



2023 Q3 Financial Review

27th Nov 2023

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TeamSystem Q3 2023 performance summary

Q3 2023 Statutory

- We experienced **significant Q3 2023 growth** on a Statutory basis sustained by a good level of new bookings.
- The key results for the quarter are:
 - **Statutory Adjusted EBITDA up 28.4% vs Q3 2022 YTD** reaching **€204.9M (€75.5M in Q3 2023, +29.5% vs Q3 2022)**
 - **Revenues up 22.1% vs Q3 2022 YTD** reaching **€493.4M (€168.5M in Q3 2023, +24.6% vs Q3 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, and a **good cost control** on personnel and other non personnel costs

Q3 2023 LTM

- **Statutory Adjusted EBITDA and revenues LTM Q3 2023 vs LTM Q3 2022** increased **+24.5%** and **+19.8%**. Double digit top line organic growth at **13.0%**
- **Pro Forma Adjusted EBITDA and Pro Forma revenues LTM Q3 2023 vs LTM Q3 2022** increased **+54.6%** and **+46.6%**.

Leverage

- **Leverage ratio of 4.12x** at the end of Q3 2023 YTD mainly driven by strong business performance and RCF draw down due to M&A
- **75% of our debt is either at a fixed rate or hedged through Interest Rate Swaps.**
- At the end of Q3 2023, **Cash and bank balances** amounted to **€37.0M on a statutory basis.**

