

30 September 2021  
Interim Condensed Consolidated  
Financial Statements  
TeamSystem Group



**INTERIM  
CONDENSED  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS  
ENDED  
30 SEPTEMBER 2021**

<b>TABLE OF CONTENTS</b>
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**Brunello Bidco S.p.A. and its Subsidiaries  
TeamSystem Group**

**DIRECTORS' REPORT**

Results of Operations.....	1
Consolidated Statement of Cash Flows .....	4
Working Capital.....	5
Capital Expenditure .....	5
Significant Events during first nine months of 2021 .....	5
Significant Subsequent Events.....	6
Ongoing Developments .....	6
Related Party Transactions .....	7

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
FIRST NINE MONTHS ENDED 30 SEPTEMBER 2021**

Consolidated Statement of Profit or Loss .....	9
Consolidated Statement of Comprehensive Income .....	10
Consolidated Statement of Financial Position - Assets.....	11
Consolidated Statement of Financial Position - Equity and Liabilities.....	11
Consolidated Statement of Cash Flows .....	12
Consolidated Statement of Changes in Equity.....	13
Notes to Interim Consolidated Financial Statements .....	14



**DIRECTORS’  
REPORT**



## ► RESULTS OF OPERATIONS

Euro thousands								
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS</b>								
	30 Sep 2021	30 Sep 2020	Change	% Change	Quarter 3Q 2021	Quarter 3Q 2020	Change	% Change
Revenue	342,365	301,428	40,936	13.6%	114,292	100,825	13,467	13.4%
Other operating income	1,618	1,587	32	2.0%	829	1,180	(351)	-29.7%
<b>TOTAL REVENUE</b>	<b>343,983</b>	<b>303,015</b>	<b>40,968</b>	<b>13.5%</b>	<b>115,121</b>	<b>102,004</b>	<b>13,116</b>	<b>12.9%</b>
Cost of raw and other materials	(29,890)	(24,676)	(5,213)	21.1%	(9,597)	(8,238)	(1,359)	16.5%
Cost of services	(86,255)	(61,930)	(24,325)	39.3%	(24,906)	(18,869)	(6,037)	32.0%
Personnel costs	(100,082)	(82,486)	(17,596)	21.3%	(30,005)	(24,748)	(5,257)	21.2%
Other operating costs	(4,058)	(2,763)	(1,295)	46.9%	(1,322)	465	(1,787)	-384.4%
Depreciation and amortization of non-current assets	(63,755)	(65,792)	2,037	-3.1%	(21,461)	(23,630)	2,169	-9.2%
Allowance for bad debts	(4,858)	(3,957)	(900)	22.8%	(679)	(35)	(644)	1819.8%
Other provisions for risks and charges	(155)	(48)	(107)	221.0%	25	(7)	32	-443.0%
<b>OPERATING RESULT</b>	<b>54,931</b>	<b>61,363</b>	<b>(6,432)</b>	<b>-10.5%</b>	<b>27,175</b>	<b>26,943</b>	<b>233</b>	<b>0.9%</b>
Finance income	1,119	3,896	(2,777)	-71.3%	274	3,757	(3,483)	-92.7%
Finance cost	(62,782)	(44,658)	(18,124)	40.6%	(15,107)	(14,275)	(832)	5.8%
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(6,732)</b>	<b>20,601</b>	<b>(27,333)</b>	<b>-132.7%</b>	<b>12,342</b>	<b>16,425</b>	<b>(4,083)</b>	<b>-24.9%</b>
Current income tax	(18,065)	(16,727)	(1,338)	8.0%	(4,700)	(4,813)	113	-2.3%
Deferred income tax	35,996	10,857	25,139	231.5%	2,551	3,523	(972)	-27.6%
<b>TOTAL INCOME TAX</b>	<b>17,932</b>	<b>(5,869)</b>	<b>23,801</b>	<b>-405.5%</b>	<b>(2,149)</b>	<b>(1,289)</b>	<b>(859)</b>	<b>66.6%</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>11,200</b>	<b>14,732</b>	<b>(3,532)</b>	<b>-24.0%</b>	<b>10,194</b>	<b>15,135</b>	<b>(4,942)</b>	<b>-32.6%</b>
(Profit) Loss for the period								
Non-controlling interests	(98)	(104)	6	-5.4%	(28)	(17)	(11)	67.2%
<b>PROFIT (LOSS) FOR THE PERIOD OWNERS OF THE COMPANY</b>	<b>11,102</b>	<b>14,628</b>	<b>(3,526)</b>	<b>-24.1%</b>	<b>10,166</b>	<b>15,119</b>	<b>(4,953)</b>	<b>-32.8%</b>
<b>ADJUSTED EBITDA</b>	<b>140,451</b>	<b>134,355</b>	<b>6,097</b>	<b>4.5%</b>	<b>62,446</b>	<b>51,312</b>	<b>1,133</b>	<b>2.2%</b>

The interim consolidated financial statements for the period ended 30 September 2021 are produced at Brunello Bidco consolidation hierarchy but comparative figures relating to the prior period 30 September 2020 (or 31 December 2020 in the case of consolidated statement of financial position) relate to TeamSystem Holding 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.

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In the above table and elsewhere 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: 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**.

Euro thousands								
ADJUSTED EBITDA RECONCILIATION	30 Sep 2021	30 Sep 2020	Change	% Change	Quarter 3Q 2021	Quarter 3Q 2020	Change	% Change
<b>PROFIT (LOSS) FOR THE YEAR</b>	11,200	14,732	(3,532)	-24.0%	10,194	15,135	(4,942)	-32.6%
Income tax	(17,932)	5,869	(23,801)	-405.5%	2,149	1,289	859	66.6%
Financial income and expenses	61,663	40,762	20,901	51.3%	14,833	10,518	4,315	41.0%
Other provisions for risks and charges	155	48	107	221.0%	(25)	7	(32)	-443.0%
Depreciation and amortization of non-current assets	63,755	65,792	(2,037)	-3.1%	21,461	23,630	(2,169)	-9.2%
Allowance for bad debts	4,858	3,957	900	22.8%	679	35	644	1819.8%
Advisory expenses related to reorganization and cost saving projects	4,335	1,127	3,208	284.7%	1,641	1,127	514	45.6%
Personnel redundancy	847	984	(137)	-13.9%	373	141	233	165.5%
Acquisitions and mergers costs	9,766	880	8,885	1009.4%	533	333	200	60.0%
Settlements with clients and agents	1,554	70	1,484	2117.0%	574	(1,014)	1,588	-156.6%
Other minor items	251	133	118	88.9%	35	111	(76)	-68.7%
<b>ADJUSTED EBITDA</b>	<b>140,451</b>	<b>134,354</b>	<b>6,097</b>	<b>4.5%</b>	<b>52,446</b>	<b>51,313</b>	<b>1,133</b>	<b>2.2%</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.

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The following comments refer to the changes between the consolidated statement of profit or loss as at 30 September 2021 and the corresponding figures for the period ended 30 September 2020.

The results as at 30 September 2021 are affected by the consolidation of the profit and loss of the following companies (which did not contribute to the 30 September 2020 consolidated profit and loss):

- Brunello Bidco S.p.A., (as parent company), Barolo Lux 1 S.à.r.l., TeamSystem 6 S.r.l., TeamSystem 7 S.r.l., TeamSystem 8 S.r.l., TeamSystem 9 S.r.l., Modefinance S.r.l. and SGS System House which have been all acquired / incorporated during 2021;
- Beneficy S.r.l., Habble S.r.l., Software del Sol S.A., Team4you S.r.l., which have been all acquired in 2020.

Finally, taking account of the non-materiality of the acquisition, the results of My Expenses S.L. have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the nine months ended 30 September 2021 (see “Significant events during the first nine months of 2021” section).

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**TOTAL REVENUE:** Total Revenue for the period ended 30 September 2021 amounts to € 343,983 thousand, up by € 40,968 thousand compared to the corresponding figure for the period ended 30 September 2020 (€ 303,015 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 2021.

Euro Millions								
	30 Sep 2021	30 Sep 2020	Change	% Change	Quarter 3Q 2021	Quarter 3Q 2020	Change	% Change
<b>Direct Channel</b>	<b>116.8</b>	<b>104.5</b>	<b>12.3</b>	<b>11.8%</b>	<b>39.5</b>	<b>35.4</b>	<b>4.1</b>	<b>11.6%</b>
Recurring	99.6	89.5	10.2	11.3%	34.4	30.3	4.1	13.6%
Licenses/Prof. Services	17.2	15.1	2.2	14.3%	5.1	5.1	(0.0)	-0.7%
<b>Indirect Channel</b>	<b>70.2</b>	<b>69.5</b>	<b>0.7</b>	<b>1.0%</b>	<b>23.9</b>	<b>22.5</b>	<b>1.3</b>	<b>6.0%</b>
Recurring	65.6	65.7	(0.1)	-0.2%	22.5	21.5	1.0	4.9%
Licenses/Prof. Services	4.6	3.8	0.8	21.1%	1.3	1.0	0.3	29.3%
<b>Micro and new Business Solutions</b>	<b>73.6</b>	<b>48.6</b>	<b>25.1</b>	<b>51.7%</b>	<b>27.0</b>	<b>17.1</b>	<b>9.9</b>	<b>57.6%</b>
Recurring	68.8	45.5	23.4	51.4%	25.3	16.4	8.9	54.2%
Licenses/Prof. Services	4.8	3.1	1.7	56.1%	1.7	0.7	1.0	136.7%
<b>Vertical Solutions</b>	<b>79.5</b>	<b>77.9</b>	<b>1.6</b>	<b>2.1%</b>	<b>23.6</b>	<b>25.9</b>	<b>(2.3)</b>	<b>-9.0%</b>
Recurring	50.8	49.9	0.9	1.8%	15.7	18.0	(2.3)	-13.0%
Licenses/Prof. Services	28.7	28.0	0.7	2.5%	7.9	7.9	(0.0)	0.0%
<b>Hardware &amp; Other</b>	<b>3.8</b>	<b>2.6</b>	<b>1.3</b>	<b>49.0%</b>	<b>1.2</b>	<b>1.1</b>	<b>0.1</b>	<b>11.0%</b>
<b>TOTAL REVENUE</b>	<b>343.9</b>	<b>303.0</b>	<b>40.9</b>	<b>13.5%</b>	<b>115.1</b>	<b>102.0</b>	<b>13.1</b>	<b>12.8%</b>

The Direct Channel includes the revenue arising from the sale of products and services to SMEs and professional end customers.



