



2022 Q3 Financial Review

November 25th 2022

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TeamSystem Q3 2022 performance summary

Q3 YTD 2022 Statutory

- We experienced **significant Q3 2022 YTD growth** on a Statutory basis sustained by a good level of new bookings, significantly better than in 2021 (+17.4%).
- The key results for **Q3 YTD** are:
 - **Adjusted EBITDA up 13.6% vs Q3 2021 YTD** reached **€159.6M (€58.3M in Q3 2022, +11.3% vs Q3 2021)**
 - **Revenues up 17.4% vs Q3 2021** reached **€404.0M (€135.3M in Q3 2022, +17.5% vs Q3 2021)**
- **Top line growth is driven by strong organic performance of Microbusiness, Digital Finance and HR business units**
- **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

Q3 YTD 2022 LTM

- **Adjusted EBITDA and revenues LTM Sep 2022 vs LTM Sep 2021** increased **+14.0%** and **+18.8%** respectively on a pro-forma basis. Top line organic growth is double digit at 10,1%.
 - **Pro-forma Adjusted EBITDA in Sep 2022 LTM reached €234.1M** (vs €205.3M in Sep 2021) with **adj EBITDA margin at 41%**
 - **Pro-forma Revenues in Sep 2022 LTM reached €570.3M** (vs €480.2M in Sep 2021)

