

31 March 2016  
Interim Consolidated  
Financial Statements  
TeamSystem Group





**INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTHS  
ENDED 31 MARCH 2016**

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**Barolo MidCo S.p.A. and its Subsidiaries  
TeamSystem Group**

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**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
THREE MONTHS ENDED 31 MARCH 2016**

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**OPERATING AND  
FINANCIAL REVIEW**



**► RESULTS OF OPERATIONS**

Euro thousands	( 1 )	( 2 )	( 1 ) - ( 2 ) = ( 3 )	( 3 ) / ( 2 )
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Consolidated Statement 31 Mar 2016	Consolidated Statement 31 Mar 2015	Change	% Change
Revenue	64,304	61,213	3,091	5.0%
Other operating income	960	857	103	12.0%
<b>TOTAL REVENUE</b>	<b>65,264</b>	<b>62,070</b>	<b>3,194</b>	<b>5.1%</b>
Cost of raw and other materials	(6,410)	(5,358)	(1,052)	19.6%
Cost of services	(14,604)	(14,389)	(216)	1.5%
Personnel	(25,202)	(22,816)	(2,386)	10.5%
-of which non recurring	(300)	(182)	(118)	64.7%
Other operating costs	(1,393)	(1,644)	250	-15.2%
Non recurring expenses	(2,894)	(1,985)	(908)	45.7%
Depreciation and amortization	(8,147)	(9,739)	1,592	-16.3%
Allowance for bad debts	(1,347)	(1,120)	(227)	20.2%
Other provisions for risks and charges	(7)	(12)	5	-44.0%
<b>OPERATING RESULT</b>	<b>5,261</b>	<b>5,008</b>	<b>253</b>	<b>5.0%</b>
Finance income	6	12	(6)	-50.2%
Finance cost	(12,263)	(9,190)	(3,073)	33.4%
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(6,997)</b>	<b>(4,170)</b>	<b>(2,827)</b>	<b>67.8%</b>
Current income tax	(3,253)	(2,554)	(699)	27.4%
Deferred income tax	1,825	1,877	(53)	-2.8%
<b>TOTAL INCOME TAX</b>	<b>(1,429)</b>	<b>(676)</b>	<b>(752)</b>	<b>n.s.</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(8,425)</b>	<b>(4,847)</b>	<b>(3,579)</b>	<b>73.8%</b>
(Profit) Loss for the period				
Non controlling interests	(57)	(54)	(3)	6.2%
<b>PROFIT (LOSS) FOR THE PERIOD OWNERS OF THE COMPANY</b>	<b>(8,483)</b>	<b>(4,901)</b>	<b>(3,582)</b>	<b>73.1%</b>
<b>EBITDA</b>	<b>16,607</b>	<b>16,926</b>	<b>(319)</b>	<b>-1.9%</b>
<b>ADJUSTED EBITDA</b>	<b>17,954</b>	<b>18,046</b>	<b>(92)</b>	<b>-0.5%</b>

OPERATING SEGMENTS	31 Mar 2016	31 Mar 2015	Change	% Change
Software and Services	55,006	52,597	2,409	4.6%
Education	3,312	3,810	(498)	-13.1%
CAD / CAM	7,214	5,912	1,302	22.0%
Intercompany Reconciliation	(268)	(248)	(20)	
<b>TOTAL REVENUE</b>	<b>65,264</b>	<b>62,070</b>	<b>3,194</b>	<b>5.1%</b>
Software and Services	16,060	16,502	(442)	-2.7%
Education	917	837	80	9.6%
CAD / CAM	1,006	729	277	38.0%
Intercompany Reconciliation	(28)	(22)	(7)	
<b>ADJUSTED EBITDA</b>	<b>17,954</b>	<b>18,046</b>	<b>(92)</b>	<b>-0.5%</b>

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**TOTAL REVENUE:** Total revenue for the period ended 31 March 2016 amounts to € 65,264 thousand, up by € 3,194 thousand compared to the amount for the period ended 31 March 2015 (€ 62,070 thousand). This increase is due to the organic growth experienced by the business units of the Group.

**SOFTWARE AND SERVICES TOTAL REVENUE:** Total revenue posted by the Software and Services business unit for the period ended 31 March 2016 amounts to € 55,006 thousand, up by € 2,409 thousand compared to the corresponding amount for the period ended 31 March 2015 (€ 52,597 thousand).

**EDUCATION TOTAL REVENUE:** Total revenue posted by the Education business unit for the period ended 31 March 2016 amounts to € 3,312 thousand, down by € 498 thousand compared to the corresponding amount for the period ended 31 March 2015 (€ 3,810 thousand). The decrease is due to the sale of the investment in Paradigma S.r.l. (occurred in October 2015 and therefore not consolidated in 31 March 2016 results), whose contribution to the 31 March 2015 Total Revenue was € 606 thousand.

