



Q1 2024 Financial Review

28TH May 2024

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TeamSystem Q1 2024 performance summary

Financial performance

- TeamSystem has continued on its growth trajectory in 2024. We have **achieved 863.1 €Mln of LTM revenues on a pro-forma basis (up from 851.1 € Mln of LTM revenues in Q4 2023) representing a 11.2% organic YoY growth**. On a Statutory basis, we reached **206.4 € Mln of revenues** in Q1 2024 (+34.7% vs Q1 2023)
- **LTM EBITDA Adj. has increased to 400.2 €Mln on a pro-forma basis, representing a 15.8% organic growth YoY. EBITDA Adjusted margin** has improved in Q1 2024 vs 2023 by **0.8 p.p. margin** on a Statutory basis reaching 40.0%
- ARR is growing +12.7% organically compared to March 2023 and has exceeded 720 €Mln

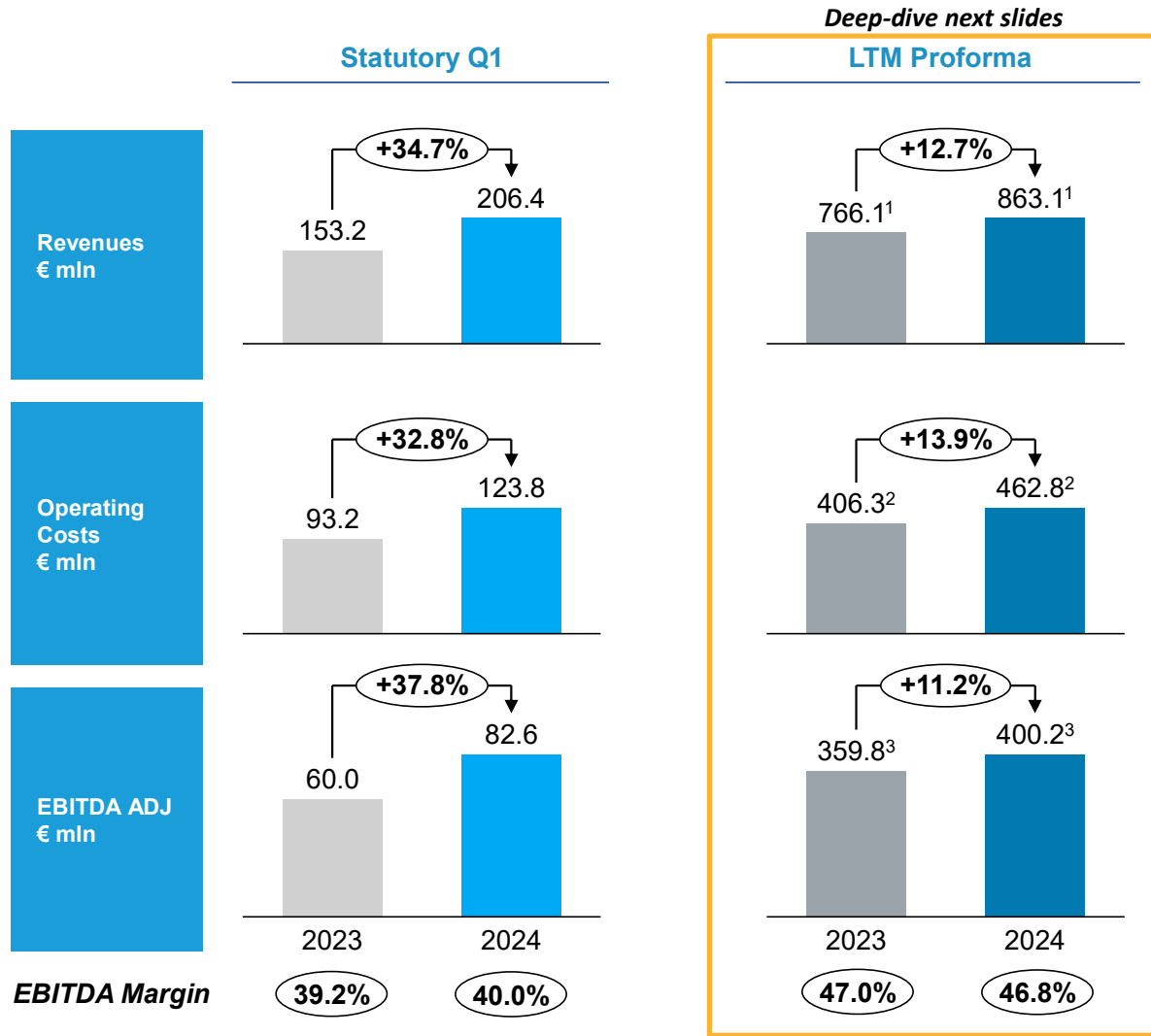
Business evolution and Macro

- **In Q1 2024 we have achieved double digit organic growth of recurring revenues (+14.5% at group level) with total revenues growing at 10.0% vs Q1 2023, a small reduction vs Q4 YoY growth rate as a result of:**
 - Lower More-4-More contribution as we have reduced price increase passed to our customers in line with inflation evolution compared to 2023
- **Micro, HR and Digital Finance units continue to grow organically at 20% YoY supported by strong results of “Forfettari” and cross-selling campaign**
