



2020 FY Financial Review

April 29th 2021

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TeamSystem FY 2020 performance summary

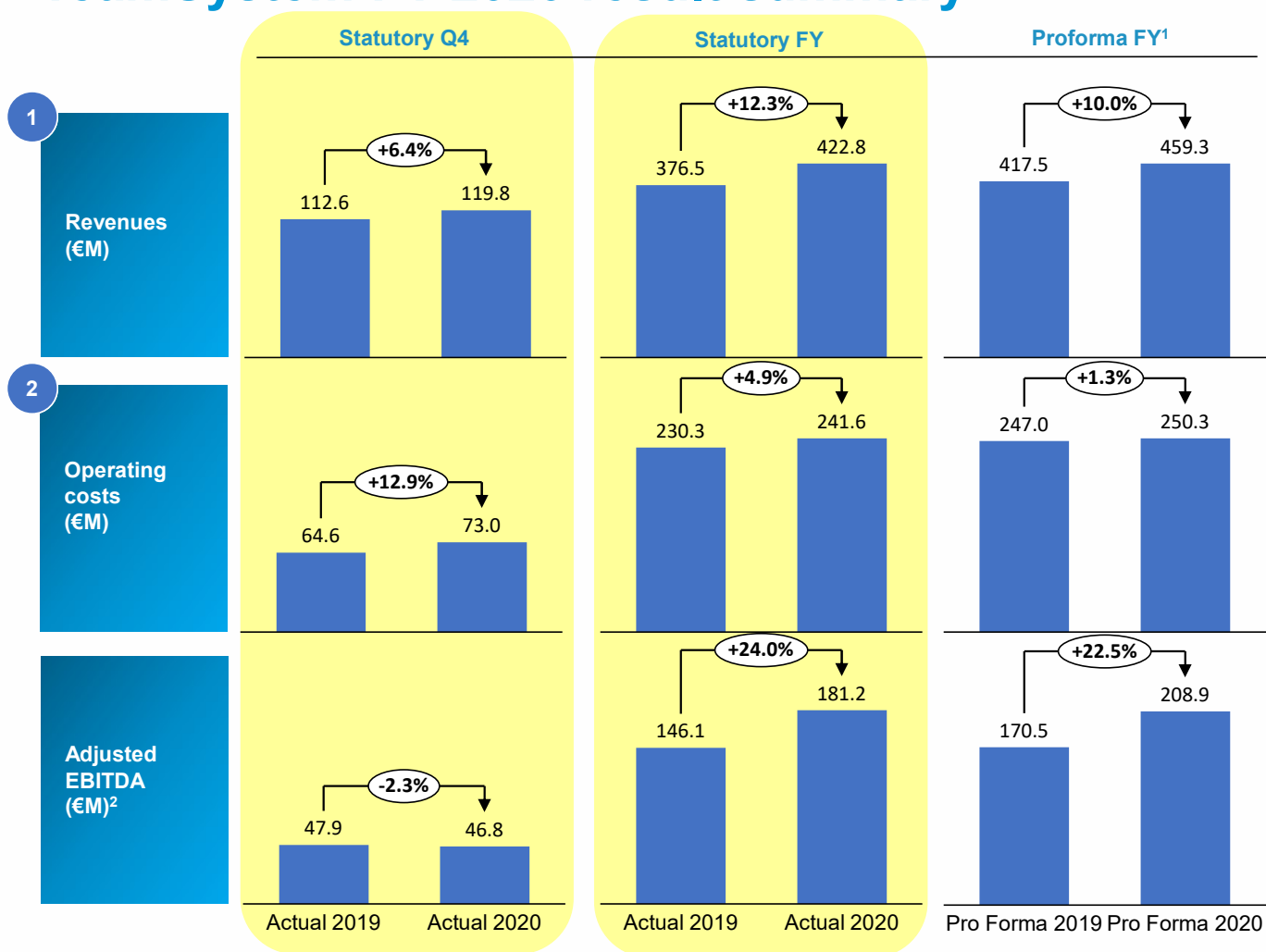
- **Adjusted EBITDA** in 2020 was **€181.2M** on a Statutory basis (up **24.0%** vs. **2019 at €146.1M**). These figures include the effect of IFRS 16 both on 2020 and 2019¹
- In 2020 **Actual Pro Forma Revenues** reached **€459.3M** and **Adjusted EBITDA €208.9M**. These figures include **new M&A deals signed** (€29.1M Revenues and €7.0M Adjusted EBITDA), **additional annualized recurring revenues** of cloud products (€ 7.4M) already sold and **cost savings pro forma** (€ 13.4M).
- **Revenues** in **2020** reached **€422.8M** on a Statutory basis (up **12.3%** vs. **2019 at €376.5M**) with good growth along all business line and particularly strong on recurring revenues.
- **We experienced Q4 growing** on a Statutory basis (up **6.4%** vs Q4 2019 at €112.6M) driven by a good recovery on new sales across all business (+12.1% vs 2019) and with further acceleration of cloud solutions.
- **2020** (based on Statutory figures) **confirmed the positive impact of the strategy aimed at improving the quality of the business** started in 2015, in particular:
 - **Cloud Software solution** represents now **38.4%** of the total revenues (vs **3.8% in 2015**).