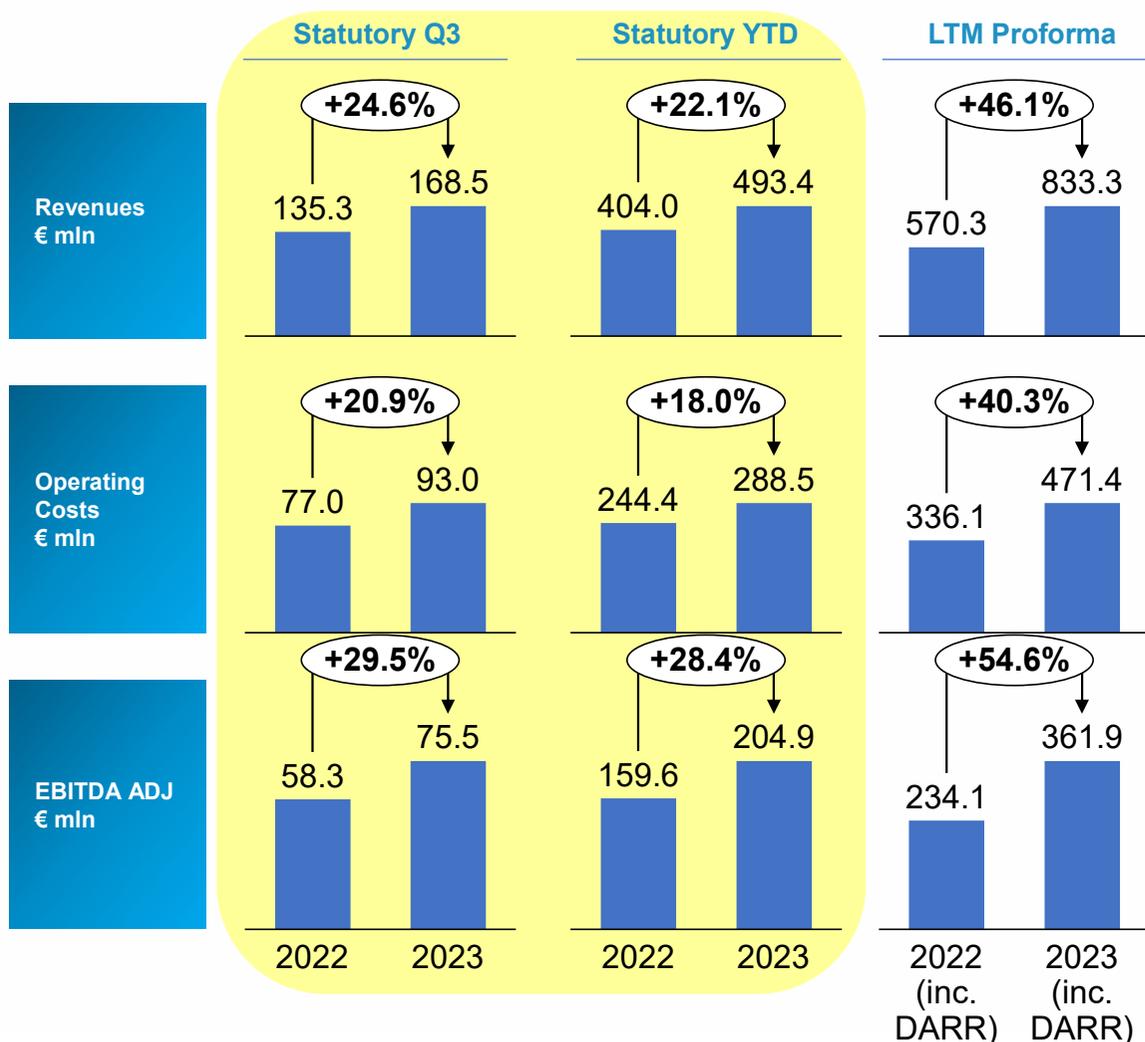
Other events

- In September we closed the Turkish deal we already announced in Q2
- In October, **we privately placed €195 mln of senior secured notes** intended to, among others, repay current RCF exposure and finance (or refinance any acquired debt or debt raised for) any additional bolt-on M&A

Macro context

- **The Italian economy shows some slow down at a general level with an expected GDP growth lower than 1%**, however the level of investment in SW and digitalization remains high and increasing YoY. Consequently, our order intake remains strong as in the previous quarters
- **Inflation is starting to become more moderate than in previous months**, we are experiencing the long tail of price increases from some of our suppliers but the overall impact on our cost base remains limited

TeamSystem Q3 2023 YTD results summary



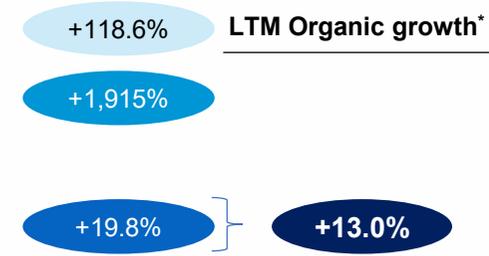
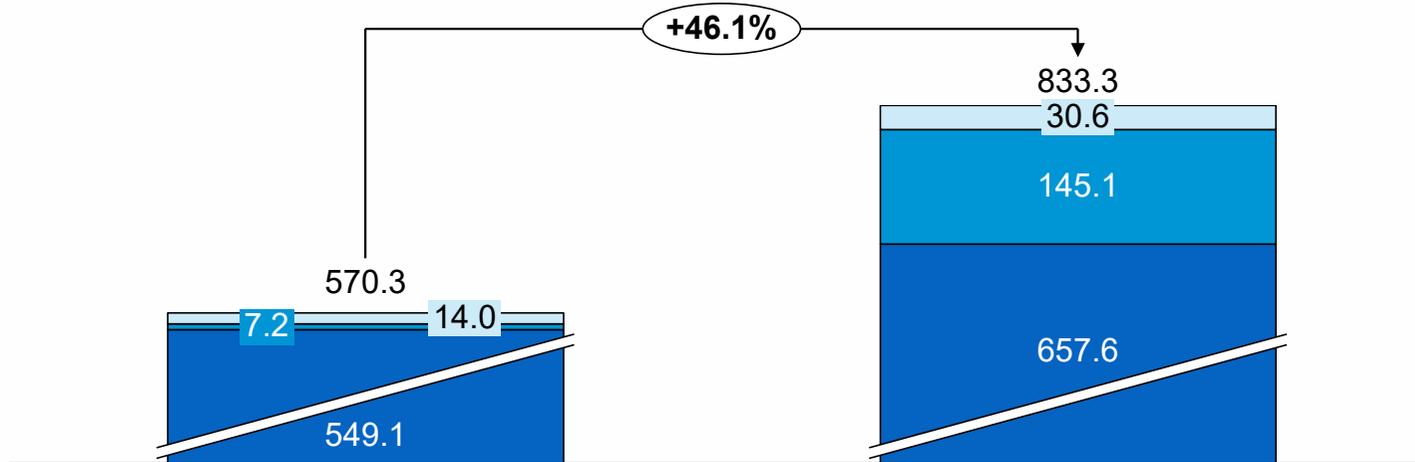
- **Good performances in Q3 (+24.6% vs Q3 2022)** drives **significant 2023 Q3 YTD growth** (higher than 2022 by €89.4M), both in **Recurring (+23.2% vs Q3 2022 YTD)** and **Other revenues (+17.1% vs Q3 2022 YTD)**.
- Specifically, **strong Q3 YTD growth in Microbusiness (+24.3% vs Q3 2022 YTD)**, **Enterprise solutions (+23.3% vs Q3 2022 YTD)** and **Professional solutions (+27.7% vs Q3 2022 YTD)**;
- **Significant Q3 YTD Revenues growth** also considering **organic perimeter (14.3% vs Q3 2022 YTD)** mainly driven by **Recurring Revenues (16.9% vs Q3 2022 YTD)**.
- **Operating costs** significant growth vs Q3 2022 YTD (+18.0%) **scales compared to revenues** mainly driven by **organic components (+9.4% vs Q3 2022 YTD)** and contributed to increase **Adjusted EBITDA (+28.4% vs Q3 2022 YTD)**.
- **LTM proforma Revenues and EBITDA** show effects of **new M&A** (€145.1M on Revs, €42.1M on EBITDA), **DARR** (€30.6M) and **Cost savings** (€16.6M).