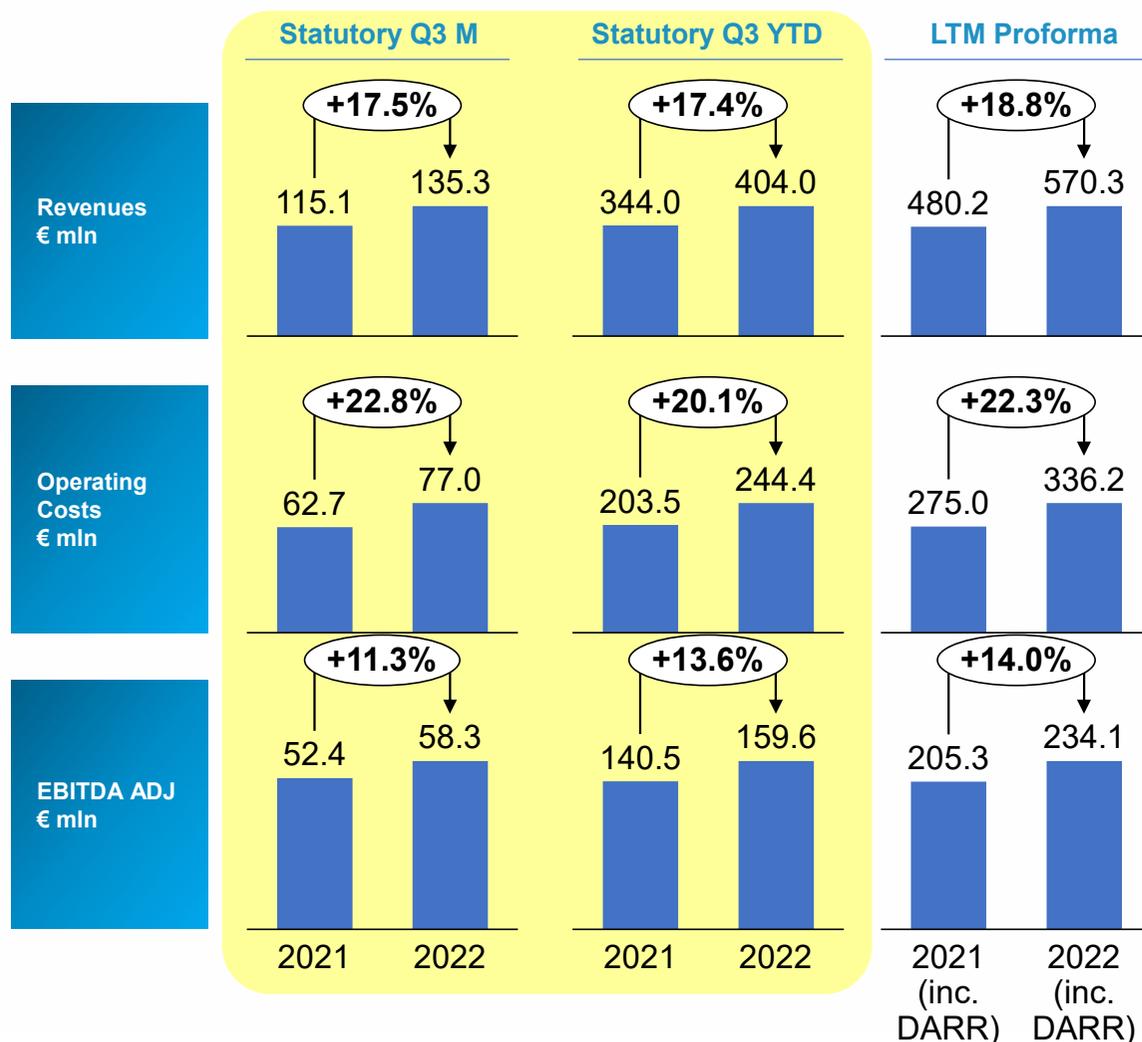
Leverage

- **Leverage ratio decreased to 4.98x** at the end of Q3 2022 driven by strong business performance, reduction of non operating costs and reduction of net financial position
- 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

Macro- economic Context

- The high inflation environment (+11,9% on October data) has a limited impact our costs base while are 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

TeamSystem Q3 2022 results summary

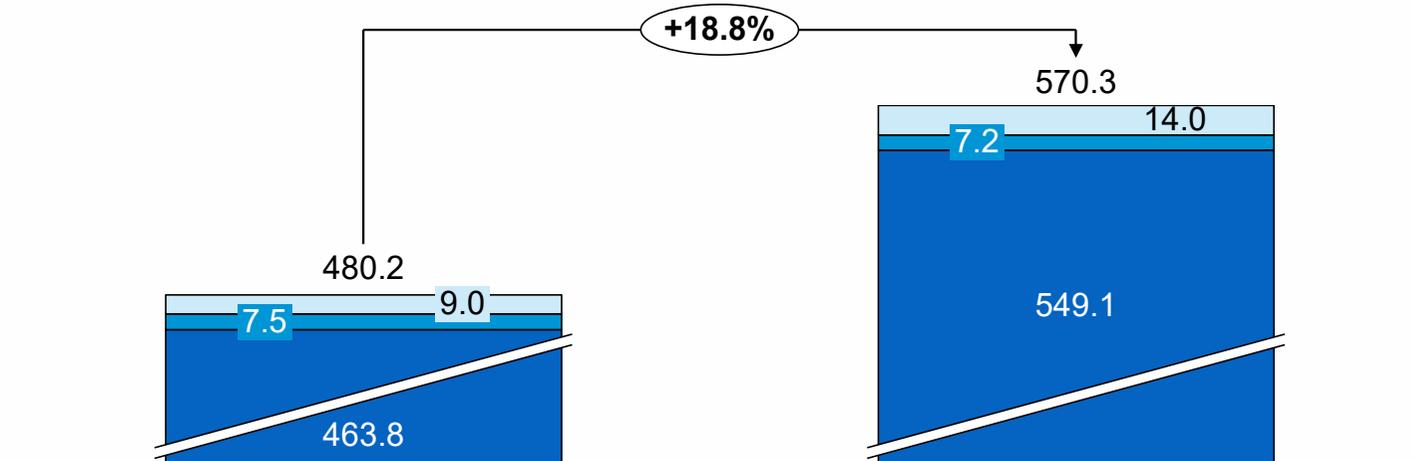


- **Significant 2022 Q3 YTD growth** (higher than 2021 by €60.0M) is mainly driven by a **good performance in Q3 (+17.5%)** both in **recurring revenues (+14,5% vs Q3 2021)** and **Other Revenues (+21.1% vs Q3 2021)** basically in **Micro, HR and Digital Finance**.
- **LTM proforma Revenues** show the impact of **new M&A (7,2 € mln)**
- **Operating costs YTD grow significantly vs Q3 2021 (+20.1%) in line with revenues growth** and mainly as a result of **inorganic components** related to new M&A (+12,8% organic). Most of the cost growth is related to:
 - **COGS** growth YTD mainly **in line with new sales (+19.3% vs Q3 2021)**
 - **Personnel YTD (+15.8% vs Q3 2021)**
 - **Marketing and Sales related costs YTD (+47.7% vs Q3 2021)**
- **Q3 EBITDA Margins remained constant** despite continued operating leverage due to the level of investment in growth

