Investor Day

Company Participants

- Cameron Lessard, Head of Investor Relations
- Grant Freeman, Chief Customer Officer
- Joe Walsh, Chairman and Chief Executive Officer
- KJ Christopher, Director and Treasurer
- Paul Rouse, Chief Financial Officer
- Ryan Cantor, Chief Product Officer
- Unidentified Speaker

Other Participants

- Analyst
- Arjun Bhatia
- Bill Chen
- Chapin Clark
- Dan Moore
- Howard Amster
- Richard Fellows
- Rob Davis
- Scott Berg
- Zach Cummins

Presentation

Cameron Lessard {BIO 22232939 <GO>}

All right, welcome, everyone, to the Thryv Investor and Analyst Day. My name is Cameron Lessard, I am Head of IR here at Thryv. Before we get started, I wanted to touch on a few agenda and housekeeping items. So first, please note our safe harbor statement, and we've also put out a press release this morning, so feel free to check that out as well.

Let's talk about the agenda. You should walk away today with a comprehensive understanding of our vision, our product strategy, our client journey, and our financial performance. I'll wrap up here in a second, but -- and bring on Joe here at the stage, but he is going to kick things off about -- really talk about our vision, what you should expect from us for next 5 to 10 years. And then after that, we're going to bring on Ryan Cantor, our Chief of Product. He is going to talk about our product roadmap and how that will pave the way for continued growth and expansion into the future. We also have some really exciting news to share with you on that front.

Next, we'll bring on Grant Freeman, our Chief Customer Officer. He's going to talk to you about our client journey. He's going to talk about how we engage with our clients, and we grow with them over time. And then our final session today, Paul Rouse, our Chief Financial Officers, he's going to come up here and give you financial overview of the company. KJ Christopher will join, will talk to you about our capital allocation strategy and our history of M&A.

Let's move on to housekeeping. So, we're going to do this in about two hours. So, we're going to go right through, so we're not taking any breaks. So, if you need to step outside, get a cup of coffee, feel free to do so. Q&A, we'll be taking questions throughout the presentation today. We have a few short windows, about five minutes, we want to really stick to that after each presenter, and then we'll have a Q&A session with all the presenters at the very end of the presentation. You can submit your questions online at investorday@thryv.com. That should be it. I think, real quickly, if you could just silence your computers, all your devices that would be really nice.

All right. I'm really excited about this. It's my pleasure and honor to welcome our CEO and Chairman, Joe Walsh.

Joe Walsh {BIO 18001809 <GO>}

Thank you, Cameron. Well, thank you all very much for coming today. We really appreciate. We're so excited to be together in person finally and get a chance to meet in person many of you that we've gotten to know over Zoom over the last period of time.

Today, we're going to share with you our vision of how we see the small business, market unfolding as it relates to moving to the cloud over the next period of time and we're going to share with you the role that we think that we can play in leading that. We think we can be a -- build a very important business here and really be a category leader.

And we're going to share with you enough about our background and our past to help you understand why we think we're qualified to do that and be a part of that. We've got a nice agenda today, we'll kind of walk you through what -- how we see that market unfolding, and we're going to talk about our targets, and we're going to talk about how we believe we can get there.

I'd like to start by just talking to you a little bit about my background personally. I'm an entrepreneur. I started a Yellow Pages company competing with the telephone company Yellow Pages, before that was a cool thing to do. And I bootstrapped it basically with my own money and an up and down the street, calling on small businesses 12 hours a day, every day, trying to make payroll by Friday and build this business up.

And so back to -- this goes back decades, back to the very beginning of my career was walking up and down the street, talking to the plumber, the locksmith, the landscaper, the lawyer, the pet shop, the bicycle shop, store after store after store, really understanding their business, understanding their problems. And they supported me enough that I was able to build a successful business, and I was able to sell it to a bigger company. I spent a

couple of years there, building that business, acquiring other companies and then we ultimately sold it.

And I joined a company in Long Island called Yellowbook. It was a little community telephone directory publisher, about $20 million in revenue. And Paul Rouse, our CFO, when I joined within two weeks of each other. He was before me he likes to point out. But we were fortunate enough in a 24-year run together, to take that $20 million community telephone directory publisher and build into a $2 billion company in the United States, by launching into more than 250 new markets greenfield, market after market, including some big NFL cities, and making 77 acquisitions, big platforms, and little tuck-ins.

Basically, we were doing one about every six or eight weeks over a very long period of time, and we were very blessed to have a lot of private equity backers and a lot of investors, as we sort of changed out our investor base every few years, make a lot of money on that run. And it was an incredible ride.

Ultimately, we took the company public on the London Stock Exchange. It was a $4 billion global company, and I eventually exited and started a board advisory practice, working with private equity firms and hedge funds that knew about us that had made money in our run, who had troubled companies who are looking for help. And that led me to Cambium Learning Group. I was Executive Chairman of Cambium. And it was a company, struggling with the transition from paper, textbooks, and printed materials to digital, and very similar really to the yellow pages business that I had just been working in.

And we managed to take that company from as a public company, the ticker symbol is ABCD, take that company from about $0.70 a share, at the time I took over as Executive Chairman to $14.50 a share. We exited when Veritas bought the company in December of '18.

Some of you guys have mentioned that you were investors along the way in that, and I appreciate you following us here. That for me was a master class in recurring revenue, and what we today called SaaS. And the education business, they don't really call it SaaS. But yes, we were selling subscriptions to EdTech products in 43 countries around the world for students. And we've made a big difference in a lot of kids' lives, and we've built a really valuable company.

So, along the way, I was still doing the board advisory gig and was contacted by the leadership and ownership of Dex Media, which was the old Superpages business, and Dex One that had recently merged. And they said, would you help us with a strategy, help us figure out what to do with this business going forward, because we see decline in the directory business and we sort of are reselling for Google and Facebook, but we really don't know where we're going with this thing.

And the suggestion that we made after doing a lot of work was, that this thing was in the process of changing the world, and that enterprises this is in 2014, enterprises were rushing to move their computing operations into the cloud. But small businesses had not done anything yet, in terms of a move to the cloud. And there would be a coming

enormous wave, it would be 10 times bigger than the wave of enterprises moving to the cloud, that small businesses would move to the cloud. And a company as big as that company was -- it was a couple billion-dollar business. With that big of a sales force, that big of a customer base, that much resource could pivot and lead that change, lead that transformation. And so, they really liked the strategy and asked us to join the company and actually execute the strategy.

So seven and a half years ago, I joined with nine of my senior guys. We basically suspended Walsh Partners and came in and took this mission on, and the company had nearly 5,000 employees at the time. So, we sort of turned around and recruited about 100 of our best guys that had been with us in the prior life, and so it was 100 on 5,000 and off we went to try to transform this.

And I'm really proud today, you're going to meet a few of the guys, you'll certainly meet Paul Rouse, my CFO. You're going to meet Ryan Cantor, who also came with us from a prior life, who's our Head of Product. You're going to meet Grant Freeman, who's our Chief Customer Officer. And there are a number of other people here in the room.

Gordon Henry is here. And our senior management team, our peopled with people, people with leaders, that have been together for years, managing tough on the cost side of the business and really focusing on customers, focusing on clients. So, I'm really proud of our team and what we've been able to do. And I think we're really qualified to make this happen.

We're a team that's really fiercely devoted to independent local businesses. And that's what we've kind of built our careers on in our chops. I talk to customers every single week, whether it's a Zoom or a phone call, spend some time talking to customers, make sure that that's in my mind, what they like, what they don't like, what they're thinking about.

We really believe that in America, it's free enterprise, right? That's what this is all about. The American dream is owning a business. And we're devoted to really helping them be successful as they build those businesses. We really think that consumers should have choices in their little town or their village other than just Panera and Starbucks and chains, they ought to be able to have true independent local businesses. They're the fabric of America, they're really the backbone of our country, and we have focused on them.

Honestly, Starbucks is probably not buying anything from us. We're working with the local independent business owners. They are our customers, the ones that we really know. And we think that devotion to these folks, to these independent businesses is a worthy and a noble calling, and we spend a lot of time with new employees that join us, sharing our thoughts about this.

And we find that with a high percentage of the people, we're interviewing that we're talking to, it really resonates. They're able to picture the local businesses in their town that had sponsored their softball team or their soccer club or they -- when they go to the 4th of July parade that are there and they kind of get behind this. And so, I can tell you honestly that 2,700 people that work for our company are on a mission.

They don't work for a company. They don't get a paycheck every two weeks, and that's it. There's a mission, there's a zeal about what we are doing, and that's some of our people may be out there given demos today. They care a lot about this. And so, when customers call us, we're there for them. And we genuinely help them. And I think that's part of why some of the statistics that we're delivering as a business are so outstanding because the fabric of the people and the way they feel about what we're trying to do here. So SMBs matter to us. So let me get on with this conversation.

So again, the 2010s was the decade where there was a big move out of data centers, moving computing into the cloud. We saw that happening. It's still going on, I realize. But the big money got made, the big businesses got created during that period. We really believe that this decade, the one we're in now, is the decade where small businesses are going to migrate to the cloud, and it's just beginning to happen now. We were early. We started 2014 with this vision, and we're out there telling the story and people thought it made a lot of sense, but they just weren't ready to modernize and make that big of a jump. Today, it's happening. Today, we see it, we feel it every day.

Why is it happening? Well, consumers are trained. We're used to know when we get on the plane, we swipe the little thing we walk on, we're used to pushing a button, watch a little car drive to us, we get in and we drive away. We've had these experiences with big companies, we've had it with global e-commerce. We've had these successes and we kind of sort of expect that table stakes. And even though we know we're dealing with a small independent local business, we'd kind of like for them to be able to deliver this level of services, too, and businesses that don't or at disadvantage. We did a recent payment study, looking at how consumers like to pay. And big surprise, they said, we really would actually opt.

If we were looking at two businesses and one, we could do business with digitally and pay digitally and get a receipt digitally, and we kind of -- if all things being equal, we'd go to that one is that's how we prefer. We feel more comfort when we buy high ticket services if we can pay digitally as opposed to with a check. We feel like maybe there's a little protection there, a little bit more control. It's just how they feel.

We think the small businesses are ready. Most of the small businesses that we work with are long-established. We have 400,000 customers, been around for a while most of them, and these aren't usually new started companies. And they're often run by people who are a little later in their career, and they weren't necessarily the early adopters, the first ones to jump in and be ready for technology, but now, we're seeing it.

We're seeing -- maybe it was the pandemic, whatever it was, we're seeing them more ready now than they have been before, and the tools are way better, the interoperability is way better, the actual devices that we're working on have better, bigger screens, they're faster, they have better memory, the cloud's better, whether it's 5G or whatever, you can get access to stuff better.

It's the time is now. And you will see whether we lead it or not, whether we succeed or not, you will see a mega trend over the next decade of small businesses, migrating into

the cloud, and it's going to be big and there will be a lot of money made, a lot of big businesses built on that and that's what we're focused on.

So, this SaaS adoption study. We just did it in Q1 looking at where is the market in terms of its development? I've talked to many of you about the fact that we primarily have worked with the unclouded, meaning small businesses that -- we're working on email and spreadsheets, and we were moving them into the cloud.

Well, the way they started was not buying a big powerful solution like Thryv, they started with point solutions, buying maybe a little loyalty tool, or working with payments, or maybe they took their QuickBooks off the desktop and put it in the cloud, something that was a little small like that.

Now, after the sticky notes are all over their computer and they're trying to log in and out of all these tools, they're asking the question, couldn't there be one thing that would do this? A little bit like salesforce.com is for big companies. Couldn't there be something that was the main platform I could live in? And so, people are actually searching for that and looking for that now.

And if you go to the review sites, G2 Crowd or Capterra or whatever, you'll see that's why people love us because of the completeness of what we're doing. And when asked, who would you want to buy this from? They'd like to buy it from one provider. So, we were early, but the market's coming our way now. We're like a surfboard on a wave and it's just building behind us and getting ready to take off. And that's part of that we feel it every day.

