



2023 FY Financial Review

22ND April 2024

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TeamSystem FY 2023 performance summary

Financial performance

- TeamSystem has continued on its growth trajectory in 2023. We have **achieved 851.1 € Mln of revenues on a pro-forma basis representing a 13.7% organic growth YoY** and 733.2 € Mln of revenues on a Statutory basis (+29.0% vs FY 2022)
- **EBITDA** continues to **grow faster** than revenues **demonstrating** the ability of the business model to **scale and increase margins (2.8 p.p. margin expansion** compared to 2022 reaching 42.8% on a Statutory basis). **On a pro-forma basis EBITDA Adj. increased to 398.4 €Mln representing a 25.9% organic growth vs 2022**
- ARR continued to gain momentum in the fourth quarter of 2023, reaching a level of ~700 €Mln, on a pro-forma basis, +14.4% increase organic compared to 2022
- In **2023 Teamsystem closed 28 acquisitions (of which 23 insourced VAR)**. The entry in the Turkish market was made through the acquisition of the leading local player MikroGroup. We expanded our market position in Spain as well with the acquisition of Aplifisa.

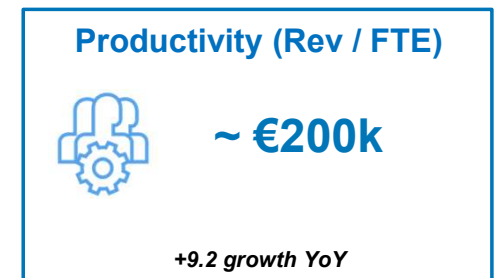
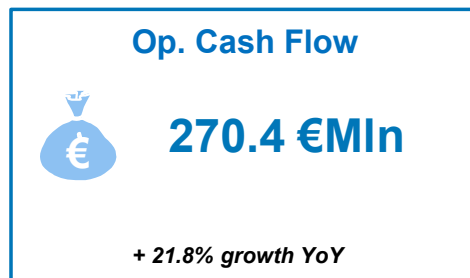
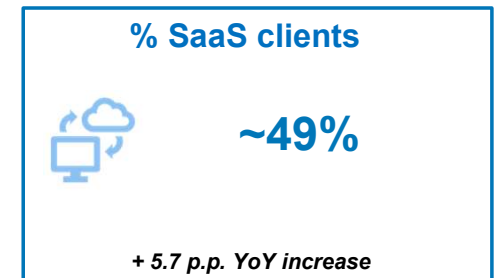
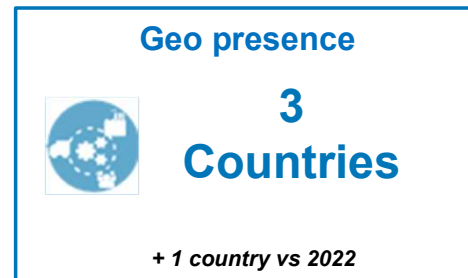
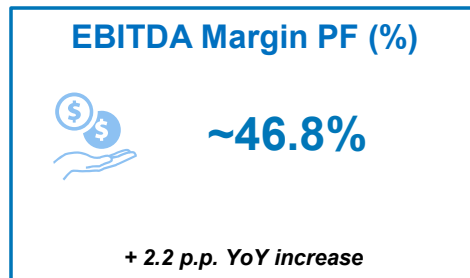
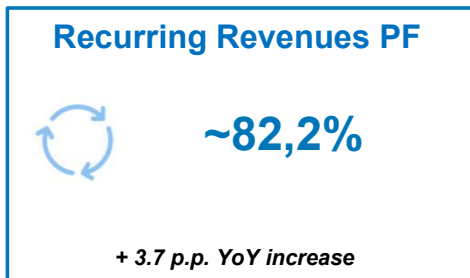
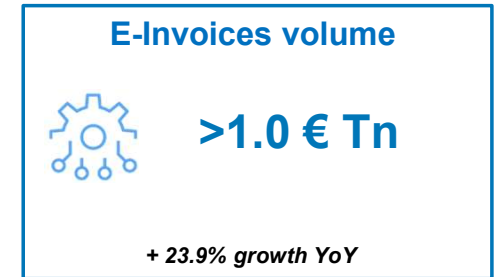
Business evolution and Macro

- **All business segments contributed to our growth. We achieved double digit organic growth of recurring revenues (+19.1% at group level)**. Growth was **mainly driven by a combination of upselling, cross-selling & more for more strategy**. New customers acquisition continued in 2023.
- **Clients are expected to continue to invest in cloud software to modernise and automate their business processes** also in the future as economic indicators are improving **also supported by regulatory changes** (e.g. “Forfettari” required to adopt electronic invoices) that are expected to support demand for software solutions
- **Contraction in interest rates following softening of inflation rates will have a positive impact on payment indicators particularly for SMEs**. Reduction in financial expenses are expected to free-up companies’ resources to support investments