The Indirect Channel mainly includes the revenue arising from the sale of products and services to SMEs and professional end customers through our VARs (Value Added Resellers).

The Micro and New Business Solutions channel includes revenue and services from sales of our products designed to meet the needs of micro-enterprises.

The Vertical Solutions channel includes the revenue from the sale of products and services targeting the needs of SMEs and professional customers in specific sectors, such as manufacturing, construction, tax advice centres/public sector, legal, wellness, hospitality and professional training.

The remaining category Hardware and other comprises the revenue arising from the resale of hardware components and accessories and some miscellaneous minor revenue items mainly generated by our Mondora S.r.l. subsidiary.

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

Licences/Professional Services 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 product start-up.

**ADJUSTED EBITDA:** Adjusted Ebitda for the period ended 30 September 2021 amounts to € 140,451 thousand, up by € 6,097 thousand compared to the amount at 30 September 2020 (€ 134,355 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 2021.

**COST OF RAW AND OTHER MATERIALS:** Cost of raw and other materials amounts to € 29,890 thousand for the period ended 30 September 2021, up by € 5,213 thousand compared to the amount at 30 September 2020 (€ 24,676 thousand); this because of the organic growth experienced by the Group in the first nine months of 2021 and because of the change in the consolidation area.

**COST OF SERVICES:** Cost of services amounts to € 86,255 thousand for the period ended 30 September 2021, up by € 24,325 thousand from the amount of the period ended 30 September 2020 (€ 61,930 thousand), mainly due to one-off cost connected with the Acquisition of TeamSystem Group (and therefore with no-impact on the Adjusted Ebitda falling these expenses into the category of “Acquisition and merger cost” reported in the table of the Adjusted Ebitda Reconciliation).

**PERSONNEL COSTS:** Personnel costs for the period ended 30 September 2021 amount to € 100,082 thousand, up by € 17,596 thousand, compared to the amount at 30 September 2020 (€ 82,486 thousand). This is mainly due to the change in the consolidation area occurred the first nine months of 2021.

**OTHER OPERATING COSTS:** Other operating costs amount to € 4,058 thousand for the period ended 30 September 2021, up by € 1,295 thousand compared to the period ended 30 September 2020 (€ 2,763 thousand).

**FINANCE COST:** Financial charges for the period ended 30 September 2021 amount to € 62,782 thousand with an increase of € 18,124 thousand, compared to the corresponding amount at 30 September 2020 (€ 44,658 thousand), mainly due to:

- the acquisition of residual stake of Danea S.r.l. and Skylab S.r.l. and the subsequent revaluation of the relevant Liabilities to non-controlling shareholders of subsidiaries;
- the one-off write-off of financing fees pertaining to the Existing RCF facility (for an amount of € 646 thousand) and pertaining to the Existing Floating Rate Notes (for an amount of € 6,707 thousand), both as a consequence of the Acquisition of TeamSystem Group and the following refinancing process made in February 2021 (see also Note 15 for further details).
- Interest on Notes related to the “2028 Fixed Rate Notes” and “2028 Floating Rate Notes” (see also Note 15 for further details).

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## **CONSOLIDATED STATEMENT OF CASH FLOWS**

Euro thousands								
CONSOLIDATED STATEMENT OF CASH FLOWS	30 Sep 2021	30 Sep 2020	Change	% Change	Quarter 3Q 2021	Quarter 3Q 2020	Change	% Change
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>125,334</b>	<b>118,995</b>	<b>6,339</b>	<b>5.3%</b>	<b>37,004</b>	<b>36,468</b>	<b>536</b>	<b>1.5%</b>
Capital Expenditure	(23,844)	(25,837)	1,993	-7.7%	(8,227)	(9,694)	1,466	-15.1%
Acquisition of investments	(1,844,362)	(23,261)	(1,821,101)	7828.9%	350	31	319	1012.8%
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(1,868,206)</b>	<b>(49,099)</b>	<b>(1,819,108)</b>	<b>3705.0%</b>	<b>(7,877)</b>	<b>(9,662)</b>	<b>1,785</b>	<b>-18.5%</b>
Financial balance paid / cashed-in and change in financial assets / liabilities	362,468	(30,059)	392,527	-1305.8%	(7,621)	(19,601)	11,980	-61.1%
Financing Fees paid	(46,477)	0	(46,478)	n.s.	0	1	(0)	n.s.
Liabilities to non-controlling shareholders of subs. paid	(161,378)	(26,268)	(135,110)	514.4%	(13,543)	(618)	(12,925)	2092.3%
Capital increase	1,649,218	0	1,649,217	n.s.	(1)	0	(1)	-512.9%
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,803,830</b>	<b>(56,327)</b>	<b>1,860,157</b>	<b>-3302.5%</b>	<b>(21,165)</b>	<b>(20,218)</b>	<b>(947)</b>	<b>4.7%</b>
<b>CHANGES DUE TO EXCHANGE RATE MOVEMENTS</b>	<b>8</b>	<b>(8)</b>	<b>17</b>	<b>-201.2%</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>-186.7%</b>
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>60,967</b>	<b>13,562</b>	<b>47,404</b>	<b>349.5%</b>	<b>7,962</b>	<b>6,589</b>	<b>1,373</b>	<b>20.8%</b>

**Cash flows from operating activities** amount to € 125,334 thousand for the period ended 30 September 2021, increasing by € 6,339 thousand, compared to the corresponding flows for the period ended 30 September 2020 (€ 118,995 thousand).

**Cash flows from investing activities** changed from negative € 49,099 thousand in the period ended 30 September 2020 to negative € 1,868,206 thousand for the corresponding period of 2021.

The main investment activities for the first nine months of 2021 are related to:

- capitalized development costs and capital expenditures on tangible and intangible assets, see “Capital expenditure” section;
- the cash out paid by Brunello Bidco S.p.A. for the acquisition of TeamSystem Group occurred in February 2021 (see also the Paragraph Significant Event during the first nine months of 2021);
- the cash-out paid for the acquisition of TeamSystem 6 S.r.l., TeamSystem 7 S.r.l., TeamSystem 8 S.r.l., TeamSystem 9 S.r.l., My Expenses S.L., Modefinance S.r.l., SGS System House S.r.l. and Var4Team S.r.l.

**Cash flows from financing activities** changed from negative € 56,327 thousand in the period ended 30 September 2020 to positive € 1,803,830 thousand for the corresponding period of 2021.

The main cash items occurred in the first nine months of 2021 are attributable to:

- the payment of Interests on Existing Floating Rate Notes (see Note 15 Net Financial Indebtedness);
- 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 acquisition of further equity interests the most significant of which are: Danea S.r.l., Aliaslab S.p.A., Skylab S.r.l. and Madbit S.r.l.;
- the net cash-in as a consequence of the refinancing process occurred in February 2021 which consisted of the issuance of 2028 Fixed Rate Notes and 2028 Floating Rate Notes whose proceeds were used to fund the Acquisition of TeamSystem Group and to repay the Existing Floating Rate Notes (see also the Paragraph Significant Event during the first nine months of 2021);
- the payment of Financing Fees in relation of the issuance of 2028 Fixed Rate Notes and 2028 Floating Rate Notes and the payment of Financing Fees related to the New RCF facility negotiated by Brunello Bidco;
- the capital increase which took place in Brunello Bidco in order to fund the acquisition of TeamSystem Group.

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## ► WORKING CAPITAL

Euro thousands				
	30 Sep 2021	31 Dec 2020	Change	% Change
Trade receivables	134,971	120,019	14,952	12.5%
Inventories	1,187	1,109	78	7.1%
Other receivables	29,598	30,914	(1,316)	-4.3%
Trade payables	(42,097)	(48,532)	6,435	-13.3%
Other liabilities	(156,967)	(112,495)	(44,472)	39.5%
<b>WORKING CAPITAL</b>	<b>(33,308)</b>	<b>(8,986)</b>	<b>(24,323)</b>	<b>270.7%</b>

At 30 September 2021 Working capital amounts to negative € 33,308 thousand, with a change of € 24,323 thousand compared to the balance at 31 December 2020 (negative € 8,986 thousand). The movement is primarily attributable to Other liabilities (which balance is € 156,967 thousand at 30 September 2021 compared to € 112,495 thousand at 31 December 2020) and to Trade receivables (which balance is € 134,971 thousand at 30 September 2021 compared to € 120,019 thousand at 31 December 2020).