Pro Forma LTM Revenues and ADJ EBITDA as of Q3 2023

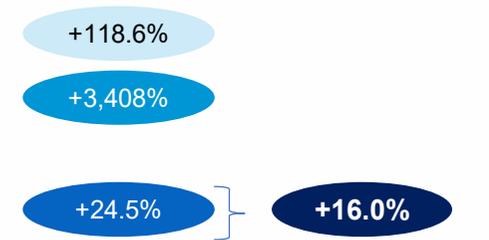
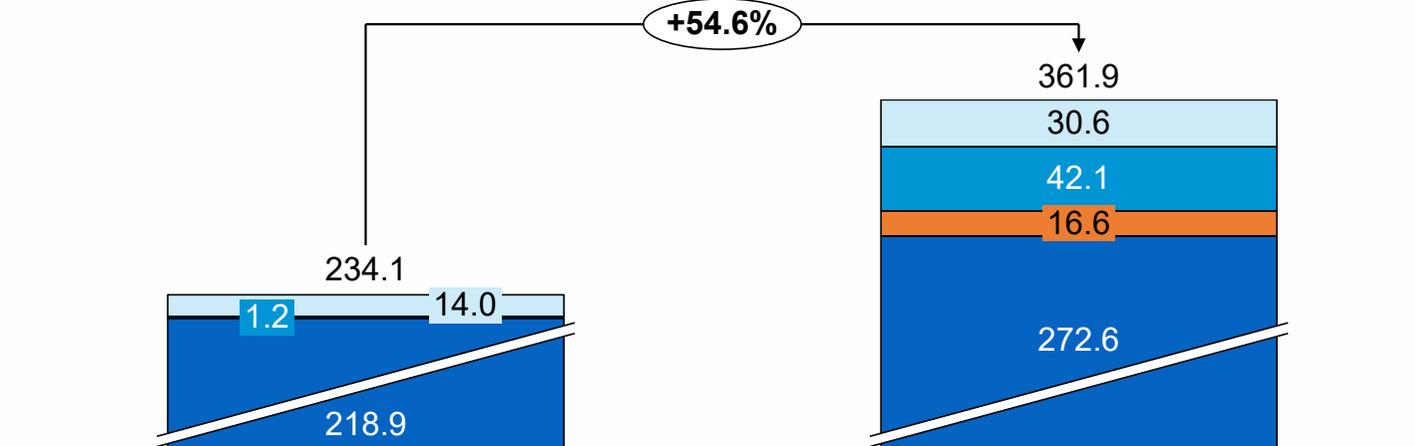
Euro mln