Financial position and leverage

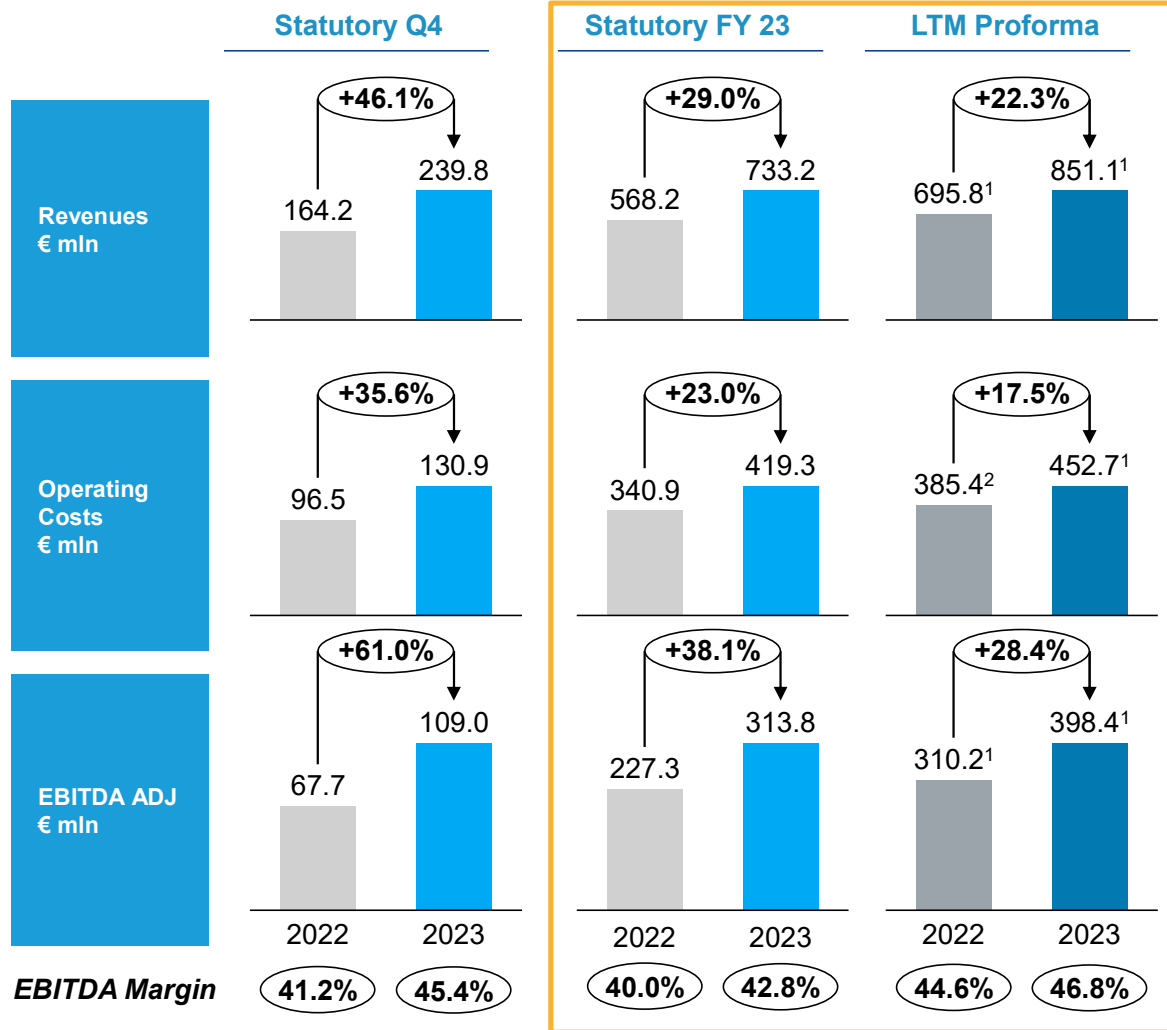
- **Operating cash flow was 270.4 €Mln** during FY2023 (+21.8% vs 2022)
- **Leverage ratio stands at 3.85** at the end of Q4 2023 (vs 4.32 Q4 2022) driven by strong business performance. We have adequate liquidity to pursue our M&A strategy and we repaid the RCF.

