

30 September 2022  
Interim Condensed Consolidated  
Financial Statements  
TeamSystem Group



**INTERIM  
CONDENSED  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS  
ENDED  
30 SEPTEMBER 2022**

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FIRST NINE MONTHS ENDED 30 SEPTEMBER 2022**

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**DIRECTORS’  
REPORT**



**► RESULTS OF OPERATIONS**

Euro thousand								
RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT	30 Sep 2022	30 Sep 2021	Change	% Change	Quarter 3Q 2022	Quarter 3Q 2021	Change	% Change
	<b>TOTAL REVENUE</b>	<b>403.988</b>	<b>343.983</b>	<b>60.005</b>	<b>17,4%</b>	<b>135.255</b>	<b>115.121</b>	<b>20.134</b>
COGS	(77.493)	(64.935)	(12.558)	19,3%	(25.395)	(21.424)	(3.971)	18,5%
Personnel	(124.962)	(107.874)	(17.087)	15,8%	(37.998)	(32.486)	(5.513)	17,0%
Personnel like	(14.490)	(12.747)	(1.742)	13,7%	(4.612)	(4.115)	(497)	12,1%
Non Personnel	(40.322)	(28.984)	(11.338)	39,1%	(13.250)	(8.187)	(5.063)	61,8%
Capitalized development costs	12.886	11.009	1.877	17,0%	4.292	3.536	756	21,4%
<b>ADJUSTED EBITDA</b>	<b>159.607</b>	<b>140.452</b>	<b>19.155</b>	<b>13,6%</b>	<b>58.291</b>	<b>52.446</b>	<b>5.845</b>	<b>11,1%</b>
Allowance for bad debts	(3.946)	(4.858)	912	-18,8%	(1.314)	(679)	(634)	93,4%
Depreciation and amortization of non current assets	(151.507)	(63.755)	(87.751)	137,6%	(51.446)	(21.461)	(29.985)	139,7%
Other provisions for risks and charges	(44)	(155)	111	-71,5%	(13)	25	(38)	-151,2%
Non core items	(8.474)	(16.753)	8.279	-49,4%	(3.615)	(3.155)	(460)	14,6%
<b>OPERATING RESULT</b>	<b>(4.363)</b>	<b>54.931</b>	<b>(59.294)</b>	<b>-107,9%</b>	<b>1.904</b>	<b>27.175</b>	<b>(25.272)</b>	<b>-93,0%</b>
Net Finance Income (Cost)	(37.267)	(61.663)	24.396	-39,6%	1.174	(14.833)	16.007	-107,9%
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(41.630)</b>	<b>(6.732)</b>	<b>(34.898)</b>	<b>518,4%</b>	<b>3.078</b>	<b>12.342</b>	<b>(9.264)</b>	<b>-75,1%</b>
Current income tax	(27.664)	(18.065)	(9.599)	53,1%	(11.549)	(4.700)	(6.849)	145,7%
Deferred income tax	29.104	35.996	(6.892)	-19,1%	9.711	2.551	7.160	280,6%
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(40.190)</b>	<b>11.200</b>	<b>(51.390)</b>	<b>-458,8%</b>	<b>1.240</b>	<b>10.194</b>	<b>(8.953)</b>	<b>-87,8%</b>
(Profit) Loss for the year - Non controlling interests	(109)	(98)	(11)	11,1%	(37)	(28)	(9)	32,8%
<b>PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY</b>	<b>(40.299)</b>	<b>11.102</b>	<b>(51.401)</b>	<b>-463,0%</b>	<b>1.204</b>	<b>10.166</b>	<b>(8.962)</b>	<b>-88,2%</b>

The interim consolidated financial statements for the period ended 30 September 2022 are produced at TeamSystem Holdco S.p.A. consolidation hierarchy but comparative figures relating to the prior period ending 30 September 2021 relate to Brunello Bidco S.p.A. consolidated figures for the components of the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows whereas comparative figures for the Consolidated statement of financial position as at 31 December 2021 are still presented at TeamSystem Holdco S.p.A. consolidated accounts.

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The following comments refer to the changes between the consolidated statement of profit or loss as at 30 September 2022 and the corresponding figures for the period ended 30 September 2021.

The results as at 30 September 2022 are affected by the consolidation of the profit and loss of the following companies (which did not contribute to the 30 September 2021 consolidated profit and loss):

TeamSystem Holdco S.p.A., (as parent company), TeamSystem Holdco 1 S.r.l., TeamSystem Holdco 2 S.r.l., TeamSystem Holdco 3 S.p.A., My Expenses S.L., Billin Factura Electronica S.L., Logical Soft S.r.l., Itacme Informatica S.r.l., TeamSystem 11 S.r.l., Modefinance International S.r.l., Progetto Studio S.r.l., Data Consult S.r.l., Selda S.r.l., NewTronic S.r.l., Cesio S.r.l., TeamSystem 10 S.r.l. and Storeden S.r.l.

All of the previous companies have been acquired/ incorporated during 2021 or in the first months of 2022.

Finally, taking account of the non-materiality of the acquisition, the results of ITReview S.r.l., Ciaomanager S.r.l., the two business units pertaining to TeamSystem 10 S.r.l. (Infoware S.r.l. and Locatelli S.r.l.) and FIN-MD-TECH S.r.l. have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the nine months ended 30 September 2022 (see “Significant events during the first nine months of 2022” section).

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In these interim consolidated financial statements, the following performance indicator is used, with particular regard to the Group's earnings:

**Adjusted EBITDA** = This is calculated as follows:  
Profit (Loss) for the period plus (i) Income tax; (ii) Financial income and expenses; (iii) Other provisions for risks and charges; (iv) Depreciation and amortization of non-current assets; (v) Allowance for bad debts; (vi) Certain

costs deemed by Management to be non-core for the measurement of the Group's performance, such as: Costs for changing and closing locations; Advisory expenses related to reorganization and cost saving projects; Personnel redundancy; Acquisitions and mergers costs; Settlements with clients and agents; Other minor items.

Set out below is a reconciliation of **Adjusted EBITDA**.

	30 Sep 2022	30 Sep 2021	Change	% Change
<b>PROFIT (LOSS) FOR THE YEAR</b>	(40.190)	11.200	(51.390)	-458,8%
Income tax	(1.440)	(17.932)	16.492	-92,0%
Financial income and expenses	37.267	61.663	(24.396)	-39,6%
Other provisions for risks and charges	44	155	(111)	-71,5%
Depreciation and amortization of non-current assets	151.507	63.755	87.751	137,6%
Allowance for bad debts	3.946	4.858	(912)	-18,8%
Costs for changing and closing locations	271		271	
Advisory expenses related to reorganization and cost saving projects	1.315	4.335	(3.021)	-69,7%
Personnel redundancy	1.002	847	154	18,2%
Acquisitions and mergers costs	4.464	9.766	(5.302)	-54,3%
Settlements with clients and agents	1.143	1.554	(411)	-26,5%
Other minor items	281	251	30	11,9%
<b>ADJUSTED EBITDA</b>	<b>159.607</b>	<b>140.452</b>	<b>19.155</b>	<b>13,6%</b>

It should be noted that the **Adjusted EBITDA** financial parameter is not governed by IFRS and, accordingly, the criteria adopted by TeamSystem Group for its computation may not be comparable with those adopted by other companies or groups.

For the period ended 30 September 2022 Adjusted EBITDA amounts to € 159,607 thousand, up by € 19,155 thousand compared to the amount at 30 September 2021 (€ 140,452 thousand). The increase is mainly attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first nine months of 2022.

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**TOTAL REVENUE:** Total Revenue for the period ended 30 September 2022 amounts to € 403,988 thousand, up by € 60,005 thousand compared to the corresponding figure for the period ended 30 September 2021 (€ 343,983 thousand). The increase is mainly attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first nine months of 2022.



Euro Millions

	30 Sep 2022	30 Sep 2021	Change	% Change
<b>Enterprise</b>	<b>93,4</b>	<b>78,2</b>	<b>15,2</b>	<b>19,5%</b>
Recurring	72,5	60,0	12,5	20,8%
Other Revenues	20,9	18,2	2,7	15,0%
<b>Professional</b>	<b>119,3</b>	<b>105,3</b>	<b>14,0</b>	<b>13,2%</b>
Recurring	110,4	98,6	11,8	12,0%
Other Revenues	8,9	6,8	2,1	31,7%
<b>Micro</b>	<b>86,1</b>	<b>73,0</b>	<b>13,1</b>	<b>17,9%</b>
Recurring	82,7	69,8	12,9	18,4%
Other Revenues	3,5	3,2	0,2	7,0%
<b>Digital Finance</b>	<b>13,6</b>	<b>9,1</b>	<b>4,5</b>	<b>49,7%</b>
Recurring	12,5	8,4	4,1	49,4%
Other Revenues	1,1	0,7	0,4	53,1%
<b>Market Specific Solution</b>	<b>76,4</b>	<b>66,5</b>	<b>9,9</b>	<b>14,9%</b>
Recurring	48,5	42,3	6,1	14,5%
Other Revenues	28,0	24,2	3,8	15,7%
<b>HR</b>	<b>15,1</b>	<b>11,9</b>	<b>3,3</b>	<b>27,6%</b>
Recurring	12,4	10,1	2,3	22,8%
Other Revenues	2,7	1,7	1,0	55,6%
<b>TOTAL REVENUE</b>	<b>404,0</b>	<b>344,0</b>	<b>60,0</b>	<b>17,4%</b>
<b>Total Recurring Revenues</b>	<b>339,0</b>	<b>289,2</b>	<b>49,8</b>	<b>17,2%</b>
<b>Total Other Revenues</b>	<b>65,0</b>	<b>54,8</b>	<b>10,2</b>	<b>18,7%</b>

The item Recurring Revenues mainly includes the revenue arising from an annual software support and maintenance contracts, subscription contracts, multi-year contracts with VARs, as well as from the sale of LTA software modules following regulatory updates.

