



2022 FY Financial Review

April 28th 2023

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TeamSystem FY 2022 performance summary

FY 2022 Statutory

- We experienced **significant FY 2022 growth** on a Statutory basis sustained by **strong organic performance** driven by new sales across all segments, in particular **Microbusiness, Market Specific Solutions and HR business units**.
- The key results for **FY 2022** are:
 - **Adjusted EBITDA** up **13.8% vs FY 2021** reached **€227.3M** (**€67.7M in Q4 2022, +14.4% vs Q4 2021**).
 - **Revenues** up **16.2% vs FY 2021** reached **€568.2M** (**€164.2M in Q4 2022, +13.2% vs Q4 2021**). **Top line organic growth is 10.5%**
 - **The cost base evolution reflects the investment** in Sales&Marketing and R&D from one hand and a **good cost control** on personnel and other non personnel costs

FY 2022 Pro-forma

- **Adjusted EBITDA and Revenues FY 2022 vs FY 2021** increased **+31.5%** and **+27.6%** respectively on a pro-forma basis.
 - **Pro-forma Adjusted EBITDA in FY 2022** reached **€310.2M** (vs €235.9M in FY 2021) with **Adjusted EBITDA margin at 44.6%**
 - **Pro-forma Revenues in FY 2022** reached **€695.8M** (vs €545.2M in FY 2021)