- **Economic Sentiment Indicators** for Italian companies, particularly for SMEs, **have increased in Q1 2024. Technology and innovation investment was one of main reason of such increase in sentiment**. TeamSystem is well positioned to capture demand from companies and support them in their transformation journey

Financial position and leverage

- **Operating cash flow was 74.6 €Mln** during Q1 2024
- **Total Net Leverage ratio stands at 3.83x** at the end of Q1 2024 (vs 3.93x Q1 2023) driven by improvement in our margins.

Q1 2024 Performance Overview – TeamSystem Group



Deep-dive next slides

Revenues

- **Good performance in Q1 (+34.7% vs Q1 2023)** with acceleration of **Recurring Revenues (+14.5% organic YoY growth – see page 6)**
- Compared to Q1 2023 we observed **less contribution from More4More**
- The organic revenue growth was sustained by new sales
- **At BU level**
 - Strong acceleration of Micro, HR and Digital Finance growing organically at ~20%
 - Enterprise solutions and Professional growing at high single digit as we demand for professional services and HW has started slowly but accelerated in the second half of the quarter – see page 7 for more details

Operating costs and Margin

- Total Adj. EBITDA +37.8% YoY at 82.6 € Mln (40.0% Margin)
- On a Proforma basis EBITDA Adj growth below Pro Forma Revenues growth explained by lower contribution from run rate cost-savings and delta ARR (see page 5 for more details)

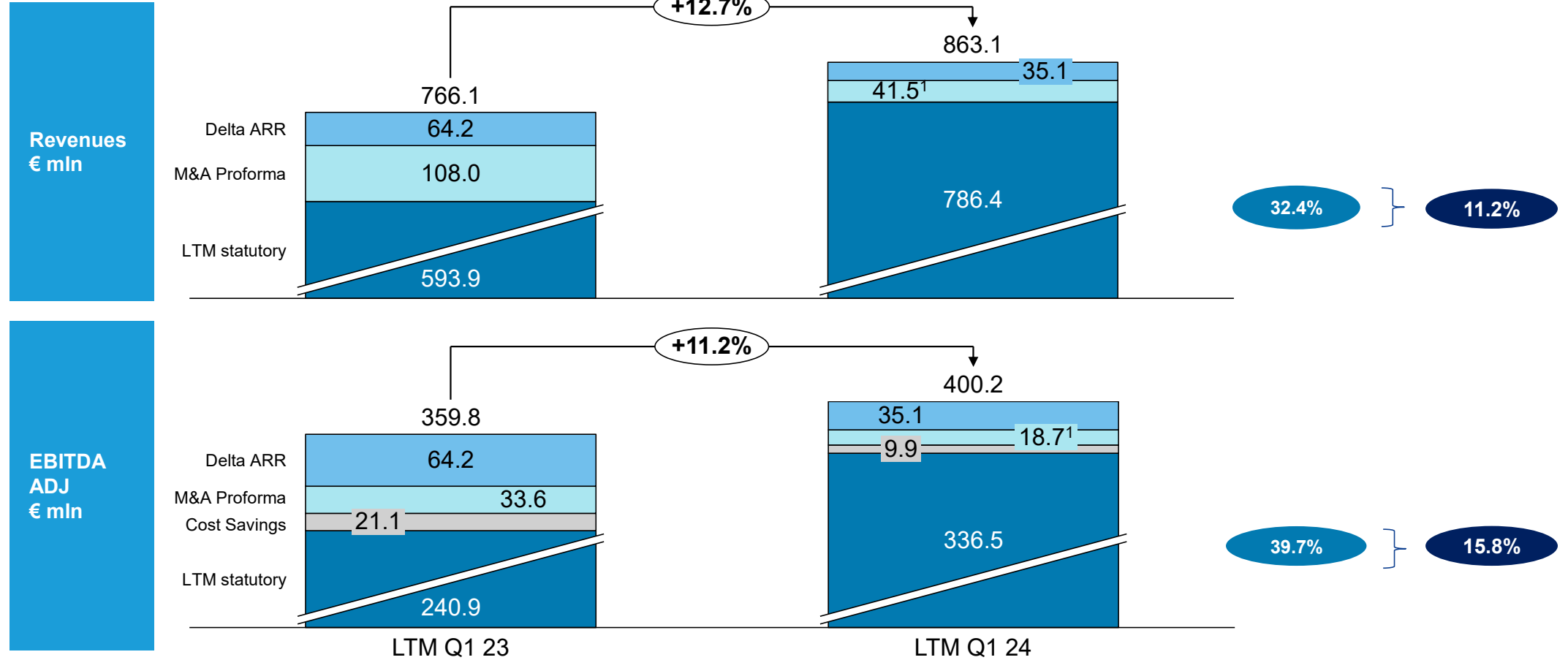
LTM Pro-Forma (2024 vs 2023)