Other revenue includes the revenue arising from the sale of software licences and professional services which generally generate revenue in connection with the installation and customisation of our software products and the training services we provide to customers at a product start-up.

In aggregate, Recurring revenue for the first nine months of 2022 increased by € 49.8 million compared to the previous period and was mainly driven by sales relating to the:

- Enterprise Business Unit (which recorded an increase in Recurring revenue of € 15.2 million compared to 2021, (representing an increase of approximately 19.5%),
- Micro Business Unit, with an increase in Recurring revenue of € 13.1 million (or approximately 17.9% more than in 2021).

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#### **OPERATING SEGMENT**

In accordance with IFRS 8, an operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
- c) for which separate financial information is available.

During 2021, TeamSystem Group, following the Group's change of control, initiated and completed a major overhaul of its organisational structure and corporate reporting system that led to significant changes to roles/responsibilities and the set of internal reports periodically reviewed by Management with the definitive

elimination of the subdivision of the two previously identified operating segments: Software BU and the Financial BU.

For the above reasons, in 2021, Group Management established a new reporting model based on six operating segments for reporting purposes (Enterprise, Professional, Market Specific Solutions, Micro, Digital Finance, HR), aligned with and perfectly corresponding to the current organisational and business structure, which better responds to the operating realities of today and those of the Group.

Within TeamSystem Group, the following operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

- **Enterprise Business Unit:** products/services for SMEs, mainly consisting of core products (ERP) and accessory products and vertical solutions;
- **Professional Business Unit:** products/services for professionals and labour consultants (accounting, tax, payroll);
- **Market Specific Solutions Business Unit:** vertical solutions aimed at highly specialised markets;
- **Micro Business Unit:** mainly cloud-based solutions for small and micro enterprises;
- **Digital Finance Business Unit:** solutions related to financial digitalisation;
- **HR Business Unit:** modular HR system covering all HR management and business process outsourcing requirements.

Euro Millions

30 Sep 2022

OPERATING SEGMENTS	ENT	PROF	MICRO	DIF	MSS	HR	TOTALE
TOTAL REVENUE	93,4	119,3	86,1	13,6	76,4	15,1	404,0
FIRST MARGIN	45,0	63,3	52,7	5,1	20,1	4,0	190,2
INDIRECT COSTS							(43,5)
CAPITALISED DEVELOP COSTS							12,9
ADJUSTED EBITDA							159,6

Segment information is presented below:

The economic performance indicator for each operating segment is the **First Margin**, calculated as the difference between total revenues and the direct costs of the Business Unit, the latter being mainly:

- 1) direct personnel costs (mainly sales, delivery, customer value);
- 2) sw / hw resale costs, external delivery costs, web-recall costs, sales rebates;
- 3) commissions and other sales incentives, recurring R&D consultant costs;
- 4) direct product marketing, direct R&D consultancy, travel & expenses of business unit personnel.

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## **CONSOLIDATED STATEMENT OF CASH FLOWS**

Euro thousands								
CONSOLIDATED STATEMENT OF CASH FLOWS	30 Sep 2022	30 Sep 2021	Change	% Change	Quarter 3Q 2022	Quarter 3Q 2021	Change	% Change
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>150.390</b>	<b>125.334</b>	<b>25.056</b>	<b>20,0%</b>	<b>35.394</b>	<b>37.004</b>	<b>(1.610)</b>	<b>-4,3%</b>
Capital Expenditure	(24.652)	(23.844)	(808)	3,4%	(7.809)	(8.227)	418	-5,1%
Acquisition of investments	(19.911)	(1.844.362)	1.824.451	-98,9%	(2.926)	350	(3.276)	-935,5%
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(44.563)</b>	<b>(1.868.206)</b>	<b>1.823.643</b>	<b>-97,6%</b>	<b>(10.735)</b>	<b>(7.877)</b>	<b>(2.858)</b>	<b>36,3%</b>
Financial balance paid / cashed-in and change in financial assets / liabilities	(110.923)	362.468	(473.391)	-130,6%	(9.970)	(7.621)	(2.349)	30,8%
Financing Fees paid	0	(46.477)	46.477	n.s.	0	0	(0)	n.s.
Liabilities to non-controlling shareholders of subs. paid	(23.415)	(161.378)	137.963	-85,5%	(6.533)	(13.543)	7.010	-51,8%
Capital increase	(0)	1.649.218	(1.649.218)	n.s.	(0)	(1)	0	-55,6%
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(134.338)</b>	<b>1.803.830</b>	<b>(1.938.169)</b>	<b>-107,4%</b>	<b>(16.503)</b>	<b>(21.165)</b>	<b>4.661</b>	<b>-22,0%</b>
<b>CHANGES DUE TO EXCHANGE RATE MOVEMENTS</b>	<b>(8)</b>	<b>8</b>	<b>(16)</b>	<b>-196,1%</b>	<b>0</b>	<b>(1)</b>	<b>1</b>	<b>-100,0%</b>
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>(28.519)</b>	<b>60.966</b>	<b>(89.486)</b>	<b>-146,8%</b>	<b>8.156</b>	<b>7.962</b>	<b>195</b>	<b>2,4%</b>

**Cash flows from operating activities** amount to € 150,390 thousand for the period ended 30 September 2022, increasing by € 25,056 thousand, compared to the corresponding flows for the period ended 30 September 2021 (€ 125,334 thousand).

**Cash flows from investing activities** changed from negative € 1,868,206 thousand in the period ended 30 September 2021 to negative € 44,563 thousand for the corresponding period of 2022. The main investment activities for the first nine months of 2022 are related to:

- capitalized development costs and capital expenditures on tangible and intangible assets, see “Capital expenditure” section;
- the cash-out paid for the acquisition (mainly consisting in Storeden S.r.l.).

**Cash flows from financing activities** changed from positive € 1,803,830 thousand in the period ended 30 September 2021 to negative € 134,338 thousand for the corresponding period of 2022.

The main cash items occurred in the first nine months of 2022 are attributable to:

- the payment of IFRS16 leases liabilities, consisting of principal and interests;
- the repayment of the revolving credit facility (see Note 15 Net Financial Indebtedness);
- the adjustments of considerations paid in relation to recent acquisitions of investments;
- the payment of Interests on Notes.

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## **► WORKING CAPITAL**

Euro thousands				
	30 Sep 2022	31 Dec 2021	Change	% Change
Trade receivables	145.042	125.317	19.725	15,7%
Inventories	1.305	909	396	43,5%
Other receivables	32.081	38.167	(6.086)	-15,9%
Trade payables	(46.817)	(62.371)	15.554	-24,9%
Other liabilities	(183.312)	(128.676)	(54.636)	42,5%
<b>WORKING CAPITAL</b>	<b>(51.701)</b>	<b>(26.653)</b>	<b>(25.047)</b>	<b>94,0%</b>

At 30 September 2022 Working capital amounts to negative € 51,701 thousand, with a change of € 25,047 thousand compared to the balance at 31 December 2021 (negative € 26,653 thousand). The movement is primarily attributable to Other liabilities (which balance is negative € 183,312 thousand at 30 September 2022 compared to negative € 128,676 thousand at 31 December 2021) and to Trade receivables (which balance is € 145,042 thousand at 30 September 2022 compared to € 125,317 thousand at 31 December 2021).

The movement in Working capital balance is mainly explained by the seasonality of billings of subscription fees. Actually, TeamSystem Group invoicing of subscription fees is particularly concentrated in the first quarter of the financial year with a consequent impact on the amount of Deferred Revenue (see also Note 23 about Other current and non current liabilities and Note 17 relating to Trade receivables both in the section of Notes to the Consolidated Financial Statements).

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## **► CAPITAL EXPENDITURE**

Euro thousand								
CAPEX EXPENDITURE	30 Sep 2022	30 Sep 2021	Change	% Change	Quarter 3Q 2022	Quarter 3Q 2021	Change	% Change
Investments in tangible assets	2.154	2.409	(254)	-10,6%	557	1.305	(748)	-57,3%
Investments in intangible assets	9.612	10.426	(814)	-7,8%	2.960	3.386	(426)	-12,6%
Capitalized development costs - personnel costs	9.569	8.640	929	10,7%	3.165	2.854	311	10,9%
Capitalized development costs - service costs	3.317	2.369	948	40,0%	1.127	682	445	65,3%
<b>CAPEX EXPENDITURE - TOTAL</b>	<b>24.652</b>	<b>23.844</b>	<b>808</b>	<b>3,4%</b>	<b>7.808</b>	<b>8.227</b>	<b>(419)</b>	<b>-5,1%</b>

In the period ended 30 September 2022 the Capital expenditure amounts to € 24,652 thousand with an increase of € 808 thousand compared to 30 September 2021 balance (€ 23,844 thousand).

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## **► SIGNIFICANT EVENTS DURING THE FIRST NINE MONTHS OF 2022**

### **● ACQUISITION OF INVESTMENT**

#### **Storeden S.r.l**

In January 2022, TeamSystem S.p.A. acquired a controlling stake (100%) in Storeden S.r.l., a company that develops and markets e-commerce software solutions.

#### **TeamSystem 8 S.r.l.**

In January 2022, the business units of the following companies were contributed to TeamSystem 8 S.r.l.:

- Sistemi Gestionali S.r.l.
- SEDAS S.r.l.
- S.I. Global S.r.l.
- Team Ufficio S.r.l.

#### **TeamSystem 10 S.r.l.**

In February 2022, the business unit of the company Sistemi Contabili S.r.l. was contributed to TeamSystem 10 S.r.l.

In June 2022, the business unit of the companies Infoware S.r.l. and Locatelli S.r.l. were contributed to TeamSystem 10 S.r.l.