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 2021	30 Sep 2020	Change	% Change	Quarter	Quarter	Change	% Change
					3Q 2021	3Q 2020		
Investments in tangible assets	2,409	2,471	(62)	-2.5%	1,305	798	507	63.5%
Investments in intangible assets	10,426	10,904	(478)	-4.4%	3,386	4,671	(1,284)	-27.5%
Capitalized development costs - personnel costs	8,640	10,794	(2,154)	-20.0%	2,854	3,732	(878)	-23.5%
Capitalized development costs - service costs	2,369	1,669	701	42.0%	682	492	190	38.5%
<b>CAPEX EXPENDITURE - TOTAL</b>	<b>23,844</b>	<b>25,837</b>	<b>(1,993)</b>	<b>-7.7%</b>	<b>8,227</b>	<b>9,693</b>	<b>(1,466)</b>	<b>-15.1%</b>

In the period ended 30 September 2021 the Capital expenditure amounts to € 23,844 thousand with a decrease of € 1,993 thousand compared to 30 September 2020 balance (€ 25,837 thousand).

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## ► SIGNIFICANT EVENTS DURING THE FIRST NINE MONTHS OF 2021

### ● Acquisition of TeamSystem Group by private equity funds affiliated with Hellman & Friedman; Early redemption of € 200 and € 550 million Existing Notes and Issuance of € 300 Senior Secured Fixed Rate Notes and € 850 Senior Secured Floating Rate Notes

In February 2021, Brunello Bidco S.p.A., a special purpose vehicle controlled by the IX fund, managed by the international private equity firm Hellman & Friedman (“H&F”), acquired 100% of Barolo Lux 1 S.à r.l., the direct parent company of TeamSystem Group (“**Acquisition of TeamSystem Group**” or “**Acquisition**”).

To finance the Acquisition, in February 2021 Brunello Bidco S.p.A. issued senior secured fixed rate notes (at a rate of 3.5%) with a nominal value of € 300 million maturing in 2028 (“**2028 Fixed Rate Notes**”) and senior secured floating rate notes with a nominal value of € 850 million maturing in 2028 (“**2028 Floating Rate Notes**”) pursuant to an indenture dated 10 February 2021 (the “**Indenture**”). The proceeds from these notes were used to fund the acquisition of TeamSystem Group and to repay the existing senior secured floating rate notes with a nominal value of € 200 million maturing in 2025 and the existing senior secured floating rate notes with a nominal value of € 550 million maturing in 2022 (both 2022 and 2025 floating rate note “**Existing Floating Rate Notes**”). The existing RCF facility negotiated by TeamSystem S.p.A. (“**Existing RCF**”) was also terminated in February 2021 and a New RCF facility (“**New RCF**”) has been negotiated by Brunello Bidco S.p.A..

**● ACQUISITION OF INVESTMENT**

**TeamSystem 6 S.r.l.**

In January 2021, TeamSystem S.p.A. acquired a controlling interest (of 100%) in TeamSystem 6 S.r.l., which resells TeamSystem products for businesses, accountants and tax consultants.

**TeamSystem 7 S.r.l.**

In January 2021, TeamSystem S.p.A. acquired a controlling interest (of 100%) in TeamSystem 7 S.r.l., which resells TeamSystem products for accountants and tax consultants.

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

In January 2021, TeamSystem S.p.A. acquired a controlling interest (of 100%) in TeamSystem 8 S.r.l., which resells TeamSystem products for businesses, accountants and tax consultants.

**Modefinance S.r.l.**

In February 2021, an additional 16% share of Modefinance S.r.l. was acquired; upon completion of this acquisition, TeamSystem Group will have a 59% controlling interest in the company.

**TeamSystem 9 S.r.l.**

In March 2021, TeamSystem S.p.A. acquired a controlling interest (100%) in TeamSystem 9 S.r.l. which resells TeamSystem products for businesses, accountants and tax consultants.

**My Expenses S.L (Billin)**

In March 2021, TeamSystem S.p.A. acquired a controlling interest (59.60%) in My Expenses S.L, a Spanish start-up company that has developed an e-invoicing cloud solution for the Spanish market, called "Billin".

**SGS System house S.r.l.**

In April 2021, TeamSystem S.p.A. acquired a controlling interest (100%) in SGS System House S.r.l., a company that resells TeamSystem products for businesses and accountants.

**Var4Team S.r.l.**

In April 2021, TeamSystem S.p.A. subscribed a capital increase (for a stake corresponding to 20% of the company's share capital) in Var4Team S.r.l., a company that resells TeamSystem products for businesses and accountants.

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**► SIGNIFICANT SUBSEQUENT EVENTS**

**Logical Soft S.r.l.**

In October 2021, TeamSystem S.p.A. acquired a controlling interest (60%) in Logical Soft S.r.l.. The company offers vertical solutions specialized to professionals in the construction industry

**Itacme Informatica S.r.l.**

In October 2021, TeamSystem S.p.A. acquired a controlling interest (100%) in Itacme Informatica S.r.l. which offers the development and services of ERP software solutions for the integrated management of commercial and manufacturing companies.

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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 2021, 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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**UNAUDITED  
INTERIM CONDENSED  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS  
ENDED  
30 SEPTEMBER 2021**

# Brunello Bidco S.p.A. and its Subsidiaries TeamSystem Group

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Sep 2021	30 Sep 2020	NOTES
Revenue	342,365	301,428	1
Other operating income	1,618	1,587	1
<b>TOTAL REVENUE</b>	<b>343,983</b>	<b>303,015</b>	<b>1</b>
Cost of raw and other materials	(29,890)	(24,676)	2
Cost of services	(86,255)	(61,930)	3
Personnel costs	(100,082)	(82,486)	4
Other operating costs	(4,058)	(2,763)	5
Depreciation and amortization of non-current assets	(63,755)	(65,792)	
Allowance for bad debts	(4,858)	(3,957)	
Other provisions for risks and charges	(155)	(48)	
<b>OPERATING RESULT</b>	<b>54,931</b>	<b>61,363</b>	
Finance income	1,119	3,896	6
Finance cost	(62,782)	(44,658)	7
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(6,732)</b>	<b>20,601</b>	
Current income tax	(18,065)	(16,727)	
Deferred income tax	35,996	10,857	14
<b>TOTAL INCOME TAX</b>	<b>17,932</b>	<b>(5,869)</b>	
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>11,200</b>	<b>14,732</b>	
(Profit) Loss for the period - Non-controlling interests	(98)	(104)	
<b>PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY</b>	<b>11,102</b>	<b>14,628</b>	
<b>ADJUSTED EBITDA</b>	<b>140,451</b>	<b>134,355</b>	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Sep 2021	30 Sep 2020	NOTES
PROFIT (LOSS) FOR THE PERIOD	11,200	14,732	20
Exchange rate differences	12	(2)	
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX	12	(111)	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	11,212	14,621	20
Total comprehensive (income) loss for the period attributable to Non-controlling interests	(100)	(104)	20
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	11,112	14,517	20



Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>30 Sep 2021</b>	<b>31 Dec 2020</b>	<b>NOTES</b>
Tangible assets	14,512	14,946	9
Intangible assets	592,643	624,991	10
Right of use	22,320	24,776	11
Goodwill	2,445,828	822,087	12
Other Investments	8,258	723	13
Investments in associates	342	5,338	13
Deferred tax assets	14,397	14,096	14
Other financial assets - non-current	254	253	15
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,098,553</b>	<b>1,507,210</b>	
Inventories	1,187	1,109	16
Trade receivables	134,971	120,019	17
Tax receivables	1,427	872	18
Other receivables - current	29,598	30,914	19
Other financial assets - current	4,510	1,633	15
Cash and bank balances	61,468	63,691	15
<b>TOTAL CURRENT ASSETS</b>	<b>233,161</b>	<b>218,239</b>	
<b>TOTAL ASSETS</b>	<b>3,331,715</b>	<b>1,725,448</b>	

Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>EQUITY AND LIABILITIES</b>	<b>30 Sep 2021</b>	<b>31 Dec 2020</b>	<b>NOTES</b>
Share capital	50	5,450	20
Other reserves	1,728,969	389,087	20
Profit (Loss) attributable to Owners of the Company	11,102	(2,703)	20
<b>TOTAL EQUITY attributable to OWNERS OF THE COMPANY</b>	<b>1,740,121</b>	<b>391,834</b>	
Non-controlling interests - Capital and reserves	675	535	20
Non-controlling interests - Profit (Loss)	98	138	20
<b>TOTAL NON-CONTROLLING INTERESTS</b>	<b>773</b>	<b>673</b>	
<b>TOTAL EQUITY</b>	<b>1,740,893</b>	<b>392,507</b>	
Financial liabilities with banks and other institutions - non-current	1,166,154	811,309	15
Staff leaving indemnity	21,340	19,835	21
Provisions for risks and charges	4,494	4,556	22
Deferred tax liabilities	125,448	161,292	14
Other liabilities - non-current	443	476	23
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,317,878</b>	<b>997,468</b>	
Financial liabilities with banks and other institutions - current	64,098	168,057	15
Trade payables	42,097	48,532	
Tax liabilities - current	9,781	6,389	24
Other liabilities - current	156,967	112,495	23
<b>TOTAL CURRENT LIABILITIES</b>	<b>272,943</b>	<b>335,474</b>	
<b>TOTAL LIABILITIES</b>	<b>1,590,821</b>	<b>1,332,942</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,331,715</b>	<b>1,725,448</b>	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	30 Sep 2021	30 Sep 2020	NOTES
<b>Operating Result</b>	<b>54,931</b>	<b>61,363</b>	
Depreciation and amortization of non-current assets	63,755	65,792	
<b>Depreciation and amortisation of non-current assets</b>	<b>63,755</b>	<b>65,792</b>	
Trade receivables	(12,962)	(20,046)	
Inventories	(78)	(148)	
Other receivables	2,179	39	
Trade payables	(8,969)	(17,814)	
Other liabilities	42,333	34,951	
<b>Change in Working capital</b>	<b>22,502</b>	<b>(3,019)</b>	
Staff leaving indemnity	98	46	
Provisions for risks and charges	(63)	(1,843)	
<b>Change in provisions</b>	<b>35</b>	<b>(1,797)</b>	
<b>Income tax</b>	<b>(15,889)</b>	<b>(3,343)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>125,334</b>	<b>118,995</b>	<b>8</b>
Investments in tangible assets	(2,409)	(2,471)	
Investments in intangible assets	(10,426)	(10,904)	
Capitalized development costs - personnel costs	(8,640)	(10,794)	
Capitalized development costs - service costs	(2,369)	(1,669)	
<b>Capital Expenditure</b>	<b>(23,844)</b>	<b>(25,837)</b>	
Acquisition of investments	(1,913,231)	(25,831)	<b>8</b>
Cash and bank balances at the date of acquisition	68,869	2,570	
<b>Acquisition of investments</b>	<b>(1,844,362)</b>	<b>(23,261)</b>	<b>8</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(1,868,206)</b>	<b>(49,099)</b>	
<b>Financial balance paid / cashed-in and change in financial assets / liabilities</b>	<b>362,468</b>	<b>(30,059)</b>	<b>8</b>
<b>Financing Fees paid</b>	<b>(46,477)</b>	<b>0</b>	
<b>Liabilities to non-controlling shareholders of subs. paid</b>	<b>(161,378)</b>	<b>(26,268)</b>	<b>8</b>
<b>Capital increase</b>	<b>1,649,218</b>	<b>0</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,803,830</b>	<b>(56,327)</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>60,966</b>	<b>13,561</b>	
<b>CASH AND BANK BALANCES - BEGINNING OF THE YEAR</b>	<b>502</b>	<b>36,412</b>	
<b>CASH AND BANK BALANCES - END OF THE PERIOD</b>	<b>61,468</b>	<b>49,974</b>	

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
<b>31 Dec 2019</b>	5,450	396,020	(826)	(35,346)	365,298	536	365,834
Loss allocation		(36,172)	826	35,346	0		0
Profit (Loss) for the year		(111)		14,628	14,517	104	14,621
<b>30 Sep 2020</b>	5,450	359,737	0	14,628	379,815	638	380,453

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	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	(29)	21	0	21
Loss allocation		(29)		29	0		0
Capital increase		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	11,101	98	11,199
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

# TeamSystem Group

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

### **► ACQUISITION OF BAROLO LUX 1 S.à.r.l. AND REDEMPTION OF NOTES**

In February 2021, Brunello Bidco S.p.A., a special purpose vehicle controlled by the IX fund, managed by the international private equity firm Hellman & Friedman (“H&F”), acquired 100% of Barolo Lux 1 S.à r.l., the direct parent company of TeamSystem Group (“Acquisition of TeamSystem Group” or “Acquisition”).

To finance the Acquisition, in February 2021 Brunello Bidco S.p.A. issued senior secured fixed rate notes (at a rate of 3.5%) with a nominal value of € 300 million maturing in 2028 (“2028 Fixed Rate Notes”) and senior secured floating rate notes with a nominal value of € 850 million maturing in 2028 (“2028 Floating Rate Notes”) pursuant to an indenture dated 10 February 2021 (the “Indenture”). The proceeds from these notes were used to fund the acquisition of TeamSystem Group and to repay the existing senior secured floating rate notes with a nominal value of € 200 million maturing in 2025 and the existing senior secured floating rate notes with a nominal value of € 550 million maturing in 2022 (both 2022 and 2025 floating rate note “Existing Floating Rate Notes”). The existing RCF facility negotiated by TeamSystem S.p.A. (“Existing RCF”) was also terminated in February 2021 and a New RCF facility (“New RCF”) has been negotiated by Brunello Bidco S.p.A..

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### **► COMPANY BACKGROUND**

Brunello Bidco S.p.A. (the “Parent Company”) is a company recorded in the Pesaro Business Register and is domiciled in Italy. Brunello Bidco S.p.A. is the Parent Company of TeamSystem Group (or “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).

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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 Brunello Bidco S.p.A. consolidated financial statements for the period ended 30 September 2021 are the same of that used for the preparation of TeamSystem Holding S.p.A. consolidated financial statements for the period ended 31 December 2020 (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 annual financial statements.

The interim consolidated financial statements for the period ended 30 September 2021 (produced at Brunello Bidco consolidation hierarchy) show comparative figures for the period ended 30 September 2020 at TeamSystem

Holding 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 2020 at TeamSystem Holding 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 2021 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 Holding S.p.A. consolidated financial statements for the year ended 31 December 2020.

This interim consolidated financial report for the first nine months ended 30 September 2021 is presented in Euros and all amounts have been rounded to Euro thousands, unless otherwise specified.

The consolidated financial statements of Brunello Bidco S.p.A. and its subsidiaries (TeamSystem Group) for the period ended 30 September 2021 and the consolidated financial statements of TeamSystem Holding S.p.A. for the period ended 30 September 2020 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	Profit (Loss)	Currency	% held	% consolid.	Put / Call Options	Notes
Brunello Bidco S.p.A.	Milan	50,000	1,705,265,560	(23,742,827)	EUR				
Barolo Lux 1 S.à.r.l.	Pesaro	630,338,198	625,213,043	(229,860)	EUR	100.00	100.00		
TeamSystem Holding S.p.A.	Pesaro	5,450,000	673,413,199	(117,335)	EUR	100.00	100.00		
TeamSystem S.p.A.	Pesaro	24,000,000	363,026,914	11,521,807	EUR	100.00	100.00		
TeamSystem Service S.r.l.	Campobasso	200,000	43,140,354	7,944,423	EUR	100.00	100.00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	331,807	156,142	EUR	65.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	100,000	51,430,613	12,204,256	EUR	100.00	100.00		
Madbit Entertainment S.r.l.	Trevolo (BG)	10,000	95,461,665	25,496,315	EUR	100.00	100.00		2
Mondora S.r.l.	Milan	105,000	4,094,296	506,804	EUR	100.00	100.00		
Voispeed Limited	Saint Albans - UK	1,000	123,587	21,958	GBP	85.00	85.00		3
Alialab S.p.A.	Milan	156,000	49,811,093	4,643,370	EUR	100.00	100.00		
Reviso International ApS	Copenhagen	50,011	5,113,809	(3,798,687)	DKK	100.00	100.00		
Reviso Cloud Accounting Limited	Reading	1	27,329	3,536	GBP	100.00	100.00		4
Reviso Soluciones Cloud S.L.	Madrid	3,000	11,535	1,605	EUR	100.00	100.00		4
Reviso Deutschland GmbH	Berlin	25,000	94,282	102	EUR	100.00	100.00		4
Evois S.r.l.	Catania	887,000	864,047	(546,475)	EUR	51.00	100.00		
Cassanova S.r.l.	Sant. di Romagna (RN)	10,000	1,622,845	486,961	EUR	51.00	100.00	1	
Evolution Fit S.r.l.	Turin	10,000	1,133,257	386,792	EUR	71.00	100.00	1	
TeamSystem Active S.r.l.	Pesaro	15,000	559,698	189,148	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	300,000	27,419,795	4,045,128	EUR	96.87	96.87		5
Nuovamacut Automazione S.p.A.	Bologna	108,000	25,575,054	2,515,202	EUR	100.00	100.00		
Skylab Italia S.r.l.	Turin	143,600	9,026,673	1,066,017	EUR	100.00	100.00		
Gi.Esse Macchine Utensili S.r.l.	Assago (MI)	100,000	1,267,370	(50,918)	EUR	100.00	100.00		6
Technass S.r.l.	Bassano del Grappa (VI)	11,538	324,319	50,840	EUR	51.00	100.00	1	
TeamSystem BK S.r.l.	Campobasso	1,010,000	5,458,755	(149,207)	EUR	100.00	100.00		7
TeamSystem Financial Value Chain S.r.l.	Milan	4,931,373	13,380,363	(115,661)	EUR	61.00	100.00	1	
Whit-e S.r.l.	Milan	15,000	2,430,086	1,151,436	EUR	100.00	100.00		8
Factor@Work S.r.l.	Milan	65,000	365,294	(218,256)	EUR	100.00	100.00		8
TeamSystem AM Holdco S.r.l.	Milan	10,000	1,775,181	(10,066)	EUR	71.00	100.00	1	8
TeamSystem Capital at Work SGR S.p.A.	Milan	100,000	1,457,256	(641,983)	EUR	100.00	100.00		9
TeamSystem Payments Holdco S.r.l.	Milan	10,000	3,561,005	(160,631)	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milan	125,000	2,285,329	(685,685)	EUR	100.00	100.00		10
TeamSystem 5 S.r.l.	Trento	10,000	2,767,093	(284,602)	EUR	100.00	100.00		
Area 32 S.r.l.	San Donà di Piave (VE)	10,000	452,180	161,443	EUR	100.00	100.00		
MBM Italia S.r.l.	Padova	40,800	2,755,676	1,577,140	EUR	61.00	100.00	1	
AF Soluzioni S.r.l.	Salerno	70,000	933,700	201,097	EUR	60.00	100.00	1	
Beneficy S.r.l.	Roma	90,000	54,490	(157,483)	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	10,000	938,808	253,390	EUR	90.00	100.00	1	
Habble S.r.l.	Vecchiano (PI)	21,930	1,898,771	410,906	EUR	60.00	100.00	1	
Software del Sol S.A.	Mengibar (Jaén)	75,000	3,132,574	1,694,609	EUR	100.00	100.00		
TeamSystem 6 S.r.l.	Milan	10,000	2,845,515	(46,585)	EUR	100.00	100.00		
TeamSystem 7 S.r.l.	Milan	10,000	49,377	39,377	EUR	100.00	100.00		
TeamSystem 8 S.r.l.	Milan	10,000	(73,173)	(83,173)	EUR	100.00	100.00		
TeamSystem 9 S.r.l.	Milan	10,000	579,686	29,586	EUR	100.00	100.00		
Modefinance S.r.l.	Trieste	210,000	2,304,341	950,238	EUR	59.00	100.00	1	
SGS System House S.r.l.	Milan	10,400	132,581	57,228	EUR	100.00	100.00		