**CAD/CAM TOTAL REVENUE:** the CAD/CAM business unit Total revenue for the period ended 31 March 2016 amounts to € 7,214 thousand, up by € 1,302 thousand compared to the corresponding amount for the period ended 31 March 2015 (€ 5,912 thousand).

**ADJUSTED EBITDA:** Adjusted Ebitda for the period ended 31 March 2016 amounts to € 17,954 thousand, down by € 92 thousand compared to the corresponding amount for the period ended 31 March 2015 (€ 18,046 thousand). The increase in CAD / CAM business unit and in Education business unit (respectively € 277 thousand and € 80 thousand) has been offset by the decrease in Software and Services business unit for € 442 thousand.

**COST OF RAW AND OTHER MATERIALS** Cost of raw and other materials amounts to € 6,410 thousand for the period ended 31 March 2016, up by € 1,052 thousand from the amount of the period ended 31 March 2015 (€ 5,358 thousand). This increase is primarily due to the organic increase in cost of Third parties' software (€ 1,136 thousand).

**COST OF SERVICES** The Cost of services for the period ended 31 March 2016 amounts to € 14,604 thousand, nearly flat compared to the amount for the period ended 31 March 2015 (€ 14,389 thousand).

The main costs items incurred in the first three months of 2016 are as follows:

- Agent commission and other costs (for an amount of € 3,145 thousand);
- Consulting and third parties services (for an amount of € 4,267 thousand);
- Other services (for an amount of € 2,358 thousand).

**PERSONNEL** Personnel costs for the period ended 31 March 2016 (€ 25,202 thousand) have increased in total by € 2,386 thousand compared to the corresponding amount for the period ended 31 March 2015 (€ 22,816 thousand). This growth is attributable to the organic growth due to the ongoing policy to strengthen the Group's workforce.

**NON-RECURRING EXPENSES** Non-recurring expenses relate to tax, legal advice and other expenses the nature of which is deemed to be non-recurring with respect to the business's normal operations. Non-recurring expenses for the period ended 31 March 2016 amount to € 2,894 thousand, compared with € 1,985 thousand for the period ended 31 March 2015, thus with an increase of € 909 thousand mainly related to the due diligence costs connected with the acquisition of TeamSystem Group and charged in Barolo MidCo and Barolo BidCo accounts.

The main non-recurring items incurred in the first three months of 2016 are as follows:

- advisory costs incurred for acquisitions of equity investments (as previously specified);
- non recurring expenses incurred for the inception / completion of non-recurring projects concerning the reviewing, the strengthening and the streamlining of the Group's organisation and / or commercial supply model. These projects have been performed by leading international consulting firms aimed at improving the Group's commercial performance, the quality of the Group's product range and the efficiency of business processes with the ultimate aim of making the Group procedures more efficient, both in terms of cost savings and in terms of new streams of revenue;
- non recurring marketing expenses.

**FINANCE COST** Financial charges for the period ended 31 March 2016 amount to € 12,263 thousand with an increase with respect to the corresponding amount at 31 March 2015 (€ 9,190 thousand) of € 3,073 thousand mainly due to non recurring write-off of RCF financing fees pertaining the Original RCF (for an amount of € 1,977 thousand) and increased Interest on Notes (for an amount of € 1,125 thousand). The latter is a consequence of the € 150 million Notes issuance occurred in March 2016 (as a consequence of the acquisition of TeamSystem Group) and therefore was accounted for one month in the 31 March 2016 Finance cost balance.



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### ► **CONSOLIDATED STATEMENT OF CASH FLOWS**

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Mar 2016	31 Mar 2015	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	20,137	9,329	10,808	n.s.
CASH FLOWS FROM INVESTING ACTIVITIES	(777,644)	(3,238)	(774,406)	n.s.
CASH FLOWS FROM FINANCING ACTIVITIES	781,197	715	780,481	n.s.
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>23,690</b>	<b>6,806</b>	<b>16,884</b>	<b>n.s.</b>
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	16,534	17,888	(1,354)	-7.6%
<b>CASH AND BANK BALANCES - END OF THE YEAR</b>	<b>40,224</b>	<b>24,694</b>	<b>15,530</b>	<b>62.9%</b>

**Cash flows from operating activities** for the period ended 31 March 2016 amount to € 20,137 thousand, up by € 10,808 thousand compared to the corresponding flows for the period ended 31 March 2015 (€ 9,329 thousand) mainly due to the organic improvement in working capital.

**Cash flows from investing activities** increased to minus € 777,644 thousand in the period ended 31 March 2016 from minus € 3,238 thousand for the corresponding period of 2015. The change is substantially attributable to the cash out paid by Barolo MidCo S.p.A. for the acquisition of TeamSystem Group (occurred in March 2016). In addition to that, the main investment activities for the first three months of 2016 are related to capitalized development costs and investments in tangible and intangible assets for an total amount of € 3,423 thousand (this balance is substantially flat compared to the balance posted in 31 March 2015 Consolidated accounts) and investments in new subsidiaries for a total amount of € 3,034 thousand. The latter is mainly represented by the cash out paid for the acquisition of 51% stake in Euresys S.r.l. (€ 1.2 million) and for the acquisition of 100% stake in Lira S.r.l. (€ 1.8 million).