#### **ITReview S.r.l.**

In April 2022, TeamSystem S.p.A. acquired a controlling stake (100%) in ITRReview S.r.l., a company that develops Business Intelligence solutions.

#### **Ciaomanager S.r.l.**

In June 2022, TeamSystem S.p.A. acquired a 36% stake in Ciaomanager S.r.l. and now it has a controlling interests of 51%. The company has developed integrated SaaS cloud solutions for the hotel management and bookings, in addition to an innovative solution for predictive revenue management based on artificial intelligence algorithms.

#### **FIN-MD-TECH S.r.l.**

In June 2022, a NewCo was established named FIN-MD-TECH S.r.l. in which TeamSystem Financial Value Chain S.r.l. holds a 100% equity interest.

## **• MERGER**

### **Merger by absorption of Reviso Soluciones Cloud S.L. in Software del Sol S.A.**

In January 2022 Software del Sol S.A., with the aim of simplifying the Group structure, merged by absorption Reviso Soluciones Cloud S.L. by means of a deed of merger dated 17 January 2022, effective for legal purposes as at the close of business on 01 April 2022.

### **Merger by absorption of Factor@Work S.r.l. in TeamSystem Capital at Work SGR S.p.A.**

In March 2022 TeamSystem Capital at Work SGR S.p.A., with the aim of simplifying the Group structure, merged by absorption Factor@Work S.r.l. by means of a deed of merger dated 23 March 2022, effective for legal purposes as at the close of business on 01 April 2022.

### **Merger by absorption of TeamSystem 6 S.r.l., TeamSystem 7 S.r.l. and AF Soluzioni S.r.l. in TeamSystem S.p.A.**

In June 2022 TeamSystem S.p.A., with the aim of simplifying the Group structure, merged by absorption:

- TeamSystem 6 S.r.l. and TeamSystem 7 S.r.l., by means of a deed of merger dated 21 June 2022, effective for legal purposes as at the close of business on 30 June 2022;
- AF Soluzioni S.r.l. by means of a deed of merger dated 27 June 2022, effective for legal purposes as at the close of business on 01 July 2022.

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## **► SIGNIFICANT SUBSEQUENT EVENTS**

### **TeamSystem S.p.A.'s private placement of € 185.0 million Senior Secured Floating Rate Notes due 2028**

On October 6, 2022 TeamSystem S.p.A. (the “**Issuer**”) issued €185.0 million aggregate principal amount of senior secured floating rate notes due 2028 (the “**Notes**”) to certain investors on a private basis. The Notes bear interest at a rate of three-month EURIBOR (with 0% floor) plus 6.25% per annum, reset quarterly, and have been sold at an issue price of 100% of the nominal amount thereof.

The Notes have been issued by the Issuer pursuant to an indenture dated as of February 10, 2021 (the “**Indenture**”), governing the Issuer’s existing €300 million 3.5% senior secured fixed rate notes due 2028 (the “**Existing Fixed Rate Notes**”) and €850 million senior secured floating rate notes due 2028 (the “**Existing FRNs**”) and, together with the Existing Fixed Rate Notes, the “**Existing SSNs**”), and constitute a new series of notes under the Indenture.

Application will be made for the Notes to be admitted to listing and trading on the Vienna MTF operated by the Vienna Stock Exchange.

The proceeds of the Notes are expected to be applied towards the financing of certain bolt-acquisitions to be made, directly or indirectly, by the Issuer and/or the refinancing of any acquired debt or debt raised by the Issuer or its subsidiaries for such purposes, together with certain debt outstanding under the Issuer’s €180.0 million revolving credit facility as well as the payment of costs, fees, expenses and taxes in connection with the private placement of the Notes, as well as the abovementioned financing, refinancing and/or acquisitions, and/or for any other purpose not prohibited by the Indenture.

### **Sale of interest equity of TeamSystem Capital at Work SGR S.p.A.**

On October 2022 TeamSystem AM Holdco S.r.l. sold a 9% stake in the share capital of TeamSystem Capital at Work SGR S.p.A. to Consultinvest S.p.A..

Following this operation, TeamSystem AM Holdco S.r.l. continues to hold in TeamSystem Capital at Work SGR S.p.A. a controlling interest of 91%.

### **TeamSyver S.r.l.**

In October 2022, TeamSystem S.p.A. acquired a controlling stake (100%) in TeamSyver S.r.l., a NewCo in which Biemme Computers S.r.l. and Studio C S.r.l. have contributed their lines of business in December 2021.

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**► ONGOING DEVELOPMENTS**

**Acquisitions, Joint Ventures and Other Business Combinations**

We believe that we have demonstrated the ability to successfully integrate acquisitions. As a result, our business strategy includes acquiring businesses and entering into joint ventures and other business combinations if there is a strategic product fit or an activity that would complement our product offering.

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**► RELATED PARTY TRANSACTIONS**

In the first nine months of 2022, transactions with subsidiaries and the parent company formed part of the Group's normal operations and were entered into at arm's length. TeamSystem Group has not been party to any transactions with related companies that merit disclosure, other than those previously commented upon.

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<b>BOARD OF DIRECTORS, STATUTORY AUDITORS and OTHER INFORMATION</b>
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<b>BOARD OF DIRECTORS 30 Sep 2022</b>
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VINCENZO MORELLI FEDERICO LEPROUX TOMMASO COHEN VINCENZO FERRARI LUCA VELUSSI BLAKE CHRISTOPHER KLEINMAN ALESSANDRA BRAMBILLA GUILLAUME CHARLES VANMOERBEKE LUCIO DI CIACCIO (*)	CHAIRMAN CHIEF EXECUTIVE OFFICER DIRECTOR DIRECTOR DIRECTOR DIRECTOR DIRECTOR DIRECTOR
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(\*) = The Director Jean Baptiste Brian left office on 24 February 2022 replaced by the Director Lucio di Ciaccio

<b>BOARD OF STATUTORY AUDITORS 30 Sep 2022</b>
--

CLAUDIO SANCHIONI FABIO LANDUZZI NICOLE MAGNIFICO  IVANO ANTONIOLI (*) CRISTINA AMADORI	CHAIRMAN STATUTORY AUDITOR STATUTORY AUDITOR  ALTERNATIVE AUDITOR ALTERNATIVE AUDITOR
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(\*) = The alternative auditor Marco Cecilioni left office on 24 Febbraio 2022 replaced by Ivano Antonioli

<b>REGISTERED OFFICE and OTHER INFORMATION</b>
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TEAMSYSTEM HOLDCO S.P.A.  REGISTERED OFFICE  SHARE CAPITAL TAX CODE REA - PESARO  INDEPENDENT AUDITOR	PESARO - Via Sandro Pertini, 88  Euro      14.596.648 11360450966 271034  DELOITTE & TOUCHE S.p.A.
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**UNAUDITED  
INTERIM CONDENSED  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS  
ENDED  
30 SEPTEMBER 2022**



# TeamSystem Holdco S.p.A. and its Subsidiaries TeamSystem Group

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Sep 2022	30 Sep 2021	NOTES
Revenue	401.379	342.365	1
Other operating income	2.609	1.618	1
<b>TOTAL REVENUE</b>	<b>403.988</b>	<b>343.983</b>	<b>1</b>
Cost of raw and other materials	(34.445)	(29.890)	2
Cost of services	(97.766)	(86.255)	3
Personnel costs	(116.395)	(100.082)	4
Other operating costs	(4.249)	(4.058)	5
Depreciation and amortization of non-current assets	(151.507)	(63.755)	
Allowance for bad debts	(3.946)	(4.858)	
Other provisions for risks and charges	(44)	(155)	
<b>OPERATING RESULT</b>	<b>(4.363)</b>	<b>54.931</b>	
Finance income	33.943	1.119	6
Finance cost	(71.210)	(62.782)	7
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(41.630)</b>	<b>(6.732)</b>	
Current income tax	(27.664)	(18.065)	
Deferred income tax	29.104	35.996	14
<b>TOTAL INCOME TAX</b>	<b>1.440</b>	<b>17.932</b>	
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(40.190)</b>	<b>11.200</b>	
(Profit) Loss for the period - Non-controlling interests	(109)	(98)	
<b>PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY</b>	<b>(40.299)</b>	<b>11.102</b>	
<b>ADJUSTED EBITDA</b>	<b>159.607</b>	<b>140.451</b>	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Sep 2022	30 Sep 2021	NOTES
PROFIT (LOSS) FOR THE PERIOD	(40.190)	11.200	20
Exchange rate differences	(9)	(2)	
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX	(9)	0	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(40.199)	11.200	20
Total comprehensive (income) loss for the period attributable to Non-controlling interests	(108)	(100)	20
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	(40.307)	11.100	20

Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>30 Sep 2022</b>	<b>31 Dec 2021</b>	<b>NOTES</b>
Tangible assets	14.553	15.782	9
Intangible assets	1.324.108	1.444.462	10
Right of use	21.069	21.235	11
Goodwill	1.861.939	1.833.110	12
Other Investments	7.297	943	13
Investments in associates	470	258	13
Deferred tax assets	16.152	16.215	14
Other financial assets - non-current	27.414	0	15
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3.273.002</b>	<b>3.332.005</b>	
Inventories	1.305	909	16
Trade receivables	145.042	125.317	17
Tax receivables	1.454	3.470	18
Other receivables - current	32.081	38.167	19
Other financial assets - current	8.347	8.512	15
Cash and bank balances	30.564	59.084	15
<b>TOTAL CURRENT ASSETS</b>	<b>218.793</b>	<b>235.459</b>	
<b>TOTAL ASSETS</b>	<b>3.491.796</b>	<b>3.567.464</b>	

Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>EQUITY AND LIABILITIES</b>	<b>30 Sep 2022</b>	<b>31 Dec 2021</b>	<b>NOTES</b>
Share capital	14.597	14.597	20
Other reserves	1.375.256	1.439.231	20
Retained earnings (accumulated losses)	(236)	(27)	20
Profit (Loss) attributable to Owners of the Company	(40.299)	(64.176)	20
<b>TOTAL EQUITY attributable to OWNERS OF THE COMPANY</b>	<b>1.349.317</b>	<b>1.389.624</b>	
Non-controlling interests - Capital and reserves	891	721	20
Non-controlling interests - Profit (Loss)	109	170	20
<b>TOTAL NON-CONTROLLING INTERESTS</b>	<b>1.000</b>	<b>892</b>	
<b>TOTAL EQUITY</b>	<b>1.350.317</b>	<b>1.390.516</b>	
Financial liabilities with banks and other institutions - non-current	1.475.105	1.475.267	15
Staff leaving indemnity	27.000	25.939	21
Provisions for risks and charges	13.703	13.255	22
Deferred tax liabilities	310.216	339.397	14
Other liabilities - non-current	400	432	23
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1.826.424</b>	<b>1.854.290</b>	
Financial liabilities with banks and other institutions - current	64.844	122.967	15
Trade payables	46.817	62.371	
Tax liabilities - current	20.081	8.644	24
Other liabilities - current	183.312	128.676	23
<b>TOTAL CURRENT LIABILITIES</b>	<b>315.055</b>	<b>322.658</b>	
<b>TOTAL LIABILITIES</b>	<b>2.141.479</b>	<b>2.176.948</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3.491.796</b>	<b>3.567.464</b>	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	30 Sep 2022	30 Sep 2021	NOTES
Operating Result	(4.363)	54.931	
Depreciation and amortization of non-current assets	151.507	63.755	
Depreciation and amortisation of non-current assets	151.507	63.755	
Trade receivables	(19.669)	(12.962)	
Inventories	(396)	(78)	
Other receivables	(1.785)	2.179	
Trade payables	(15.554)	(8.969)	
Other liabilities	54.460	42.333	
Change in Working capital	17.056	22.502	
Staff leaving indemnity	457	98	
Provisions for risks and charges	448	(63)	
Change in provisions	906	35	
Income tax	(14.714)	(15.889)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>150.390</b>	<b>125.334</b>	<b>8</b>
Investments in tangible assets	(2.154)	(2.409)	
Investments in intangible assets	(9.612)	(10.426)	
Capitalized development costs - personnel costs	(9.569)	(8.640)	
Capitalized development costs - service costs	(3.317)	(2.369)	
Capital Expenditure	(24.652)	(23.844)	
Acquisition of investments	(19.911)	(1.913.231)	8
Cash and bank balances at the date of acquisition	0	68.869	
Acquisition of investments	(19.911)	(1.844.362)	8
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(44.564)</b>	<b>(1.868.206)</b>	
Financial balance paid / cashed-in and change in financial assets / liabilities	(110.923)	362.468	8
Financing Fees paid	0	(46.477)	
Liabilities to non-controlling shareholders of subs. paid	(23.415)	(161.378)	8
Capital increase	(0)	1.649.218	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(134.338)</b>	<b>1.803.830</b>	
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS</b>	<b>(8)</b>	<b>8</b>	
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>(28.520)</b>	<b>60.966</b>	
<b>CASH AND BANK BALANCES - BEGINNING OF THE YEAR</b>	<b>59.084</b>	<b>502</b>	
<b>CASH AND BANK BALANCES - END OF THE PERIOD</b>	<b>30.564</b>	<b>61.469</b>	

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Euro thousands

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
<b>31 Dec 2020</b>	50	0	0	(29)	21	0	21
Loss allocation		(29)		29	0		0
Capital increases		1.745.487			1.745.487		1.745.487
Acquisition of TeamSystem Group					0	673	673
Distribution of Reserves		(16.500)			(16.500)		(16.500)
Profit (Loss) for the year				11.102	11.102	98	11.200
Other Profit (Loss) on comprehensive income		11			11	2	13
<b>30 Sep 2021</b>	50	1.728.969	0	11.102	1.740.121	773	1.740.893

Euro thousands

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
<b>31 Dec 2021</b>	14.597	1.439.231	(27)	(64.176)	1.389.624	892	1.390.516
Loss allocation		(63.967)	(209)	64.176	0		0
Profit (Loss) for the year				(40.299)	(40.299)	109	(40.190)
Other Profit (Loss) on comprehensive income		(8)			(8)	(1)	(9)
<b>30 Sep 2022</b>	14.597	1.375.256	(236)	(40.299)	1.349.317	1.000	1.350.317

# TeamSystem Group

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

### **► COMPANY BACKGROUND**

TeamSystem Holdco S.p.A. is a company registered with the Pesaro business register and it is domiciled in Italy with its registered office located in Pesaro. TeamSystem Holdco S.p.A (the “Parent Company” or the “Parent”) is the Parent Company of TeamSystem Group (the “Group”), leader in Italy in the production and marketing of management software and in the provision of training targeted at associations, small and medium-sized enterprises and Professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals). Effective 2019, via the incorporation and acquisition of financial companies, the Group has extended its range of services to encompass financial services.

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### **► BASIS OF PREPARATION**

The Group's annual consolidated financial statements are prepared in accordance with international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union pursuant to Regulation No. 1606/2002.

The accounting standards adopted for the preparation of the TeamSystem Holdco S.p.A. consolidated financial statements for the period ended 30 September 2022 are the same of that used for the preparation of TeamSystem Holdco S.p.A. consolidated financial statements for the period ended 31 December 2021 (to which reference should be made).

These interim consolidated financial statements have not been prepared in compliance with IAS 34 “Interim financial reporting”. These financial statements do not include all the information required for a annual financial statements.

The interim consolidated financial statements for the period ended 30 September 2022 (produced at TeamSystem Holdco consolidation hierarchy) show comparative figures for the period ended 30 September 2021 at Brunello Bidco S.p.A. consolidated figures for the components of:

- the consolidated statement of profit or loss;
- the consolidated statement of comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;

and comparative figures for the period ended 31 December 2021 at TeamSystem Holdco S.p.A. consolidated figures for the components of consolidated statement of financial position.

The interim consolidated financial statements for the period ended 30 September 2022 consist of a consolidated statement of financial position, a consolidated statement of profit or loss, a consolidated statement of comprehensive income, a consolidated statement of cash flows, a consolidated statement of changes in equity and notes to the interim consolidated financial statements components.

The format used for the financial statements is the same as that used for the preparation of the TeamSystem

Holdco S.p.A. consolidated financial statements for the year ended 31 December 2021.

This interim consolidated financial report for the first nine months ended 30 September 2022 is presented in Euros and all amounts have been rounded to Euro thousands, unless otherwise specified.

The consolidated financial statements of TeamSystem Holdco S.p.A. and its subsidiaries (TeamSystem Group) for the period ended 30 September 2022 and the consolidated financial statements of Brunello Bidco S.p.A. for the period ended 30 September 2021 have not been audited.

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### ► SCOPE OF CONSOLIDATION

A listing of businesses consolidated on a line-by-line basis (or with equity method) is provided in the following table and it should be noted that the consolidation percentage takes account of any put and call options stipulated during the course of acquisitions:

