

spyrosoft

# Spyrosoft Group

Financial results for 1H 2024

*25 September 2024*

**Spyrosoft Group**

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# Agenda

- 1 **Summary of key events**
- 2 **Financial results for 1H 2024**
- 3 **Prospects**

# 1. Summary of key events

Financial results for 1H 2024



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# Key facts 1H 2024

**Revenue grew by +3.3% y/y, to PLN 211.8m**

- Result achieved in a weak IT market environment
- 87% of revenue derived from foreign contracts

**Diversified revenue:**

The UK and DACH remain the leading markets, followed by Poland, the US and Scandinavia.  
The revenue share of sectors remains steady, but there is an observable increase in revenue from Automotive.

At the end of June 2024 Spyrosoft Group became the **majority shareholder of Codibly**, a company specializing in delivering software for the renewable energy and electromobility sectors.

**In 1H 2024 we gained 64 clients.**

There were new clients in all of the group's companies. In total, at the end of 1H 2024 the group was serving **220 clients**.

Employment at the end of 1H 2024 was **1,457 people (excluding Codibly)**.

The slight decline in headcount mainly affected people with competencies mismatched to the current market needs, as well as the "bench." Meanwhile, the group is recruiting staff with competencies where a need arises.

**EBITDA for 1H 2024: PLN 22.8m, up 11.0% from 1H 2023**

**EBITDA margin of 10.8%, vs. 10.0% in 1H 2023**

# Codibly: renewables and electromobility

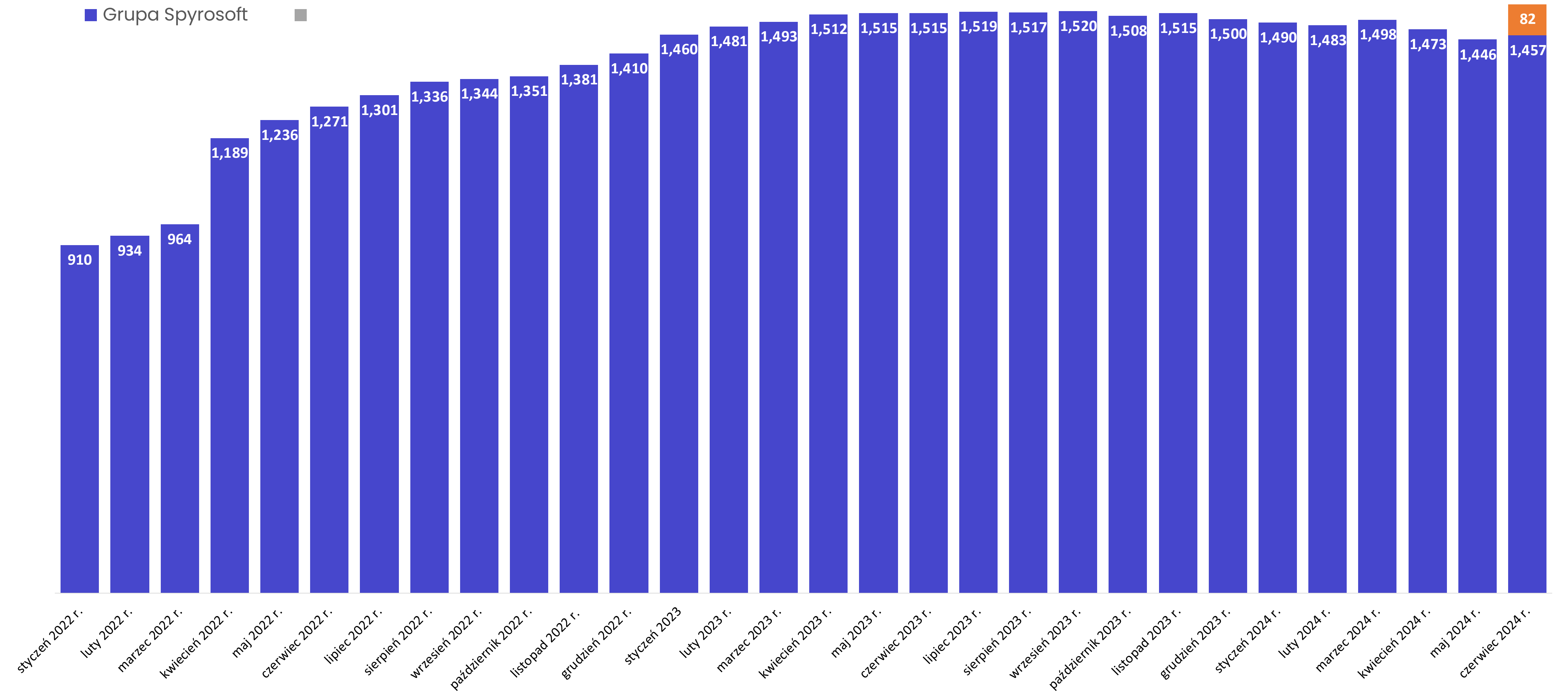
- On the market since 2011.
- The merger enables Spyrosoft Group to extend its portfolio of services into new areas—renewable energy sources and electromobility are rapidly growing, driven by global trends and decarbonization.
- Codibly operates in markets including **the US, Australia, France, Portugal, the UK and Germany.**
- The Codibly client portfolio also includes companies in FinTech, healthcare and HR.
- The Codibly team comprised 82 people at the end of June 2024.
- The total value of the deal includes the purchase of a majority stake of the shares **(57.5%)** for PLN 3.8m and additional consideration depending among other things on the company's financial results over the next three years.

