



H1 2024 Financial Review

12 September 2024

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TeamSystem H1 2024 performance summary

Financial performance

- We have achieved **900.2 €Mln** of LTM revenues on a pro-forma basis (up from **780.8 € Mln** of LTM revenues in **Q2 2023**) representing a **10.4% organic YoY growth**. On a Statutory basis, we reached **423.7 € Mln** of revenues in H1 2024 (+**26.4%** vs H1 2023)
- **LTM EBITDA Adj.** has increased to **413.1 €Mln** on a pro-forma basis, representing a **13.5% organic growth YoY**. On a Statutory basis **EBITDA Adjusted margin** has improved in H1 2024 vs 2023 (**1.9 p.p. margin expansion** reaching 41.6%).
- ARR is growing +14.3% organically compared to June 2023 and has exceeded 730 €Mln

Business evolution and Macro

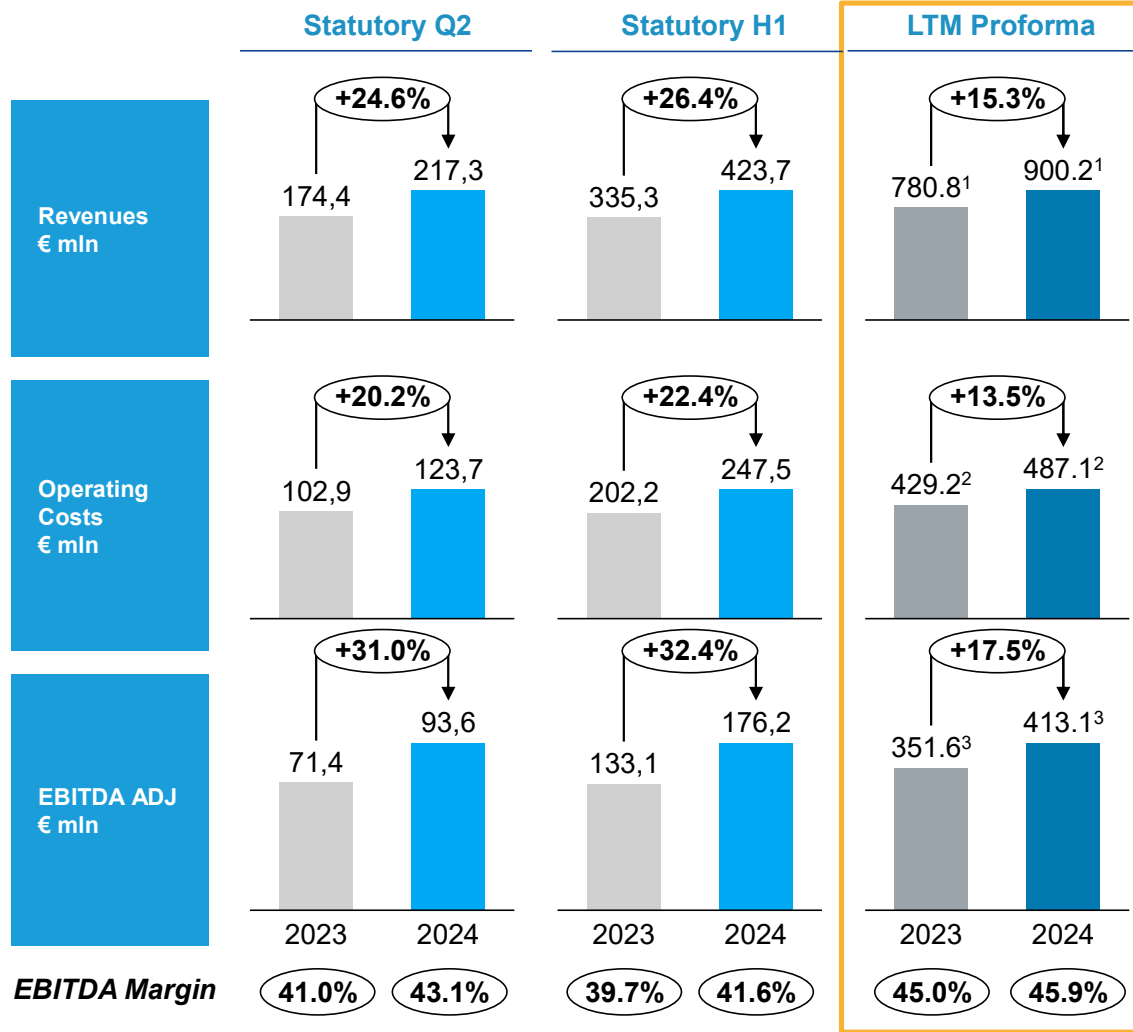
- In H1 2024 we have achieved double digit organic growth of recurring revenues (+14.7% at group level) with total revenues growing at 8.8% vs H1 2023, explained by a strong sale of licenses in Q2 2023 for Enterprise and Market Specific. Organic YoY growth of revenues in Q2 was 7.4% (+13.5% for recurring revenues)
- Micro continue to grow organically at 20% YoY supported by International Markets
- Improved economic conditions in our core markets: Italian Industrial production has improved in May and June compared to previous months and Q2 GDP has accelerated compared to Q1