Amounts in Euro

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Share capital	Equity	Currency	% held	% consolid.	Put / Call Options	Notes
TeamSystem Holdco S.p.A.	Pesaro	14.596.648	1.454.058.229	EUR				
TeamSystem Holdco 1 S.r.l.	Pesaro	3.000	1.453.775.677	EUR	100,00	100,00		
TeamSystem Holdco 2 S.r.l.	Pesaro	3.000	1.453.773.832	EUR	100,00	100,00		
TeamSystem Holdco 3 S.p.A.	Pesaro	50.000	1.441.196.254	EUR	100,00	100,00		
TeamSystem S.p.A.	Pesaro	20.215.486	1.631.481.920	EUR	100,00	100,00		
TeamSystem Service S.r.l.	Campobasso	200.000	52.135.097	EUR	100,00	100,00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23.300	455.152	EUR	75,00	100,00	1	
Danea Soft S.r.l.	Vigonza (PD)	100.000	61.475.991	EUR	100,00	100,00		
Madbit Entertainment S.r.l.	Treviolo (BG)	10.000	116.573.713	EUR	100,00	100,00		2
Mondora S.r.l.	Milano	105.000	4.605.888	EUR	100,00	100,00		
Voispeed Limited	Saint Albans - UK	1.000	136.152	GBP	85,00	85,00		3
Aliaslab S.p.A.	Milano	156.000	53.515.063	EUR	100,00	100,00		
Reviso International ApS	Copenhagen	50.011	(422.311)	DKK	100,00	100,00		
Reviso Cloud Accounting Limited	Reading	1	52.899	GBP	100,00	100,00		4
Reviso Deutschland GmbH	Berlin	25.000	190.251	EUR	100,00	100,00		4
Cassanova S.r.l.	Sant. di Romagna (RN)	10.000	2.315.864	EUR	100,00	100,00		
Evolution Fit S.r.l.	Turin	10.000	1.696.639	EUR	100,00	100,00		
Gruppo Euroconference S.p.A.	Verona	300.000	32.009.224	EUR	96,87	96,87		5
Nuovamacut Automazione S.p.A.	Bologna	108.000	31.678.712	EUR	100,00	100,00		
Skylab Italia S.r.l.	Turin	143.600	10.868.538	EUR	100,00	100,00		
Techmass S.r.l.	Bassano del Grappa (VI)	11.538	454.335	EUR	51,00	100,00	1	
TeamSystem BK S.r.l.	Campobasso	1.010.000	4.538.661	EUR	100,00	100,00		6
TeamSystem Financial Value Chain S.r.l.	Milano	4.931.373	13.257.450	EUR	81,20	100,00	1	
White S.r.l.	Milano	15.000	4.414.518	EUR	100,00	100,00		7
TeamSystem AM Holdco S.r.l.	Milano	10.000	1.725.114	EUR	91,20	100,00	1	
TeamSystem Capital at Work SGR S.p.A.	Milano	165.000	1.422.899	EUR	100,00	100,00		8
TeamSystem Payments Holdco S.r.l.	Milano	10.000	3.338.208	EUR	100,00	100,00		
TeamSystem Payments S.r.l.	Milano	125.000	2.329.870	EUR	100,00	100,00		9
Area 32 S.r.l.	San Donà di Piave (VE)	10.000	804.464	EUR	100,00	100,00		
MBM Italia S.r.l.	Padova	40.800	3.617.776	EUR	61,00	100,00	1	
Beneficy S.r.l.	Roma	90.000	65.225	EUR	51,00	100,00	1	
Team4you S.r.l.	Ripalimosani (CB)	10.000	1.269.908	EUR	90,00	100,00	1	
Habble S.r.l.	Vecchiano (PI)	21.930	3.129.563	EUR	60,00	100,00	1	
Software del Sol S.A.	Mengibar (Jaén)	75.000	2.854.786	EUR	100,00	100,00		
TeamSystem 8 S.r.l.	Milano	12.000	2.221.414	EUR	100,00	100,00		
TeamSystem 9 S.r.l.	Milano	10.000	678.816	EUR	100,00	100,00		
Modefinance S.r.l.	Trieste	210.000	3.759.554	EUR	59,00	100,00	1	
SGS System House S.r.l.	Milano	10.400	148.869	EUR	100,00	100,00		
My Expenses S.L.	Madrid	73.074	1.347.604	EUR	59,60	100,00	1	
Billin Factura Electronica S.L.	Bilbao	3.050	58.463	EUR	100,00	100,00		10
Logical Soft S.r.l.	Desio (MB)	200.000	3.617.577	EUR	60,00	100,00	1	
Itacme Informatica S.r.l.	Cesena (FC)	45.000	433.346	EUR	100,00	100,00		
TeamSystem 11 S.r.l.	Milano	10.000	(415.643)	EUR	100,00	100,00		
Progetto Studio S.r.l.	Verona	100.000	5.261.308	EUR	100,00	100,00		11
Data-Consult S.r.l.	Vado Ligure (SV)	50.000	908.556	EUR	100,00	100,00		
Selda S.r.l.	Chiavari (GE)	20.000	907.600	EUR	100,00	100,00		12
NewTronic S.r.l.	Padova	93.000	2.139.131	EUR	100,00	100,00		13
Cesio S.r.l.	Brescia	90.000	321.996	EUR	100,00	100,00		13
Modefinance International S.r.l.	Milano	100.000	258.824	EUR	65,00	100,00	1	14
TeamSystem 10 S.r.l.	Milano	11.000	451.835	EUR	100,00	100,00		
StoreDen S.r.l.	Milano	20.000	469.359	EUR	100,00	100,00		

- (1) = equity interest would be 100% should put/call options be exercised;  
(2) = investment held by Danea Soft S.r.l.;  
(3) = investment held by TeamSystem Communication S.r.l.;  
(4) = investment held by Reviso International ApS;  
(5) = takes account of treasury shares held by Gruppo Euroconference;  
(6) = investment held by TeamSystem Service S.r.l.;  
(7) = investment held by TeamSystem Financial Value Chain S.r.l.;

- (8) = investment held by TeamSystem AM Holdco S.r.l.;
- (9) = investment held by TeamSystem Payments Holdco S.r.l.;
- (10) = investment held by My Expenses S.L.;
- (11) = investment held by TeamSystem 11 S.r.l.;
- (12) = 50% interest held by Progetto Studio S.r.l. with the remaining 50% held by Data-Consult S.r.l.;
- (13) = investment held by Progetto Studio S.r.l.;
- (14) = investment held by Modefinance S.r.l..

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**► CHANGES TO THE SCOPE OF CONSOLIDATION DURING THE FIRST NINE MONTHS OF 2022**

The 30 September 2022 scope of consolidation has changed compared to the TeamSystem Holdco Consolidated financial statements for the period ended 31 December 2021 because of the consolidation of:

- TeamSystem 10 S.r.l.,
- Storeden S.r.l.

As regards the investments in ITReview S.r.l., Ciaomanager S.r.l., FIN-MD-TECH S.r.l. and the two business units pertaining to TeamSystem 10 S.r.l. (Infoware S.r.l. and Locatelli S.r.l. - see “Significant events during the first nine months of 2022” section, in Directors’ Report), their results and their financial position have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the nine months ended 30 September 2022, taking into account the non-materiality of the acquisitions in question.

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**► TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS**

Assets and liabilities of consolidated foreign entities that are denominated in foreign currencies other than the Euro are translated at the rates of exchange prevailing at the reporting date; income and costs are translated at the average rates of exchange for the period. Any resulting translation differences are recognised in the foreign currency translation reserve included in equity.

The foreign companies included in the scope of consolidation at 30 September 2022 that use a currency other than the Euro are: Voispeed Limited and Reviso Cloud Accounting Limited, which use the British Pound (GBP), and Reviso International ApS, which uses the Danish Krone (DKK).

The exchange rates applied for the translation are set out in the following table:

EXCHANGE RATES	Average exchange rate for the first nine months of 2022	Exchange rate as at 30 Sep 2022	Average exchange rate for the first nine months of 2021	Exchange rate as at 31 December 2021
GBP	0,85	0,88	0,86	0,84
DKK	7,44	7,44	7,44	7,44

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**► SEGMENT INFORMATION**

In accordance with IFRS 8, an operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);



- b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
- c) for which separate financial information is available.

During 2021, TeamSystem Group, following the Group's change of control, initiated and completed a major overhaul of its organisational structure and corporate reporting system that led to significant changes to roles/responsibilities and the set of internal reports periodically reviewed by Management with the definitive elimination of the subdivision of the two previously identified operating segments: Software BU and the Financial BU.

For the above reasons, in 2021, Group Management established a new reporting model based on six operating segments for reporting purposes (Enterprise, Professional, Market Specific Solutions, Micro, Digital Finance, HR), aligned with and perfectly corresponding to the current organisational and business structure, which better responds to the operating realities of today and those of the Group.

Within TeamSystem Group, the following operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

- **Enterprise Business Unit:** products/services for SMEs, mainly consisting of core products (ERP) and accessory products and vertical solutions;
- **Professional Business Unit:** products/services for professionals and labour consultants (accounting, tax, payroll);
- **Market Specific Solutions Business Unit:** vertical solutions aimed at highly specialised markets;
- **Micro Business Unit:** mainly cloud-based solutions for small and micro enterprises;
- **Digital Finance Business Unit:** solutions related to financial digitalisation;
- **HR Business Unit:** modular HR system covering all HR management and business process outsourcing requirements.

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#### **► USE OF ESTIMATES**

The preparation of consolidated financial statements requires the Group to apply accounting policies and methods, which, in certain circumstances, depend on difficult and subjective assessments that may be based on past experience and on assumptions that, from time to time, are reconsidered reasonable and realistic based on relevant circumstances. The application of these estimates and assumptions affects the amounts presented in the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss and consolidated statement of cash flows, as well as the disclosures provided. The actual amounts of the financial statement components, for which estimates and assumptions have been used, may differ from those reported, due to the uncertainty of assumptions and the conditions on which estimates are based.

Set out below is a listing of consolidated financial statement components that, more than others, require greater subjectivity, on the part of the Group, in the application of estimates and, for which, a change in the conditions of underlying assumptions used may give rise to a significant risk in relation to the determination of adjustments to the carrying amounts of current assets and liabilities that may have a significant impact on the financial statements of the consolidated companies:

- Business combinations (IFRS 3) and measurement of intangible assets;
- Goodwill and other intangible assets;
- Allowance for bad debts;
- Provisions for risks and charges;
- Employee benefits;
- Liability to non-controlling shareholders of subsidiaries.

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## Notes to Interim Unaudited Consolidated Financial Statement Components

(All amounts are expressed in thousands of Euro except where otherwise indicated)

### 1. TOTAL REVENUE

Total revenue for the period ended 30 September 2022 amounts to € 404 million, and is comprised of Revenue of € 401.4 million and Other Revenue of € 2.6 million. Total revenue for period ended 30 September 2021 stood at € 344 million.

The table below provides a breakdown of total revenue for the 30 September 2022 and for the 30 September 2021 period based on whether control was passed over time or at a point in time:

Euro Millions			
	30 Sep 2022	30 Sep 2021	
Over time	339,0	289,2	
Point in time	65,0	54,8	
<b>TOTAL REVENUE</b>	<b>404,0</b>	<b>344,0</b>	

Lastly, it should be noted that there is no concentration of revenue with any specific customer, given the notable segmentation of Group sales which, for the nine months ended 30 September 2022, were almost exclusively realised in Italy.

### 2. COST OF RAW AND OTHER MATERIALS

	30 Sep 2022	30 Sep 2021	Change	% Change
Hardware purchases	8.002	6.581	1.421	21,6%
Third parties' software	23.893	22.005	1.888	8,6%
Materials for education	73	8	65	855,7%
Fuel	1.559	926	633	68,3%
Other materials	1.344	449	895	199,1%
Change in inventory of raw materials	(426)	(80)	(346)	434,6%
<b>Total</b>	<b>34.445</b>	<b>29.890</b>	<b>4.555</b>	<b>15,2%</b>

Cost of raw and other materials amounts to € 34,445 thousand for the period ended 30 September 2022, up by € 4,555 thousand compared to the amount at 30 September 2021 (€ 29,890 thousand). This increase, mainly recorded in the line item Third parties' software, is attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first nine months of 2022.