TeamSystem Group overview – Pro Forma Figures



FY 2023 Performance Overview – TeamSystem Group

Deep-dive next slides



Revenues

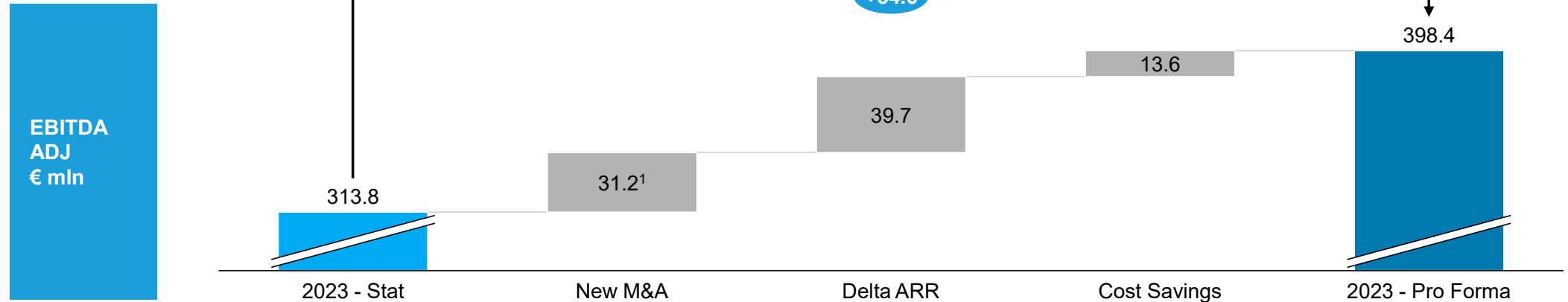
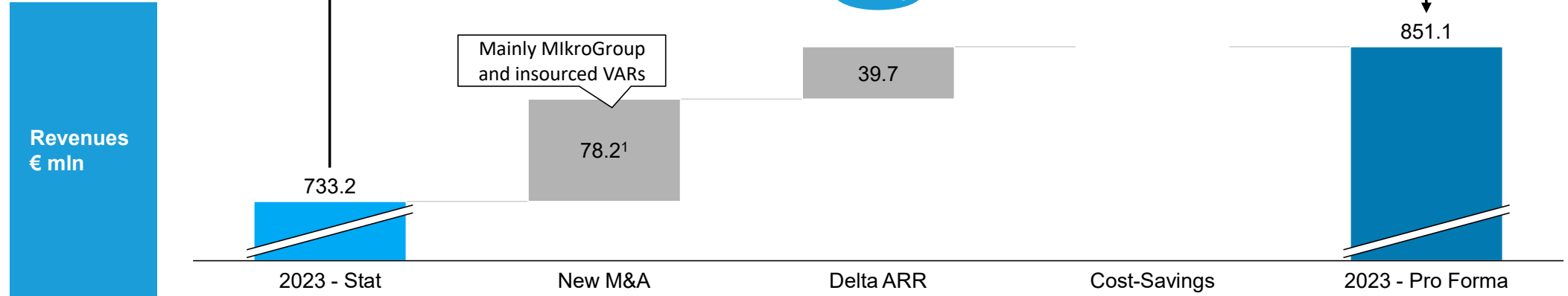
- **Good performance in Q4 (+46.1% vs Q4 2022)** mainly driven by **Recurring Revenues with positive contribution from newly acquired companies**
- The organic revenue growth is driven both by
 - higher spending from existing customers with Cross-selling platform (HR, Trust, Extended CRM and DIF) exceeding 100 € in revenues
 - Net new customers acquisitions
- **At BU level strong acceleration of Micro and HR with Enterprise solutions and Professional solutions next in line in terms of growth**

Operating costs and Margin

- **Total EBITDA +38.1% YoY at 313.8 € Mln (42,8% Margin) sustained by:**
 - Margin improvement also on Pro-Forma basis driven by i) cost discipline (lower COGS incidence thanks, among others, to decreasing share of low margin businesses (HW, Machine Tools, etc.)), ii) slower hiring than expected and iii) higher upside from Cost Cutting program
 - **M&A contribution**

Bridge between 2023 Statutory and Pro-forma Revenues and Adj. EBITDA

€ Mln



1. Include IFRS29 for MikroGroup (3.4 €Mln)

LTM Pro-Forma organic growth (2023 vs 2022)

