

spyrosoft

Spyrosoft Group

Financial results for 2022

28 April 2023

Spyrosoft Group

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Agenda

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1. Summary of 2022

Financial results for 2022



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Key facts 2022

Implementation of strategy in line with aims
(details on the next slide)

In 2022 we worked for 174 clients, 94 of which were new clients

At the end of 2022, we employed a team of 1,410 people, up more than 60% y/y

We created a new company in the Group – Spyrosoft eCommerce

In April 2022 we invested in Better Software Group (BSG), which allows us to increase our revenue in the media sector

We signed a 3-year framework contract with Magna Electronics which calls for opening a dedicated R&D division in Romania

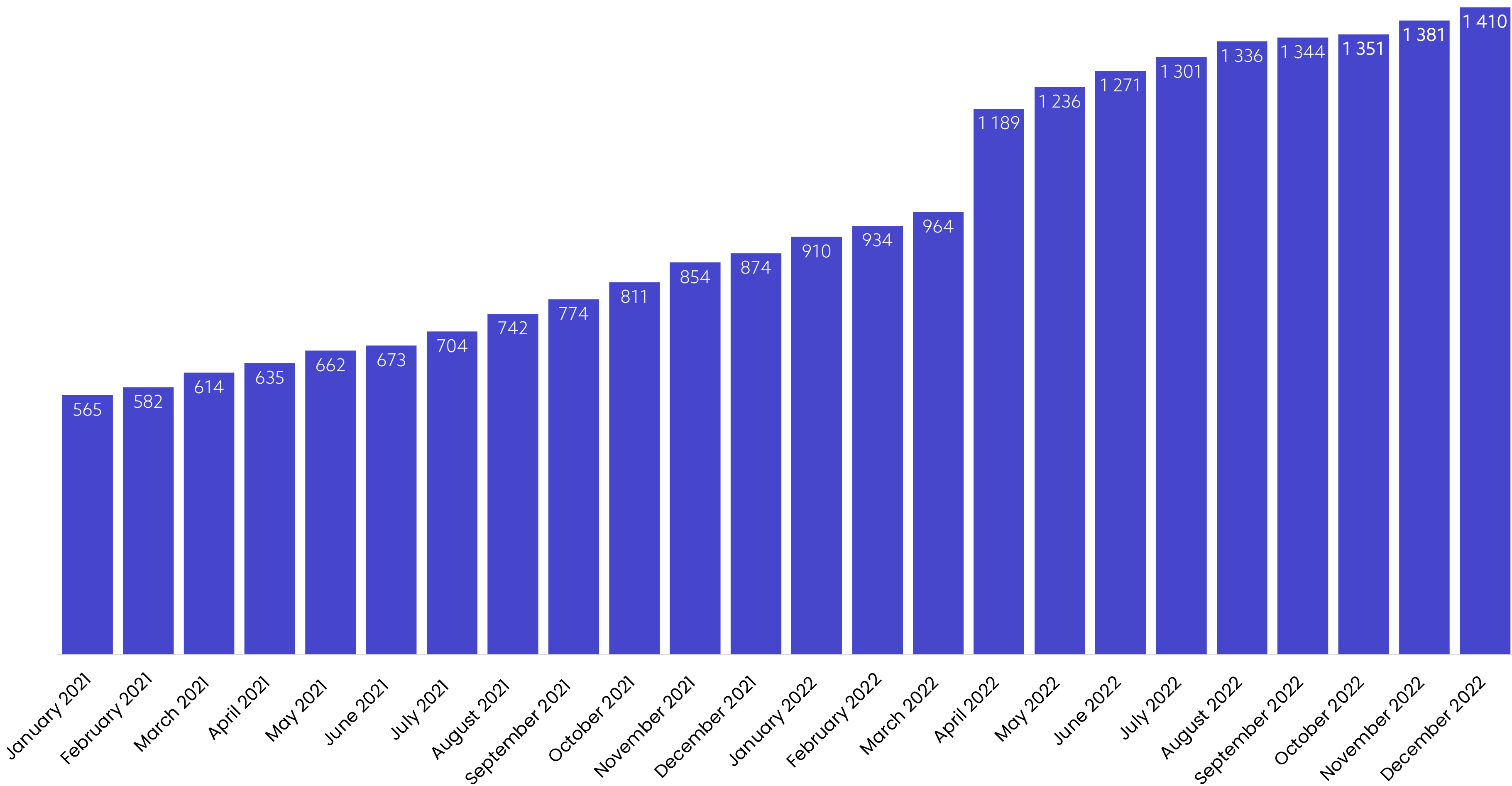
We operate globally – **we have 14 offices in 8 countries on 4 continents**

85% of our revenue derived from contracts with foreign clients

Implementation of strategy

Aims of strategy for 2022–2026	Achieved	2022
▪ Revenues: average annual organic growth of 33% (25–35% per year)	✓	+72% y/y
▪ EBITDA margin in the range of 11–14%	✓	16.2%
▪ Minimum of 3,000 associates, including contractors, subsidiaries and joint-venture companies	✓	1,410 employees (+60% y/y)
▪ Organic growth of firms in the Group through acquisition of new clients and cross-selling to current partners	✓	+94 new clients
▪ Establishing new specialized companies complementing our portfolio	✓	Spyrosoft eCommerce
▪ Opening and growth of R&D centres outside of Poland – Romania, Argentina, Far East	✓	Romania, Argentina, India
▪ Investments in marketing and sales activities to acquire new clients – with particular attention to USA, UK, DACH and Nordic markets	✓	85% – share of all clients from outside Poland
▪ Acquisitions of other entities with the aim of expanding the Group's portfolio with new sectoral and technological competencies and geographical reach	✓	Better Software Group