### 3. COST OF SERVICES

	30 Sep 2022	30 Sep 2021	Change	% Change
Agent commissions and other costs	12.252	11.208	1.044	9,3%
Consulting and third parties services	13.566	9.237	4.329	46,9%
Software and Hardware maintenance costs	21.918	17.669	4.250	24,1%
Customer support service costs	4.971	4.696	276	5,9%
Administrative tax and legal	3.507	3.400	107	3,1%
Financial interest costs	2.997	872	2.125	243,6%
Education - consulting and copyrights	1.455	1.585	(130)	-8,2%
Magazines - consulting and copyrights	1.049	1.114	(64)	-5,8%
Other costs for education services	197	56	141	250,1%
Advertising and marketing	14.204	9.618	4.585	47,7%
Car rentals	2.608	2.421	187	7,7%
Utilities	3.256	2.844	412	14,5%
Costs for mergers and acquisitions	4.464	9.766	(5.302)	-54,3%
Other minor items	122	183	(61)	-33,3%
Costs for strategic projects and reorganizations	1.584	4.330	(2.746)	-63,4%
Cost of Rebates	3.546	3.498	48	1,4%
Other services	9.387	6.128	3.258	53,2%
<b>Cost of services - Gross of capitalisation</b>	<b>101.083</b>	<b>88.624</b>	<b>12.459</b>	<b>14,1%</b>
Services capitalized development costs	(3.317)	(2.369)	(948)	40,0%
<b>Total</b>	<b>97.766</b>	<b>86.255</b>	<b>11.511</b>	<b>13,3%</b>

Cost of services for the period ended 30 September 2022 amounts to € 97,766 thousand, up by € 11,511 thousand from the amount of the period ended 30 September 2021 (€ 86,255 thousand).

Compared to the corresponding period ended 30 September 2021, the main decreases have been registered in Costs for mergers and acquisition, consisting of one-off cost related to the Acquisition of TeamSystem Group occurred in 2021.

As regards the capitalisation of cost of services recognised in the first nine months of 2022, reference should be made to the Note 10 Intangible Assets.

### 4. PERSONNEL COSTS

	30 Sep 2022	30 Sep 2021	Change	% Change
Wages, salaries and social contributions	113.182	99.181	14.001	14,1%
Staff leaving indemnities	6.026	4.914	1.111	22,6%
Other personnel costs	2.323	556	1.767	317,9%
Personnel costs for redundancy and reorganizations	1.002	848	154	18,2%
<b>Employee costs</b>	<b>122.533</b>	<b>105.499</b>	<b>17.034</b>	<b>16,1%</b>
Freelancers and collaborators fees	239	196	43	21,9%
Directors' fees and related costs	3.191	3.027	165	5,4%
<b>Directors and Collaborators</b>	<b>3.431</b>	<b>3.223</b>	<b>207</b>	<b>6,4%</b>
<b>Personnel - Gross of capitalisation</b>	<b>125.964</b>	<b>108.722</b>	<b>17.241</b>	<b>15,9%</b>
Personnel capitalized development costs	(9.569)	(8.640)	(929)	10,7%
<b>Total</b>	<b>116.395</b>	<b>100.082</b>	<b>16.313</b>	<b>16,3%</b>

Personnel costs for the period ended 30 September 2022 (€ 116,395 thousand) have increased by € 16,313 thousand, compared to the corresponding amount for the period ended 30 September 2021 (€ 100,082 thousand), as a consequence of the change in the consolidation area and of the organic growth experienced by the Group in the first nine months of 2022.

As regards the capitalisation of personnel costs recognised in the first nine months of 2022, reference should be made to the Note 10 Intangible Assets.

## 5. OTHER OPERATING COSTS

	30 Sep 2022	30 Sep 2021	Change	% Change
Rents	1.022	1.205	(182)	-15,1%
Rentals	330	226	104	46,2%
Other expenses for use of third parties assets	123	208	(85)	-40,8%
Other tax	471	378	92	24,4%
Losses from assets disposals	50	46	3	7,0%
Other expenses and settlement costs	2.253	1.995	259	13,0%
<b>Total</b>	<b>4.249</b>	<b>4.058</b>	<b>191</b>	<b>4,7%</b>

Other operating costs for the period ended 30 September 2022 (€ 4,249 thousand) have increased for an amount of € 191 thousand compared to the corresponding amount for the period ended 30 September 2021 (€ 4,058 thousand).

## 6. FINANCE INCOME

	30 Sep 2022	30 Sep 2021	Change	% Change
Interest and other finance income	136	80	56	70,2%
Gains on foreign exchange	1	6	(5)	-86,5%
Interest from banks	0	1	(0)	-59,8%
Depreciation - Liabilities to non-controll. shareholders of subs.	6.332	479	5.853	n.s.
MTM valuation of derivative instruments	27.414	27.414		n.s.
Dividends	60	554	(494)	n.s.
<b>Total</b>	<b>33.943</b>	<b>1.119</b>	<b>32.824</b>	<b>2932,1%</b>

Finance income for the period ended 30 September 2022 (€ 33,943 thousand) have increased compared to the corresponding amount at 30 September 2021 (€ 1,119 thousand) for an amount of € 32,824 thousand due to MTM valuation of derivative instruments (see Note 15 Net Financial Indebtedness for further information) and to Depreciation of Liabilities to non-controlling shareholders.

## 7. FINANCE COST

	30 Sep 2022	30 Sep 2021	Change	% Change
Interest on bank loans	1.328	733	595	81,1%
Interest on Notes	49.645	31.134	18.511	59,5%
Interest on financing fees	5.887	11.980	(6.093)	-50,9%
Revaluation - Liabilities to non-controll. shareholders of subs.	8.613	13.390	(4.776)	-35,7%
Bank commissions	2.396	2.007	389	19,4%
Interests on actuarial valuation of employees benefit	555	217	338	155,8%
Interests on leases - IFRS 16	734	792	(58)	-7,3%
Other IFRS financial charges	1.768	2.281	(513)	-22,5%
Interests on cash pooling and other loans	3	10	(7)	-72,8%
Other financial charges	101	195	(93)	-48,0%
Losses on foreign exchange	50	44	6	13,7%
Write-downs of investments	131	0	130	n.s.
<b>Total</b>	<b>71.210</b>	<b>62.782</b>	<b>8.427</b>	<b>13,4%</b>

Finance cost for the period ended 30 September 2022 amounts to € 71,210 thousand with an increase of € 8,427 thousand, compared to the corresponding amount at 30 September 2021 (€ 62,782 thousand).

This change is mainly attributable to:

- the decrease of € 4,776 thousand in the line item Revaluation – Liabilities to non-controlling shareholders of subsidiaries;
- the decrease of € 6,093 thousand in the line item Interest of financing fees, mainly related to the 2021 one-off write-off of financing fees pertaining to the Existing RCF facility and to the Existing Floating Rate Notes, both as a consequence of the Acquisition of TeamSystem Group and the following refinancing process made in February 2021;

- the increase of € 18,511 thousand in the line item Interest on Notes related to the “2028 Fixed Rate Notes” and “2028 Floating Rate Notes” (see also Note 15 for further details).

## 8. CONSOLIDATED STATEMENT OF CASH FLOWS

As regards the more significant components of the statement of cash flow, below a description of the main factors impacting the Group’s cash flows in the course of the first nine months of 2022.

**Cash flows from operating activities** = amount to € 150,390 thousand for the period ended 30 September 2022, increasing by € 25,056 thousand, compared to the corresponding flows for the period ended 30 September 2021 (€ 125,334 thousand).

**Cash flows from investing activities** = amount to negative € 44,563 thousand for the period ended 30 September 2022.

The main investment activities for the first nine months of 2022 are related to:

- capitalized development costs and capital expenditures on tangible and intangible assets, see “Capital expenditure” section;
- the cash-out paid for the acquisition (mainly consisting on Storeden S.r.l.).

**Cash flows from financing activities** = amount to negative € 134,338 thousand for the period ended 30 September 2022.

The main cash items occurred in the first nine months of 2022 are attributable to:

- the payment of IFRS16 leases liabilities, consisting of principal and interests;
- the repayment of the revolving credit facility (see Note 15 Net Financial Indebtedness);
- the adjustments of considerations paid in relation to recent acquisitions of investments;
- the payment of Interests on Notes.

## 9. TANGIBLE ASSETS

NET BOOK VALUE	30 Sep 2022	31 Dec 2021	Change	% Change
Land	638	685	(48)	-7,0%
Buildings	2.520	2.915	(395)	-13,6%
Plant and machinery	2.326	3.099	(774)	-25,0%
Equipment	1.014	1.130	(116)	-10,3%
Other assets	8.045	7.942	102	1,3%
<b>Total</b>	<b>14.553</b>	<b>15.782</b>	<b>(1.229)</b>	<b>-7,8%</b>

At 30 September 2022 Tangible fixed assets amount to € 14,553 thousand, with a decrease of € 1,229 thousand compared with the balance recorded at 31 December 2021 (€ 15,782 thousand).

## 10. INTANGIBLE ASSETS

NET BOOK VALUE	30 Sep 2022	31 Dec 2021	Change	% Change
Capitalised development	24.568	17.375	7.193	41,4%
IFRS Assets	1.271.845	1.399.020	(127.174)	-9,1%
Other intangible assets	27.695	28.067	(372)	-1,3%
<b>Total</b>	<b>1.324.108</b>	<b>1.444.462</b>	<b>(120.354)</b>	<b>-8,3%</b>

Intangible assets have gone from € 1,444,462 thousand at 31 December 2021 to € 1,324,108 thousand at 30 September 2022, with a decrease of € 120,354 thousand resulting from the aggregate of disposals, additions, capitalised development costs and amortisation for the period ended 30 September 2022.

IFRS assets include intangible assets identified on allocation of the price paid for the acquisition of TeamSystem Group and other subsidiaries (Software, Brands, Customer relationships and other IFRS assets).

### 11. RIGHT OF USE

As at 30 September 2022 Right of use amounts to € 21,069 thousand, down by € 166 thousand compared to the balance as at 31 December 2021 (€ 21,235 thousand).