We see it in our web traffic just to thryv.com. If you look at the rate at which the traffic is growing, it's growing really fast, and we view that as a forward indicator for what's happening in our company. So, I want to dive in now, and talk about our marketing services business. And a lot of the conversations that we have with many of investors individually, we -- due to limited time, we pretty much spend the entire time talking about the SaaS business, and we don't really give any time to marketing services.

Today, since it's our time, and we paid for, and we bought the bagels, we're going to actually talk a little bit about marketing services, how we see that business unfolding. We're going to give you our 10-year view. Now, some of you have analysts in the back saying, well 10 years, I mean, the yellow pages business won't be around, but I've got it modeled, it'd be gone in 30 months or 36 months or -- that's not how this is going to play out, not at all. So, I just want to walk you through kind of how we see it.

This is our business this year, the mix between the printed yellow pages depicted here in yellow and the other digital marketing services that we provide. So print is roughly 60% of our revenues, about $0.5 billion of revenue. It is in a long-term slow structural decline, but it's been declining at very similar rates for really long time, and I'm going to show you that data in a minute.

What we're going to do here is just basically tell you how we see that in 10 years, how we see that unfolding. We think that print will still be around, it'll be pretty small, but still be a small part of our revenue, 10 years from now. And as the market plays out, as it unfolds, we think that we will still have a 100-plus-million-dollar business with 35% margins. We think we can variablize all the costs within it. And the fastest declining piece of our marketing services is print. So, as it gets to be a smaller part of the puzzle, the clients may actually ameliorate a little bit. Although, we've been very gloomy with the way we've modeled it here. This assumes completely organic. There are no acquisitions in this.

So that's how we see that business playing out over time. This is the usage trends for yellow pages. The online directories have taken over now over a period of years, deliver more total references than print. The decline curve has been a mid-single-digit decline, about 4% compound annual decline over very, very long period. This is a demographic shift that's going on. The iPhone has been around for more than 15 years. So, this is not, oh, there's new technology. This is this habit that people have and the way it's playing out and the way it's being used.

So 4.3 billion references to the online, the Superpages, the yp.com, the DexKnows, the Internet Yellow Pages products. And the print product, there it goes, 3.1 billion references. So, they crossed over a few years ago where there were more references to our online directories than our print directories. But I think what's important to realize in total is, 7.4 billion references. These are valuable references. These are people that are very close to the point of transaction. They have a plumbing emergency. They have something going on. You don't use the yellow pages to shop, you're not trying to figure out if Justin Bieber is married or not. I mean, when you go to the directory, you have a problem and you're ready to buy.

So, these are very valuable leads. And if you're fortunate enough to be in a classification in a geography where these directories still deliver leads, they're your lowest cost, highest converting leads that are available to you as a business. And when you compare what it would cost to get a lead, say, from a Google search engine or from Facebook or from some of the other online companies have been set up to do that, those leads cost three, four, five times more than the leads that are powerfully delivered out of this 7.4 billion.

And the thing that you guys need to think about as you're investing with us is that it is a declining number, but it's us, it's virtually all us. We're the only player out there. There's a couple little independent publishers and a couple little spots, there's a couple little niche online directories, but it's all us. We own and control those leads and it is declining, but it's all us. So, we have the ability to monetize that over this next decade, and that's part of the power of this investment thesis.

And by the way, it's free, because the entire valuation of our company rests just on the SaaS side, that part is not valued at all. People don't understand it, so it's not value. Do the math. It's 300-plus-million of cash flow coming from that business. It's very durable, it's going to be around, it's going to decline. But it's going to be around for a long time and it's not in the valuation story at all.

So, we think it's important. I wanted to take a couple of slides and just tell you how we see it, it will decline, and we won't fight that decline. We're not here to turn marketing services around and make it grow, we're building the SaaS business. But we are harvesting it, we're variablizing the cost. We've got a model every year for how we think that decline is going to go, and we have lesser and lesser costs against it, so that we can deliver mid-30s-percent margins out for the next decade out of that business.

So, let's turn now and talk about small businesses and talk about our role and working with them. They need a hand. They need a little help. And so, the way we've set ourselves up is with service as our differentiator. A lot of small businesses want to have digital transformation, just like big corporations do, but how do they do it? How do they slow their business down enough to learn it? How do they figure it out? And we've set ourselves up as that guide, that helping hand.

I call customers every week. So, a couple of weeks ago, I called one of our new customers who have been with us for about seven months in Melbourne, Australia. Tariq Hassan this guy is in the window business. He tints windows, he does -- like a lot of people have skylights over there, and he tints them, so it doesn't get too bright, he does all this stuff. Anyway, he's got this great business, and it's -- I think he's got seven employees, something like that. And he's been advertising with the old census now, Thryv Australia, for a number of years, and he trust his rep and liked his rep, and he made the transition into Thryv, and he said, it's just completely changed my business. Everything now we were doing on paper, we're now doing digitally.

And he said, I'm kind of a tech geek, I like to play around with this stuff. I didn't meet the guy in person, but it felt like he was kind of around 40-ish-years-old. He said, I will be in my office piddling at 9 o'clock on a Friday night, and I'll try to contact you guys to get some help. And every time you react, every time, whether I do your chat bubble, whether I send you an email, whether I call you, you guys are right there, ready to help me, doing the screen share and show me how to implement another aspect of Thryv into my business. And how do we do that? We're in the Philippines, we're in India, we're in Australia, we're in the U.S. and we're they're all the time, to serve and to help. And that's been a big part of it.

There's other software you can find online, and if you go searching online, there's stuff that looks like it does what Thryv does, but just try to get onboard, try to figure out how to make it interoperate, just figure out how to onboard your business. So that's been a big edge and that's why we've seen usage and engagement soaring in our business and why we have such low churn.

So, the benefits to Thryv, I think, are relatively straightforward. It actually can drive growth, it's not advertising. It saves time and gets you organized, and it gives you freedom, mobility, lets you move around. We have stories of small businesses that for the first time they've taken their kids to the mountains camping for the weekend, and they're able to keep track of their business on their phone and see what's going on in their shop while they're out of town. They just have to have a business that's very active on the weekends and they can never go.

People are getting out to see more of their kids' ball games because they can monitor everything that's going on out of their pocket. So this tool allows you to win, keep and grow high quality business, part of what you're trying to do is you're trying to get the right kind of leads even if you're a small business. So thinking about Thryv, think about the world right now. GMB Google is a big deal. We're super GMB friendly. We're super SEO friendly. When you work with Thryv, you're going to come up high in organic search results, you're going to be found in relevant, you're going to be there.

What's the most expensive lead you could possibly get if you're a small business? It's a lead from Google, because Google has an auction model that teases out the highest possible price of a customer that wants to get a painting job done, maybe they want to paint the exterior of their house. Five local painters are competing, and Google teases out the highest possible price.

But when you land a lead from Google or some other online sources, you've paid maybe more than that first job was worth to you. So you've got to be able to hang on to that customer in a digital database and you've got to be able to nurture them and think in terms of lifetime value of that lead, because maybe they -- this was the first job and now you're going to maybe work with that business for years. Well to do that, you have to have an automated organized way to nurture them, to stay in front of them, to work with them, and that's what Thryv lets people do. And that's part of why we're able to help businesses actually grow. We're able to get -- help them get referrals very easily. We're able to help them.

And for consumers, when they're interacting with a small business, if they have Thryv, they've got the client portal, they can exchange documents easily, they can pay digitally, they can get receipts digitally, everything can happen in a simple way that they're used to.

One of the keys to how we're able to do this -- Thryv doesn't do everything, no software does everything. So we have an app store that sits behind Thryv, and if you want to e-commerce enable your website, no problem, Shopify is in there, you can connect it in about 15 minutes, off you go.

If you are using QuickBooks or FreshBooks or MYOB or Xero and that's where you do your back-office bookkeeping, you can connect that in no time, and the data will share back and forth. Even some people that we theoretically compete with like Constant Contact or Mailchimp, no problem, you just go in there and connect them, and all the data that you've been using in your Mailchimp is sharing now across the platform, it speeds up you're onboarding.

Now, admittedly, we have email marketing in our tool, so there's overlap there, we don't care. We want to make it as easy as possible for those small businesses, to get onboard and be able to use it. And if I'm honest, sometimes when they get in and they realize, oh, the tool within Thryv gives me all the power I need, I actually don't need the other subscription, some people pair it back. But we just try to make it as easy as possible for people to get onboard and to work with us.

So when you think about the value prop, we're basically still dealing like we were in the marketing services business with the consumer, and the business owner trying to get together, how does that work? Anything to do with finding them online, Thryv is going to help them. It's managing their listings on 60-plus sites all around the web. It's making them more SEO friendly. It's making them easier to work with. When you want to contact them, you can make an appointment right online. If they've got Thryv, no problem, you can send a chat message if you want, all those contacts are better.

After the appointment is made to get together, start to do business, you're going to get appointment reminders from somebody who's using Thryv, so that there's less no-shows, their time is so valuable, that's going to happen. You're going to be able to exchange documents, maybe you're going to run some party or something and you're trying to exchange with the vendor that you're working with what your specifications are.

All those docs are not only exchange but shared in a client card inside of the Thryv, no problem. Comes time to make a deposit or make a payment, all that can happen digitally, you can sign the screen and agree to the estimate that you got today, and it's all saved, it's all right there in the one client card, nice and clean. These were all separate pieces of paper five minutes ago, now it's all organized on one simple thing.

And then after you've done business with them, anytime you want to deal with them again, you can reach in your pocket hit a button and see who you dealt with, when they bought, what they bought, all of it is right there, all that CRM type information is in your pocket all the time or on any other device that you want to use.

So the nurturing process can begin after you've done business. You can send a note out saying, thanks for doing business with us, I hope we did a good job for you, here's a link, if you wouldn't mind, leave us a review. Small businesses are desperate for reviews, because it's social currency, it's how people decide today if one business is good versus another.

How does a small business collect those? Well, we help them facilitate that. We make it really easy for them to do that. And then months and months after they've done business, it's spring rolls around, we send a little note out, out of the Thryv, that says, it's spring, why don't you get air conditioning checkup, we'll swap out all the filters and give you a check, get you ready for cooling season, we'll do that for you for no charge or we've got a $99 special or whatever it is. And so you're tickling and staying in front of your existing customers who are the most valuable to you. Remember how expensive it is to get a new one and Thryv helps you do that. So it's really a business that has Thryv just has a tremendous edge.

Going to bring you now in the war room and let you get a little peek into the way we're thinking about the future of the Thryv product. We never shared this outside of our company. We've been working on this for quite a while. I'm going to reveal to you now our center strategy. The first Thryv was the first of our centers and we just called it Thryv in the beginning, it will be known in the future as business center.

And we are planning many additional centers to serve more than needs of a small business and to keep things simple and organized for them. They'll be supported, of course, by ThryvPay, by Thryv -- the app marketplace we've talked about, and by Hub for Thryv, which is for franchise multi-locations of it being demoed outside in the foyer.

So why are we doing this? Because the screen real estate that most people consume the stuff on is about that big. It's not very big. So we want to make it nice and clean and simple for them to navigate the screen, not be a million little things that when a lot of our contractors have big fingers, we don't want them to push the wrong buttons, we will make it nice and simple for them. And you're able to hop from application to application and have an easy-to-navigate experience. We want to make it cost effective, so if you're new and you're just getting started, you're dipping the toe in the water if you're maybe a smaller business, you don't necessarily have to buy all the different centers, you can buy more of them as your usage grows, as you kind of build.

And I know you guys think a lot about your models, and how it's going to develop. One of the questions I get asked a lot is, what's your net revenue retention look like? As we roll out these additional centers, it's an opportunity for us to move the annual spend that we're currently getting, it's around $4,000. We become the full operating system for your whole small business you might be willing to part with $5,000 or $6,000, and that's really meaningful net revenue retention as we keep building this model out.

So we've said that we have an unfair advantage that we like to think that we're hard working and nice people. But how was it that so quickly, in like seven years, we got a couple hundred-million-dollar SaaS business? Well, we started with a really big business, we started with more than 1,000 salespeople calling on hundreds of thousands of customers, so that was kind of an edge.