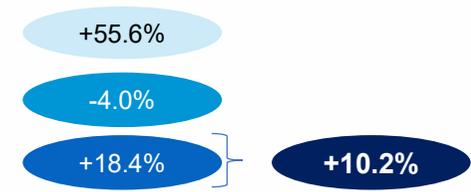
LTM Revenues and ADJ EBITDA as of Q3

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

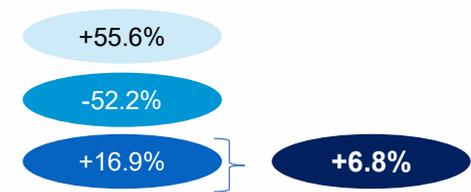
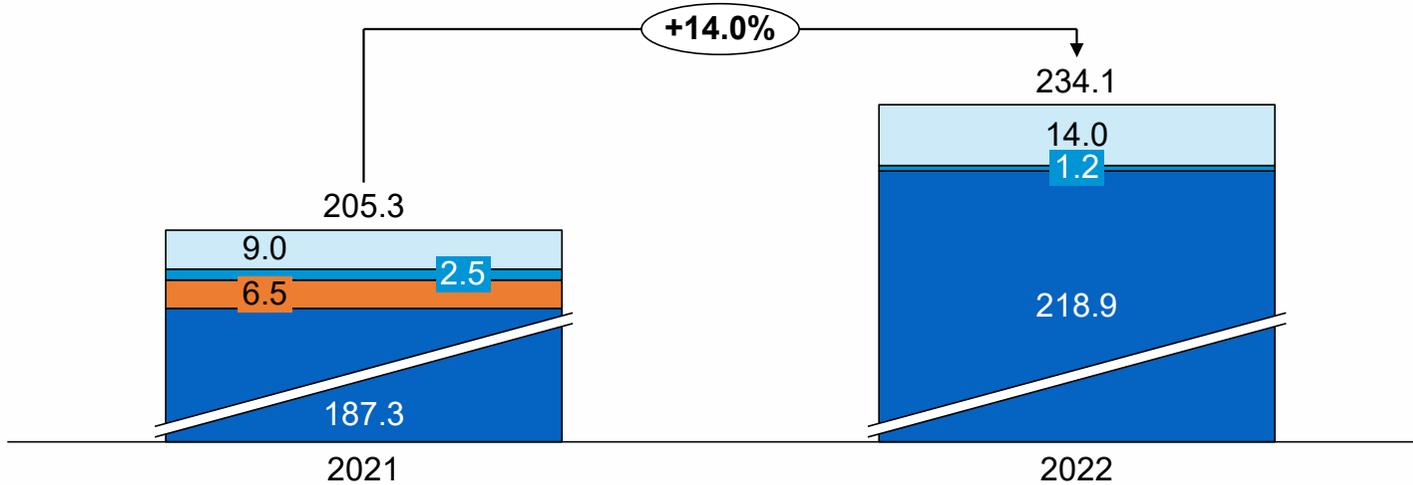
Revenues
€ mln



LTM Organic growth¹



Run rate
EBITDA
ADJ
€ mln



¹ Excluding Billin, ITACME, Logical Soft, ProgettoStudio, Calio and Sell-in adjustment as per VAR insourcing

P&L by BU

Euro mln

TeamSystem group

€mln

P&L by Business Unit	Enterprise	Professional	Micro	Digital Finance	Market Specific Solutions	HR	2022 Stat
Revenues	93,4	119,3	86,1	13,6	76,4	15,1	404,0
Recurring	72,5	110,8	82,7	12,5	48,5	12,4	339,4
Other Revenues	20,9	8,5	3,5	1,1	28,0	2,7	64,6
Direct Costs	48,4	56,0	33,4	8,6	56,4	11,1	213,8
- COGS	8,7	12,5	3,4	3,9	30,9	1,3	60,7
- Sales & Mktg	12,8	13,6	13,1	0,8	8,1	0,9	49,2
- Delivery	5,5	4,4	1,3	0,1	6,6	4,2	22,1
- CS/CSM/Fin Ops	5,1	8,6	2,8	1,2	2,1	2,9	22,8
- R&D	9,0	8,9	3,6	0,8	4,4	1,3	28,0
- Overhead	5,1	6,0	8,4	1,5	2,6	0,2	23,8
- T&E	2,1	1,9	0,9	0,2	1,7	0,3	7,1
I margin	45,0	63,3	52,7	5,1	20,1	4,0	190,2
% of Revs	48,2%	53,1%	61,2%	37,1%	26,2%	26,7%	47,1%
Indirect Costs							43,5
Capitalized Development Costs							12,9
Adjusted EBITDA							159,6
% of Revs							39,5%

- **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 Q3 2022 **47.1%** of total revenues.
- **Adjusted EBITDA YTD** includes **indirect cost** excluding **capitalizations** and represents in Q3 2022 **39.5%** of total revenues.

