



## 2023 H1 Financial Review

Sep 11<sup>th</sup> 2023

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# TeamSystem H1 2023 performance summary

## H1 2023 Statutory

- We experienced **significant H1 2023 growth** on a Statutory basis sustained by a good level of new bookings, very strong recurring revenues and good pace of bold-on M&A.
- The key results for the quarter are:
  - **Adjusted EBITDA up 27.7% vs H1 2022** reaching **€129.4M (€69.4M in Q2 2023, +26.4% vs Q2 2022)**
  - **Revenues up 20.9% vs H1 2022** reaching **€324.9M (€171.6M in Q2 2023, +21.4% vs Q2 2022)**
- **Top line growth was driven by strong organic performance of Microbusiness and significant performance of Enterprise and Professional solutions.**
- **The cost base evolution reflected the investment** in Sales & Marketing and R&D compensated by **good cost control** on personnel and other non personnel costs

## H1 2023 LTM

- **Statutory Adjusted EBITDA and revenues LTM H1 2023 vs LTM H1 2022** increased **+19.9%** and **+18.0%**. Double digit top line organic growth at 11,5%
- **Pro Forma Adjusted EBITDA and revenues LTM H1 2023 vs LTM H1 2022** increased **+39.7%** and **+52.0%**.

## Leverage

- **Leverage ratio reach 4.05x** at the end of H1 2023 mainly driven by strong business performance.
- **75% of our debt is either at a fixed rate or hedged through Interest Rate Swaps.**
- At the end of H1 2023, **Cash and bank balances** amounted to **€85.2M on a statutory level.**