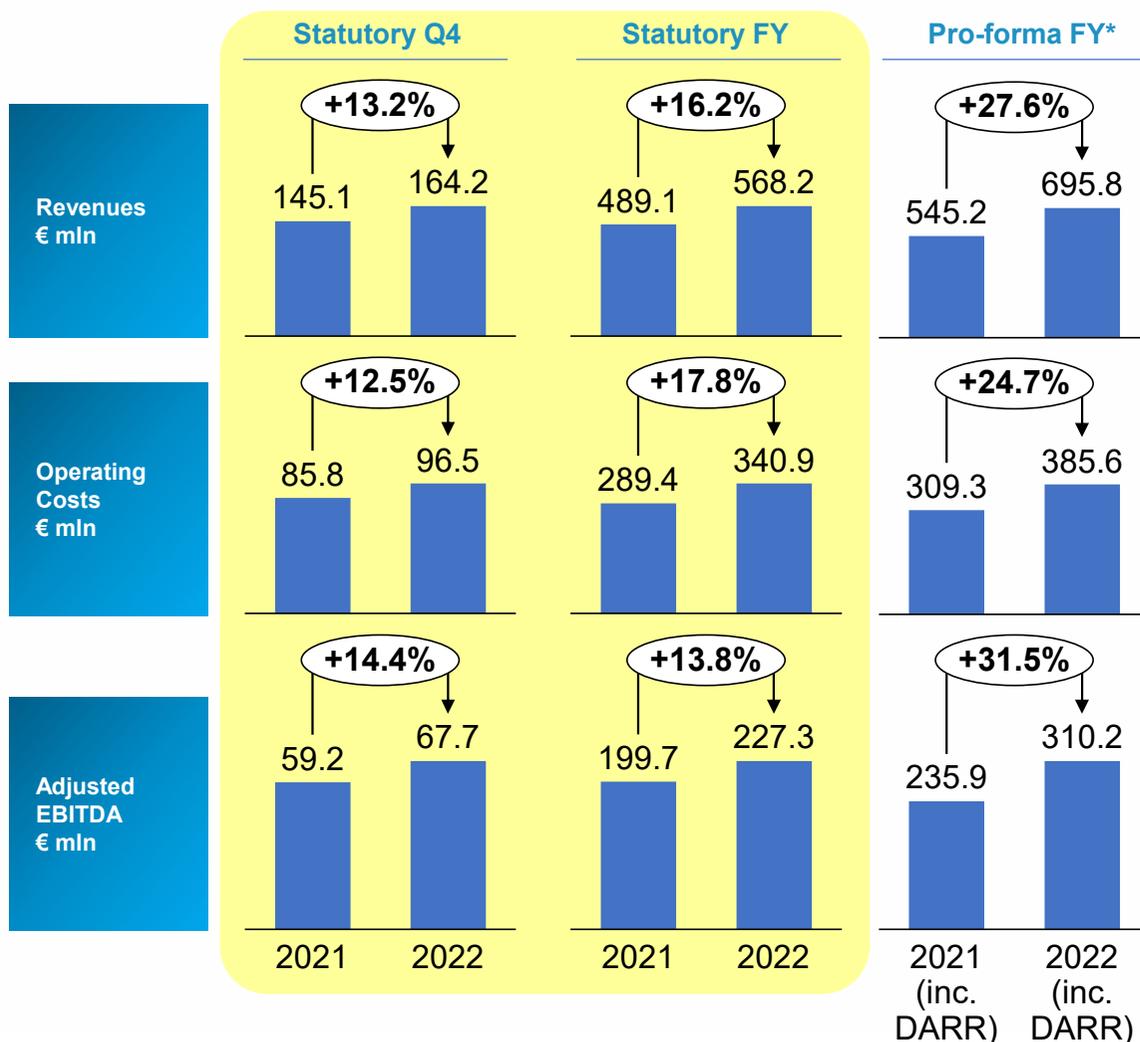
Leverage

- **Leverage ratio decreased to 4.32x** at the end of FY 2022 mainly driven by strong business performance.
- On October 6th we placed a **new tranche of senior debt through private placement of 185 € mln** in order to maintain a good liquidity cushion and pursue our bolt on M&A strategy
- **75% of our debt is either at a fixed rate or hedged through Interest Rate Swaps.**
- At the end of FY 2022, **Cash and bank balances** amounted to **€145.5M on a statutory level.**

Macro-economic Context

- The high inflation environment (+11,9% on October data) has a limited impact our costs base while our contractual relationships with our customers are inflation linked.
- **The regulatory environment remains positive** with initiatives to push digitalization both through further adoption of e-Invoice and PNRR initiatives
- Energy costs increase and macro environment in general is not affecting our customers capability to invest and to pay on time.

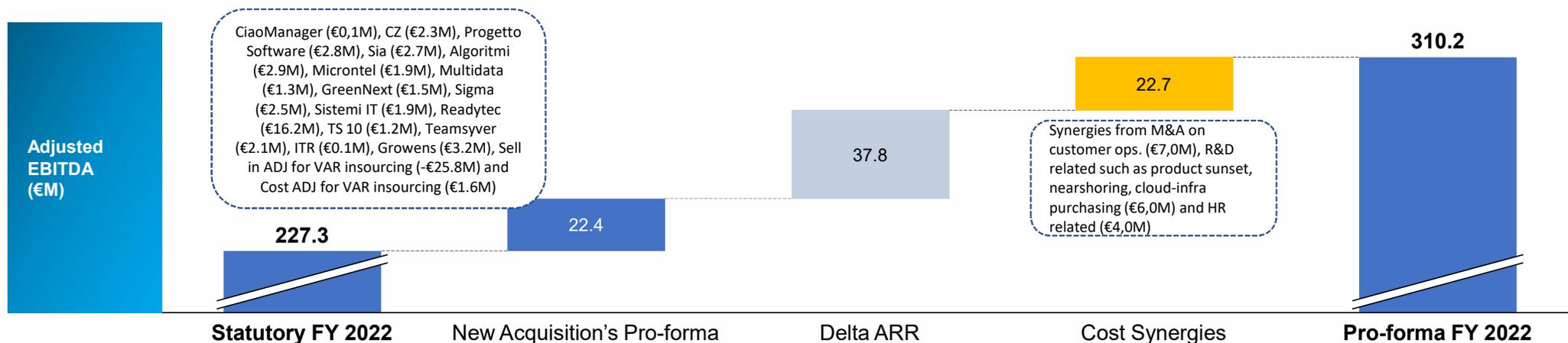
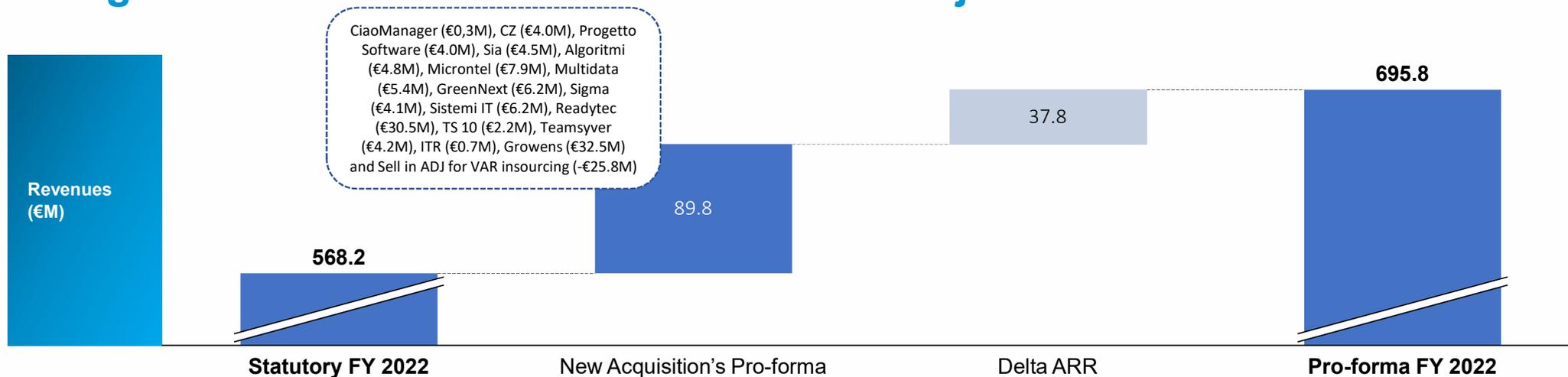
TeamSystem FY 2022 results summary