Key drivers of TeamSystem Q3 2022 statutory Revenues

Euro mln

TeamSystem group
€mln

Revenues by BU & Family	2022 Stat	2021 Stat	Var. 2022 Stat vs 2021 Stat	%	% YoY Organic Growth	LTM % YoY Organic
Enterprise	93,4	78,2	15,2	19,5%	4,9%	6,6%
Recurring	72,5	60,0	12,5	20,8%	5,7%	6,4%
Other Revenues	20,9	18,2	2,7	15,0%	2,3%	7,1%
Professional	119,3	105,3	14,0	13,2%	-0,3%	2,1%
Recurring	110,4	98,6	11,8	12,0%	-0,1%	1,5%
Other Revenues	8,9	6,8	2,1	31,7%	-4,1%	11,3%
Micro	86,1	73,0	13,1	17,9%	15,5%	20,1%
Recurring	82,7	69,8	12,9	18,4%	16,1%	20,6%
Other Revenues	3,5	3,2	0,2	7,0%	2,6%	9,8%
Digital Finance	13,6	9,1	4,5	49,7%	49,7%	74,1%
Recurring	12,5	8,4	4,1	49,4%	49,4%	70,5%
Other Revenues	1,1	0,7	0,4	53,1%	53,1%	111,7%
Market Specific Solution	76,4	66,5	9,9	14,9%	8,9%	7,5%
Recurring	48,5	42,3	6,1	14,5%	6,4%	9,5%
Other Revenues	28,0	24,2	3,8	15,7%	13,4%	4,7%
HR	15,1	11,9	3,3	27,6%	27,6%	23,4%
Recurring	12,4	10,1	2,3	22,8%	22,8%	23,5%
Other Revenues	2,7	1,7	1,0	55,6%	55,6%	23,2%
Total	404,0	344,0	60,0	17,4%	8,3%	10,2%
Recurring	339,0	289,2	49,8	17,2%	8,2%	10,6%
Other Revenues	65,0	54,8	10,2	18,7%	8,7%	8,3%

Enterprise

- **Significant increase on Recurring Revenues (+20.8% vs Q3 2021)** driven by **TS Enterprise** (+12.2% vs Q3 2021) partially reduced by **decrease on Active (non core)** products (-11.0% vs Q3 2021).

Professional

- **Significant increase on Recurring Revenues** (+12.0% vs Q3 2021) mainly related to **Payroll solutions** (+5.6% vs Q3 2021) and 2021 new M&A.

Micro

- **Significant growth** (+17.9% vs Q3 2021) on **Recurring and Other Revenues** in **all business lines** (Micro/Small Business, Micro Vertical and International business).

Digital Finance

- **Strong growth** (+49.7% vs Q3 2021) along **all business lines** (pay, invoice trading, fiscal credit trading and rating)

Market Specific Solution

- **Significant growth** (+14.9% vs Q3 2021) mainly driven by **CAD/CAM** (+9.8% vs Q3 2021), **Construction business** (+52.1% vs Q3 2021) and **Legal** (+12.5% vs Q3 2021).

HR

- **Significant growth** (27.6% vs Q3 2021) **all related to Recurring Revenues** and partially compensated by a **decrease in Other Revenues** (-11.1% vs Q3 2021)

TeamSystem FY 2022: relevant metrics



Key drivers of TeamSystem Q3 2022 statutory Costs

TeamSystem group
€mln

P&L and Operating Costs by Nature	2022 Stat	2021 Stat	Var. 2022 Stat vs 2021 Stat	%	% YoY Organic Growth	LTM % YoY Organic
REVENUES	404,0	344,0	60,0	17,4%	8,3%	10,2%
COGS	77,5	64,9	12,6	19,3%	15,2%	15,0%
Personnel	125,0	107,9	17,1	15,8%	7,2%	9,1%
Personnel Like	14,5	12,7	1,7	13,7%	7,4%	3,5%
Non Personnel	40,3	29,0	11,3	39,1%	29,3%	24,9%
NP - Marketing	14,2	9,6	4,6	47,7%	40,6%	
NP - Other NP Costs	26,1	19,4	6,8	34,9%	22,7%	
Total Op. Costs excl. Bad debt	257,3	214,5	42,7	19,9%	12,6%	12,7%
Capitalised development costs	12,9	11,0	1,9	17,0%	10,7%	
Adjusted EBITDA	159,6	140,5	19,2	13,6%	2,2%	6,8%
% of Revs	39,5%	40,8%				