## Key financial results of Codibly for 1H 2024:

- **Revenue PLN 14.7m**
- **EBITDA PLN 0.5m**
- **Net profit PLN 2.2m**



# Employment at a stable level



# Our offices

## Argentina

- Buenos Aires

## Croatia

- Zagreb
- Osijek

## Germany

- Stuttgart
- Braunschweig

## India

- Chennai

## Norway

- Bergen

## Denmark

- Copenhagen

## Poland

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

## Romania

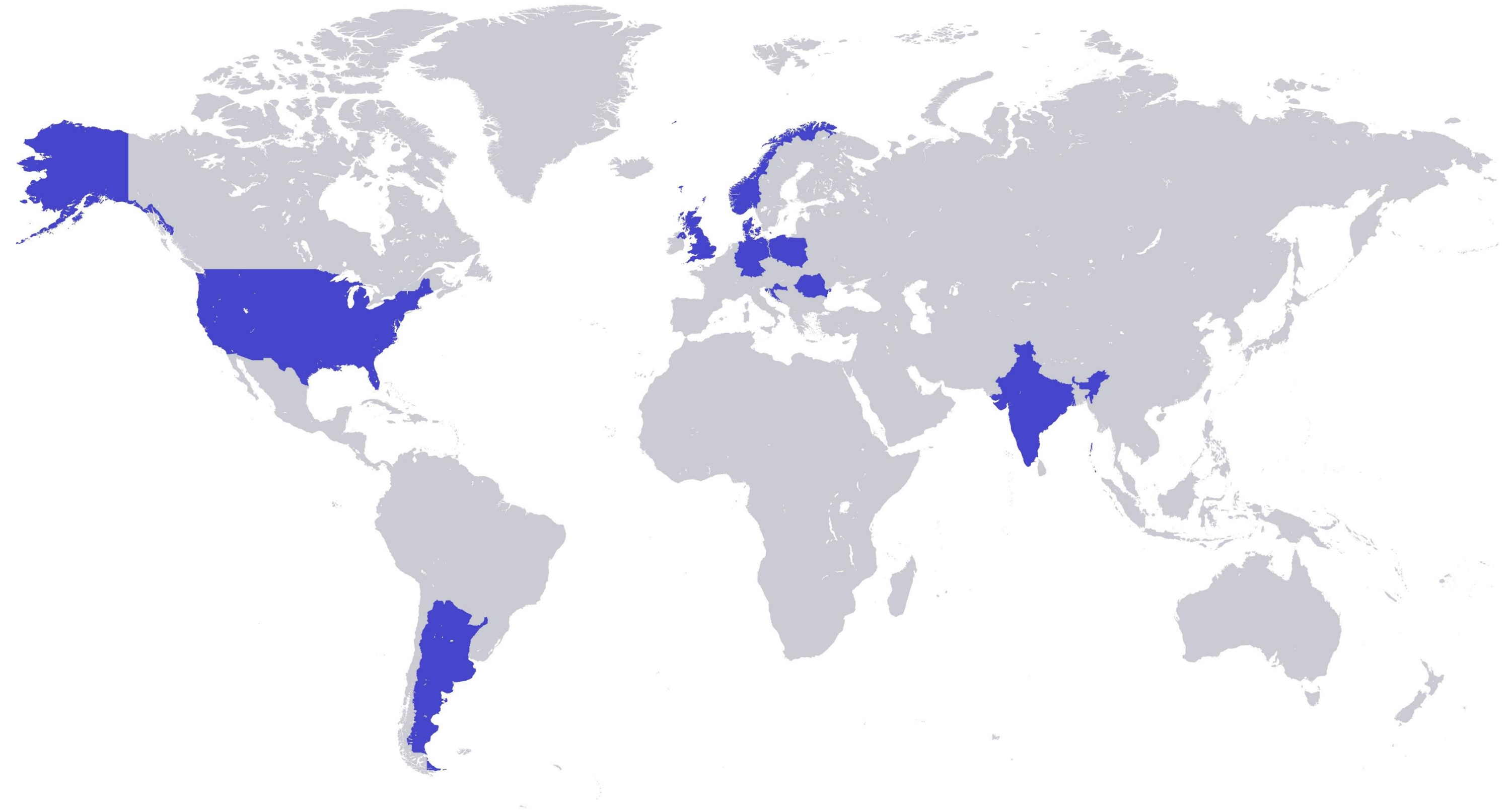
- Timișoara

## UK

- Bournemouth
- London
- Manchester
- Newcastle
- Edinburgh

## US

- Ann Arbor
- Pittsburgh



# Business sectors



**Automotive**



**Financial Services**



**Healthcare & Life Sciences**



**Robotics**



**HR Tech & Edu Tech**



**Geospatial Services**



**Industry 4.0**



**Retail**

# Peer group comparison

COMPANY	2Q 2024 RESULTS				3Q 2024 FORECASTS		FY 2024 FORECASTS		
	EMPLOYMENT GROWTH Q/Q, %	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	0	-2	-9	-7	0	-1	-2	-5	-3
Globant	0	+18	+19	+11	+13	+9	+15	+16	+11
Endava	+10	+2	NA	-61	+3	+2	+1	N/A	+1
Grid Dynamics	+2	+7	-3	-11	+10	+20	N/A	N/A	N/A
<b>AVERAGE</b>	+3	+6	+3	-17	+6	+8	+5	+5	+3
<b>Spyrosoft</b>	-3	+3	+57	+358	N/A	N/A	N/A	N/A	N/A

- In 2Q 2024 peer-group companies increased employment by an average of 3% Q/Q, mainly due to acquisitions. The biggest companies from the sector maintained headcount unchanged Q/Q.
- Revenue in the sector grew by an average of 6% y/y in 2Q 2024, also due to Globant's acquisition of the Brazilian company Iteris and the American company ExperienceIT, and Grid Dynamics' acquisition of the American company NextSphere Technologies. Management forecast 5% growth in annual sales revenue.
- The macroeconomic environment for the biggest company in the custom software development sector, EMAP Systems, remains challenging.
- Signs of a revival of demand appear only in selected industries, e.g. healthcare, while clients from consumer-facing industries are cutting their spending on dedicated software.
- Companies report stronger growth in demand in the generative AI segment.