Financial position and leverage

- **Operating cash flow** was **248.7 €Mln** during H12024 (+38.7% vs H1 2023)
- **Total Net Leverage ratio** stands at **3.61x** at the end of H1 2024 (vs 3.93x Q1 2023). Reduction driven by solid cash generation in H1
- In July we issued a new public bond for 700 €Mln intended to, among others, repay privately placed bond, finance bolt-on M&A. Leverage pro-forma for the transaction stands at 3.88 (including also cash-out for new acquisitions not yet consolidated but closed)

Q2 & H1 2024 Performance Overview – TeamSystem Group

Deep-dive next slides



Revenues

- **Good performance in Q2 (+24.6% vs Q2 2023) thanks to consolidation of Recurring Revenues growth (+14.7% organic YoY growth in H1, +13.5% in Q2)**
- **Total revenues dynamics impacted by strong license sales in Q2 2023**
- **Dynamics at BU level**
 - Micro continue to grow organically 20% YoY sustained by international business (Spain and Turkey)
 - Cross-Selling Products and Digital Finance growing organically at double digit as we increase cross-selling penetration – see page 7 for more details

Operating costs and Margin

- **Adj. EBITDA in Q2 +31.0% YoY at 93.6 € Mln (43.1% Margin)**
- **On a Proforma basis EBITDA Adj Margin has improved by ~1 p.p. thanks to a better business mix and scale benefit on indirect costs**