**Cash flows from financing activities** for the period ended 31 March 2016 amount to € 784,273 thousand with a change of € 783,558 thousand compared to € 715 thousand for the period ended 31 March 2015. The main cash items occurred in the first three months of 2016 are attributable to the:

- draw-down of € 5 million under the RCF facility entered by Barolo BidCo S.p.A. and the total repayment of the € 3 million outstanding at 31 December 2015 under the RCF facility entered by TeamSystem S.p.A.;
- payment of financial charges and commissions for an amount of € 0.4 million;
- issuance of € 150 million Notes made by Barolo MidCo to finance the acquisition of TeamSystem Group;
- payment of Financing fees (for an amount of € 12,581 thousand) connected with the issuance of € 150 million Notes (made by Barolo MidCo S.p.A. to finance the acquisition of TeamSystem Group) and for the entering of a new RCF contract by Barolo BidCo S.p.A.
- capital increases (by Barolo MidCo S.p.A.) to finance the acquisition of TeamSystem Group.

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### ► **WORKING CAPITAL**

Euro thousands

	31 Mar 2016	31 Dec 2015	Change	% Change
Trade receivables	143,277	89,850	53,426	59.46%
Inventories	1,563	1,463	100	6.86%
Other receivables	14,957	13,252	1,705	12.87%
Trade payables	(29,154)	(32,099)	2,944	-9.17%
Other liabilities - current	(111,642)	(48,240)	(63,402)	n.s.
<b>WORKING CAPITAL</b>	<b>19,001</b>	<b>24,227</b>	<b>(5,226)</b>	<b>70.02%</b>

Working capital at 31 March 2016 amounts to € 19,001 thousand, down by € 5,226 thousand compared to the balance at 31 December 2015 (€ 24,227 thousand). This movement is primarily attributable to the change in Trade receivables (the balance of which is € 143,277 thousand at 31 March 2016 compared to € 89,850 thousand at 31

December 2015) and to a movement in Other current liabilities (the balance of which is € 111,642 thousand at 31 March 2016 compared to € 48,240 thousand at 31 December 2015). These changes are to a large extent due to the seasonality of billings for maintenance fees that characterise the Software and Service business unit (see also Note 18 regarding Trade Receivables and Note 24 about Other Current and Non current Liabilities both in the section of Notes to the Consolidated Financial Statements).

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#### **► CAPITAL EXPENDITURE**

<b>Euro thousands</b>				
	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>	<b>Change</b>	<b>% Change</b>
Capex - Tangible Assets	534	287	247	85.90%
Capex - Intangible Assets	335	533	(198)	-37.24%
Capitalized development costs - Personnel costs	1,917	1,842	75	4.07%
Capitalized development costs - Service costs	637	576	61	10.68%
<b>Capex</b>	<b>3,423</b>	<b>3,238</b>	<b>185</b>	<b>63.41%</b>

In the period ended 30 March 2016 the balance of capital expenditure amounts to € 3,423 thousand and it is substantially flat compared to the balance at 31 March 2015 (€ 3,238 thousand).

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#### **► SIGNIFICANT EVENTS DURING FIRST THREE MONTHS OF 2016**

##### **Acquisitions of Euresys S.r.l.**

On 11 March 2016, TeamSystem S.p.A. completed the acquisition of 60% of Euresys, a company that has operated in the HR management software market for more than twenty years. The consideration paid was € 1.2 million. The remaining 40% will be acquired subsequently through a put and call option mechanism. Euresys' total revenue in 2015 has been approximately € 2 million. The software solutions offered by Euresys permit the complete management of human resources within any Italian business thanks to its advanced capabilities in the following areas: attendance records, management of CVs and career paths, expense claims and access control. The company brings with it consolidated experience in the HR sector with more than 2,300 active customers in Italy. Its flagship products enable a more attentive and efficient management of human capital and are capable of interfacing in real time with TeamSystem's management software.

##### **Acquisitions of Lira S.r.l.**

Again, on 11 March 2016, TeamSystem S.p.A. completed the acquisition of 100% of Lira, TeamSystem Group's historical Turin-based dealer, which focuses mainly on the accountants sector. The provisional consideration paid has been € 1.8 million. Lira brings with it skills, know-how and direct experience with customers that will add to those of the Group's north west hub. Lira's total revenue in 2015 has been approximately € 2.4 million.

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#### **► SIGNIFICANT SUBSEQUENT EVENTS**

##### **Acquisition of ECI Denmark Aps**

In April and May 2016, the subsidiary TeamSystem S.p.A. completed the acquisition of a 100% equity interest in ECI Denmark Aps, a Danish software house, which has developed Cloud/SaaS-native management software for accounting and invoicing targeted mainly at SMEs. The acquisition of ECI Denmark Aps represents a key pillar of the Group's cloud strategy and will strengthen TeamSystem Group's cloud product range.

