



# 9M 2024 Financial Review

29<sup>th</sup> November 2024

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## TeamSystem Q3 & 9M 2024 performance summary

### Financial performance

- We have achieved **933.6 €M** of LTM revenues on a pro-forma basis (up from **833.8 € M** of LTM revenues in Q3 2023) representing a **11.7% organic YoY growth**. On a Statutory basis, we reached **653.6 € M** of revenues at the end of Q3 2024 (+28.0% vs 9M 2023)
- **LTM EBITDA Adj. has increased to 426.4 €M** on a pro-forma basis, representing a **15.1% organic growth YoY**. On a Statutory basis **EBITDA Adjusted margin** has improved by **1.9 p.p.** reaching 43.1% in the first 9 months
- ARR is growing +14.6% organically compared to September 2023 and has exceeded 750 €M
- **In the first 9 months of 2024 we have achieved double digit organic growth of recurring revenues (+14.3% at group level)** with total revenues growing at **11.0% vs the same period of 2023**.
- **Organic YoY growth of revenues in Q3 was 14.1%** (+15.0% for recurring revenues)

### Business evolution and Macro

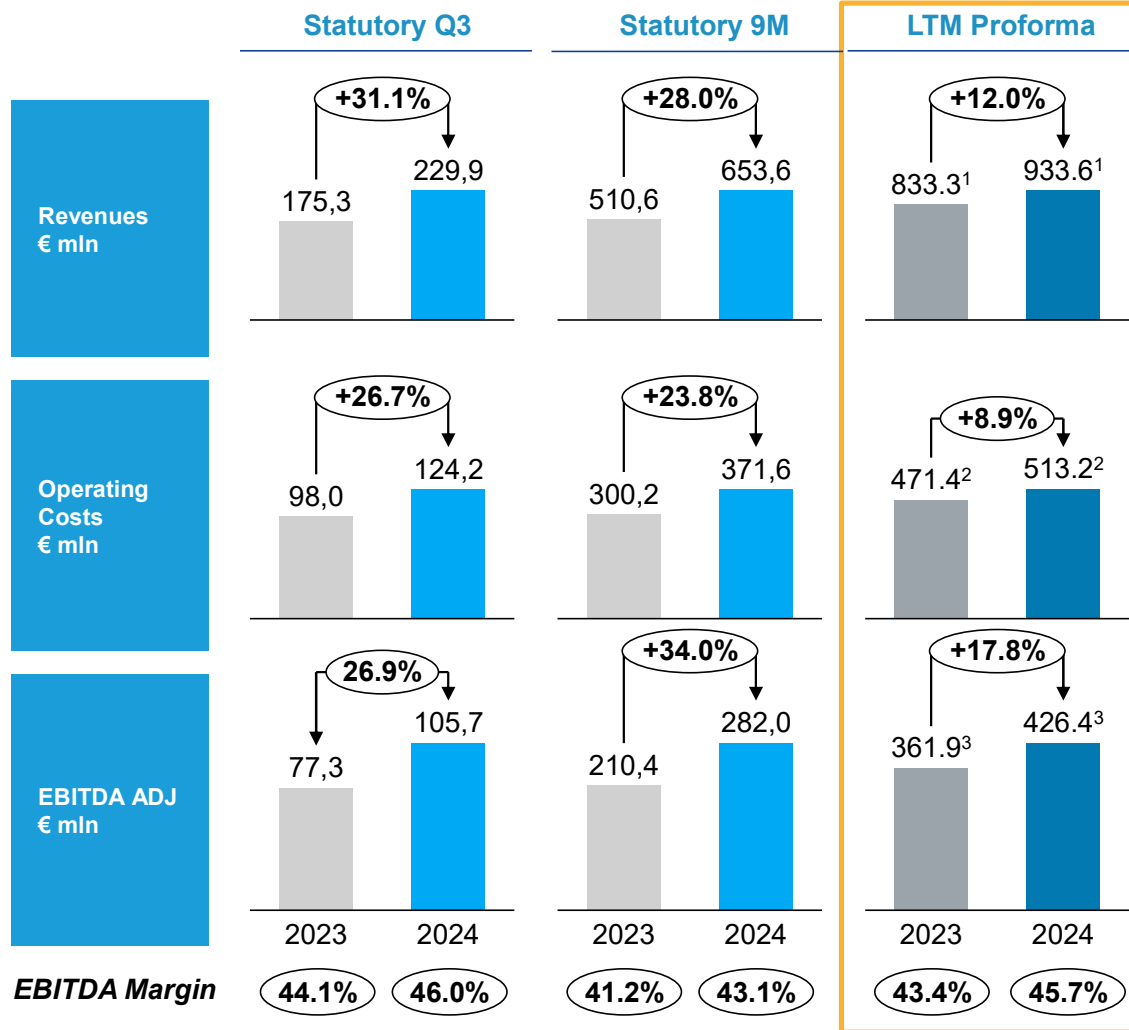
- **Pietro Maranzana was appointed as Chief Financial Officer of the Group on 20<sup>th</sup> November**
- **In Italy the Real Time Turnover Index highlights a general improvement of the economic conditions in September.** The reduction of interest rates (-50 Bps) expecting to generate positive financial impact on companies