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

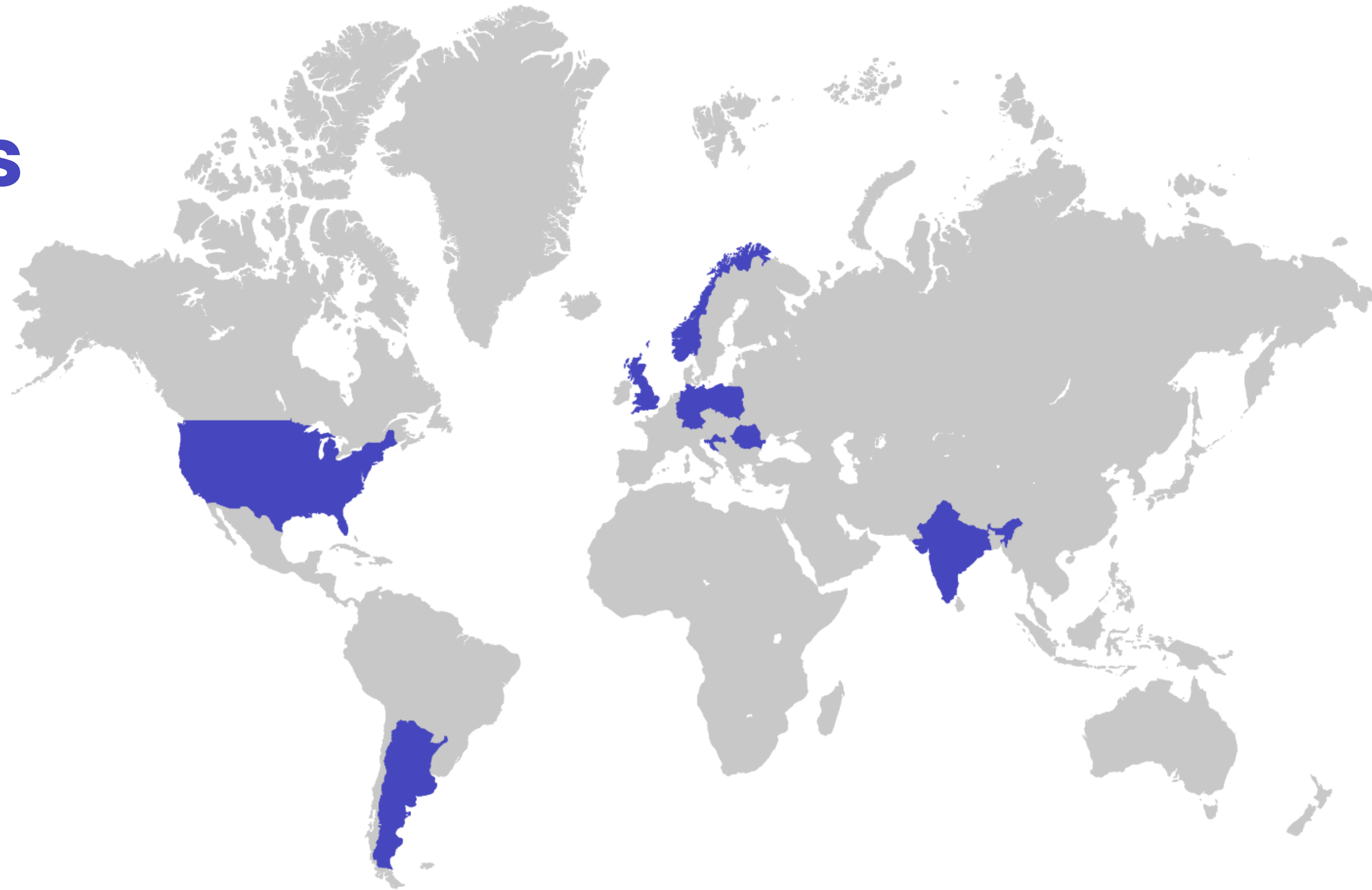
- Timișoara

UK

- Edinburgh
- Bournemouth

USA

- Ann Arbor
- Pittsburgh



Business units



Automotive



Employee Experience & Education



Financial Services



