

# Presentation and FAQ Icecat Investors eMeeting April 29, 2021

Icecat invited its investors in depository receipts (DRs; Dutch: “certificaten”) of Icecat shares via [NPEX](#) for its annual meeting of DR holders. We welcomed around 45 of our current and future investors in the online meeting about [Icecat NV’s annual figures 2020](#). [The presentation is here \(pdf\)](#).

In short, the board of Icecat, including CEO Martijn Hoogeveen and co-MD Emre Tan, hosted the very interactive meeting on Thursday, April 29, 2021, at 16:00h (4 PM CET). Management presented the progress made during 2020 and the business trends. Further, the board highlighted topics like the impact of COVID-19, liquidity of NPEX, M&A and divestment options. But, also the changing market, and competitive landscape due to consolidation. And finally, opportunities and risks for Icecat.

## Q&A Session during meeting

During the interactive Investors meeting we had some interesting questions, which we would like to share

### **How many of the 179 employees are full-time?**

The team consists of 46 mostly full-timers in NL, and 133 remote staff. Based on the Dutch payroll of 46 people there are three part-timers.

## **Can you comment on organic growth in 2020 and Q4 2020?**

The estimate of the growth of the invoiced turnover in Q1 (non-IFRS) was around 0% and in Q4 above 20%. In Q1, the market was in shock because of the sudden COVID-19 pandemic. During the year, the market understood that the e-commerce market benefited from the COVID-19 crisis. It's classic retail, hospitality, and travel that are most hurt by the COVID-19 crisis. Still, a general effect was that during 2020 many larger investment decisions in e-commerce projects were postponed. We saw a huge increase in registrations for our freemium services. It was a good strategy, therefore, to focus on expanding our footprint, and next focusing on upselling.

## **Why are your revenues not expanding as fast as your data use?**

Data use expanded by 75%. Revenues by 8%. As we work with flat-fee subscriptions, like Spotify, our business model is not directly affected by increased use. Also, the freemium models (Open Icecat, Free Vendor Central) attract users. It's our strategy to focus – especially during a crisis year – on expanding our footprint. During the year we increased our business focus on upsell, and that resulted in an improving order intake expansion as mentioned.

## **Should you look into variable fees?**

In some parts of our business, like Icecat LIVE (enhanced product stories from brands pushed directly to retailer websites), we have variable fees. That business line is quickly developing. We also proactively apply a land and expand policy that starts to work out well. Because of this, we see at the start of 2021, the higher growth rate (order intake) of Q4-2020 being continued. We continue to look into additional monetization options without jeopardizing our

competitive edge.

## **International Business Share is 65% how much room for growth is there?**

65% of the invoicing is to entities outside the Netherlands. Over time we expect the international share to increase to 90% international. Note: some of the invoices to Dutch entities also relate to international business, given the many international headquarters in the Netherlands.

## **Can you give feedback about your competitors? And what are your USPs?**

Competitors are local and worldwide. For example, Syndigo (webcollage), Salsify, and 1WorldSync.

Icecat USPs are:

- Free open content catalog sponsored by brands
- Free PIM for Brands (Free Vendor Central)
- PIM+syndication network to 10s of thousand e-commerce clients
- Current global footprint generating 10 billion annual product data-sheet downloads

## **What do the Lease debts on the balance mean?**

We do not offer lease contracts on the selling side. Only have them on the purchase side for company cars. According to IFRS, we have to mention the amount of Lease debts, which is in this case related to the number of lease cars for employees and years of lease obligations.

## **Is the Icecat pricing for Brands related**

## **to the downloads?**

At the moment we have a flat-fee subscription for brands and content users. And upsell related to Verticals, number of products, number of supported languages/locales, and value add services.

## **Can you explain the Product Market Combinations a bit better?**

In general, we work for brand owners or manufacturers, and for merchants, i.e., retailers, e-commerce businesses, distributors, comparison sites, and marketplaces. For the freemium and starter subscriptions see the [subscription plans for brand owners \(manufacturers\)](#) and the [subscription plans for merchants](#). The options for corporate clients are found here, but high-end clients typically have tailored contracts and different service level requirements.

## **How many clients do you invoice based on the EUR 9.8 million revenue?**

For Icecat, Iceshop, and Syndy we invoice in total around 1600 clients. Which expanded by 5% compared to 2019.

## **Do you have 100K euro plus clients?**

Yes, we do. We have quite a few of those. At the other hand, even our largest client is responsible for less than 5% of total revenues.