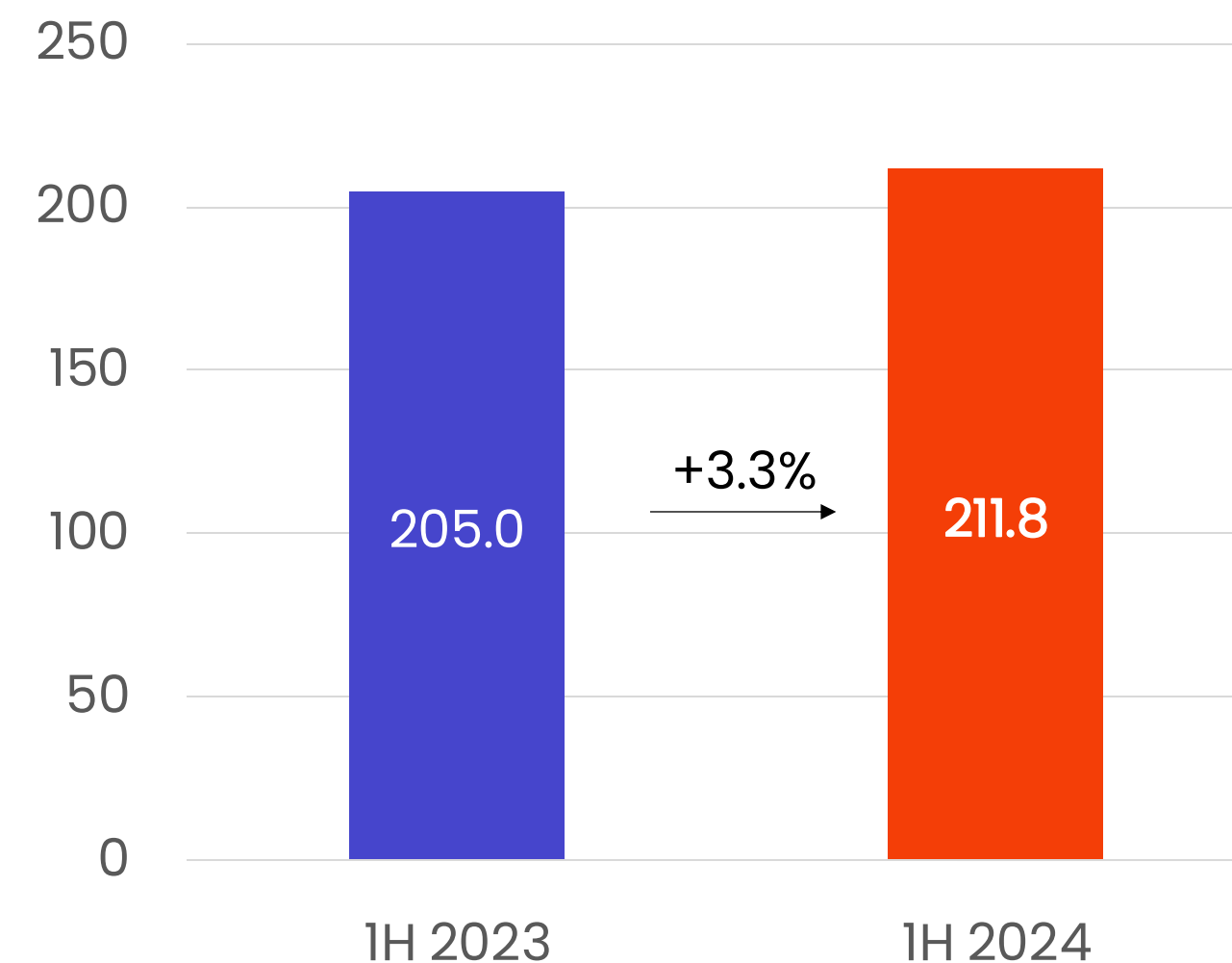
# 2. Financial results for 1H 2024



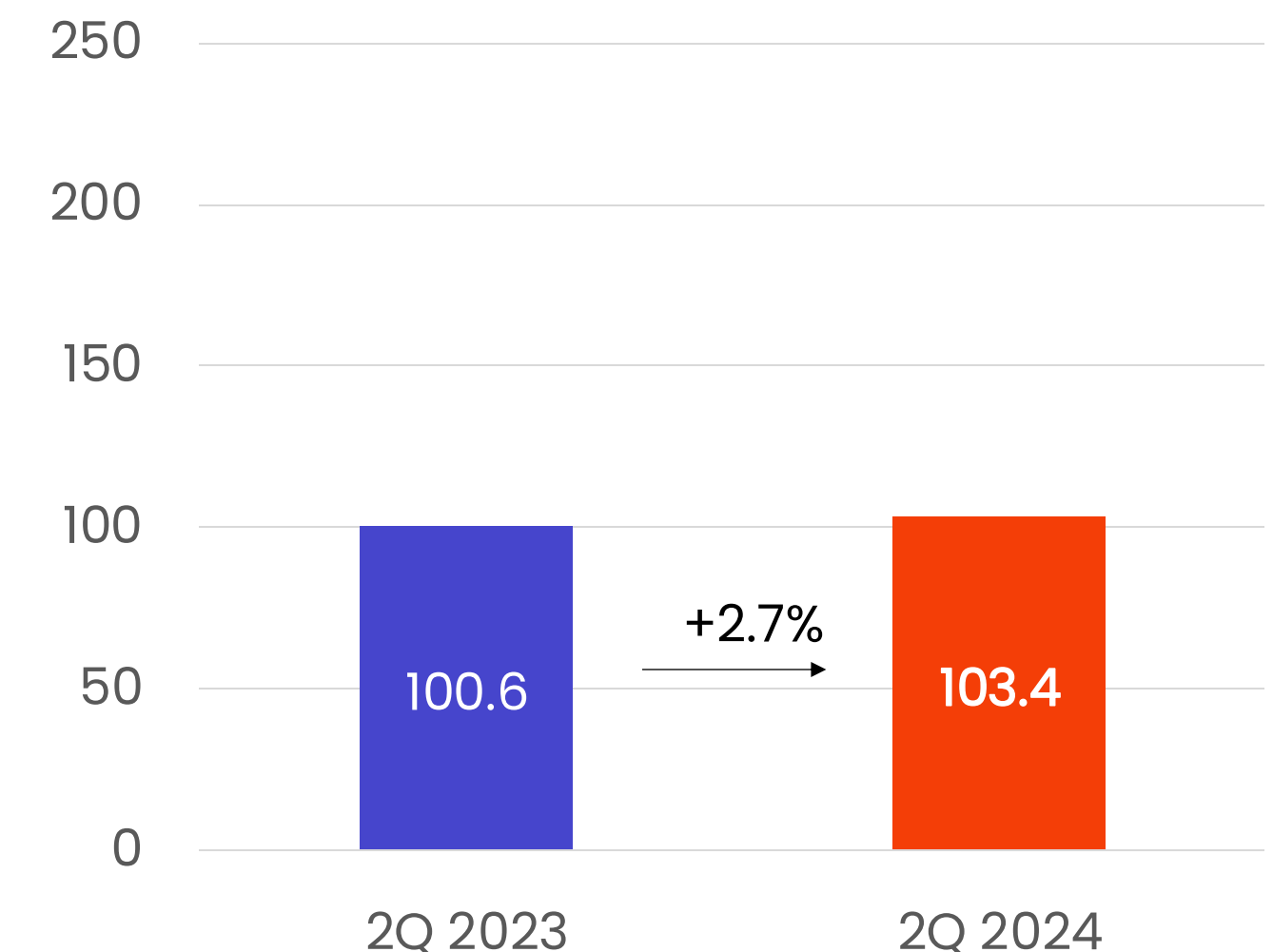
# 1H 2024 revenue (PLNm)

- The Spyrosoft Group generated consolidated revenue in 1H 2024 of PLN 211.8m (+3.3% y/y).
- Further growth in the scale of operations remains a priority for the company (even though the pace of this process is slower and there is less demand for IT services). The company is executing its Strategy for 2022–2026, which calls for average annual growth of 33%—in a range of 25–35% per year.
- The share of the “bench” in production costs in 1H 2024 was 6%. In 2Q 2024 alone, the share of the “bench” in production costs fell significantly, to below 4%.

