



CENTRAL AND EASTERN EUROPE INVESTMENT OPPORTUNITIES

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MAY 2022

TODAY'S PRESENTERS



NIKOLA DUŽMOVIĆ

President & CEO

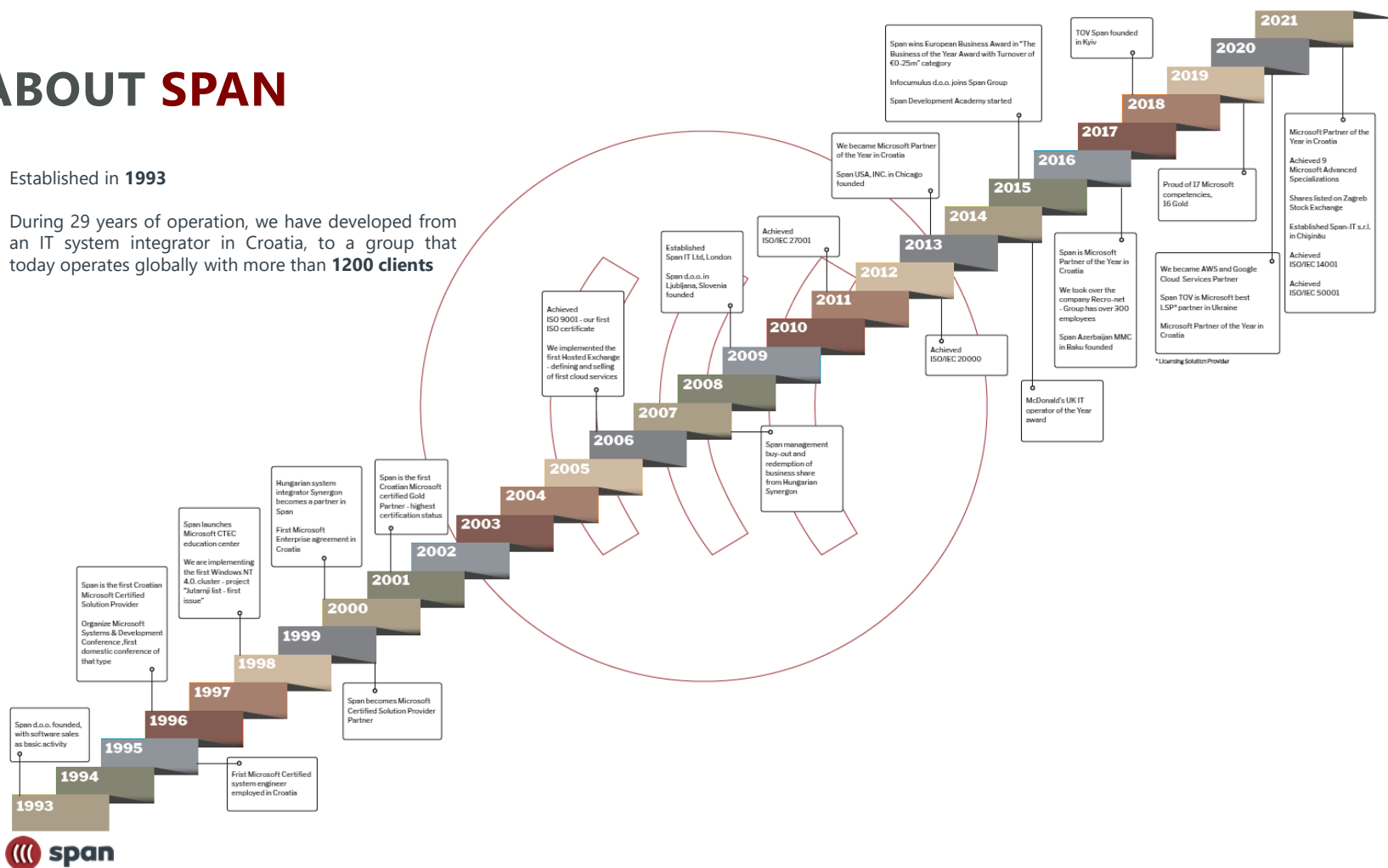


PETRA KEČA VIDOVIĆ

Investor Relations Manager

ABOUT SPAN

- Established in **1993**
- During 29 years of operation, we have developed from an IT system integrator in Croatia, to a group that today operates globally with more than **1200 clients**