##### **Redemption of the Existing Notes and issuance of the Senior Secured Notes**

On 20 May 2016, Barolo BidCo S.p.A. issued €450 million in aggregate principal amount of senior secured floating rate notes due 2022 (the "Senior Secured Notes"). On the same day, TeamSystem Holding S.p.A. repaid

its existing €430 million 7.375% Senior Secured Notes due 2020 using proceeds from the issuance of the Senior Secured Notes and satisfied and discharged the Existing Indenture.

The Senior Secured Notes are listed on the Third Market of the Wiener Börse AG (the Vienna Stock Exchange).

Interest is payable on the Senior Secured Notes quarterly in arrears on each January 1, April 1, July 1 and October 1, commencing on 1 July 2016, at a rate equal to the three-month EURIBOR rate (with a 1% floor) plus 6.25% (reset quarterly).

The Senior Secured Notes are guaranteed by Barolo MidCo S.p.A., TeamSystem Holding S.p.A. and TeamSystem S.p.A.

The Senior Secured Notes are secured by a pledge over:

- the shares of Barolo BidCo S.p.A.;
- Barolo MidCo S.p.A.'s rights under a shareholder loan made available to Barolo BidCo S.p.A. by Barolo MidCo S.p.A. from the proceeds of the offering of the Senior Notes;
- Barolo BidCo S.p.A.'s rights under the Acquisition Agreement;
- the shares of TeamSystem Holding S.p.A.;
- the shares of TeamSystem;
- Barolo BidCo S.p.A.'s rights under a funding loan to be made available by Barolo BidCo S.p.A. to TeamSystem Holding S.p.A.; and
- an assignment of intercompany receivables owed to TeamSystem Holding S.p.A. by TeamSystem S.p.A.

The Senior Secured Notes may be redeemed, at the option of Barolo BidCo S.p.A.:

- at any time prior to 20 May 2017, in whole or in part, at a redemption price equal to the 100% of the principal amount of the notes plus the relevant Applicable Premium, as defined in the indenture governing the Senior Secured Notes (the "Senior Secured Notes Indenture"); and
- at any time on or after 20 May 2017 and up to the maturity date, the Senior Secured Notes may be redeemed at a redemption price equal to the percentage of principal set out in the Senior Secured Notes Indenture for each relevant twelve month period.

Upon the occurrence of certain events constituting a "change of control", Barolo 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 maturity date of the Senior Secured Notes is 20 May 2022.

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#### **► RELATED PARTY TRANSACTIONS**

In the first three months of 2016, transactions with subsidiaries and the parent company H&F Barolo Lux1 S.à.r.l. 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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#### **► ALTERNATIVE NON IFRS PERFORMANCE INDICATORS**

In addition to the financial performance measures established by IFRSs, TeamSystem Group presents in these explanatory notes certain NON GAAP measures that are derived from, although not required by IFRSs.

These performance measures are presented to facilitate the understanding of the Group's operating performance and should not be considered as substitutes for the information required by IFRSs. Specifically, the alternative performance measures used are the following:

**EBITDA**

calculated as Operating Result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortisation of non current assets (iv) non-recurring expenses and non-recurring cost of personnel;

**ADJUSTED EBITDA**

is equal to EBITDA as above without taking account of the Allowance for bad debts;

**WORKING CAPITAL**

equals the aggregate of (i) trade receivables, (ii) inventory and (iii) other current receivables net of the aggregate of (iv) trade payables and (v) other current liabilities.

**CAPEX - Tangible and Intangible assets**

this is calculated as additions (to tangible and intangible assets) net of disposals and other movements.

**CAPEX - Capitalised development costs**

this equals the cost of services and personnel cost capitalised as development cost.

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**BOARD OF DIRECTORS  
BOARD OF STATUTORY AUDITORS  
and OTHER INFORMATION**

<b>BOARD of DIRECTORS</b> 31 Mar 2016	<b>TITLE</b>
KLEINMAN BLAKE CHRISTOPHER	CHAIRMAN
STERNHEIMER PHILIP RICHARD	DIRECTOR
BANKS STUART DAVID	DIRECTOR

<b>BOARD of STATUTORY AUDITORS</b> 31 Mar 2016	<b>TITLE</b>
VANZETTA MARA	CHAIRMAN
DI MARIA MASSIMILIANO	STATUTORY AUDITOR
VENEZIANI CARLOTTA	STATUTORY AUDITOR
CIRAULO VITO	ALTERNATIVE AUDITOR
SOLARI PAOLO	ALTERNATIVE AUDITOR

<b>REGISTERED OFFICE and OTHER INFORMATION</b>	
BAROLO MIDCO S.P.A.	
REGISTERED OFFICE	MILAN - Via Napoleone Buonaparte, 29
SHARE CAPITAL	Euro 5,450,000
ITALIAN TAX CODE	09293340965
REA - MILAN	2081203

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**UNAUDITED  
INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTHS  
ENDED 31 MARCH 2016**