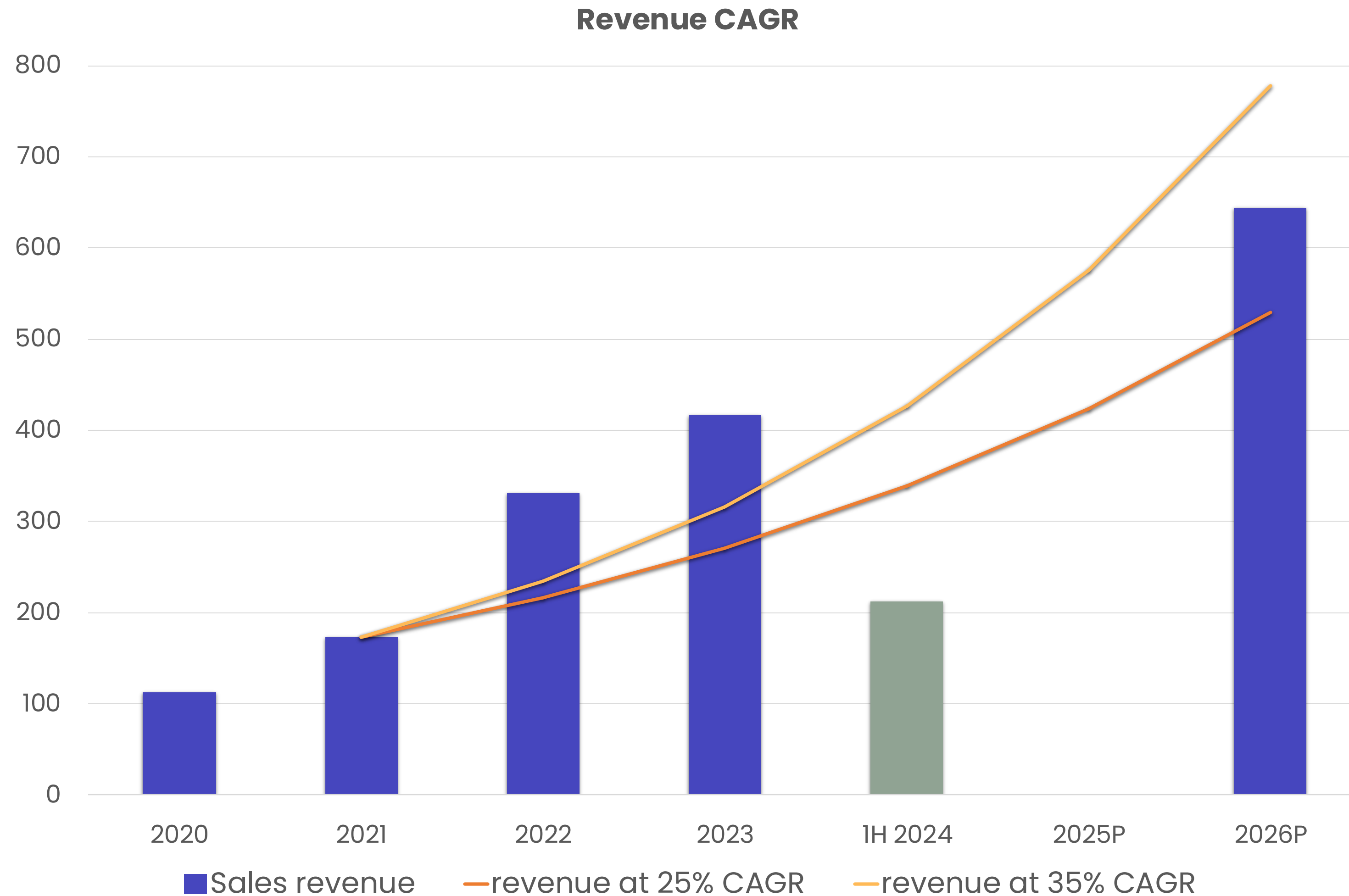
Revenue  
1H 2023 vs. 1H 2024



Revenue  
2Q 2023 vs. 2Q 2024



# 2022-2026 revenue (PLNm)

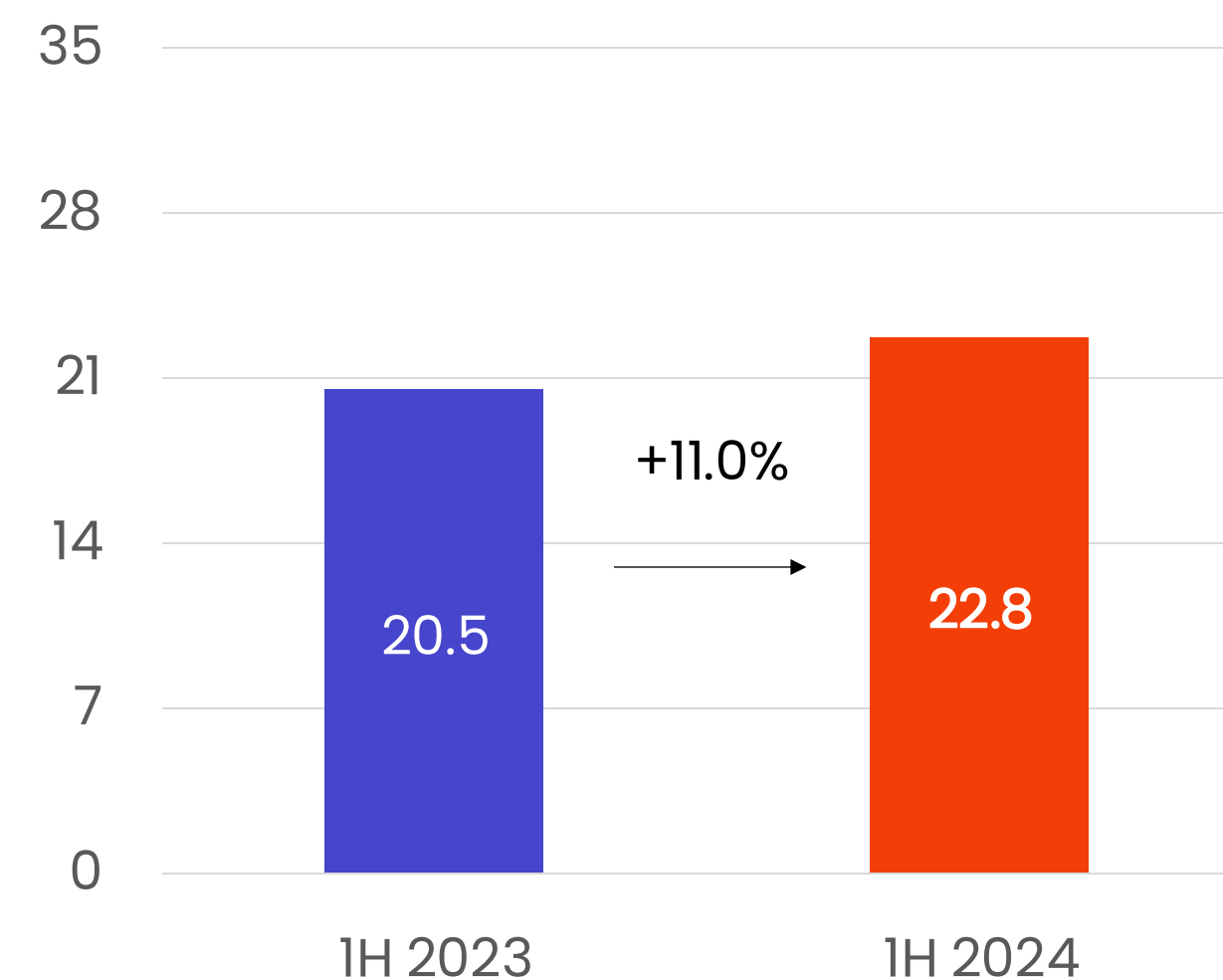


# 1H 2024 EBITDA (PLNm)

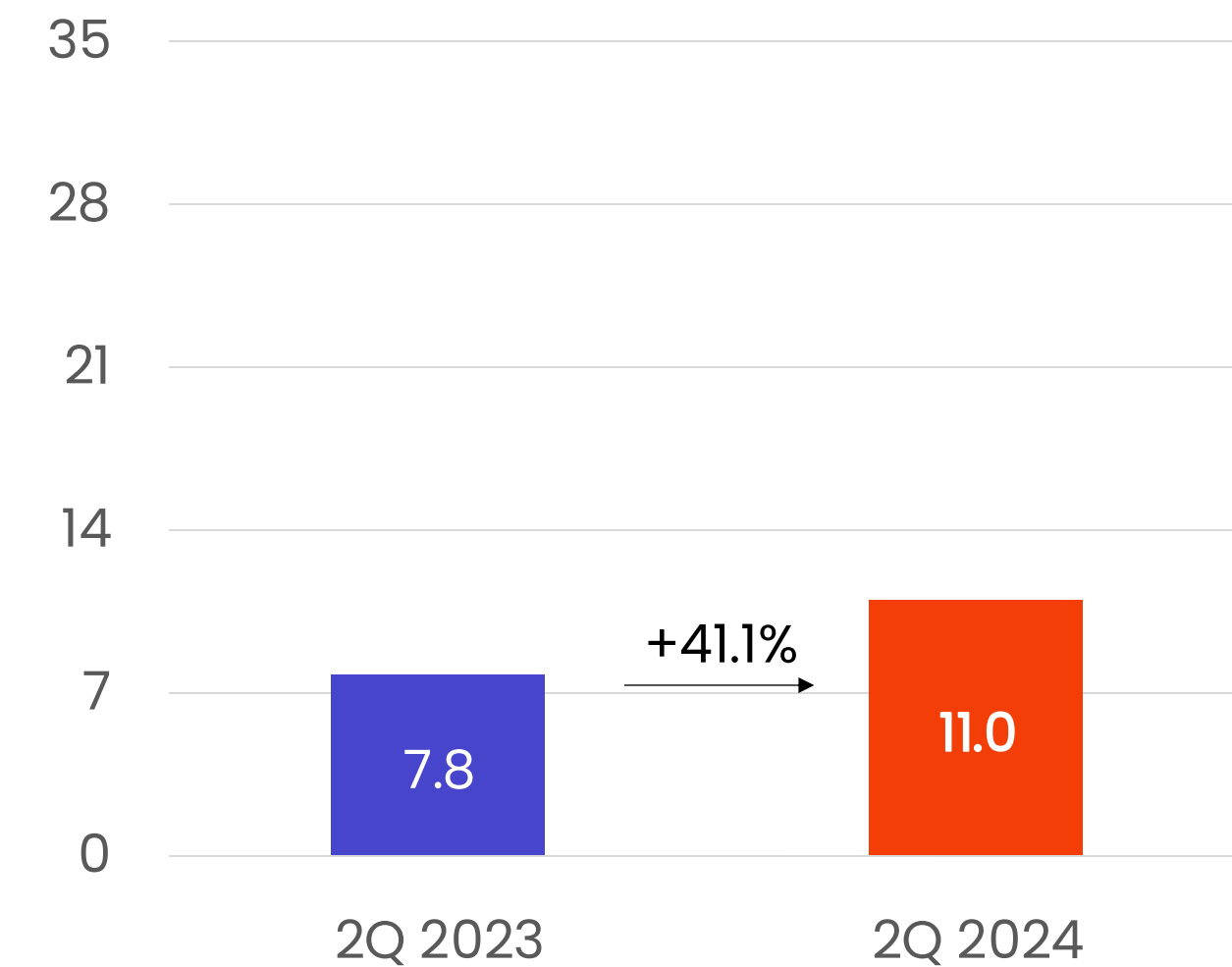
- EBITDA for 1H 2024 was PLN 22.8m, an increase of 11.0% y/y. The EBITDA margin was 10.8%, as against 10.0% in 1H 2023, in line with the Strategy for 2022–2026 (11–14%).
- These increases were possible thanks to:
  - Keeping costs at the existing level, including through savings on back office
  - Reduction in 2Q 2024 of the costs of maintaining the “bench”
  - Lower rate of salary growth than in prior years, at slightly increased rates for clients.
- Higher EBITDA and margin despite the negative impact of exchange rates (stronger Polish zloty in 1H 2024).

Average exchange rate	USD	EUR	GBP
1H 2023	4.3	4.6	5.3
1H 2024	4.0	4.3	5.1
Change	-6.8%	-6.7%	-4.3%