- Delta ARR
- M&A**
- Cost Savings
- LTM statutory

Revenues
€ mln



EBITDA
ADJ
€ mln



Q3 2022

Q3 2023

* Excluding StoreDen, ITR, ProgettoStudio, Biemme, TS 10, CiaoManager, 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, Topperservice, 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	Q3 2023 Stat YTD
Revenues	109,4	155,2	107,6	15,2	80,6	25,4	493,4
I margin	52,1	89,6	67,7	6,3	20,7	7,7	244,2
<i>% of Revs</i>	<i>47,6%</i>	<i>57,7%</i>	<i>62,9%</i>	<i>41,6%</i>	<i>25,7%</i>	<i>30,5%</i>	<i>49,5%</i>
Indirect Costs							55,6
Capitalized Development Costs							16,2
Adjusted EBITDA							204,9
<i>% of Revs</i>							<i>41,5%</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 Q3 2023 YTD **49.5%** of the total revenues.
- **Adjusted EBITDA** includes **indirect cost** excluding **capitalizations** and represents in **Q3 2023 YTD 41.5%** of the total revenues

Key drivers of TeamSystem Q3 2023 YTD statutory Revenues

Euro mln

Revenues by BU & Family	Q3 2023 Stat YTD	Q3 2022 Stat YTD*	Var. 2023 Stat vs 2022 Stat	%	% YoY Organic Growth
Enterprise	109,4	88,7	20,7	23,3%	14,8%
Recurring	81,7	66,8	14,9	22,3%	18,2%
Other Revenues	27,7	21,9	5,8	26,4%	4,6%
Professional	155,2	121,5	33,6	27,7%	13,4%
Recurring	143,6	112,9	30,7	27,2%	14,3%
Other Revenues	11,6	8,6	2,9	34,1%	1,1%
Micro	107,6	86,6	21,1	24,3%	23,0%
Recurring	101,8	81,2	20,5	25,3%	23,9%
Other Revenues	5,9	5,3	0,5	10,1%	9,5%
Digital Finance	15,2	13,6	1,6	11,4%	10,8%
Recurring	12,0	11,1	0,9	8,1%	7,3%
Other Revenues	3,2	2,5	0,7	26,4%	26,4%
Market Specific Solution	80,6	77,3	3,4	4,4%	4,3%
Recurring	53,9	49,2	4,7	9,6%	9,5%
Other Revenues	26,7	28,0	-1,3	-4,8%	-4,8%
HR	25,4	16,3	9,1	55,8%	21,7%
Recurring	18,9	13,1	5,8	44,2%	26,0%
Other Revenues	6,4	3,2	3,3	104,0%	3,9%
Total	493,4	404,0	89,4	22,1%	14,3%
Recurring	411,9	334,4	77,5	23,2%	16,9%
Other Revenues	81,4	69,6	11,9	17,1%	1,5%

Enterprise

- **Significant organic Revenues increase** (+14.8% vs Q3 2022 YTD) driven by **Recurring** (+18.2% vs Q3 2022 YTD).

Professional

- **Significant increase on organic Recurring Revenues** (+14.3% vs Q3 2022 YTD) mainly related to **Professional and Payroll solutions**

Micro

- **Significant organic growth** (+23.0% vs Q3 2022 YTD) on **Recurring Revenues** in **all business lines** (Micro/Small Business, Micro Vertical and International business).

Digital Finance

- **Good organic growth in Revenues** (+10.8% vs Q3 2022 YTD) 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** (+4.3% vs Q3 2022 YTD) mainly driven by **CAD/CAM** (+3.8% vs Q3 2022 YTD), **Construction business** (+8.7% vs Q3 2022 YTD) and **CAF solutions** (+15.0% vs Q3 2022 YTD).