And we've delivered more than $1.5 billion in cash out of this business since 2016. We've dividend back about $500 million through a tender back to our shareholding base and we've repaid more than $1 billion of debt. You're going to see later in a treasury presentation, how we will -- when we do a transaction, we buy something, we do something, we lever up a little bit then we quickly lever back down.

We're really good stewards while specifically, Paul and KJ are really good stewards of cash. And so we're really careful about how we deploy it, and it's a cash generating machine. 400,000 customers, we sometimes sort of kiddingly call it, the zoo, meaning, there are existing customers, we can call on them, we can meet with them, we can talk with them.

The hardest thing to do if you're trying to build a SaaS software business, focused on the small business is to get a conversation with a small business owner, that's the hardest thing.

If you're trying to -- you have some great idea, right? You got some venture money and you got this really great idea. How do you ever get a conversation with small businesses? We have them automatically. Like, we got an entire sales motion calling on these people

every year, and as those businesses are becoming more ready to modernize, we're there and we're migrating them over.

And so we are organized this way. If you kind of take a look here, we've got our local channels and then our new channels. I'm going to start by just talking about our local channels. We've always had 1,000-plus-person sales force with a big premise team of people actually calling you. In Rapid City, South Dakota, they walk through your door, and they talk to you about this thing.

And we've had a big group of people that work over the phone doing the same thing. We've added to that, this team selling element most recently, where we've got software experts who do typically on Zoom a demo of the software, which we record, and we focus right in on what the problem area you're trying to solve as a business is. This is unlocked for us a big step change in engagement with the customer, but also huge productivity lift with our sales force.

Over the last seven and a half years, we've been migrating the sales force from marketing services salespeople to SaaS software salespeople. So the sales force has gotten much more digitally-savvy over time as we've recruited, and as we've trained the existing group. And productivity continues to lift, because we're doing innovations on the marketing services side, like continuing to extend the life of the print directories longer, which creates more canvassing time to call on people and focus on SaaS. So SaaS productivity keeps rising out of that group, and that's really what's driven everything for us so far.

Much more recently, over the last few years, we've been building this side of it, we've been building the inbound channel, the partner reseller affiliate sort of channel, and the franchise channel. And these are beginning to really get legs and get moving now. And we're continuing to invest in building them, that's a big part of our long-term vision, and adding that into what local is doing is part of how we're continuing to accelerate our growth.

So, all of our life so far has been sales driven. There was no product-led growth at all. And some of you have said to me, well, some of the companies we look at in SaaS have a land and expand model where they get a customer and then they are able to grow it over time because we were -- had an expensive sales call taking place, we needed to make sure that we were getting a lot of money out of those customers, because you couldn't afford to go sell them a tiny sale. If you're doing it with a human being walking through the door, it was costing you a hunk of money to go to have that sales call.

What's next for us is this, and that's product-led growth is not replacing sales-driven, we're going to still have a big sales force. In fact, it'll actually likely grow because of the effectiveness that we're experiencing. But we're going to be introducing product-led growth, where the product road map has the new products, you'll be able to land on and discover, begin to consume, begin to use them, begin to get some value from them, and then begin to pay, and we'll use our sales organization to grow those customers. Our hard problem when we get outside of our existing zoo is we had the same problem everybody else does, having a good conversation.

So having hand-raisers that are consuming our product, and as I said, I'm interested in modernizing, I'm beginning to use your stuff, is a lot easier conversation for us to have, and to build on. One footnote I also want to make, I sort of blew by when I was talking about our zoo and our local sales force.

Approximately, a third of all of our sales that are coming in today, are coming from referrals, outside the zoo. So the zoo's like regenerating itself. There are 400,000 businesses in the zoo. And then they're recommending about a third of all the new sales that we're making, or their friends are next door, or the guy they bowl with on Tuesday nights or whatever, they're bringing us lots of customers and we're feeling that accelerating. There's more of it as there's more chatter now about how to modernize a business. So the product-led growth will really be driven, as these additional centers kick in and you'll see that layering into our plan.

We had a whole lot of recognition this last year. A lot of independent software review sites, citing us as best value for money, easiest to onboard, best service, we're really proud of that. We're down to 1.5% season churn, and that's almost enterprise like. We're dealing with businesses with three employees, five employees. I mean, small businesses are dodgier than enterprise, they go in and out, different things happen. But our ideal client profile is sharpening up on these more established businesses. There's been this wave of new business creation kind of since COVID hit, and the Great Resignation, that really is not our customer. We're really dealing with more established businesses than that.

So let's talk about who we serve. 2 to 50 employees are kind of our world, mostly service-based businesses, mostly established businesses. Typically, our marketing services customers being with us for eight or 10 years, being with us really for quite a while, typically about $0.5 million of revenue. These are not -- this isn't somebody side hustle. If it's a side hustle, it's just probably not big enough, and we'll end up with a lot of churn out of that. So really that's not who we want. And we've been really working to sharpen it up this, and I'll talk about it in a minute.

International is the next part of our play. And so you read the release this morning, we've talked about kind of how we see this thing playing out. Right now, we're in Australia, Canada, the U.S. Over the next couple of years, you'll see us really move out into kind of the easier markets. We're not going to go to really hard places. We're going to go to the obvious places that you would go.

In the U.S., we think there's a 4 million TAM. Now, I have said in the past that we had estimated our TAM as kind of 8 million to 10 million businesses. There's a little over 30 million small businesses in the U.S., and we've said, hey, 8 million to 10 million of them are kind of our TAM. We've sharpened that up and we've said it's 4 million. And the reason we've said it's 4 million is, we really have gotten disciplined about making sure they were big enough, to really be durable users of the product. Because we find when we sell, Chuck in the Truck, little, tiny, tiny businesses there's just churn there, and we just -- it's just too expensive for us to get involved. So we actually allow that new start business, a lot of times, to go try a point solution or two, and work their way up, and we've positioned Thryv as an aspirational brand.

We're really -- we cost eight or 10 times more than some of these little, tiny verticals or little, tiny point solutions. But once you start getting frustrated with the limitations of those, you start asking, hey, isn't there kind of a more of a MacDaddy complete thing I could go to here and that's where Thryv sits.

So that's where we want to be. We're really not going to go back down market other than like a PLG motion type of thing, but we're not going to try to go get that guy that's starting his business tomorrow. That's not really our customer. So 4 million is the TAM that we're looking at there. And then internationally, the markets that we're looking at, the target that we're looking at, we think has an 8 million small business TAM.

So, our trajectory in the future, what do we see happening to revenue here? The midpoint of our guidance this year is $207 million, you guys have seen that, we put that out effectively reiterating that here. We're really comfortable with that, and that should be easy. The five-year target for our business is $1 billion. The 10-year target is $4 billion.

Now, we get to that organically, it's not through acquisitions. We get to that by executing the strategy that we currently have in the marketplace as we see it developing. We think that this opportunity is 40-plus-billion-dollar opportunity, and as it is, we'll be barely hanging on. Like in other words, we -- this market's going to develop so big and so quickly that, to remain a category leader, to keep up, we'll have to grow at this rate. We think that's how big the opportunity is here.

And I want to just sort of take you through some more granularity there. Five-year targets, we're looking at 75% gross margins. Our gross margins are a little bit lower than that today. But our product road map would have that continue to improve to about that level. 20% EBITDA margins we think would be around where we will operate, that will allow us plenty of money to invest, and we're still growing very fast. 150,000 customers. Net dollar retention, we think, will hover right around 100% as we continue this evolution. And three quarters of our business will be the SaaS business in five years.

Looking out further with a 10-year target, we see a $4 billion dollar target. Similar metrics, about 0.5 million subscribers, and 95% of our business being SaaS and just having a fairly small marketing services piece.

We've been asked many times, sometimes even publicly, can we -- should we split these businesses, good bank, bad bank, and all that. They work so beautifully together, and it fits so synergistically in our model that we think that this is our superpower, not something we should spin away. And you might say, oh, but you could get a higher valuation this week if you do that. Well, we're not running the business for this week.

We're running the business for the $4 billion big picture, that's what we're going for. And we think that having this gigantic rocket attached to our business really helps. So that's the way we're thinking about.

So why do we think this plan can play out? Our North Star's engagement. We're all about making sure they're actually using the software. We go to great lengths to not sell people

who won't use it. So, when a customer comes through our process for a demo and they say in the interview, they want a website, and they want to manage their listings around the web. We actually don't sell them the software, because we don't want somebody buying the software, who was not using it, because they're going to disengage and they're going to maybe churn. So we just tell them what they need, and we say, look, when you're ready to modernize, we'll bring you on to Thryv at that point, and that's part of how we've gotten the churn down so low. So North Star's engagement, that's number one.

Number two is subscriber growth. We believe that the zoo is going to yield an enormous amount of additional customers without having to go meet anybody and they're going to refer probably even greater numbers than they are so far more of their friends to us. And then we've got our product-led growth motion and we've got our new channels, driving subscriber growth. We think ARPU will keep growing.

I mentioned earlier that we think it's not unreasonable for a small business that's successful to maybe spend $5,000, $6,000, maybe even $7,000 a year on a big platform to run their whole small business on, that gives them complete organization in their pocket. We think that's not through price, but just by delivering more value services to them. We think that's totally doable.

Product-led growth, we've not had in our journey so far, but the products that are in the shop being developed right now will very much fuse in, product-led growth in addition to the sales motion that we already have, and that's a big part of how we do this. And net revenue retention will -- right now, there's a little hole in the boat, we're not quite 100%, we'll get to 100% fairly soon, and we'll hang out there maybe even a tiny bit above it with all the PLG stuff that we're doing.

So that's how we see this unfolding, it's not acquisition-driven. We believe that the marketplace will support that $1 billion and $4 billion goal, and we think that we have all the pieces in place to execute and deliver against that.

So I've got an opportunity here to take a couple of questions, and then we're going to -- we'll move on to the other presenters.

Questions And Answers

A - Cameron Lessard {BIO 22232939 <GO>}

(Question And Answer)

If everyone could just stand up and say your name and your firm, that would be great.

Q - Scott Berg {BIO 16265995 <GO>}

Hey, Joe, thanks for the day. Scott Berg here with Needham. So a question on your growth goals there. It looks like you have ARPU growth going from about $4,000 a day to

$6,700 in five years, and then maybe $8,000 -- those are all round numbers obviously, in the next 10 years. Is that driven mainly by you moving up maybe size of customers, two to 50, going above that at all, or that average today, that's maybe 10 going to 20. How much of that's maybe ThryvPay contributing that? Or is it maybe more customers buying additional modules that you expect to roll out over the next several years?

A - Joe Walsh {BIO 18001809 <GO>}

The last one. Our assumption is that we have -- even the businesses that we have that are engaged and using Thryv now, are -- we don't have anybody using everything that Thryv does. Like, there's still growth happening even in those very engaged, very -- I could bring our best success stories and bring them up to the stage here, and they love the product, and they use it, and they feel it's really valuable, but they're still missing pieces that they aren't using yet. So it's really us staying in the same target, two to 50, but more deeply serving them, providing them more, they're buying more modules, more centers, and buying more seat licenses than getting more involved. There really isn't -- it's not predicated on us changing who we go after, it's us doing a better job for them as they grow into using it more.

Q - Arjun Bhatia {BIO 20509605 <GO>}

Hey. Arjun Bhatia, William Blair. Thanks for having us, Joe. Well, as you think about the next five, 10 years, is there a point where you get dragged upmarket by your customers may be beyond the 50-employee benchmark that you've laid out, not 2,000, but 100, 200 employees, as the product suite develops, as your customers grow. How do you think about that opportunity?

A - Joe Walsh {BIO 18001809 <GO>}

I know that that does tend to happen in SaaS land, people always seem to move upmarket, and I certainly don't have the ability to tell you definitively exactly how it's all going to play out. But our focus is really on our existing customer and delivering for them. And Arjun, you will know, the tension is between keeping the product simple and easy to onboard and easy to use and easy to access, and then delivering the powerful tools that you need as you start moving upmarket. And I don't know that I'd be that disappointed if a few of our people outgrow us and go up to some enterprise-level solution because they've done so well, but remember, the number of customers we have. We're forecasting

0.5 million customers here. So, I think there's a big pool of small businesses, and at least for now that's really been our focus and we're not really expecting to become like light enterprise or something like that.