- **Significant FY 2022 growth** (higher than 2021 by €79.1M) is mainly driven by a **good performance in Q4 (+13.2%)** both in **Recurring Revenues** (+13,0% vs Q4 2021) and **Other Revenues** (+13,6% vs Q4 2021) and basically in **Micro** (+17% vs Q4 2021), **HR** (+49,9% vs Q4 2021) and **Market Specific Solutions** (+12,2% vs Q4 2021).
- **Revenues organic growth 6,7% in Q4 vs 2021 and 10.5% in FY vs 2021**
- **Operating costs** significant growth vs FY 2021 (+17.8%) landing to €340.9M.
- Q4 2022 growth (+12.5% vs Q4 2021) scales compared to revenues and is mainly related to **inorganic components** related to new M&A (+4,0% vs Q4 2022 organic).
- **Q4 EBITDA (+14.4% vs Q4 2021) grows in line with FY 2022 (+13.8% vs FY 2021).**
- **Pro-forma FY Revenues and Adjusted EBITDA** show the impact of **new M&A** (€89,8M on Revs, €22,4M on EBITDA), **DARR** (€37,8M) and **Cost Savings** (€22.7M).

* Including CiaoManager, CZ, Progetto Software, SIA, Microntel, Algoritmi, Multidata, GreenNext, Sigma, Sistemi IT, Readytec, Teamsystem 10, Biemme, ITR, Growens ITA, Growens SPA and ADJ's for Var insourcing

Bridge between 2022 Actual Revenues and Adj. EBITDA vs. Pro-forma



Statutory P&L by BU

Euro mln

P&L by Business Unit	Enterprise	Professional	Micro	Digital Finance	Market Specific Solutions	HR	2022 Stat
Revenues	131,3	165,1	119,0	18,0	111,5	23,3	568,2
Direct Costs	67,6	76,8	46,8	11,2	80,2	17,9	300,4
- COGS	12,3	17,7	5,0	4,5	44,9	3,6	87,9
- Sales & Mktg	18,6	18,1	18,5	1,2	11,9	1,3	69,7
- Delivery	7,3	5,7	1,9	0,1	8,8	6,6	30,4
- CS/CSM/Fin Ops	7,2	12,4	3,6	1,7	2,9	3,7	31,6
- R&D	12,0	11,9	5,0	1,2	5,9	1,9	37,9
- Overhead	7,2	8,4	11,6	2,1	3,6	0,3	33,2
- T&E	3,0	2,6	1,2	0,3	2,1	0,5	9,7
I margin	63,7	88,3	72,2	6,8	31,4	5,4	267,7
<i>% of Revs</i>	<i>48,5%</i>	<i>53,5%</i>	<i>60,7%</i>	<i>37,8%</i>	<i>28,1%</i>	<i>23,2%</i>	<i>47,1%</i>
Indirect Costs							57,6
Capitalized Development Costs							17,2
Adjusted EBITDA							227,3
<i>% of Revs</i>							<i>40,0%</i>

- **I Margin YTD** 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 FY 2022 **47.1%** of total revenues.
- **Adjusted EBITDA YTD** includes **indirect cost** excluding **capitalizations** and represents in FY 2022 **40.0%** of total revenues.