Geospatial Services



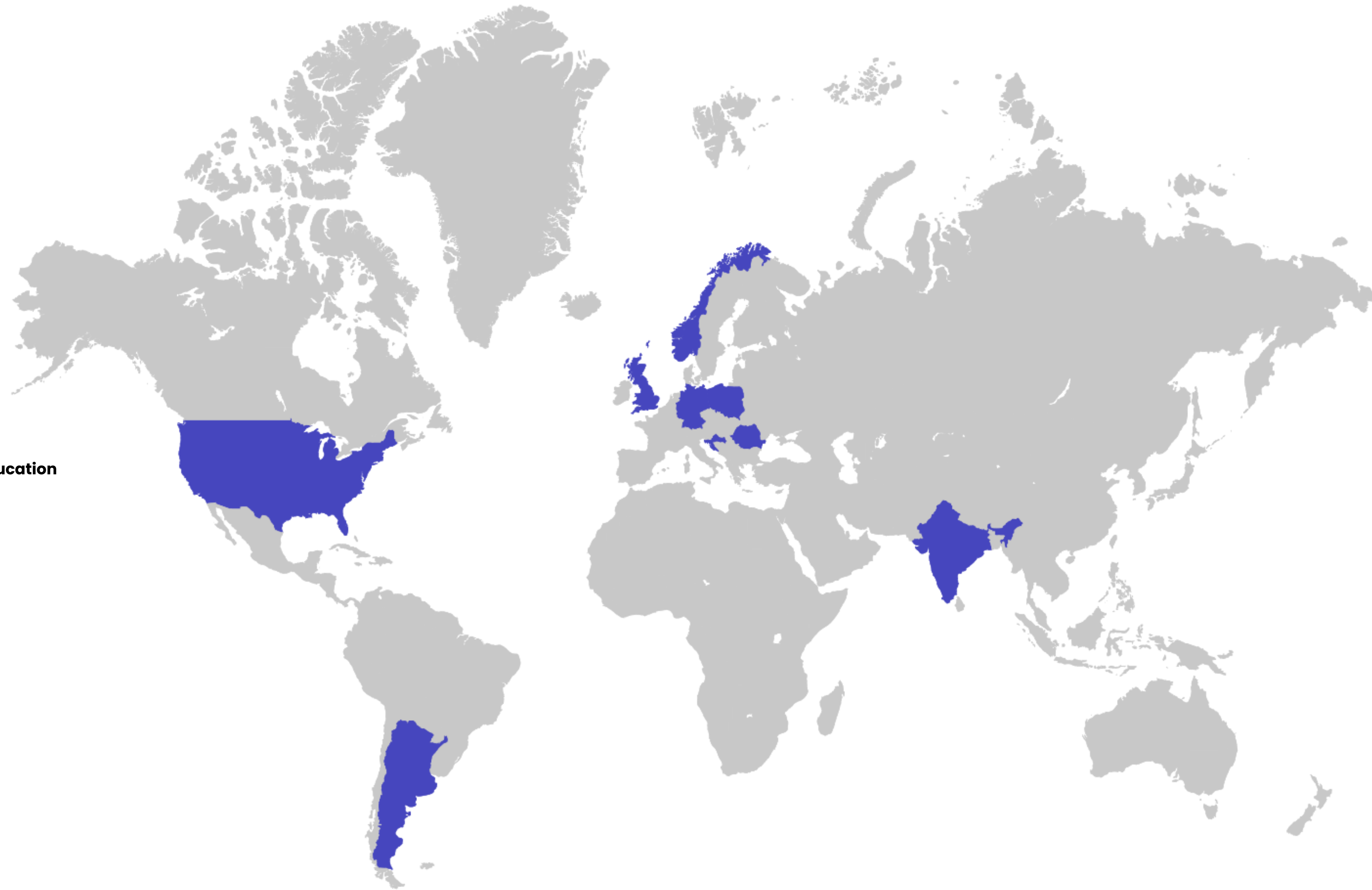
Healthcare & Life Sciences



Industry 4.0



Robotics

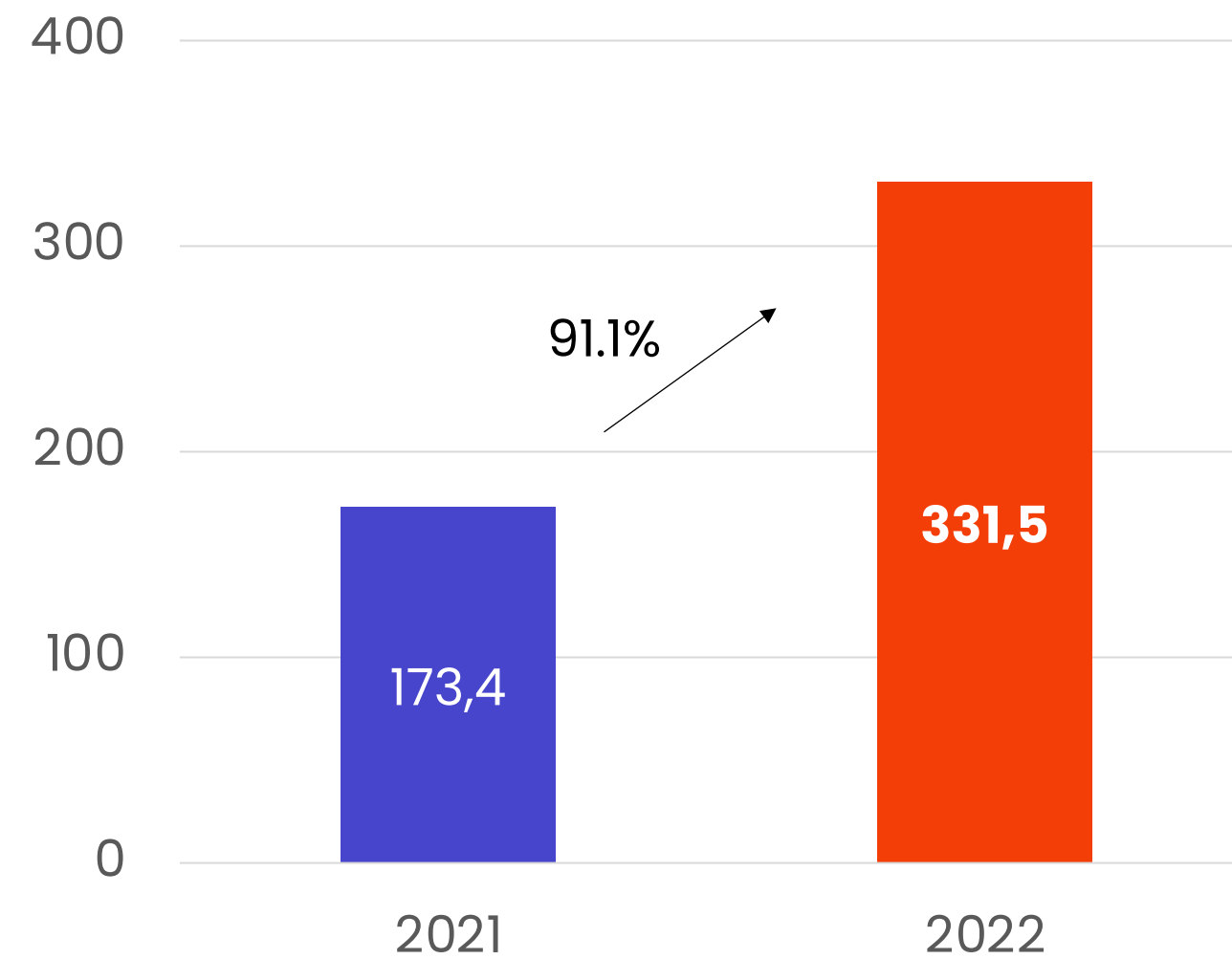


2. Financial results for 2022

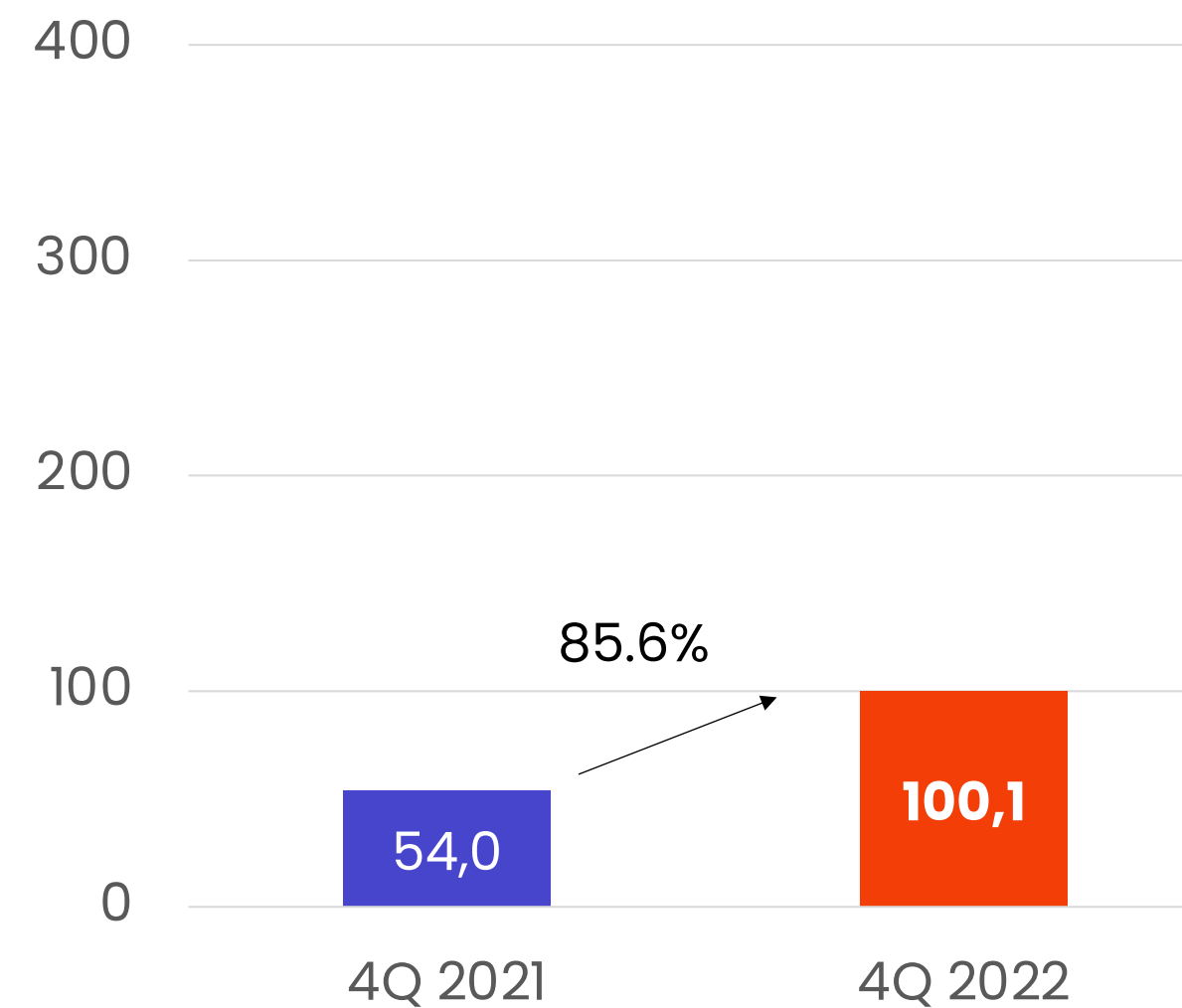


Revenue (PLNm)

