



## 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.**

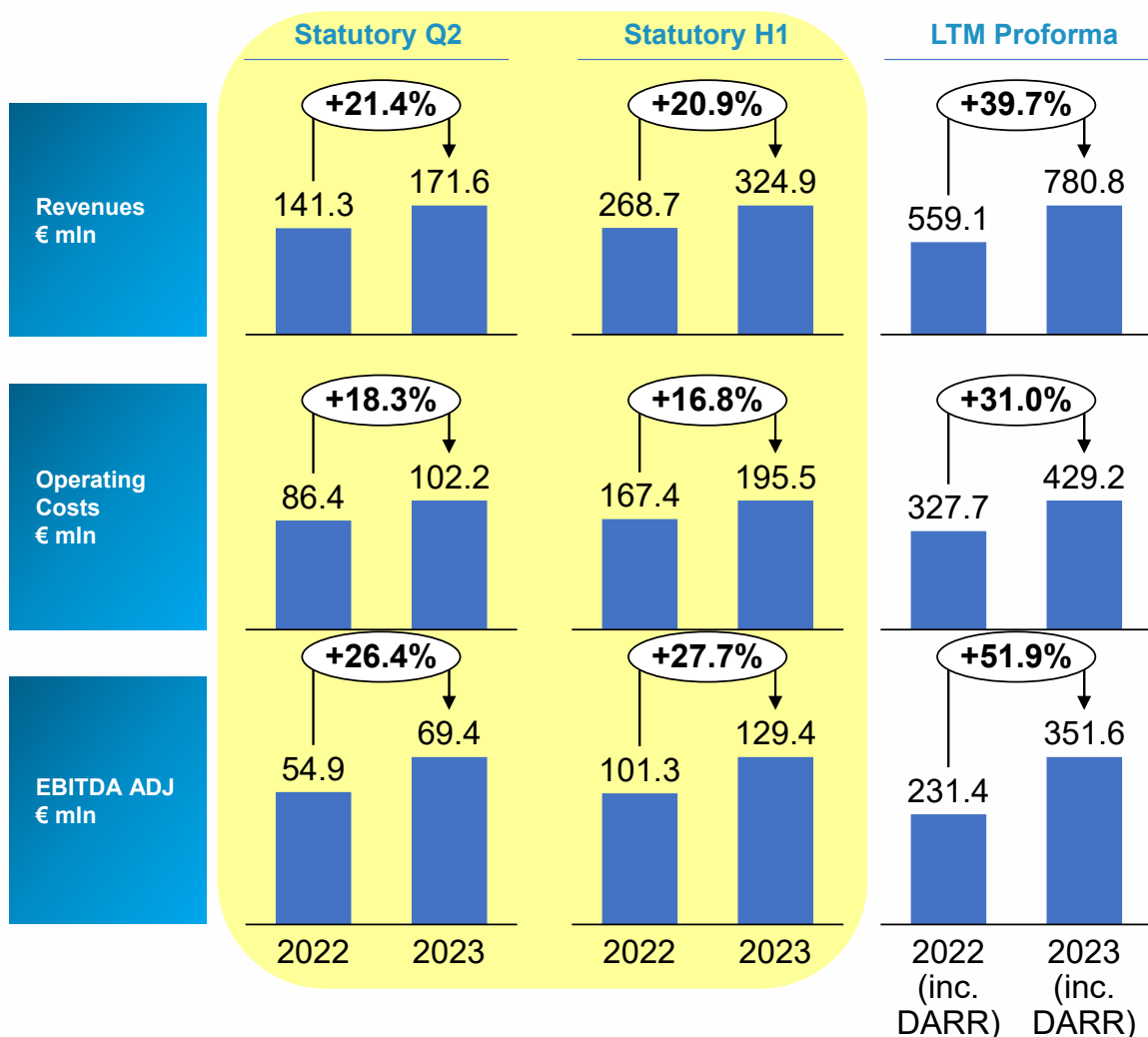
## Other events

- **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

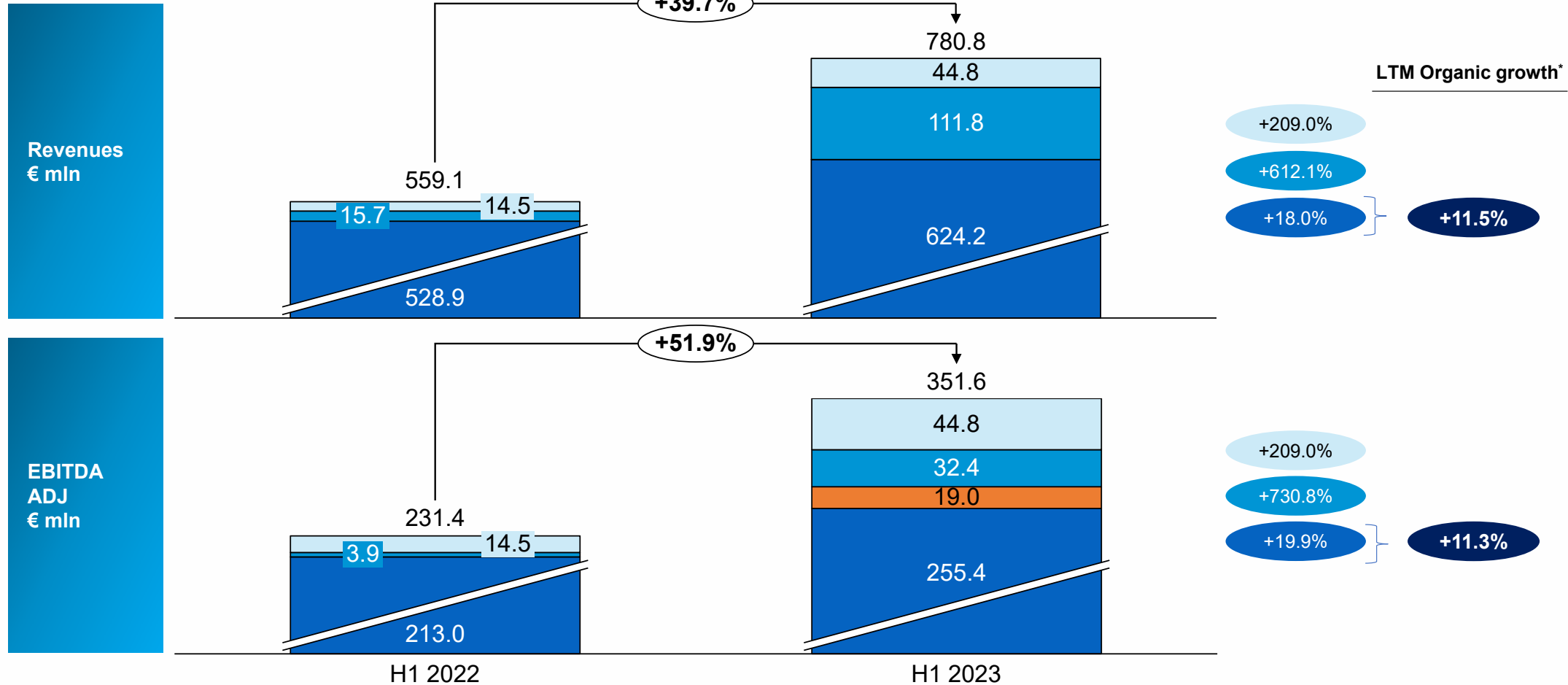
# TeamSystem H1 2023 results summary



- **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, Topservice, 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>9,0</b>	<b>12,7</b>	<b>6,7</b>	<b>1,8</b>	<b>4,4</b>	<b>1,7</b>	<b>36,3</b>
Capitalized Development Costs	2,6	3,2	2,5	0,5	1,2	0,5	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 Stat vs 2022 Stat	%	% YoY Organic 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 TeamSystem SpA	Mar 31 2023 TeamSystem SpA	Dec 31 2022 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€) 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 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	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>