



2022 H1 Financial Review

July 27th 2022

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TeamSystem H1 2022 performance summary

H1 2022 Statutory

- We experienced **significant H1 2022 growth** on a Statutory basis sustained by a good level of new bookings, significantly better than in 2021 (+17.4%).
- The key results for H1 are:
 - **Adjusted EBITDA** up 15.1% vs H1 2021 reached **€101.3M** (€54.9M in Q2 2022, +13.1% vs Q2 2021)
 - **Revenues** up 17.4% vs H1 2021 reached **€268.7M** (€141.3M in Q2 2022, +18.2% vs Q2 2021)
- **Top line growth is driven by strong organic performance of Microbusiness, Digital Finance and HR business units**
- **Good cost control and favorable mix of the cost spend** (push on COGS and Marketing and strict control on personnel and other non personnel costs) **are supporting EBITDA growth**

H1 2022 LTM

- **Adjusted EBITDA** and **revenues LTM** June 2022 vs LTM June 2021 increased +12.1% and +18.5% respectively on a pro-forma basis.
 - **Pro-forma Adjusted EBITDA in June 2022 LTM** reached **€231.4M** (vs €206.3M in June 2021)
 - **Pro-forma Revenues in June 2022 LTM** reached **€559.1M** (vs €471.8M in June 2021)