**Revenue
2021 vs. 2022**



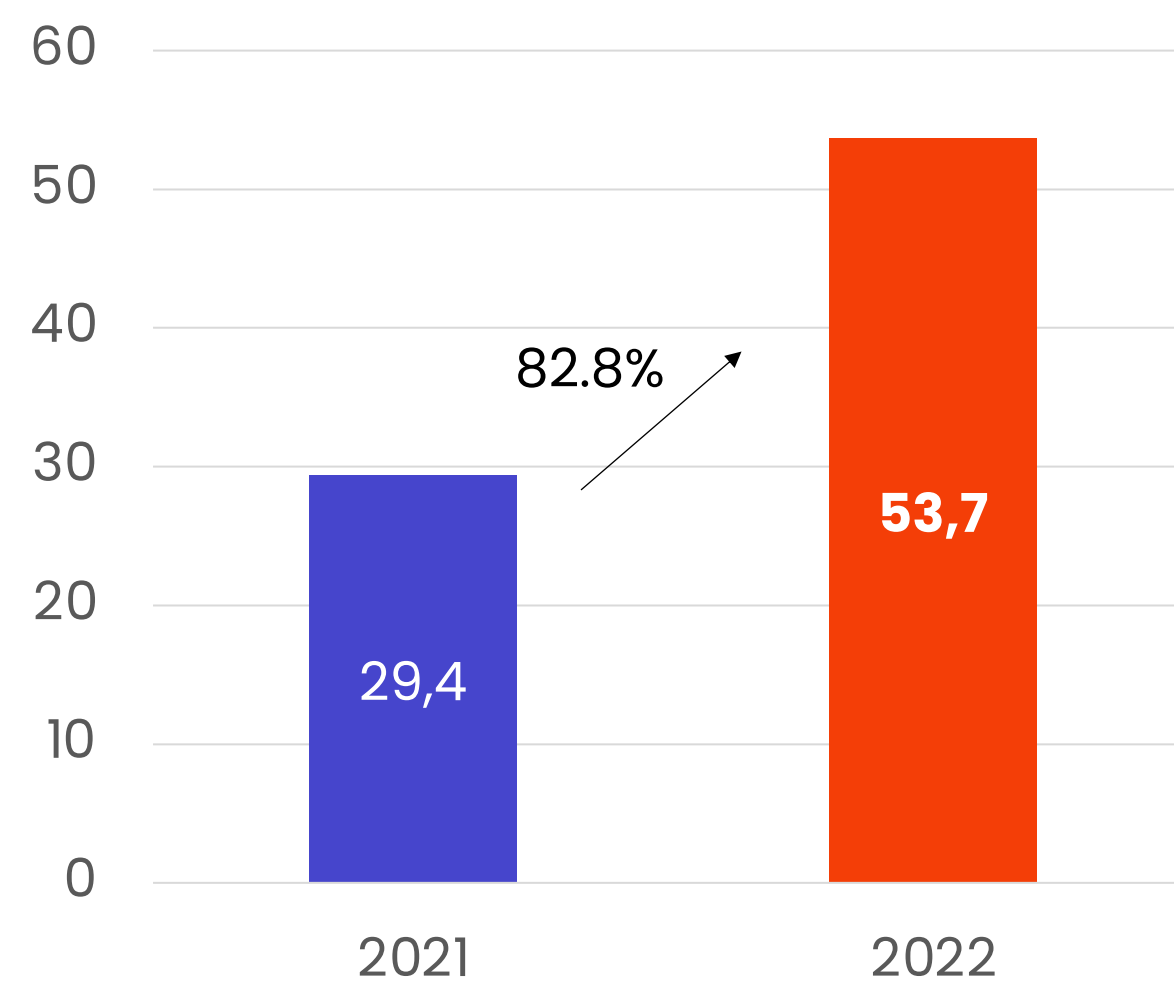
**Revenue
4Q 2021 vs. 4Q 2022**



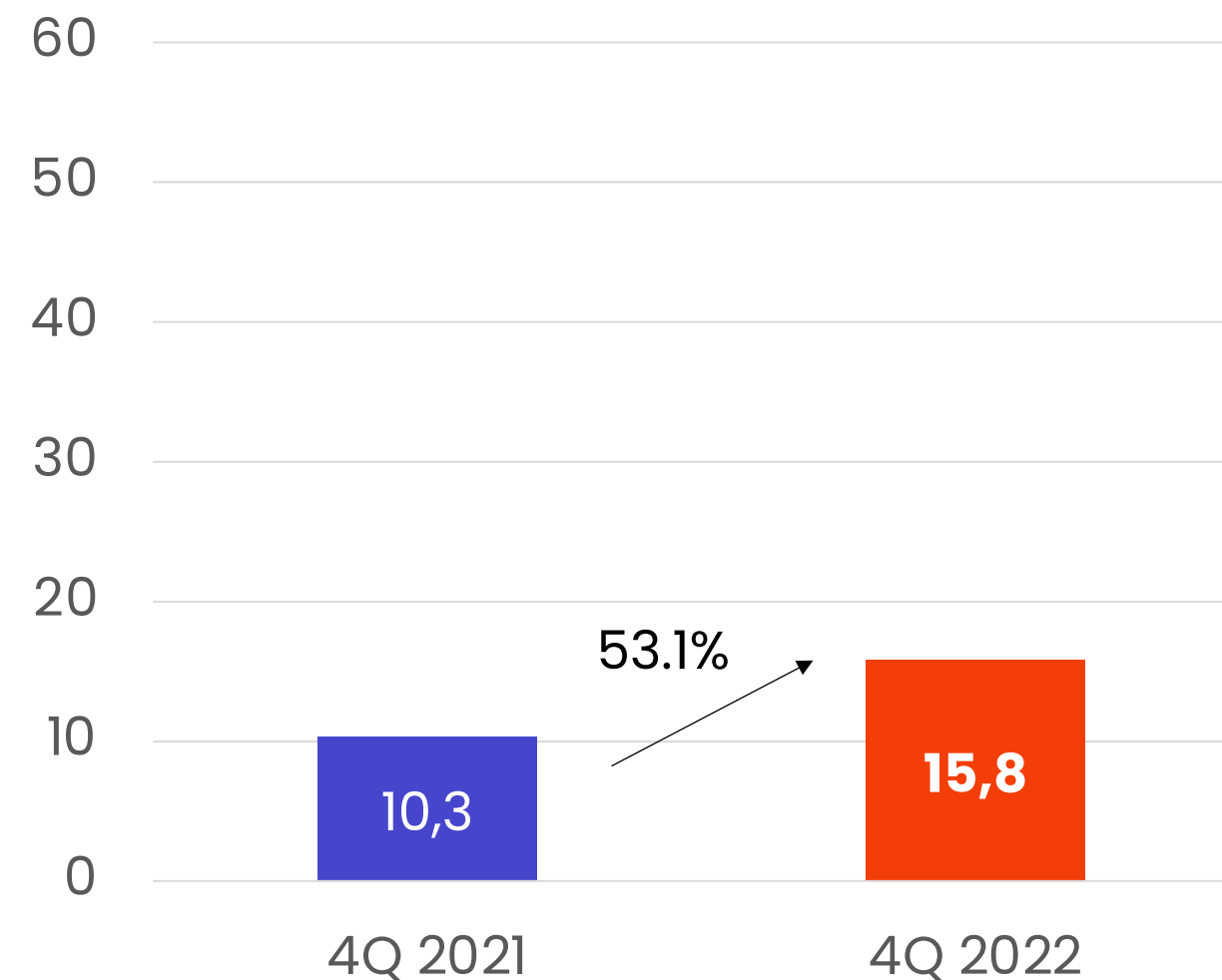
- The consolidated revenue of Spyrosoft Group in 2022 was PLN 331.5m (+91.1% y/y).
- In 4Q 2022 alone, the Group's revenue rose 85.6% y/y, to PLN 100.1m.
- The revenue of the Group (without BSG) for 2022 was PLN 298.4m (+72% y/y).
- The steady demand for digitalization of enterprises and their end products, as well as the steadily growing portfolio of clients and the services offered contributed to the stable growth in the Group's revenue.