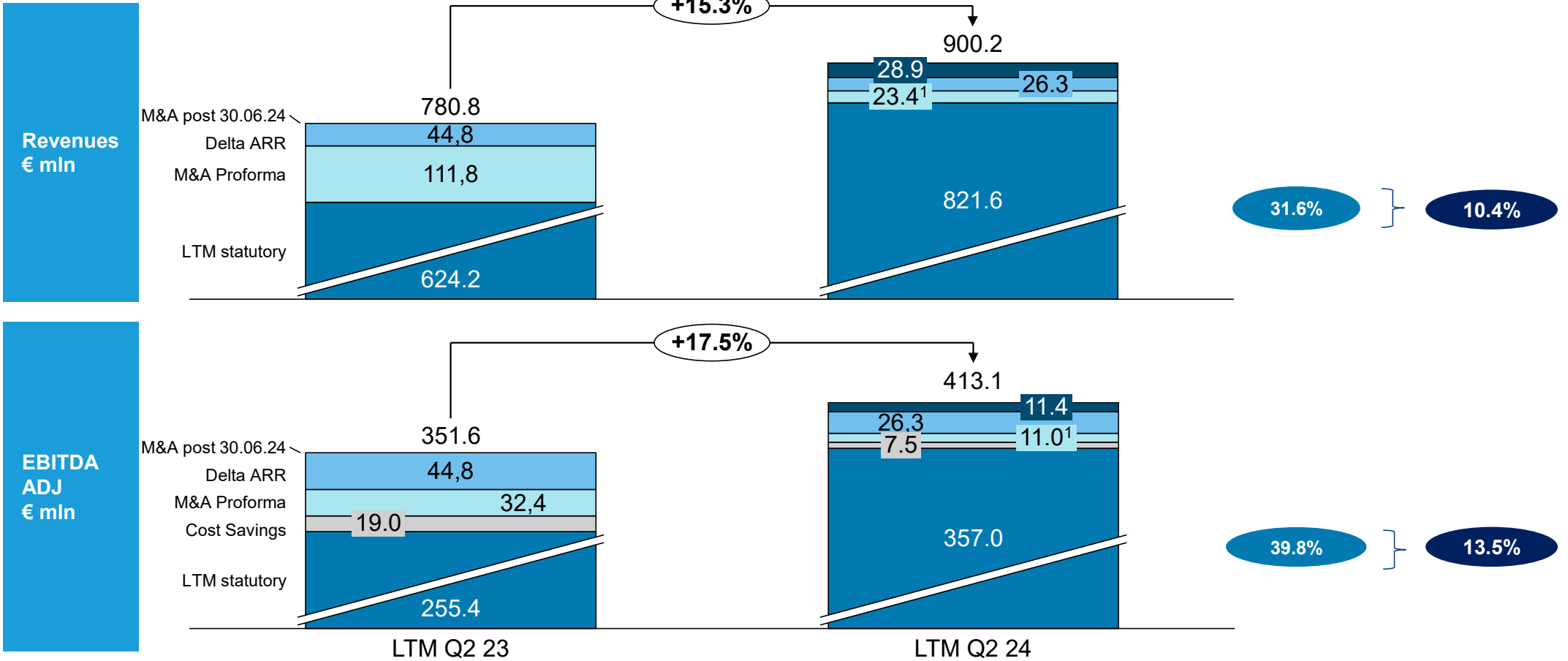
LTM Pro-Forma (2024 vs 2023)

LTM Pro-Forma Q2 2024

24 vs 23 (%)

LTM Statutory organic growth

€ Mln



1. Include IFRS29 for MikroGroup (8.6 €Mln revenues 6.3 € Mln EBITDA)

Key drivers of TeamSystem 2024 H1 statutory Results

P&L and Operating Costs by Nature - TeamSystem group | H1 2024 vs H1 2023 Statutory, € Mln

	2023 Stat	2024 Stat	Δ 24 vs 23' (%)	% YoY Organic Growth
REVENUES	335.3	423.7	26.4%	8.8%
Recurring Revenues	272.7	364.3	33.6%	14.7%
Op.Cost	202.2	247.5	22.4%	4.6%
COGS¹	61.3	66.1	7.8%	1.4%
Personnel	105.0	134.7	28.3%	5.6%
Personnel Like	13.3	16.5	24.4%	1.2%
Non Personnel	33.2	47.3	42.7%	10.4%
Capitalized development Cost	10.5	17.1	63.2%	8.9%
Adjusted EBITDA	133.1	176.2	32.4%	15.2%
% of Revs	39.7%	41.6%	1.9ppt	
Bad Debt	3.6	3.8	7.7%	-2.6%

A COGS

- Cogs increased organically by 1.4% 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 5.6% 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 (+24%) as we continue to evolve our one-platform; ii) Marketing to sustain our brand awareness and reputation as well as new sales growth (+32%)