### Financial position and leverage

- **Operating cash flow was 322.4 €M** during 9M2024 (+55% vs 9M 2023)
- **Total Net Leverage ratio stands at 3.89x** at the end of September 2024 (vs 3.85x end of year 2023). The solid cash generation of the first 9 months of the year offset the July bond issuance and the payment of 229.4 €M of considerations for past and new M&A
- **In July we issued a new public bond for 700 €M** intended to, among others, repay privately placed bond, finance bolt-on M&A.
- In October we redeemed the 195€M FRN due in 2030 as part of the 700€M debt issuance of last July

# Q3 & 9M 2024 Performance Overview – TeamSystem Group

Deep-dive next slides



## Revenues

- **Good performance in Q3 (+31.1% vs Q2 2023) thanks to consolidation of Recurring Revenues growth (+14.3% organic YoY growth in 9M, +15.0% in Q3)**
- **Dynamics at BU level – see page 7 for more details**
  - Recurring revenues consolidating the positive trends of the past quarters. All the BUs growing organically close or above 10% YoY
  - Micro continue to sustain the group top-line growing organically >20% YoY sustained by both international business (Spain and Turkey) and FIC
  - Cross-Selling Products expanding organically at double digit rate thanks to HR.

## Operating costs and Margin

- **Adj. EBITDA in Q3 +26.9% YoY at 105.7 € Mln (46.0% Margin)**
- **On a Proforma basis EBITDA Adj Margin has improved by ~2.3 p.p. thanks to organic improvement of business and synergies from new M&A integration**

# LTM Pro-Forma (2024 vs 2023)

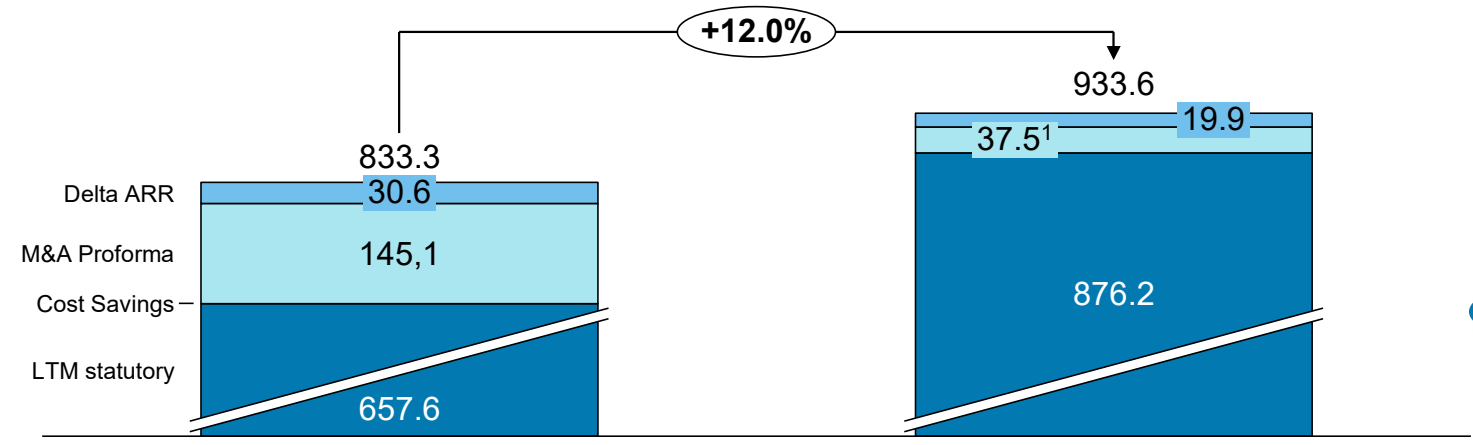
LTM Pro-Forma Q3 2024

24 vs 23 (%)