EBITDA (PLNm)

**EBITDA
2021 vs. 2022**



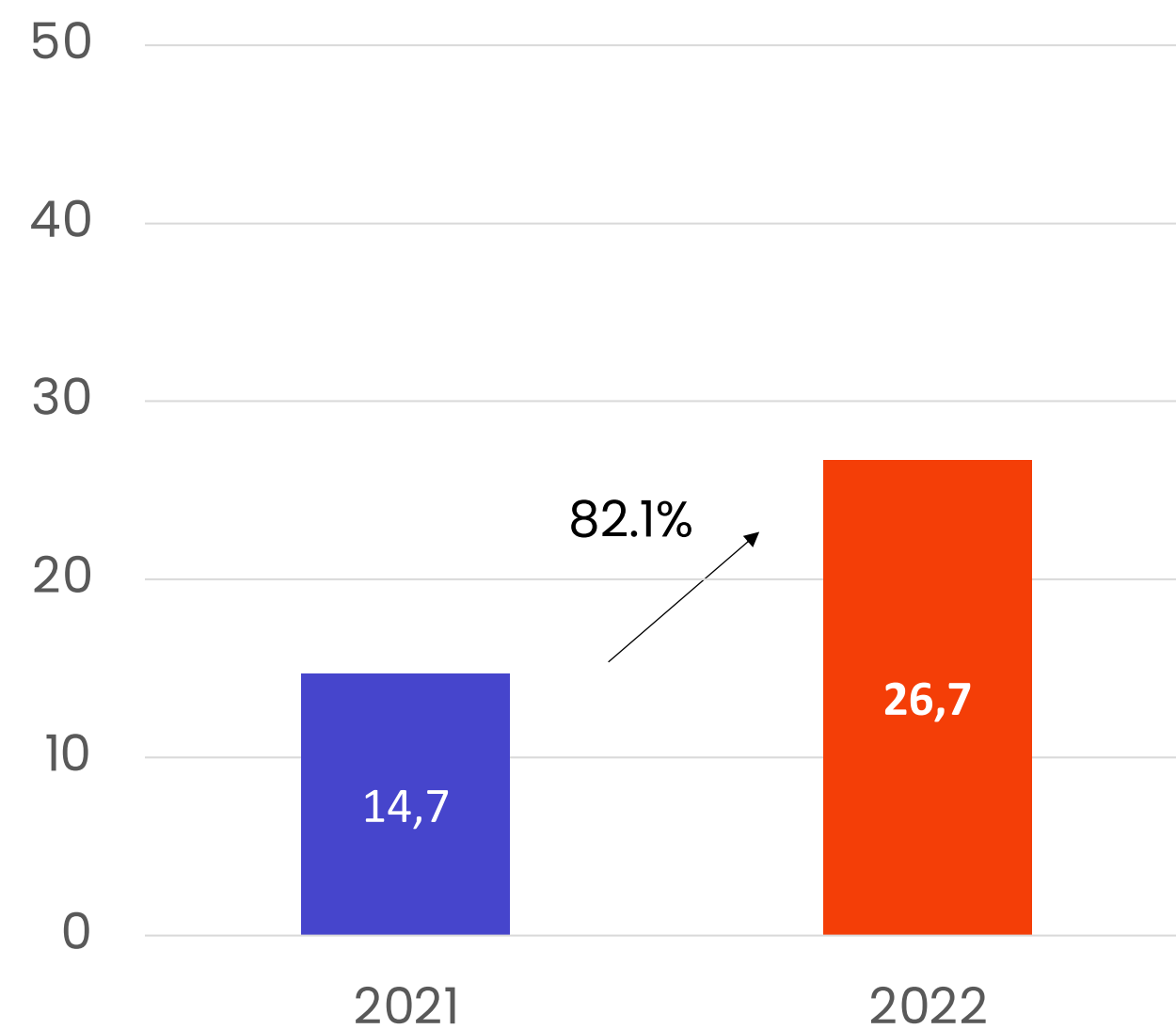
**EBITDA
4Q 2021 vs. 4Q 2022**



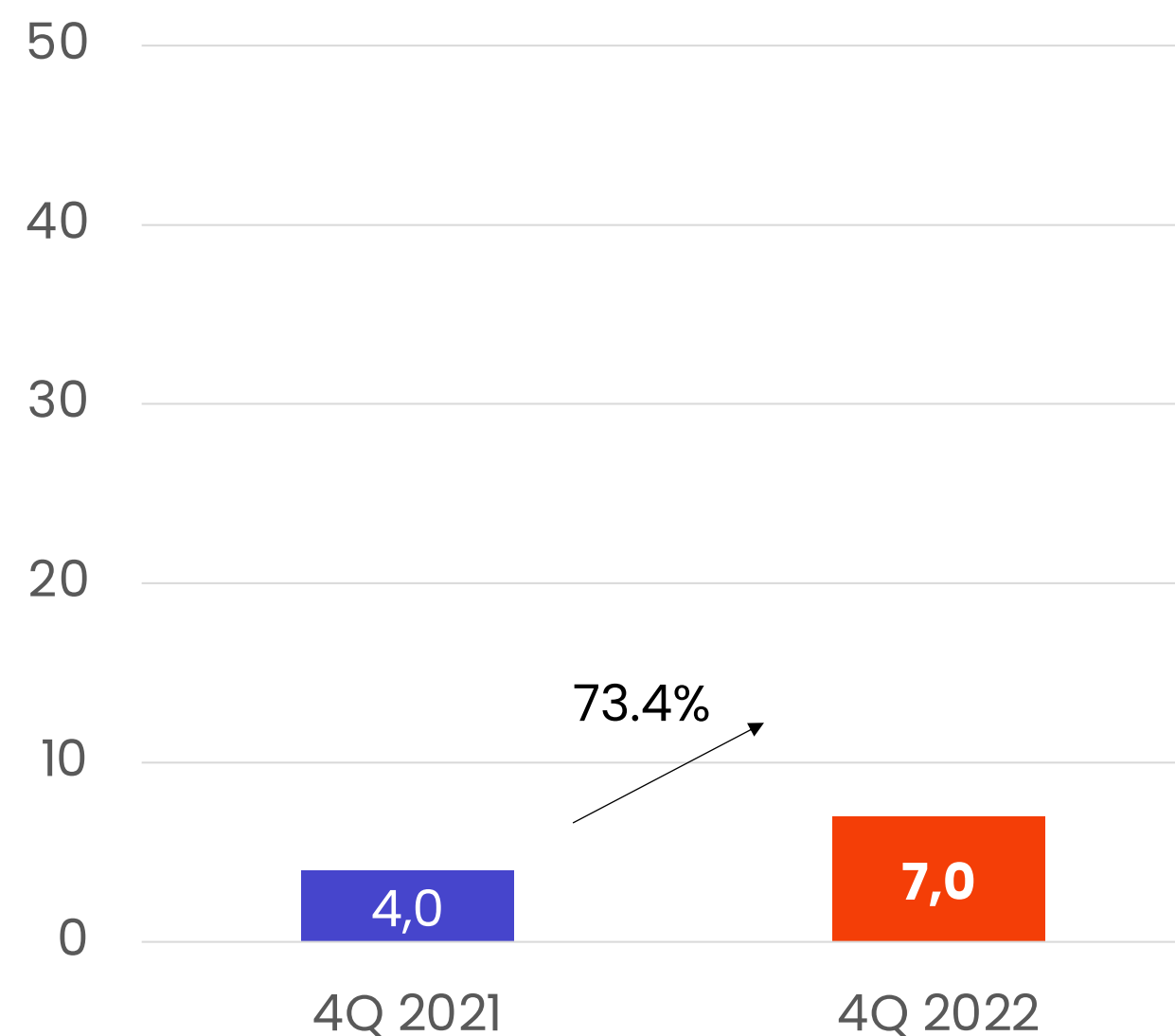
- EBITDA for 2022 was PLN 53.7m, an increase of 82.8% y/y.
- EBITDA of the Group (without BSG) for 2022 was PLN 43.5m (+48% y/y).