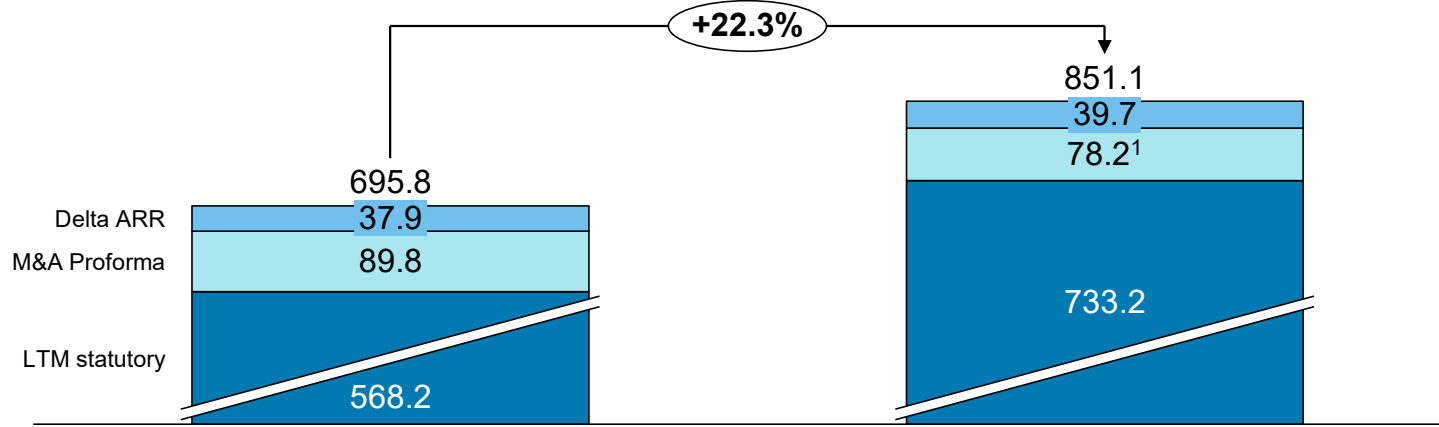
LTM Pro-Forma FY23

Statutory FY23

LTM PF FY23 Organic*

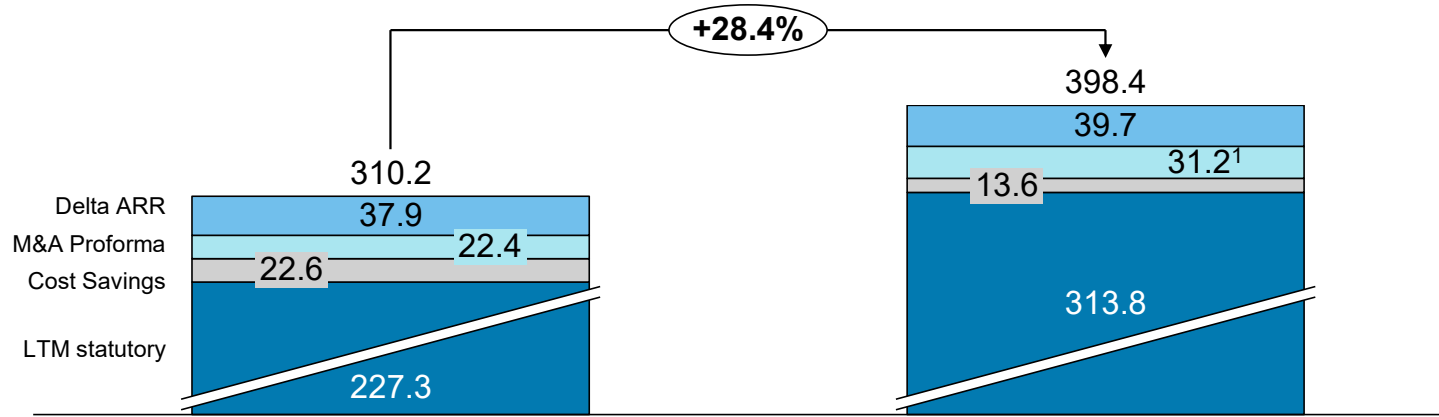
€ Mln

Revenues
€ mln



29.0% } +13.7%

EBITDA
ADJ
€ mln



38.1% } +25.9%

FY 2022

FY 2023

1. Include IFRS29 for MikroGroup (3.4 €Mln)

Key drivers of TeamSystem 2023 FY statutory Results

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

	2022 Stat	2023 Stat	Δ 23 vs 22' (Abs)	Δ 23 vs 22' (%)	% YoY Organic
REVENUES	568,2	733,2	165,0	29,0%	13,7%
Recurring Revenues	466,1	604,6	138,5	29,7%	18,5%
Op.Cost	-340,9	-419,3	-78,4	23,0%	6,9%
COGS¹	-111,0	-127,4	-16,4	14,8%	4,2%
Personnel	-170,3	-217,9	-47,6	27,9%	7,6%
Personnel Like	-20,3	-27,7	-7,3	36,2%	14,8%
Non Personnel	-56,4	-69,6	-13,2	23,4%	9,2%
NP - Marketing	-20,4	-21,1	-0,7	3,4%	-3,9%
NP - Other NP Costs	-36,1	-48,6	-12,5	34,6%	16,5%
Capitalised development costs	17,2	23,2	6,0	35,2%	12,4%
Adjusted EBITDA	227,3	313,8	86,6	38,1%	25,9%
% of Revs	40,0%	42,8%	2,8%		
Bad debt accrual	-5,5	-7,0	-1,5	28,0%	20,8%

A COGS

- **Cogs has increased organically by 4.2%** vs 2022 due to lower contribution of low margin businesses (HW, CAD/CAM, etc.) and optimization of external Customer Support Operations

B Personnel & Personnel like

- **Personnel costs have increased organically by 7.6%** vs 2022
- This has resulted in higher productivity at Group Level, (revenues / FTE has increased organically by 9.2%)
- Increase of Personnel Like mainly driven by strengthening of salesforce to support top-line growth target

C Non-Personnel

- **Marketing costs were stable vs 2022 as we are able to optimize CAC** by rationalizing the campaigns while maintaining high conversion