Key drivers of TeamSystem FY 2022 statutory Revenues

Euro mln

Revenues by BU & Family	2022 Stat	2021 Stat	Var. 2022 Stat vs 2021 Stat	%	% YoY Organic Growth
Enterprise	131,3	111,3	20,0	18,0%	8,9%
Recurring	98,9	82,2	16,6	20,2%	10,3%
Other Revenues	32,4	29,0	3,3	11,5%	5,0%
Professional	165,1	145,0	20,1	13,9%	2,9%
Recurring	151,6	134,9	16,7	12,3%	2,6%
Other Revenues	13,6	10,1	3,5	34,6%	6,3%
Micro	119,0	100,8	18,3	18,1%	16,5%
Recurring	114,1	95,7	18,4	19,2%	17,5%
Other Revenues	4,9	5,0	-0,1	-2,6%	-3,0%
Digital Finance	18,0	13,3	4,7	35,7%	35,6%
Recurring	16,3	11,7	4,6	39,2%	39,1%
Other Revenues	1,7	1,5	0,1	8,7%	8,7%
Market Specific Solution	111,5	101,5	10,0	9,9%	9,7%
Recurring	66,0	62,5	3,5	5,7%	5,5%
Other Revenues	45,5	39,1	6,5	16,6%	16,6%
HR	23,3	17,3	6,0	34,7%	34,4%
Recurring	19,2	14,4	4,8	33,1%	32,8%
Other Revenues	4,0	2,8	1,2	42,8%	42,7%
Total	568,2	489,1	79,1	16,2%	10,5%
Recurring	466,1	401,5	64,6	16,1%	10,3%
Other Revenues	102,1	87,6	14,5	16,6%	11,1%

Enterprise

- **Significant Organic Revenues increase (+8.9% vs FY 2021)** mainly driven by **Recurring Revenues (+10.3% vs FY 2021)**

Professional

- **Significant increase on Recurring Revenues (+12.3% vs FY 2021)** mainly related to **Payroll solutions (+8.2% vs FY 2021)** and FY 2021 new M&A.

Micro

- **Significant growth (+19.2% vs FY 2021) on Recurring Revenues in all business lines** (Micro/Small Business, Micro Vertical and International business).

Digital Finance

- **Strong growth (+35.7% vs FY 2021) along all business lines** (pay, invoice trading, fiscal credit trading and rating)

Market Specific Solution

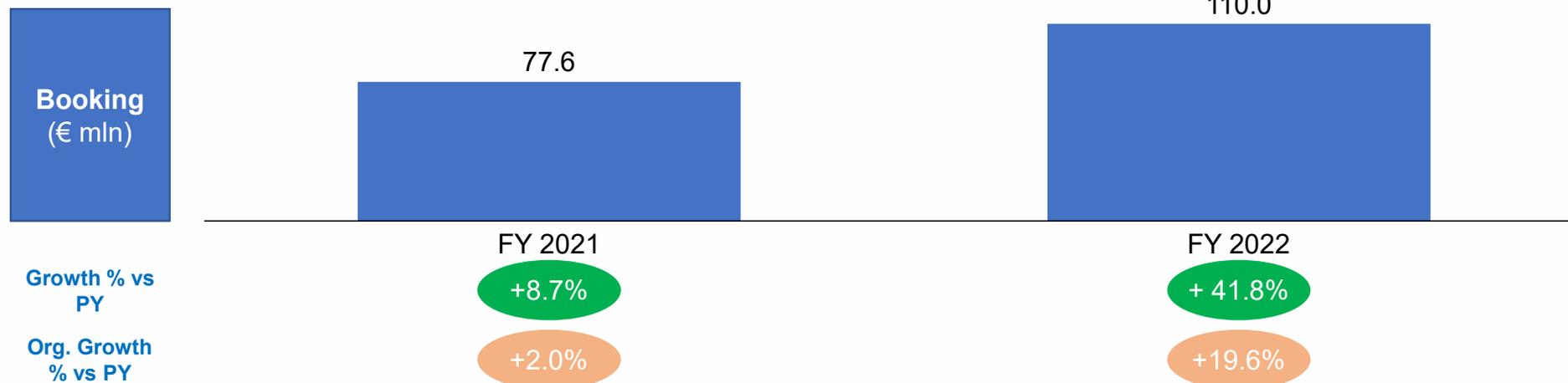
- **Significant growth (+9.9% vs FY 2021)** mainly driven by **CAD/CAM (+16.8% vs FY 2021)**, **Construction business (+10.9% vs FY 2021)** and **Legal (+9.1% vs FY 2021)**.