LTM Statutory organic growth

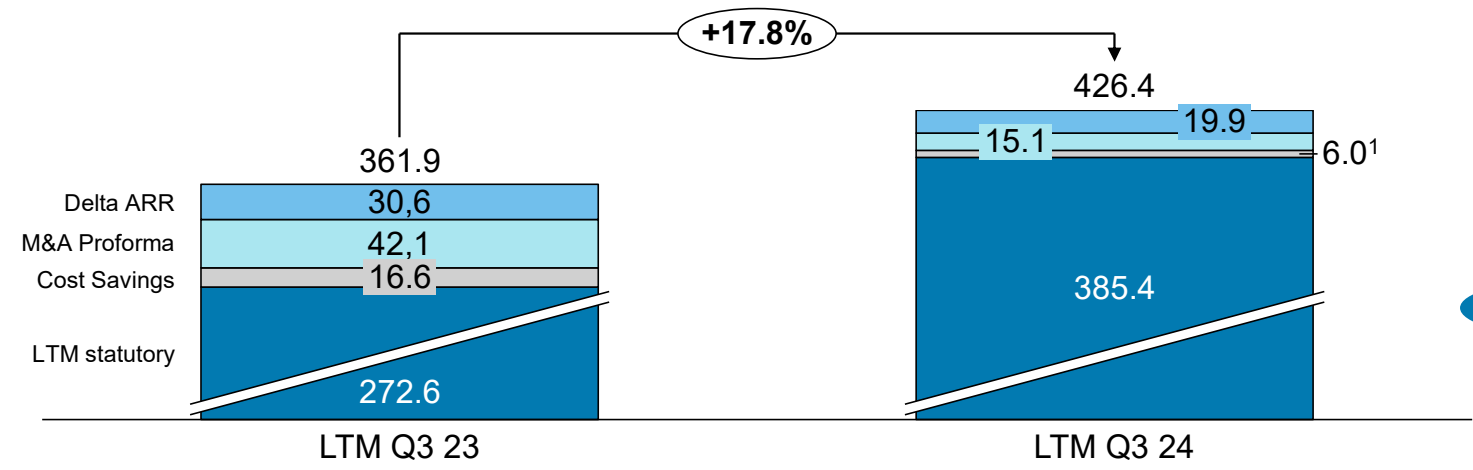
€ M

Revenues  
€ M



33.2% } 11.7%

EBITDA  
ADJ  
€ M



41.4% } 15.1%

1. Include IFRS29 for MikroGroup (16.1 €Mln revenues 13.3 €Mln EBITDA) and 1. Include delta ARR and IFRS29 for Turkey new M&A signed DistritoK, Clementine, Change Capital and Poker

# Key drivers of TeamSystem 2024 9M statutory Results

## P&L and Operating Costs by Nature - TeamSystem group | 9M 2024 vs 9M 2023 Statutory, € M

	2023 Stat	2024 Stat	Δ 24 vs 23' (%)	% YoY Organic Growth
<b>REVENUES</b>	<b>510.6</b>	<b>653.6</b>	<b>28.0%</b>	<b>11.0%</b>
Recurring Revenues	423.2	565.4	33.6%	14.3%
Op.Cost	300.2	371.6	23.8%	8.1%
<b>COGS <sup>1</sup></b>	<b>92.3</b>	<b>98.0</b>	<b>6.2%</b>	<b>-1.1%</b>
Personnel	154.7	200.1	29.4%	11.0%
Personnel Like	19.8	24.5	23.6%	2.9%
Non Personnel	50.1	74.2	48.2%	21.9%
Capitalized development Cost	16.7	25.2	51.2%	23.1%
<b>Adjusted EBITDA</b>	<b>210.4</b>	<b>282.0</b>	<b>34.0%</b>	<b>15.3%</b>
% of Revs	41.2%	43.1%	1.9ppt	
Bad Debt	5.3	5.8	8.5%	3.7%

### A COGS

- Cogs decreased organically by 1.1% driven by i) reduction in COGS Hardware and Machinery; ii) lower weight of 3<sup>rd</sup> party-SW sales as we continue to improve revenue quality. The decrease more than compensated higher infra-cloud cost driven by cloud revenue evolution