# Barolo MidCo S.p.A. and its Subsidiaries TeamSystem Group

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	31 Mar 2016	31 Mar 2015	NOTES
Revenue	64,304	61,213	1 / 2
Other operating income	960	857	1 / 2
<b>TOTAL REVENUE</b>	<b>65,264</b>	<b>62,070</b>	1 / 2
Cost of raw and other materials	(6,410)	(5,358)	3
Cost of services	(14,604)	(14,389)	4
Personnel	(25,202)	(22,816)	5
-of which non recurring	(300)	(182)	
Other operating costs	(1,393)	(1,644)	6
Non recurring expenses	(2,894)	(1,985)	7
Depreciation and amortization of non current assets	(8,147)	(9,739)	
Allowance for bad debts	(1,347)	(1,120)	
Other provisions for risks and charges	(7)	(12)	
<b>OPERATING RESULT</b>	<b>5,261</b>	<b>5,008</b>	
Finance income	6	12	8
Finance cost	(12,263)	(9,190)	9
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(6,997)</b>	<b>(4,170)</b>	
Current income tax	(3,253)	(2,554)	
Deferred income tax	1,825	1,877	
<b>TOTAL INCOME TAX</b>	<b>(1,429)</b>	<b>(676)</b>	
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(8,425)</b>	<b>(4,847)</b>	
(Profit) Loss for the period - Non controlling interests	(57)	(54)	
<b>PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY</b>	<b>(8,483)</b>	<b>(4,901)</b>	
<b>EBITDA</b>	<b>16,607</b>	<b>16,926</b>	
<b>ADJUSTED EBITDA</b>	<b>17,954</b>	<b>18,046</b>	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31 Mar 2016	31 Mar 2015	NOTES
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(8,425)</b>	<b>(4,847)</b>	21
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX</b>	<b>0</b>	<b>0</b>	
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>(8,425)</b>	<b>(4,847)</b>	21
Total comprehensive (income) loss for the period Non controlling interests	(57)	(54)	21
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY</b>	<b>(8,483)</b>	<b>(4,901)</b>	21



Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>	<b>NOTES</b>
Tangible assets	11,707	11,554	11
Intangible assets	275,125	280,001	12
Goodwill	982,740	364,363	13
Other Investments	3,758	433	14
Investments in associates	445	445	14
Deferred tax assets	13,705	13,739	15
Financing fees prepayments - non current	0	1,429	16
Other financial assets - non current	350	350	
<b>TOTAL NON CURRENT ASSETS</b>	<b>1,287,828</b>	<b>672,314</b>	
Inventories	1,563	1,463	17
Trade receivables	143,277	89,850	18
Tax receivables	3,169	5,394	19
Other receivables	14,957	13,252	20
Financing Fees prepayments - current	0	498	16
Other financial assets - current	103	101	16
Cash and bank balances	40,224	16,534	16
<b>TOTAL CURRENT ASSETS</b>	<b>203,293</b>	<b>127,093</b>	
<b>TOTAL ASSETS</b>	<b>1,491,121</b>	<b>799,407</b>	

Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>EQUITY AND LIABILITIES</b>	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>	<b>NOTES</b>
Share capital	5,450	3,214	21
Other reserves	637,302	179,401	21
Retained earnings (accumulated losses)	0	(11,389)	21
Profit (Loss) attributable to Owners of the Company	(8,483)	(18,415)	21
<b>TOTAL EQUITY attributable to OWNERS OF THE COMPANY</b>	<b>634,269</b>	<b>152,810</b>	
Non controlling interests - Capital and reserves	799	565	21
Non controlling interests - Profit (Loss)	57	234	21
<b>TOTAL NON CONTROLLING INTERESTS</b>	<b>856</b>	<b>799</b>	
<b>TOTAL EQUITY</b>	<b>635,125</b>	<b>153,610</b>	
Financial liabilities with banks and other institutions - non current	583,861	434,169	16
Financing Fees - non current	(19,037)	(9,172)	16
Other financial liabilities - non current	19,555	19,832	16
Staff leaving indemnity	15,833	15,931	22
Provisions for risks and charges	2,834	2,868	23
Deferred tax liabilities	74,880	76,739	15
Other liabilities - non current	745	760	24
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>678,671</b>	<b>541,127</b>	
Financial liabilities with banks and other institutions - current	19,410	8,854	16
Financing Fees - current	(4,493)	(2,732)	16
Other financial liabilities - current	10,251	9,586	16
Trade payables	29,154	32,099	
Tax liabilities - current	11,360	8,625	25
Other liabilities - current	111,642	48,240	24
<b>TOTAL CURRENT LIABILITIES</b>	<b>177,324</b>	<b>104,671</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,491,121</b>	<b>799,407</b>	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Mar 2016	31 Mar 2015	NOTES
<b>Operating Result</b>	<b>5,261</b>	<b>5,008</b>	
Depreciation and amortization of non-current assets	8,147	9,739	
<b>Amortization, Depreciation, Write-off, Impairment</b>	<b>8,147</b>	<b>9,739</b>	
Trade receivables	(53,426)	(61,360)	
Inventories	(100)	(48)	
Other receivables - current	(1,705)	(1,144)	
Trade payables	(2,944)	(2,820)	
Other liabilities - current	63,402	56,594	
<b>Change in Working capital</b>	<b>5,226</b>	<b>(8,778)</b>	
Other liabilities - non current	(16)	(16)	
Other fiscal assets	368	300	
Other fiscal liabilities	1,339	2,990	
<b>Change in other assets / liabilities</b>	<b>1,691</b>	<b>3,274</b>	
Staff leaving indemnity	(155)	177	
Provisions for risks and charges	(33)	(57)	
<b>Change in provisions</b>	<b>(188)</b>	<b>121</b>	
<b>Income tax</b>	<b>0</b>	<b>(35)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>20,137</b>	<b>9,329</b>	
Tangible assets	(534)	(287)	
Intangible assets	(335)	(533)	
Capitalized development costs - personnel costs	(1,917)	(1,842)	
Capitalized development costs - service costs	(637)	(576)	
<b>Capital Expenditure</b>	<b>(3,423)</b>	<b>(3,238)</b>	
<b>Acquisition / dismissal of investments</b>	<b>(774,220)</b>	<b>(0)</b>	10
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(777,644)</b>	<b>(3,238)</b>	
<b>Financial balance paid / cashed-in and change in financial assets / liabilities</b>	<b>151,553</b>	<b>1,215</b>	10
<b>Financing Fees paid</b>	<b>(12,581)</b>	<b>0</b>	10
<b>Vendor loan paid</b>	<b>(26)</b>	<b>0</b>	
<b>Dividends paid</b>	<b>(500)</b>	<b>(500)</b>	
<b>Other changes in Equity</b>	<b>642,751</b>	<b>(0)</b>	10
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>781,197</b>	<b>715</b>	
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>23,690</b>	<b>6,806</b>	
<b>CASH AND BANK BALANCES - BEGINNING OF THE YEAR</b>	<b>16,534</b>	<b>17,888</b>	
<b>CASH AND BANK BALANCES - END OF THE YEAR</b>	<b>40,224</b>	<b>24,694</b>	

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	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 2014</b>	3,214	212,373	(1,265)	(11,389)	(32,036)	170,897	707	171,604
Loss allocation		(30,402)	(1,634)		32,036	0		0
Total Comprehensive Income (Loss) for the period					(4,901)	(4,901)	54	(4,847)
<b>31 Mar 2015</b>	3,214	181,971	(2,899)	(11,389)	(4,901)	165,996	761	166,757

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	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 2015</b>	3,214	179,401		(11,389)	(18,415)	152,810	799	153,609
Loss allocation		(18,415)			18,415	0		0
Other movements	2,236	476,316		11,389		489,941		489,941
Total Comprehensive Income (Loss) for the period					(8,483)	(8,483)	57	(8,425)
<b>31 Mar 2016</b>	5,450	637,302	0	(0)	(8,483)	634,269	856	635,125

# TeamSystem Group

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

### **►ACQUISITION OF TEAMSYSYSTEM GROUP BY PRIVATE EQUITY FUNDS AFFILIATED WITH HELLMMAN & FRIEDMAN**

On 1 March 2016, Hellman & Friedman private equity funds acquired a controlling interest in TeamSystem Group (“the Acquisition”) from the previous shareholders (inclusive of HG Capital, the majority shareholder). On completion of the transaction, Hellman & Friedman private equity funds held a controlling interest in TeamSystem Group of 76.83%, whereas the remaining interest of 23.17% was held by HG Capital (7.46%) and senior and middle Management of TeamSystem Group (15.71%).

More specifically, on 1 March 2016, 100% of the share capital of TeamSystem Holding S.p.A. was acquired by Barolo BidCo S.p.A., an indirect subsidiary of funds advised by Hellman & Friedman; HG funds and TeamSystem Management. In connection with the TeamSystem Group acquisition as described before, the € 45 million revolving credit facility made available to TeamSystem S.p.A. in 2013 (the “Original RCF”) was fully repaid and cancelled. Barolo BidCo S.p.A. has a € 65 million revolving credit facility (the “New RCF”), the proceeds of which can be made available to the TeamSystem Group for general corporate purposes. Barolo MidCo S.p.A. (the direct parent company of Barolo BidCo S.p.A.) issued € 150 million of floating rate senior notes (“Senior Notes”) to part-fund the consideration for the acquisition of TeamSystem Holding S.p.A.’s shares. The balance of the consideration was funded by equity invested by the funds and TeamSystem Management. On 20 May 2016, Barolo BidCo S.p.A. issued €450 million in aggregate principal amount of senior secured floating rate notes due 2022 (the “Senior Secured Notes”). On the same day, TeamSystem Holding S.p.A. repaid its existing €430 million 7.375% Senior Secured Notes due 2020 (“Existing Notes”) using proceeds from the issuance of the Senior Secured Notes and satisfied and discharged the Existing Indenture.