Q - Dan Moore {BIO 4869128 <GO>}

Dan Moore with CJS. The guidance, obviously, look at the next five-year period, talk about the cadence of net customer growth that's expected, there's got to be an inflection point somewhere. When do you see that coming, '23 or beyond? Similar question for adjusted EBITDA margins. When do you see those accelerating in the near-term five-year plan? Thanks.

A - Joe Walsh {BIO 18001809 <GO>}

Yes, I mean, I'm not going to turn today into a modeling session, like, start going through in much detail, but broadly answering your question. We've already been profitable. We actually -- with our new Board, we have an incredible Board that we put together about a year and a half ago that our SaaS software experience, people who scaled these companies before, who basically said, you guys are crazy. Why are you making money? We're making double-digit EBITDA margins with the SaaS business. You say, why don't you let it grow? Leave a little bit of that money back in there. And when we left a little bit back in there, its growth took off and it really started accelerating. They said, well, leave a little more in. So, it's a choice that we've made to run at that kind of sort of 10-ish-percent minus. And remember, we got 300-plus-million on the other side. So it's easily made choice, right, having to go out and raise equity to do it or something like that.

We feel that the operational leverage of the business has its scaling in our models, we'll actually try to go past that point in EBITDA. We'll be -- we'll have a lot of money to invest, delivering 20% EBITDA margins. And in terms of subscriber growth, we're seeing it accelerate right now. Remember, as we're lapping now going through '22, you have Thryv Australia kicking in now, you have Vivial kicking in now, these new channels are beginning to really bite and get traction. The changes we made with our local channel by changing the life cycle of the print directory, not only improves the economics and marketing services, it gives a bunch of additional time and that time is yielded big productivity growth.

So I think the last thing I would say is that the market's just way more ready in the second half of '22 than it was, say, in '20 or '19. We're really feeling a high level of interest. I'm going to take one more and then I'm going to jump to the next session. There'll be plenty of time at the end for more, so.

Q - Bill Chen {BIO 20386950 <GO>}

Hi, Bill Chen with Rhizome Partners. Let's say you have a customer who's been onboard, good amount of engagement, six-month in and he churns. What's the reason? This isn't someone who sign up and just never use it, like, they actually use it, use it quite a bit, and just said, this isn't the tool for me, 6 months, or 12 months in, like what's the reason for that?

A - Joe Walsh {BIO 18001809 <GO>}

I want to tell you, I'm happy and proud to say that that doesn't happen very often what you just said. When we lose them, it's because we didn't get them using it mostly. I'm not going to say it's never happened. It could happen. They may have had a disagreement with somebody or something going on inside their business that change their needs or whatever. What I'm hearing in that question is you're saying, well, is there something direct they could jump over to that's just like Thryv, and the answer is that there isn't.

There's a 1 million little ants of point solutions and there are little verticals that people are building out, like for pest control, to keep track of when you apply the chemicals and what the humidity and the temperature was that day, which are useful things. And we're

building out our verticals and beginning to add some of those functionalities. But I guess that could be a reason, maybe they're going to one of those little verticals, but they'd be giving up a lot of the power that Thryv gives. And obviously, above us in the market, there's salesforce.com way up there, and there's even like a HubSpot for really sophisticated marketers that -- but it doesn't do a lot of the running the rest of the business stuff that you would want to do.

So, I'm going to cut it off there in terms of questions just in the interest of keeping the presentation going. At the end, we've got a nice section for questions. And I think some of the questions you may have will be answered by the additional presenters, and the next one you have is a treat. It's Ryan Cantor, who is our Chief Product Officer, who is fabulous at this. And as much as I love small businesses and the technology that we're using, Ryan is right there, too. So, I'm going to show a little video as we transition and ask Ryan to come up. Thanks, everybody.

(Audio-Video Presentation)

A - Ryan Cantor {BIO 21829460 <GO>}

Hello, everyone. My name is Ryan Cantor, Chief Product Officer. I was pleased to join Thryv in 2016 after having worked with a number of my fellow executives at a company called Yellowbook as Joe alluded to. And prior to that, I enjoyed stints at both AOL and Apple, helping small businesses adopt digital tools to run a more efficient business. I'm excited to chat with you today about the future of the platform, the future of the product. Before we do that, I want to dive in a little bit of how we view small businesses today. I got questions outside, and I think even some of the questions we got today are, who are your competitors and where are small businesses operating at, at this moment?

Small businesses are entrepreneurial by nature. They didn't get in business to run software. Software is a means to an end to allow them to pursue their passion. And so they're thrifty, so oftentimes they get started with a spreadsheet to keep themselves organized, they use email to communicate with their customers, and of course, they found some way to get paid and that's just how it gets started. As we round the first year in business, they have an accountant who says, maybe you should use an accounting suite. They have a friend at a networking event who suggests that they adopt an email marketing platform to better engage with their customers. Their website should evolve and get a web chat client. Well, we should have social media and we should create a Facebook page. I get burned by a customer after doing a job, and I need to send them a document and get -- now get a digital signature, so it doesn't happen again.

And before long, this small business owner now has 10 logins, 10 passwords, 10 pockets of data. Their pursuit was noble. They adopted these tools to help them grow their business more successfully. It is now presented a barrier to their growth. It is next to impossible to hire talent. This system was designed by the owner. It operates perfectly well in their brain, but it's not transferable to the next employee. This now becomes a barrier to their future growth.

So at Thryv, we focus all of our innovation and the entire platform of meeting SMBs where they are today, reducing friction, enabling them to adopt the end-to-end robust platform that is Thryv without disrupting their day-to-day business. This allows us to reel them in, and allows them to adopt incrementally features and capabilities at their own pace. What we found and we often get this question is, which feature do plumbers use? There are no two plumbers alike. Joe like to refer to them as snowflakes, each one at a different level of their own tech adoption and their own comfort. It is this focus on reducing friction. As Joe alluded to, our interoperability, Thryv is proud to present our robust app marketplace.

Thryv considers themselves an open shop, whereas other platforms might be hesitant to include competing functionality that integrates, we embrace it, because we identify that a lot of small businesses have adopted one of these solutions prior to joining us. And so by including them, when the small businesses making the purchasing decision, they don't have to give up what they've already enjoyed, they can bring it with them, the data comes over. And for that reason, Thryv integrates with some of the leading accounting software, social media platforms, payment solutions and more.

When we think about our road map, it comes from a core philosophy, and we call it the SMB hierarchy of needs. This drives our prioritization and the way we think about what we should build and how we should build it. At its core foundation, it's financial, no money, no business, no software, no products, no customers, no expansion, no employees.

Small businesses need a way to be paid efficiently and conveniently. Once they're getting paid, they move up into communication. All small businesses need to communicate with their customers in some form or fashion, it's essential. But now that we're being paid and now that we're communicating with small business owners, we've created chaos, volume starts to ensue. I must follow up with this message, this person owes me money, I'm keeping up with this job or this project, and so now they need order, they need a process, they need a system, they need organization.

Once they have order, communication, and payments, they are now to grow successfully. And small businesses who are growing successfully are now striving to be the best small business they can be, they're expanding into other locations, new features, new products, and new markets. This focus on the hierarchy of needs had us focus very deeply into the payment space, improving everything from estimates to invoices, split payments, deposits, packages, ACH, card on file, virtually any way a small business owner wants to get paid, Thryv can support. It is with this focus that Thryv is now supporting and helping small businesses manage over $1 billion of payments annually, which is a 5x improvement over the last two years.

The focus on reducing friction meant that we didn't just track online payments, we allowed small businesses to track offline payments. Because we understand the small business community that we serve, these are service-based businesses with high ticket items. So they are reluctant historically to adopt digital payment solutions because they don't want to pay 3% or more on these types of bills. So Thryv allows them to manage their offline transactions. This provides low friction for them to adopt our platform and provides Thryv a unique data point as we move forward to know specifically which

customers are still using offline payment options so that we can further penetrate them with our ThryvPay offering.

Next up on the hierarchy of needs is our centralized inbox, one singular place where small businesses can communicate with their customers. We've added a ton of channels, so whether a customer wants to engage with a small business owner on email or SMS or Facebook Messenger, Instagram Messenger, Google Messenger and more. It seems like every year the markets getting faster and quicker and every day there's a new a new app where consumers can communicate with small business owners. This creates wonderful opportunity for us as we simplify all of that. And great care was taken to ensure that, as a small business owner, they see one singular stream of consciousness, one conversation no matter which channel it comes from. Thryv now powers 5.6 million conversations annually between small businesses and their customers, making it more convenient than ever to work with small business owners who are using Thryv to run their business.

So now that we've talked about small businesses, let's talk about their customers. Thryv is an end-to-client experience platform built for growing small businesses. We help them manage the entire lifetime value of the customers. We help them get the job, manage the job, and get credit for the job. One of our key differentiators in this market is that we help them further upstream than most of our competitors. We help them get found. One of the -- for majority of service-based businesses, their website often serves as their brick-and-mortar establishment and yet the connection between their software and their web presence is hard to manage, and often something that small businesses struggle with. For that reason, a number of Thryv packages include a professionally designed mobile lightning-fast website that is fully integrated into their website, into their software for them.

As Joe alluded to, we also integrate with Google My Business and publish the information across over 60 popular sites on the web, helping them get found quicker and easier than ever. Once a small business owner is found, we make it easy for consumers to engage. You all expect a certain level of experience with any business that you operate with. So we talked about the inbox, but in addition to that, Thryv can allow you to request a quote, submit a form, schedule an appointment and more, all digitally with a small business owner.

Now that these prospects in these customers are flowing into the CRM, Thryv helps you organize your jobs, your tasks, your accounts, assigning out to staff members, creating notes, managing your schedule, your crews, keeping everything organized efficiently, so you understand where each project is at what stage, and they're delivering an exceptional customer experience.

Now, the job is done. It's time to get paid and we've talked about that offering easy and convenient ways to digitally transact with your customers is essential. Because of all the data we've managed upstream with that client journey, we now can automate the thank you, the request for review, the request for a referral. We know exactly the precise way and the precise time to send that message across a variety of channels. We then also know how long it's been since the last time that small business has interacted with that

customer, and we help that small business generate repeat business by nurturing them and inviting them back.

Around the circle, it's the whole host of functionality. I'm not going to go through, I promise. But when you look at them, it's important to know that each one of those individually represents what would otherwise be a point solution, a subscription, a monthly payment, a pocket of data, a log in, a system to learn, and Thryv simplifies all of that for the average small business owner.

It brings me to ThryvPay. In October of 2021, we launched ThryvPay. Prior to that, Thryv had integrated with a number of leading payment processors and yet we still heard from our small business service-based business customers that their needs were not being met. Low number of transactions, high average ticket required a unique solution. And so we brought ThryvPay to market. In our most recent quarter, ThryvPay is now delivering an average of $100 million in annual payment volume. And through innovation and focus on our ideal client profile, as Joe alluded to, we feel very confident that by the end of 2027 ThryvPay will be processing over $3 billion in annual payment volume.

So, let's talk about some of those innovations. Later this year, when we look at ThryvPay, as the pandemic subsides and small businesses are starting to engage more in back to face- to-face commerce, ThryvPay will be launching branded hardware. This allows small businesses to engage in face-to-face transactions, offer more competitive card-present processing rates and allow to accept tap, chip or swipe transactions.

Furthermore, we plan to launch a ThryvPay branded Visa card accepted -- anywhere Visa is accepted, allowing SMBs quicker access to their capital. Additionally, we will allow them to keep their business expenses separated from their personal expenses and benefit from all of the integrated experiences in Thryv and all of the accounting app integrations that we already have.

Buy now pay later, offering consumer financing is another payment option inside ThryvPay. I'll use the example of an air conditioning technician. It gives them the ability when they go out to a client instead of offering a simple repair for $500, they can offer a replacement for $5,000 and offer a quick, convenient, easy consumer application experience and the small business can track that application all the way through to the disbursement of funds, directly into their ThryvPay merchant account.

