



2023 Q1 Financial Review

May 30th 2023

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TeamSystem Q1 2023 performance summary

Q1 2023 Statutory

- We experienced **significant Q1 2023 growth** on a Statutory basis sustained by a good level of new bookings.
- The key results for the quarter are:
 - **Adjusted EBITDA up 29.2% vs Q1 2022** reaching **€60.0M**
 - **Revenues up 20.2% vs Q1 2022** reaching **€153.2M**
- **Top line growth was driven by strong organic performance of Microbusiness, Digital Finance and Enterprise solutions.**
- **The cost base evolution reflected the investment** in Sales&Marketing and R&D from one hand and a **good cost control** on personnel and other non personnel costs

Q1 2023 LTM

- **Statutory Adjusted EBITDA and revenues LTM Q1 2023** vs LTM Q1 2022 increased **+16.5%** and **+17.1%**. Double digit top line organic growth at 16,6%
- **Pro Forma Adjusted EBITDA and revenues LTM Q1 2023** vs LTM Q1 2022 increased **+58.6%** and **+40.9%** respectively on a pro-forma.

Leverage

- **Leverage ratio decreased to 3.93x** at the end of Q1 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 Q1 2023, **Cash and bank balances** amounted to **€96.1M on a statutory level.**

Other events

- **Q4 2022 and Q1 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.
- In May **Silver Lake entered into a definitive agreement with H&F to invest in TeamSystem** through the acquisition of a minority stake. This transaction brings a very experienced software investor with the same growth objectives for the company.

Macro context

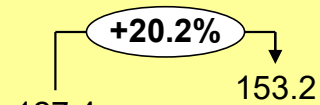
- **The Italian economy continues to show good level of resiliency** with a significant investment in SW and digitalization. Our order intake remains strong as in the previous quarters
- **Inflation is still high (>8%),** we are experiencing a limited impact on our cost base, while we retain our ability to pass CPI to our customers

TeamSystem Q1 2023 results summary

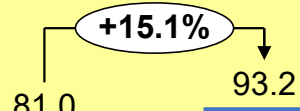
Euro mln

Statutory Q1

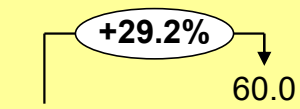
Revenues
€ mln



Operating Costs
€ mln



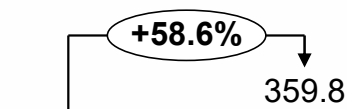
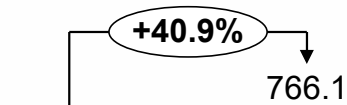
EBITDA ADJ
€ mln