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### **►COMPANY BACKGROUND**

Barolo MidCo S.p.A. (the “Parent Company”) is a company recorded in the Milan Business Register and is domiciled in Italy. Barolo MidCo 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, at Small and Medium Enterprises and Professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals).

Its registered office is in Milan. In March 2016 in connection with the acquisition of TeamSystem Group (further details of which are disclosed in the following paragraph in these notes to the consolidated financial statements for the three months ended 31 March 2016) on 1 March 2016 Barolo MidCo S.p.A. issued € 150 million in aggregate principal amount of Senior Floating Rate Notes due 2023 (the “Senior Notes”) (ISIN: XS1372159266, XS1372160603). The Senior Notes are listed on the Third Market of the Wiener Börse AG (the Vienna Stock Exchange).

Barolo MidCo S.p.A. is a 100% directly held subsidiary of H&F Barolo Lux1 S.à.r.l. which is approximately 76.83% indirectly held by Hellman & Friedman private equity funds whereas the remaining interest of 23.17% is held by HG Capital (7.46%) and senior and middle Management of TeamSystem Group (15.71%).

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**► INVESTMENT IN LIRA S.R.L. AND EURESYS S.R.L.**

As regards the investment in Lira S.r.l. and Euresys S.r.l., taking account of the non-materiality of the acquisitions in question and considering the fact that both acquisitions took place at the end of the first quarter of 2016, the results and the financial position of both Lira S.r.l. and Euresys S.r.l. have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the three months ended 31 March 2016.

The provisional purchase price paid for the acquisition of a 100% equity interest in Lira S.r.l. was € 1.8 million (and will be subject to a price adjustment based on the achievement of certain financial targets for the year ended 31 December 2015 and the year ending 31 December 2016). The determination of the price adjustment (as at the quarterly reporting date of 31 March 2016) has not yet been finalised, except for a component thereof linked to the repayment (to the sellers of the equity investment in Lira S.r.l.) of any proceeds collected by Lira S.r.l. in connection with outstanding loans receivable at 11 March 2016.

As far as the equity investment in Euresys S.r.l. is concerned, the consideration paid for a 60% equity interest in Euresys S.r.l. was € 1.2 million; the remaining 40% will be acquired via put/call option mechanisms that were negotiated as part of the acquisition of the company. The vendor loan payable in connection with this 40% equity interest in Euresys S.r.l. has not been recognised in this quarterly interim report for the period ended 31 March 2016.

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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)	Operating Segments	% held	% consolidation	Notes
Barolo MidCo S.p.A.	Milan	5,450,000	641,486,570	(1,263,430)	SWSS			
Barolo BidCo S.p.A.	Milan	5,450,000	641,735,617	(1,014,383)	SWSS	100.00	100.00	
TeamSystem Holding S.p.A.	Milan	3,213,641	255,850,316	(699,034)	SWSS	100.00	100.00	
TeamSystem S.p.A.	Pesaro	24,000,000	177,785,009	(7,310,148)	SWSS	100.00	100.00	
TeamSystem Ancona S.r.l.	Osimo (AN)	400,000	4,237,390	323,898	SWSS	100.00	100.00	
TeamSystem Emilia S.r.l.	Reggio Emilia	100,000	3,646,082	232,371	SWSS	77.91	100.00	1
TeamSystem 2 S.r.l.	Milan	66,666	4,403,440	363,287	SWSS	100.00	100.00	
Lexteam S.r.l.	Pesaro	20,000	1,769,354	136,333	SWSS	100.00	100.00	
Metodo S.p.A.	Bassano (VI)	100,000	5,625,564	266,632	SWSS	90.00	100.00	1
TeamSystem Roma S.r.l.	Rome	10,320	376,132	78,425	SWSS	100.00	100.00	
Inforyou S.r.l.	Castello di Godego (TV)	31,250	2,980,264	92,256	SWSS	75.00	100.00	1
TeamSystem Service S.r.l.	Ripalimosani (CB)	200,000	905,884	96,426	SWSS	100.00	100.00	
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	10,495	(15,126)	SWSS	60.00	100.00	1
Danea Soft S.r.l.	Vigonza (PD)	100,000	3,535,500	419,850	SWSS	51.00	100.00	1
Digitia S.r.l.	Asolo (TV)	10,000	740,300	132,050	SWSS	60.00	100.00	1
H-Umus S.r.l.	Roncade (TV)	50,000	703,843	40,589	SWSS	100.00	100.00	
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	111,847	(13,475)	SWSS	51.00	100.00	1 / 5
ACG S.r.l.	Pesaro	100,000	448,844	348,844	SWSS	100.00	100.00	
TSS S.p.A.	Milan	7,232,000	74,793,337	(411,926)	SWSS	100.00	100.00	
Esa Napoli S.r.l.	Naples	10,000	(187,545)	12,051	SWSS	100.00	100.00	6
Gruppo Euroconference S.p.A.	Verona	300,000	8,776,793	477,967	Education	96.73	96.87	2 / 3
Nuovamacut Automazione S.p.A.	Reggio Emilia	108,000	3,949,881	231,865	CAD/CAM	100.00	100.00	
Nuovamacut Nord Ovest S.r.l.	Reggio Emilia	89,957	2,233,523	295,740	CAD/CAM	86.34	86.34	4
Nuovamacut Bologna Macchine Utensili S.r.l.	Reggio Emilia	70,000	78,887	(25,338)	CAD/CAM	75.00	75.00	4
Nuovamacut Centro Sud S.r.l.	Rome	10,000	281,348	20,800	CAD/CAM	70.00	70.00	4

