



2022 Q1 Financial Review

May 17th 2022

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TeamSystem Q1 2022 performance summary

Q1 2022 Statutory

- We experienced **significant Q1 2022 growth** on a Statutory basis sustained by a good result on new booking, significantly better than 2021 (+25.1%).
- The key results for Q1 are:
 - **Adjusted EBITDA up 17.7% vs Q1 2021** reached **€46.4M**
 - **Revenues up 16.6% vs Q1 2021** reached **€127.4M**
- **Top line growth is driven by strong organic performance of Microbusiness, Digital Finance and HR business units**
- **Good control and mix of the cost spend** (push on COGS and Marketing and strict control on personnel and other non personnel costs) **is supporting EBITDA growth**

Q1 2022 LTM

- **Adjusted EBITDA and revenues LTM March 2022 vs LTM March 2021** perform respectively **+5.5%** and **+14.2%** on a pro-forma basis. More in details:
 - **Pro-forma Adjusted EBITDA in March 2022 LTM** reached **€226.9M** (vs €215.1M in Q1 2021)
 - **Pro-forma Revenues in March 2022 LTM** reached **€543.7M** (vs €476.1M in Q1 2021)

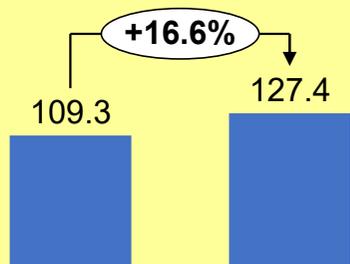
Leverage

- **Leverage ratio moves to 5.22x** at the end of Q1 2022 driven by strong business performance and significant reduction of non operating costs

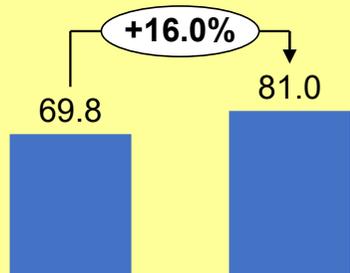
TeamSystem Q1 2022 results summary

Statutory Q1

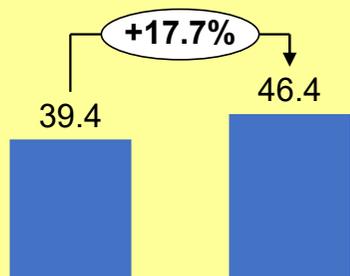
Revenues
€ mln



Operating Costs
€ mln



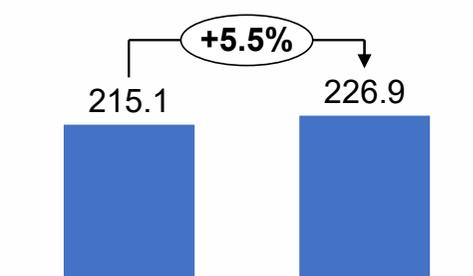
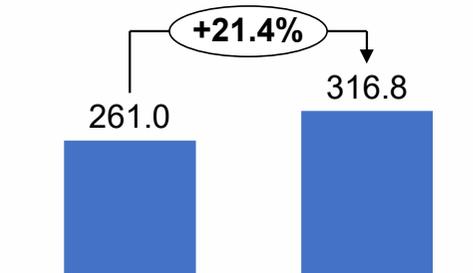
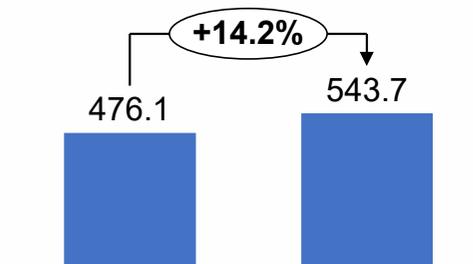
EBITDA ADJ
€ mln