LTM Pro-Forma Q1 2024

24 vs 23 (%)

LTM Statutory organic growth

€ Mln



1. Include IFRS29 for MikroGroup (4.9 €Mln revenues 4.0 € Mln EBITDA)

Key drivers of TeamSystem 2024 Q1 statutory Results

P&L and Operating Costs by Nature - TeamSystem group | Q1 2024 vs Q1 2023 Statutory, € Mln

	2023 Stat	2024 Stat	Δ 24 vs 23' (%)	% YoY Organic Growth
REVENUES	153.2	206.4	34.7%	10.0%
Recurring Revenues	127.0	177.9	40.1%	14.5%
Op.Cost	93.2	123.8	32.8%	9.1%
COGS¹	27.8	32.3	16.4%	6.5%
Personnel	49.6	69.6	40.3%	6.4%
Personnel Like	6.1	8.9	44.3%	20.2%
Non Personnel	15.4	22.8	48.3%	14.8%
Capitalized development Cost	5.7	9.9	72.1%	0.4%
Adjusted EBITDA	60.0	82.6	37.8%	11.5%
% of Revs	39.2%	40.0%	0.9ppt	
Bad Debt	1.5	1.9	21.2%	5.6%

A COGS

- Cogs increased organically by 6.5% as we continue to move towards cloud and high-quality business and reduce contribution of third-parties software. These actions benefit our gross margin

B Personnel & Personnel like

- Personnel costs have increased organically by 6.4% vs 2023 further improving our productivity before accounting for new acquired companies
- Increase in Personnel Like mainly driven by strengthening of salesforce to support top-line growth target

C Non-Personnel

- Increase in Non-Personnel costs driven by i) R&D Consulting (+15%) ; ii) HR Costs (+55%); in part explained by seasonality of company events and training activities anticipated compared to 2023