And international expansion. We plan to launch, by the end of the year ThryvPay into our international markets, both Canada and Australia, further expanding our reach and helping small businesses globally. With, I'd like to invite you to watch a quick video now to learn a little bit more about ThryvPay.

(Audio-Video Presentation)

Next up is Hub by Thryv. Again in 2020, we identified an opportunity in the marketplace, emerging franchisees, service-based businesses with 20 to 100 locations. We're trying to grow and add locations, but they were doing it without a stable operating platform,

without a consistent way or even a blueprint on how to run a successful location. It required every location to be an A player. They didn't have a consistent brand. So, we launched Hub by Thryv, a reporting console that sits above individual Thryv accounts. So, while each franchisee is running their day-to-day business using a Thryv, the franchisor can sit and see in real-time results about each locations doing, which of their best locations, maybe which one of their locations need support and reach out to them proactively.

Over the first, three years of Hub, we have more than doubled our locations supported by the platform every year. And again, we believe that by the end of 2027, over 10,000 emerging franchise locations will all be supported under the Hub platform.

As Joe alluded to, our future now is looking towards product led growth and expanding into multiple centers. And so everything I've shared with you today is really going to be in the near-term rebranded Thryv Business Center, everything a small business needs to run their day-to-day business and provide an excellent customer experience. And today, I'm pleased to announce our second center, currently in beta with the number of customers and slated to launch in the second half of this year marketing center. Everything a small business owner needs to market and visually market their business and attract and retain top tier customers.

This starts a multiple year journey for us, where we have multiple other centers in development. There are three other centers in various stages of development today, and while I'm not going to disclose what they are. Trust me when I tell you, that they are equally important yet, related problems that every small business owner faces. And these are all supported by our pillars of ThryvPay, our app market and Hub by Thryv.

So, let's dive into marketing center a little bit more. Today's CRM inside of Business Center supports a number of engagements between small businesses and their customers. You're sending out estimates and invoices, documents, receipts and each one of those is being opened up by the devices of their customers, via consented attribution, marketing center now takes that data, connects it with their analytics and turns anonymous visitors, to fully understand who they are and where they came from.

This is an essential but often missing step in small business marketing, and therefore small businesses today don't know what's working, and what's not? Because they don't know where their prospects and their customers are truly coming from.

With that data in hand, we are going to allow them to buy transparently omni-channel digital marketing campaigns inside the platform with a click of a button. We then support them with a number of integrated marketing tools to help them learn the most efficient and impactful marketing campaigns they can.

So diving into that consented attribution, this is a visual that explains it a little bit more, typically a small business owner, when you look at your website analytics will just see it in terms of a number. They're either new or returning visitors.

We'd like to think that people will click on an ad and fill out a form and go all the way through what we call the happy path and fully understand how a prospect becomes a customer, but that never works that way. There's a phone call in the middle something breaks, but it's okay, because the next time that small business owner sends them an estimate, we can track those devices and know where and how that customer found that small business owner.

Furthermore, once they become a customer and they visit the website to come back marketing center will let you know that, that device visited that website again, and it might be time to reach out to that customer to reengage them in future business. And so with that I'd like to invite you to watch another video to learn a little bit more about marketing center.

(Audio-Video Presentation)

Marketing center, our second center on our journey to create multiple centers, and really drive product-led growth and expansion with our customers. And we think as we look towards the future, this makes Thryv the small business platform, and with that I'm happy to take a few questions. Yes, they're coming for you.

Q - Analyst

Hello, yes, just a question on this auto ID. So just wondering, is there opportunity like cross-sell even like for example I don't know if I'm going to buy like construction materials. Maybe, I don't know someone. You can also sell them installing plumbing or something or is it really just to help like individual small businesses, identify when a customer comes back to specifically. Just wondering if there's a broader scale there.

A - Ryan Cantor {BIO 21829460 <GO>}

Yes, right now we're focused on the individual small business and obviously are extremely sensitive around consented attribution, given the state of online digital marketing today. So right now we're focusing on helping that small business and their customer stay aligned on their needs as opposed to sharing that data across multiple varieties at least for now.

Q - Analyst

Yes, this is a little in the weeds but on the buy now pay later who is funding that, and is there outside partners that they already been identified et cetera just trying to understand how that will play out? Thanks.

A - Ryan Cantor {BIO 21829460 <GO>}

Yes, absolutely. We're not disclosing the name today. But yes, we are working with a fully integrated outside partner and it provides a risk-free method, both for Thryv and risk-free for the small business owner. They assume all of the loan post sale if you will and collection from the consumer and the small business gets one lump sum payment as soon as the job is completed.

Q - Analyst

Hey, do you track and how do you think about the number of paid products used per customer?

A - Ryan Cantor {BIO 21829460 <GO>}

We do track. How do we think about the number of paid products per customer? We obviously are tracking that as we focus on product led growth and expansion. And so Thryv obviously has a good better best and then we have a number of paid add-ons as well. And we are tracking not just our paid add-ons, but a number of the packages also include entitlements and features. And so we track very diligently. And Grant Freeman our Chief Customer Officer is going to dive into that a little bit more and talk to you how we focus on increasing adoption from one feature to next feature, to the next feature, and then using which feature they're heavily using to pinpoint where the upsell cross-sell opportunity presents itself.

Q - Analyst

Thank you.

Hey Ryan, couple questions on the center strategy. So one, can you just walk us through the cadence that you're expecting to introduce new centers from the slide, it looked like annually, is that I don't know if that was just a placeholder, if that's how we should think about it. And then two, when you think about new centers, is it all net new capability or is there opportunity to disaggregate some of the capability you currently have into net new products?

A - Ryan Cantor {BIO 21829460 <GO>}

Both. So I'll answer the second part first. There is a slight unbundling going on. I think we often get asked, are there going to be price increases where the price increases have. And we've traditionally focused on really focusing on adoption and providing as much functionality as we can value for money. But as we move forward and we look at other centers, it does give us an unbundling capability.

There are certain components in Thryv today, which would be better served, let's say in marketing center would be a better fit, it would be an easier conversation. So we'll be looking for those opportunities for sure. On the slide, definitely a placeholder, but that is how at least we're thinking about it now on an annualized cadence. It's more important for us to get it right and have it really well baked and really well established, but that's the cadence we're marching towards. I think we have time for one more question.

Q - Analyst

Thanks for the product overview. I guess continuing the questions on the center strategy, how should we think about the functionality of the maybe the depth of functionality of those products? Do you expect to land with these different centers or is it landing with the core Thryv functionality today and those are really more upsell opportunities versus best of breed that you think you can land with those other centers? Thanks.

A - Ryan Cantor {BIO 21829460 <GO>}

Yes. I think we have aspirations that as we move to the future that we can land actually in other centers, and that will allow small businesses to really when they meet Thryv to identify the pain point and the problem they have most importantly and identify which center would be a great place for them to start. So, I do think it's the latter and that obviously then all would drive us to helping them adopt the business center at its core. Having that CRM that centralized customer experience is still going to be core to our foundation. Right.

So with that being led, I'm going to hand you off now to a quick intro video that's going to tell you a little bit about what the Thryv marketing department has been up to over the past couple of years.

(Audio-Video Presentation)

A - Grant Freeman {BIO 22058396 <GO>}

All right. Good morning, everybody. My name is Grant Freeman, and I am the Chief Customer Officer here at Thryv. I'm really proud to share that I have spent the past two decades of my life with small businesses, helping them succeed, right alongside many of the people that you've already met or will meet in the next phases of the presentation. I've been at Thryv for seven years, and I couldn't be more excited about where we are right now in our journey, and certainly where we're going to be.

My primary focus at this organization is ensuring that at all times we remain 100% client-centric, and a major part of that responsibility deals with the journey that we put our customers through and focusing as you heard Joe mention on our North Star, which is an engaged user. When we talk about engaged users, we have one right here. We have Ronnie and her mom Anne. Ronnie and her mom Anne run Diva Dog Grooming; they are a highly engaged user. And we're going to dive more into the journey that we've had with them over the course of the past four years working together.

But I bring them up now, because Ronnie is representative of almost all of the small businesses that we deal with, and that they had the courage, the entrepreneurial spirit to open a business in their garage about five years ago. And they get it to a point where they have a small retail location, and a few employees bringing in some decent revenue.

But then they can't grow anymore, and they don't understand why? So, they seek out help. That's where we come in. That's where we come in with even more than the amazingly robust platform that you heard Ryan talk about and that you've seen demoed out in the foyer earlier. That alone is not enough because Ronnie and her mom, they need help. That's why we chose. It was a conscious decision based on how much we know about how small business acts, to choose service as a differentiator.

You can't just give somebody software and say see you later. They need help and we have chosen to be their coach, through this process and we're proud to be that.

So, let's take a look at the actual journey. So, this journey was built, really to ensure that we bring the right qualified prospect to the table. We sell them the right way and that we engage them early and continue to deepen engagement over the course of time, which then leads to us finding additional solutions that they will purchase, in order to solve additional problems or modernize different parts of their business.

There're really four phases in this journey. The first one is presale or lead. Now you just saw an amazing video showing what our marketing department can generate for us, right? But we also have the secret weapon that Joe talked about, the local sales force interwoven into the fabric of the communities across this country and across Australia, right. And they have relationships that are fantastic. We spoke about the zoo. Though they -- many of our local sales reps have relationships where they've delivered value for people for many, many years, and they're able to bring them to the table as a really qualified candidate because we understand the depth of their business and what they need. So that's a distinct advantage in lead generation.

Next is sales, the actual sales process for us has evolved big time over the course of the last couple of years and I'm going to get more into that in a second, but suffice it to say, we've simplified the process when you saw that wheel from Ryan, right. We can solve so many problems, but we choose to focus on what's ailing the individual small business at that moment and give a really unique and catered demo to them showing them specifically how Thryv can make things better in the short-term.

And then after we gain their trust, we add more over time with the fourth phase, the growth and account management phase of our business, where we have client success partners, who reach out to people, we're triggered to reach out to them by activities they take or they don't take, to seek to understand now they've solved one problem what else can we do for them? This journey leads us to where we want to be because it helps our customers win first and foremost.

So, let's dive a little bit deeper into the acquisition piece. So, Joe had mentioned the software sales team that we have, that sort of that centralized team selling model, right. The software sales team was created because our client experience friends told us that when a customer receives a high-quality demo that is hands-on in many cases we assume, and they see specifically how easy it can be, to fix something wrong at their business or to modernize something make something better. We have not only a higher conversion percentage, but it actually makes everybody more active out there more active to bring in more people because it's a simpler motion.

That's all for sales team has broken into really two different sub teams. The demand gen team, which is sort of your typical SaaS motion. We have the marketing generated leads that come in a sales development rep that qualifies them and schedules an appointment. And then some salespeople that close those. And then the team selling people that we've spoken about already. Pairing somebody that's a software engineer, with a local representative that has all of this amazing relationship capital and equity built up really gives us a 1 plus 1 equal 3 effect.

So, let's talk a second about the sales process and the simplification of it. There are just three steps. The first one, we seek to identify and under understand the problem that the customer is having at their business or what they're hoping to do a better job of. The second one is, understanding the impact. Now this is a really big one for us, and it's something that came to us about a year ago.

We actually want them to verbalize the impact to us. We want them to be able to state the impact, the adverse impact that whatever their problem is having because, it leads to a more natural close at the end of the sale.

And the third one is, we show them with that unique and cater demo specifically how we're going to solve the problem that they're having. Let me give you a quick example using Diva Dog, Ronnie, and her mom and that you met at the beginning of this part of the presentation. Like many businesses, they dealt with no shows right, they're a dog groomer, small retail location. Every time an appointment is booked, and the little dog isn't sitting on the little table at 8:30 a.m. Like it's supposed to that's wasted and that can never come back, right. That's lost opportunity there.

So, when we understood that problem, we asked Ronnie to really quantify for that like, how many times is that happening a month is that big. It was an excess of $1,000 loss, which to her was the big deal. And then we showed her how simply using a CRM instead of the posted notes that she had all over her mirror when we first met her that had dogs names and contact phone numbers, right just like you would picture in your mind an evolving small business, when we were able to show her how simple it would be to use the CRM, to use the online scheduling capabilities in Thryv and trigger reminder messages she was hooked.