ABOUT SPAN



1993
COMPANY
ESTABLISHED



40 000+
PROACTIVELY
MONITORED DEVICES



275
SUCCESSFULLY
COMPLETED
PROJECTS IN 2021



24 x 7
AVAILABILITY
OF SPAN SUPPORT



177,108
RESOLVED TICKETS
IN 2021



99,98%
INCIDENTS
RESOLVED IN TERMS
OF SLA¹



34
AVERAGE AGE OF
EMPLOYEES



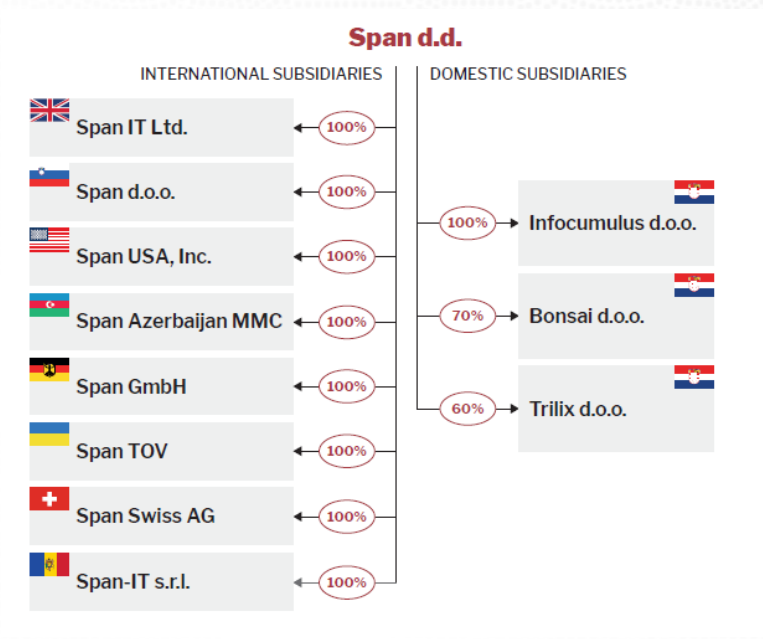
70%
OF EMPLOYEES WITH
UNIVERSITY OR
COLLEGE DEGREE



340+
EMPLOYEES WITH
PROFESSIONAL
CERTIFICATION

¹ Service Level Agreement

Organizational structure of the Span Group* as of 31.12.2021



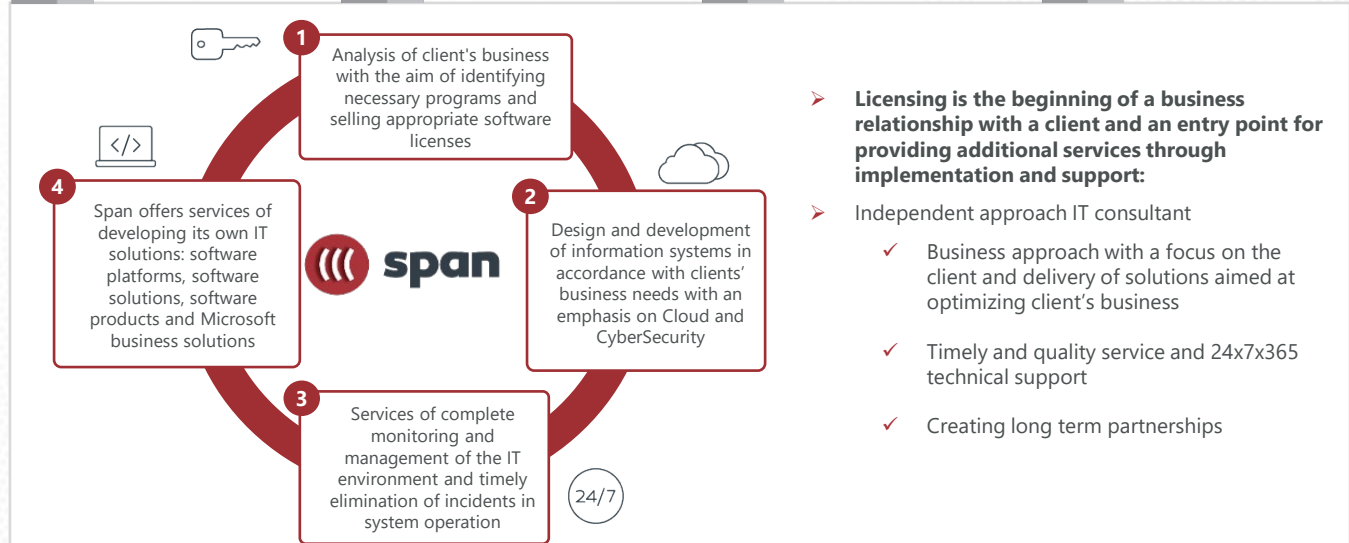
• Span Group consists of Span d.d. and its subsidiaries