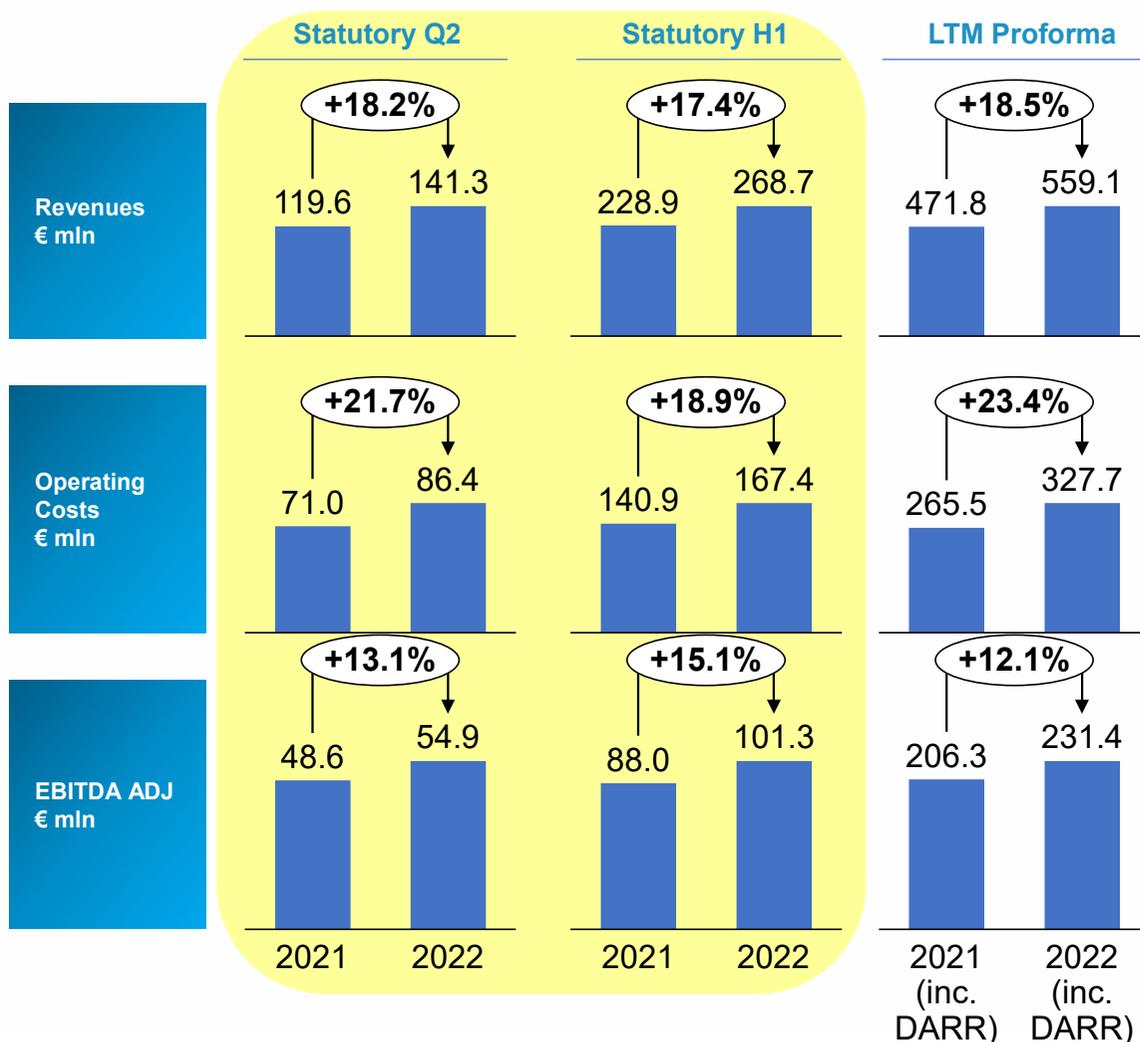
Leverage

- **Leverage ratio decreased to 5.07x** at the end of H1 2022 driven by strong business performance, significant reduction of non operating costs and reduction of net financial position

Macro-economic Context

- Following the Russian-Ukrainian conflict, **no particular risks** have been identified on either the customer or supplier side.
- So far, we have **good ability** to pass on inflation on customers. In addition, we observed limited inflating pressure on the supply side.
- We expect a **positive impact** on our Microbusiness from the **regulatory change** extending the e-invoicing obligation to companies with annual turnover greater than Euro €35.000

TeamSystem H1 2022 results summary

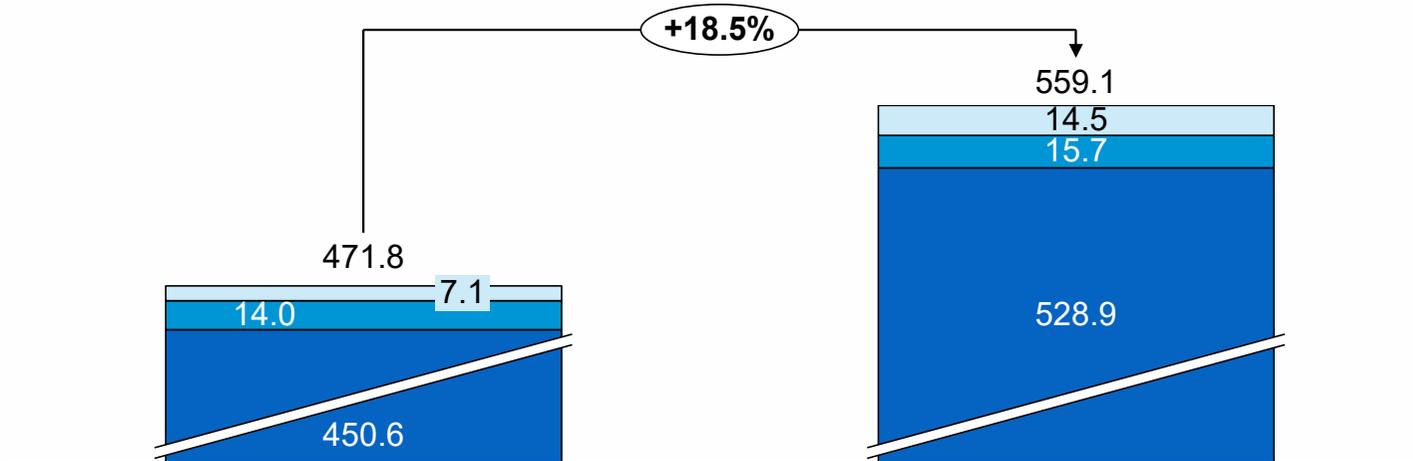


- **Significant 2022 H1 YTD growth** (higher than 2021 by €39.8M) is **driven mainly** from a **good performance in Q2 (+18.2%) both in recurring revenues (+16.6% vs Q2 2021) and Other Revenues (+20.3% vs Q2 2021)** basically in **BU Enterprise and Digital Finance**. Other revenues increased significantly vs 2021, especially compared to 6% growth of Q1 2022;
- **Cloud solutions** represent now **42.8% of the total revenues** (vs 41.9% in H1 2021);
- **LTM proforma Revenues** show the impact of **new M&A**
- **Operating costs grow** significantly vs H1 2021 (**+18.9%**) **in line with revenues growth** and mainly as a result of **inorganic components** related to new M&A (+11,5% organic). Most of the cost growth goes to:
 - **COGS** growth mainly **in line with new sales** (+19.7% vs H1 2021)
 - **Personnel** (+15.4% vs H1 2021)
 - **Marketing and Sales related costs** (+36.5% vs H1 2021)
- **H1 delivered no scale at EBITDA level** due to the level of investment on growth