### B Personnel & Personnel like

- Personnel costs have increased organically by 11.0% driven by annual salary-review and acceleration of new hiring in Q3 mainly among sales, R&D and central functions
- Limited growth on personnel like costs as a results of stable sales agents cost and increasing spending on external R&D support

### C Non-Personnel

- Increase in Non-Personnel costs driven by i) R&D Consulting; ii) Marketing to sustain our brand awareness and reputation as well as new sales growth (>10%); iii) HR Costs (company-wide event in July 2024, )

### D Capitalised development costs

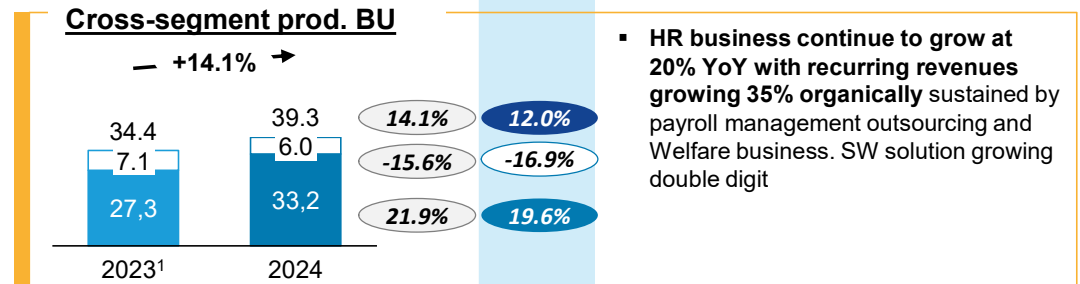
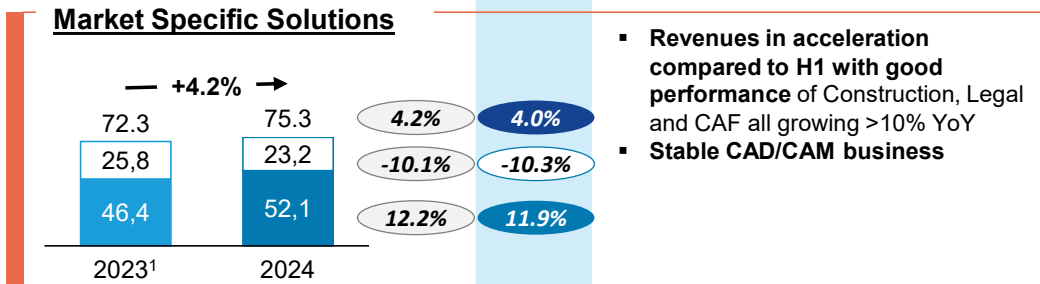
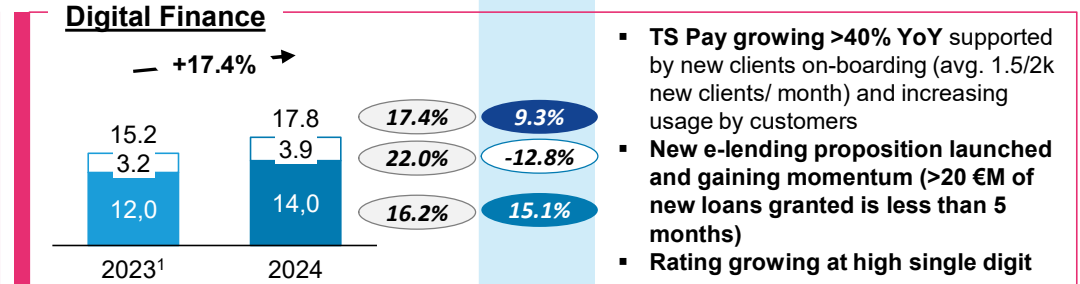
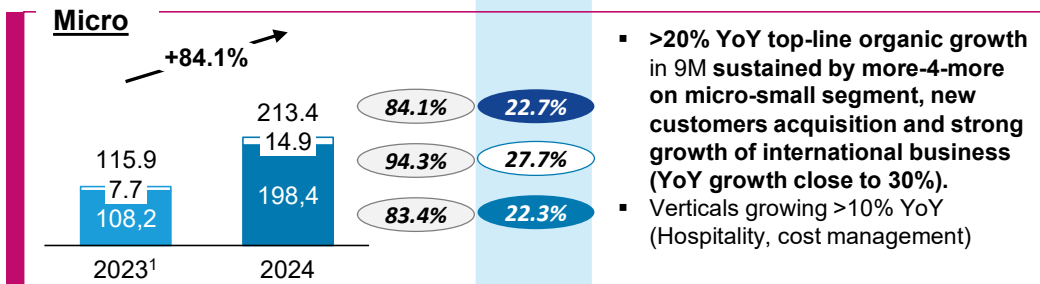
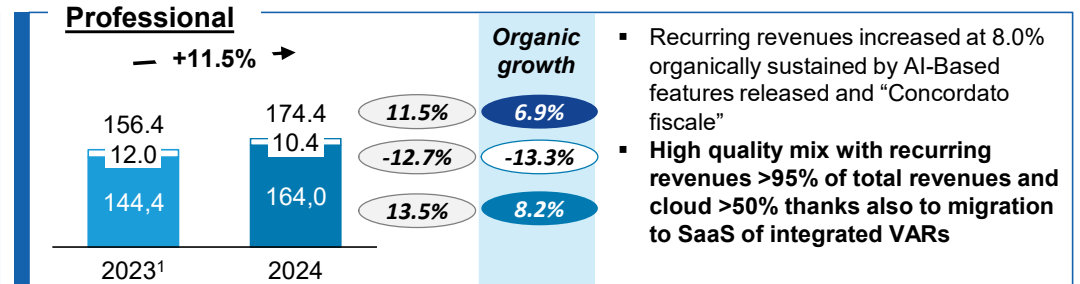
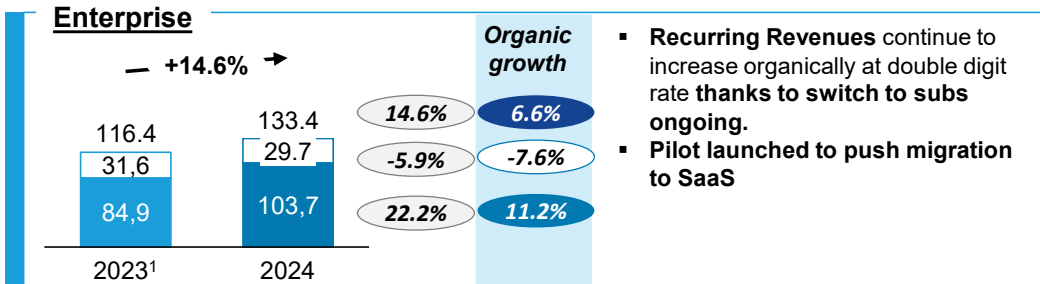
- Growth of capitalised development costs in line with R&D cost evolution