 - **Recurring revenues** reached **81.3%** (vs **69%** in 2015). This result is mainly driven by the strong growth of Cloud solutions and by the **outsourcing of the majority of the hardware and delivery business** in 2018.
 - **Ebitda margin** reached **42.9%** (vs **30,7%** in 2015) showing good capabilities of the business to deliver scale.
 - **Productivity improved** by **26.5%** vs 2015 reaching **190K revenues/Avg FTE** in 2020.
- **Strong cost control and good flexibility of the operating model give the chance to deliver an excellent performance on operating costs in 2020** that reached **€241.6M** on a Statutory basis (up **4.9%** vs. **2019 at €230.3M**). These figures includes the effect of IFRS 16 both on 2020 and 2019³. TeamSystem was able to limit cost growth along most of the areas including personnel (+6,2% vs 2019) and other operating costs, in particular T&E, utilities, maintenance.
- The performance of the year generates a **very positive operating cash flow** and, despite the investment on M&A, the **leverage keep on to go down reaching 3,6x** Pro forma adj EBITDA.
- The monitoring of all **COVID relevant indicators does not show any disruption, in particular** both overdue and cash in are line with previous year, renewal level in micro business is approx. 3 p.p. better that 2019 and, viceversa, we experience some recovery in new sales with last quarter showing +12.1% in booking vs 2019.