A COGS

- **Cogs - Licenses & A&M HW/SW 3P increased by 20.3%** vs Q3 2021 driven by recurring revenues growth and reached **€15.2M YTD**.
- **Cogs - CAD/CAM reached €26.8M in Q3 2022**. The increase (10.4% vs Q3 2021) is mitigated by a **reduction of hardware costs related to 3D printing (-9.2%** vs Q3 2021) as a result of the delay in sales (-9.4% vs Q3 2021).

B Personnel & Personnel like

- **Personnel costs increased by 15.8%** vs Q3 2021 mainly due to **Payslip (+12.6%** vs Q3 2021) for investment on new resources and **2022 MBO accruals (+32.7%** vs Q3 2021).

C Non Personnel

- **Marketing costs increased by 47.7%** vs Q3 2021 to support business growth in particular on Micro/Small business segment (e-invoicing).
- **T&E increased by 51.1% and reached 7.1 in Q3 2022** due to the gradual return to office work since the end of 2021.
- **External R&D increased by 120.4% and reached 3.1 in Q3 2022** due to the development and refinement of the company's products.

Net financial Position – Q3 2022

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

 Detailed next

Cash flow Bridge – Q3 2022

Eur Millions	Description		Dec 31, 2020
Cash Balance Dec21	58,1		
Adj. Ebitda	159,9		
Bad debt		3,9	
Change of Net Working Capital		17,1	
Capex		24,7	Tangible and intangible assets (-11.8M€) Capitalized development costs (-12.9M€)
Non operating costs		8,5	Advisory expenses related to reorganization and cost saving projects, Staff leaving indemnity, acquisition/merger costs and settlements with clients/agents
Change in Provision		0,9	
New investments / Contingent Liabilities to minorities		43,3	New M&A and other equity interest acquisitions from minorities (€19.9M New M&A - €23.4M M&A Carryforward)
Other financial items	111,0		RCF and other loans net repayment, new investment, Interest on bond and RCF, commissions and finance leases reimbursement ¹ .
Capital increase	0,0		
Income tax	14,7		
Cash Balance Sept22	29,9		

¹ Other financial items are composed by interests on Notes (-41.0M), RCF Reimbursement / Interest on RCF (-61.4M) and other items (-8.6M)

Appendix

RECONCILIATION OF NET FINANCIAL INDEBTEDNESS FOR Q3 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 INTERCOMPANY	TEAMSYSYSTEM HOLDCO 1 STAND ALONE NET OF INTERCOMPANY	TEAMSYSYSTEM HOLDCO 2 STAND ALONE NET OF INTERCOMPANY	TEAMSYSYSTEM HOLDCO 3 CONSOLIDATED	TEAMSYSYSTEM HOLDCO 3 STAND ALONE NET OF INTERCOMPANY	TEAMSYSYSTEM SPA CONSOLIDATED
Bank accounts and post office	30.539	172	13		30.354	499	29.855
Cash and bank balances	25				25		25
Total Cash and bank balances	30.564	172	13		30.379	499	29.880
Loans	126				126		126
Derivative instruments - assets	27.414				27.414		27.414
Accruals and prepaid commissions	72				72	1	71
Other financial assets	8.149				8.149		8.149
Total Other financial assets	35.761				35.761	1	35.760
Loans with banks	(15.648)				(15.648)		(15.648)
Finance leases liabilities	(23.328)				(23.328)		(23.328)
Notes	(1.472.720)				(1.472.720)	(311.047)	(1.161.673)
Financial liabilities with other institutions	(1.499)				(1.499)		(1.499)
Dividends to be settled	(40)				(40)		(40)
Total Financial liabilities	(1.513.235)				(1.513.235)	(311.047)	(1.202.188)
Financing Fees - bond	40.089				40.089	8.029	32.060
Financing Fees - banks	3.161				3.161		3.161
Total Financing Fees	43.251				43.251	8.029	35.221
Liab. to non-controlling shareholders of subs.	(68.855)				(68.855)		(68.855)
Commission financial liabilities	(199)				(199)		(199)
Cash pooling liabilities	(911)				(911)		(911)
Total Other financial liabilities	(69.966)				(69.966)		(69.966)
Total	(1.473.625)	172	13		(1.473.809)	(302.517)	(1.171.293)