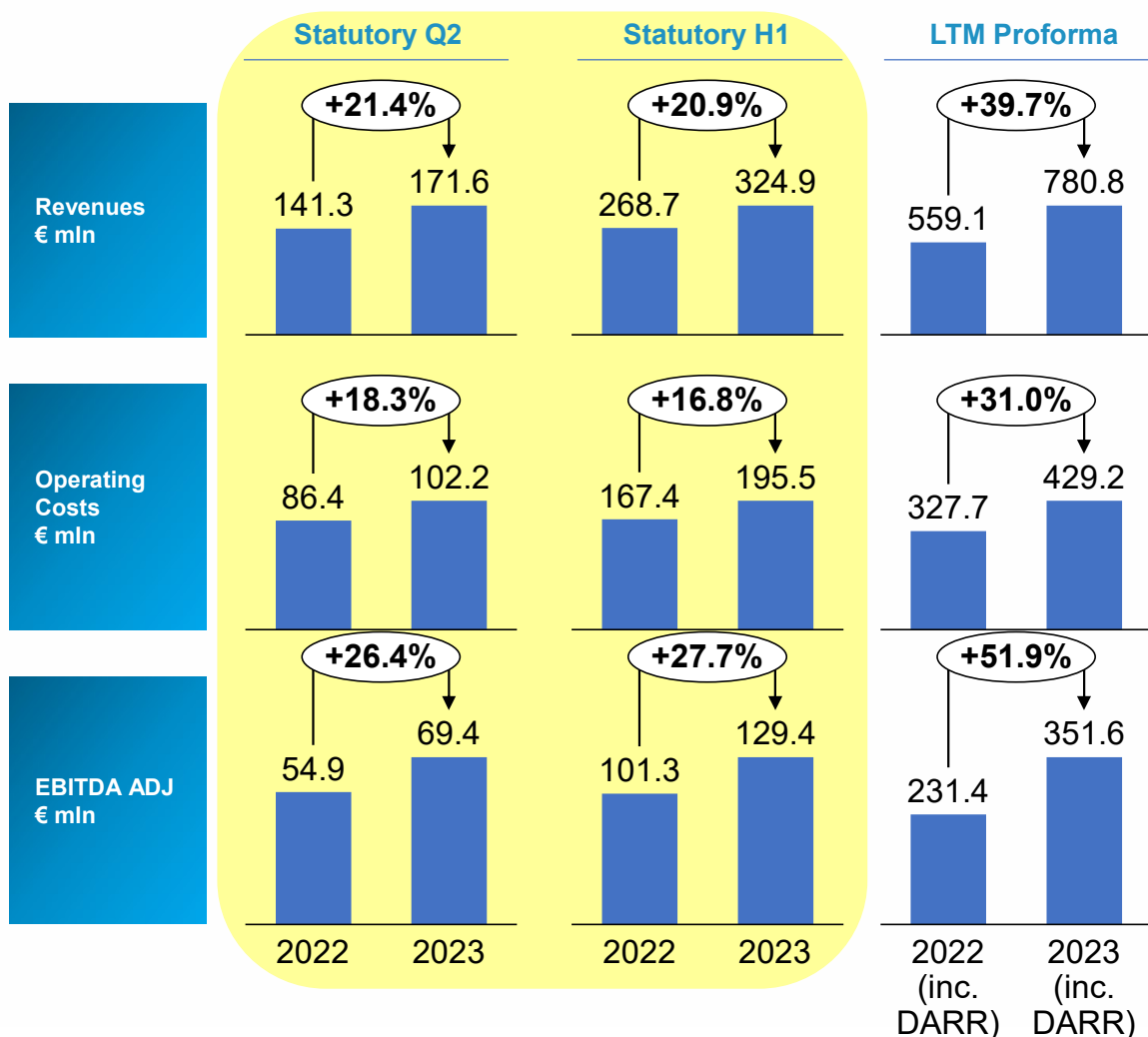
## Other events

- **Q4 2022 and H1 2023 saw increased bolt-on M&A activity.** We continue to execute on our growth strategy also through disciplined M&A transactions capturing attractive market and cross selling opportunities as they arise in our business segments. We expanded our business in Spain and keep on to consolidate our distribution network.
- After end of H1 we also entered the Turkish market via the acquisition of a leading player serving local accountants, local SMEs as well as local micro businesses with a leading e-invoicing platform.
- Following the agreement with Silverlake in May 2023, we welcomed two new minority investors, Adia and Capital G with H&F still remaining solid majority shareholder

## Macro context

- **The Italian economy continues to show good level of resiliency** with a significant investment in SW and digitalization. Our order intake remains strong as in the previous quarters