(1) Adjusted EBITDA not considering impact of IFRS16 - 2020: €173.6M (€7.5M impact); 2019: €139.1M (€7M impact)

(2) Operating costs not considering impact of IFRS16 - 2020: €249.2M (€7.5M impact); 2019: €237.4M (€7M impact)

(3) Adjusted EBITDA includes positive impact of IFRS16 for €7.5M in 2020 and €7M in 2019

TeamSystem FY 2020 result summary



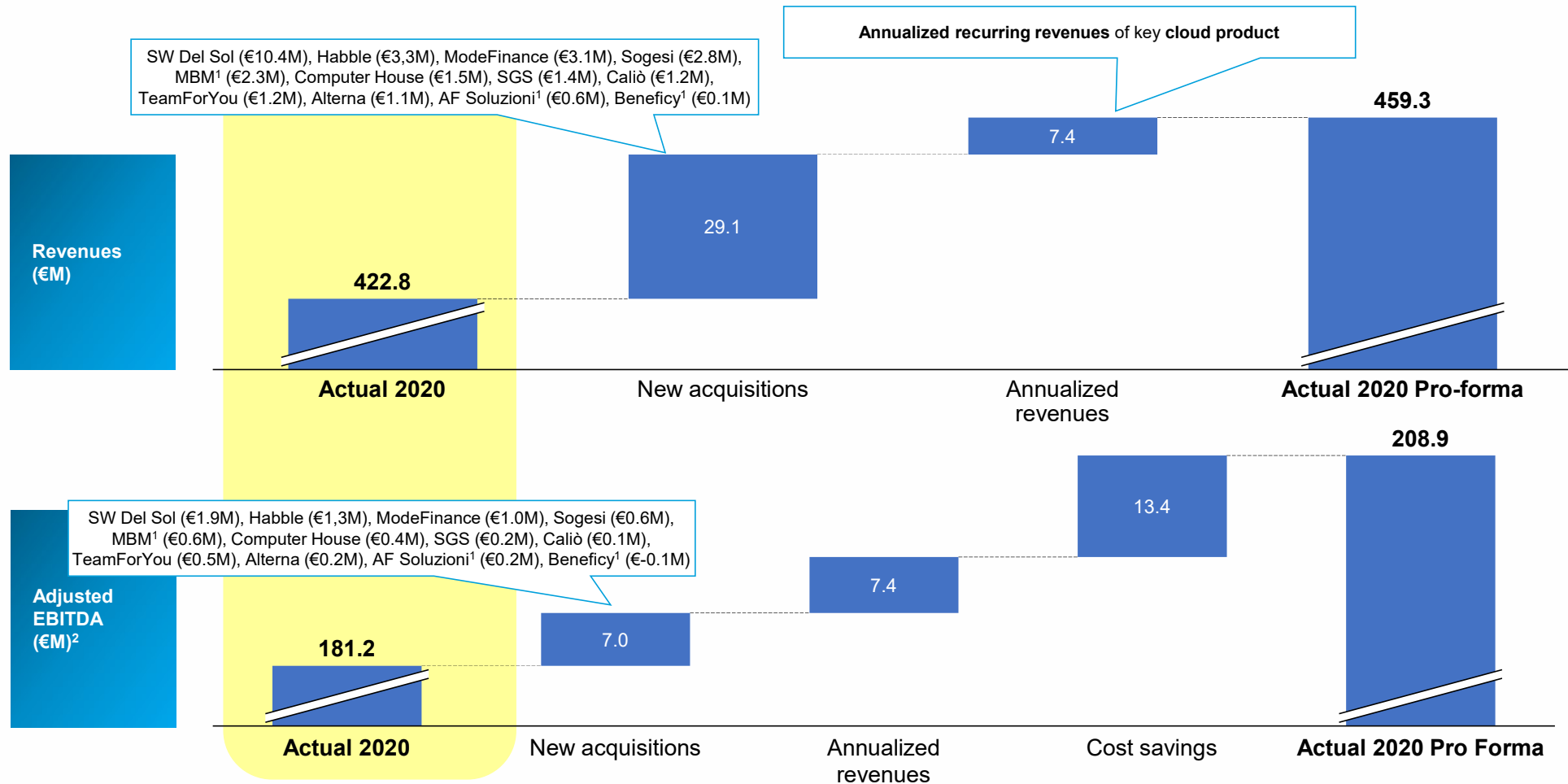
Comments

- **Significant 2020 Q4 growth** (higher than 2019 Q4 by €7.2M) due to the performance of **Cloud products across all channels (e-invoicing and Main SW Cloud for Ent/Prof** increased by €5.8M and €1.7M vs Q4 2019, respectively)
- **Strong FY 2019** on Statutory basis (higher than 2018 by €46.3M) driven by the performance of **Cloud products across all channels (e-invoicing and Micro/SMEs and Other Cloud solutions** increased by €27.3M and €23M vs FY 2019, respectively)
- **Cost control program was able to deliver significant cost reduction / limited growth along most of the categories.** Most of the actions could bring benefit also in long period. A limited set of actions are strictly COVID related

(1) Pro-forma adjustments include new M&A signed, annualized recurring revenues of key cloud products and pro-forma cost savings (detailed next)

(2) Adjusted EBITDA includes impact of IFRS16 (in 2020 FY €7,5M and in 2019 FY €7M)

