granted to persons who are shareholders of the company sixteen days before the date of the General Meeting specified in the announcement on the convening (date of registering participation in the general meeting).

Members of the Management Board participate in the General Meeting and, depending on whether this is justified by matters on the agenda, also members of the Supervisory Board in a number enabling substantive answer to the questions of the Company's shareholders. Other persons invited by the body convening the General Meeting or admitted to the meeting room by the Chairman may also participate in the General Meeting.

A shareholder may participate in the General Meeting and exercise voting rights in person or by a proxy.

The rights and obligations of Shareholders are specified in particular in the Commercial Companies Code, the Act on Trading, the Act on Offerings and the Company's Articles of Association.

In particular:

- A shareholder or shareholders of the Company who represent at least one twentieth of the share capital are entitled to request that specific items be placed on the agenda of the General Meeting of Shareholders. Such a request, containing a justification or draft resolution concerning a proposed item of the agenda, should be submitted to the Management Board not later than 21 days before the date of the Meeting.
- During the General Meeting of Shareholders, each shareholder may submit draft resolutions regarding matters placed on the agenda. These drafts should be submitted in Polish.

Pursuant to the Articles of Association, selected shareholders of the Company have the personal right to appoint and dismiss members of the Supervisory Board, including to entrust the function of the Chairman to one of the members of the Supervisory Board. Such rights are described in detail in the Company's Articles of Association available at [www.r22.pl](http://www.r22.pl) in a tab of "Investors" -> "Corporate Documents".

## Diversity Policy Statement

The company has not adopted a diversity policy with regard to the Supervisory Board and the Management Board. Decisions on the composition of the Company's bodies are made on the basis of individual qualifications and skills of individual persons, respecting equal opportunities for each person, regardless of their sex or age, with respect to the principle of equal treatment and non-discrimination. In the field of personnel policy, the Company has been applying the principles of equal treatment and non-discrimination from the very beginning. Two women and three men are members of the Supervisory Board of the current term of office.

# Other informations





# Other informations

## Principles of managing the Company and the Group

There were no other significant changes in the basic management principles of the Company and its Capital Group in the reporting period.

## Description of material court proceedings

R22 Group has yet to settle advance Payments made to SOPOL Solewodziński sp. j. („SOPOL”) totaling PLN 517 thous. For the provision of services. The R22 Group, According to the agreement on the provision of services signed with SOPOL has charged a contractual penalty totaling PLN 1,100,000 for the failure by SOPOL to provide the minimum daily capacity for text messages as per contractual terms. Proceedings to issue a payment order were initiated on 2 July 2018. The contractual penalty has not been booked as a profit until there is a strong likelihood of the actual collection. A court bailiff at the District Court in Mikołów has initiated enforcement proceedings against the properties owned by the partners of SOPOL. Additionally, the R22 Group has a judicial mortgage of PLN 1,396,208.04 on a property owned by SOPOL in order to secure its claims arising from the above contractual penalty. In 2020, the Group made a write-down on receivables in the amount of PLN 250 thousand. As at 31 December 2021, the Group assessed the risk of the debtor's repayment of receivables and, as a result of this assessment, considers that the write-downs made in the previous year are sufficient.

As at the date of the report, proceedings brought by the company Vercom S.A. are pending. towards Polkomtel sp.z o.o. for the payment of PLN 4,806,945 with statutory interest for delay for the period from 4 May 2020 to the date of payment as a contractual penalty reserved for the benefit of the Company. The suit was filed by the Company on 5 February 2021. In the opinion of the Company, Polkomtel did not duly perform its obligations under the contract concluded between the parties regarding the execution of the Company's orders regarding the sending / receiving of SMS / MMS messages by the Company in accordance with the rules set out between the parties.

Aside from the above, the R22 group has no other material proceedings before courts, arbitration bodies or the institutions of public administration relating to claims by R22 and its subsidiaries.

## Employment

As at 31 December 2022 the Group had 430 employees calculated on a full-time basis. In the course of 2022, the average employment totaled 456 employees

## Sureties and guarantees

Sureties and guarantees are described in the consolidated financial statements.

## Significant transactions with related entities

Transactions with related entities were presented and described in consolidated financial statements (Note 41).

## Financial forecast

The Management Board has not published financial forecast.

## Relevant Agreements

In 2022, the Group has not signed significant agreements.

## General Meeting

On 6 June 2022, the Annual General Meeting of the Company was held. During the AGM, the shareholders decided, among other things, on the distribution of the net profit achieved in 2021, including the payment of a dividend of a total of PLN 4 million and the authorisation of the management board to carry out a buyback of own shares with a total value of PLN 10 million.

Information on the General Meetings is available on the company's website: <https://www.r22.pl/company-pages/walne-zgromadzenie>



# Other informations

## Ability to execute investment plans

The group has the ability to execute its investment plans, including equity investments, both using own resources and using debt financing.