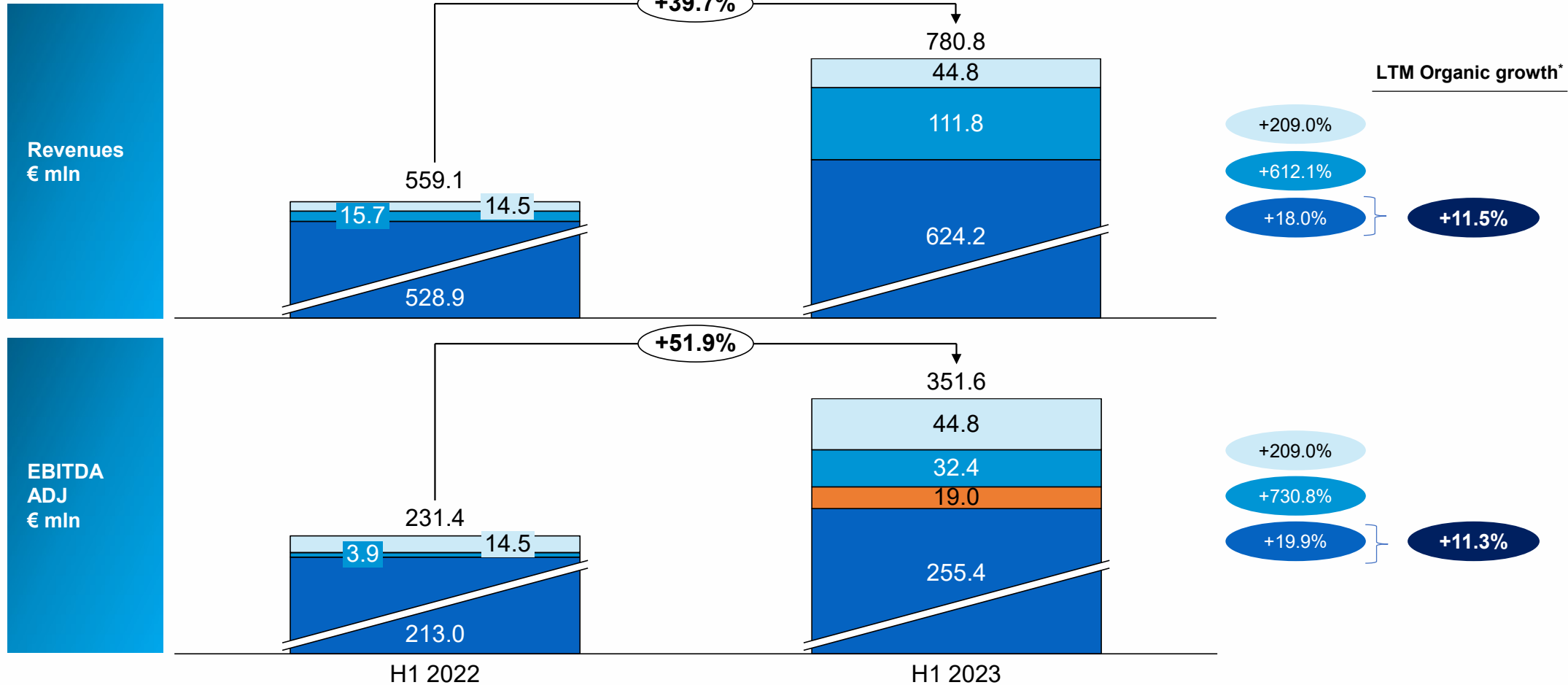
# TeamSystem H1 2023 results summary



- **Good performances in Q2 (+21.4% vs Q2 2022) drives significant 2023 H1 growth** (higher than 2022 by €56.2M), **both in Recurring (+21.2% vs H1 2022) and Other revenues (+19.5% vs H1 2022).**
- Specifically, **strong H1 growth in Microbusiness (+25.1% vs H1 2022), Enterprise solutions (+25.1% vs H1 2022) and Professional solutions (+24.9% vs H1 2022);**
- **Significant H1 Revenues growth also considering organic perimeter (13.4% vs H1 2022) mainly driven by Recurring Revenues (15.0% vs H1 2022).**
- **Operating costs shows good scale compared to revenues** (growth vs H1 2022 +16.8%) mainly driven by **organic components (+8.8% vs H1 2022)** and contributed to increase **Adjusted EBITDA (+27.7% vs H1 2022).**
- **LTM proforma Revenues and EBITDA show effects of new M&A** (€111.8M on Revs, €32.4M on EBITDA), **DARR (€44.8M) and Cost savings (€19.0M).**

# LTM Revenues and ADJ EBITDA as of H1 2023

Euro mln



\* Excluding StoreDen, ITR, ProgettoStudio, Biemme, TS 10, CiaoManager, Fin Tech, CZ, Progetto Software, SIA, Algoritmi, Readytec, Readytec Emilia and Sell-in adjustment as per VAR insourcing

\*\* Including in M&A Proforma Microntel, Multidata, Greennext, Sigma, Sistemi IT, Growens, Rean, Easygest, Topperservice, Bellachioma, Triarico Global Services, Datamedia, Amplifisa and international targets

# Statutory P&L by BU

Euro mln

| P&L by Business Unit          | Enterprise   | Professional | Micro        | Digital Finance | Market Specific Solutions | HR           | 2023 Stat    |
|-------------------------------|--------------|--------------|--------------|-----------------|---------------------------|--------------|--------------|
| <b>Revenues</b>               | <b>74,2</b>  | <b>101,7</b> | <b>70,0</b>  | <b>9,7</b>      | <b>56,0</b>               | <b>13,4</b>  | <b>324,9</b> |
| <b>I margin</b>               | <b>35,0</b>  | <b>56,0</b>  | <b>41,7</b>  | <b>3,8</b>      | <b>15,1</b>               | <b>3,6</b>   | <b>155,2</b> |
| <i>% of Revs</i>              | <i>47,2%</i> | <i>55,0%</i> | <i>59,6%</i> | <i>39,5%</i>    | <i>26,9%</i>              | <i>27,2%</i> | <i>47,8%</i> |
| <b>Indirect Costs</b>         |              |              |              |                 |                           |              | <b>36,3</b>  |
| Capitalized Development Costs |              |              |              |                 |                           |              | 10,5         |
| <b>Adjusted EBITDA</b>        |              |              |              |                 |                           |              | <b>129,4</b> |
| <i>% of Revs</i>              |              |              |              |                 |                           |              | <i>39,8%</i> |

