

spyrosoft

Spyrosoft Group

Financial results for 1Q 2023

24 May 2023

Spyrosoft Group

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Agenda

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1. Summary of key events

Financial results for 1Q 2023



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Key facts 1Q 2023

**Revenue – achieved
above strategy targets**
(+73.9% y/y)

In 1Q 2023 we gained
**18 new clients and
worked for a total of 150**

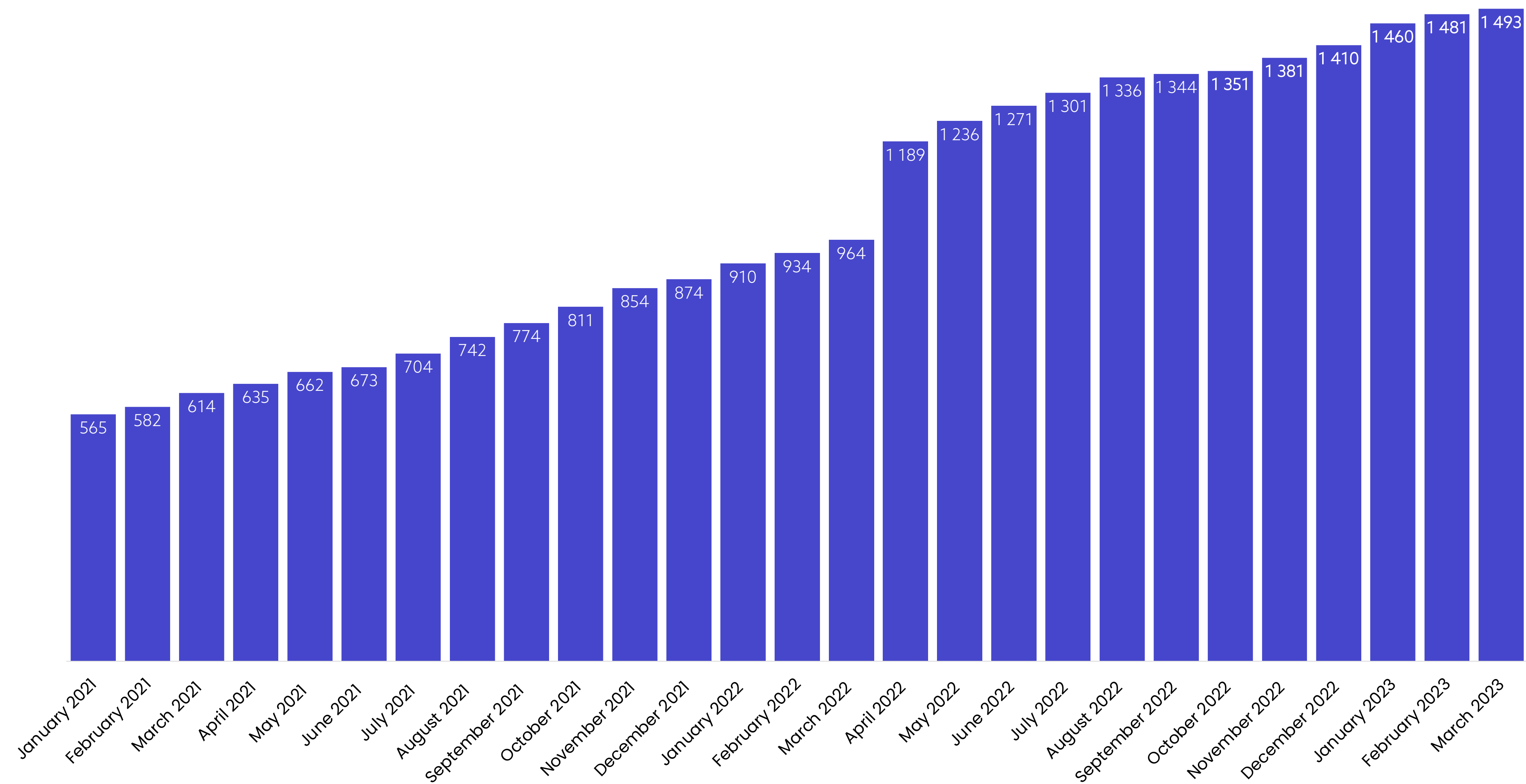
**At the end of 1Q 2023
there were 1,493 people
working on our team,** 83
more than at the end of
2022