HR

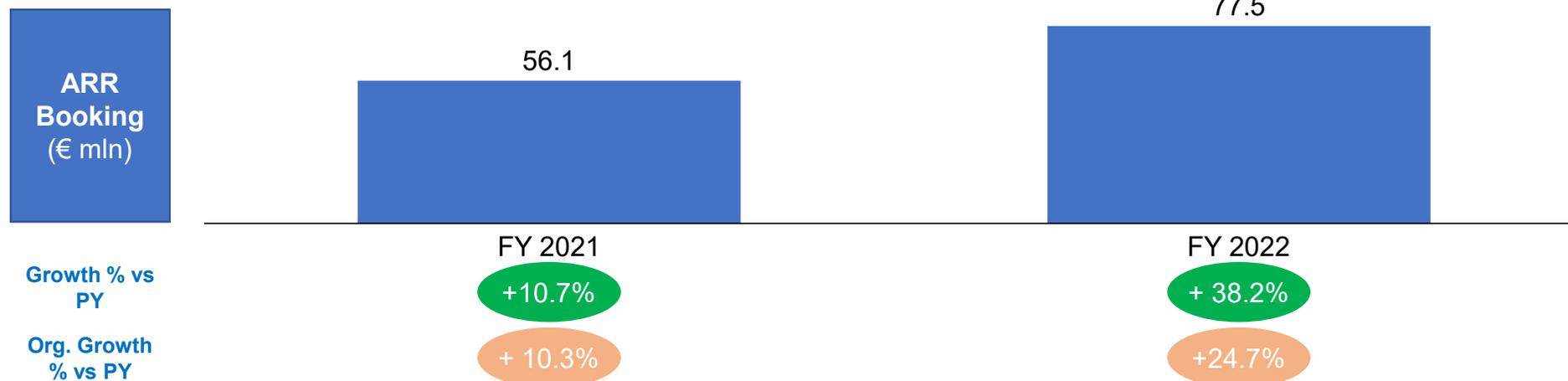
- **Significant growth (34.7% vs FY 2021)** led by both **Recurring Revenues (33.1% vs FY 2021)** and **Other Revenues (42.8% vs FY 2021)**