Q1 2022

Q1 2023

LTM Proforma



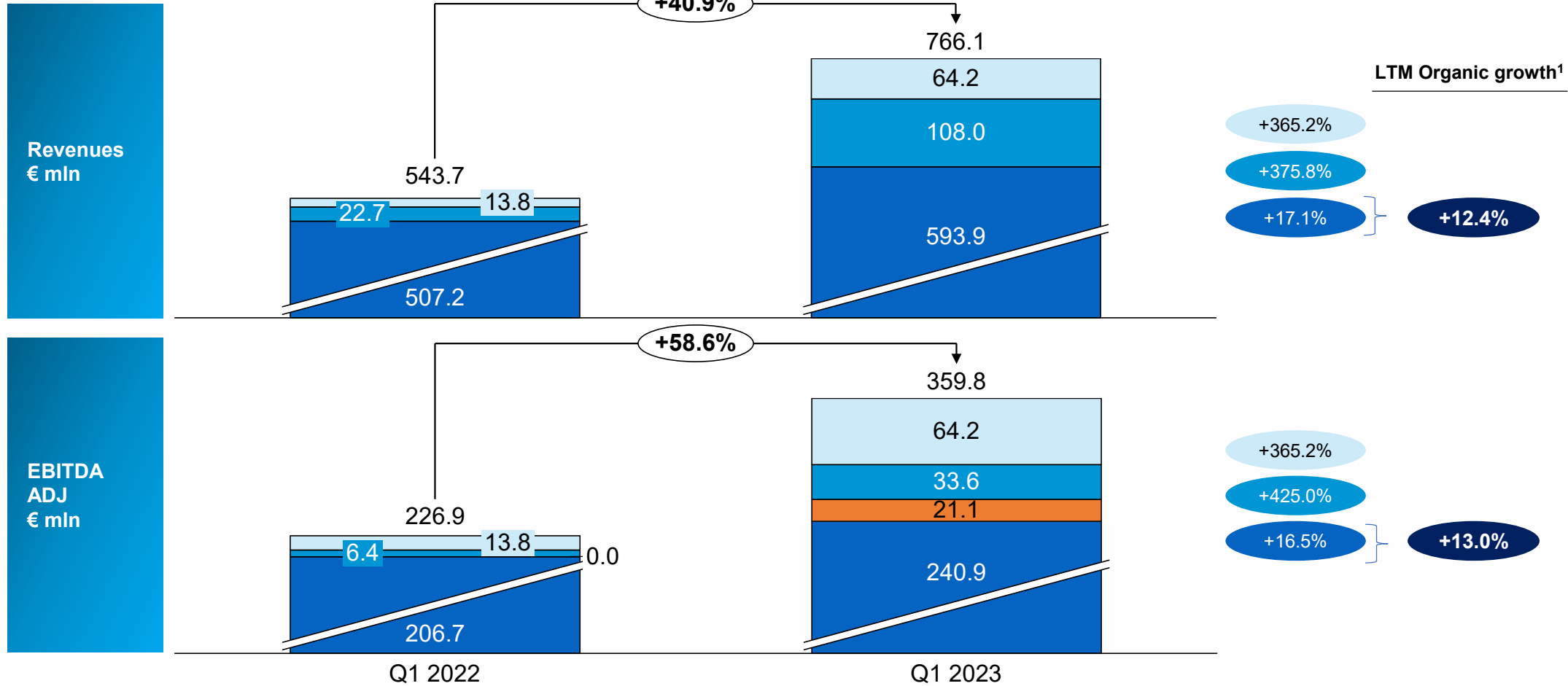
LTM March
2022 incl.
delta ARR

LTM March
2023 incl.
delta ARR

- **Significant 2023 Q1 growth** (higher than 2022 by €25.7M) in **Recurring (+18.6% vs Q1 2022)** and **Other revenues (+29.6% vs Q1 2022)** mainly driven by **Microbusiness (+28.4% vs Q1 2022)**, **Digital Finance (+19.6% vs Q1 2022)** and **Enterprise solutions (+19.9% vs Q1 2022)**;
- **Strong organic growth in Revenues (16.6% vs Q1 2022)** both in **Recurring (17.2% vs Q1 2022)** and **Other Revenues (13.4% vs Q1 2022)**;
- **Operating costs significant growth vs Q1 2022 (+15.1%) scales compared to revenues** mainly driven by **organic components (+10.4% vs Q1 2022)**.
- **LTM proforma Revenues and EBITDA** show effects of **new M&A** (€108.0M on Revs, €33.6M on EBITDA), **DARR** (€64.2M) and **Cost savings** (€21.1M).

LTM Revenues and ADJ EBITDA as of Q1

Euro mln



¹ Excluding StoreDen, ITR, ProgettoStudio, Biemme, TS 10, Fin Tech, CZ, Progetto Software, SIA, Algoritmi, Readytec, Readytec Emilia and Sell-in adjustment as per VAR insourcing

Statutory P&L by BU

Euro mln

P&L by Business Unit	Enterprise	Professional	Micro	Digital Finance	Market Specific Solutions	HR	2023 Stat
Revenues	35,1	46,1	35,2	4,5	25,6	6,8	153,2
Direct Costs	18,9	22,1	13,4	2,8	18,9	4,9	80,9
I margin	16,2	24,0	21,8	1,7	6,7	1,8	72,3
<i>% of Revs</i>	<i>46,1%</i>	<i>52,2%</i>	<i>62,0%</i>	<i>38,1%</i>	<i>26,2%</i>	<i>26,9%</i>	<i>47,2%</i>
Indirect Costs	4,3	6,5	3,4	0,8	2,0	1,0	18,0
Capitalized Development Costs	1,5	1,9	1,3	0,3	0,6	0,2	5,7
Adjusted EBITDA							60,0
<i>% of Revs</i>							<i>39,2%</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 Q1 2023 the **47.2%** of the total revenues.
- **Adjusted EBITDA** includes **indirect cost** excluding **capitalizations** and represents in **Q1 2023** the **39.2%** of the total revenues