BUSINESS SEGMENTS AND BUSINESS MODEL

4 Business segments



Business model



Microsoft
„PowerHouse“

○ Microsoft partner with **Licensing Solution Provider (LSP)** and **Cloud Solution Provider (CSP)** authorizations:

- Span **Croatia** (Croatia, Slovenia, EU/EFTA)
- Span **Ukraine** (Ukraine, Belarus, Moldova, Georgia, Uzbekistan, Kyrgyzstan, Tajikistan, Mongolia, Turkmenistan)
- Span **Azerbaijan** (Azerbaijan)



MORE THAN 1.200 CLIENTS ON 6 CONTINENTS

KEY INTERNATIONAL CLIENTS

- ✓ IT solutions provider of choice for some of the leading global corporations (**Starbucks, McDonald's, Reyes Holdings, Nandos, Newsec, Tate and Lyle...**)
- ✓ Interdisciplinary approach towards customers creates relationships that help us retain and expand business with the existing customers while building a reputation and word of mouth that help us acquire new ones

1

DOMESTIC MARKET

(CROATIA AND SLOVENIA)

- ✓ Serving the biggest private and public companies on the domestic market
- ✓ Strong reputation on the market along with the Microsoft status opens doors for us with new customers

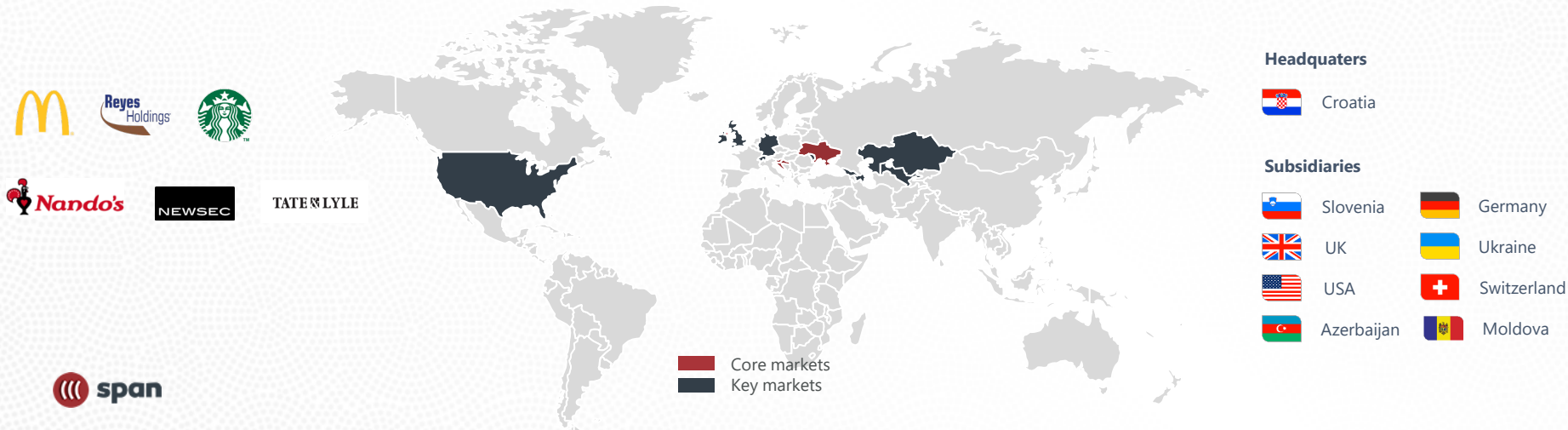
2

FAST GROWING MARKETS

(EASTERN EUROPE AND CENTRAL ASIA)

- ✓ Recognized as top valued Microsoft solution partner in Eastern Europe and Central Asia with highest expertise and skilled team of experts which is opening doors for new opportunities and expansion of the customer base