TeamSystem FY 2022: relevant metrics

New booking*



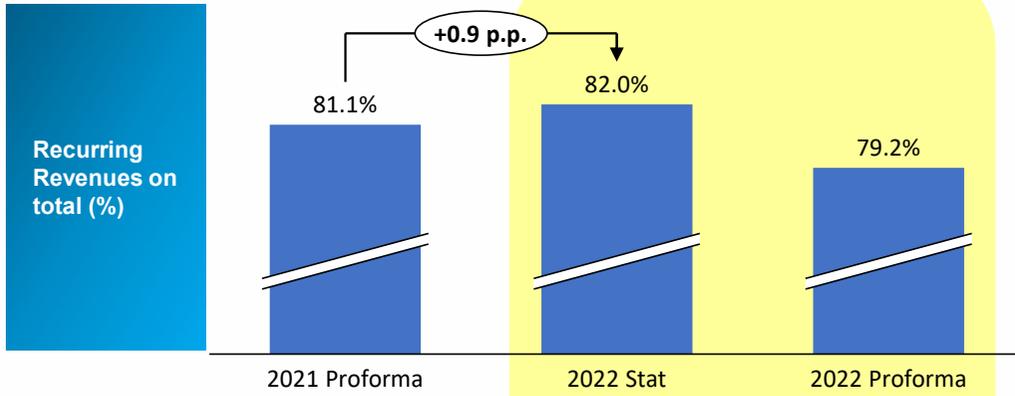
ARR booking*



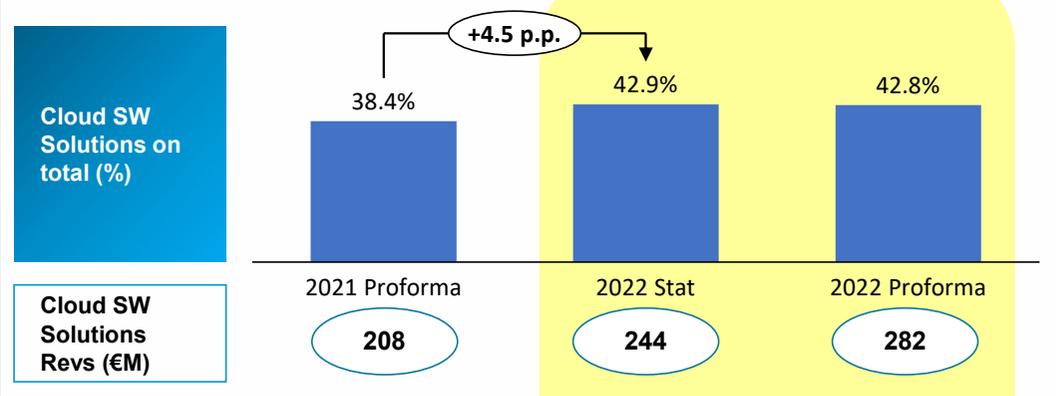
* Pro-forma perimeter

TeamSystem FY 2022 key metrics

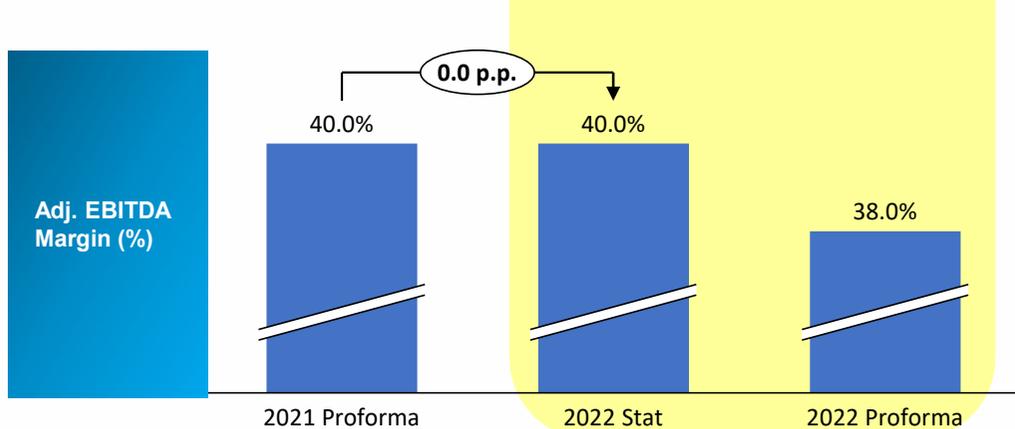
Recurring Revenues



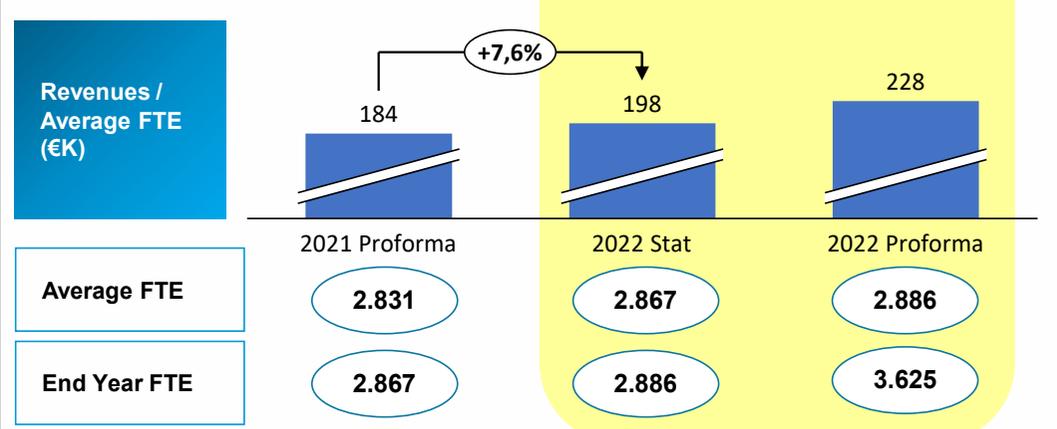
Cloud Software Solutions Revenues



EBITDA Margin



Productivity



Key drivers of TeamSystem FY 2022 statutory Costs

P&L and Operating Costs by Nature	2022 Stat	2021 Stat	Var. 2022 Stat vs 2021 Stat	%	% YoY Organic Growth
REVENUES	568,2	489,1	79,1	16,2%	10,5%
COGS	111,0	91,2	19,8	21,7%	16,6%
Personnel	170,3	152,4	17,9	11,7%	3,6%
Personnel Like	20,3	17,4	2,9	16,5%	11,7%
Non Personnel	56,4	44,3	12,2	27,5%	21,9%
NP - Marketing	20,4	15,8	4,5	28,7%	27,0%
NP - Other NP Costs	36,1	28,4	7,6	26,8%	19,4%
Total Op. Costs excl. Bad debt	358,1	305,4	52,7	17,2%	10,6%
Bad debt accrual	5,5	5,0	0,4	8,8%	5,9%
Capitalised development costs	17,2	16,0	1,1	7,2%	7,0%
Adjusted EBITDA	227,3	199,7	27,6	13,8%	10,1%
% of Revs	40,0%	40,8%			

A COGS

- **Cogs - Licenses & A&M HW/SW 3P increased organic by 13.7%** vs FY 2021 driven by recurring revenues growth and reached **€32.9M (€28.9M in FY 2021)**.
- **Cogs - CAD/CAM reached €31.9M in FY 2022.** The increase (+17.1% vs FY 2021) is led by an increase of **hardware costs related to 3D printing and Machineries (+23% and +47% vs FY 2021)** and **Software 3P (+28% vs FY 2021)** as a result of the growth in sales.

B Personnel & Personnel like

- **Personnel costs increased organic by 3.6%** vs FY 2021 mainly due to **Payslip (+3.8% organic vs FY 2021)** for investment on new resources.