D Capitalised development costs

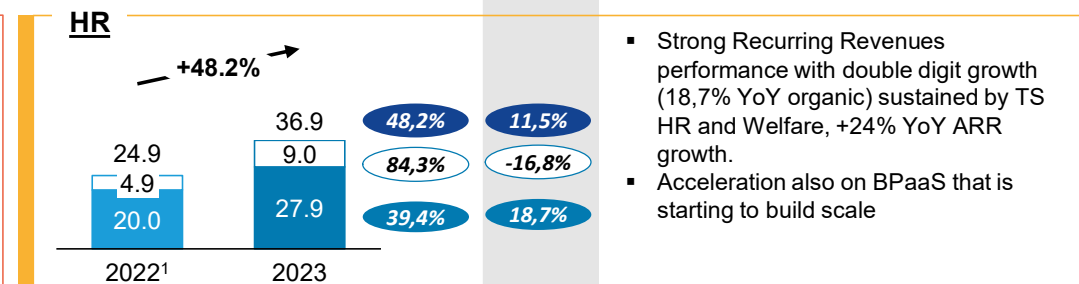
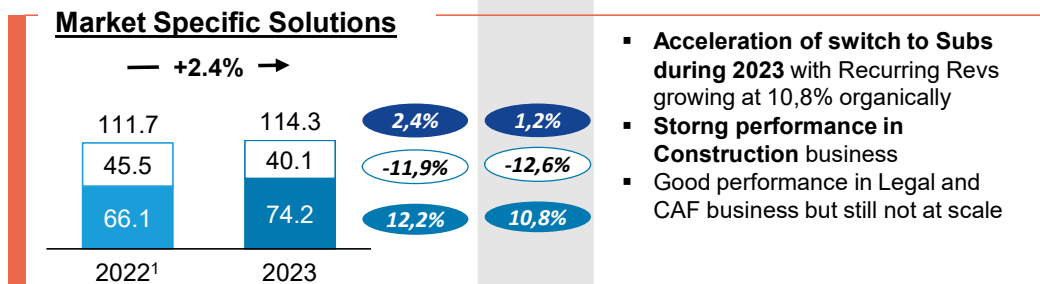
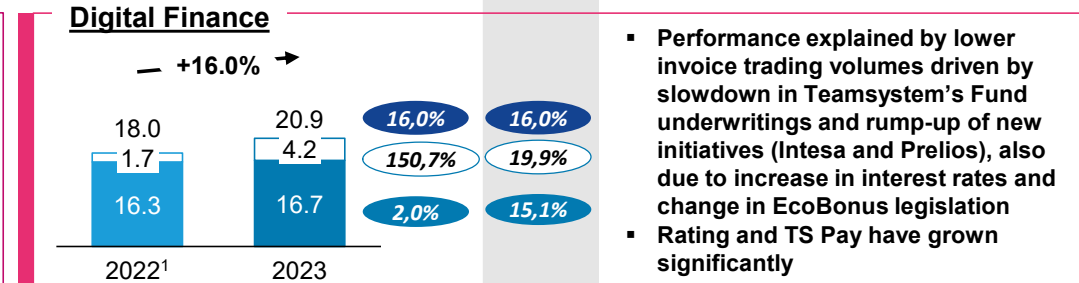
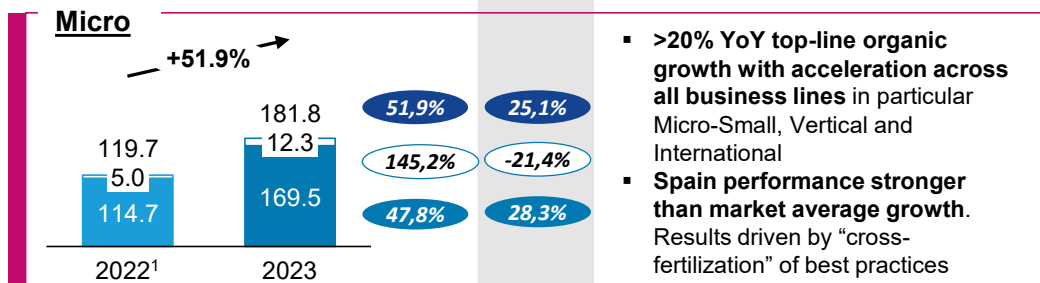
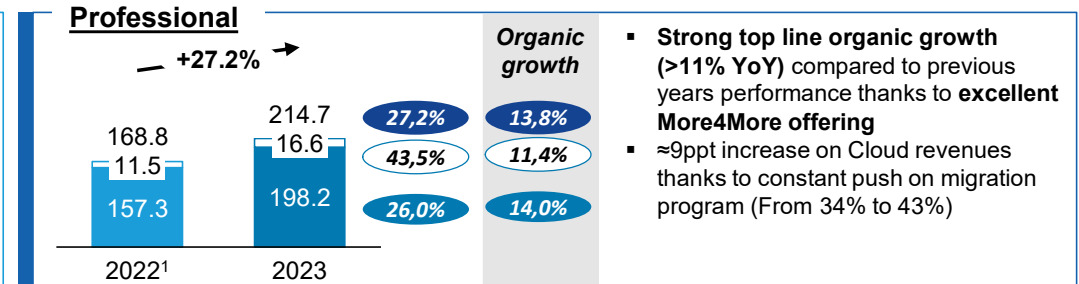
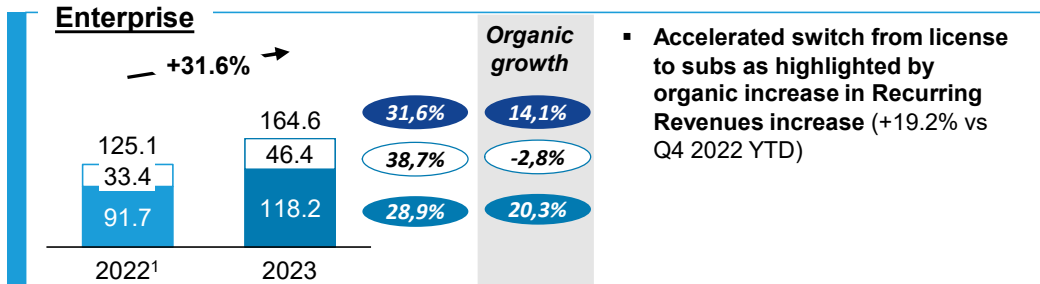
- **Capitalised development costs have increased as we continue to invest** in the evolution and enhancement of our product suite