We opened a new Group
company, **Spyrosoft
Connect (Salesforce
platform)**

We operate globally –
**with 14 offices in 8
countries on 4 continents**

85% of our revenue
derived from contracts
with foreign clients

Growth in employment



Our offices

Argentina

- Buenos Aires

Croatia

- Zagreb
- Osijek

Germany

- Stuttgart
- Braunschweig

India

- Chennai

Norway

- Bergen

Poland

- Wrocław
- Kraków
- Warsaw
- Białystok
- Szczecin
- Łódź

Romania

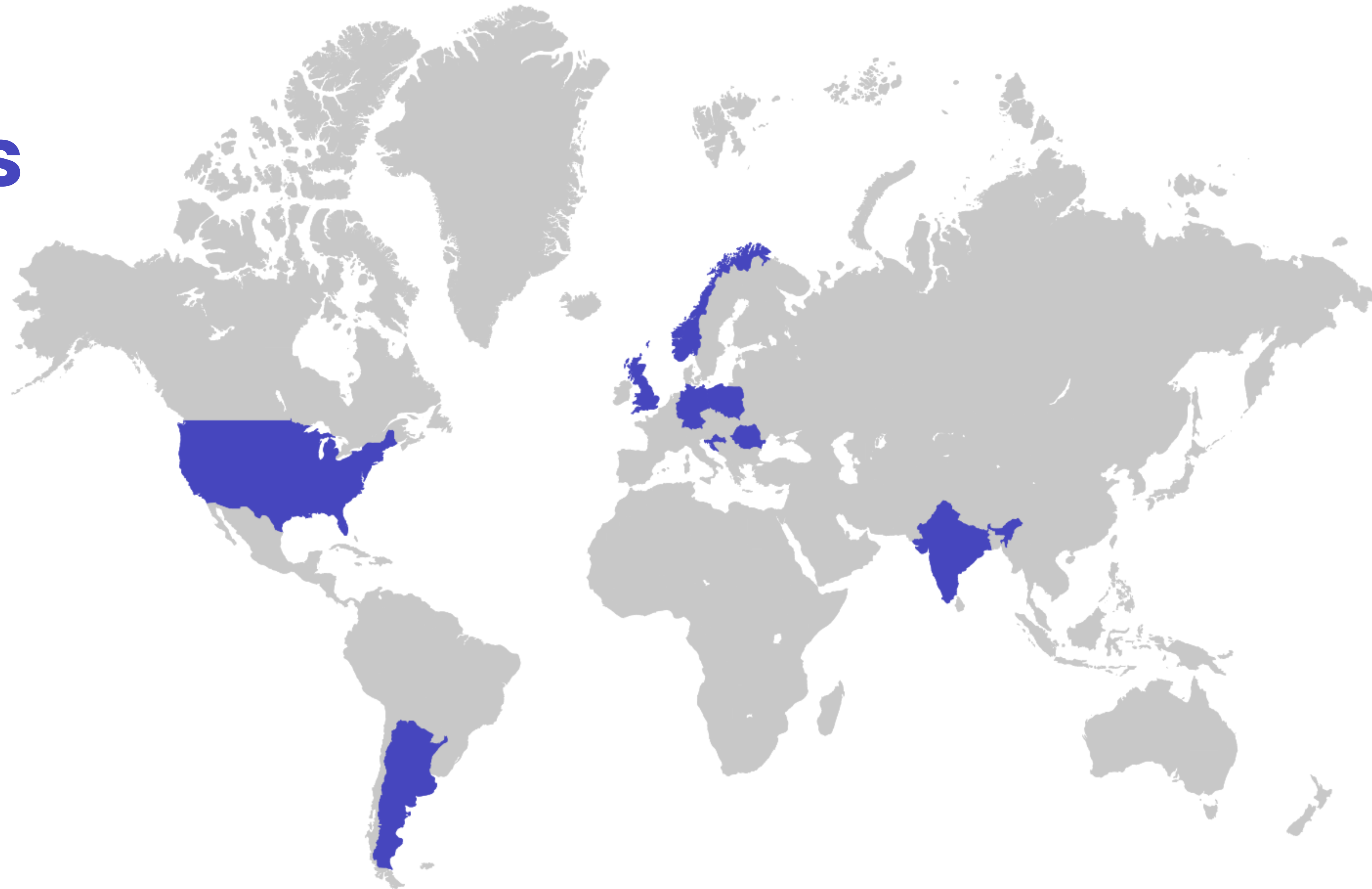
- Timișoara

UK

- Edinburgh
- Bournemouth

USA

- Ann Arbor
- Pittsburgh



Business sectors



Automotive