Q1 2021

Q1 2022

LTM Proforma



LTM March
2021 incl.
delta ARR

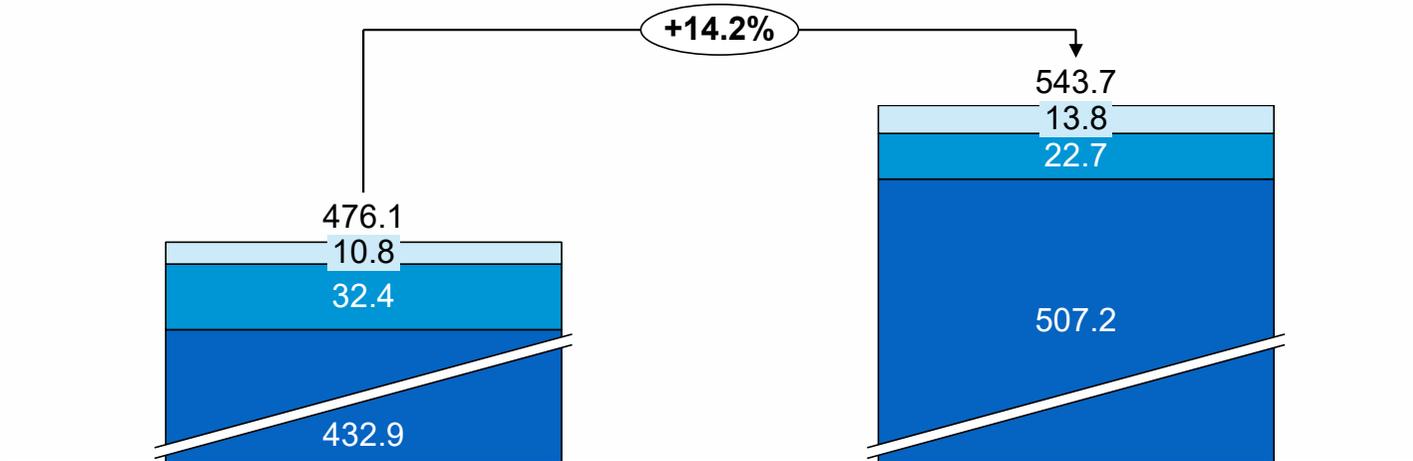
LTM March
2022 incl.
delta ARR

- **Significant 2022 Q1 growth** (higher than 2021 by €18.1M) **driven mainly from recurring revenues (+18.7%) basically across all Business Units.** On the other hand, Other revenues increased slightly by 6% compared to Q1 2021 (€18.8M vs €17.7M);
- **Cloud solutions** represent now **43.8%** of the **total revenues** (vs 42.7% in Q1 2021);
- **LTM proforma Revenues** shows the effects of **new M&A** acquisitions.
- **Operating costs growth** significantly vs Q1 2021 (**+16.0%**) **in line with revenues growth.** Mainly because of inorganic components (+ 6,5% organic). Most of the cost growth goes to:
 - **COGS** growth mainly **in line with new sales**
 - **Marketing and Sales related costs**
- **1Q delivered no scale at EBITDA** level due to the level of investment on growth