EBITDA  
1H 2023 vs. 1H 2024

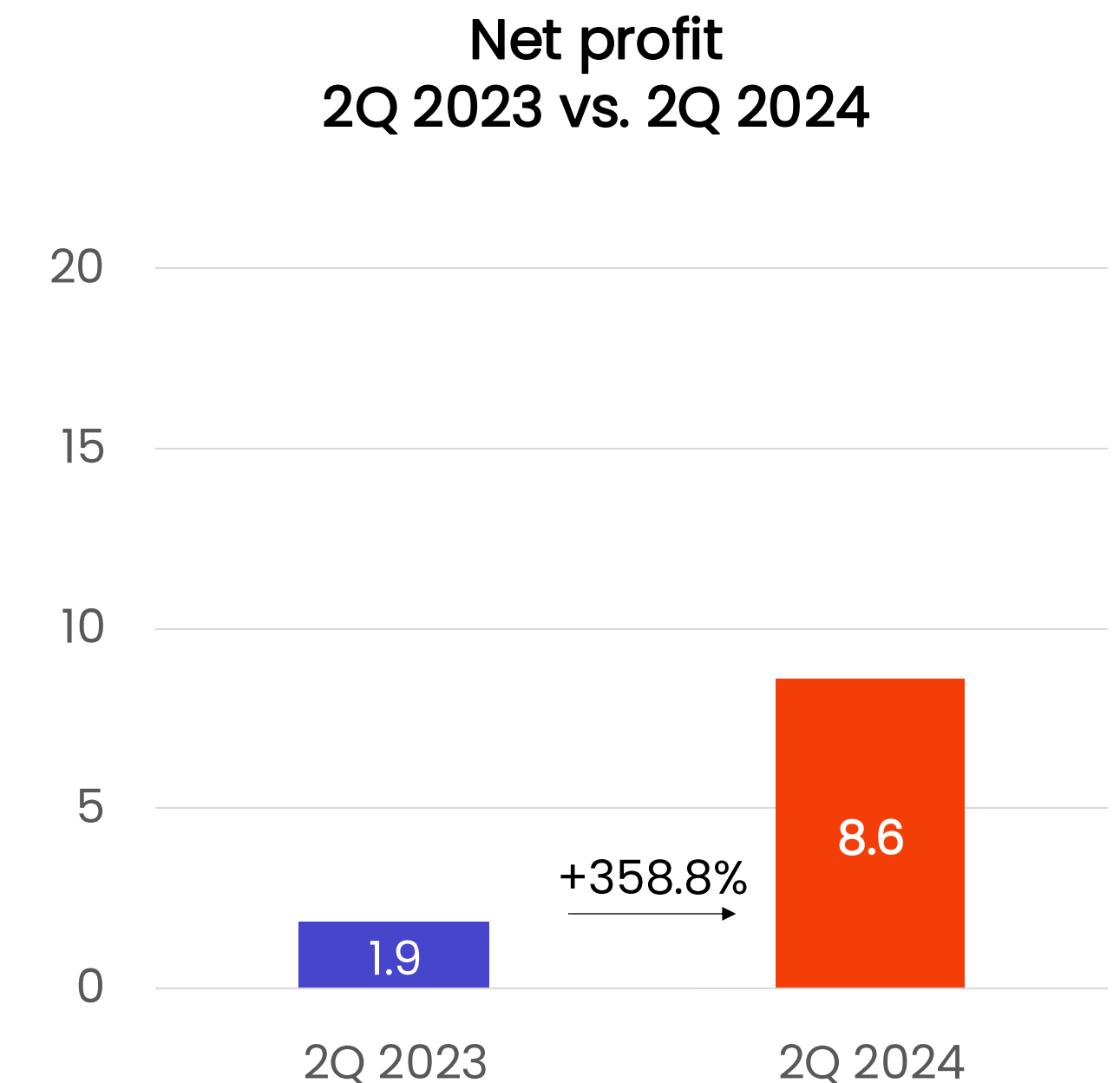
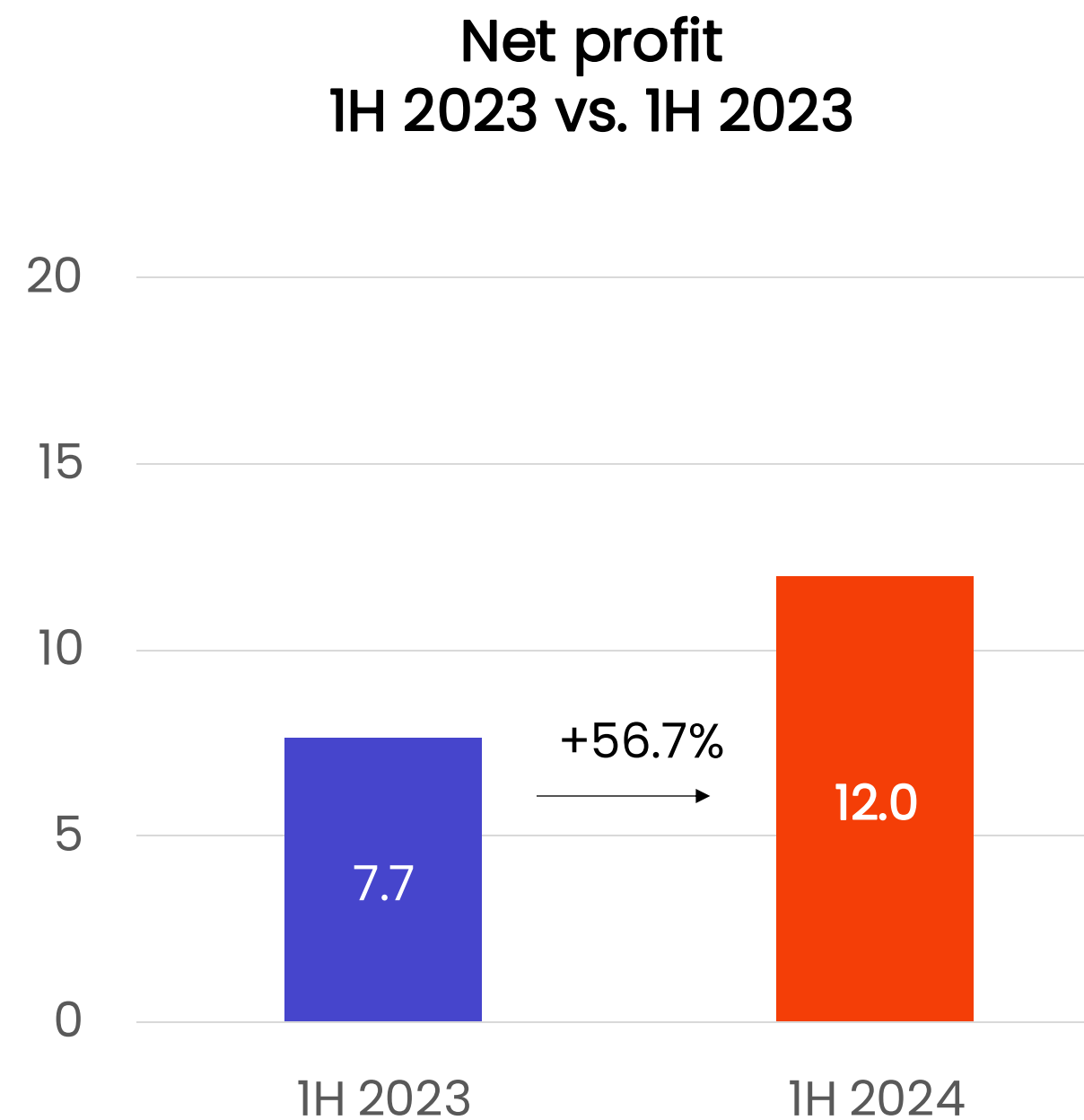