You see, we didn't have to go into all 20-plus features of Thryv. We had to find the one thing that would solve what was ailing her at that moment. And as you'll see as we get into it a bit later over the course of time, she gladly adopted more and more of the technology, getting deepen engagement over the course of her time with us.

Next, let's talk about retention and engagement. Now its really simple actually, retention is the natural byproduct of doing things right of understanding your customer and delivering value that's in excess of what they're paying for the software. Retention really starts in the sales process, but it really, really solidifies in the onboarding. We seek to onboard every customer quickly and get them engaged within that first 48 hours post purchase, while they're still so excited about making the decision.

In addition, you'll see we have a growth and account management, right? That's extremely important as well. Although initially it's extremely vital to help them solve a problem and use the software from the get-go that on its own is not enough. Over the course of time, you have to find additional ways to use the software, additional ways that they can implement new technology to modernize their business and get even more efficient and effective and grow even quicker.

A lot of these bullets up here you've seen before, but the time to first value that I mentioned is one of the most critical, that came out, we live in the data, myself, and my team, we live in the data, and the data showed that sort of every minute that goes by day three-day, four day, five interest starts to wane. You lose that immediate excitement that you had during the sales process. The solving additional problems over time, that obviously leads to your net revenue retention number, right? The ability to isolate

problems through having conversations and understanding somebody business and then figuring out the solution that you have to solve it as well.

So the journey works, it's working, and you've seen that already in a lot of the metrics that we've shared in the stories that we've told. But let me show you some first net promoter score numbers. These are transactional, so this is the one-to-one. All of you have received something from Delta or American Airlines and said, how likely would you be on a scale of 1 to 10 to hire a specific employee that you just dealt with, that's these.

We analyze every single interaction that we have with customers, and what you can see up here are industry-leading numbers, numbers that anybody would be proud of with a plus 79 in sales, a plus 82 in the onboarding process and a plus 93 even as we attempt to grow and engage them deeper over time. And these are a great indicator of future success because it shows that we're delivering on our promises to customers and they're excited about working with us.

What does that mean? That also means that we have three-fourth, three-quarters of our customers now are engaged with at least one core feature of the software, which means they're using the software to help them run the day-to-day business activities.

So, what does that tie into, fairly active user growth over -- between January of '21 and December of '21 of 27%? Why is that so important? Just like you said, sir. It's so that people don't defect at months six or seven. This is the stickiest cohort that we have. If you're engaged with the software daily, you're not going anywhere because it's truly interred woven into the way that you do business on a day-to-day basis. That's why we focus so much on early engagement and engagement over time.

Now, how does that help us as a business, Joe alluded to this earlier 1.5% season churn. Now, you may say, what does season mean? Well, what we also spoke about earlier was the fact that small businesses they behave a little bit differently than enterprise-level businesses. They're more volatile, they're more prone to seasonality. They're also more prone to get -- to let urgent get in the way of, what's important. What's important is modernizing their business. What's urgent is maybe the flat tire that just occurred down the road for one of their employees.

So, what you find are that similar like if you join a gym and get a great personal trainer, but you never show up. Can the personal trainer help you? Will you get the rock-hard abs that you seek? No, not at all, right? So we count people that are with us 366 days or greater who have given us the opportunity who have worked with us, who are still in

business. We believe that's a more fair and accurate depiction of churn given the classification that we serve.

As you can imagine, when you bring churn down, and you deliver a great experience and add additional products and services, your net dollar retention raises. So over the course of '21, we saw an increase from 90% to 94% which we're very proud of but we're not stopping there.

The last metric that I do want to share is relationship NPS. So, this is sort of a higher level of NPS this many people consider to be the best predictor of future success. This is the look back at 12 months. So, all of the interactions that somebody's had with you over the course of 12 months, we survey those people, and we ask them, how likely they are to refer Thryv to a friend or family member. We've grown that from a plus 8 crescendos, to a plus 20, over the course of one single year and that is impressive.

You may be saying, well plus 20, I've heard of Ritz Carlton and that and then Nordstrom in the plus 80, plus 90 that's B2C. Consider the segment that we serve. This is B2B. And the second B there is Small Business America. This is industry-leading service and NPS for our category. So, with the time left, I did want to talk a little bit more about Ronnie and her mom Anne, and their journey with us. Because I think it's important that everybody in the room understand the plight, the trials, and the tribulations that small businesses face, and why we chose service as a differentiator.

In 2018 they started this business in their garage, okay? Now we didn't know them, when they started their business. We got involved with them, once they had a small retail location. But in many aspects, they thought they were still in their garage. I mean, Ronnie's had a mirror behind her desk, and it's all posted notes.

So, a call will come in, Ronnie would answer to hand it to her 65, 70-year-old mom, who would write stuff down on a post-It note and put it up there, right? They also didn't have a website. So, as you know from Ryan's presentation, we were able to build them a best-in-class website, because you know what their ultimate dream was in their local area in Rhode Island?

They wanted to compete with Petco and Petland for grooming services. So, we suggested a website and no more posted notes. It's a great way to start that endeavor to go against somebody like that. So, we got them a best-in-class website, and we hook them up with Amanda Vick. Amanda is one of our clients' success partners, who would handle account management and then growth as well. And after we built them that website, we moved into 2019 and this is where we really started to work with them, to coach them, inspire them, to use the software and get out of the post-it business. We have them start using the CRM. So, now they had a digital client list that they could segment, and they could market to in different fashions, based on the products and services that they buy or that they should buy.

We had them light up the calendar, as mentioned before so that we could stop the no-shows and make it easier to understand what dog is coming in, and when, and for what?

We started to help them, start using documents, because they needed to keep vaccination records, and keeping it in paper and drawers everywhere wasn't really an option. If you want to grow, if you want to scale, which they were dying to do, have them set up the client portal facet of Thryv. Where now they're clients can come in and see if they owe money, see when their next appointment is, buy packages, et cetera.

And then finally 2019, the most banner thing that we did was help them with their social media. And that became vital. Having a good social footprint across Facebook and across

Instagram became vital, because we all know what happened in 2020. Imagine being this small business in the middle of Rhode Island and all of a sudden COVID hits and now your shop is empty and nobody's allowed in. Imagine what they were feeling and what they were facing at that moment.

One of the first calls they made was to Amanda, who picked up the phone and they brainstormed how they could intelligently use the software given the current conditions of the market. Meaning, no more contact for payment, no more cash right now, no more handing me a check, no more handing me a credit card. We had to go to contactless payments.

So, we started doing that more exchange of all documents necessary to perform the tasks needed in their business, which meant attaching job form to make that seamless in addition to that email and text marketing became vital. Thank goodness, we had built that digital client list, right? In the CRM and noted the services they had and began to segment it, because now, if you can't come to our place, we got to figure this out. So, they would send out email marketing communications, text communications to clients with the drop-off method, where people would drive up to their door, Ronnie would come out with a mask and gloves on, get the dog, bring it inside and they would text them when they were back. All of that texting was done through our centralized inbox. So, there's a record of all the communications and the services provided.

They also started using packages, right? What do you mean by packages? Package is where they would sell groups, bundles with pay in advance, which really helped their cash flow at that moment, it would give discounts for that as well. But one of the coolest things that they did was they would go to a park and before they went a week before they went and then three days before and then the day of, they would send out an email blast and text reminders to all of their local customers, saying hey we're going to be setting up in this park in such-and-such Rhode Island, we're going to have a trailer there and we're going to do nail clippings and dog clippings for $25 special, and the people came in droves to have that done.

So, we help them adapt and to survive and to thrive during one of the most difficult periods where I am confident, if they still had post-it notes and pencils, they wouldn't be in business today, and instead they're doing extremely well. In 2021, they actually closed the retail location. And instead, they decided to go mobile because of the success with the parks, and they have that you've all seen the dog trailers, right? They come to your

house; they bring your dogs at your house. They have two of those now in Rhode Island oh and by the way in Virginia as well.

Their success story is our success story. That's what makes this symbiotic relationship so beautiful, in so many ways, because if you take a look at where they are now. When they started with us, they had under 100 clients. Now their CRM has 4,600 customers in it, in just the span of a few years.

So, when Joe says that Thryv promotes growth, it absolutely does. But look at the impact it had with us. When they win, we win? Over the course of that time, Ronnie, her mom and

Diva Dog, they now spend seven times more than us than they did at the inception, and that doesn't even count the referral that they gave us. That now spends an equal amount to them. Service pays, it's a great differentiator to have, it endears people to you for the long term and when they win, we win and that's the way that we want it.

So, with that, I think it's my turn to accept some questions. Or not.

Q - Analyst

Yes, sir, really quick. Sorry. Thanks, Grant just one question about your organization. When you think about the talent pipeline, it seems like there's two sources. One is the marketing services folks that are being retrained in the SaaS business and then net new SaaS hires.

Can you help break that down for us? How much is coming from the marketing services side. And then maybe just help us understand some of the pros and cons like, how long does it take to retrain who's more quickly getting up to speed on selling the SaaS business just walk us through some of that dynamic, please.

A - Grant Freeman {BIO 22058396 <GO>}

Yes, absolutely. So, starting with the local sales force. It's one of our -- maybe our biggest competitive advantage that we have. As far as retraining the vast majority of them have been retrained. They're really good at the software. They're good enough to be dangerous, but by coupling them with one of the software sales team members, the 1 plus 1 equals 3 because they're able to give a more efficient more consistent demo that focuses on the needs of that business, but the local salesperson, they own the relationship.

Remember, Joe spoke before, and you'll hear our CRO, say this all the time the toughest thing to get is a conversation. So by having them focused on those relationships and bringing in the right person like a software sales team number selling the right product, it really helps. So as far as transformation that is sort of done, they are adept with the software, the people that come in straight into the ranks of sort of demand gen.

Well, of course, they didn't -- most of them didn't have any background in marketing services or years of doing that. They come in typically as a sales development rep as you

can imagine, and they cut their teeth on really bad leads and then move up to the other ones and move into the realm of sales as well. That process, we really have it streamlined. We're really efficient with making cookies as you say, making top performers. You're talking about 60 to 90 days and they're fully efficient already, which is pretty good. Does that answer your question? Okay.

Q - Richard Fellows

Hi, Richard Fellows from Odeon Capital group. So, the sales and service setup are really great, thousand employees touching and engaging with clients. Talk to us about retention. Because everybody's feeling that and talk to us about how you can leverage these very high marks that you have of sales and service to create an even larger sales machine because you're going to need to create a larger sales machine to achieve that growth.

A - Grant Freeman {BIO 22058396 <GO>}

Yes, great question. So, I also think in addition to a larger sales machine, there's additional points across the journey where revenue can be generated that we're not maximizing now. So it doesn't always have to come down to a larger sales machine. In addition to that with the product led growth stuff that's coming into play, there's going to be a lot more over the coming years of adopt then by where people adopt a product to some extent and then purchase additional bells and whistles for said products. So, I think that it's not necessarily massive growth in the realms of salespeople. It's making them more proficient and efficient with the time that they have to spend.

In addition to the continued investment in things like, demand gen in the franchise channel in partner and affiliate as well, coupled with product led growth. I think that's where you'll really see the expansion in sales.

It's a great question. So we try to compensate well, obviously it starts there. But we're also on a mission together. A lot of these people aren't brand-new. They love small businesses, and they love the stories of the Ronnie's and the Anne's and the Diva Dogs of the world. It really keeps them going. So I think we have a tremendous culture, one that's winning one that rewards people for the right behaviors.

And I also think that a lot of our employees know that the next opportunity isn't necessarily the best thing. They have big hopes, big dreams, and big beliefs for where we're going and the trajectory that we're on, where the grass doesn't look greener elsewhere. We've got what we need right here for employees to grow their careers and we invest a lot in them as well.

Q - Analyst

Okay. We're going to cut it there.

A - Grant Freeman {BIO 22058396 <GO>}

Excellent, right. So thank you very much for that time. We're going to now watch a video. One of our happy enterprise, excuse me, franchise level customers who talks about the success that they've had with our software.