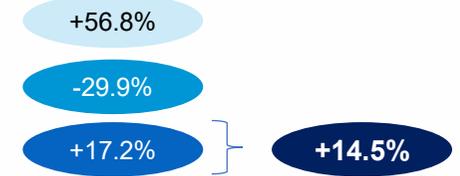
LTM Revenues and ADJ EBITDA as of Q1

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

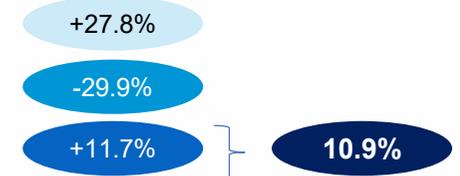
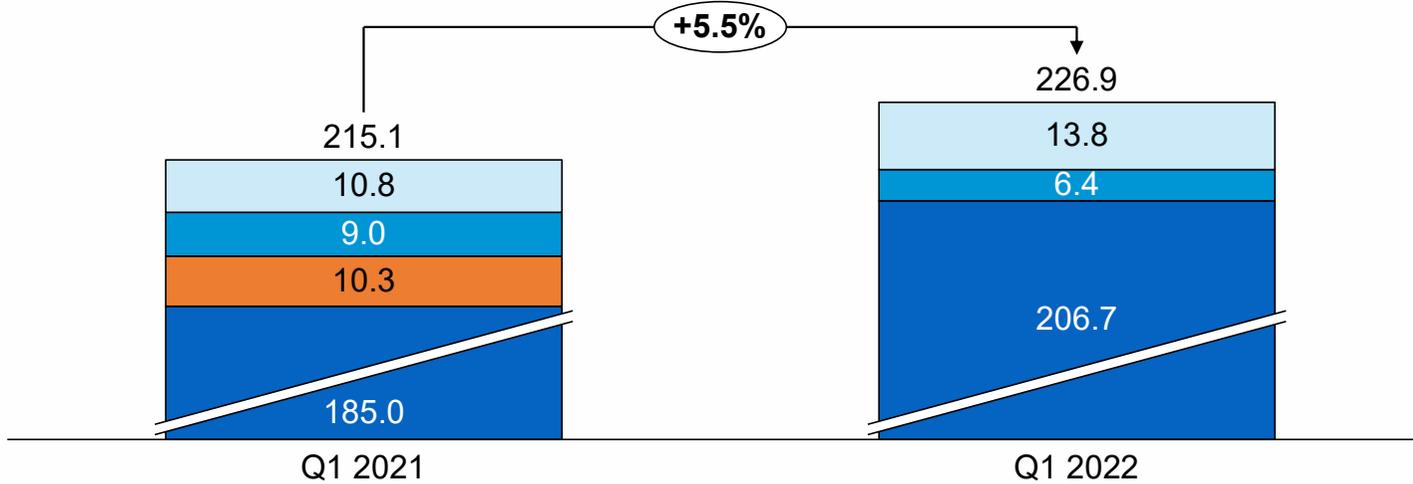
Revenues
€ mln



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

TeamSystem group

€mln

P&L by Business Unit	Enterprise	Professional	Micro	Digital Finance	Market Specific Solutions	HR	2022 Stat
Revenues	35,8	33,8	27,2	3,7	22,5	4,4	127,4
Recurring	29,5	31,9	26,0	3,2	14,2	3,8	108,6
Other Revenues	6,3	1,9	1,2	0,5	8,3	0,7	18,8
Direct Costs	18,4	17,2	11,8	2,5	16,8	3,4	70,1
I margin	17,4	16,5	15,5	1,2	5,7	1,0	57,3
% of Revs	48,5%	49,0%	56,8%	32,6%	25,4%	23,0%	45,0%
Indirect Costs							15,2
Capitalized Development Costs							4,3
Adjusted EBITDA							46,4
% of Revs							36,4%

- **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 Q1 2022 the **45.0%** of the total revenues.
- **Adjusted EBITDA** includes **indirect cost** excluding **capitalizations** and represents in **Q1 2022** the **36.4%** of the total revenues

Key drivers of TeamSystem Q1 2022 statutory Revenues

Euro mln

Revenues by BU & Family	2022 Stat	2021 Stat	Var. 2022 Stat vs 2021 Stat	%	% YoY Organic Growth
Enterprise	35,8	26,8	9,0	33,6%	0,5%
Recurring	29,5	20,3	9,1	44,9%	6,9%
Other Revenues	6,3	6,4	-0,1	-1,9%	-19,9%
Professional	33,8	34,5	-0,7	-2,0%	-2,8%
Recurring	31,9	32,1	-0,2	-0,7%	-1,5%
Other Revenues	1,9	2,3	-0,5	-19,9%	-20,6%
Micro	27,2	23,0	4,3	18,6%	17,4%
Recurring	26,0	22,0	4,1	18,5%	17,5%
Other Revenues	1,2	1,0	0,2	20,7%	16,6%
Digital Finance	3,7	1,0	2,7	277,1%	155,1%
Recurring	3,2	0,9	2,3	248,3%	145,6%
Other Revenues	0,5	0,1	0,4	737,3%	305,9%
Market Specific Solution	22,5	20,5	2,0	9,7%	4,3%
Recurring	14,2	13,3	0,9	6,9%	0,3%
Other Revenues	8,3	7,2	1,1	15,0%	11,9%
HR	4,4	3,6	0,8	23,7%	23,7%
Recurring	3,8	2,9	0,9	31,4%	31,4%
Other Revenues	0,7	0,7	0,0	-6,7%	-6,7%
Total	127,4	109,3	18,2	16,6%	5,9%
Recurring	108,6	91,5	17,1	18,7%	7,7%
Other Revenues	18,8	17,7	1,1	6,1%	-3,5%