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

Statutory Revenues mix by BU

Statutory Revenues by BU | 2023 vs 2022, € Mln

■ Org. BU Growth □ Other rev. ■ Recurring



Statutory P&L by Function and by Business Unit

FY 2023, € Mln

	2023 Stat	Enterprise	Professional	Micro	Digital Finance	Market Specific Solutions	HR
Revenues	733,2	164,6	214,7	181,8	20,9	114,3	36,9
Recurring	604,6	118,2	198,2	169,5	16,7	74,2	27,9
Other Revenues	128,6	46,4	16,6	12,3	4,2	40,1	9,0
Direct Costs	-364,2	-86,5	-88,9	-69,4	-12,1	-82,4	-24,9
- COGS A&M, HW, Edu, Oth.	-101,7	-17,7	-16,3	-13,5	-4,3	-44,6	-5,4
- Delivery	-40,6	-12,3	-7,0	-5,3	-0,3	-8,8	-6,9
- CS/CSM/Fin Ops	-55,0	-11,6	-21,8	-10,1	-2,3	-3,2	-6,0
- Sales & Mktg	-86,8	-22,8	-25,6	-22,1	-1,0	-12,9	-2,4
- R&D	-46,3	-13,6	-11,8	-10,3	-1,5	-6,3	-2,7
- Overhead	-20,4	-3,7	-2,7	-6,7	-2,2	-4,5	-0,6
- T&E	-13,5	-4,8	-3,6	-1,5	-0,4	-2,2	-0,9
I margin	369,0	78,1	125,8	112,3	8,8	31,9	12,0
<i>I Margin % of Revs (2023)</i>	50,3%	47,4%	58,6%	61,8%	42,2%	27,9%	32,6%
<i>I Margin % of Revs (2022)</i>	47,1%	48,0%	54,0%	60,7%	37,8%	28,1%	23,2%
<i>Delta I Margin (23 vs 22)</i>	3,2ppt	-0,5ppt	4,6ppt	1,1ppt	4,4ppt	-0,2ppt	9,4ppt
Indirect Costs	-78,4						
<i>% of Revs</i>	-10,7%						
Capitalized Development Costs	23,2						
Adjusted EBITDA	313,8						
<i>% of Revs</i>	42,8%						

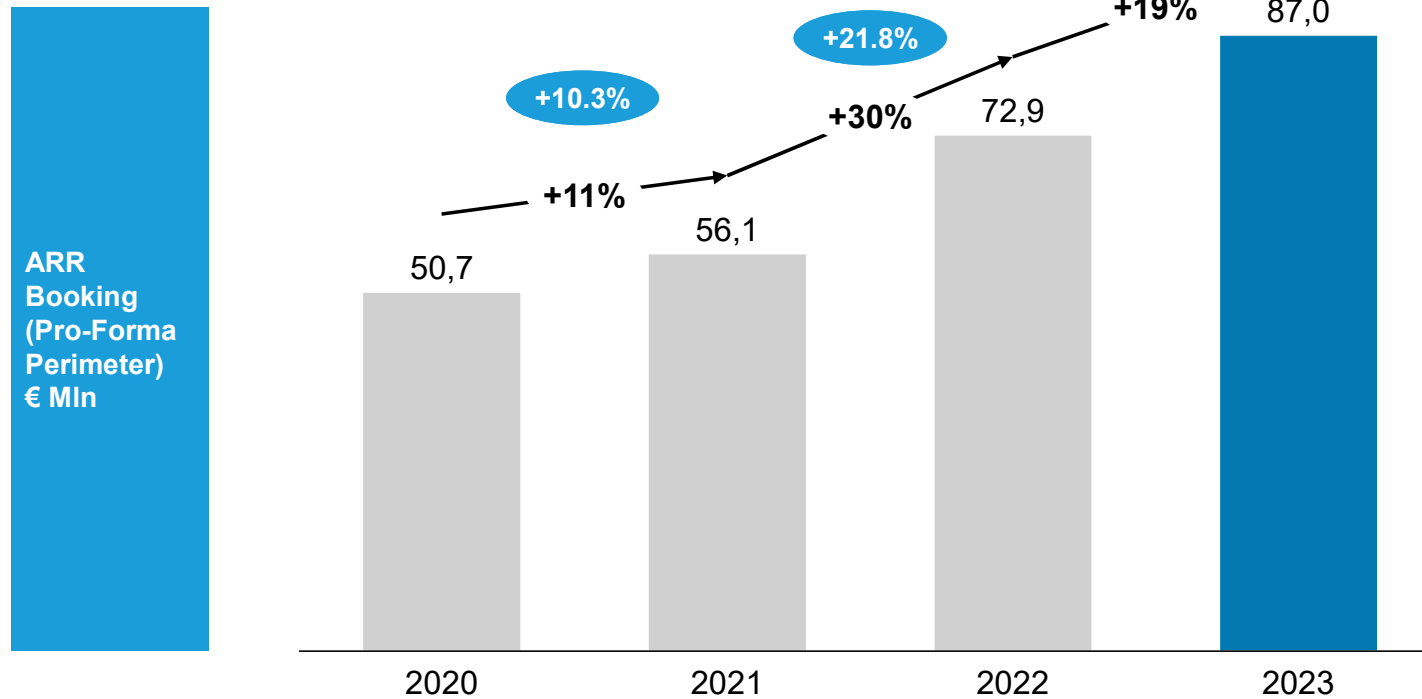
Key highlights

- **I Margin has exceeded >50% (+3.2 p.p. improvement vs 2022 on a Statutory basis) as a result of:**
 - Improvement of margins at BU level
 - Mix effect thanks to higher share of Business Units with higher margin (Micro and Professional)
- **Main dynamics at BU level:**
 - **Cost rationalization** during 2023 has resulted in **growth of I Margin for Digital Finance**
 - **Top-line growth for HR business** has supported scale and **improvement of I Margin (+9.4 p.p.) of the BU**