Bridge between 2020 Actual Revenues and Adj. EBITDA vs. Pro Forma



(1) MBM and AF Soluzioni consolidated in Q3 2020, Beneficy in Q4

(2) Adjusted EBITDA includes positive impact of IFRS16 for €7.5M

1

Key drivers of TeamSystem FY 2020 statutory Revenues

Euro mln

Euro Millions

	31 dic 20	31 dic 19	Change	% Change
Direct Channel	129.5	117.2	12.2	10.4%
Recurring	104.3	93.7	10.6	11.3%
Licenses/Prof. Services	25.1	23.5	1.6	6.9%
Indirect Channel	112.0	107.1	4.9	4.6%
Recurring	105.3	100.0	5.3	5.3%
Licenses/Prof. Services	6.7	7.1	-0.4	-5.8%
Micro and new Business Solutions	68.0	48.9	19.1	39.1%
Recurring	64.0	43.3	20.5	47.3%
Licenses/Prof. Services	4.1	5.6	-1.4	-24.7%
Vertical Solutions	111.8	99.9	12.0	12.0%
Recurring	66.2	52.6	13.5	25.7%
Licenses/Prof. Services	45.7	47.2	-1.6	-3.4%
Hardware & Other	1.4	3.4	-1.9	-55.8%
TOTAL REVENUE	422.8	376.5	46.3	12.3%

Direct Channel

- **Strong increase on Recurring Revenues** driven by **e-invoicing** (+€4.6M vs FY 2019), **Main SW Cloud** (+€8.8M vs FY 2019) and HR solutions (+€2,8M vs FY 2019), partially reduced by on-premises solutions due to **migrations to Cloud**

Indirect Channel

- Increase on Recurring Revenues entirely related to **e-invoicing** (+€6.5M vs FY 2019)

Micro and New Biz software solutions

- **Strong growth** (+€39.1% vs 2019) driven by the e-invoicing regulation which is acting as a catalyst for **microbusiness** to embrace cloud and for accountants to digitise their interactions with Micro/SMEs

Software Solutions – Vertical solutions

- **Significant growth** (12.0% vs 2019) driven by CAD/CAM (+€9.9M vs 2019) and digital sign (+€5.3M vs 2019), partially offset by Hospitality (-€1.4M vs 2019) and Wellness (-€1.2M vs 2019) due to Covid restrictions

Note: 2019 and 2020 Statutory

TeamSystem FY 2020: COVID-19 relevant metrics



Key drivers of TeamSystem FY 2020 statutory Costs

Euro thousands						
RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT						
	31 Dec 2020	%	31 Dec 2019	%	Change	% Change
TOTAL REVENUE	422.787	100.0%	376.450	100.0%	46.337	12.3%
A Cost of raw and other materials	(36.387)	-8.6%	(29.143)	-7.7%	(7.244)	24.9%
B Cost of services	(85.335)	-20.2%	(87.195)	-23.2%	1.860	-2.1%
C Personnel costs	(116.472)	-27.5%	(109.705)	-29.1%	(6.767)	6.2%
Other operating costs	(3.416)	-0.8%	(4.277)	-1.1%	861	-20.1%
ADJUSTED EBITDA	181.176	42.9%	146.129	38.8%	35.047	24.0%

A Cost of raw and other materials

- **Cost of raw and other material increased by 24.9%** driven by revenue growth partially compensated by minor costs related to outsourced perimeter

B Cost of services

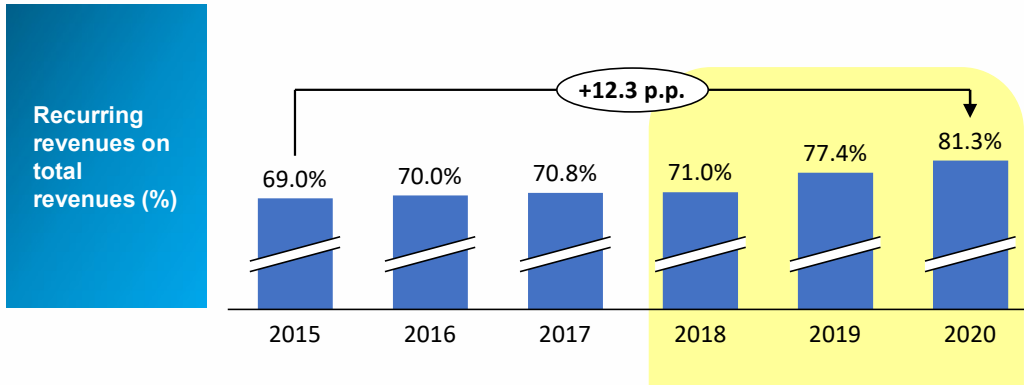
- **Cost of services reduced by 2.1%** due to cost saving related to employee travel & expenses (-€3.8M), utilities (-€0.8M) and other HR cost (-€0.8M)