3



MICROSOFT GOLD PARTNER

11 ADVANCED SPECIALIZATIONS

Gold
Microsoft
Partner

Windows Server and SQL Server
Migration to Azure
Advanced Specialization

Gold
Microsoft
Partner

Network Deployment
Advanced Specialization

Gold
Microsoft
Partner

Identity and Access Management
Advanced Specialization

Gold
Microsoft
Partner

Adoption and Change Management
Advanced Specialization

Gold
Microsoft
Partner

Information Protection
and Governance
Advanced Specialization

Gold
Microsoft
Partner

Meeting and Meeting Rooms
for Microsoft Teams
Advanced Specialization

Gold
Microsoft
Partner

Threat Protection
Advanced Specialization

Gold
Microsoft
Partner

Calling for Microsoft Teams
Advanced Specialization

Gold
Microsoft
Partner

SAP on Microsoft Azure
Advanced Specialization

Gold
Microsoft
Partner

Modernize Endpoints
Advanced Specialization

Gold
Microsoft
Partner

Windows Virtual Desktop
Advanced Specialization

Microsoft
Partner



Gold Cloud Productivity
Gold Cloud Platform
Gold Enterprise Mobility Management
Gold Security
Gold Small and Midmarket Cloud Solutions
Gold Messaging
Gold Application Integration
Gold DevOps
Gold Data Analytics
Gold Data Platform
Gold Project and Portfolio Management
Gold Communications
Gold Application Development
Gold Collaboration and Content
Gold Datacenter
Gold Windows and Devices
Gold Enterprise Resource Planning

17 COMPETENCIES

**LSP UKRAINE &
CAF READY**

Microsoft
Partner

2020 Best performing LSP
Ukraine



**CAF Ready
PARTNER**

**PARTNER
OF THE
YEAR
2013
2016
2020
2021**

Microsoft
Partner



2013 Partner of the Year Winner
Croatia

Microsoft
Partner



2020 Partner of the Year Winner
Croatia

Microsoft
Partner



2016 Partner of the Year Winner
Croatia

Microsoft
Partner



2021 Partner of the Year Winner
Croatia

ISO CERTIFICATES



Quality
Management



Information
Security
Management



IT Service
Management



Environmental
Management



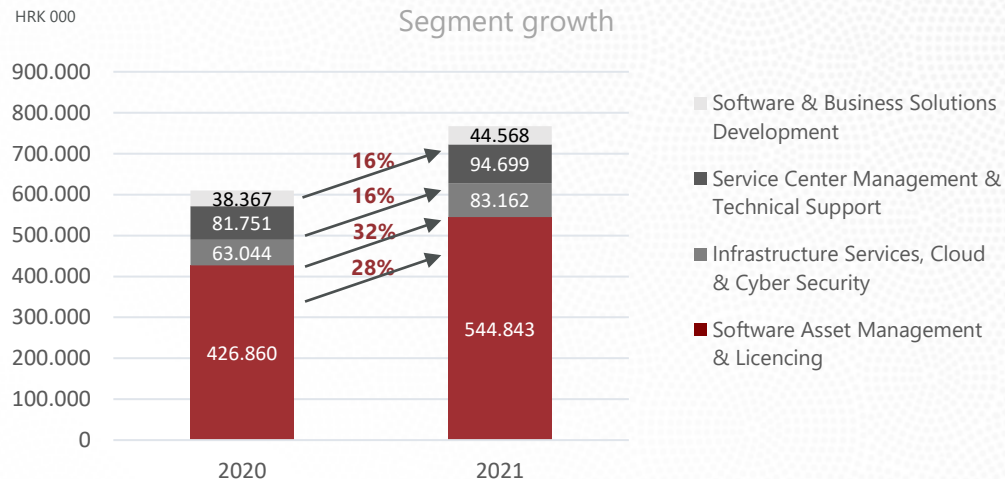
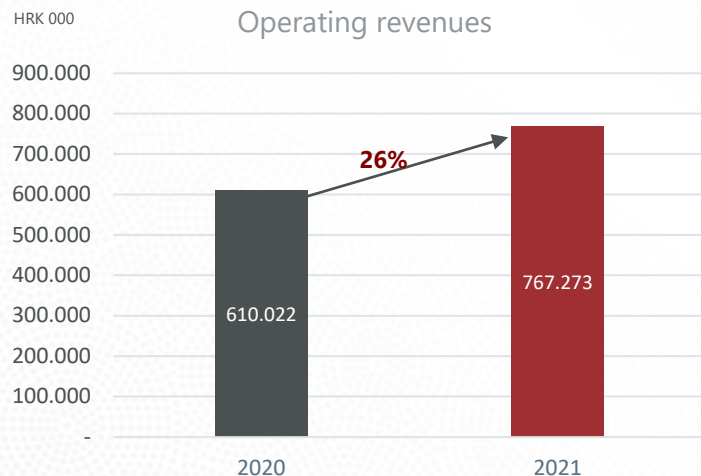
Energy
Management