Enterprise

- **Significant increase on Recurring Revenues (+44.9% vs Q1 2021)** driven by **TS Enterprise** (+12.5% vs Q1 2021) partially reduced by **decrease on Active (non core) products** (-18.1% vs Q1 2021).

Professional

- **Low decrease on Recurring Revenues** (-0,7% vs Q1 2021) mainly related to **Payroll professional solutions**.

Micro

- **Significant growth** (+18.6% vs Q1 2021) on **Recurring and Revenues** (+18.5% vs Q1 2021) in **all business lines** (Micro/Small Business, Micro Vertical and International business).

Digital Finance

- **Strong growth** (+277.1% vs Q1 2021) along **all business lines** (pay, invoice trading, fiscal credit trading and rating)

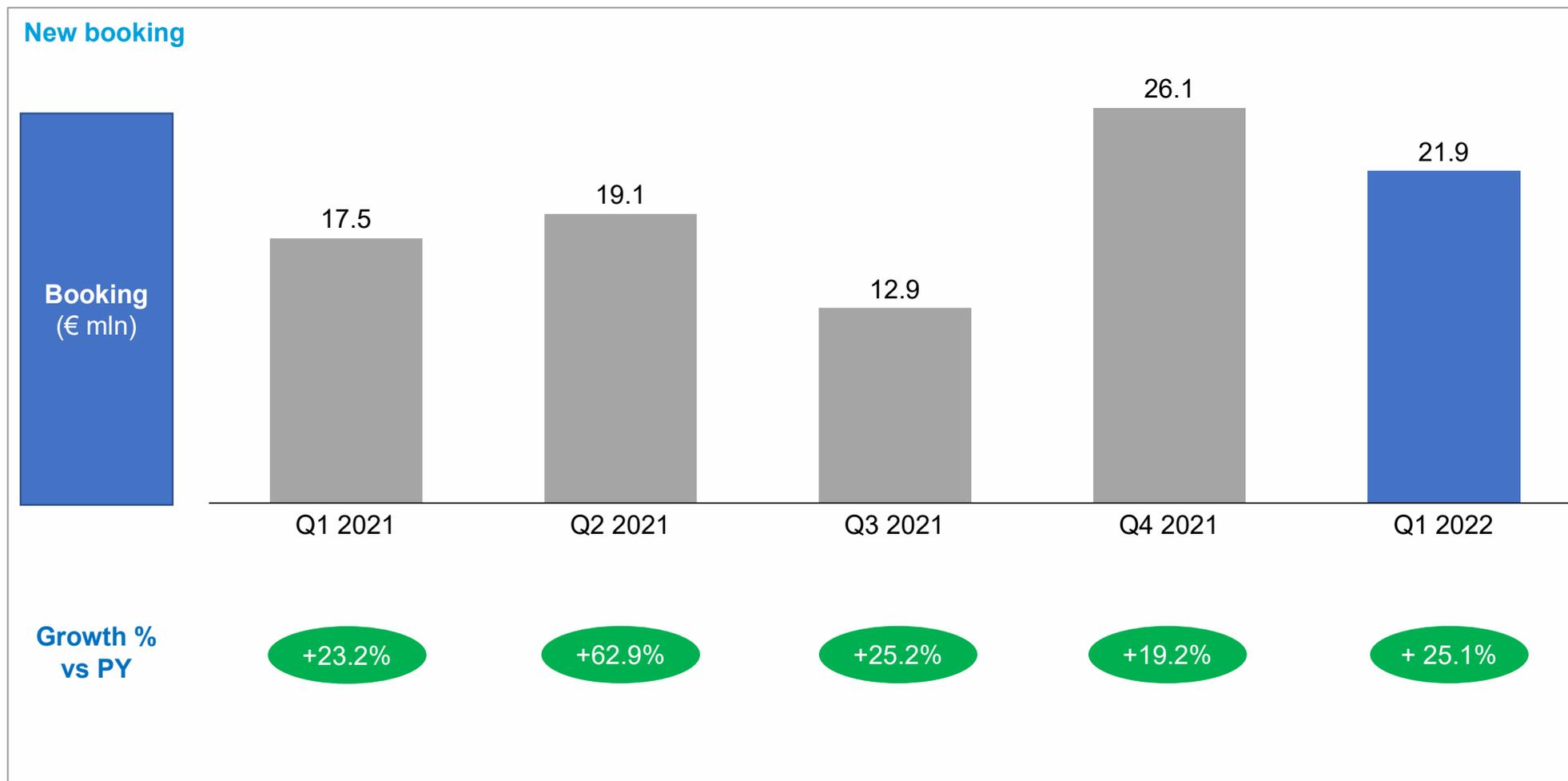
Market Specific Solution

- **Significant growth** (+9.7% vs Q1 2021) mainly driven by **CAD/CAM** (+6.8% vs Q1 2021) and **Construction business** (+78.9% vs Q1 2021), partially offset by **Digital Signature** solutions (-29.4% vs Q1 2021).

HR

- **Significant growth** (23.7% vs Q1 2021) **all related to Recurring Revenues**.

TeamSystem FY 2022: relevant metrics



Key drivers of TeamSystem FY 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
REVENUES	127,4	109,3	18,1	16,6%	5,9%
COGS	23,3	19,7	3,6	18,1%	13,7%