LTM Pro-Forma new ARR Booking

€ Mln

xx Organic growth



Key highlights

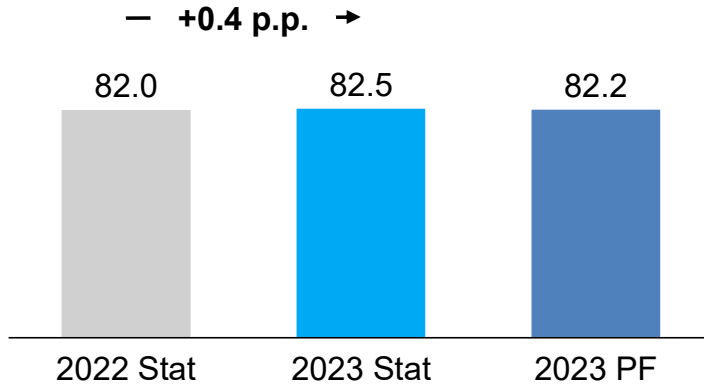
- **Double digit organic ARR Booking growth** in 2023 confirming solid underlying business evolution
- **Good performance across BUs as switch to subscription accelerated** over the course of 2023 particularly for Enterprise and MSS
- **Majority of New Sales generated from up / cross-selling on current customer base**

Key performance indicators

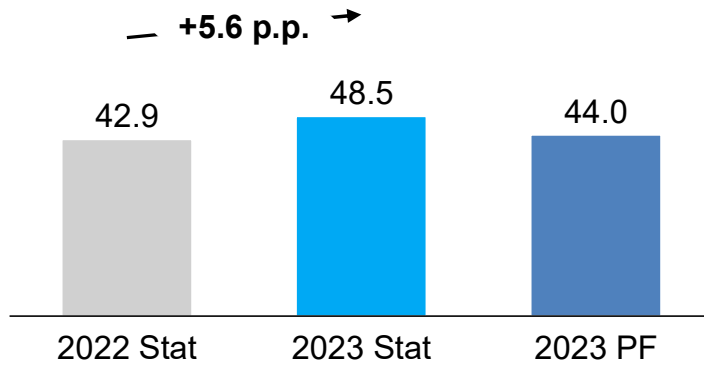


High Revenue Quality

Recurring revenue (%)



Cloud SW Solutions on total (%)



Strong Operating Leverage

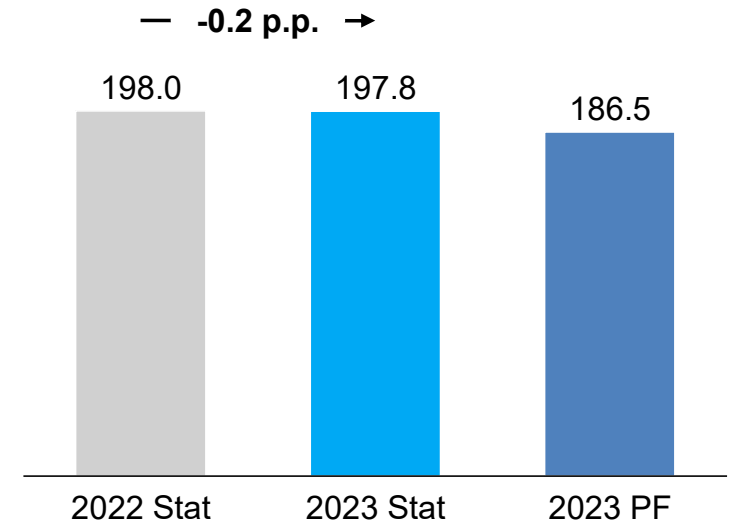
Avg. FTEs

2.867

3.707

4.332

Productivity (€K / FTE)