Anti-bribery
Management

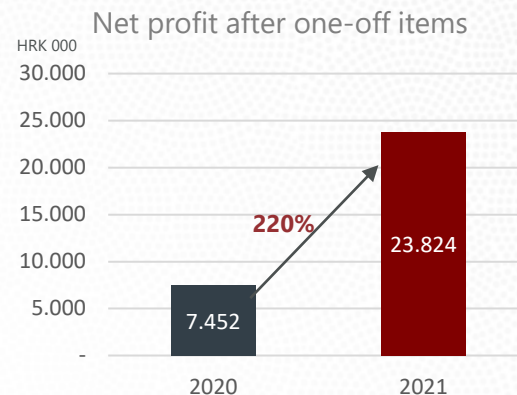
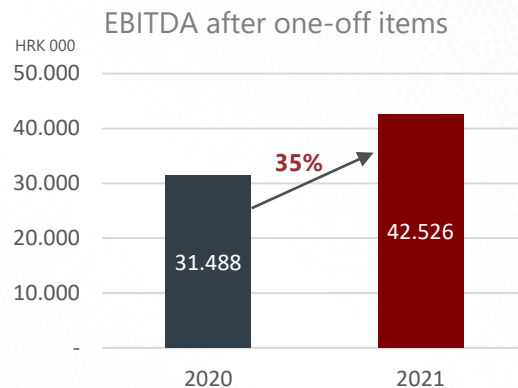
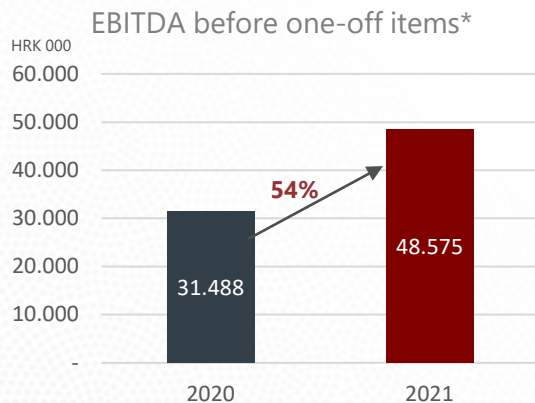


STRONG REVENUE GROWTH IN 2021



- Total revenues increased by **26%** compared to same period last year
- The increase in revenue stems from the growth of operating revenues (**26%**), and was recorded in all segments:
 - Software Asset Management & Licencing - **28%**
 - Infrastructure Services, Cloud & Cyber Security - **32%**
 - Service Center Management & Technical Support - **16%**
 - Software & Business Solutions Development - **16%**

STRONG EBITDA AND NET PROFIT GROWTH IN 2021



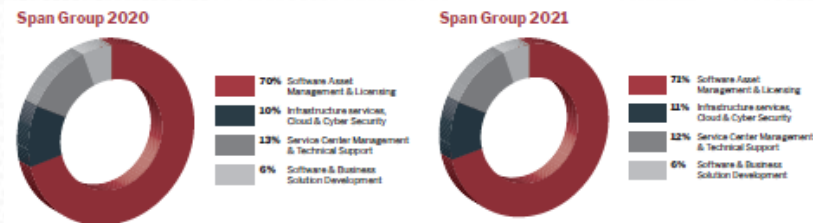
- The EBITDA increase follows the increase of revenues and is generated from two sources:
 - growth of the total revenue where majority consists of the Software Asset Management and Licensing segment and
 - growth of the revenue from IT services with high added value, primarily in the Infrastructure Services, Cloud & Cyber Security and Software and Business Solution Development:
 - EBITDA before one-off items - **54%**
 - EBITDA after one-off items - **35%**
 - Net profit after one-off items - **220%**



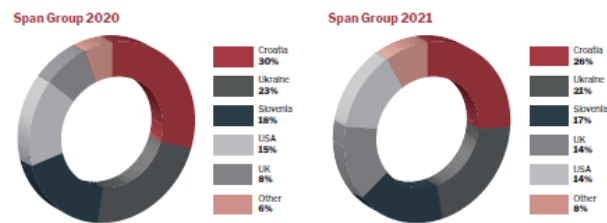
- One-off items include expenses incurred by Span d.d. for the listing on the Zagreb Stock Exchange regulated market and relate to all operating costs necessary for its realisation. One-off items of the Group additionally include value adjustments (HRK 250 thousand) of a member of Span Group.