Personnel	43,5	38,5	5,0	13,0%	3,1%
Personnel Like	5,0	4,3	0,7	16,6%	13,4%
Non Personnel	13,7	11,1	2,5	22,9%	2,6%
NP - Marketing	5,1	4,2	0,9	20,1%	15,0%
NP - Other NP Costs	8,6	6,9	1,7	24,7%	-5,0%
Total Op. Costs excl. Bad debt	85,3	73,5	11,8	16,1%	6,5%
Capitalised development costs	4,3	3,7	0,7	18,1%	8,3%
Adjusted EBITDA	46,4	39,4	7,0	17,7%	5,0%
% of Revs	36,4%	36,1%			

A COGS

- **Cogs - Licenses & A&M HW/SW 3P increased by 20.6%** vs Q1 2021 driven by recurring revenue growth and reached **€7.9M** in **Q1 2022**.
- **Cogs - CAD/CAM** reached **€7.8M** in **Q1 2022**. The increase (only **4.7%** vs Q1 2021) is mitigated by a **reduction of machineries cost (-56.4%** vs Q1 2021) as a result of the delay in MU sales.

B Personnel & Personnel like

- **Personnel costs increased by 13.0%** vs Q1 2021 mainly due to **investment on new resources** in order to face company re-organization and **phasing effect** on new hire 2021.

C Non Personnel

- **Marketing costs increased by 20.1%** vs Q1 2021 to support business growth.
- **T&E and Building costs** (mainly rents, maintenance and utilities) **increased by 30.8%** and **30.6%** respectively due to the gradual return to office work since the end of 2021.