Right of use consists of the present value of future payments for the right of use of leased assets (mainly buildings and company cars) arising from the application of IFRS 16.

### 12. GOODWILL

Goodwill at 30 September 2022 amounts to € 1,861,939 thousand with an increase of € 28,829 thousand compared to the balance at 31 December 2021 (€ 1,833,110 thousand).

Goodwill consists mainly of the excess of the consideration paid by the new shareholders over the fair value of the assets acquired and the liabilities assumed.

In terms of Impairment test, the line-item Goodwill is subjected annually (or more frequently if certain events or circumstances indicate potential impairment) to impairment testing and TeamSystem Group will postpone a more thorough analysis with impairment testing to 31 December 2021.

### 13. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

	30 Sep 2022	31 Dec 2021	Change	% Change
Investments in Associates	470	258	213	82,4%
Other Investments	7.297	943	6.354	673,9%
<b>Total</b>	<b>7.767</b>	<b>1.201</b>	<b>6.567</b>	<b>546,8%</b>

The balance of Investments in Associates and Other investments changed from € 1,201 thousand at 31 December 2021 to € 7,767 thousand at 30 September 2022, with an increase of € 6,567 thousand mainly attributable to the acquisition of ITReview S.r.l. (for further information, see “Significant events during the first nine months of 2022” section in Directors’ report).

### 14. DEFERRED TAX ASSETS AND LIABILITIES

	30 Sep 2022	31 Dec 2021	Change	% Change
Deferred tax assets	16.152	16.215	(63)	-0,4%
Deferred tax liabilities	310.216	339.397	(29.181)	-8,6%

At 30 September 2022 Deferred tax assets amount to € 16,152 thousand, down by € 63 thousand compared to the balance at 31 December 2021 (€ 16,215 thousand).

The main components for which the Group companies have recognised deferred tax assets relate to: the allowance for bad debts, the provisions for risks and charges, other items.

At 30 September 2022 Deferred tax liabilities amount to € 310,216 thousand with a decrease of € 29,181 thousand compared to the balance at 31 December 2021 (€ 339,397 thousand).

## 15. NET FINANCIAL INDEBTEDNESS

	Current	Non-Current	30 Sep 2022 Total	Current	Non-Current	31 Dec 2021 Total
Bank accounts and post office Cash and bank balances	30.539 25		30.539 25	59.038 46		59.038 46
<b>Total Cash and bank balances</b>	<b>30.564</b>		<b>30.564</b>	<b>59.084</b>		<b>59.084</b>
Loans	126		126	79		79
Derivative instruments - assets		27.414	27.414			
Accruals and prepaid commissions	72		72	43		43
Other financial assets	8.149		8.149	8.389		8.389
<b>Total Other financial assets</b>	<b>8.347</b>	<b>27.414</b>	<b>35.761</b>	<b>8.512</b>		<b>8.512</b>
Loans with banks	(15.648)		(15.648)	(76.513)		(76.513)
Overdrafts with banks				(722)		(722)
Finance leases liabilities	(10.061)	(13.267)	(23.328)	(10.061)	(13.161)	(23.222)
Notes	(22.720)	(1.450.000)	(1.472.720)	(14.118)	(1.450.000)	(1.464.118)
Financial liabilities with other institutions	(1.499)		(1.499)	(1.226)		(1.226)
Dividends to be settled	(40)		(40)	(45)		(45)
<b>Total Financial liabilities</b>	<b>(49.968)</b>	<b>(1.463.267)</b>	<b>(1.513.235)</b>	<b>(102.685)</b>	<b>(1.463.161)</b>	<b>(1.565.846)</b>
Financing Fees - bond		40.089	40.089		45.489	45.489
Financing Fees - banks	3.161		3.161	3.648		3.648
<b>Total Financing Fees</b>	<b>3.161</b>	<b>40.089</b>	<b>43.251</b>	<b>3.648</b>	<b>45.489</b>	<b>49.137</b>
Liabilities to non-controlling shareholders of subs.	(16.928)	(51.928)	(68.855)	(23.757)	(57.595)	(81.352)
Commission financial liabilities	(199)		(199)	(173)		(173)
Cash pooling liabilities	(911)		(911)	(0)		(0)
<b>Total Other financial liabilities</b>	<b>(18.038)</b>	<b>(51.928)</b>	<b>(69.966)</b>	<b>(23.930)</b>	<b>(57.595)</b>	<b>(81.525)</b>
<b>Total</b>	<b>(25.933)</b>	<b>(1.447.692)</b>	<b>(1.473.625)</b>	<b>(55.371)</b>	<b>(1.475.267)</b>	<b>(1.530.638)</b>

Net financial indebtedness as at 30 September 2022 amounts to negative € 1,473,625 thousand.

### Cash and bank balances

The amount of cash and bank balances stands at € 30,564 thousand as at 30 September 2022 and at € 59,084 thousand at 31 December 2021.

### Financial leases liabilities

Following the adoption of IFRS 16 – Leases, Financial leases liabilities at 30 September 2022 reflects the recognition of a financial liability of € 23,328 thousand (€ 23,222 at 31 December 2021), consisting of the present value of future lease payments.

### 2028 Fixed and Floating Rate Notes and 2029 PIYW PIK Toggle Notes

**Brunello Bidco S.p.A.** (“SSN Issuer”) issued in February 2021:

- senior secured fixed rate notes (ISIN XS2295691476 - XS2295690742) with a total nominal value of € 300 million maturing on 15 February 2028 (“**2028 Fixed Rate Notes**”). The 2028 Fixed Rate Notes bear interest at a fixed interest rate of 3.50%, payable semi-annually in arrears each April 15 and October 15, commencing 15 October 2021;
- senior secured floating rate notes (ISIN XS2295692102 - XS2295691633) with a total nominal value of € 850 million maturing on 15 February 2028 (“**2028 Floating Rate Notes**”). The 2028 Floating Rate Notes bear interest at a rate equal to the 3-month Euribor rate - with a floor of 0.00% - plus a spread of 3.75%, payable quarterly in arrears each January 15, April 15, July 15, October 15, commencing 15 July 2021.

The 2028 Fixed and Floating Rate Notes are listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market.

The merger between Brunello Bidco S.p.A. (SSN Issuer), Barolo Luxco 1 S.p.A., TeamSystem Holding S.p.A. and TeamSystem S.p.A. was completed on 26 October 2021 (“Merger Date”). The surviving company from the above mentioned merger transaction was TeamSystem S.p.A. which, as a result of the merger and starting from the Merger Date, assumed all the obligations of the SSN Issuer with respect to the 2028 Fixed Rate Notes and the 2028 Floating Rate Notes.

**Brunello Midco 2 S.p.A.** (“PIK Issuer”), has issued:

- Senior Floating Rate Pay-If-You-Want PIK Toggle notes (ISIN: IT0005434441) with a total nominal value of € 300 million maturing on 15 February 2029 (“**2029 PIYW PIK Toggle Notes**”). The PIK Issuer pays interest on the 2029 PIYW PIK Toggle Notes either in cash (6-month Euribor with a floor of 0.00%, plus 8.00% per annum) or in kind (6-month Euribor with a floor of 0.00% plus 8.75% per annum) or a combination thereof, at the sole option of the PIK Issuer. The 2029 PIYW PIK Toggle Notes bear interest payable semi-annually in arrears each April 15 and October 15, commencing 15 October 2021.

The 2029 PIYW PIK Toggle Notes are listed on the MTF of the Vienna Stock Exchange. The PIK Issuer changed its company name to TeamSystem Holdco 3 S.p.A. with effect from 17 December 2021.

The fees and costs incurred for the issue of the 2028 Fixed and Floating Rate Notes and the issue of the 2029 PIYW PIK Toggle Notes have been accounted for as Financing Fees and have been amortised pro-rata over the contractual term of the respective Notes.

#### **Derivative financial instruments**

On the month of April 2022, TeamSystem S.p.A. entered some financial interest rate swap contracts for a total notional amount of € 700 millions with the aim of hedging its financial exposure against movements in interest rates paid on Notes. These interest rate swap contracts are effective from 15 January 2023 and expire on 15 December 2025.

#### **Collateral provided**

The obligations arising under the **2028 Fixed Rate Notes**, the **2028 Floating Rate Notes** and the **New RCF** (as described below) were secured by the following security rights:

- a pledge on the entire share capital of TeamSystem S.p.A.,
- a pledge on the Italian bank accounts of TeamSystem S.p.A..

The obligations arising under the **2029 PIYW PIK Toggle Notes** were secured by the following security rights:

- a pledge on the entire share capital of the PIK Issuer;
- a pledge on the entire share capital of TeamSystem S.p.A..

The **2028 Fixed Rate Notes** and the **2028 Floating Rate Notes** were originally guaranteed (and continue to be guaranteed) by the PIK Issuer.

The **New RCF** credit facility (as defined below) was originally guaranteed by Brunello Bidco S.p.A. and the PIK Issuer and, following the reverse merger, is now guaranteed by TeamSystem S.p.A. and the PIK Issuer.

#### **Revolving Credit Facility (Existing and New)**

On 27 January 2021, Brunello Bidco S.p.A. negotiated a new super senior revolving credit facility ("**New RCF**") with a principal amount of € 180 million and expiring on 18 August 2027.

The interest rate payable on the **New RCF** credit facility is equal to the Euribor / LIBOR, with a floor of 0.00%, plus a spread, calculated quarterly based on certain contractual parameters ("**Senior Secured Net Leverage Ratio**"). As of 30 September 2022, a total of € 15 million have been drawn from the **New RCF**.

The **New RCF** line is secured by the same guarantees granted on the **2028 Fixed Rate Notes** and the **2028 Floating Rate Notes** (see previous paragraph).