D Capitalised development costs

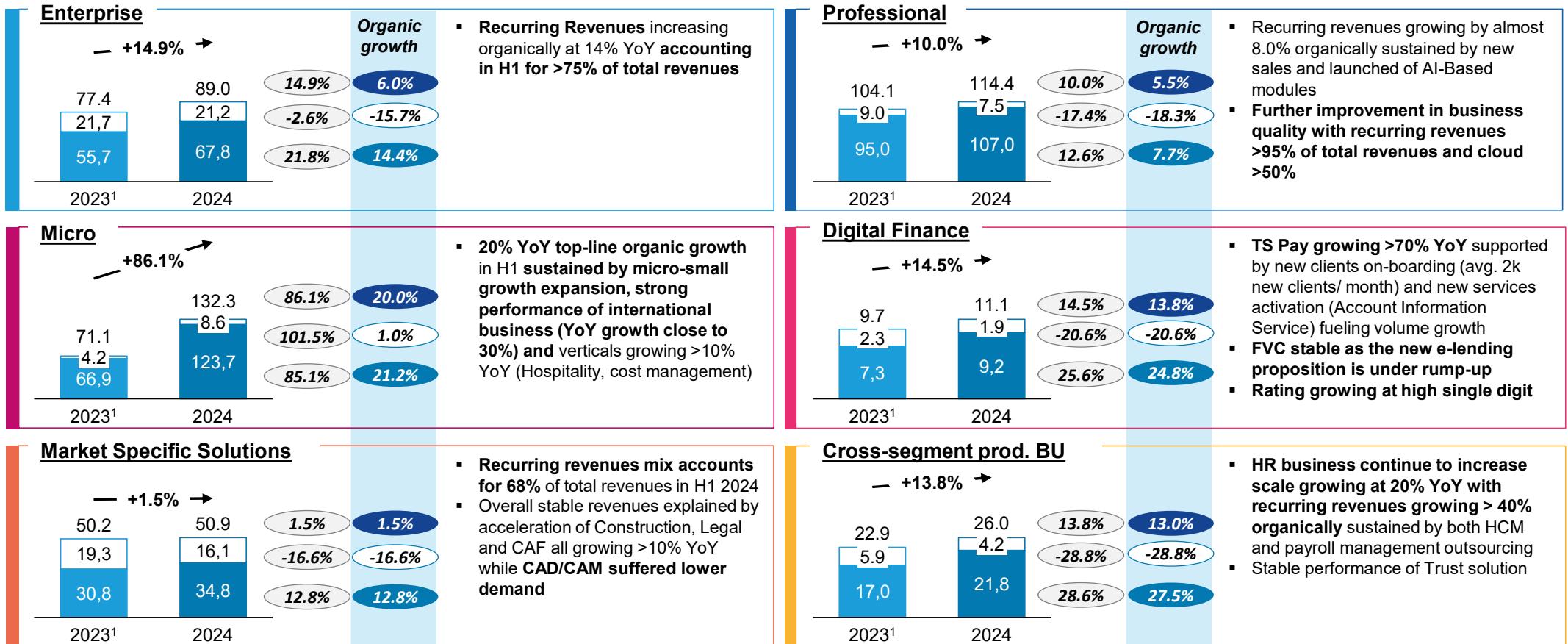
- Growth of capitalised development costs at statutory level (+63.1%) driven by new acquired companies (mainly Mikrogroup, GreeNext and Mail-up) and creation of R&D-center in Albania.

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

Statutory Revenues mix by BU

Statutory Revenues¹ by BU | H1 2024 vs H1 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

H1 2024, € Mln

	2024 Stat	Enterprise	Professional	Micro	Digital Finance	Market Specific Solution	Cross-BU Solutions
Revenues	423.7	89.0	114.4	132.3	11.1	50.9	26.0
<i>Recurring</i>	364.3	67.8	107.0	123.7	9.2	34.8	21.8
<i>Other Revenues</i>	59.4	21.2	7.5	8.6	1.9	16.1	4.2
COGS + CS + Del	-105.1	-20.7	-23.2	-20.5	-3.9	-26.2	-10.6
- <i>COGS A&M, HW, Edu, Oth.</i>	-49.4	-6.4	-7.1	-9.4	-2.3	-20.3	-3.9
- <i>Delivery</i>	-22.6	-7.6	-3.9	-3.7	-0.1	-4.4	-3.0
- <i>CS/CSM/Fin Ops</i>	-33.0	-6.6	-12.3	-7.5	-1.5	-1.5	-3.7
Gross Margin	318.6	68.3	91.2	111.8	7.2	24.7	15.5
<i>Gross Margin % of Revs (2024)</i>	75.2%	76.7%	79.7%	84.5%	65.1%	48.5%	59.5%
- Sales & Mktg	-56.9	-13.5	-14.2	-20.4	-0.6	-6.0	-2.1
- R&D	-28.6	-7.2	-6.2	-8.8	-0.9	-2.7	-2.8
- G&A	-18.5	-4.3	-3.8	-4.7	-1.5	-3.3	-0.8
I Margin	214.6	43.3	66.9	77.8	4.2	12.8	9.7
<i>I Margin % of Revs (2024)</i>	50.6%	48.6%	58.5%	58.8%	37.7%	25.1%	37.1%
<i>I Margin % of Revs (2023)</i>	49.5%	48.3%	59.2%	60.7%	39.3%	22.6%	37.8%
<i>Delta I Margin (24 vs 23)</i>	1.2ppt	0.4ppt	-0.7ppt	-2.0ppt	-1.6ppt	2.4ppt	-0.7ppt
Indirect Costs	-55.5						
<i>% of Revs</i>	-13.1%						
Capitalized Development Costs	17.1						
Adjusted EBITDA	176.2						
<i>% of Revs</i>	41.6%						