Net financial Position – Q1 2022

Eur Millions	March 31 2022 TeamSystem SpA	Dec 31 2021 TeamSystem SpA
Cash and Bank balances	70.0 M€	58.1 M€
Cash out net of Cash and Bank balances new Acquisitions (not consolidated)	-5.2 M€	-28.7 M€
Guarantee ancillary facility	-2.4 M€	-2.5 M€
Notes	-1.150.0 M€	-1.150.0 M€
RCF	-70.0 M€	-75.0 M€
Consolidated Senior Secured Net Leverage	-1.157.6M€	-1.198.1M€
Other financial assets	8.4M€	8.5M€
Accrued interests on Notes/RCF	-11.6M€	-9.2M€
Other financial liabilities	-3.3 M€	-3.6 M€
Other financial liabilities new Acquisitions (not consolidated)	0.0 M€	0.0 M€
Finance Leases Liabilities	-22.1 M€	-23.2 M€
Net Financial Position	-1.186.2M€	-1.225.6M€
Leverage ratio	5.22X	5.19X

 Detailed next

Cash flow Bridge – Q1 2022

Eur Millions	Description	Dec 31, 2020
Cash Balance Dec21		58,1
Adj. Ebitda		46,5
Bad debt		1,3
Change of Net Working Capital		6,8
Capex	Tangible and intangible assets (-4.6M€) Capitalized development costs (-4.3M€)	8,9
Non operating costs	Advisory expenses related to reorganization and cost saving projects, Staff leaving indemnity and acquisition/merger costs	1,5
Change in Provision		0,6
New investments / Contingent Liabilities to minorities	New M&A and other equity interest acquisitions from minorities	13,0
Other financial items	RCF and other loans net repayment, new investment, Interest on bond, commissions and finance leases reimbursement ¹ .	17,0
Capital increase		0,0
Income tax		0,3
Cash Balance Mar22		70,0

¹ Other financial items are composed by interests on Notes (-8.0M), RCF Reimbursement / Interest on RCF (-5.7M) and other items (-3.3M)

Appendix

RECONCILIATION OF NET FINANCIAL INDEBTEDNESS FOR Q1 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 TEAMSISTEM HOLDCO GROUP vs TEAMSISTEM SPA GROUP	TEAMSISTEM HOLDCO CONSOLIDATED	TEAMSISTEM HOLDCO STAND ALONE NET OF INTERCOMPANY	TEAMSISTEM HOLDCO 1 STAND ALONE NET OF INTERCOMPANY	TEAMSISTEM HOLDCO 2 STAND ALONE NET OF INTERCOMPANY	TEAMSISTEM HOLDCO 3 CONSOLIDATED	TEAMSISTEM HOLDCO 3 STAND ALONE NET OF INTERCOMPANY	TEAMSISTEM SPA CONSOLIDATED
Bank accounts and post office	70,818	360	7	7	70,444	474	69,970
Cash and bank balances	29				29		29
Total Cash and bank balances	70,848	360	7	7	70,473	474	69,999
Loans	75				75		75
Accruals and prepaid commissions	58				58		58
Other financial assets	8,191				8,191		8,191
Total Other financial assets	8,324				8,324		8,324
Loans with banks	(70,945)				(70,945)		(70,945)
Finance leases liabilities	(22,100)				(22,100)		(22,100)
Notes	(1,472,451)				(1,472,451)	(310,981)	(1,161,470)
Financial liabilities with other institutions	(1,346)				(1,346)		(1,346)
Dividends to be settled	(867)				(867)		(867)
Total Financial liabilities	(1,567,709)				(1,567,709)	(310,981)	(1,256,729)
Financing Fees - bond	43,709				43,709	8,660	35,049
Financing Fees - banks	3,488				3,488		3,488
Total Financing Fees	47,197				47,197	8,660	38,536
Liab. to non-controlling shareholders of subs.	(86,573)				(86,573)		(86,573)
Commission financial liabilities	(174)				(174)		(174)
Other financial liabilities	(78)				(78)		(78)
Total Other financial liabilities	(86,826)				(86,826)		(86,826)
Total	(1,528,166)	360	7	7	(1,528,541)	(301,847)	(1,226,694)