D Capitalised development costs

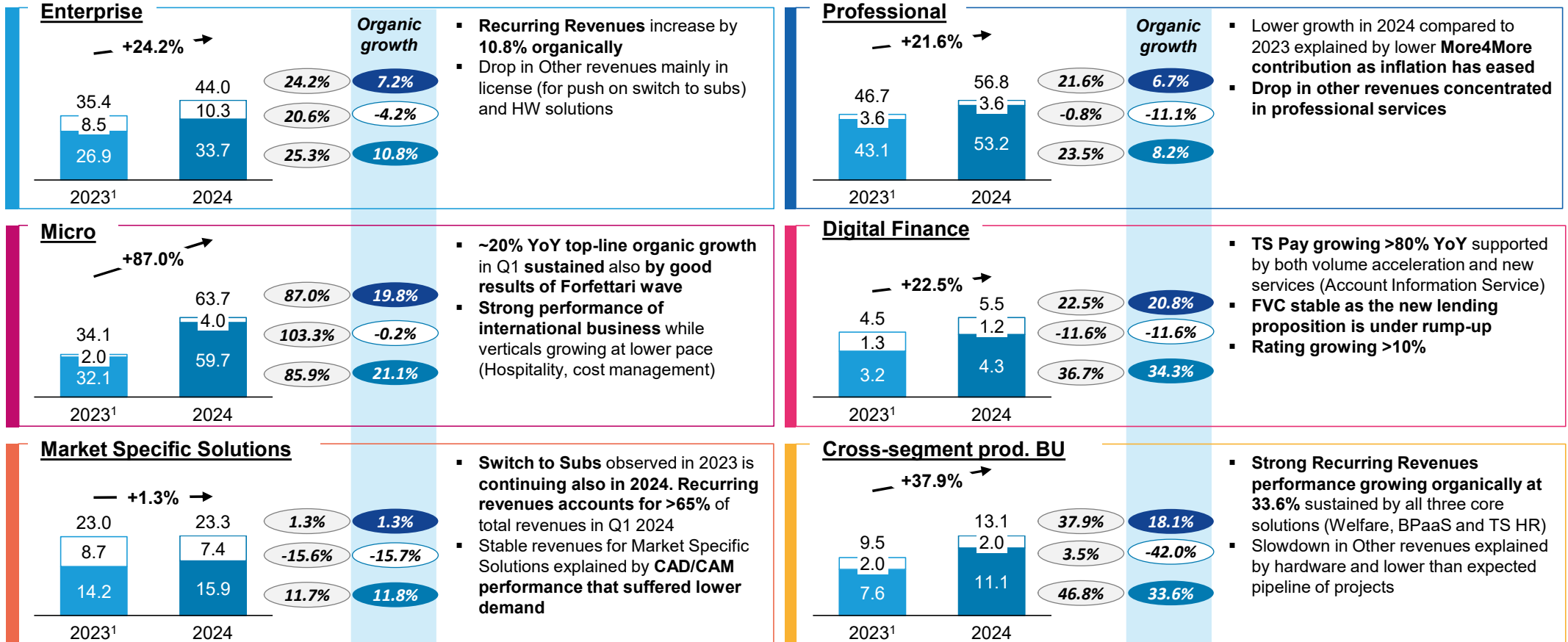
- Growth of capitalised development costs at statutory level (+72.1%) driven by new acquired companies (mainly Mikrogroup, GreeNext and Mail-up). Stable on a like-for-like perimeter

1. Includes COGS related to Application & Maintenance and Hardware, Delivery, Customer Support

Statutory Revenues mix by BU

Statutory Revenues¹ by BU | Q1 2024 vs Q1 2023, € Mln

Stat. Growth Org. BU Growth Other rev. Recurring



1. 2023 Restated due to re-allocation of Trust Solutions within Cross-segment prod. BU (previously included under Market Specific Solutions)

Statutory P&L by Business Unit

Q1 2024, € Mln

	2024 Stat	Enterprise	Professional	Micro	Digital Finance	Market Specific Solution	Cross-BU Solutions
Revenues	206.4	44.0	56.8	63.7	5.5	23.3	13.1
Recurring	177.9	33.7	53.2	59.7	4.3	15.9	11.1
Other Revenues	28.5	10.3	3.6	4.0	1.2	7.4	2.0
COGS + CS + Del	-53.5	-11.0	-11.9	-11.2	-1.8	-12.2	-5.4
- COGS A&M, HW, Edu, Oth.	-24.7	-3.7	-3.7	-5.0	-1.1	-9.3	-2.0
- Delivery	-11.9	-3.9	-2.0	-2.4	0.0	-2.2	-1.5
- CS/CSM/Fin Ops	-16.9	-3.5	-6.2	-3.8	-0.7	-0.7	-2.0
Gross Margin	152.9	33.0	45.0	52.5	3.7	11.1	7.7
<i>I Margin % of Revs (2024)</i>	<i>74.1%</i>	<i>75.0%</i>	<i>79.1%</i>	<i>82.5%</i>	<i>66.6%</i>	<i>47.6%</i>	<i>58.6%</i>
- Sales & Mktg	-28.9	-6.8	-7.9	-10.3	-0.3	-2.8	-0.9
- R&D	-14.6	-3.6	-3.2	-4.9	-0.4	-1.3	-1.3
- G&A	-9.3	-2.2	-1.8	-2.5	-0.8	-1.7	-0.4
I Margin	100.1	20.4	32.1	34.9	2.2	5.4	5.2
<i>I Margin % of Revs (2024)</i>	<i>48.5%</i>	<i>46.4%</i>	<i>56.6%</i>	<i>54.7%</i>	<i>39.4%</i>	<i>23.0%</i>	<i>39.4%</i>
<i>I Margin % of Revs (2023)</i>	<i>48.8%</i>	<i>47.6%</i>	<i>57.3%</i>	<i>57.8%</i>	<i>39.2%</i>	<i>25.4%</i>	<i>39.3%</i>
<i>Delta I Margin (24 vs 23)</i>	<i>-0.2ppt</i>	<i>-1.2ppt</i>	<i>-0.7ppt</i>	<i>-3.1ppt</i>	<i>0.2ppt</i>	<i>-2.4ppt</i>	<i>0.1ppt</i>
Indirect Costs	-27.3						
% of Revs	-13.2%						
Capitalized Development Costs	9.9						
Adjusted EBITDA	82.6						
% of Revs	40.0%						