Employee Experience & Education



Financial Services



Geospatial Services



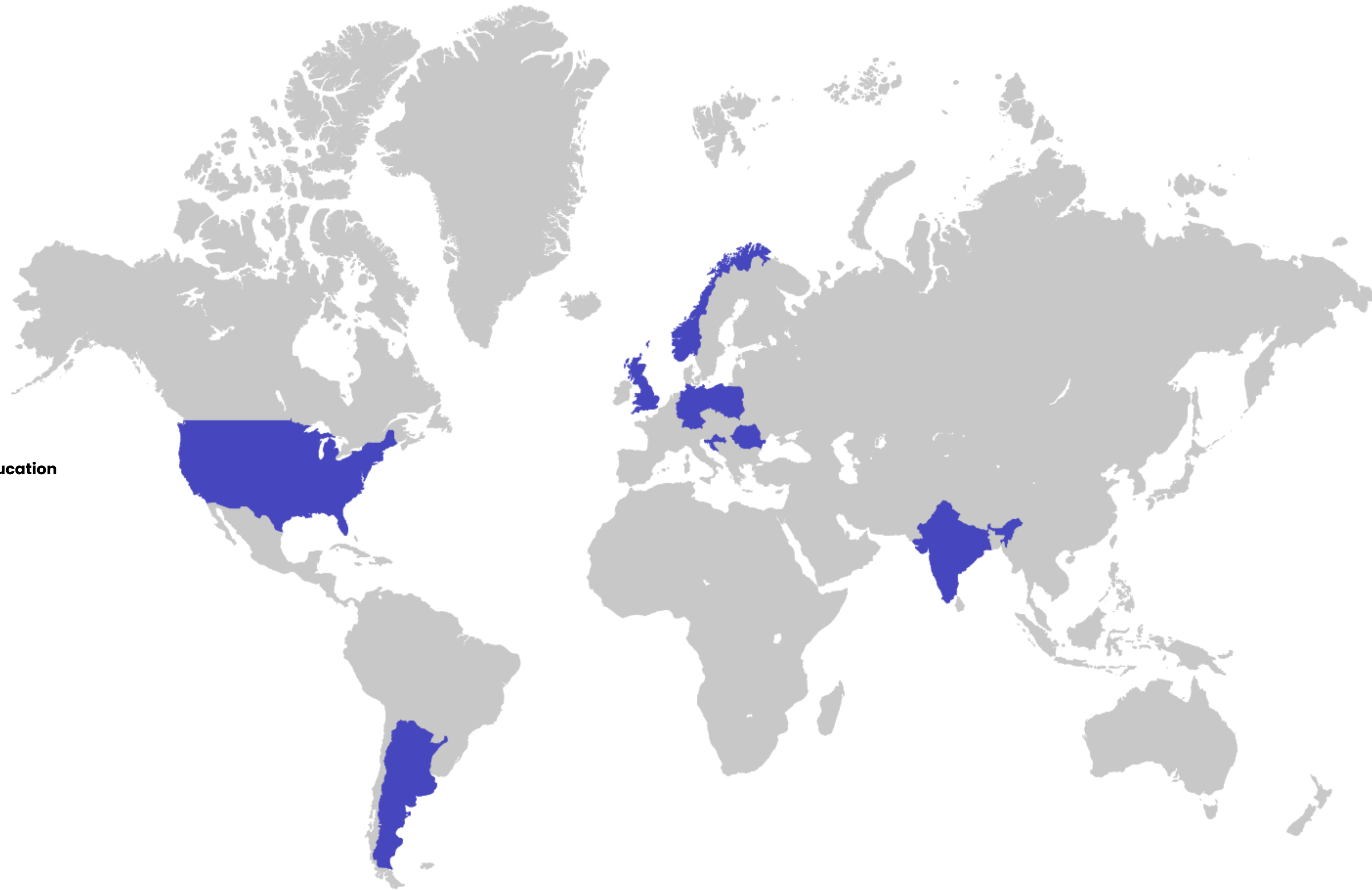
Healthcare & Life Sciences



Industry 4.0



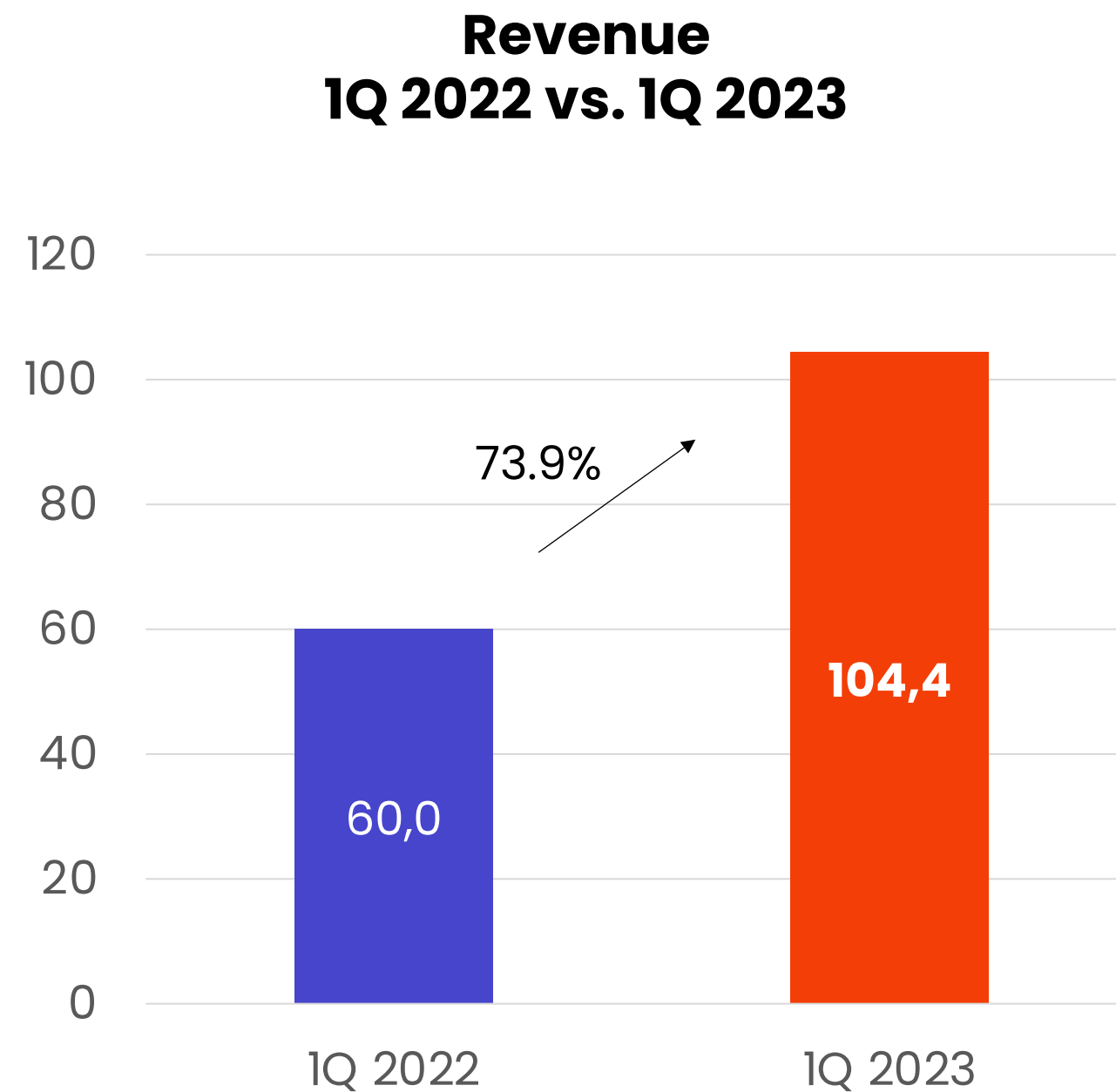
Robotics



2. Financial results for 1Q 2023

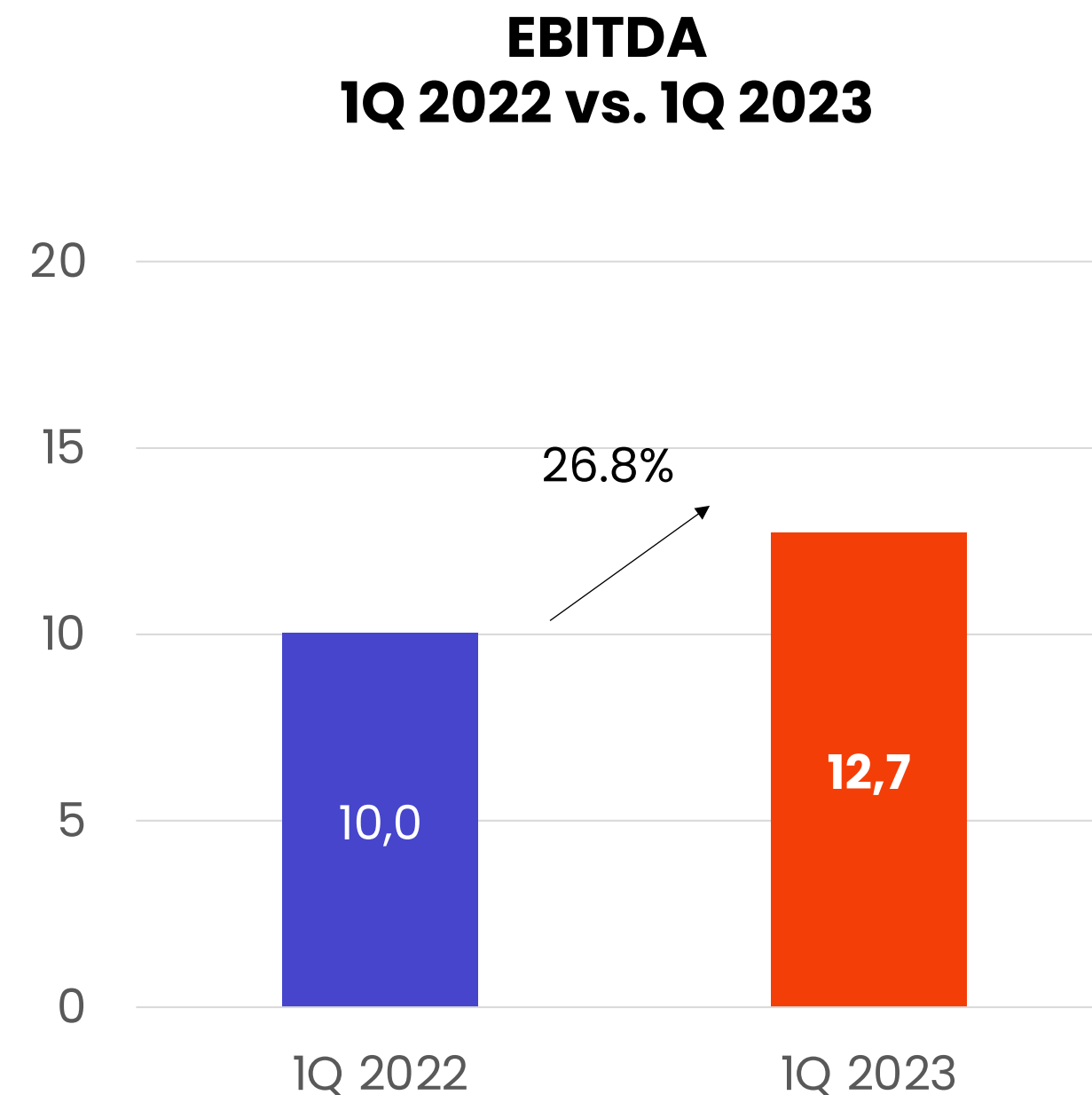


Revenue 1Q 2023 (PLNm)