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

# Statutory Revenues mix by BU

## Statutory Revenues<sup>1</sup> by BU | 9M 2024 vs 9M 2023, € M

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

9M 2024, € M

	2024 Stat	Enterprise	Professional	Micro	Digital Finance	Market Specific Solution	Cross-BU Solutions
<b>Revenues</b>	<b>653.6</b>	<b>133.4</b>	<b>174.4</b>	<b>213.4</b>	<b>17.8</b>	<b>75.3</b>	<b>39.3</b>
Recurring	565.4	103.7	164.0	198.4	14.0	52.1	33.2
Other Revenues	88.2	29.7	10.4	14.9	3.9	23.2	6.0
<b>COGS + CS + Del</b>	<b>-156.2</b>	<b>-30.6</b>	<b>-32.8</b>	<b>-31.5</b>	<b>-6.1</b>	<b>-39.5</b>	<b>-15.6</b>
- COGS A&M, HW, Edu, Oth.	-74.7	-9.9	-9.8	-14.7	-3.4	-31.0	-5.9
- Delivery	-32.4	-11.1	-5.5	-5.1	-0.1	-6.3	-4.2
- CS/CSM/Fin Ops	-49.0	-9.6	-17.6	-11.7	-2.5	-2.2	-5.5
<b>Gross Margin</b>	<b>497.4</b>	<b>102.8</b>	<b>141.5</b>	<b>181.8</b>	<b>11.8</b>	<b>35.8</b>	<b>23.7</b>
Gross Margin % of Revs (2024)	76.1%	77.1%	81.2%	85.2%	65.9%	47.5%	60.3%
- Sales & Mktg	-82.9	-19.3	-21.0	-29.9	-1.3	-8.5	-3.0
- R&D	-43.0	-10.5	-8.9	-13.8	-1.5	-3.9	-4.4
- G&A	-27.8	-6.2	-5.6	-7.3	-2.6	-4.8	-1.2
<b>I Margin</b>	<b>343.7</b>	<b>66.7</b>	<b>106.0</b>	<b>130.8</b>	<b>6.4</b>	<b>18.6</b>	<b>15.1</b>
I Margin % of Revs (2024)	52.6%	50.0%	60.8%	61.3%	35.7%	24.7%	38.4%
I Margin % of Revs (2023)	50.9%	49.7%	61.0%	62.2%	41.2%	22.3%	35.5%
Delta I Margin (24 vs 23)	1.7ppt	0.3ppt	-0.2ppt	-0.8ppt	-5.4ppt	2.5ppt	2.9ppt
<b>Indirect Costs</b>	<b>-86.9</b>						
% of Revs	-13.3%						
Capitalized Development Costs	25.2						
<b>Adjusted EBITDA</b>	<b>282.0</b>						
% of Revs	43.1%						