HR

- **Strong organic growth** (21.7% vs Q3 2022 YTD) led by **Recurring Revenues** (26.0% vs Q3 2022 YTD).

*Including in 2022 Stat reclassifications during the year

Key drivers of TeamSystem Q3 2023 YTD statutory Costs

Euro mln

P&L and Operating Costs by Nature	Q3 2023 Stat YTD	Q3 2022 Stat YTD	Var. 2023 Stat vs 2022 Stat	%	% YoY Organic Growth
REVENUES	493,4	404,0	89,4	22,1%	14,3%
COGS	88,6	77,5	11,1	14,4%	8,5%
Personnel	148,1	125,0	23,1	18,5%	8,4%
Personnel Like	19,4	14,5	5,0	34,2%	22,2%
Non Personnel	48,6	40,3	8,3	20,5%	13,6%
NP - Marketing	14,8	14,2	0,5	3,9%	3,4%
NP - Other NP Costs	32,5	26,1	6,4	24,6%	19,2%
Bad debt accrual	5,2	3,9	1,3	31,8%	24,4%
Capitalised development costs	16,2	12,9	3,3	25,9%	21,6%
Adjusted EBITDA	204,9	159,6	45,3	28,4%	21,7%
<i>% of Revs</i>	<i>41,5%</i>	<i>39,5%</i>			

A COGS

- **Cogs - Licenses & A&M HW/SW 3P increased organic by 13.9%** vs Q3 2022 YTD driven by recurring revenues growth and reached **€52.2M (€45.8M in Q3 2022 YTD)**.
- **Cogs - CAD/CAM reached €27.5M in Q3 2023 YTD**. The increase (+2.5% vs Q3 2022 YTD) is led by an increase of **Cogs A&M and Software 3P** as a result of the growth in sales compared to Q3 2022 YTD

B Personnel & Personnel like

- **Personnel costs increased organic by 8.4%** vs Q3 2022 YTD mainly due to **Payslip** for investment on new resources.

C Non Personnel

- **Marketing costs slightly increased organic by 3.4%** vs Q3 2022 YTD to support business growth.
- **T&E increased organic by 28.2% and reached €9.1M in Q3 2023 YTD**.
- **External R&D increased organic by 22.0% and reached €3.8M in Q3 2023 YTD** due to the development and refinement of the company's products.

Net financial Position – Q3 2023

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

 Detailed next

Cash flow Bridge – Q3 2023

Eur Millions	Description	Dec 31, 2020
Cash Balance Dec22		145,0
Adj. Ebitda		205,2
Bad debt		5,2
Change of Net Working Capital		8,4
Capex	Tangible and intangible assets (-14.5M€) Capitalized development costs (-16.2M€)	30,7
Non operating costs	Mainly acquisition/merger costs and advisory expenses related to reorganization	16,0
Change in Provision		0,2
New investments / Contingent Liabilities to minorities	New M&A and other equity interest acquisitions from minorities (-€272.1M New M&A; - €36.8M M&A Carryforward)	308,9
Other financial items	Interest on bond, commissions and finance leases reimbursement; other loans net repayment, new investment*	60,4
Income tax		21,4
Cash Balance Sept23**		37,0

* Other financial items are composed by interests on Notes (-70.6M), RCF drawings (+135M) and other items (-4.0M)

** Excludes impact of the October 2023 notes issuance

Appendix

RECONCILIATION OF NET FINANCIAL INDEBTEDNESS FOR Q3 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 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	43.236	-	-	-	43.236	2	43.234
Cash and bank balances	37.141	44	12	67	37.017	29	36.988
Financial liabilities with banks and other institutions	(1.993.949)	-	-	-	(1.993.949)	(309.216)	(1.684.733)
TOTAL	(1.913.572)	44	12	67	(1.913.696)	(309.185)	(1.604.511)

* Excludes impact of the October 2023 notes issuance