Key highlights

- **Improvement in I Margin compared to 2023 (+1.2 p.p.). This is explained by:**
 - Better business mix (higher incidence of BU like Micro driving average up)
 - **Improvement in MSS thanks to acceleration of Legal, CAF and Construction business and lower re-selling contribution (CAD/CAM)**
- Main dynamics at BU level:
 - **Higher Sales & Marketing costs in Professional and Micro to further sustain top-line.**
- Stable indirect costs incidence (+0.2 p.p) despite investments on cybersecurity and AI

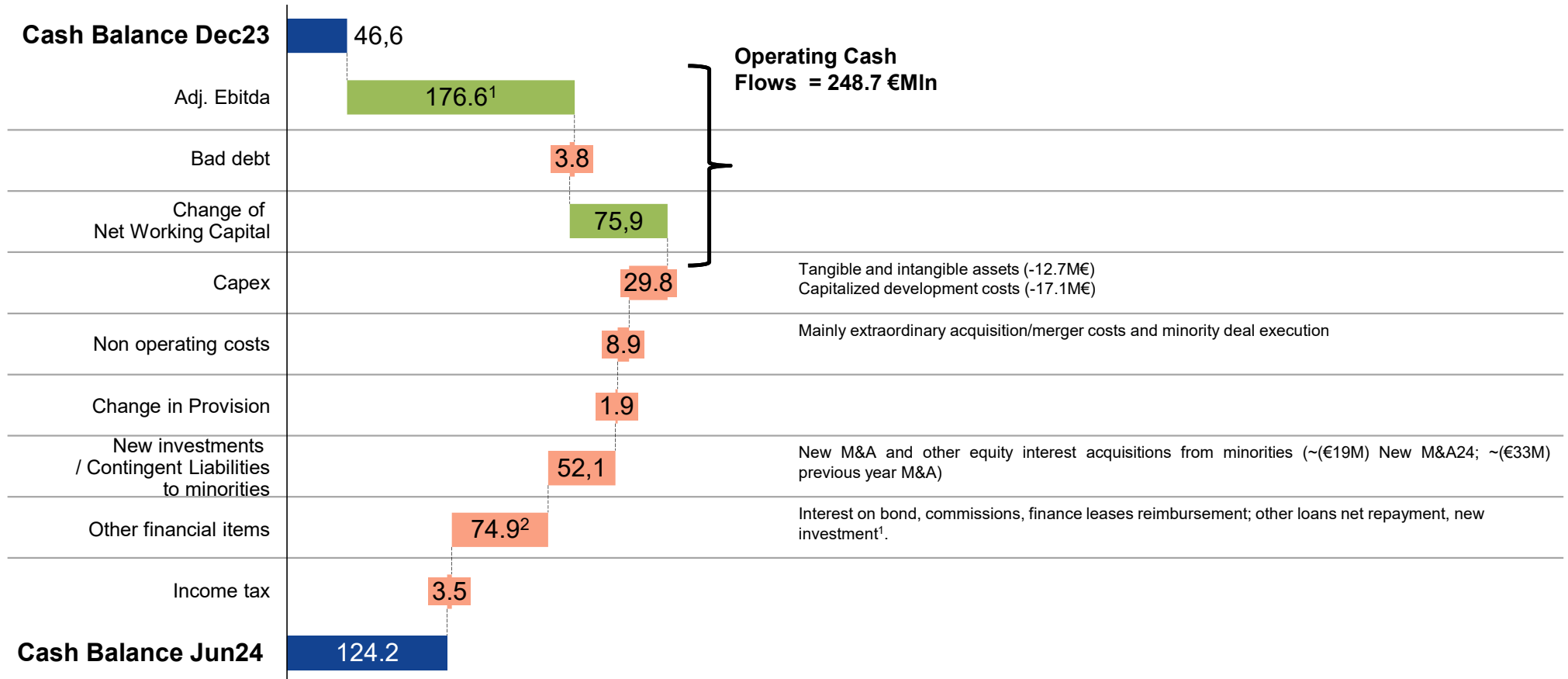
Net financial Position – Q2 2024

Eur Millions	Jun 30 2024 TeamSystem SpA Pro-forma	Jun 30 2024 TeamSystem SpA	Mar 31 2024 TeamSystem SpA	Dec 31 2023 TeamSystem SpA	Mar 31 2023 TeamSystem SpA
Cash and Bank balances	424.2M€	124.2M€	62.0 M€	46.6M€	95.8 M€
Cash out net of Cash and Bank balances new Acquisitions (not consolidated)	-125.3M€	0.0 M€	-4.4M€	-7.6M€	-136.8M€
Guarantee ancillary facility	-1.7 M€	-1.7 M€	-1.7 M€	-1.6 M€	-2.1 M€
Notes	-1.850.0 M€	-1.530.0 M€	-1.530.0 M€	-1.530.0 M€	-1.335.0 M€
RCF	0.0 M€	0.0 M€	-15.0 M€	0.0 M€	0.0 M€
Consolidated Senior Secured Net Leverage	-1.552.8 M€	-1.407.5 M€	-1.489.1M€	-1.492.6 M€	-1.378.1 M€
Other financial assets	9.3 M€	9.3 M€	9.4 M€	11.6 M€	10.5 M€
Accrued interests on Notes/RCF (net of hedging accrued interests)	-20.4 M€	-20.4 M€	-23.1 M€	-21.3 M€	-18.8 M€
Other financial liabilities	-3.5M€	-3.5M€	-3.4 M€	-5.0 M€	-3.6 M€
Other financial liabilities/assets new Acquisitions (not consolidated)	-9.6 M€	+0.0 M€	+0.0 M€	+0.0 M€	-3.3M€