## Key highlights

- **Improvement in I Margin compared to 2023 (+1.7 p.p.). This is explained by:**
  - Better business mix thanks to higher weight of Micro (33% of total group revenues up +10 p.p. vs '23)
  - Decrease I Margin for Digital Finance driven by e-lending business (strengthening of the organization and costs of agents)
  - Improvement of Cross-BU solutions by 2.9 p.p. thanks to greater scale
  - Improvement in MSS thanks to lower contribution from re-selling business (CAD/CAM)
- Stable indirect costs weight (+0.3 p.p vs '23) despite several investments on IT, Cyber, etc.



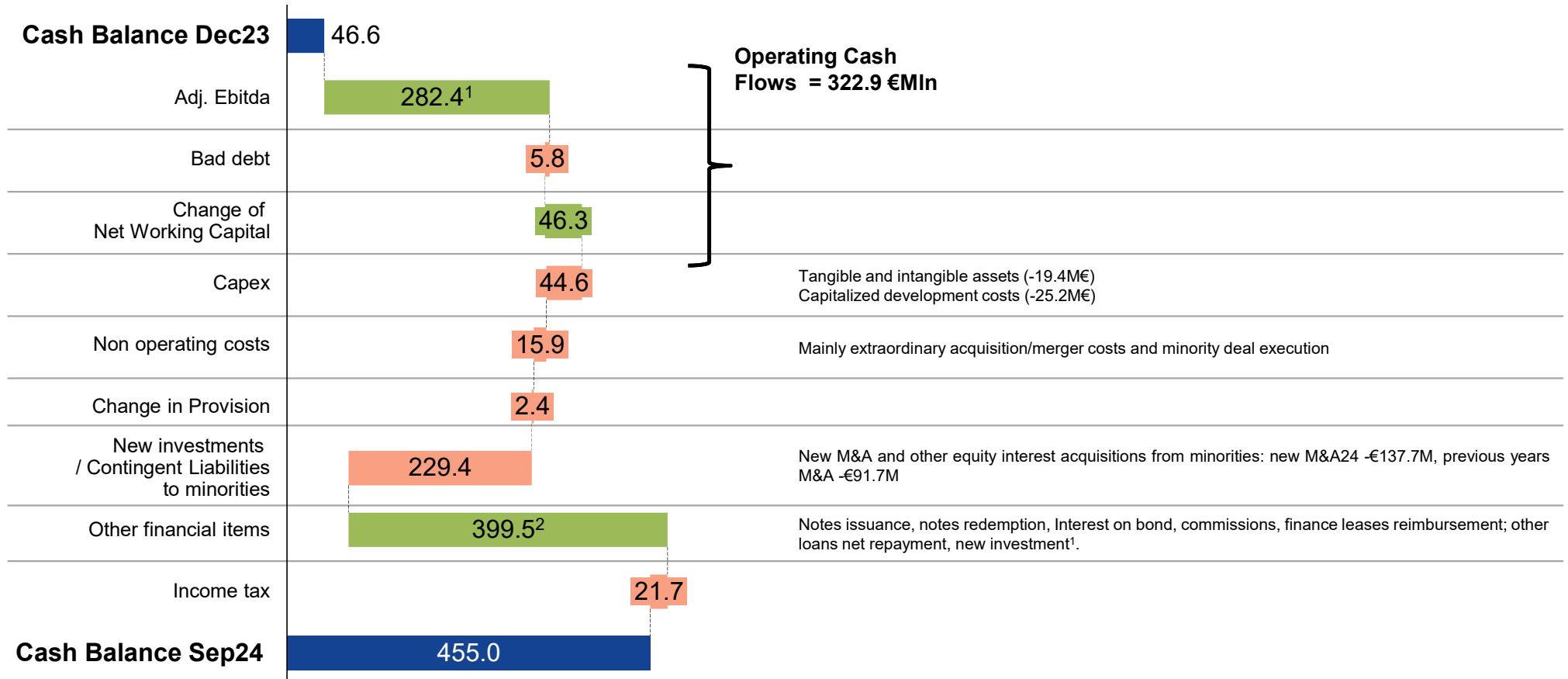
# Net financial Position – Q3 2024

Eur Millions	Sept 30 2024 TeamSystem SpA	Jun 30 2024 TeamSystem SpA	Mar 31 2024 TeamSystem SpA	Dec 31 2023 TeamSystem SpA
Cash and Bank balances	455.0M€	124.2M€	62.0 M€	46.6M€
Cash out net of Cash and Bank balances new Acquisitions (not consolidated)	-12.0M€	0.0 M€	-4.4M€	-7.6M€
Guarantee ancillary facility	-1.7 M€	-1.7 M€	-1.7 M€	-1.6 M€
Notes	-2.045.0M€	-1.530.0 M€	-1.530.0 M€	-1.530.0 M€
RCF	0.0 M€	0.0 M€	-15.0 M€	0.0 M€
<b>Consolidated Senior Secured Net Leverage</b>	<b>-1603.7 M€</b>	<b>-1.407.5 M€</b>	<b>-1.489.1M€</b>	<b>-1.492.6 M€</b>
Other financial assets	9.2 M€	9.3 M€	9.4 M€	11.6 M€
Accrued interests on Notes/RCF (net of hedging accrued interests)	-27.8 M€	-20.4 M€	-23.1 M€	-21.3 M€
Other financial liabilities	-9.6M€	-3.5M€	-3.4 M€	-5.0 M€