SEGMENT AND GEOGRAPHY REVENUE CONTRIBUTION

Segment revenue contribution



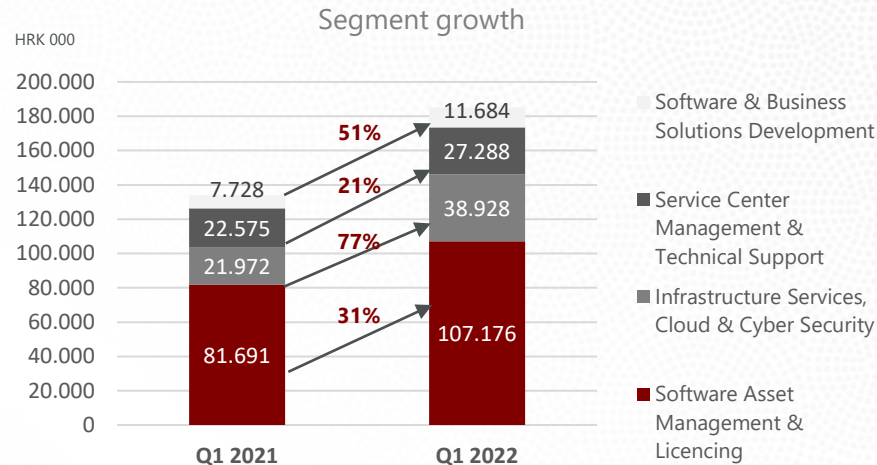
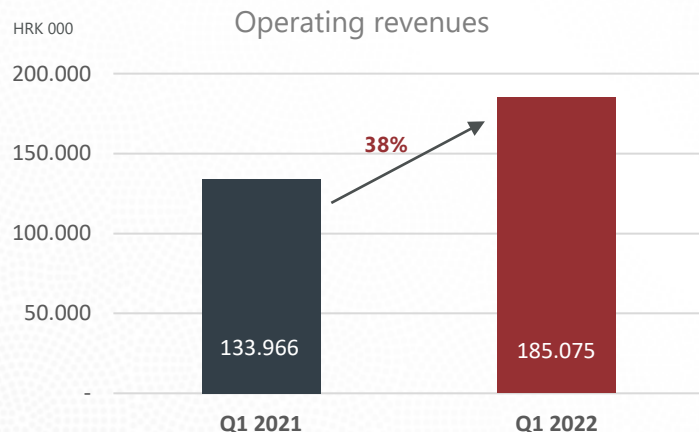
Revenues by geographic markets



- **Software Asset Management & Licencing**
 - remains the most significant part of the Group's total operating revenues – **28%** growth
 - share in total operating revenues - **71%**
- **Infrastructure Services, Cloud & Cyber Security** – Group Strategy → expanding business activities in the field of Cloud& Cyber Security (increasing the number of projects with existing and new clients)
- **Service Center Management & Technical Support** - the largest share of the Group's revenue from professional IT services (**43%**)
- **Software & Business Solutions Development** – growth of **16%** - focus on the expansion of platforms for development of our own software solutions, and on development of specific business solutions for individual key users, such as CRM, and automation and robotization of their business processes.