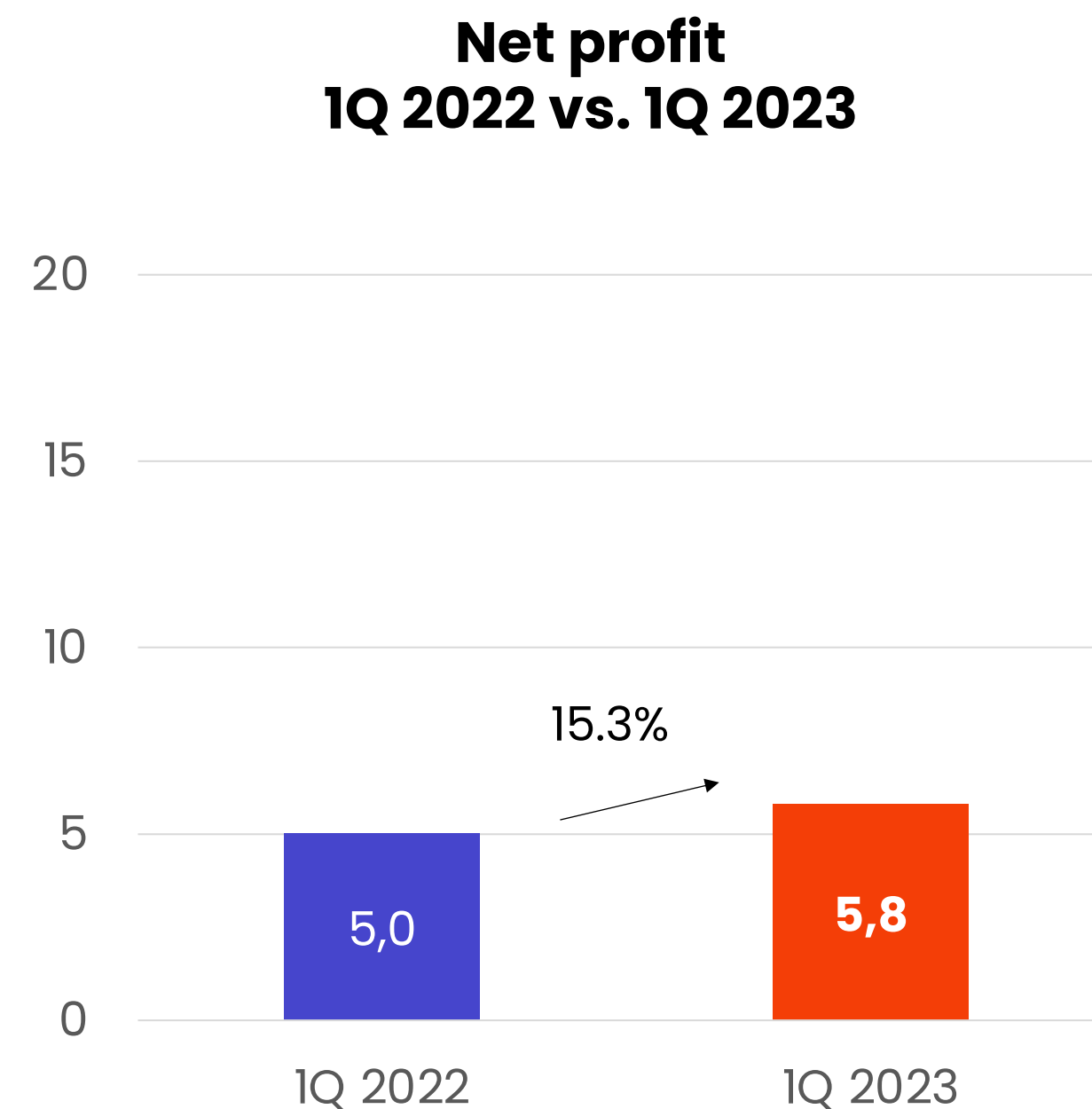
- Spyrosoft Group generated consolidated revenue of PLN 104.4m in 1Q 2023 (+73.9% y/y). This confirms the continued rapid growth of the company and the scale of its business.
- The Group's revenue (without BSG) in 1Q 2023 was PLN 91.65m (+52.7% y/y). Joining Spyrosoft Group enabled BSG's rapid growth – the effect of synergies in sales and recruitment.
- The Group achieved revenue above the targets in the "Strategy for 2022–2026," which projected average annual organic growth of 33% (from 25% to 35% per year).

EBITDA 1Q 2023 (PLNm)



- EBITDA for 1Q 2023 was PLN 12.7m, an increase of 26.8% y/y. The EBITDA margin was 12.1% , vs. 16.7% in 1Q 2022.
- The Group's EBITDA (without BSG) for 1Q 2023 was PLN 10.1m (+0.9% y/y).
- Rising costs impact EBITDA and profit, but these costs are regarded as investments. They enable intensive growth of revenue and operating scale (currently a priority for the Group). This includes increased headcount, staff development, marketing initiatives, and expansion of international offices.
- The Group's EBITDA margin was in line with the projections in the "Strategy for 2022–2026" (maintaining EBITDA margin in the range of 11%–14%).

Net profit 1Q 2023 (PLNm)