- In 4Q 2022 alone, EBITDA was PLN 15.8m, 53.1% higher than in 4Q 2021.

Net profit (PLNm)

**Net profit
2021 vs. 2022**



**Net profit
4Q 2021 vs. 4Q 2022**

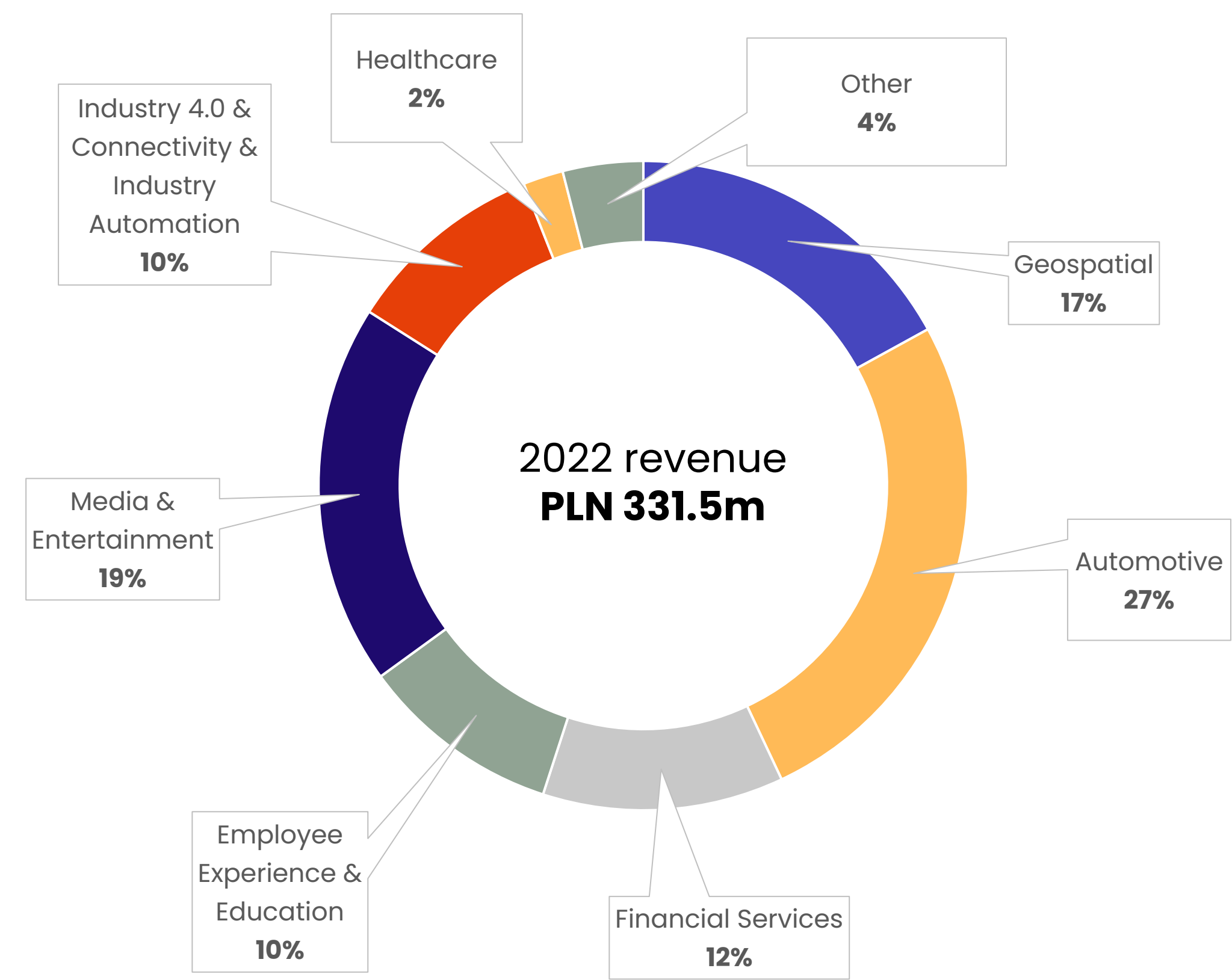
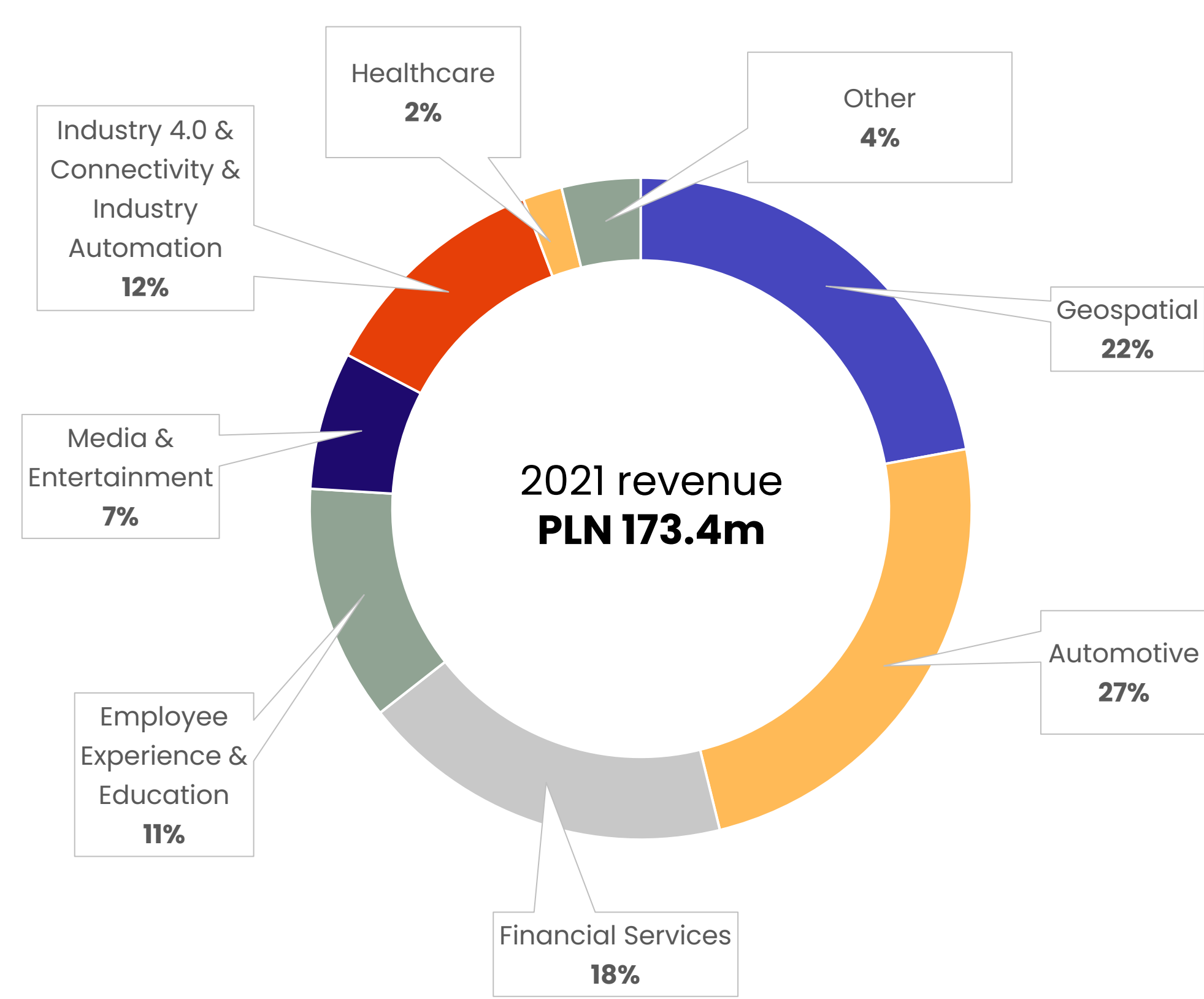