(Audio Video Presentation)

A - Paul Rouse {BIO 18940808 <GO>}

Grant, that was incredible how you document the decline journey in that energy you kind of set a high bar for me you couldn't trip or something like that and don't make me look good. Okay. And hello my Zoom friends, it's so nice to meet in person at shake your hands and I saw you're looking at me. You thought I was taller, right? I make up for a personality. Okay. Nobody likes a funny CFO. Let's keep moving here.

We are very proud of our strong track record of creating long-term shareholder value. As you heard throughout this presentation, we continue to innovate and deliver. We strive to make all surprises positive. We strive to deliver on what we say we're going to do. Well, it's pretty obvious to everyone we're not your typical SaaS company. We are two businesses that complement each other very well, a highly profitable marketing services business that provides cash flow and customers to feed our fast-growing SaaS business. And in turn, new customers for our marketing services business, a virtuous circle. This is our unfair advantage. This is our superpower. When pressing this button.

Okay. Marketing services. The marketing services business always reminds me of Mark Twain's quote the rumor of my death has been greatly exaggerated. As Joe outlined this business still has a lot of life left in it, more than most give us credit for. While in decline it is a slow steady predictable decline like a metronome. While I may look young, certainly younger than Grant. Okay, okay. The team and I have been around the business a very long time. We know these markets and the small businesses better than anyone which allows us to manage the business to very high margins. The strong visibility at the future revenues and cash flows enables us to manage our cost structure to deliver strong margins.

To illustrate the point, can I go forward? It's good. Okay. We heard a lot about innovation to software business and our go-to-market strategy. As Peter Drucker said, innovator die. We have brought innovation to our print product side, where the business we published over 1,500 directories in 2021. For example, extending the life of the directory. We are constantly adjusting and reacting to our markets. Through this directory -- we've moved our directories from 12 months to 15 months to 18 months without disrupting the business.

And what happens when you do that, you actually extend the cash flows of each directory and the profitability. We do that at no additional cost. At least predictable cash flows, and higher margins. These extensions also open gaps into selling cycle to your question, that allows our sales force to sell at no additional costs, because the time has opened up to sell to our customers. It's the gift that keeps on giving.

So much for the notes. Okay. Seems like my first rodeo. 2021 was a very strong year. We expect 2022 to be an equally strong year. The investments we are making in go-to-market

and product led growth are paying off and has positioned us for durable revenue growth well into the future, let's deconstruct this a bit. 2021, we focused on ARPU expansion, growing our client annual spend to 4,000 annually, as we've focused on our ideal client profile. We believe there are still gas in the tank, to continue to grow ARPU over time, as we execute to the product roadmap.

As Grant said or we should have said, we are adding clients and growing with them, deepening our monetization along the way. You might be asking, how are you thinking about subscriber growth? Well, with low churn behind us now, we expect more balance between subscriber growth and ARPU expansion, which is reflected in our 2022 revenue guidance. We feel very -- can I just move forward? Okay. We feel confident that our subscriber growth will grow into the double digits, because of all the advancement in our product innovation that Ryan described. And the strength of our team selling that Grant described, boosted by the jet packs of the addition of Sensis, Vivial, and our new zoos.

You might be asking, how are you thinking about margins? 2021, our overall SaaS platform gross margin was around 70%. When you blend in the add-on products, the margins blend to the mid-60s. As we introduce planned margin rich products, such as marketing center, and following the product roadmap that Ryan described, we expect margins to move into the mid-70s.

As Joe reminded, and I want to remind you one more time, we were a profitable SaaS company prior to 2021. So, we know how to do that. We have purposely decided to thoughtfully invest in our product roadmap that will lead to higher revenues and profitability in the future. The best of times are ahead. And with that, concluding my portion of the presentation and I want to introduce my partner, my friend and all-around great guy, KJ Christopher.

A - KJ Christopher {BIO 22098356 <GO>}

Thank you, Paul. So, I am one of the newest members of the team here, just started working with Thryv in 2017, very excited to join this team. It's been an exciting time since I started. So -- and I do want to start off we could actually make notes like, we're almost there, only a few more slides left. But I'm going to start off, just talking about this team. And as Joe mentioned earlier, lots of acquisitions, history of very accretive acquisitions. How do you deliver that? Well, practice, I think Joe even 77 acquisitions.

So you do it often enough and you get really good, strategically looking at your targets, coming up with a plan, diligently sticking to the plan, not getting red mist in the middle of a deal, and just executing.

There's another helping hand though, marketing services companies respond very well to scale. And when you're as big as we are, that leads the door open to lots of post-acquisition synergies. So, let's focus on recent history now, not all 77 of them, we'll go back to 2017. YP Holdings, that's the one that took us coast-to-coast, made the company much bigger, huge increase in cash flow at a time when we were transitioning, after synergies 2x EBITDA.

Last year, Sensis. This one opened the door to international expansion. Immediate access to 100,000 customers, that had deep relationships with a well-respected company, 2x EBITDA post synergies. And then just last month -- I guess, a few months ago now in January. We just announced this Vivial. Small acquisition here in the U.S. that filled in the last remaining markets we had in the U.S. 2x EBITDA again post synergies. But the nice thing here access to 25,000 digital clients right in our own backyard.

All right. So nothing speaks louder than history, right? And this is a slide that Joe mentioned earlier. While we were building a SaaS company, at the same time we delivered $1.5 billion to our stakeholders. That doesn't happen by accident, right? I took over this job, Paul came to me said, hey, I got two rules that you should think of them as commandments. Paul, you want to share those commandments here with --

A - Paul Rouse {BIO 18940808 <GO>}

Commandment number one, thou shall pay down debt. Commandment number two, see commandment number one.

A - KJ Christopher {BIO 22098356 <GO>}

It's kind of evident here, right? I mean, we started, we -- obviously we had delivered strategic acquisition to YP, deliver tender offer, dividend, deliver another strategic acquisition. So, we have a long history of good cash flow, good debt to EBITDA ratios and staying well south of our covenants. So, we're going to transition now to a quick video about one of our Australian clients, and then we'll all come back up to the stage for the big Q&A.

(Audio-Video Presentation)

A - Paul Rouse {BIO 18940808 <GO>}

Happy to take questions. If some are left that we didn't cover.

A - Cameron Lessard {BIO 22232939 <GO>}

As a reminder, please state your name and your firm please.

Q - Howard Amster {BIO 1439103 <GO>}

Okay. Howard Amster, Ramat Securities. I guess my first question is, when you talked about the 18-month cycle, if I was a customer, I would be billed like 1.5 times. What I had been billed when I was 12 months, is that correct?

A - Joe Walsh {BIO 18001809 <GO>}

Well, we sell the product always have for century as a monthly service. And so, when we took the company over in 2014 the directories published 12 months. Now you've bought and you paid 12 months. Now you pay the same price monthly, but over the last period of time, as a way to innovate the print product, we've extended its life gradually into 13 months, 14, 15, 18. The reason we've done that is it's allowed us to continue to publish

really high-quality directories, we're the only really provide are out there. It's also been really environmentally well received.

But you as a customer, if you were spending $500 a month for your program, you're likely spending $500 a month now or maybe even less for your program, and deliver as the same power, and the same bang for the buck. We don't find that the consumers run in the driveway and say is the phone book here yet. That exactly when it comes out, it's not a big issue.

For the areas where it's seasonal, some of those directories were -- have to come out at a certain time. We haven't come out at the come out at the same time, and often that's every other year, but they come out at that seasonal time when people set up their shop for the year.

A - Unidentified Speaker

Approximately, the same amount per month you see -- (Multiple Speakers)

A - Joe Walsh {BIO 18001809 <GO>}

Yes. We -- one of the things that I maybe didn't spend enough time on, as I talked about the directory part of the business is the way we've repriced the book over the years. We've actually brought the rates the amount that you pay to be in the book way down as we've sharpened the target on the end user, actually is using the book that's part of why the bang for the buck is so strong.

Q - Howard Amster {BIO 1439103 <GO>}

Okay. Then I had another question. In your guidance you showed the EBITDA for the year bolted on the SaaS product being about a 20 -- say the average of $23 million loss. But for the first quarter, it's $12 million to $13 million. So it's like over half of the number. Is this business going to be more profitable as you get into, is that what you're saying it's getting more profitable into the second and third and fourth quarters?

A - Joe Walsh {BIO 18001809 <GO>}

Yes, we're very comfortable with the guidance that we gave on where EBITDA will be for the year. We front-loaded some of the investment, some of the things to get marketing center out and some of the other big initiatives that we've done, we frontloaded at the beginning of the year.

Q - Howard Amster {BIO 1439103 <GO>}

Last year, what was the -- was the cash flow around $300 million $270 million that you were able to either pay debt down with or is that approximately correct?

A - Paul Rouse {BIO 18940808 <GO>}

Yes, it's about right.

Q - Howard Amster {BIO 1439103 <GO>}
Is it approximately the same?

A - Joe Walsh {BIO 18001809 <GO>}
So we're having guided on cash flow for 2022.

A - Paul Rouse {BIO 18940808 <GO>}
But like you interest expense will be down for example.

A - Joe Walsh {BIO 18001809 <GO>}
Interest expense will be down in just -- in general the free cash flow will be less in this year but it's not something we've guided to.

Q - Howard Amster {BIO 1439103 <GO>}
I'm going to have some more questions.

A - Joe Walsh {BIO 18001809 <GO>}
Yes, obviously, the IR team is available to help you with, detailed modeling questions. Let's try to keep this pretty high level on the product presentation.

Q - Dan Moore {BIO 4869128 <GO>}
Dan Moore from CJS again. You described the history of M&A as being obviously critical to the growth everything here has been organic up until recently it was mostly marketing services, buying zoos, and then we sort of talked started to talk about M&A on the South side, so maybe just from where we sit today what is the M&A strategy? Are you still looking at both opportunities? How do you see that playing out over the next two to three years? Thanks.

A - KJ Christopher {BIO 22098356 <GO>}
The entire plan we laid out for you today was organic growth. It doesn't assume or imagine any acquisitions as has been documented we have made as a team upwards of 100 acquisitions in our time together, when we're pretty disciplined about what we pay and pretty good at how we integrate those acquisitions.

We have interest in SaaS acquisitions over time, it -- we have people in our App Store that potentially you could say, hey, we'll you bring them in right now we don't have SaaS valuation for our company.

And so to make us a SaaS acquisition would be quite deluded for us. So that's something that might occur as we grow into our full valuation. But at the moment, this plan doesn't assume any act. So you're not this is not a roll up we're not planning to buy things. If opportunistically, we can hit things at our price point and we feel we can get a speedy return on capital we'll do it.

Q - Scott Berg {BIO 16265995 <GO>}

Hi, Scott Berg with Needham. I wanted to focus on the commentary about product led growth and kind of how that sales motion will evolve over the next 4, 5 plus years is, there's a lot in there, that motion is just different. How should we think about kind of the -- I guess it's two part question, one the mechanics of the individuals you have on the team now, are they able to make that transition or do you maybe make wholesale changes on I don't know the type of personnel that you bring in maybe sales leader, et cetera because it is a different mindset the ones you're doing today?

And then, how should we think about maybe the productivity of those sales teams? I like the product led sales model because it tends to be often digital, and when I think about customer acquisition costs, it tends to be a lower cost channel than something personnel driven sales that you do today is -- does that add some I don't know additional fuel to the two sales growth engines because you don't have to invest in the people personnel may be quite as hard.

A - Grant Freeman {BIO 22058396 <GO>}

Yes. You've put your finger on it exactly. Right. I mean, we have a very big customer base and it's referring lots of people but to realize our full growth vision, we need to be able to work well outside that zoo. And product led growth is a strategy for causing people to raise their hand and say, I'm somebody that you should spend time with because I'm interested in this.

In terms of the way we're developing the organization, I'd like Ryan to talk about some of the recruiting he's been doing around product led growth and some of the talent he's been acquiring.

A - Ryan Cantor {BIO 21829460 <GO>}

Yeah, great question. Yes, we're on the product side specifically targeting, and we recently added some key talent to the organization, specifically focused on product led growth and the nuances inside the product. And when we think about product led growth, I think it's important to understand that that includes product led acquisition and product led expansion. And we view those as really complementary to our sales efforts. It makes them significantly more efficient, someone who is already engaged in the product in some form or fashion provides a whole host of data points.