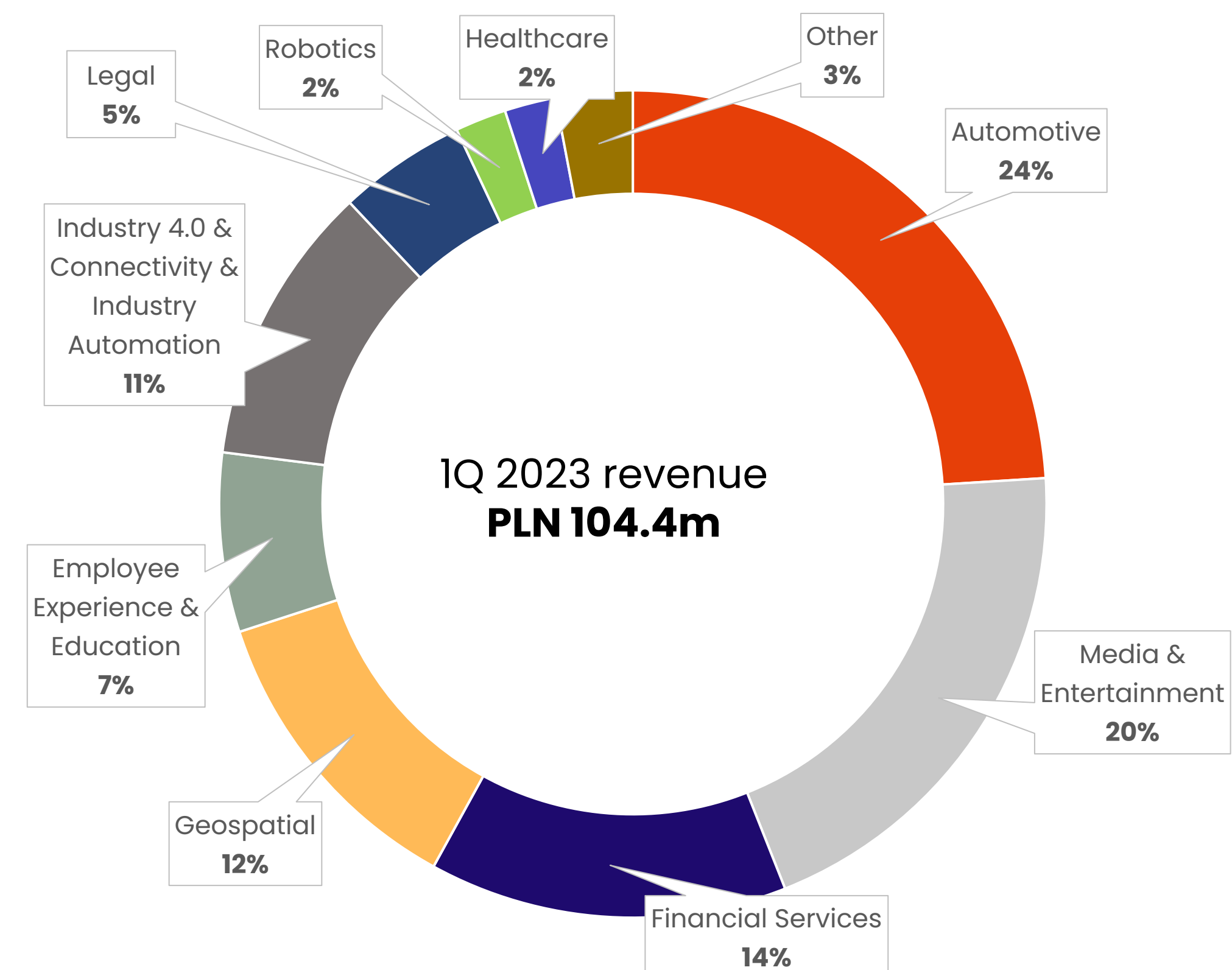
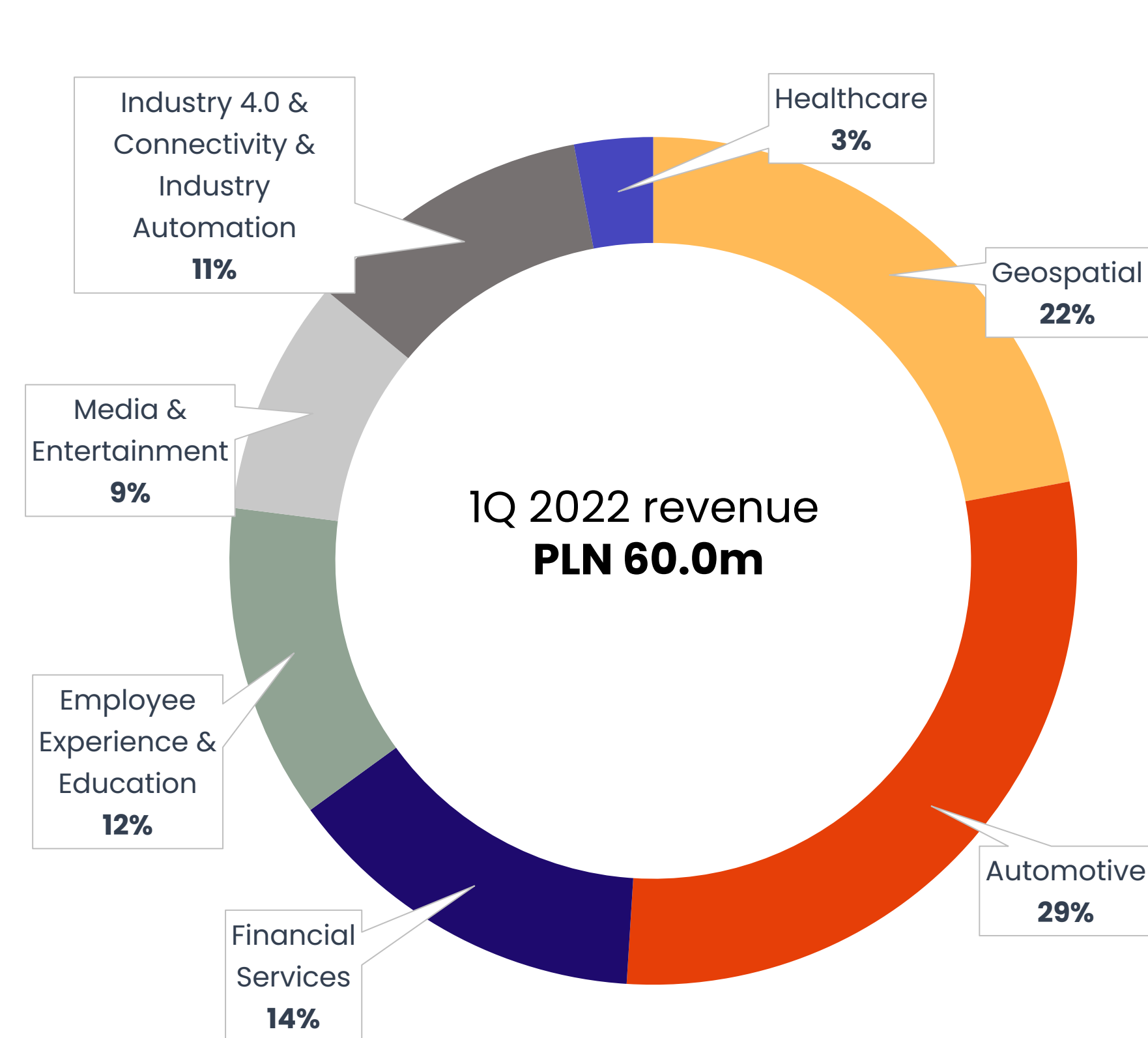


- The Group earned a net profit in 1Q 2023 of PLN 5.8m – up 15.3% from 1Q 2022.
- The Group's net profit (without BSG) for 1Q 2023 was PLN 4.54m (–9.6% y/y).
- Factors impacting the net profit included higher financial costs (PLN 1.3m), mainly connected with servicing the debt incurred for the investment in BSG.