## **Can you explain client happiness? Did Icecat lose any clients?**

Churn – as a key metric – is less than 5%, which is lower than the SaaS average of 10% annual churn. Those clients we lost are mainly smaller businesses on the data user side. This fits

the trend that long-tail e-commerce players and classic retailers are subject to a shake-out. On the other hand, daily, new startups or new entrants become active in the field of e-commerce.

**Icecat has quite a large cash position which seems not to be used currently. What is the plan going forward?**

An amount of around 800K euro is reserved for post-payments for past acquisitions. The M&A market is overheated at the moment. One take-over per year would be ideal but due to travel restrictions and the M&A market dynamics, we are not sure if we will do one in 2021.

**Given the cash position and stable DR price, should Icecat distribute dividends?**

Currently, we have no dividend policy as also indicated in the prospectus at the IPO. Dividend policies are typical for low-growth utility companies, not for fast-growth tech companies. For value creation, we primarily focus on growing intrinsic value through continued fast growth and positive cash flow. The cash is reserved for acquisitions and/or investments. Since the IPO we did one acquisition per year.

Regarding the share price, we believe that doing things that help increase liquidity further is the first logical step to make. Options and steps are discussed under other questions. The moment that we can't use our capital for investments, acquisitions to further increase growth, profit distribution is indeed an option.

## **What kind of companies could acquire Icecat?**

Icecat could be of interest to big tech companies. But currently, we don't pursue an exit strategy. We think that we can continue our fast-growth strategy: to acquire synergistic companies that have revenues of around 10% of our own, i.e., currently, the ideal target has around EUR 1 million annual recurring revenues. Icecat uses this 10% M&A revenues rule and is not aspiring currently to take over companies that are too big compared to Icecat because of the associated M&A risks.

Hypothetically, we would only consider selling Icecat after selling our share in Hatch, as we believe that the unbundled value of each is higher than the total.

## **Do you serve brands worldwide or only in Europe?**

Yes, we do serve brands worldwide. Both manufacturing brands and e-commerce and social media brand clients.

## **Why is the Icecat share price around 10 euro? Was the IPO price too high?**

The market is always right: the Icecat DR price hovers around 10 euro so it was clearly not too expensive at the launch. Short term a market price is not related to enterprise value, but long term it typically is. So, we believe that if we continue to create value by fast-growth, improving profitability, and expanding our global footprint, that sooner or later the increase in enterprise value will be reflected in the Icecat DR price as well.

Another factor is of course the level of liquidity at NPEX. If we compare the history of, for example, Fastned at NPEX, nxchange, and finally Euronext: the share price of Fastned was

hovering a bit below its initial price of 10 euro on the smaller exchanges till Fastned went for a direct listing on Euronext. Then the price exploded. So, if we don't reach over time the liquidity levels that are beneficial for real price forming, we might have to consider moving the listing to a bigger exchange as well. Currently, we think that we should consider that once we double the business once more and reach the 20 million euro annual revenues level.

We hope to (continue to) see a development towards more daily liquidity on NPEX. It's a job for both NPEX and Icecat to jointly work on improving liquidity. One little step is the announced Employee Share Incentive Plan, in which quarterly bonuses to staff are made available in the form of existing DRs bought on the market (up to around 10K euro/quarter). Benefits are more employee involvement and understanding of the shareholder perspective, an increase in the number of DR holders on NPEX, and a bit of extra liquidity.

Regarding enterprise value, a range of 7 – 15 times annual recurring revenues (ARR) is typical for our cloud/SaaS business over the past years. Taking into account our Hatch share and cash position, we estimate our ARR multiple to be around 7.5 on December 31, 2020. At the lower end of this range actually.

## **It is hard to sell larger numbers of DRs. Will Icecat do DR buy-back?**

We discussed liquidity in response to other questions already. Currently, we have no plan for buyback other than as part of the Employee Share Incentive Plan as discussed above to improve liquidity as well somewhat, and one last put option (of around 50K euro) on DRs, which we don't expect to be exercised anymore given sufficient liquidity at the moment. Today's Group played a role in the larger OTC deal of our ex-CCO this year. If you need help with selling larger

quantities, it might be an idea to contact Today's Group as well. Icecat didn't play a role in that earlier OTC transaction.

## **Do you want to sell Hatch?**

As it's a minority venture it's one day an option to sell our share. But, as the venture is growing very fast, and reached profitability, it's not necessary. We can decide also to invest further in this venture, hold our shares, or decide to (partially) exit when there's a good opportunity.