C Non Personnel

- **Marketing costs increased organic by 27.0%** vs FY 2021 to support business growth in particular on Micro/Small business segment (e-invoicing).
- **T&E increased organic by 34.7% and reached €8.9M in FY 2022.**
- **External R&D increased organic by 78.5% and reached €4.8M in FY 2022** due to the development and refinement of the company's products.

Net financial Position – FY 2022

Eur Millions	Dec 31 2022 TeamSystem SpA	Sept 30 2022 TeamSystem SpA	June 30 2022 TeamSystem SpA	March 31 2022 TeamSystem SpA	Dec 31 2021 TeamSystem SpA
Cash and Bank balances	145.0 M€	29.9 M€	21.7 M€	70.0 M€	58.1 M€
Cash out net of Cash and Bank balances new Acquisitions (not consolidated)	-111.1 M€	-1.8 M€	-3.3 M€	-5.2 M€	-28.7 M€
Guarantee ancillary facility	-2.1 M€	-2.6 M€	-2.6 M€	-2.4 M€	-2.5 M€
Notes	-1.335.0 M€	-1.150.0 M€	-1.150.0 M€	-1.150.0 M€	-1.150.0 M€
RCF	0.0 M€	-15.0 M€	-14.0 M€	-70.0 M€	-75.0 M€
Consolidated Senior Secured Net Leverage	-1.303.2 M€	-1.139.5 M€	-1.148.2 M€	-1.157.6M€	-1.198.1M€
Other financial assets	8.3 M€	8.3 M€	8.3 M€	8.4M€	8.5M€
Accrued interests on Notes/RCF	-14.8 M€	-11.7 M€	-8.9 M€	-11.6M€	-9.2M€
Other financial liabilities	-3.6 M€	-2.4 M€	-2.4 M€	-3.3 M€	-3.6 M€
Other financial liabilities new Acquisitions (not consolidated)	-4.0 M€	0.0 M€	0.0 M€	0.0 M€	0.0 M€
Finance Leases Liabilities	-25.3 M€	-23.3 M€	-24.6 M€	-22.1 M€	-23.2 M€
Net Financial Position	-1.342.6M€	-1.168.6M€	-1.175.8M€	-1.186.2M€	-1.225.6M€
Leverage ratio	4.32X	4.98X	5.07X	5.22X	5.19X