C Personnel costs

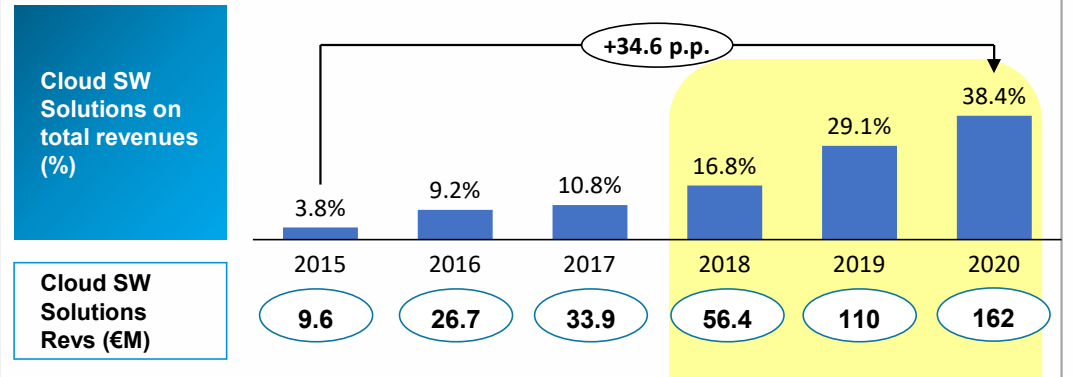
- **Personnel costs increased by 6.2%** (of which MBO +€2M vs 2019) due to new hires to support the business growth