So that our sales team is really focusing their time and energy on upselling into products, that garner higher average ticket price for those, and whereas incremental add-ons inside the product, added seats or other features of products, should really be done inside the product and the cover of night 24/7, without a salesperson having to engage there. And so, we are keenly focused on adding the right skill sets and talent to make that shift. But again, we think the skillset on the sales side will just be, they get more qualified people presented to them with more data points with a higher propensity to close.

A - KJ Christopher {BIO 22098356 <GO>}

I just want to make sure we're clear. We're layering that in, in addition, we're not switching. We aren't going -- our sales force is doing well productivity is growing. To the point where we, where in the past, if you look at our life in the last six or seven years, our sales force has shrunk every year. We stopped shrinking it or beginning to lean into growing it a little bit, layering in product led growth gives us another vector of growth.

Q - Chapin Clark {BIO 21974380 <GO>}

Hi, this is Chapin Clark with JPMorgan. And I'm just wondering if you could go into the breakdown of fixed costs and variable costs in your marketing business and how you plan to maintain the 35% margins as the business gets significantly smaller?

A - KJ Christopher {BIO 22098356 <GO>}

The business has already gotten significantly smaller, I mean, one time, it was billions. We are virializing every cost up and down the ledger of costs. And we very carefully thought through that 10-year model, and how it plays out and we're comfortable with that mid-30s percent margin. We know in advance what the revenue is going to be the next year, we even know in advance, what the revenue is going to be the following year.

And we are able to set a plan for how much sales resource we're going to deploy, how many people that sit behind that processing the orders, every piece of it. And every year we further retarget the directories because the demographic of people who use the directories is ever so slightly shrinking every year and so we're targeting who we deliver the directory to?

So every cost up and down the line is attached to how much demand there is, how much revenue there is, so we view it as fully variablized. One other thing, if you're having a hard time imagining that keep in mind that as the SaaS business is growing, it's carrying a greater piece of the general overhead like a piece of my salary or Paul's which is very high.

Q - Arjun Bhatia {BIO 20509605 <GO>}

Arjun Bhatia, William Blair. Joe, I think the -- initially you had laid out the 10-year plan to get the marketing services business to be -- or sorry, the print business to be $100 million by 2032 if I remember right. But at that point you're going to be at a $4 billion SaaS business. What is at that point the benefit of having the print business still in play? What are some of the intangibles 10 years down the line that may still help Thryv overall?

A - Joe Walsh {BIO 18001809 <GO>}

I love the way you asked that question, because if you go back and you look at that visual, the print is actually about $15 million of that $100 million at that point. The $100 million is the marketing services business in general. Our marketing services business is really complementary to our SaaS business, because these small businesses need to get more customers, it does just fit beautifully together and Arjun there is one other way to think about it. Who would buy it? There's no market for it and so, it's worth a lot more to us than it is to somebody else.

So well, you should spin it off somehow and we've had that discussion, we've been having publicly on earning calls. We really feel like it's vastly more valuable to us. I mean, just look for example at the Sensis acquisition, we made that acquisition 13 months ago.

Sitting here today, we've gotten almost all our capital back already and we own this big thriving business with a fast-growing SaaS and a big marketing services business, so it's extremely valuable to us because, we know how to use it and how to fit it together. We haven't seen anybody else out there for whom it's valuable. So, I don't think there's a great demand for separating it.

Q - Arjun Bhatia {BIO 20509605 <GO>}

Thank you.

Q - Analyst

Hi, Natalie from (inaudible) I guess with the shift more of the business that are modeled maybe take us from a SMB customer perspective, I know you guys had a marketing tab within the existing solution. So from an SMB customers' perspective, how am I perceiving what this new marketing hub is offering to me, that I didn't see before.

A - Joe Walsh {BIO 18001809 <GO>}

Ryan, why don't you lead us on that one?

A - Ryan Cantor {BIO 21829460 <GO>}

Yes, absolutely. So business center includes some basic marketing activities primarily focused on email and text marketing, the nurtures, the automatic reminders, things that invite people to come back to your business again and again. Marketing center really is now a shift of added functionality that allows them deeper analytics, so today as an SMB and our platform you're asking me to talk you through the journey, you log in and you see website analytics and it says, you have 2,000 visitors this past month, and 20% are existing return visitors and 80% are new and that's all you get.

You just kind of know traffic. And I guess next month success would be more than last month. I thought that's kind of the way that they think about it. Marketing center really is meant to arm them with data and analytics to allow them to go get more customers but to do so on a level playing field with big companies.

Big companies are spending millions of dollars in match and other technology to kind of make informed decisions, and small businesses therefore had a disadvantage. And so marking center is an extension on that platform that allows them to really get incredible insights and make great -- better decisions.

Q - Analyst

And then, final question is just as you guys pivot more toward the business center model, how are you guys thinking about how the monetization of the product needs to change

relative to the monthly plans that you have set up today?

A - Ryan Cantor {BIO 21829460 <GO>}

So in all of our centers, we're focused on generally speaking and I'd say generally obviously the centers that are a little farther out, we do extensive market research to understand ideal price points optimal value price band ranges, but we are generally thinking about good, better best, and then every single center has a component of usage-based billing.

You're seeing that a little bit with ThryvPay, we have some other things seeds other ideas. With the idea of tying their growth as Grant eloquently shared with you that their success is our success. So if we can tie the billing in the revenue really, so we don't even call it spend they grow, we make more revenue that's our direction. And all of our centers were focused on that strategy.

A - Grant Freeman {BIO 22058396 <GO>}

Yeah, I mean the pay as you use it model is a great model for this. We weren't able to start that way because when we started, we were trying to support 2,000 salespeople and 400,000 customers, and the sale needed to be media enough to send a human being out there to make it. But as we keep moving well beyond and as the market continues to develop, our ability to add that in is very real.

Q - Rob Davis {BIO 17748859 <GO>}

Rob Davis from ACK. If I could just ask, as you look at the business in 2027, the SaaS business with $1 billion in revenue. Can you profile what it looks like compared to today? And for today instance some thinking there's three strong verticals, a small portion goes through ThryvPay, you do a large portion of the payments through your system in generally. How do we think about is just many more verticals? Is the franchise business a very large portion of the pie just how the business differs in five years versus what we know of it today? Thank you.

A - Joe Walsh {BIO 18001809 <GO>}

Thank you. So we've tried to lay out in today's presentation a bunch of different sort of vectors or paths for growth. One that maybe, we didn't spend a lot of time on was international, but we really feel like much of what we're doing here we'll be able to do as the international markets that we're targeting develop.

So I think I would say if I were trying to contrast the 27 business with the 22 business that we've presented and guided to. One of the biggest differences I think they would jump out at you is revenue coming from markets and countries that were actually not in yet or ones that we've recently entered that are growing.

In terms of here in the U.S., yeah, I mean we -- at the rate at which we are signing new franchise multi-location businesses, we're pretty comfortable with the guidance that was in the presentation for where we'll be going out, where the work that we're doing around

partners and affiliates is bubbling up and starting to be meaningful. And when we look at that sort of on a kind of a timeline, we think that will get to be bigger. So kind of each piece I think grows, but the biggest contrast I would say would be the international overlay, where there's a virtually nothing there. And there will be really significant element there.

If you think about the TAM that we've described and expressed, we think we can be a double-digit market share owner in a very big very fast growing very dynamic market.

Q - Analyst

Hello, Cory Miller from PNC when referencing or referring to the international expansion, is there a specific country or market that you guys are focusing on? And as part of the expansion, is that more so hiring reps to kind of work out of those countries? Or is that some of that attributed to M&A like what was done with Sensis?

A - Joe Walsh {BIO 18001809 <GO>}

We do believe that there are potentially opportunities for us to do what we did with Sensis in other places. It's not built into our model, that's not in the forecast. But we do think that there will be some of those opportunities. We're particularly skilled at acquiring these businesses integrating them and they respond really well to scale. And so the ability to bring these marketing services type businesses onto our platform is extremely synergistic, which makes potentially some of these assets more valuable to us than they are to the current owners. There aren't a lot of people swarming the by declining businesses.

So, in terms of specific additional countries, I really not like to outline any more countries at the moment, what we're in Canada and Australia, those are really developing nicely.

We're very pleased with the progress that we're making there, and we have others that we planned to go into. I think what we'll do is, we'll probably take like two more and then we'll wrap.

Q - Zach Cummins {BIO 20380773 <GO>}

Hey. Zach Cummins from B. Riley Securities. Thanks again for doing the event today and really outlining the opportunity. Joe, when you're looking out, 5 to 10 years and sustaining this sort of growth trajectory for the SaaS business, what do you view as the greatest challenge or multiple challenges that you could face to sustain this sort of growth trajectory over a multi-year time frame?

A - Joe Walsh {BIO 18001809 <GO>}

I mean, I think that at the start of it, we had to say constrained capital structure would be probably an understatement, if you think of where we came from as a distressed asset, and we've been working our way through. And today, we still don't have just loads and loads of options. We don't have lots of dry powder, we can go do anything we want. But we're working our way through. We were more than 80% sort of distressed debt

controlled when we emerged as a public company 18 months ago, and today that's well under 30% and falling fast.

So we're working our way through, we're finding new shareholders, we're finding new people that are interested in the three, five, seven-year plan here. And I think that is the big part of the journey that's not just to layout, that's not just automatic. We've got to do some work and tell our story to make that happen. In terms of operationally in the business, I've got a team of people who run very big businesses before, bigger than this one, and understand how to scale and how to grow. So, that experience is there, pretty comfortable with that.

Competitively, I mean, obviously, we've been in an environment where there's a lot of kind of money chasing any idea, whether it's a good idea or bad idea chasing these ideas. So, you see a lot of competitive things. The different cycles that we're probably looking at, and the future might actually be helpful for sorting some of that out might serve up some opportunities for efficient M&A for us.

But I would say that capital structure thing would be the thing that I would say we're -- it's not a layout, we have to work at that to make sure that we've got the kind of investor support that understand our vision and our plan. I want to get behind it.

Q - Zach Cummins {BIO 20380773 <GO>}

One of things that I've noticed is the competition for top engineering talent and especially with fan and their ability to pay top dollars. How do you compete for top talent? And then if I could squeeze in one more, which is the implied growth rate on the SaaS side is about 40% from 2022 to 2027. And I've noticed that you guided to about 20% to 22% growth for 2022. So, if you could just comment on that like why that sudden acceleration of that magnitude for the next five years after 2022? Thank you.

A - Joe Walsh {BIO 18001809 <GO>}

Yes. As a business, we were on a harvest footing until less than two years ago. We were -- when I looked around the board table, I was looking at distressed debt guys, all around the table saying, show me the money. How come the SaaS business doesn't have us higher margins as the Yellow Pages business? I mean these were the conversations we were having in the boardroom. And we made the decision to list the company, we went through a direct listing process. And as a part of that, we read people the board with a whole different set of questions that were being asked around the board table.

So, we've had a little catching up to do to make some investments in our engineering talent, our product development team and that's been going on. And I'm delighted to say that people are excited about this mission that we're on, helping these local businesses matters to people, and we've been able to find people that share that vision and want to be a part of it.

It's also impressive, how many people that were in the marketing services side of the house, who are young maybe, people excited about the future and believed in this who

we skilled themselves and transitioned over, we provided a lot of training and development. But -- and there are people here demoing to that came out of the marketing services side who are now experts in SaaS, and they made that transition. And we're proud of that and proud of the people focused kind of business that we have. So, it's been a blend of those things.

We are out in the market doing some recruiting because we wanted to bring in some fresh thinking and ideas. But a lot of it is people that have been in this prior organization that are transitioning for the growth side. So, I'm going to wrap this up there, and I'm going to thank everybody for coming, really, really appreciate it. I know you have more questions. We'll hang around and take more and there is a lot of your modeling questions, our Investor Relations department will be glad to help you with. But thank you so much for attending today.

A - Unidentified Speaker

Yes, thank you.