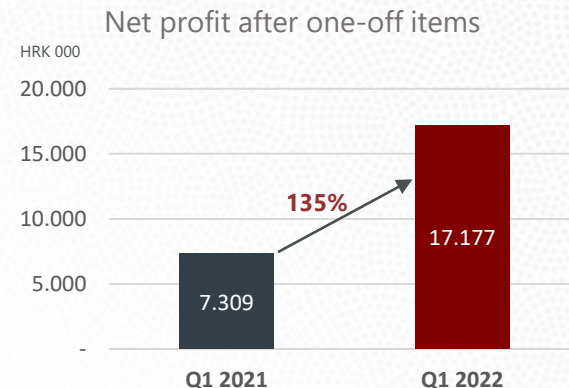
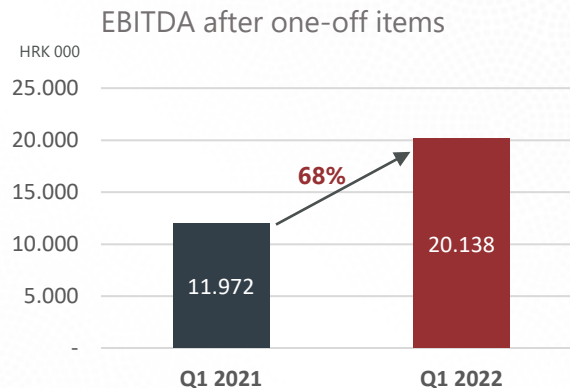
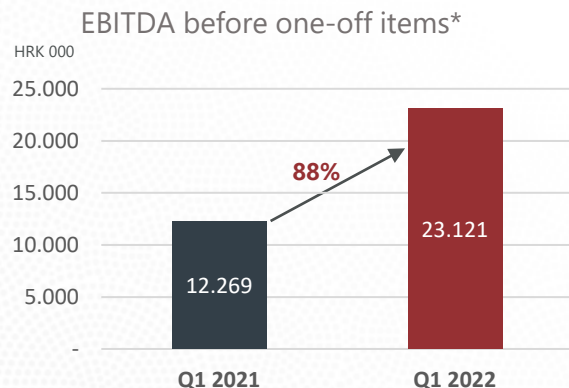
- The **geographic market** in this context denotes the place where the goods or services were invoiced
- **26%** of the revenue of the Group in the observed period of 2021 related to the **Croatian market**, the most significant geographic market in the monitored period
- The most significant revenue growth was noted on the UK market (118%) followed by:
 - Slovenia – **19%** growth
 - Ukraine – **14%** growth
 - Croatia - **10%** growth

STRONG REVENUE GROWTH IN Q12022



- Total revenues increase by **38%** compared to same period last year
- The increase in revenue stems from the growth of operating revenues (**38%**), and was recorded in all segments:
 - Software Asset Management & Licencing - **31%**
 - Infrastructure Services, Cloud & Cyber Security - **77%**
 - Service Center Management & Technical Support - **21%**
 - Software & Business Solutions Development - **51%**

STRONG EBITDA AND NET PROFIT GROWTH IN Q12022



- EBITDA growth in line with revenue growth:
 - EBITDA before one-off items - **88%**
 - EBITDA after one-off items - **68%**
 - Net profit after one-off items - **135%**



*The one-off items of EBITDA of the Group amounted to HRK 2,983 thousand and relate to

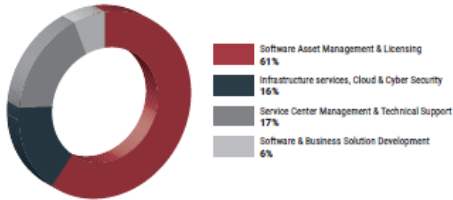
- 1) expenses arising from the Plan for the allocation of shares to employees of Ekobit defined in the purchase and sale contract and
- 2) operating expenses arising from the acquisition, which mainly relate to the costs of consultants.

SEGMENT AND GEOGRAPHY REVENUE CONTRIBUTION

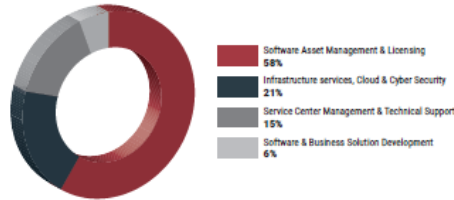
Segment revenue contribution

Revenues by geographic markets

Span Group Q1 2021



Span Group Q1 2022



Span Group Q1 2021



Span Group Q1 2022



- **Software Asset Management & Licensing**
 - remains the most significant part of the Group's total operating revenues – **31%** growth
 - share in total operating revenues **58%** – a decrease compared to 2020 due to the growth of other business segments
- **Infrastructure Services, Cloud & Cyber Security** - most significant growth in the structure of the operating revenues - **77%**
- **Service Center Management & Technical Support** – contributes to a continuing growth of revenues by providing services of monitoring and managing the IT environment – **21%** growth
- **Software & Business Solutions Development** – significant **51%** growth; additionally strengthened by the acquisition of Ekobit, whose operation is focused on the development of software solutions

- The share in revenues the Group made on foreign markets - **84%** of total revenues
- In the first quarter most revenues of the Group were invoiced on the United States market, given the expansion of the operation and a large infrastructure project at one of the key international users
- The most significant growth of revenues, along with the **United States (118%)** are:
 - Ukraine – **28%*** growth
 - Slovenia – **15%** growth
 - Croatia - **10%** growth