Amounts in Euro

CONSOLIDATED COMPANIES EQUITY METHOD	Registered office	Share capital	Equity	Profit (Loss)	Currency	% held	% consolidation	Put / Call Options	Notes
Esaedro S.r.l. (*)	Parma	20,800	396,144	150,407	EUR	40.00	40.00		11
INTIT S.r.l. (*)	Frosinone	20,800	373,826	(85,843)	EUR	35.00	35.00		11
Cesaco S.r.l. (*)	Vicenza	90,000	88,430	(49,450)	EUR	48.00	48.00		11
Var4Team S.r.l.	Bergamo				EUR	20.00	20.00		

- (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 Nuovamacut Automazione S.p.A.;  
(7) = investment held by TeamSystem Service S.r.l.;  
(8) = investment held by TeamSystem Financial Value Chain S.r.l.;  
(9) = investment held by TeamSystem AM Holdco S.r.l.;  
(10) = investment held by TeamSystem Payments Holdco S.r.l.;  
(11) = the amounts relate to the financial statements for the year ended 31 December 2019.

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**► CHANGES TO THE SCOPE OF CONSOLIDATION DURING THE FIRST NINE MONTHS OF 2021**

The 30 September 2021 scope of consolidation has changed (compared to the TeamSystem Holding Consolidated financial statements for the period ended 31 December 2020) because of the consolidation of:

- Brunello Bidco S.p.A. (as parent company),
- Barolo Lux 1 S.à.r.l.,

- TeamSystem 6 S.r.l.,
- TeamSystem 7 S.r.l.,
- TeamSystem 8 S.r.l.,
- TeamSystem 9 S.r.l.,
- Modefinance S.r.l.,
- SGS System House S.r.l.

in the 30 September 2021 Consolidated Financial Statements.

As regards the investments in My Expenses S.L. (see “Significant events during the first nine months of 2021” section, in Directors’ Report), its results and its financial position has not been consolidated for the purpose of TeamSystem Consolidated financial statements for the nine months ended 30 September 2021, taking into account the non-materiality of the acquisition 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 2021 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 2021	Exchange rate as at 30 Sep 2021	Average exchange rate for the first nine months of 2020	Exchange rate as at 31 December 2020
GBP	0.86363	0.86053	0.88509	0.89900
DKK	7,4361	7.43600	7.458	7.45420

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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 considered 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

Euro Millions

	30 Sep 2021	30 Sep 2020	Change	% Change
<b>Direct Channel</b>	<b>116.8</b>	<b>104.5</b>	<b>12.3</b>	<b>11.8%</b>
Recurring	99.6	89.5	10.2	11.3%
Licenses/Prof. Services	17.2	15.1	2.2	14.3%
<b>Indirect Channel</b>	<b>70.2</b>	<b>69.5</b>	<b>0.7</b>	<b>1.0%</b>
Recurring	65.6	65.7	(0.1)	-0.2%
Licenses/Prof. Services	4.6	3.8	0.8	21.1%
<b>Micro and new Business Solutions</b>	<b>73.6</b>	<b>48.6</b>	<b>25.1</b>	<b>51.7%</b>
Recurring	68.8	45.5	23.4	51.4%
Licenses/Prof. Services	4.8	3.1	1.7	56.1%
<b>Vertical Solutions</b>	<b>79.5</b>	<b>77.9</b>	<b>1.6</b>	<b>2.1%</b>
Recurring	50.8	49.9	0.9	1.8%
Licenses/Prof. Services	28.7	28.0	0.7	2.5%
<b>Hardware &amp; Other</b>	<b>3.8</b>	<b>2.6</b>	<b>1.3</b>	<b>49.0%</b>
<b>TOTAL REVENUE</b>	<b>343.9</b>	<b>303.0</b>	<b>40.9</b>	<b>13.5%</b>

Total Revenue for the period ended 30 September 2021 amounts to € 343.9 millions, up by € 40.9 millions compared to the corresponding figure for the period ended 30 September 2020 (€ 303.0 millions).

This movement (attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first nine months of 2021) is mainly driven by the increase in Micro and new Business Solutions (€ 25.1 millions) and in Direct Channel (€ 12.3 millions).

### 2. COST OF RAW AND OTHER MATERIALS

	30 Sep 2021	30 Sep 2020	Change	% Change
Hardware purchases	6,581	4,524	2,057	45.5%
Third parties' software	22,005	19,236	2,769	14.4%
Handbooks and forms	0	30	(30)	-100.0%
Materials for education	8	48	(40)	-84.1%
Fuel	926	814	112	13.7%
Other materials	449	170	279	163.7%
Change in inventory of raw materials	(80)	(147)	67	-45.8%
<b>Total</b>	<b>29,890</b>	<b>24,676</b>	<b>5,213</b>	<b>21.1%</b>

Cost of raw and other materials amounts to € 29,890 thousand for the period ended 30 September 2021, up by € 5,213 thousand compared to the amount at 30 September 2020 (€ 24,676 thousand). This increase, mainly recorded in the line items Hardware purchases and 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 2021.

### 3. COST OF SERVICES

	30 Sep 2021	30 Sep 2020	Change	% Change
Agent commissions and other costs	11,208	11,132	76	0.7%
Consulting and third parties services	9,237	7,106	2,130	30.0%
Software and Hardware maintenance costs	17,669	12,475	5,194	41.6%
Customer support service costs	4,696	2,754	1,942	70.5%
Administrative tax and legal	3,400	3,038	362	11.9%
Financial interest costs	872	32	840	2633.0%
Education - consulting and copyrights	1,585	1,823	(238)	-13.1%
Magazines - consulting and copyrights	1,114	1,074	39	3.7%
Other costs for education services	56	206	(150)	-72.7%
Advertising and marketing	9,618	6,577	3,041	46.2%
Car rentals	2,421	2,392	29	1.2%
Utilities	2,844	2,750	95	3.4%
Costs for mergers and acquisitions	9,766	880	8,886	1009.8%
Other minor items	183	353	(170)	-48.2%
Costs for strategic projects and reorganizations	4,330	1,267	3,063	241.7%
Cost of Rebates	3,498	3,515	(18)	-0.5%
Other services	6,128	6,225	(97)	-1.6%
<b>Cost of services - Gross of capitalisation</b>	<b>88,624</b>	<b>63,599</b>	<b>25,025</b>	<b>39.3%</b>
Services capitalized development costs	(2,369)	(1,669)	(701)	42.0%
<b>Total</b>	<b>86,255</b>	<b>61,930</b>	<b>24,325</b>	<b>39.3%</b>

Cost of services for the period ended 30 September 2021 amounts to € 86,255 thousand, up by € 24,325 thousand from the amount of the period ended 30 September 2020 (€ 61,930 thousand).

Compared to the corresponding period ended 30 September 2020, the main increases have been registered in:

- Software and Hardware maintenance costs, related to the organic growth of the Group;
- Costs for mergers and acquisition, mainly consisting of one-off cost related to the Acquisition of TeamSystem Group;
- Costs for strategic projects and reorganizations;
- Advertising and marketing.

As regards the capitalisation of cost of services recognised in the first nine months of 2021, reference should be made to the Note 10 Intangible Assets.

### 4. PERSONNEL COSTS

	30 Sep 2021	30 Sep 2020	Change	% Change
Wages, salaries and social contributions	99,181	85,684	13,496	15.8%
Staff leaving indemnities	4,914	4,377	538	12.3%
Other personnel costs	556	413	143	34.8%
Personnel costs for redundancy and reorganizations	848	844	4	0.4%
<b>Employee costs</b>	<b>105,499</b>	<b>91,318</b>	<b>14,181</b>	<b>15.5%</b>
Freelancers and collaborators fees	196	347	(151)	-43.5%
Directors' fees and related costs	3,027	1,615	1,412	87.5%
<b>Directors and Collaborators</b>	<b>3,223</b>	<b>1,962</b>	<b>1,261</b>	<b>64.3%</b>
<b>Personnel - Gross of capitalisation</b>	<b>108,722</b>	<b>93,280</b>	<b>15,442</b>	<b>16.6%</b>
Personnel capitalized development costs	(8,640)	(10,794)	2,154	-20.0%
<b>Total</b>	<b>100,082</b>	<b>82,486</b>	<b>17,596</b>	<b>21.3%</b>

Personnel costs for the period ended 30 September 2021 (€ 100,082 thousand) have increased by € 17,596 thousand, compared to the corresponding amount for the period ended 30 September 2020 (€ 82,486 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 2021.