## Use of the proceeds from the issue

In the period covered by this report, the company did not issue any securities.

## Loans

Information on credits and loans taken is presented in Note 31 of the Consolidated Financial Statements.

## Management of financial resources

The company and the R22 group have an active acquisition policy of companies which complement group's product portfolio and broaden its geographical scope on the hosting market within the CEE region. Consequently, the group is an active user of external debt financing and is monitoring its ability to comply with the agreements signed, overall debt level and its debt ratios.

In the assessment of the Managing Board, R22 has the ability to meet the obligations arising from its debt and sees no direct threats to the ability to meet these obligations in the future.





# Statement of the Management Board

## Management Board statement on the reliability of the R22 Group consolidated financial statement for fiscal year ending 31 December 2022

The Management Board of R22 S.A. hereby states that to the best of its knowledge, R22's consolidated financial statement for fiscal year ending 31 December 2022 and the comparable data were prepared in accordance with accounting regulations in force.

The Management Board also states that the data presented reflects, in a true, reliable and transparent manner the group's financial situation and assets and its financial results. The report on activities contains a true image of the group's development, achievements and situation, including the description of basic risks and threats.

Jakub Dwernicki  
President of the Management Board

Robert Stasik  
Vicepresident of the Management Board

## Management Board statement on the reliability of R22 separated financial statement for fiscal year ending 31 December 2022

The Management Board of R22 S.A. hereby states that to the best of its knowledge, R22's separated financial statement for fiscal year ending 31 December 2022 and the comparable data were prepared in accordance with accounting regulations in force.

The Management Board also states that the data presented reflects, in a true, reliable and transparent manner the group's financial situation and assets and its financial results. The report on activities contains a true image of the group's development, achievements and situation, including the description of basic risks and threats.

Jakub Dwernicki  
President of the Management Board

Robert Stasik  
Vicepresident of the Management Board



# Statement of the Management Board

## Management Board statement on the auditing firm which examined the R22 Group's consolidated financial statement for the financial year ending 31 December 2022

The Management Board of R22, based on R22's Supervisory Board statement would like to inform that the auditing firm which examined the R22 Group's consolidated financial statement for the financial year ending 31 December 2022, KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. with the head office at ul. Inflancka 4A in Warsaw, was selected in accordance with legal regulations.

The auditing firm and members of the team performing the audit met the conditions to prepare an impartial and independent report of the annual financial statement pursuant to regulations in force, professional standards and the rules of professional ethics

The company complies with the existing regulations relating to the rotation of the auditing firm and the key chartered auditor and the mandatory interval period.

The company has a policy on the selection of an auditing. The company does not have a policy on the provision on company's behalf of additional services unrelated to the audit by the auditing firm, an entity related to the auditing firm or a member of its network, including services which are not subject to a prohibition by the auditing firm. Such services may only be provided with the consent of the Audit Committee.

Jakub Dwernicki  
President of the Management Board

Robert Stasik  
Vicepresident of the Management Board

## Management Board statement on the auditing firm which examined R22 separated financial statement for the financial year ending 31 December 2022

The Management Board of R22, based on R22's Supervisory Board statement would like to inform that the auditing firm which examined R22 separated financial statement for the financial year ending 31 December 2022, KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. with the head office at ul. Inflancka 4A in Warsaw, was selected in accordance with legal regulations.

The auditing firm and members of the team performing the audit met the conditions to prepare an impartial and independent report of the annual financial statement pursuant to regulations in force, professional standards and the rules of professional ethics

The company complies with the existing regulations relating to the rotation of the auditing firm and the key chartered auditor and the mandatory interval period.

The company has a policy on the selection of an auditing. The company does not have a policy on the provision on company's behalf of additional services unrelated to the audit by the auditing firm, an entity related to the auditing firm or a member of its network, including services which are not subject to a prohibition by the auditing firm. Such services may only be provided with the consent of the Audit Committee.

Jakub Dwernicki  
President of the Management Board

Robert Stasik  
Vicepresident of the Management Board



# Statement of the Supervisory Board

## Supervisory Board statement on the Audit Committee

The Supervisory Board of R22 states that the company and the R22 Group comply with the regulations on the appointment, composition and the functioning of the audit committee, including those concerning the fulfillment of independence criteria by its members and the requirements to possess knowledge and skills relating to the company's industry, as well as accounting or the auditing of financial reports.

The audit committee appointed as part of the Supervisory Board has fulfilled the duties of an audit committee as set forth by the existing regulations.

Jacek Duch  
Chairman of the Supervisory Board



Date of preparation and approval for publication of the R22 Group Annual Report for 2022.

**27 March 2023**

Date of the publication of the R22 Group Annual Report for 2022:

**28 March 2023**



**Jakub Dwernicki**

President of the Management Board



**Robert Stasik**

Vicepresident of the Management Board