- The Group earned a net profit in 2022 of PLN 26.7m, 82.1% higher than in 2021.
- The net profit of the Group (without BSG) for 2022 was PLN 20,7m (+41% y/y)
- The quarterly net profit of the Group rose 73.4% y/y, to PLN 7.0m.

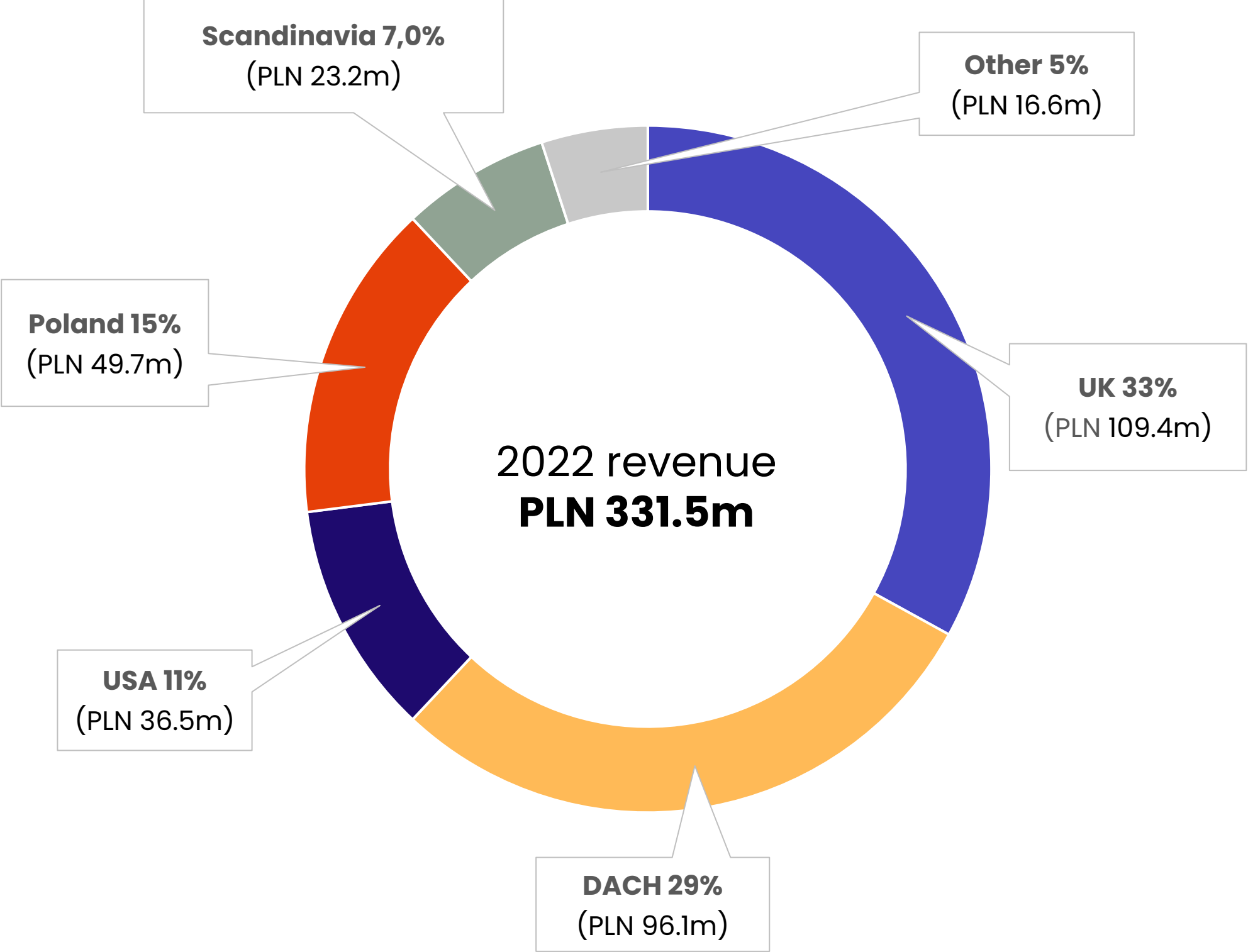
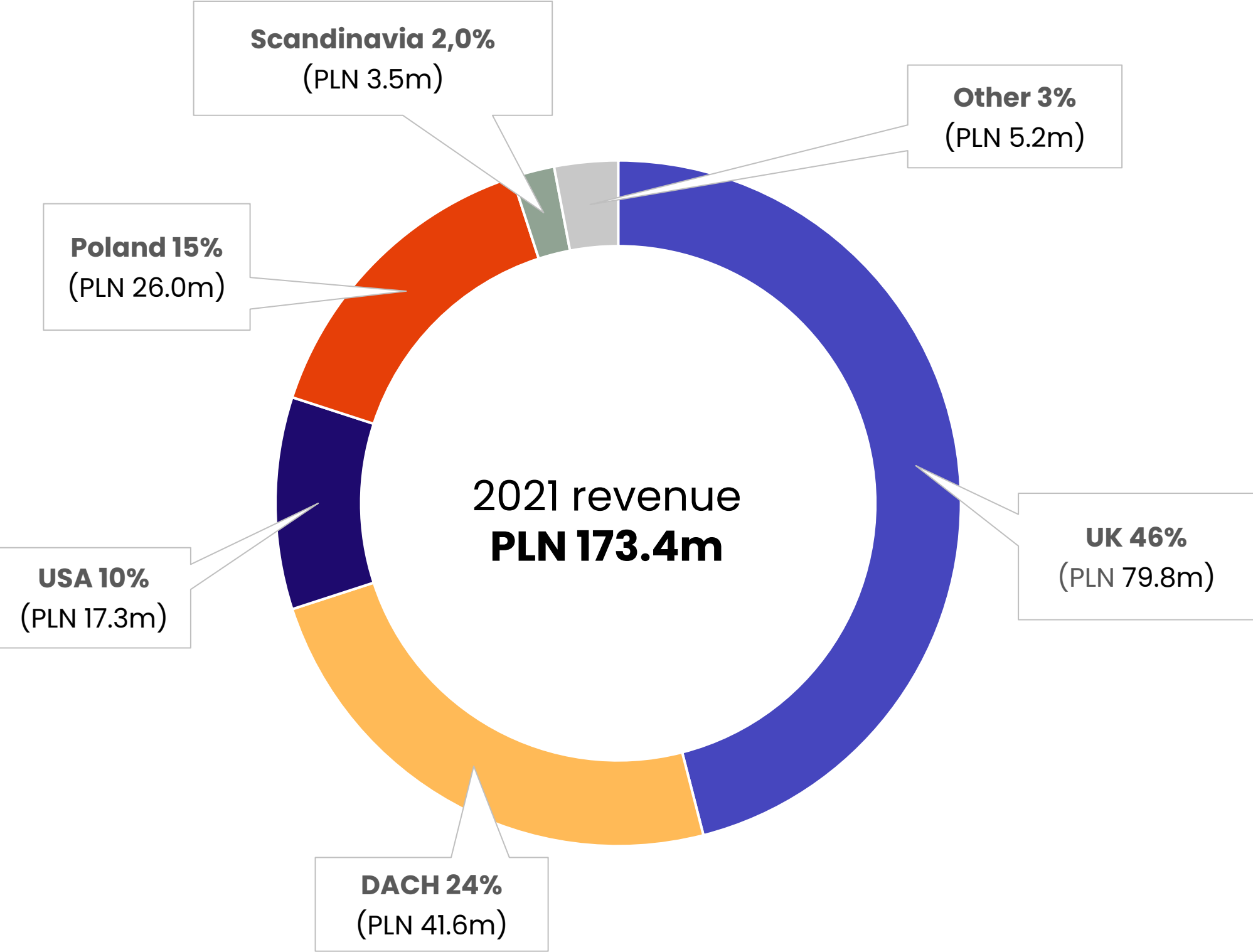
Statement of revenues

Statement of revenues (PLNm)	2021	2022	Change% y/y	4Q 2021	4 Q 2022	Change% y/y
Net revenue from sales of products, goods and materials	173.4	331.5	+91.1%	54.0	100.1	+85.6%
Cost of sold products, services, goods and materials	113.1	221.8	+96.1%	36.1	71.9	+99.3%
Gross profit on sales	60.3	109.6	+81.8%	17.9	28.2	+57.9%
Costs of general management	37.3	64.0	+71.4%	10.8	15.1	+39.4%
EBITDA	29.4	53.7	+82.8%	10.3	15.8	+53.1%
Profit from operating activity (EBIT)	23.0	45.1	+95.8%	6.9	13.2	+92.7%
Financial revenues	0.3	0.3	+6.7%	0.2	-1.1	-723.5%
Financial costs	1.0	2.4	+134.6%	0.2	0.8	+394.1%
Gross profit	23.0	43.8	+90.3%	7.0	11.3	+62.9%
Income tax	4.8	6.4	+33.3%	1.6	1.0	-39.1%
Net profit attributable to minority shareholders	3.5	10.6	+202.3%	1.3	3.4	+156.1%
Net profit	14.7	26.7	+82.1%	4.0	7.0	+73.4%

Revenue structure – sector diversification



Revenue structure – geographical diversification



3. Prospects

Financial results for 2022



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Prospects for 2023

- The Management Board of Spyrosoft Group maintains the aims presented in the “Strategy for 2022–2026.” It should be borne in mind, however, that the overall macroeconomic situation may have a dampening effect on the rate of digitalization of enterprises, which may carry over to the condition of the IT industry. As a result, we will face such phenomena as:
 - Reduced rate of growth in demand for IT services (the Group assesses however that this will not affect all sectors equally – for example, the automotive sector should remain stable).
 - Slower growth of rates for the Company’s clients.