EBITDA  
2Q 2023 vs. 2Q 2024



# 1H 2024 net profit (PLNm)

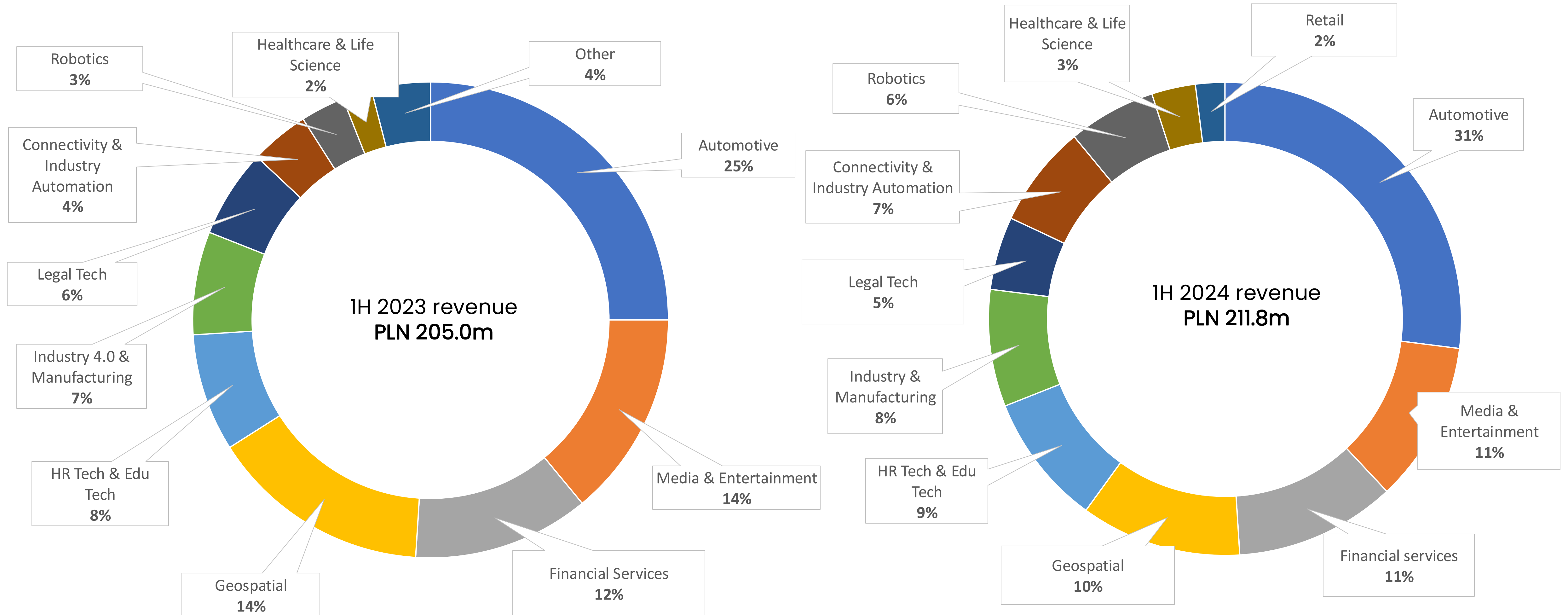
- The group's net profit in 1H 2024 was PLN 12.0m—56.7% higher than in 1H 2023.
- In 2Q 2024 alone, the group's net profit rose 358.8% y/y, to PLN 8.6m.
- The significant growth in net profit was impacted among other factors by:
  - Lower financial costs of the group, arising e.g. from the use of financial instruments hedging against exchange-rate risk
  - Applying tax relief from prior years for R&D activity.