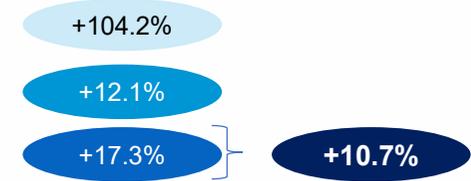
LTM Revenues and ADJ EBITDA as of H1

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

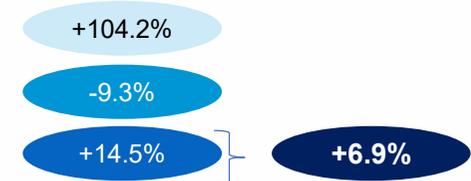
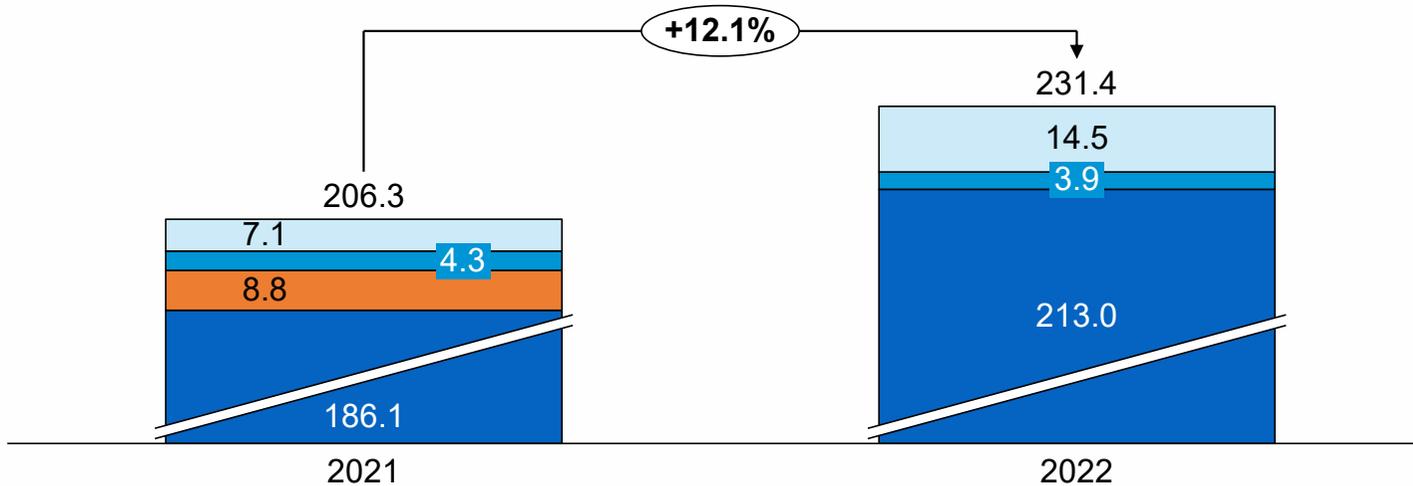
Revenues
€ mln