- **I Margin** is calculated as the difference between **total revenues** and the **direct costs** of the Business Unit (mainly direct personnel, SW/HW resale costs, external delivery, customer service, sales rebates, commissions and other sales incentives, recurring R&D consultant costs; direct product marketing, direct R&D consultancy, T&E of Business Unit personnel) and represents in H1 2023 the **47.8%** of the total revenues.
- **Adjusted EBITDA** includes **indirect cost** excluding **capitalizations** and represents in **H1 2023** the **39.8%** of the total revenues

# Key drivers of TeamSystem H1 2023 statutory Revenues

Euro mln

| Revenues by BU & Family         | 2023 Stat    | 2022 Stat*   | Var. 2023<br>Stat vs 2022<br>Stat | %            | % YoY<br>Organic<br>Growth |
|---------------------------------|--------------|--------------|-----------------------------------|--------------|----------------------------|
| <b>Enterprise</b>               | <b>74,2</b>  | <b>59,3</b>  | <b>14,9</b>                       | <b>25,1%</b> | <b>14,4%</b>               |
| Recurring                       | 54,2         | 44,2         | 9,9                               | 22,5%        | 17,2%                      |
| Other Revenues                  | 20,0         | 15,1         | 4,9                               | 32,6%        | 6,2%                       |
| <b>Professional</b>             | <b>101,7</b> | <b>81,4</b>  | <b>20,3</b>                       | <b>24,9%</b> | <b>10,2%</b>               |
| Recurring                       | 93,0         | 75,2         | 17,7                              | 23,6%        | 10,6%                      |
| Other Revenues                  | 8,7          | 6,1          | 2,5                               | 41,2%        | 4,8%                       |
| <b>Micro</b>                    | <b>70,0</b>  | <b>56,0</b>  | <b>14,0</b>                       | <b>25,1%</b> | <b>22,4%</b>               |
| Recurring                       | 66,2         | 52,6         | 13,6                              | 25,9%        | 23,5%                      |
| Other Revenues                  | 3,8          | 3,4          | 0,4                               | 13,0%        | 6,2%                       |
| <b>Digital Finance</b>          | <b>9,7</b>   | <b>8,9</b>   | <b>0,7</b>                        | <b>8,4%</b>  | <b>7,5%</b>                |
| Recurring                       | 7,3          | 7,0          | 0,3                               | 4,8%         | 3,7%                       |
| Other Revenues                  | 2,3          | 1,9          | 0,4                               | 21,5%        | 21,5%                      |
| <b>Market Specific Solution</b> | <b>56,0</b>  | <b>53,3</b>  | <b>2,6</b>                        | <b>4,9%</b>  | <b>5,0%</b>                |
| Recurring                       | 36,0         | 33,0         | 2,9                               | 8,9%         | 9,0%                       |
| Other Revenues                  | 20,0         | 20,3         | -0,3                              | -1,4%        | -1,5%                      |
| <b>HR</b>                       | <b>13,4</b>  | <b>9,8</b>   | <b>3,6</b>                        | <b>36,4%</b> | <b>33,0%</b>               |
| Recurring                       | 10,5         | 8,3          | 2,2                               | 26,0%        | 21,9%                      |
| Other Revenues                  | 2,9          | 1,5          | 1,4                               | 94,4%        | 94,4%                      |
| <b>Total</b>                    | <b>324,9</b> | <b>268,7</b> | <b>56,2</b>                       | <b>20,9%</b> | <b>13,4%</b>               |
| Recurring                       | 267,1        | 220,4        | 46,7                              | 21,2%        | 15,0%                      |
| Other Revenues                  | 57,8         | 48,3         | 9,4                               | 19,5%        | 6,1%                       |

## Enterprise

- **Significant organic Revenues increase** (+14.4% vs H1 2022) driven by **Recurring** (+17.2% vs H1 2022).

## Professional

- **Significant increase on organic Recurring Revenues** (+10.6% vs H1 2022) mainly related to **Professional and Payroll solutions**

## Micro

- **Significant organic growth** (+23.5% vs H1 2022) on **Recurring Revenues** in **all business lines** (Micro/Small Business, Micro Vertical and International business).

## Digital Finance

- **Good organic growth in Revenues** (+7.5% vs H1 2022) along **all business lines** (pay, invoice trading, fiscal credit trading and rating) despite a restrained increase in Recurring Revenues.

## Market Specific Solution

- **Moderate organic growth** (+5.0% vs H1 2022) mainly driven by **CAD/CAM** (+7.0% vs H1 2022), **Construction business** (+16.0% vs H1 2022) and **Legal solutions** (+4.0% vs H1 2022).