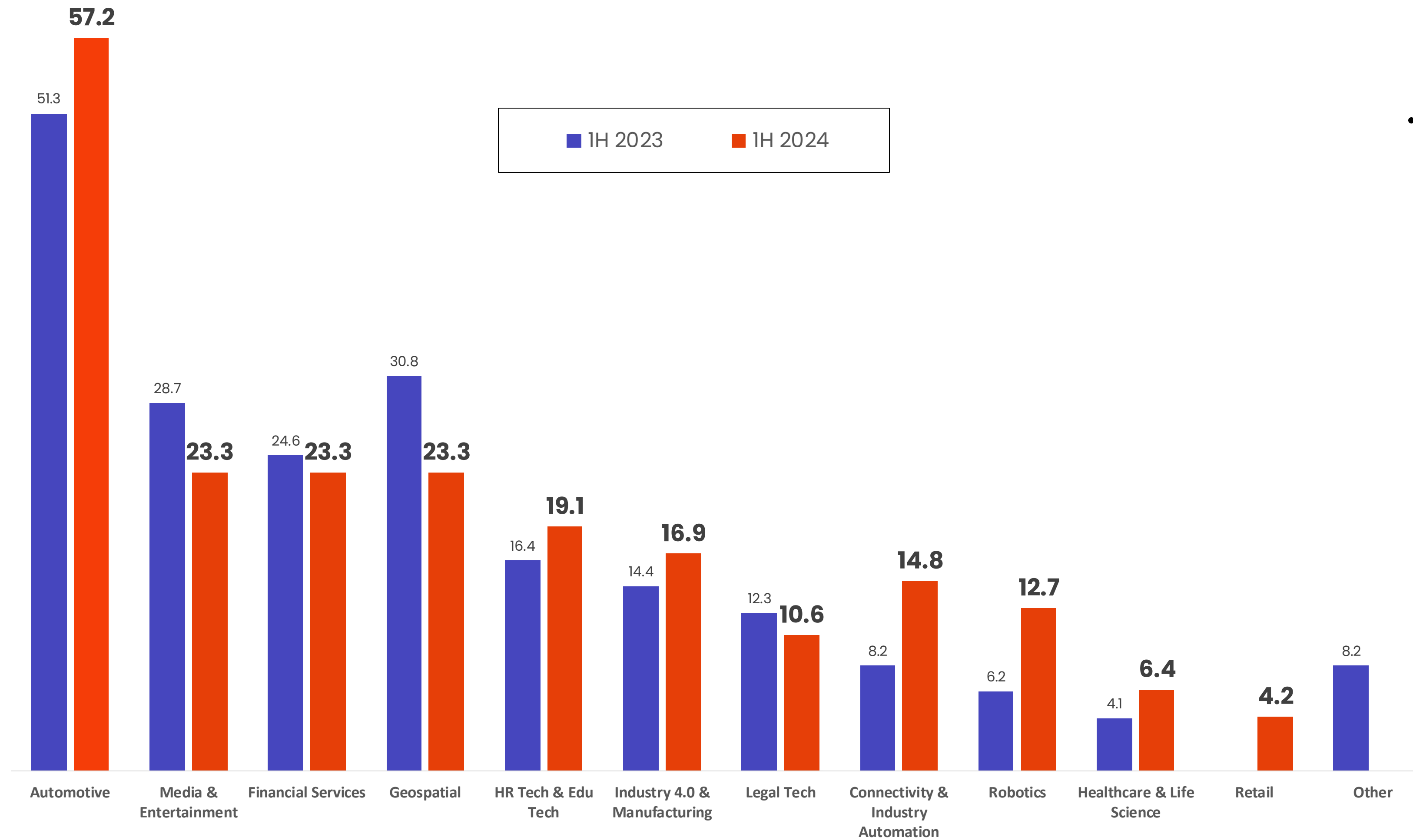
# Statement of results for 1H 2024

Statement of results (PLNm)	1H 2023	1H 2024	% change y/y	2Q 2023	2Q 2024	% change y/y
<b>Net revenue from sale of products and services</b>	205.00	211.79	+3.3%	100.59	103.35	+2.7%
Costs of sold products, goods and materials	140.03	145.78	+4.1%	71.52	71.01	-0.7%
Gross profit on sales	64.97	66.00	+1.6%	29.07	32.34	+11.3%
Costs of general management and sales	49.49	49.52	+0.1%	23.70	24.42	+3.0%
<b>EBITDA</b>	<b>20.50</b>	<b>22.76</b>	<b>+11.0%</b>	<b>7.79</b>	<b>10.99</b>	<b>+41.2%</b>
Profit from operating activity (EBIT)	15.28	16.68	+9.2%	5.08	7.98	+57.0%
Financial revenues	0.03	0.06	+68.2%	0.02	0.03	+43.0%
Financial costs	2.83	1.76	-37.7%	1.50	0.32	-78.7%
Gross profit	13.04	15.60	+19.6%	3.84	7.99	+108.1%
Income tax	1.95	-1.94	-199.2%	0.50	-3.49	-794.5%
Net profit attributable to minority shareholders	3.43	5.54	+61.7%	1.47	2.90	+97.9%
<b>Net profit</b>	<b>7.66</b>	<b>12.00</b>	<b>+56.6%</b>	<b>1.87</b>	<b>8.58</b>	<b>+358.8%</b>

# Revenue structure: sectors



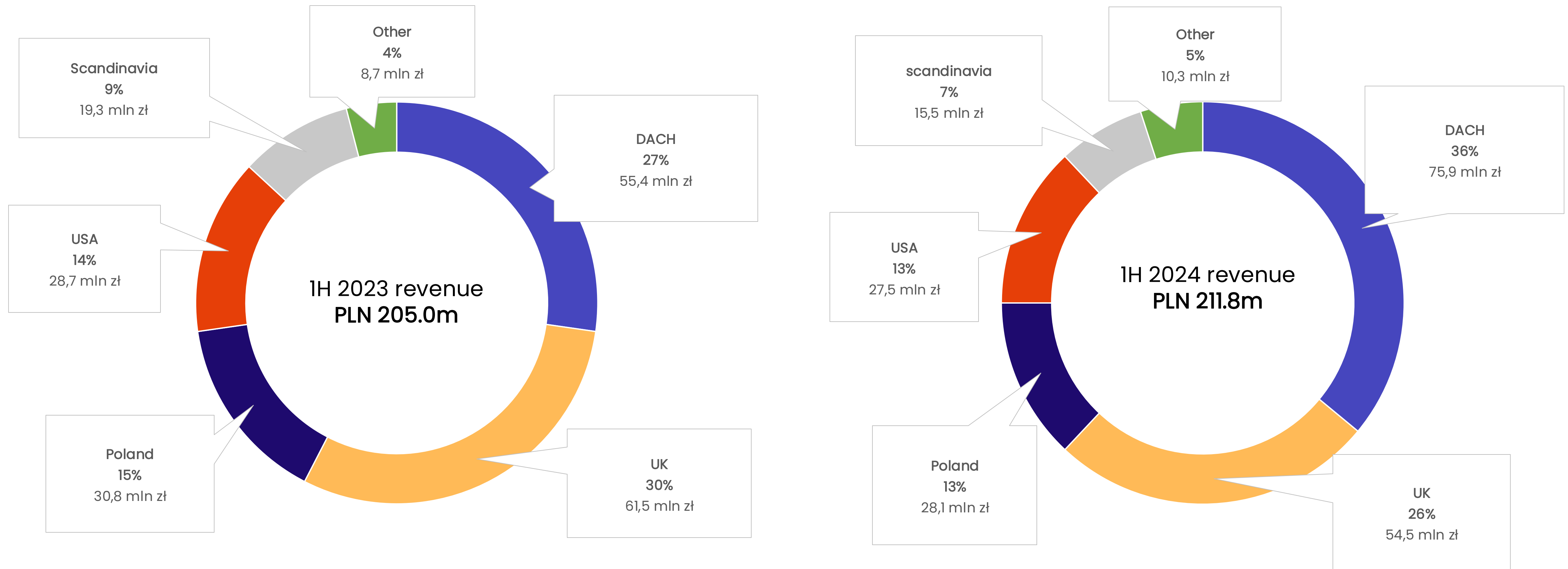
# Revenue by sector (PLNm)



- Clear growth in revenue in Automotive—growth in orders from existing clients



# Revenue structure: geography














- DACH (Germany/Austria/Switzerland)—the significant growth in revenue y/y in this market resulted from the increase in revenue under a contract with one of the major clients from this region, in the areas of Connectivity & Industry Automation and Automotive.

# 3. Prospects



# Prospects for the rest of 2024

- **IT market:** Spyrosoft's prospects for business growth on the principal markets served by the group remain stable. A slight stirring on the IT market is visible—new clients have submitted a large number of inquiries in 3Q 2024. This does not translate directly into sales, as the decision-making process on the clients' part remains prolonged.
- **Business sectors:** Most sectors remain stable, while the group observes growth potential in the case of Financial Services and Media. On the German market, Automotive is struggling with difficulties, which in the upcoming quarters may impact revenue in this area.
- **AI:** The group observes an increase in clients' interest. The AI team at Spyrosoft is growing (within recent times by about 100%), and the portfolio of services offered is also growing (mainly based on genAI).
- **Labour market:** Greater availability of employees on the labour market on all operating markets, and less pressure on wages.
- **The current situation on the IT market creates investment opportunities for companies like Spyrosoft—**the group sees the potential for further acquisitions in the mid-range perspective.
- **The contract with BBC** will have a visible impact on revenue starting from 3Q 2024.
- **Consolidation of Codibly's** financial results beginning from 3Q 2024.
- **The management board maintains the long-term targets and is executing the adopted Strategy for 2022–2026** despite the weaker economic cycle in the IT industry.

Automotive	
HR Tech	
Financial Services	
Geospatial	
Healthcare	
Industry 4.0	
LegalTech	
Media	
Robotics	
Retail	
Energy	

Prospects for the sectors in which Spyrosoft Group operates for the remaining quarters of 2024

# Thank you for your attention

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