LTM Organic growth¹



EBITDA
ADJ
€ mln



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

P&L by BU

Euro mln

P&L by Business Unit	Enterprise	Professional	Micro	Digital Finance	Market Specific Solutions	HR	2022 Stat
Revenues	63,5	78,8	55,7	8,9	52,7	9,1	268,7
Recurring	49,0	72,4	53,2	8,2	32,7	7,8	223,4
Other Revenues	14,5	6,4	2,5	0,7	20,0	1,2	45,4
Direct Costs	33,3	39,6	22,4	5,6	38,2	7,1	146,2
- COGS	6,0	8,7	2,1	2,6	20,9	0,7	41,0
- Sales & Mktg	8,6	9,6	9,0	0,6	5,9	0,6	34,4
- Delivery	3,6	2,7	0,9	0,0	4,3	2,5	14,1
- CS/CSM/Fin Ops	3,5	6,2	1,9	0,8	1,3	1,9	15,6
- R&D	6,3	6,8	2,5	0,5	2,8	0,9	19,8
- Overhead	3,6	4,4	5,5	1,0	2,2	0,1	16,8
- T&E	1,6	1,3	0,5	0,1	0,9	0,3	4,6
I margin	30,2	39,3	33,2	3,3	14,5	2,0	122,5
% of Revs	47,6%	49,8%	59,7%	36,9%	27,5%	22,0%	45,6%
Indirect Costs							29,8
Capitalized Development Costs							8,6
Adjusted EBITDA							101,3
% of Revs							37,7%

- **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 H1 2022 **45.6%** (45.0% in Q1 2022, 46.1% in Q2 2022) of total revenues.
- **Adjusted EBITDA** includes **indirect cost** excluding **capitalizations** and represents in H1 2022 **37.7%** of total revenues (36.4% in Q1 2022, 38.9% in Q2 2022) of total revenues

Key drivers of TeamSystem H1 2022 statutory Revenues

Euro mln

Revenues by BU & Family	2022 Stat	2021 Stat	Var. 2022 Stat vs 2021 Stat	%	% YoY Organic Growth
Enterprise	63,5	52,7	10,8	20,6%	6,6%
Recurring	49,0	39,8	9,2	23,2%	8,5%
Other Revenues	14,5	12,9	1,6	12,6%	1,0%
Professional	78,8	69,5	9,3	13,4%	-0,8%
Recurring	72,4	64,3	8,1	12,6%	0,2%
Other Revenues	6,4	5,2	1,2	23,3%	-13,2%
Micro	55,7	47,4	8,3	17,4%	16,2%
Recurring	53,2	45,4	7,9	17,3%	16,3%
Other Revenues	2,5	2,0	0,4	20,2%	15,5%
Digital Finance	8,9	5,2	3,7	70,2%	70,2%
Recurring	8,2	4,7	3,4	72,0%	72,0%
Other Revenues	0,7	0,5	0,3	52,4%	52,4%
Market Specific Solution	52,7	46,3	6,5	14,0%	8,5%
Recurring	32,7	28,8	3,9	13,6%	6,2%
Other Revenues	20,0	17,5	2,5	14,5%	12,3%
HR	9,1	7,9	1,2	15,4%	15,4%
Recurring	7,8	6,5	1,4	21,0%	21,0%
Other Revenues	1,2	1,4	-0,2	-11,1%	-11,1%
Total	268,7	228,9	39,8	17,4%	8,5%
Recurring	223,4	189,5	33,9	17,9%	9,2%
Other Revenues	45,4	39,5	5,9	14,9%	5,0%

Enterprise

- **Significant increase on Recurring Revenues (+20.6% vs H1 2021)** driven by **TS Enterprise** (+16.1% vs H1 2021) partially reduced by **decrease on Active (non core)** products (-11.1% vs H1 2021).

Professional

- **Low increase on Recurring Revenues** (+13.4% vs H1 2021) mainly related to **Payroll professional solutions** (+5.6% vs H1 2021).

Micro

- **Significant growth** (+17.4% vs H1 2021) on **Recurring and Other Revenues** in **all business lines** (Micro/Small Business, Micro Vertical and International business).

Digital Finance

- **Strong growth** (+70.2% vs H1 2021) along **all business lines** (pay, invoice trading, fiscal credit trading and rating)