Key drivers of TeamSystem Q1 2023 statutory Revenues

Euro mln

Revenues by BU & Family	2023 Stat	2022 Stat	Var. 2023 Stat vs 2022 Stat	%	% YoY Organic Growth
Enterprise	35,1	29,3	5,8	19,9%	15,6%
Recurring	26,7	23,0	3,8	16,4%	13,6%
Other Revenues	8,3	6,3	2,0	32,3%	22,7%
Professional	46,1	39,7	6,4	16,2%	9,3%
Recurring	43,0	37,4	5,5	14,8%	9,1%
Other Revenues	3,1	2,2	0,9	39,3%	13,0%
Micro	35,2	27,4	7,8	28,4%	26,3%
Recurring	33,9	26,2	7,7	29,6%	27,4%
Other Revenues	1,3	1,2	0,0	3,6%	2,9%
Digital Finance	4,5	3,7	0,7	19,6%	19,0%
Recurring	4,2	3,2	1,0	30,6%	29,9%
Other Revenues	0,2	0,5	-0,3	-53,5%	-53,5%
Market Specific Solution	25,6	22,5	3,1	13,6%	13,9%
Recurring	16,8	14,3	2,6	18,1%	17,6%
Other Revenues	8,8	8,3	0,5	6,0%	7,7%
HR	6,8	4,8	1,9	39,8%	38,8%
Recurring	5,4	3,9	1,5	37,0%	35,7%
Other Revenues	1,4	0,9	0,5	52,6%	52,6%
Total	153,2	127,4	25,7	20,2%	16,6%
Recurring	130,1	108,0	22,1	20,4%	17,2%
Other Revenues	23,1	19,4	3,7	18,8%	13,4%

Enterprise

- **Significant organic Revenues increase** (+15.6% vs Q1 2022) driven both by **Recurring** (+13.6% vs Q1 2022) **Other Revenues** (+22.7% vs Q1 2022).

Professional

- **Significant increase on organic Recurring Revenues** (+9.1% vs Q1 2022) mainly related to **Payroll solutions**

Micro

- **Significant organic growth** (+26.3% vs Q1 2022) on **Revenues** in **all business lines** (Micro/Small Business, Micro Vertical and International business).

Digital Finance

- **Strong growth in Revenues** (+19.6% vs Q1 2022) along **all business lines** (pay, invoice trading, fiscal credit trading and rating) despite a decline in other revenues

Market Specific Solution

- **Significant growth** (+13.6% vs Q1 2022) mainly driven by **CAD/CAM** (+12.6% vs Q1 2022), **Construction business** (+18.9% vs Q1 2022) and **Digital signature solutions** (+19.5% vs Q1 2022).

HR

- **Strong growth** (39.8% vs Q1 2022) led by both **Recurring Revenues** (37.0% vs Q1 2022) and **Other Revenues** (52.6% vs Q1 2022)

Key drivers of TeamSystem Q1 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
REVENUES	153,2	127,4	25,8	20,2%	16,6%
COGS	27,8	23,3	4,5	19,5%	16,7%
Personnel	49,6	43,5	6,2	14,2%	8,5%
Personnel Like	6,1	5,0	1,2	23,7%	21,2%
Non Personnel	15,4	13,7	1,7	12,6%	8,8%
NP - Marketing	5,8	5,1	0,7	12,9%	12,9%
NP - Other NP Costs	9,6	8,6	1,1	12,3%	6,3%
Capitalised development costs	5,7	4,3	1,4	32,6%	32,2%
Adjusted EBITDA	60,0	46,4	13,6	29,2%	27,5%
% of Revs	39,2%	36,4%			

A COGS

- **Cogs - Licenses & A&M HW/SW 3P increased organic by 28.4%** vs Q1 2022 driven by recurring revenues growth and reached **€10.1M (€7.9M in Q1 2022)**.
- **Cogs - CAD/CAM reached €8.4M in Q1 2023**. The increase (+7.7% vs Q1 2022) is led by an increase of **hardware costs related to 3D printing and Machineries** as a result of the growth in sales compared to Q1 2022

B Personnel & Personnel like

- **Personnel costs increased organic by 8.5%** vs Q1 2022 mainly due to **Payslip** for investment on new resources.