## HR

- **Strong organic growth** (33.0% vs H1 2022) led by both **Recurring Revenues** (21.9% vs H1 2022) **and other revenues**.

\*Including in 2022 Stat reclassifications among BUs during the year

# Key drivers of TeamSystem H1 2023 statutory Costs

Euro mln

| P&L and Operating Costs by Nature    | 2023 Stat    | 2022 Stat    | Var. 2023 Stat vs 2022 Stat | %            | % YoY Organic Growth |
|--------------------------------------|--------------|--------------|-----------------------------|--------------|----------------------|
| <b>REVENUES</b>                      | <b>324,9</b> | <b>268,7</b> | <b>56,1</b>                 | <b>20,9%</b> | <b>13,4%</b>         |
| <b>COGS</b>                          | <b>59,4</b>  | <b>52,1</b>  | <b>7,3</b>                  | <b>14,0%</b> | <b>9,6%</b>          |
| <b>Personnel</b>                     | <b>101,5</b> | <b>87,0</b>  | <b>14,6</b>                 | <b>16,8%</b> | <b>7,0%</b>          |
| <b>Personnel Like</b>                | <b>12,9</b>  | <b>9,9</b>   | <b>3,0</b>                  | <b>30,2%</b> | <b>21,2%</b>         |
| <b>Non Personnel</b>                 | <b>32,1</b>  | <b>27,1</b>  | <b>5,1</b>                  | <b>18,7%</b> | <b>12,4%</b>         |
| NP - Marketing                       | 10,5         | 10,2         | 0,3                         | 3,2%         | 2,8%                 |
| NP - Other NP Costs                  | 21,2         | 16,9         | 4,3                         | 25,8%        | 18,2%                |
| Bad debt accrual                     | 3,5          | 2,6          | 0,8                         | 31,3%        | 24,2%                |
| <b>Capitalised development costs</b> | <b>10,5</b>  | <b>8,6</b>   | <b>1,9</b>                  | <b>21,7%</b> | <b>21,3%</b>         |
| <b>Adjusted EBITDA</b>               | <b>129,4</b> | <b>101,3</b> | <b>28,1</b>                 | <b>27,7%</b> | <b>20,6%</b>         |
| <i>% of Revs</i>                     | <i>39,8%</i> | <i>37,7%</i> |                             |              |                      |

## A COGS

- **Cogs - Licenses & A&M HW/SW 3P increased organic by 14.4%** vs H1 2022 driven by recurring revenues growth and reached **€35.3M (€30.8M in H1 2022)**.
- **Cogs - CAD/CAM reached €19.0M in H1 2023**. The increase (+4.4% vs H1 2022) is led by an increase of **Cogs A&M and Software 3P** as a result of the growth in sales compared to H1 2022

## B Personnel & Personnel like

- **Personnel costs increased organic by 7.0%** vs H1 2022 split between salary increase and additional resources

## C Non Personnel

- **Marketing costs slightly increased organic by 2.8%** vs H1 2022 to support business growth.
- **T&E increased organic by 26.4% and reached €5.8M in H1 2023**.
- **External R&D increased organic by 58.9% and reached €3.1M in H1 2023** due to the development and refinement of the company's products.



## Net financial Position – H1 2023

| Eur Millions   | Jun 30 2023<br>TeamSystem SpA | Mar 31 2023<br>TeamSystem SpA | Dec 31 2022<br>TeamSystem SpA |
|--|-------------------------------|-------------------------------|-------------------------------|
| Cash and Bank balances   | 85.2M€                        | 95.8 M€                       | 145.0 M€                      |
| Cash out net of Cash and Bank balances new Acquisitions (not consolidated) | -136.8M€                      | -136.8M€                      | -111.1 M€                     |
| Guarantee ancillary facility   | -2.1 M€                       | -2.1 M€                       | -2.1 M€                       |
| Notes  | -1.335.0 M€                   | -1.335.0 M€                   | -1.335.0 M€                   |
| RCF  | 0.0 M€                        | 0.0 M€                        | 0.0 M€                        |
| <b>Consolidated Senior Secured Net Leverage</b>                            | <b>-1.388.7 M€</b>            | <b>-1.378.1 M€</b>            | <b>-1.303.2 M€</b>            |
| Other financial assets   | 9.1 M€                        | 10.5 M€                       | 8.3 M€                        |
| Accrued interests on Notes/RCF (net of hedging accrued interests)          | -16.1 M€                      | -18.8 M€                      | -14.8 M€                      |
| Other financial liabilities  | -20.1 M€                      | -3.6 M€                       | -3.6 M€                       |
| Other financial liabilities new Acquisitions (not consolidated)            | +14.2 M€                      | -3.3M€                        | -4.0 M€                       |
| Finance Leases Liabilities   | -24.8 M€                      | -23.6 M€                      | -25.3 M€                      |
| <b>Net Financial Position</b>  | <b>-1.426.4M€</b>             | <b>-1.416.9M€</b>             | <b>-1.342.6M€</b>             |
| <b>Leverage ratio</b>  | <b>4.05X</b>                  | <b>3.93X</b>                  | <b>4.32X</b>                  |