TeamSystem FY 2020 key metrics

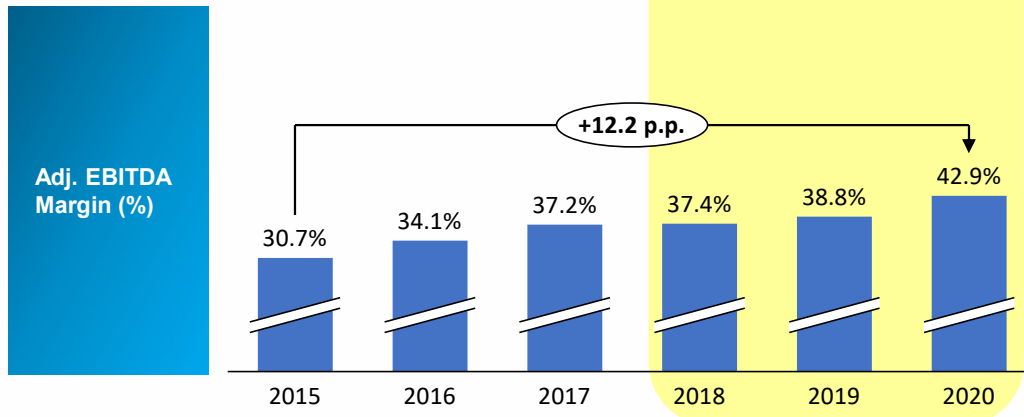
Recurring Revenues



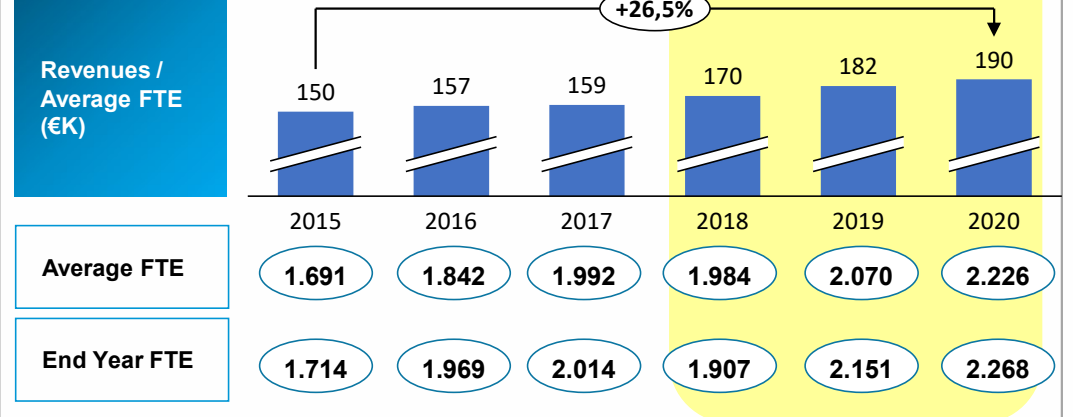
Cloud Software Solutions Revenues



EBITDA Margin



Productivity



Note: 2018, 2019 and 2020 Statutory

Net financial Position – FY 2020

 Detailed next

Eur Millions	Dec 31, 2020	Dec 31, 2020	Sept 30, 2020	June 30, 2020	March 31, 2020	Dec 31, 2019
	Brunello Bidco pro-forma ⁽¹⁾	Dec 31, 2020	Sept 30, 2020	June 30, 2020	March 31, 2020	Dec 31, 2019
Cash and Bank balances	5.0 M€	63.7 M€	50.0 M€	43.4 M€	122.1 M€	36.4 M€
Cash out net of Cash and Bank balances new Acquisitions (not consolidated)	0.0 M€	-18.4 M€	0.0 M€	-0.1 M€	-1.9 M€	-8.7 M€
Guarantee ancillary facility	-2.9 M€	-2.9 M€	-2.8 M€	-2.9 M€	-2.9 M€	-2.9 M€
Notes	-1.150.0 M€	-750.0 M€	-750.0 M€	-750.0 M€	-750.0 M€	-750.0 M€
RCF	0.0 M€	-15.0 M€	0.0 M€	-10.0 M€	-86.0 M€	0.0 M€
Consolidated Senior Secured Net Leverage	-1.147.9M€	-722.6M€	-702.8M€	-719.6M€	-718.7M€	-725.2 M€
Other financial assets	0.0 M€	1.9 M€	0.1 M€	0.1 M€	0.1 M€	0.1 M€
Accrued interests on Notes	0.0 M€	-1.4 M€	-1.3 M€	-1.4 M€	-1.4 M€	-1.3 M€
Other financial liabilities	0.0 M€	-2.1 M€	-0.4 M€	-0.5 M€	-0.4 M€	-0.3 M€
Other financial liabilities new Acquisitions (not consolidated)	0.0 M€	-1.5 M€	0.0 M€	0.0 M€	-0.2 M€	-0.2 M€
Net Financial Position	-1.147.9M€	-725.7M€	-704.4M€	-721.4M€	-720.6M€	-726.9 M€
Leverage ratio	5.70X	3.60X	3.93X	4.20X	4.23X	4.45X
Finance Leases Liabilities (IFRS16 impact)	-26.0 M€	-26.0 M€	-24.2 M€	-25.8 M€	-25.7 M€	-24.0 M€
Net Financial Position (Including IFRS16 impact)	-1.173.9 M€	-751.7 M€	-728.6 M€	-747.2 M€	-746.3M€	-750.9 M€
Leverage ratio (Including IFRS16 impact)	5.62X	3.60X	3.90X	4.16X	4.21X	4.41X

(1) Pro forma for the acquisition by Brunello Bidco S.p.A. of Barolo Lux 1 S.a.r.l. (TeamSystem Holding S.p.A.'s direct parent company) and the transactions related thereto in February 2021, including the issuance by Brunello Bidco S.p.A. of its €1,150 million Senior Secured Notes due 2028

Cash flow Bridge – FY 2020