As regards the capitalisation of personnel costs recognised in the first nine months of 2021, reference should be made to the Note 10 Intangible Assets.

## 5. OTHER OPERATING COSTS

	30 Sep 2021	30 Sep 2020	Change	% Change
Rents	1,205	1,310	(105)	-8.0%
Rentals	226	221	5	2.1%
Other expenses for use of third parties assets	208	258	(50)	-19.5%
Other tax	378	262	117	44.6%
Losses from assets disposals	46	4	43	1125.8%
Other expenses and settlement costs	1,995	708	1,287	181.6%
<b>Total</b>	<b>4,058</b>	<b>2,763</b>	<b>1,295</b>	<b>46.9%</b>

Other operating costs for the period ended 30 September 2021 (€ 4,058 thousand) have increased for an amount of € 1,295 thousand compared to the corresponding amount for the period ended 30 September 2020 (€ 2,763 thousand), driven by the increase in the line item Other expenses and settlement costs.

## 6. FINANCE INCOME

	30 Sep 2021	30 Sep 2020	Change	% Change
Interest and other finance income	80	8	72	886.5%
Gains on foreign exchange	6	9	(3)	-31.0%
Interest from banks	1	6	(5)	-87.5%
Depreciation - Liabilities to non-controll. shareholders of subs.	479	3,292	(2,813)	-85.5%
MTM valuation of derivative instruments		87	(87)	-100.0%
Dividends	554	494	60	12.2%
<b>Total</b>	<b>1,119</b>	<b>3,896</b>	<b>(2,777)</b>	<b>-71.3%</b>

Finance income for the period ended 30 September 2021 (€ 1,119 thousand) have decreased compared to the corresponding amount at 30 September 2020 (€ 3,896 thousand) for an amount of € 2,777 thousand mainly due to Depreciation-Liabilities to non controlling shareholders.

## 7. FINANCE COST

	30 Sep 2021	30 Sep 2020	Change	% Change
Interest on bank loans	733	759	(26)	-3.4%
Interest on Notes	31,134	22,833	8,300	36.4%
Interest on derivative instruments	0	89	(89)	-100.0%
Interest on financing fees	11,980	2,107	9,873	468.5%
Revaluation - Liabilities to non-controll. shareholders of subs.	13,390	9,070	4,319	47.6%
Bank commissions	2,007	1,375	632	46.0%
Interests on actuarial valuation of employees benefit	217	101	116	115.4%
Interests on leases - IFRS 16	792	750	42	5.6%
Other IFRS financial charges	2,281	6,193	(3,912)	-63.2%
Interests on cash pooling and other loans	10	3	8	304.9%
Other financial charges	195	1,366	(1,171)	-85.7%
Losses on foreign exchange	44	13	31	237.2%
<b>Total</b>	<b>62,782</b>	<b>44,658</b>	<b>18,124</b>	<b>40.6%</b>

Finance cost for the period ended 30 September 2021 amounts to € 62,782 thousand with an increase of € 18,124 thousand, compared to the corresponding amount at 30 September 2020 (€ 44,658 thousand).

This change is mainly attributable to:

- the increase of € 4,319 thousand in the line item Revaluation – Liabilities to non-controlling shareholders of subsidiaries (essentially related to the acquisition of residual stake of Danea S.r.l. and Skylab S.r.l.);
- the increase of € 9,873 thousand in the line item Interest of financing fees, mainly related to the one-off write-off of financing fees pertaining to the Existing RCF facility (for an amount of € 646 thousand) and pertaining to the Existing Floating Rate Notes (for an amount of € 6,707 thousand), both as a consequence of the

Acquisition of TeamSystem Group and the following refinancing process made in February 2021 (see also Note 15 for further details).

- the increase of € 8,300 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 2021.

**Cash flows from operating activities** = amount to € 125,334 thousand for the period ended 30 September 2021, increasing by € 6,339 thousand, compared to the corresponding flows for the period ended 30 September 2020 (€ 118,995 thousand).

**Cash flows from investing activities** = amount to negative € 1,868,206 thousand for the period ended 30 September 2021.

The main investment activities for the first nine months of 2021 are related to:

- capitalized development costs and capital expenditures on tangible and intangible assets, see “Capital expenditure” section;
- the cash out paid by Brunello Bidco S.p.A. for the acquisition of TeamSystem Group (occurred in February 2021);
- the investments in TeamSystem 6 S.r.l., TeamSystem 7 S.r.l., TeamSystem 8 S.r.l., TeamSystem 9 S.r.l., My Expenses S.L., Modefinance S.r.l., SGS System House S.r.l. and Var4Team S.r.l..

**Cash flows from financing activities** = amount to € 1,803,830 thousand for the period ended 30 September 2021.

The main cash items occurred in the first nine months of 2021 are attributable to:

- the payment of Interests on Existing Floating Rate Notes (see Note 15 Net Financial Indebtedness);
- 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 acquisition of further equity interests in Danae S.r.l., Skylab S.r.l., Aliaslab S.p.A. and Madbit S.r.l.;
- the net cash-in as a consequence of the refinancing process occurred in February 2021 wich consisted of the issuance of 2028 Fixed Rate Notes and 2028 Floating Rate Notes whose proceeds were used to fund the acquisition of TeamSystem Group and to repay the Existing Floating Rate Notes;
- the payment of Financing Fees in relation of the issuance of 2028 Fixed Rate Notes and 2028 Floating Rate Notes and the payment of Financing Fess related to the New RCF facility negotiated by Brunello Bidco;
- the capital increase which took place in Brunello Bidco in order to fund the acquisition of TeamSystem Group.

## 9. TANGIBLE ASSETS

NET BOOK VALUE	30 Sep 2021	31 Dec 2020	Change	% Change
Land	948	948		
Buildings	2,661	2,876	(215)	-7.5%
Plant and machinery	2,809	3,248	(439)	-13.5%
Equipment	1,207	990	216	21.8%
Other assets	6,888	6,884	4	0.1%
<b>Total</b>	<b>14,512</b>	<b>14,946</b>	<b>(434)</b>	<b>-2.9%</b>

At 30 September 2021 Tangible fixed assets amount to € 14,512 thousand, down by € 434 thousand compared with the balance recorded at 31 December 2020 (€ 14,946 thousand). The decrease results from the sum of disposals, additions and depreciation charge for the period (the latter amounts to € 2,939 thousand).

## 10. INTANGIBLE ASSETS

NET BOOK VALUE	30 Sep 2021	31 Dec 2020	Change	% Change
Capitalised development	33,072	32,709	363	1.1%
IFRS Assets	531,021	566,789	(35,767)	-6.3%
Other intangible assets	28,550	25,493	3,057	12.0%
<b>Total</b>	<b>592,643</b>	<b>624,991</b>	<b>(32,348)</b>	<b>-5.2%</b>

Intangible assets have gone from € 624,991 thousand at 31 December 2020 to € 592,643 thousand at 30 September 2021, with a decrease of € 32,348 thousand resulting from the aggregate of disposals, additions, capitalised development costs (€ 11,009 thousand) and amortisation (€ 55,449 thousand) for the period ended 30 September 2021.

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).

Because of the Acquisition of TeamSystem Group in early 2021 made by Brunello Bidco S.p.A. (special purpose vehicle set up by private equity funds affiliated with Hellman & Friedman), during the course of 2021 the Management of the Group will finalise the allocation of the purchase price paid for the acquisition of TeamSystem Group by means of the allocation of the purchase price to intangible assets. The the purchase price allocation process is still underway at the reporting date of this document.

## 11. RIGHT OF USE

As at 30 September 2021 Right of use amounts to € 22,320 thousand, down by € 2,456 thousand compared to the balance as at 31 December 2020 (€ 24,776 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 2021 amounts to € 2,445,828 thousand with an increase of € 1,623,741 thousand compared to the balance at 31 December 2020 (€ 822,087 thousand). This increase is mainly due to the acquisition of TeamSystem Group in early 2021 by Brunello Bidco S.p.A. (special purpose vehicle set up by private equity funds affiliated with Hellman & Friedman). During the course of 2021, the Management of the Group will finalise the allocation of the purchase price paid for the acquisition of TeamSystem Group (by means of the allocation of the purchase price to intangible assets) and, as a consequence, will thus also finalise the determination of Goodwill which is still in progress at the reporting date of this document.

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 2021	31 Dec 2020	Change	% Change
Investments in Associates	342	5,338	(4,996)	-93.6%
Other Investments	8,258	723	7,535	1042.7%
<b>Total</b>	<b>8,600</b>	<b>6,061</b>	<b>2,539</b>	<b>41.9%</b>

The balance of Investments in Associates and Other investments changed from € 6,061 thousand at 31 December 2020 to € 8,600 thousand at 30 September 2021, with an increase of € 2,539 thousand.

The increase mainly refers to the acquisition of My Expenses S.L. and Var4Team S.r.l. (for further information, see “Significant events during the first nine months of 2021” section in Directors’ report).