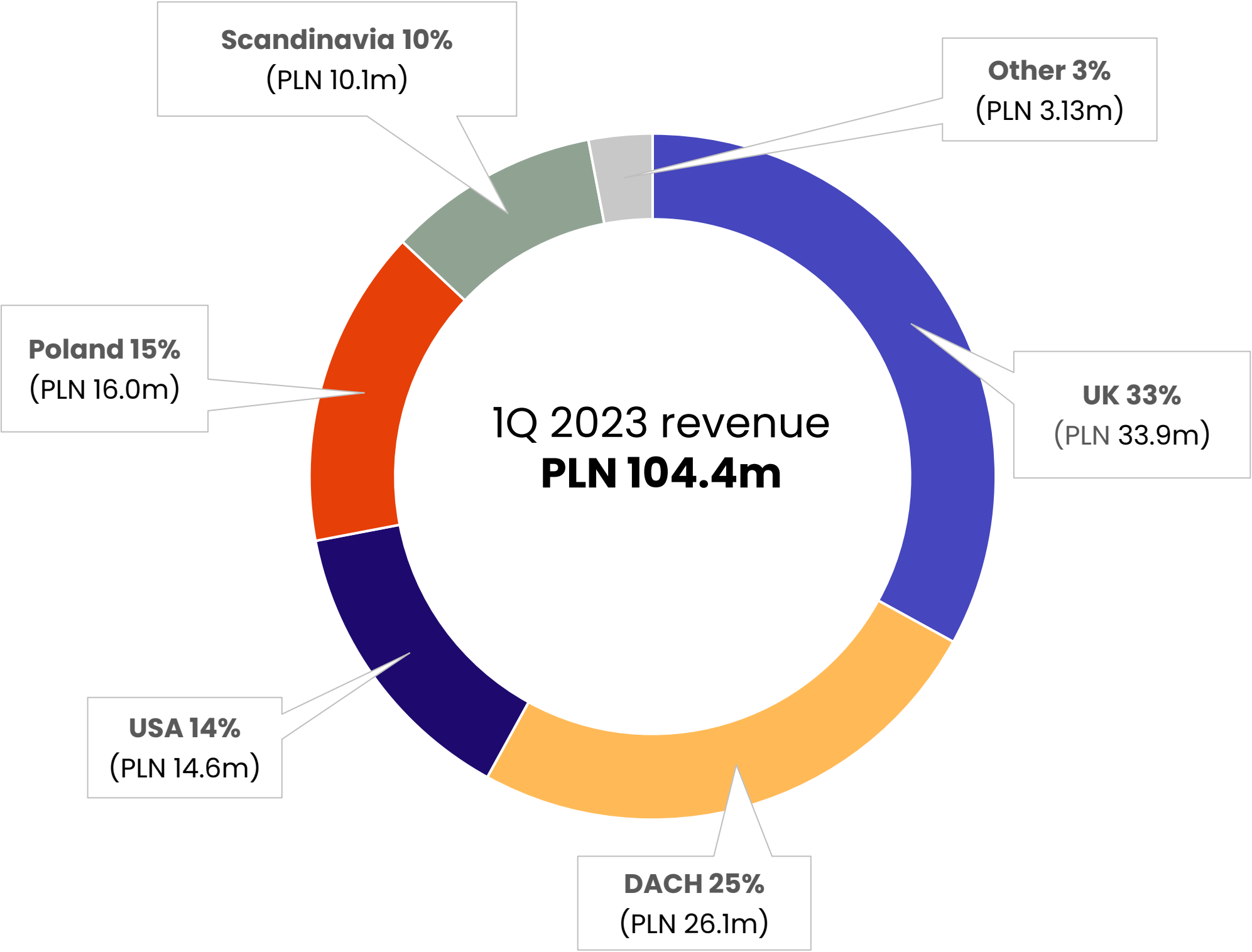
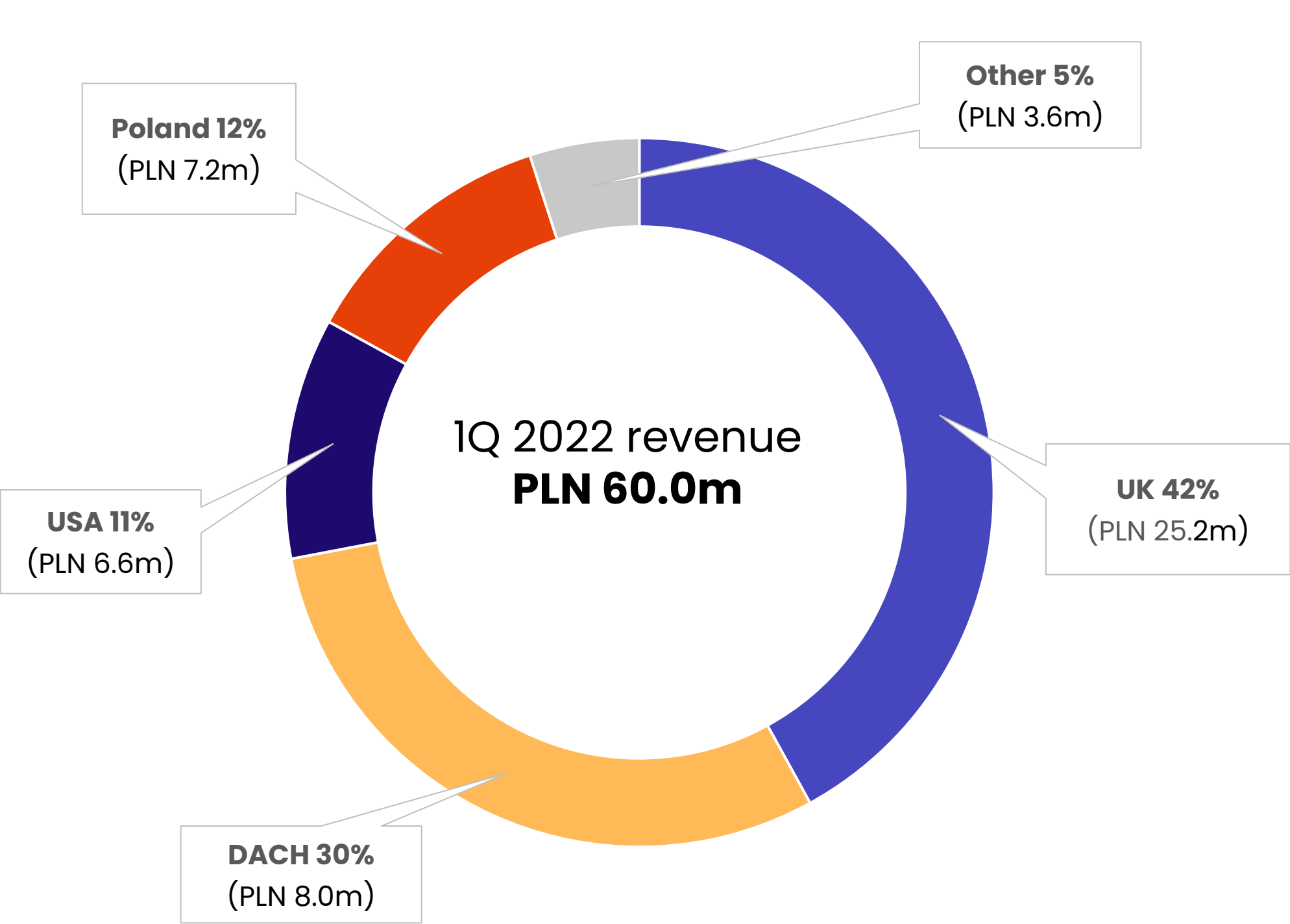
Statement of results