Other financial liabilities/assets new Acquisitions (not consolidated)	-0.0M€	+0.0 M€	+0.0 M€	+0.0 M€
Finance Leases Liabilities	-28.7 M€	-29.4 M€	-29.7 M€	-29.3 M€
<b>Total Net Financial Position</b>	<b>-1.660.6 M€</b>	<b>-1.451.5 M€</b>	<b>-1.535.9 M€</b>	<b>-1.536.6 M€</b>
<b>Leverage ratio</b>	<b>3.89X</b>	<b>3.61x</b>	<b>3.83x</b>	<b>3.85X</b>

 Detailed next

# Cash flow Bridge

Q3 2024, € M



1. Adj. EBITDA at TeamSystem Spa level. Holdcos EBITDA – 0.4 € Mln | 2. Other financial items are composed by new notes issuance (700.0M), redemption existing notes (-185.0) interests on Notes (-101.7M) and other items (-13.8M)

# Appendix



## Reconciliation of net financial indebtedness for Q3 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 TEASYSYSTEM HOLDCO GROUP vs TEASYSYSTEM SPA GROUP	TEASYSYSTEM HOLDCO CONSOLIDATED	TEASYSYSTEM HOLDCO STAND ALONE NET OF INTERCOMPANY	TEASYSYSTEM HOLDCO 1 STAND ALONE NET OF INTERCOMAPY	TEASYSYSTEM HOLDCO 2 STAND ALONE NET OF INTERCOMAPY	TEASYSYSTEM HOLDCO 3 CONSOLIDATED	TEASYSYSTEM HOLDCO 3 STAND ALONE NET OF INTERCOMAPY	TEASYSYSTEM SPA CONSOLIDATED
Other financial assets	19.544	-	-	-	19.544	1	19.542
Cash and bank balances	455.209	39	82	37	455.052	70	454.982
Financial liabilities with banks and other institutions	(2.568.965)	-	-	-	(2.568.965)	(310.676)	(2.258.289)
<b>TOTAL</b>	<b>(2.094.212)</b>	<b>39</b>	<b>82</b>	<b>37</b>	<b>(2.094.369)</b>	<b>(310.605)</b>	<b>(1.783.765)</b>

# 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.