 - Growth in the number of associates without a project within a given period – the Group will allow a strategy of increasing its “bench” – we began the period of economic crisis with a small number of specialists waiting for a new project, and thus we are currently considering the possibility of increasing that number, thus devoting attention to our image as an employer while attempting to increase market share and preparing for a change in the economic cycle.
- The Group anticipates maintaining the recruitment aim set forth in the Strategy (a minimum of 3,000 associates by 2026).
- Meanwhile, the Group anticipates the occurrence of phenomena positive for its business:
 - Increased availability of specialists on the labour market.
 - Slowing growth in salaries.
 - Decline in voluntary attrition.

Situation on the main markets

- The situation on the main markets in which the Group operates appears as follows:
 - The Geospatial sector is growing stably as it is currently an element of every service. Government institutions are major clients in this sector.
 - The growth of the Automotive sector is driven by electrification, autonomous vehicles, and the rise of mobility as a service. These trends are very strong and forced by applicable regulations.
 - The Industry sector remains stable, and the process of digital transformation continues.
 - The Media market remained stable in 2022. Currently a slight slowdown is observed, due to the situation on the advertising market, depending on the economic situation of households.
 - Last year we noted increased demand for software on the part of the financial sector (including debt collection). Currently less growth is observed in this area, particularly in the case of the loan sector.
 - Healthcare – this sector is growing stably.
 - Employee Experience & Education – this sector is growing stably.

Thank you for your attention

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