 Detailed next

## Cash flow Bridge – H1 2023

| Eur Millions   | Description   | Dec 31, 2020 |
|--|---|--------------|
| Cash Balance Dec22                                     |   | 145,0        |
| Adj. Ebitda  |   | 129,7        |
| Bad debt   |   | 3,5          |
| Change of Net Working Capital                          |   | 53,1         |
| Capex  | Tangible and intangible assets (-9.2M€)<br>Capitalized development costs (-10.5M€)  | 19,7         |
| Non operating costs                                    | Advisory expenses related to reorganization and cost saving projects, Staff leaving indemnity, acquisition/merger costs and settlements with clients/agents | 9,6          |
| Change in Provision                                    |   | 0,0          |
| New investments / Contingent Liabilities to minorities | New M&A and other equity interest acquisitions from minorities (-€115.9M New M&A; - €30.0M M&A Carryforward)  | 145,9        |
| Other financial items                                  | Interest on bond, commissions and finance leases reimbursement; other loans net repayment, new investment, <sup>1</sup> .                                   | 43,0         |
| Income tax   |   | 21,0         |
| Cash Balance Jun23                                     |   | 85,2         |

<sup>1</sup> Other financial items are composed by interests on Notes (-51.6M) and other items (8.6M)

# Appendix

## RECONCILIATION OF NET FINANCIAL INDEBTEDNESS FOR H1 2023

In the table below, we provide a reconciliation of the net financial indebtedness between the consolidated accounts of:

- TeamSystem Holdco S.p.A.,
  - TeamSystem Holdco 3 S.p.A (previously named Brunello Midco2);
  - TeamSystem S.p.A (which incorporated Brunello Bidco S.p.A. as a consequence of the reverse merger occurred in October 2021);
- being the net financial indebtedness the only material difference between these three consolidated accounts.

Euro thousands

| RECONCILIATION OF<br>NET FINANCIAL POSITION<br>TEAMSYSTEM HOLDCO GROUP<br>vs<br>TEAMSYSTEM SPA GROUP | TEAMSYSTEM<br>HOLDCO<br>CONSOLIDATED | TEAMSYSTEM<br>HOLDCO<br>STAND ALONE<br>NET OF<br>INTERCOMPANY | TEAMSYSTEM<br>HOLDCO 1<br>STAND ALONE<br>NET OF<br>INTERCOMAPY | TEAMSYSTEM<br>HOLDCO 2<br>STAND ALONE<br>NET OF<br>INTERCOMAPY | TEAMSYSTEM<br>HOLDCO 3<br>CONSOLIDATED | TEAMSYSTEM<br>HOLDCO 3<br>STAND ALONE<br>NET OF<br>INTERCOMAPY | TEAMSYSTEM<br>SPA<br>CONSOLIDATED |
|--|--------------------------------------|---|--|--|--|--|-----------------------------------|
| Other financial assets   | 43.870                               | -   | -  | -  | 43.870                                 | 4  | 43.866                            |
| Cash and bank balances   | 85.327                               | 31  | 12   | 21   | 85.262                                 | 35   | 85.227                            |
| Financial liabilities with banks and other institutions  | (1.744.406)                          | -   | -  | -  | (1.744.406)                            | (300.144)  | (1.444.262)                       |
| <b>TOTAL</b>   | <b>(1.615.210)</b>                   | <b>31</b>   | <b>12</b>  | <b>21</b>  | <b>(1.615.274)</b>                     | <b>(300.105)</b>   | <b>(1.315.169)</b>                |