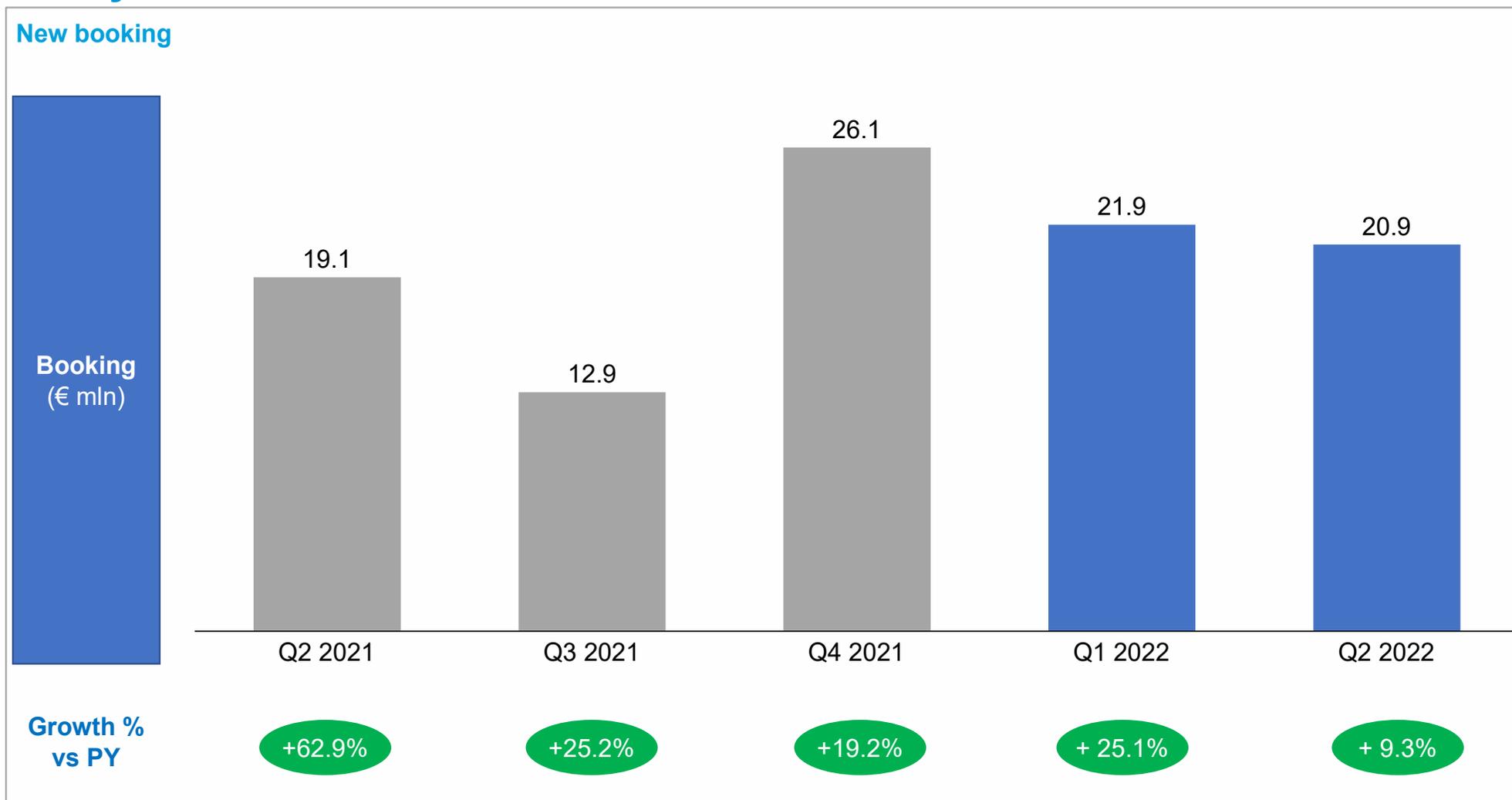
Market Specific Solution

- **Significant growth** (+14.0% vs H1 2021) mainly driven by **CAD/CAM** (+7.3% vs H1 2021), **Construction business** (+51.4% vs H1 2021) and **Legal** (+15.4% vs H1 2021).