Key highlights

- **Stable I Margin compared to 2023 (-0.2 p.p.). This is explained by:**
 - Change in business mix (high incidence of high margin BU like Micro)
 - Investments on marketing and Sales expected to generate upside during the course of the year
 - Integration of new acquired companies with dilutive effect on margin
- **Main dynamics at BU level:**
 - **Drop in Enterprise and Professional explained by** dilutive effect of new acquired companies and rump-up of salesforce
 - **Decrease for Micro explained by lower I Margin of new acquired companies not included in Q1 23 Statutory data.** I Margin has improved on a L4L perimeter

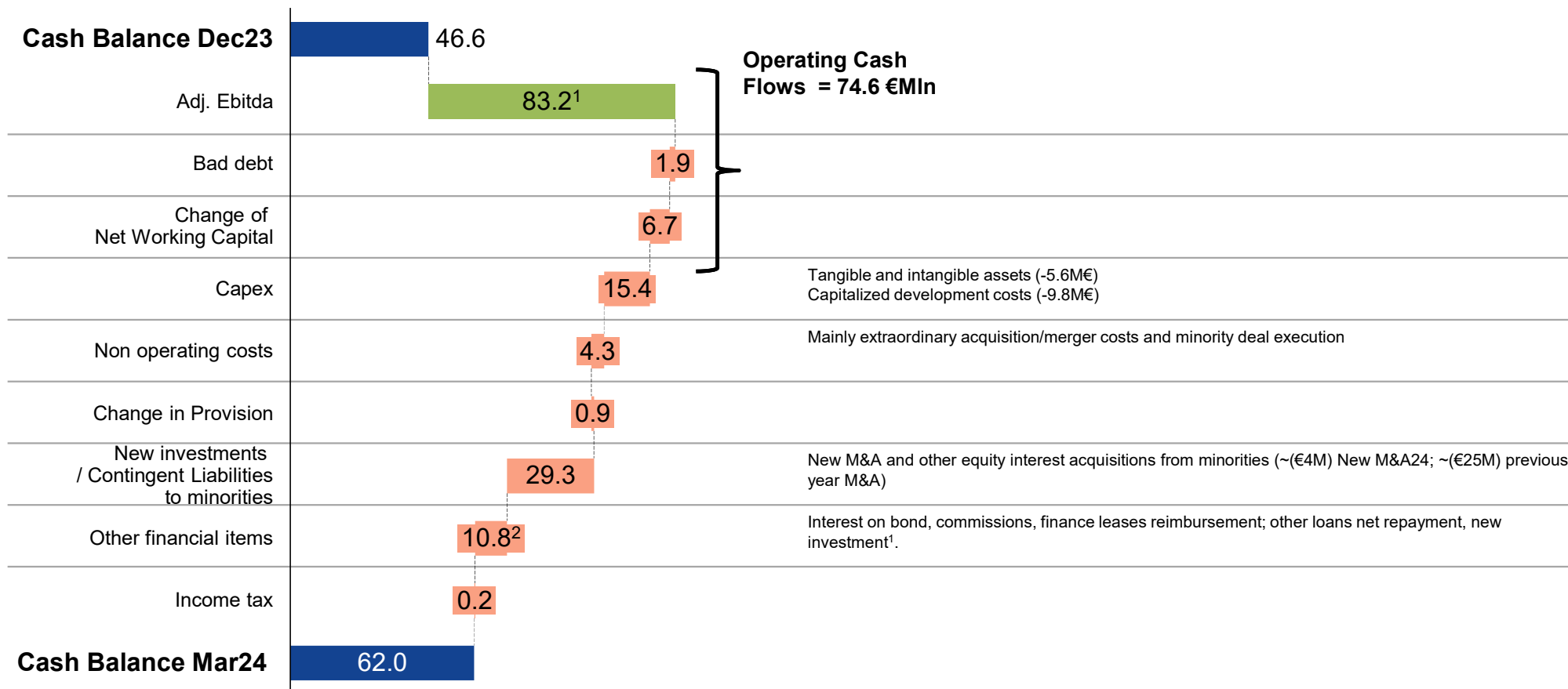
Net financial Position – Q1 2024

Eur Millions	Mar 31 2024 TeamSystem SpA	Dec 31 2023 TeamSystem SpA	Mar 31 2023 TeamSystem SpA
Cash and Bank balances	62.0 M€	46.6M€	95.8 M€
Cash out net of Cash and Bank balances new Acquisitions (not consolidated)	-4.4M€	-7.6M€	-136.8M€
Guarantee ancillary facility	-1.7 M€	-1.6 M€	-2.1 M€
Notes	-1.530.0 M€	-1.530.0 M€	-1.335.0 M€
RCF	-15.0 M€	0.0 M€	0.0 M€
Consolidated Senior Secured Net Leverage	-1.489.1M€	-1.492.6 M€	-1.378.1 M€
Other financial assets	9.4 M€	11.6 M€	10.5 M€
Accrued interests on Notes/RCF (net of hedging accrued interests)	-23.1 M€	-21.3 M€	-18.8 M€
Other financial liabilities	-3.4 M€	-5.0 M€	-3.6 M€
Other financial liabilities/assets new Acquisitions (not consolidated)	+0.0 M€	+0.0 M€	-3.3M€
Finance Leases Liabilities	-29.7 M€	-29.3 M€	-23.6 M€
Total Net Financial Position	-1.535.9 M€	-1.536.6 M€	-1.416.9M€
Leverage ratio	3.83x	3.85X	3.93X

Detailed next

Cash flow Bridge

Q1 2024, € Mln



1. Adj. EBITDA at TeamSystem Spa level. Holdcos EBITDA – 0.5 € Mln | 2. Other financial items are composed by RCF draw (+15.0M), interests on Notes (-26.4M) and other items (+0.6M)

Appendix



Reconciliation of net financial indebtedness for Q1 2024 YTD

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 NET FINANCIAL POSITION TEMSYSTEM HOLDCO GROUP vs TEMSYSTEM SPA GROUP	TEMSYSTEM HOLDCO CONSOLIDATED	TEMSYSTEM HOLDCO STAND ALONE NET OF INTERCOMPANY	TEMSYSTEM HOLDCO 1 STAND ALONE NET OF INTERCOMAPY	TEMSYSTEM HOLDCO 2 STAND ALONE NET OF INTERCOMAPY	TEMSYSTEM HOLDCO 3 CONSOLIDATED	TEMSYSTEM HOLDCO 3 STAND ALONE NET OF INTERCOMAPY	TEMSYSTEM SPA CONSOLIDATED