#### 14. DEFERRED TAX ASSETS AND LIABILITIES

	30 Sep 2021	31 Dec 2020	Change	% Change
Deferred tax assets	14,397	14,096	301	2.1%
Deferred tax liabilities	125,448	161,292	(35,845)	-22.2%

At 30 September 2021 Deferred tax assets amount to € 14,397 thousand, up by € 301 thousand compared to the balance at 31 December 2020 (€ 14,096 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 2021 Deferred tax liabilities amount to € 125,448 thousand with a decrease of € 35,845 thousand compared to the balance at 31 December 2020 (€ 161,292 thousand), primarily due to the reversal (accounted for in the profit and loss account) of the residual value of deferred tax assets (for an amount of € 26,016 thousand) as a consequence of the decision (made by subsidiary TeamSystem S.p.A.) of stepping-up the tax value of the Software and the Brand in accordance with the provision of Decree Law of 14 August 2020, number 104.

#### 15. NET FINANCIAL INDEBTEDNESS

	Current	Non-Current	30 Sep 2021 Total	Current	Non-Current	31 Dec 2020 Total
Bank accounts and post office	61,441		61,441	63,661		63,661
Cash and bank balances	27		27	31		31
<b>Total Cash and bank balances</b>	<b>61,468</b>		<b>61,468</b>	<b>63,691</b>		<b>63,691</b>
Loans	1,404	50	1,454	1,610	50	1,660
Accruals and prepaid commissions	106		106			
Other financial assets	3,000	204	3,204	23	203	226
<b>Total Other financial assets</b>	<b>4,510</b>	<b>254</b>	<b>4,764</b>	<b>1,633</b>	<b>253</b>	<b>1,886</b>
Loans with banks	(10,376)	(610)	(10,986)	(15,714)	(1,304)	(17,018)
Finance leases liabilities	(4,186)	(19,732)	(23,918)	(6,300)	(19,732)	(26,033)
Notes	(13,514)	(1,150,000)	(1,163,514)	(1,417)	(750,000)	(751,417)
Financial liabilities with other institutions	(414)		(414)	(13)		(13)
Dividends to be settled	(16,540)		(16,540)	(40)		(40)
<b>Total Financial liabilities</b>	<b>(45,030)</b>	<b>(1,170,342)</b>	<b>(1,215,372)</b>	<b>(23,484)</b>	<b>(771,036)</b>	<b>(794,520)</b>
Financing Fees - bond	(0)	39,367	39,367		7,029	7,029
Financing Fees - banks	2,861		2,861	701		701
<b>Total Financing Fees</b>	<b>2,861</b>	<b>39,367</b>	<b>42,228</b>	<b>701</b>	<b>7,029</b>	<b>7,730</b>
Liabilities to non-controlling shareholders of subs.	(21,713)	(35,179)	(56,892)	(145,251)	(47,302)	(192,553)
Commission financial liabilities	(216)		(216)	(2)		(2)
Other financial liabilities				(21)		(21)
<b>Total Other financial liabilities</b>	<b>(21,929)</b>	<b>(35,179)</b>	<b>(57,108)</b>	<b>(145,275)</b>	<b>(47,302)</b>	<b>(192,576)</b>
<b>Total</b>	<b>1,880</b>	<b>(1,165,900)</b>	<b>(1,164,020)</b>	<b>(102,733)</b>	<b>(811,056)</b>	<b>(913,788)</b>

Net financial indebtedness as at 30 September 2021 amounts to negative € 1,164,020 thousand.

#### Cash and bank balances

The amount of cash and bank balances stands at € 61,468 thousand as at 30 September 2021 and at € 63,691 thousand at 31 December 2020.

#### Financial leases liabilities

Following the adoption of IFRS 16 – Leases, Financial leases liabilities at 30 September 2021 reflects the recognition of a financial liability of € 23,918 thousand (€ 26,033 at 31 December 2020), consisting of the present value of future lease payments.

#### Existing Floating Rate Notes

In April 2018 TeamSystem S.p.A. issued:

- € 550 million in aggregate principal amount of senior secured floating rate notes due 15 April 2023, with an interest rate equal to three month Euribor (subject to a 0% floor) plus 4.000% per annum, reset quarterly (ISIN XS1799538464 and XS1799537904); and
- € 200 million in aggregate principal amount of senior secured floating rate notes due 15 April 2025 and, together with the 2023 Floating Rate Notes, the “Existing Floating Rate Notes”), having an identical interest rate and practically identical terms and conditions to the 2023 Floating Rate Notes (ISIN XS1799545089 and XS1799545675).

The fees and costs incurred for the issue of the Existing Floating Rate Notes have been recognised as financing fees and have been amortised on a straight line basis over the contractual term of the Floating Rate Notes.

Following the Acquisition of TeamSystem Group on February 2021 by Brunello Bidco S.p.A., the **Existing Floating Rate Notes** has been redeemed and, as a consequence of the foregoing, the residual amount of the financing fees pertaining to the Existing Floating Notes was charged to the Group's consolidated statement of profit or loss for an amount of € 6,707 thousand.

### **2028 Fixed and Floating Rate Notes**

In order to finance the Acquisition of the TeamSystem Group, on February 2021 Brunello Bidco S.p.A. (the “**Issuer**”) issued:

- senior secured fixed rate notes (ISIN XS2295691476 – XS2295690742) with a nominal value of € 300 million maturing on 15 February 2028 (“**2028 Fixed Rate Notes**”). The 2028 Fixed Rate Notes bear interest payable semi-annually in arrears (15 January, 15 April and 15 October, commencing on 15 October 2021) at an interest rate of 3.5%;
- senior secured floating rate notes (ISIN XS2295692102 – XS2295691633) with a nominal value of € 850 million maturing on 15 February 2028 (“**2028 Floating Rate Notes**”). The 2028 Floating Rate Notes bear interest payable quarterly in arrears (15 January, 15 April, 15 July and 15 October, commencing on 15 July 2021) at an interest rate equating to the three-month Euribor rate - with a floor of 0.00% - plus a spread of 3.75%).

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

At any time on or after 15 February 2024, the Issuer may redeem all or part of the 2028 Fixed Rate Notes at the redemption prices set forth in the Indenture. At any time prior to 15 February 2024, the Issuer may redeem all or part of the 2028 Fixed Rate Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any, plus a “make-whole” premium, as described in the Indenture. At any time prior to 15 February 2024, the Issuer may redeem up to 40% of the aggregate principal amount of the 2028 Fixed Rate Notes (including any additional 2028 Fixed Rate Notes), using the net cash proceeds from certain equity offerings at a redemption price equal to 103.500% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any, provided that at least 50% of the original aggregate principal amount of the 2028 Fixed Rate Notes (including any additional 2028 Fixed Rate Notes) remains outstanding after each redemption. At any time prior to 15 February 2024, the Issuer may redeem during each calendar year up to 10% of the aggregate principal amount of the 2028 Fixed Rate Notes originally issued (including any additional 2028 Fixed Rate Notes) at its option, from time to time, at a redemption price equal to 103.000% of the principal amount of the 2028 Fixed Rate Notes redeemed, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any.

At any time on or after 15 February 2022, the Issuer will be entitled, at its option, to redeem all or a portion of the 2028 Floating Rate Notes at a redemption price equal to 100.000% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any, as described in the Indenture. At any time prior to 15 February 2022, the Issuer may redeem all or part of the 2028 Floating Rate Notes at a redemption price equal to 100.000% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any, plus a “make-whole” premium, as described in the Indenture.

Upon the occurrence of certain events constituting a “change of control”, the Brunello Bidco S.p.A. may be required to offer to repurchase the Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase.

The costs incurred for the issue of the above 2028 Fixed and Floating Senior Notes have been recognised as financing fees and are being amortised on a straight line basis over the contractual term of the Notes, the maturity date of which, as stated above, is 15 February 2028.

### **Security interests provided**

As of 30 September 2021, the obligations arising under, *inter alia*, the 2028 Fixed and Floating Rate Notes and the New RCF (as defined below) were secured by the following security interests:

- 1) pledge over the entire shares capital of Brunello Bidco S.p.A.;

- 2) pledge over entire shares capital of TeamSystem S.p.A.;
- 3) pledge over entire shares capital of Barolo Lux 1 S.à r.l.;
- 4) assignment by way of security of intercompany loans receivables owed to Brunello Bidco S.p.A.;
- 5) pledge over Brunello Bidco S.p.A.'s material current accounts opened in Italy.

The 2028 Fixed and Floating Rate Notes has also been guaranteed by Brunello Midco 2 S.p.A..

The New RCF (as defined below) has also been guaranteed by Brunello Bidco S.p.A. and Brunello Midco 2 S.p.A..

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

In March 2018, TeamSystem S.p.A. and TeamSystem Holding S.p.A. entered into a revolving credit facility agreement for a principal amount of € 90 million with a maturity date of 15 October 2022 (“**Existing RCF**”).

This Existing RCF contract has been terminated in February 2021 as a consequence of the Acquisition and Brunello Bidco S.p.A. entered a new super senior revolving credit facility agreement contract (**New RCF**) for a principal amount of € 180 million with a maturity date falling 78 months after 18 February 2021 (i.e., 18 August 2027).

The interest rate payable on the New RCF line of credit is based on Euribor / LIBOR, with a floor of 0.00%, plus a spread, calculated quarterly based on certain contractual parameters (“Senior Secured Net Leverage Ratio”). At 30 September 2021 a total of € 10 million had been drawn from the New RCF.

The New RCF has also been secured by the same collateral provided for the 2028 Fixed and 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.

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

Liabilities to non-controlling shareholders of subsidiaries (€ 56,892 thousand at 30 September 2021) 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. and Modefinance S.r.l..