HR

- **Significant growth** (15.4% vs H1 2021) **all related to Recurring Revenues** and partially compensated by a **decrease in Other Revenues** (-11.1% vs H1 2021)

TeamSystem FY 2022: relevant metrics



Key drivers of TeamSystem H1 2022 statutory Costs

P&L and Operating Costs by Nature	2022 Stat	2021 Stat	Var. 2022 Stat vs 2021 Stat	%	% YoY Organic Growth
REVENUES	268,7	228,9	39,9	17,4%	8,5%
COGS	52,1	43,5	8,6	19,7%	15,7%
Personnel	87,0	75,4	11,6	15,4%	6,9%
Personnel Like	9,9	8,6	1,2	14,4%	7,6%
Non Personnel	27,1	20,8	6,3	30,2%	20,9%
NP - Marketing	10,2	7,5	2,7	36,5%	30,1%
NP - Other NP Costs	16,9	13,3	3,6	26,6%	14,6%
Total Op. Costs excl. Bad debt	176,0	148,3	27,7	18,7%	11,5%
Capitalised development costs	8,6	7,5	1,1	15,0%	8,1%
Adjusted EBITDA	101,3	88,0	13,3	15,1%	4,3%
% of Revs	37,7%	38,5%			

A COGS

- **Cogs - Licenses & A&M HW/SW 3P increased by 20.9%** vs H1 2021 driven by recurring revenues growth and reached **€16.6M YTD**.
- **Cogs - CAD/CAM** reached **€18.2M** in **H1 2022**. The increase (only **6.8%** vs H1 2021) is mitigated by a **reduction of hardware costs related to 3D printing (-22.1%** vs H1 2021) as a result of the delay in sales.

B Personnel & Personnel like

- **Personnel costs increased by 14.4%** vs H1 2021 mainly due to **Payslip (+12%** vs H1 2021) for investment on new resources and **2022 MBO accruals (+42%** vs H1 2021).

C Non Personnel

- **Marketing costs increased by 36.5%** vs H1 2021 to support business growth in particular on Micro/Small business segment (e-invoicing).
- **T&E increased by 55.6%** due to the gradual return to office work since the end of 2021.

Net financial Position – H1 2022

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

 Detailed next

Cash flow Bridge – H1 2022

Eur Millions	Description	Dec 31, 2020
Cash Balance Dec21		58,1
Adj. Ebitda		101,5
Bad debt		2,6
Change of Net Working Capital		34,5
Capex	Tangible and intangible assets (-8.2M€) Capitalized development costs (-8.6M€)	16,8
Non operating costs	Advisory expenses related to reorganization and cost saving projects, Staff leaving indemnity and acquisition/merger costs	4,9
Change in Provision		0,5
New investments / Contingent Liabilities to minorities	New M&A and other equity interest acquisitions from minorities (€17.0M New M&A - €16.9M M&A Carryforward)	33,9
Other financial items	RCF and other loans net repayment, new investment, Interest on bond, commissions and finance leases reimbursement ¹ .	101,0
Capital increase		0,0
Income tax		13,6
Cash Balance Jun22		21,7

¹ Other financial items are composed by interests on Notes (-33.1M), RCF Reimbursement / Interest on RCF (-62.2M) and other items (-5.7M)

Appendix

RECONCILIATION OF NET FINANCIAL INDEBTEDNESS FOR H1 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	22,375	151	13	14	22,197	511	21,686
Cash and bank balances	33				33		33
Total Cash and bank balances	22,408	151	13	14	22,230	511	21,719
Loans	125				125		125
Derivative instruments - assets	5,764				5,764		5,764
Accruals and prepaid commissions	107				107	2	105
Other financial assets	8,101				8,101		8,101
Total Other financial assets	14,097				14,097	2	14,095
Loans with banks	(14,762)				(14,762)		(14,762)
Finance leases liabilities	(24,589)				(24,589)		(24,589)
Notes	(1,463,937)				(1,463,937)	(304,997)	(1,158,939)
Financial liabilities with other institutions	(1,358)				(1,358)		(1,358)
Dividends to be settled	(40)				(40)		(40)
Total Financial liabilities	(1,504,685)				(1,504,685)	(304,997)	(1,199,688)
Financing Fees - bond	41,909				41,909	8,347	33,562
Financing Fees - banks	3,326				3,326		3,326
Total Financing Fees	45,235				45,235	8,347	36,888
Liab. to non-controlling shareholders of subs.	(71,159)				(71,159)		(71,159)
Commission financial liabilities	(228)				(228)		(228)
Cash pooling liabilities	(926)				(926)		(926)
Total Other financial liabilities	(72,313)				(72,313)		(72,313)
Total	(1,495,259)	151	13	14	(1,495,437)	(296,138)	(1,199,299)