Other financial assets	30.238	-	-	-	30.238	-	30.238
Cash and bank balances	62.203	115	33	8	62.047	42	62.005
Financial liabilities with banks and other institutions	(2.067.853)	-	-	-	(2.067.853)	(310.490)	(1.757.363)
TOTAL	(1.975.412)	115	33	8	(1.975.568)	(310.447)	(1.665.120)

Definitions

Metrics calculation

- **I Margin** is calculated as:
 - (+) **total revenues** and
 - (-) **direct costs**
- **Adjusted EBITDA** is calculated as:
 - **I Margin**
 - (-) **minus indirect cost**
 - (+) **Capitalizations costs**
- **Pro-Forma Revenues** is calculated as:
 - **Statutory Revenues**
 - (+) **Delta ARR**
 - (+) **Pro-Forma revenues of M&A deals closed (difference between last 12 months actual and statutory revenues of acquired companies)**
- **Pro-Forma Adjusted EBITDA**
 - **Statutory Revenues**
 - (+) **Delta ARR**
 - (+) **Pro-Forma Adj. EBITDA of M&A deals closed (difference between last 12 months actual and statutory revenues of acquired companies)**
 - (+) **Run rate of cost-savings initiatives not yet materialized in the P&L**

Definition

- **Delta ARR:** difference between ARR (Annualized Recurring Recurring) and recurring revenues as per the P&L of the previous 12 months
- **Direct costs include** 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
- **Indirect costs include** costs that are not uniquely attributable to one or more business units and consist mainly of:
 - Personnel costs of the Group's support functions, events, recruiting and training activities;
 - Costs for IT infrastructure, cybersecurity, compliance, Artificial Intelligence and Data;
 - Costs for rent, maintenance, utilities for the TeamSystem Group's operating sites;. Administrative, legal, tax, labor law and audit consultancy costs;
 - Costs for insurance, association memberships and board of statutory auditors' fees;
 - Research and development costs that cannot be allocated to an individual Business Unit.