The costs incurred to obtain the **New RCF** have been recognised as financing fees and are being amortised on a straight-line basis over the contractual term of the credit facility.

The surviving company from the above mentioned merger transaction occurred in 2021 was TeamSystem S.p.A. which, as a result of the merger and starting from the Merger Date, assumed all the obligations of Brunello Bidco S.p.A. with respect to the **New RCF**.

#### **Liabilities to non-controlling shareholders of subsidiaries**

Liabilities to non-controlling shareholders of subsidiaries (€ 68,855 thousand at 30 September 2022) relates to put and call options and/or earn-outs due to non-controlling interest holders of certain consolidated subsidiaries. The main ones are: TeamSystem Financial Value Chain S.r.l., MBM Italia S.r.l., Modefinance S.r.l., Logical Soft S.r.l. and Progetto Studio S.r.l. (together with its subsidiaries).



## 16. INVENTORIES

	30 Sep 2022	31 Dec 2021	Change	% Change
Raw and ancillary materials	429	420	9	2,2%
Finished products and goods	1.490	1.103	387	35,1%
(Allowance for slow-moving inventory)	(613)	(613)	0	0,0%
<b>Total</b>	<b>1.305</b>	<b>909</b>	<b>396</b>	<b>43,5%</b>

At 30 September 2022 Inventories amount to € 1,305 thousand, substantially unchanged compared to the balance at 31 December 2021 (€ 909 thousand).

## 17. TRADE RECEIVABLES

	30 Sep 2022	31 Dec 2021	Change	% Change
Trade receivables	169.938	147.766	22.172	15,0%
(Allowance for bad debts)	(24.896)	(22.449)	(2.446)	10,9%
<b>Total</b>	<b>145.042</b>	<b>125.317</b>	<b>19.725</b>	<b>15,7%</b>

At 30 September 2022 Trade receivables (gross of Allowance for bad debts) amount to € 169,938 thousand. The balance of this line item is affected by the seasonality of billings for subscription fees that characterises the business of the Group.

Trade receivables are recorded net of an Allowance for doubtful debts of € 24,896 thousand, that has been posted in the accounts after having analysed the specific risk associated with doubtful balances. The balance of Allowance for bad debts is the aggregate of utilisations, accruals and any other movements.

## 18. TAX RECEIVABLES

	30 Sep 2022	31 Dec 2021	Change	% Change
Tax credits	400	165	235	142,9%
Other tax receivables	386	607	(222)	-36,5%
Withholding tax credit	89	30	59	197,4%
Advances and income tax credits	579	2.668	(2.088)	-78,3%
<b>Total</b>	<b>1.454</b>	<b>3.470</b>	<b>(2.016)</b>	<b>-58,1%</b>

At 30 September 2022 Tax receivables amount to € 1,454 thousand, down by € 2,016 thousand compared to the balance at 31 December 2021 (€ 3,470 thousand).

## 19. OTHER CURRENT RECEIVABLES

	30 Sep 2022	31 Dec 2021	Change	% Change
Deposits	654	680	(26)	-3,8%
Receivables from employees	118	148	(30)	-20,3%
Other receivables	3.180	12.481	(9.302)	-74,5%
Accrued income	139	23	116	503,7%
Prepayments	27.292	23.260	4.032	17,3%
VAT receivables	698	1.575	(877)	-55,7%
<b>Total</b>	<b>32.081</b>	<b>38.167</b>	<b>(6.086)</b>	<b>-15,9%</b>

At 30 September 2022 the Other current receivables balance amounts to € 32,081 thousand, down by € 6,068 thousand compared to the 31 December 2021 balance (€ 38,167 thousand). The movement is mainly due to the movement in the line-item Prepayments (increase of € 4,032 thousand), because of the seasonality of the business of the Group, and it is offset by the decrease of Other receivables (€ 9,302 thousand) and VAT receivables (€ 877 thousand).

## 20. TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Euro thousands

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2021	14.597	1.439.231	(27)	(64.176)	1.389.624	892	1.390.516
Loss allocation		(63.967)	(209)	64.176	0		0
Profit (Loss) for the year				(40.299)	(40.299)	109	(40.190)
Other Profit (Loss) on comprehensive income		(8)			(8)	(1)	(9)
30 Sep 2022	14.597	1.375.256	(236)	(40.299)	1.349.317	1.000	1.350.317

At 30 September 2022 the Group's equity amounts to € 1,349,317 thousand.

## 21. STAFF LEAVING INDEMNITY

	30 Sep 2022	31 Dec 2021	Change	% Change
Staff leaving indemnity	27.000	25.939	1.061	4,1%
<b>Total</b>	<b>27.000</b>	<b>25.939</b>	<b>1.061</b>	<b>4,1%</b>

At 30 September 2022 Staff leaving indemnity amounts to € 27,000 thousand, up by € 1,061 thousand compared to the balance at 31 December 2021 (€ 25,939 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

## 22. PROVISIONS FOR RISKS AND CHARGES

	30 Sep 2022	31 Dec 2021	Change	% Change
Provision for pension and similar obligation	1.321	1.465	(144)	-9,8%
Provision for litigations	10.936	11.260	(324)	-2,9%
Other provision for risks and charges	1.446	530	916	172,9%
<b>Total</b>	<b>13.703</b>	<b>13.255</b>	<b>448</b>	<b>3,4%</b>

At 30 September 2022 Provisions for risks and charges amount to € 13,703 thousand, up by € 448 thousand compared to the balance at 31 December 2021 (€ 13,255 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

Note that the Group companies are not party to any additional litigations or disputes worthy of note (in terms of contingent liabilities) other than those already reflected by the figures in the financial statements.

### 23. OTHER CURRENT AND NON-CURRENT LIABILITIES

	30 Sep 2022	31 Dec 2021	Change	% Change
VAT liabilities	3.527	1.885	1.799	95,4%
Withholdings liabilities	3.385	5.141	(220)	-4,3%
Employees payables and Social security liabilities	32.658	33.381	(723)	-2,2%
Advances	644	1.827	(1.184)	-64,8%
Other liabilities	1.045	991	53	5,4%
Accrued liabilities	99	180	(81)	-44,9%
Deferred revenues	141.955	85.271	56.684	66,5%
<b>Other current liabilities</b>	<b>183.312</b>	<b>128.676</b>	<b>56.329</b>	<b>43,8%</b>
Due to social securities - non-current	392	425	(33)	-7,7%
Other tax liabilities - non-current	8	8		
<b>Other non-current liabilities</b>	<b>400</b>	<b>432</b>	<b>(33)</b>	<b>-7,6%</b>
<b>Total Other liabilities</b>	<b>183.712</b>	<b>129.109</b>	<b>56.297</b>	<b>43,6%</b>

At 30 September 2022 Other current liabilities amount to € 183,312 thousand, up by € 56,329 thousand compared to the balance at 31 December 2021 (€ 128,676 thousand).

This increase is substantially due to the seasonality of billings for subscription fees that characterises the business of the Group and results in the increase in deferred revenues.

At 30 September 2022 Other non-current liabilities amount to € 400 thousand (€ 432 thousand at 31 December 2021) and relate primarily to balances pertaining to the subsidiary TeamSystem S.p.A..

### 24. CURRENT TAX LIABILITIES

	30 Sep 2022	31 Dec 2021	Change	% Change
Income tax payables	19.785	8.466	11.319	133,7%
Other tax liabilities	165	178	(13)	-7,1%
<b>Total</b>	<b>20.081</b>	<b>8.644</b>	<b>11.437</b>	<b>132,3%</b>

At 30 September 2022 Current tax liabilities amount to € 20,081 thousand, up by € 11,437 thousand compared to the balance at 31 December 2021 (€ 8,644 thousand).

**25. RECONCILIATION OF NET FINANCIAL INDEBTEDNESS – TeamSystem Holdco S.p.A. – TeamSystem Holdco3 S.p.A. – TeamSystem S.p.A.**

In the table below, we provide a reconciliation of the net financial indebtedness between the consolidated accounts of TeamSystem Holdco S.p.A., the consolidated accounts of TeamSystem Holdco3 S.p.A. and the consolidated accounts of TeamSystem S.p.A., being the net financial indebtedness the only material difference between these three consolidated accounts.

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 INTERCOMPANY	TEAMSYSTEM HOLDCO 2 STAND ALONE NET OF INTERCOMPANY	TEAMSYSTEM HOLDCO 3 CONSOLIDATED	TEAMSYSTEM HOLDCO 3 STAND ALONE NET OF INTERCOMPANY	TEAMSYSTEM SPA CONSOLIDATED
Bank accounts and post office	30.539	172	13		30.354	499	29.855
Cash and bank balances	25				25		25
<b>Total Cash and bank balances</b>	<b>30.564</b>	<b>172</b>	<b>13</b>		<b>30.379</b>	<b>499</b>	<b>29.880</b>
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
<b>Total Other financial assets</b>	<b>35.761</b>				<b>35.761</b>	<b>1</b>	<b>35.760</b>
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)
<b>Total Financial liabilities</b>	<b>(1.513.235)</b>				<b>(1.513.235)</b>	<b>(311.047)</b>	<b>(1.202.188)</b>
Financing Fees - bond	40.089				40.089	8.029	32.060
Financing Fees - banks	3.161				3.161		3.161
<b>Total Financing Fees</b>	<b>43.251</b>				<b>43.251</b>	<b>8.029</b>	<b>35.221</b>
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)
<b>Total Other financial liabilities</b>	<b>(69.966)</b>				<b>(69.966)</b>		<b>(69.966)</b>
<b>Total</b>	<b>(1.473.625)</b>	<b>172</b>	<b>13</b>		<b>(1.473.809)</b>	<b>(302.517)</b>	<b>(1.171.293)</b>

□ □ □

**On behalf of the Board of Directors of  
TeamSystem Holdco S.p.A.  
Chief Executive Officer  
Federico Leproux**