Statement of results (PLNm)	1Q 2022	1Q 2023	Change % y/y
Net revenue from sales of products and services	60.0	104.4	+73.9%
Costs of sold products, services, goods and materials	38.2	68.5	+79.3%
Gross profit on sales	21.8	35.9	+64.5%
Costs of general management	13.7	25.8	+88.7%
EBITDA	10.0	12.7	+26.8%
Profit from operating activity (EBIT)	8.0	10.2	+26.9%
Financial revenues	0.7	0.3	-48.5%
Financial costs	0.2	1.3	+504.5%
Gross profit	8.5	9.2	+8.6%
Income tax	1.9	1.5	-23.7%
Net profit attributable to minority shareholders	1.6	2.0	+26.5%
Net profit	5.0	5.8	+15.3%

Revenue structure – sector diversification



Revenue structure – geographical diversification



Peer group comparison

			1Q23 RESULTS			2Q23 FORECASTS		2023 FORECASTS		
	QUARTER END DATE	REPORTING DATE	REVENUE GROWTH Y/Y	OPERATING PROFIT GROWTH Y/Y	EPS GROWTH Y/Y	REVENUE GROWTH Y/Y	EPS GROWTH Y/Y	REVENUE GROWTH Y/Y	OPERATING PROFIT GROWTH Y/Y	EPS GROWTH Y/Y
EPAM Systems	31/03/2023	05/05/2023	3%	-6%	-1%	1%	2%	3%	-3%	16%
Globant	31/03/2023	18/05/2023	18%	6%	8%	16%	9%	17%	14%	12%
Endava	31/03/2023	23/05/2023	20%	14%	3%	17%	-19%	24%	16%	6%
Grid Dynamics	31/03/2023	04/05/2023	12%	-5%	-20%	0%	N/A	5%	-18%	N/A
Progress Software	28/02/2023	28/03/2023	12%	23%	23%	14%	-13%	12%	9%	0%
Average			13%	6%	3%	9%	-5%	12%	3%	9%

- On average, revenue in 1Q 2023 rose 13%, and net profit per share 3% (including projections for Endava, which also reports on 23 May).
- In 2Q 2023 the companies/market expect a slowdown in revenue growth to 9% and a decline in profit per share of 5%.
- For FY 2023 the companies/market expect revenue growth of 12% and 9% higher earnings per share.
- Practically every one of these companies made several acquisitions in the last 12 months. Thus the rate of organic growth is lower.
- Summary: the market anticipates a continued slowdown in the custom software development sector in 2Q 2023 and slight improvement in the growth rate in 2H 2023.

Company forecast

Analysts' consensus

3. Prospects

Financial results for 1Q 2023

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Prospects for 2023

- The Management Board of Spyrosoft Group maintains the aims presented in the “Strategy for 2022–2026.” The assessment of the market situation presented with the results for 2022 also remains current:
 - The global economic slowdown has a dampening effect on the rate of digitalization of enterprises and thus on the rate of increase in demand for IT services.
 - Nonetheless, the prospects of Spyrosoft Group for business growth on the principal markets served by the Group remain stable.
 - Prospects in terms of sector: automotive, industry, geospatial and healthcare are growing steadily. We observe a slight slowdown in financial services and media.
 - Anticipated phenomena positive for the Group’s business: increased availability of specialists on the labour market, slowing rate of salary growth, decline in voluntary attrition.
- Examining the business prospects for the remaining quarters of 2023, taking into account macroeconomic factors impacting the IT sector, the Group anticipates that both the rate of revenue growth and the EBITDA margin will fall within the lower range of the targets presented in the “Strategy for 2022–2026.”

Thank you for your attention

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