C Non Personnel

- **Marketing costs increased organic by 12.9%** vs Q1 2022 to support business growth in particular on Micro/Small business segment (e-invoicing).
- **T&E increased organic by 43.7% and reached €2.8M in Q1 2023**.
- **External R&D increased organic by 113.9% and reached €1.6M in Q1 2023** due to the development and refinement of the company's products.

Net financial Position – Q1 2023

Eur Millions	Mar 31 2023 TeamSystem SpA	Dec 31 2022 TeamSystem SpA
Cash and Bank balances	95.8 M€	145.0 M€
Cash out net of Cash and Bank balances new Acquisitions (not consolidated)	-136.8M€	-111.1 M€
Guarantee ancillary facility	-2.1 M€	-2.1 M€
Notes	-1.335.0 M€	-1.335.0 M€
RCF	0.0 M€	0.0 M€
Consolidated Senior Secured Net Leverage	-1.378.1 M€	-1.303.2 M€
Other financial assets	10.5 M€	8.3 M€
Accrued interests on Notes/RCF	-18.8 M€	-14.8 M€
Other financial liabilities	-3.6 M€	-3.6 M€
Other financial liabilities new Acquisitions (not consolidated)	-3.3M€	-4.0 M€
Finance Leases Liabilities	-23.6 M€	-25.3 M€
Net Financial Position	-1.416.9M€	-1.342.6M€
Leverage ratio	3.93X	4.32X

 Detailed next

Cash flow Bridge – Q1 2023

Eur Millions	Description	Dec 31, 2020
Cash Balance Dec22		145,0
Adj. Ebitda		60,1
Bad debt		1,5
Change of Net Working Capital		15,5
Capex	Tangible and intangible assets (-5.1M€) Capitalized development costs (-5.7M€)	10,8
Non operating costs	Advisory expenses related to reorganization and cost saving projects, Staff leaving indemnity, acquisition/merger costs and settlements with clients/agents	5,3
Change in Provision		0,4
New investments / Contingent Liabilities to minorities	New M&A and other equity interest acquisitions from minorities (-€90.5M New M&A; - €0.6M M&A Carryforward)	91,1
Other financial items	Interest on bond, commissions and finance leases reimbursement; other loans net repayment, new investment, ¹ .	16,4
Income tax		0,0
Cash Balance Mar23		95,8

¹ Other financial items are composed by interests on Notes (-14.8M) and other items (-1.6M)

Appendix

RECONCILIATION OF NET FINANCIAL INDEBTEDNESS FOR Q1 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.

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 INTERCOMPANY	TEMSYSTEM HOLDCO 2 STAND ALONE NET OF INTERCOMPANY	TEMSYSTEM HOLDCO 3 CONSOLIDATED	TEMSYSTEM HOLDCO 3 STAND ALONE NET OF INTERCOMPANY	TEMSYSTEM SPA CONSOLIDATED
Bank accounts and post office	96,021	95	23	24	95,878	74	95,805
Cash and bank balances	31				31		31
Total Cash and bank balances	96,052	95	23	24	95,910	74	95,836
Loans	2,125				2,125		2,125
Derivative instruments - assets	29,779				29,779		29,779
Accruals and prepaid commissions	57				57	2	55
Other financial assets	8,293				8,293		8,293
Total Other financial assets	40,254				40,254	2	40,252
Loans with banks	(1,536)				(1,536)		(1,536)
Finance leases liabilities	(23,630)				(23,630)		(23,630)
Notes	(1,667,578)				(1,667,578)	(313,770)	(1,353,808)
Financial liabilities with other institutions	(1,816)				(1,816)		(1,816)
Dividends to be settled	(40)				(40)		(40)
Total Financial liabilities	(1,694,600)				(1,694,600)	(313,770)	(1,380,830)
Financing Fees - bond	42,329				42,329	7,402	34,927
Financing Fees - banks	2,837				2,837		2,837
Total Financing Fees	45,166				45,166	7,402	37,764
Liab. to non-controlling shareholders of subs.	(89,141)				(89,141)		(89,141)
Commission financial liabilities	(195)				(195)		(195)
Cash pooling liabilities	(3,328)				(3,328)		(3,328)
Total Other financial liabilities	(92,664)				(92,664)		(92,664)
Total	(1,605,791)	95	23	24	(1,605,934)	(306,292)	(1,299,642)