Finance Leases Liabilities	-29.4 M€	-29.4 M€	-29.7 M€	-29.3 M€	-23.6 M€
Total Net Financial Position	-1.606.4 M€	-1.451.5 M€	-1.535.9 M€	-1.536.6 M€	-1.416.9M€
Leverage ratio	3.88X	3.61x	3.83x	3.85X	3.93X

Detailed next

Cash flow Bridge

Q2 2024, € Mln



1. Adj. EBITDA at TeamSystem Spa level. Holdcos EBITDA – 0.3 € Mln | 2. Other financial items are composed by interests on Notes (-75.5M) and other items (+0.6M)

Appendix



Reconciliation of net financial indebtedness for Q2 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 TEAMSYSTEM HOLDCO GROUP vs TEAMSYSTEM SPA GROUP	TEAMSYSTEM HOLDCO CONSOLIDATED	TEAMSYSTEM HOLDCO STAND ALONE NET OF INTERCOMPANY	TEAMSYSTEM HOLDCO 1 STAND ALONE NET OF INTERCOMAPY	TEAMSYSTEM HOLDCO 2 STAND ALONE NET OF INTERCOMAPY	TEAMSYSTEM HOLDCO 3 CONSOLIDATED	TEAMSYSTEM HOLDCO 3 STAND ALONE NET OF INTERCOMAPY	TEAMSYSTEM SPA CONSOLIDATED
Other financial assets	28.964	-	-	-	28.964	-	28.964
Cash and bank balances	124.353	23	30	2	124.298	81	124.218
Financial liabilities with banks and other institutions	(2.050.339)	-	-	0	(2.050.339)	(301.447)	(1.748.892)
TOTAL	(1.897.022)	23	30	2	(1.897.077)	(301.366)	(1.595.711)

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 (i) revenues expected to be recognized in the next year on the basis of the subscription agreements with customers for main Cloud products, net of churn, and (ii) the actual LTM revenues
- **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.