 Detailed next

Cash flow Bridge – FY 2022

Eur Millions	Description		Dec 31, 2020
Cash Balance Dec21	58,1		
Adj. Ebitda	227,6		
Bad debt		5,5	
Change of Net Working Capital		0,1	
Capex		36,4	Tangible and intangible assets (-19.2M€) Capitalized development costs (-17.2M€)
Non operating costs		16,4	Advisory expenses related to reorganization and cost saving projects, Staff leaving indemnity, acquisition/merger costs and settlements with clients/agents
Change in Provision		0,8	
New investments / Contingent Liabilities to minorities	82,8		New M&A and other equity interest acquisitions from minorities (€37.0M New M&A - €45.8M M&A Carryforward)
Other financial items	26,7		Private placement issuance, RCF and other loans net repayment, new investment, Interest on bond and RCF, commissions and finance leases reimbursement ¹ .
Income tax	25,5		
Cash Balance Dec22	145,0		

¹ Other financial items are composed by Private placement issuance (+185.0), RCF Reimbursement/ Interest on RCF (-76.4M), interests on Notes (-42.5M), Reserves distribution (-24.0M), Financing fees (-6.4M) and other items (-9.0M)

Appendix

RECONCILIATION OF NET FINANCIAL INDEBTEDNESS FOR FY 2022

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 TEAMSYSYSTEM HOLDCO GROUP vs TEAMSYSYSTEM SPA GROUP	TEAMSYSYSTEM HOLDCO CONSOLIDATED	TEAMSYSYSTEM HOLDCO STAND ALONE NET OF INTERCOMAPY	TEAMSYSYSTEM HOLDCO 1 STAND ALONE NET OF INTERCOMAPY	TEAMSYSYSTEM HOLDCO 2 STAND ALONE NET OF INTERCOMAPY	TEAMSYSYSTEM HOLDCO 3 CONSOLIDATED	TEAMSYSYSTEM HOLDCO 3 STAND ALONE NET OF INTERCOMAPY	TEAMSYSYSTEM SPA CONSOLIDATED
Bank accounts and post office	145.496	35	11		145.450	462	144.988
Cash and bank balances	27				27		27
Total Cash and bank balances	145.523	35	11		145.477	462	145.015
Loans	25				25		25
Derivative instruments - assets	31.233				31.233		31.233
Accruals and prepaid commissions	38				38	0	37
Other financial assets	8.238				8.238		8.238
Total Other financial assets	39.534				39.534	0	39.534
Loans with banks	(1.767)				(1.767)		(1.767)
Overdrafts with banks	(2)				(2)		(2)
Finance leases liabilities	(25.276)				(25.276)		(25.276)
Notes	(1.656.181)				(1.656.181)	(306.349)	(1.349.832)
Financial liabilities with other institutions	(1.607)				(1.607)		(1.607)
Dividends to be paid	(40)				(40)		(40)
Total Financial liabilities	(1.684.873)				(1.684.873)	(306.349)	(1.378.524)
Financing Fees - notes	44.404				44.404	7.712	36.692
Financing Fees - banks	2.997				2.997		2.997
Total Financing Fees	47.402				47.402	7.712	39.689
Liabilities to non controlling shareholders of subsidiaries	(87.643)				(87.643)		(87.643)
Commissions financial liabilities	(217)				(217)		(217)
Total Other financial liabilities	(87.860)				(87.860)		(87.860)
Total	(1.540.274)	35	11		(1.540.320)	(298.174)	(1.242.146)