### **16. INVENTORIES**

	30 Sep 2021	31 Dec 2020	Change	% Change
Raw and ancillary materials	464	461	3	0.7%
Finished products and goods	1,180	1,166	15	1.2%
(Allowance for slow-moving inventory)	(458)	(518)	60	-11.6%
<b>Total</b>	<b>1,187</b>	<b>1,109</b>	<b>78</b>	<b>7.1%</b>

At 30 September 2021 Inventories amount to € 1,187 thousand, substantially unchanged compared to the balance at 31 December 2020 (€ 1,109 thousand).

### **17. TRADE RECEIVABLES**

	30 Sep 2021	31 Dec 2020	Change	% Change
Trade receivables	159,550	142,222	17,328	12.2%
(Allowance for bad debts)	(24,579)	(22,203)	(2,376)	10.7%
<b>Total</b>	<b>134,971</b>	<b>120,019</b>	<b>14,952</b>	<b>12.5%</b>

At 30 September 2021 Trade receivables (gross of Allowance for bad debts) amount to € 159,550 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 € 24,579 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 2021	31 Dec 2020	Change	% Change
Tax credits	554	128	426	333.3%
Other tax receivables	76	107	(31)	-29.2%
Withholding tax credit	76	13	63	497.0%
Tax consolidation receivables	9	6	3	44.1%
Advances and income tax credits	712	618	94	15.2%
<b>Total</b>	<b>1,427</b>	<b>872</b>	<b>555</b>	<b>63.7%</b>

At 30 September 2021 Tax receivables amount to € 1,427 thousand, up by € 555 thousand compared to the balance at 31 December 2020 (€ 872 thousand).

## 19. OTHER CURRENT RECEIVABLES

	30 Sep 2021	31 Dec 2020	Change	% Change
Deposits	732	1,073	(341)	-31.8%
Receivables from employees	165	611	(446)	-72.9%
Other receivables	3,213	4,068	(855)	-21.0%
Accrued income	632	156	476	305.8%
Prepayments	24,261	22,725	1,536	6.8%
VAT receivables	595	2,281	(1,686)	-73.9%
<b>Total</b>	<b>29,598</b>	<b>30,914</b>	<b>(1,316)</b>	<b>-4.3%</b>

At 30 September 2021 the Other current receivables balance amounts to € 29,598 thousand, down by € 1,316 thousand compared to the 31 December 2020 balance (€ 30,914 thousand). The movement is mainly due to the movement in the line-item Prepayments (increase of € 1,536 thousand), because of the seasonality of the business of the Group, and it is offset by the decrease of Other receivables (€ 855 thousand) and VAT receivables (€ 1,686 thousand).

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

**Euro thousands**

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2019	5,450	396,020	(826)	(35,346)	365,298	536	365,834
Loss allocation		(36,172)	826	35,346	0		0
Profit (Loss) for the year		(111)		14,628	14,517	104	14,621
30 Sep 2020	5,450	359,737	0	14,628	379,815	638	380,453

**Euro thousands**

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2020	50		0	(29)	21	0	21
Loss allocation		(29)		29	0		0
Capital increase		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	11,101	98	11,199
Other Profit (Loss) on comprehensive income		11			11	2	13
30 Sep 2021	50	1,728,969	0	11,102	1,740,121	773	1,740,893

At 30 September 2021 the Group's equity amounts to € 1,740,121 thousand.

## 21. STAFF LEAVING INDEMNITY

	30 Sep 2021	31 Dec 2020	Change	% Change
Staff leaving indemnity	21,340	19,835	1,504	7.6%
<b>Total</b>	<b>21,340</b>	<b>19,835</b>	<b>1,504</b>	<b>7.6%</b>

At 30 September 2021 Staff leaving indemnity amounts to € 21,340 thousand, up by € 1,504 thousand compared to the balance at 31 December 2020 (€ 19,835 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

## 22. PROVISIONS FOR RISKS AND CHARGES

	30 Sep 2021	31 Dec 2020	Change	% Change
Provision for pension and similar obligation	1,951	1,907	45	2.3%
Provision for litigations	1,342	1,592	(250)	-15.7%
Other provision for risks and charges	1,200	1,057	143	13.6%
<b>Total</b>	<b>4,494</b>	<b>4,556</b>	<b>(62)</b>	<b>-1.4%</b>

At 30 September 2021 Provisions for risks and charges amount to € 4,494 thousand, down by € 62 thousand compared to the balance at 31 December 2020 (€ 4,556 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 2021	31 Dec 2020	Change	% Change
VAT liabilities	3,261	2,187	1,799	82.2%
Withholdings liabilities	3,022	4,467	(220)	-4.9%
Employees payables and Social security liabilities	25,820	29,122	(3,302)	-11.3%
Advances	638	455	183	40.3%
Other liabilities	959	1,464	(506)	-34.5%
Accrued liabilities	389	211	177	84.0%
Deferred revenues	122,880	74,589	48,291	64.7%
<b>Other current liabilities</b>	<b>156,967</b>	<b>112,495</b>	<b>46,423</b>	<b>41.3%</b>
Due to social securities - non-current	436	468	(33)	-7.0%
Other tax liabilities - non-current	8	8		
<b>Other non-current liabilities</b>	<b>443</b>	<b>476</b>	<b>(33)</b>	<b>-6.9%</b>
<b>Total Other liabilities</b>	<b>157,410</b>	<b>112,971</b>	<b>46,390</b>	<b>41.1%</b>

At 30 September 2021 Other current liabilities amount to € 156,967 thousand, up by € 46,423 thousand compared to the balance at 31 December 2020 (€ 112,495 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 (€ 48,291 thousand).

At 30 September 2021 Other non-current liabilities amount to € 443 thousand (€ 476 thousand at 31 December 2020) and relate primarily to balances pertaining to the subsidiary TeamSystem S.p.A..

## 24. CURRENT TAX LIABILITIES

	30 Sep 2021	31 Dec 2020	Change	% Change
Income tax payables	9,711	6,378	3,333	52.3%
Other tax liabilities	70	12	58	479.0%
<b>Total</b>	<b>9,781</b>	<b>6,389</b>	<b>3,391</b>	<b>53.1%</b>

At 30 September 2021 Current tax liabilities amount to € 9,781 thousand, up by € 3,391 thousand compared to the balance at 31 December 2020 (€ 6,389 thousand).

In the line item “Income tax payables” is also included the amount of € 3,859 thousand referring to the outstanding balance of the substitute tax that has been posted (in the line item current income tax of the consolidated profit and loss accounts for a total amount of € 5,788 thousand) by the subsidiaries:

- TeamSystem S.p.A.,
- TeamSystem Service S.r.l.,
- Aliaslab S.p.A.,
- Madbit Entertainment S.r.l.,
- Danca Soft S.r.l.,
- Gruppo Euroconference S.p.A.

that have decided to stepping-up the tax value of some intangible assets (Software and Brand), for the carrying amount of these assets booked in their balance sheet as at 31 December 2020, in accordance with the provision of Decree Law of 14 August 2020, number 104.

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## 25. RECONCILIATION OF NET FINANCIAL INDEBTEDNESS – Brunello Bidco - Brunello Midco2

In the table below, we provide a reconciliation of the net financial indebtedness between the consolidated accounts of Brunello Bidco and the consolidated accounts of Brunello Midco2, being the net financial indebtedness the only material difference between these two consolidated accounts.

	Current	Non-Current	Brunello Bidco Consolidated 30 Sep 2021 Total	Brunello MidCo2 stand alone	Intercompany elimination	Brunello Midco2 Consolidated 30 Sep 2021 Total
Bank accounts and post office	61,441		61,441	4		61,445
Cash and bank balances	27		27			27
<b>Total Cash and bank balances</b>	<b>61,468</b>		<b>61,468</b>	<b>4</b>		<b>61,472</b>
Loans	1,404	50	1,454			1,454
Accruals and prepaid commissions	106		106			106
Other financial assets	3,000	204	3,204	16,500	(16,500)	3,204
<b>Total Other financial assets</b>	<b>4,510</b>	<b>254</b>	<b>4,764</b>	<b>16,500</b>	<b>(16,500)</b>	<b>4,764</b>
Loans with banks	(10,376)	(610)	(10,986)			(10,986)
Finance leases liabilities	(4,186)	(19,732)	(23,918)			(23,918)
Notes	(13,514)	(1,150,000)	(1,163,514)	(314,860)		(1,478,375)
Financial liabilities with other institutions	(414)		(414)			(414)
Dividends to be settled	(16,540)		(16,540)		16,500	(40)
<b>Total Financial liabilities</b>	<b>(45,030)</b>	<b>(1,170,342)</b>	<b>(1,215,372)</b>	<b>(314,860)</b>	<b>16,500</b>	<b>(1,513,732)</b>
Financing Fees - bond	(0)	39,367	39,367	7,670		47,036
Financing Fees - banks	2,861		2,861			2,861
<b>Total Financing Fees</b>	<b>2,861</b>	<b>39,367</b>	<b>42,228</b>	<b>7,670</b>		<b>49,897</b>
Liabilities to non-controlling shareholders of subs.	(21,713)	(35,179)	(56,892)			(56,892)
Commission financial liabilities	(216)		(216)			(216)
Other financial liabilities						
<b>Total Other financial liabilities</b>	<b>(21,929)</b>	<b>(35,179)</b>	<b>(57,108)</b>			<b>(57,108)</b>
<b>Total</b>	<b>1,880</b>	<b>(1,165,900)</b>	<b>(1,164,020)</b>	<b>(290,687)</b>		<b>(1,454,707)</b>

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