GROWTH AGENDA AND STRATEGY



1 Growth in existing markets

- **Organic growth** in existing markets
- **Retention/acquisition** of the position of **leading Microsoft Partner** (LSP)
- **Emphasis on service growth**
- Increase of the share of services in total revenues
- **Profitability growth**
- **Comprehensive portfolio of services:** Cloud, Security, Enterprise Business Solutions, Software Development, Data & AI, SAM/Licensing, System Management & Support

2 Key International Accounts

- **Expansion of business relationship** with **existing key international clients** by **widening type** and **number of services**:
 - Infrastructure Services, Cloud & Cyber Security
 - Software and Business Solution Development
 - Data & AI
 - SAM
- **Acquisition of new clients**

3 Expanding into new markets

- Geographical expansion into new markets in **eastern Europe** and **central Asia** in which Span enjoys status of **Microsoft Licence Solution Provider**
- **Knowledge from past experiences** of growth in greenfield markets and segments **to be used** as an **operating** and **expansion principle** in new markets in eastern Europe and central Asia

4 Span.Zone – digital platform

- Span.Zone is a **digital platform** that enables fully **autonomous procurement, activation, management** and **maintenance** of **cloud licenses** and **services** for the end user
- Highly standardised solutions and a new business model for developed markets (EU)
- Entry into SMB market

Growth agenda focused on further geographical expansion and expansion into high value-added activities

Q&A



APPENFIX - OPERATION OF TOV SPAN UKRAINE

TOV Span standalone			
In thousands of HRK	Q1 2021	Q1 2022	Δ%
Total revenue	16.711	21.444	28%
Operating revenue	16.711	21.444	28%
Other revenue	-	-	-
Total costs	17.783	22.362	26%
Costs of goods and services sold	15.552	20.303	31%
Personnel expenses	1.678	1.653	-2%
Other business expenses	553	407	-26%
EBITDA	(1.073)	(918)	14%
Depreciation	23	10	-55%
EBIT	(1.096)	(929)	15%
Net financial result	40	(468)	-1271%
Profit/loss before taxation	(1.056)	(1.397)	-32%
Corporate tax	-	-	-
Profit/loss after taxation	(1.056)	(1.397)	-32%

- Revenues of TOV Span in the first quarter of 2022 increased compared to the prior year but the operation is in a development phase and the final contribution of EBITDA – in both the total and net profit of the Group is **not significant**
- Our activities in the war-ravaged areas have not stopped so we are **still providing support** to our users in Ukraine
- Revenues of TOV Span account for **11%** of the consolidated revenues of the Span Group in the first quarter of 2022
- Although the revenues of TOV Span in the same observed period of 2022 increased, the share of the revenues in the total consolidated revenue decreased compared to the same period of the prior year

In thousands of HRK	Span Group		Contribution of TOV Span in Span Group		Share of TOV Span in Span Group	
	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022
Total revenue	134.444	185.857	16.621	21.251	12%	11%
Operating revenue	133.966	185.075	16.621	21.251	12%	11%
Other revenue	478	782	-	-	-	-
Total costs	122.472	165.718	17.762	22.362	15%	13%
Costs of goods and services sold	82.702	109.278	15.552	20.303	19%	19%
Personnel expenses	30.810	43.181	1.678	1.653	5%	4%
Other business expenses	8.961	13.259	532	407	6%	3%
EBITDA before one-off items	12.269	23.121	(1.141)	(1.111)	-9%	-5%
One-off items	297	2.983	-	-	-	-
EBITDA after one-off items	11.972	20.138	(1.141)	(1.111)	-10%	-6%
Depreciation	3.901	4.000	23	10	1%	-
EBIT	8.071	16.138	(1.164)	(1.122)	-14%	-7%
Net financial result	531	1.500	40	(469)	8%	-31%
One-off items of net financial result	-	2.255	-	-	-	-
Profit/loss before taxation before one-off items	8.900	18.366	(1.124)	(1.591)	-13%	-9%
Profit/loss before taxation after one-off items	8.602	17.638	(1.124)	(1.591)	-13%	-9%
Corporate tax	1.294	462	-	-	-	-
Profit/loss after taxation before one-off items	7.606	17.905	(1.124)	(1.591)	-15%	-9%
Profit/loss after taxation after one-off items	7.309	17.177	(1.124)	(1.591)	-15%	-9%

- In the first quarter of 2022, contribution to the consolidated EBITDA is negative (HRK-1,111 thousand), same as the contribution to the consolidated profit after taxation (HRK -1,591 thousand)
- Total investment** of Span d.d. in TOV Span on March 31st, 2022, amounted to HRK 4,664 thousand