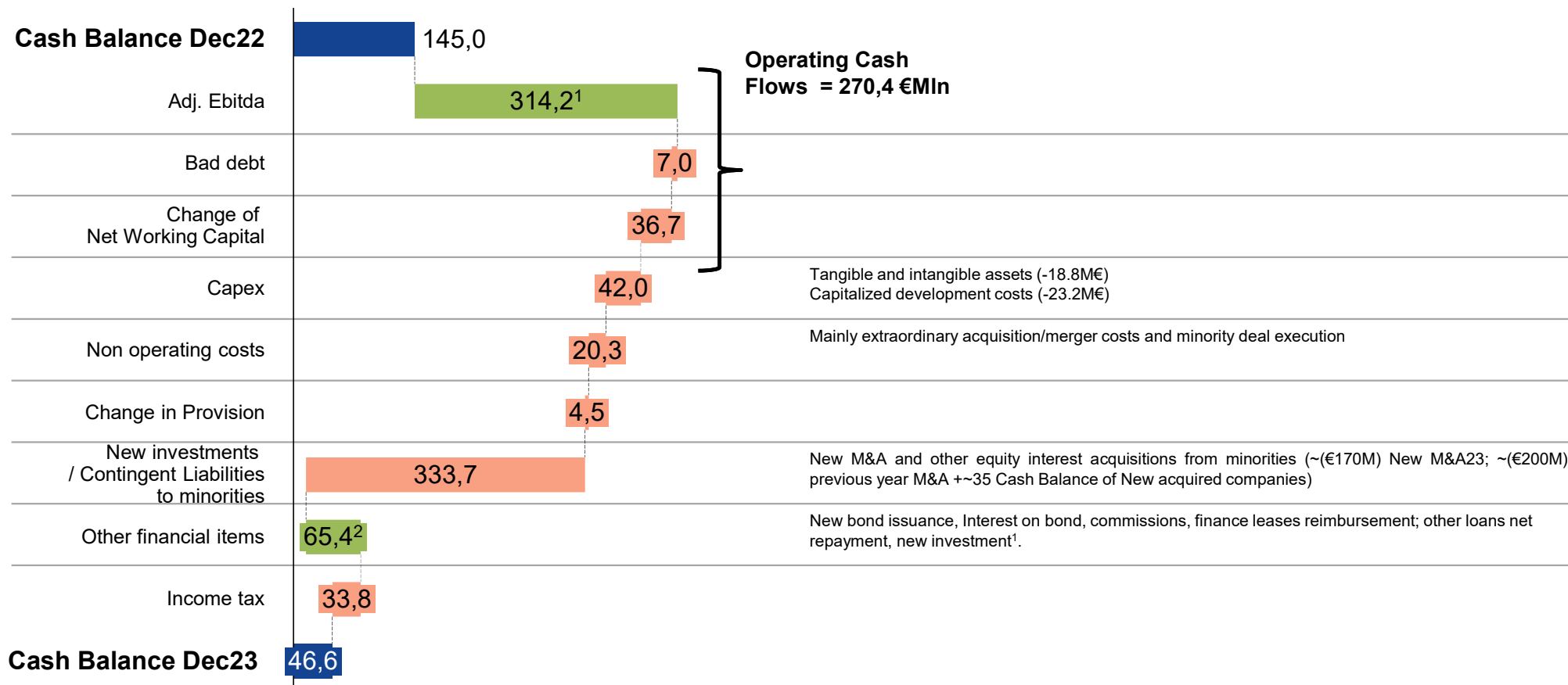
Net financial Position – FY 2023

Eur Millions	Dec 31 2023 TeamSystem SpA	Sept 30 2023 TeamSystem SpA	Jun 30 2023 TeamSystem SpA	Mar 31 2023 TeamSystem SpA	Dec 31 2022 TeamSystem SpA
Cash and Bank balances	46.6M€	37.0M€	85.2M€	95.8 M€	145.0 M€
Cash out net of Cash and Bank balances new Acquisitions (not consolidated)	-7.6M€	-18.3M€	-136.8M€	-136.8M€	-111.1 M€
Guarantee ancillary facility	-1.6 M€	-2.8 M€	-2.1 M€	-2.1 M€	-2.1 M€
Notes	-1.530.0 M€	-1.335.0 M€	-1.335.0 M€	-1.335.0 M€	-1.335.0 M€
RCF	0.0 M€	-135.0 M€	0.0 M€	0.0 M€	0.0 M€
Consolidated Senior Secured Net Leverage	-1.492.6 M€	-1.454.1 M€	-1.388.7 M€	-1.378.1 M€	-1.303.2 M€
Other financial assets	11.6 M€	11.1 M€	9.1 M€	10.5 M€	8.3 M€
Accrued interests on Notes/RCF (net of hedging accrued interests)	-21.3 M€	-19.8 M€	-16.1 M€	-18.8 M€	-14.8 M€
Other financial liabilities	-5.0 M€	-7.5 M€	-20.1 M€	-3.6 M€	-3.6 M€
Other financial liabilities/assets new Acquisitions (not consolidated)	+0.0 M€	+2.3 M€	+14.2 M€	-3.3M€	-4.0 M€
Finance Leases Liabilities	-29.3 M€	-24.9 M€	-24.8 M€	-23.6 M€	-25.3 M€
Net Financial Position	-1.536.6 M€	-1.492.9 M€	-1.426.4M€	-1.416.9M€	-1.342.6M€
Leverage ratio	3.85X	4.12X	4.05X	3.93X	4.32X

Detailed next

Cash flow Bridge – FY 2023

€ MLN



1. Adj. EBITDA at TeamSystem Spa level. Holdcos EBITDA – 0,4 € Mln | 2. Other financial items are composed by new notes issuance (+195.0M), interests on Notes (-113.8M) and other items (-15.8M)

Appendix



Reconciliation of net financial indebtedness for FY 2023 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	29.657	-	-	-	29.657	1	29.656
Cash and bank balances	46.695	20	7	6	46.663	62	46.601
Financial liabilities with banks and other institutions	(2.055.558)	-	-	-	(2.055.558)	(301.166)	(1.754.392)
TOTAL	(1.979.207)	20	7	6	(1.979.239)	(301.103)	(1.678.135)

Definitions

- **I Margin** is calculated as:
 - **(+) total revenues** and
 - **(-) direct costs**
- **Adjusted EBITDA** is calculated as:
 - **I Margin**
 - **(-) minus indirect cost**
 - **(+) Capitalizations costs**
- **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.