Amounts in Euro								
CONSOLIDATED COMPANIES								
EQUITY METHOD	Registered office	Share capital	(*) Equity	(*) Profit (Loss)	Operating Segments	% held	% consolidation	Notes
Mondoesa Emilia S.r.l.	Parma	20,800	105,461	(44,578)	n.a.	40.00	40.00	6
Mondoesa Lazio S.r.l.	Frosinone	20,800	293,828	19,181	n.a.	35.00	35.00	6
Mondoesa Milano Nordover S.r.l.	Milan	50,000	42,246	(7,754)	n.a.	49.00	49.00	6
Cesaco S.r.l.	Vicenza	90,000	175,987	9,112	n.a.	48.00	48.00	6
Aldebra S.p.A.	Trento	1,398,800	1,441,778	(183,435)	n.a.	17.65	17.65	6

- (1) = holding would be 100% should put/call option be exercised;  
(2) = takes account of treasury shares held by Gruppo Euroconference;  
(3) = holding would be 96.87% should put/call option be exercised;  
(4) = investment held by Nuovamacut Automazione S.p.A.;  
(5) = investments held by Danea Soft S.r.l.;  
(6) = investments held by TSS S.p.A.;  
(\*) = Equity and Profit (Loss) figures updated to 31 December 2015.

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**►CHANGES TO THE SCOPE OF CONSOLIDATION DURING THE FIRST THREE MONTHS OF 2016**

The scope of consolidation at 31 March 2016 (or the consolidation percentages) has not changed during the first three months of 2016.

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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 Barolo MidCo S.p.A. consolidated financial statements for the period ended 31 March 2016 are the same of that used for the preparation of TeamSystem Holding S.p.A. consolidated financial statements for the period ended 31 December 2015. (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 31 March 2016 show comparative figures relating to the prior period financial statements for the period ended 31 March 2015 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 and the consolidated statement of cash flows. The components of consolidated financial position show comparative figures relating to the consolidated statement of financial position at 31 December 2015 at TeamSystem Holding S.p.A. consolidated figures.

The interim consolidated financial statements for the period ended 31 March 2016 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 2015.

This interim consolidated financial report for the first three months ended 31 March 2016 is presented in Euros and all amounts have been rounded to Euro thousands, unless otherwise specified.

The consolidated financial statements of Barolo MidCo S.p.A. and its subsidiaries (TeamSystem Group) for the periods ended 31 March 2016 and the consolidated financial statements of TeamSystem Holding S.p.A. for the period ended 31 March 2015 have not been audited.

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**►USE OF ESTIMATES**

The preparation of consolidated financial statements requires the Management 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, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity 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 require greater subjectivity, on the part of the Management, in the application of estimates and, for which, a change in the conditions of underlying assumptions used may have a significant impact on the consolidated financial statements:

- Business combinations (IFRS 3) and measurement of intangible assets;
- Goodwill;
- Capitalised development costs;
- Deferred tax assets and liabilities;
- The measurement of Provisions for risks and charges and the Allowance for bad debts;
- Employee benefits;
- Vendor loan.

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#### **►TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS**

The financial statements of the businesses comprised within the scope of consolidation are all prepared in Euros, considering all current subsidiaries are located in Italy and there are no relevant operations conducted abroad.

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#### **►OPERATING SEGMENTS**

In accordance with IFRS 8 - Operating segments, 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 discrete financial information is available. Within TeamSystem Group the following three operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

- **Software and Services (SWSS)**, that is, the operating segment consisting of all the Group companies operating in the software production/marketing sector;
- **Education**, that is, the segment consisting of companies operating in the professional training sector, and thus refers to Gruppo Euroconference S.p.A.;
- **CAD/CAM**, that is, the operating segment relating to Nuovamacut Group companies.

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#### **►ALTERNATIVE NON IFRS PERFORMANCE INDICATORS**

In addition to the financial performance measures established by IFRSs, TeamSystem Group presents in these explanatory notes (and in the Operating and Financial Review section) certain NON GAAP measures that are derived from, although not required by IFRSs.

These performance measures are presented to facilitate the understanding of the Group's operating performance and should not be considered as substitutes for the information required by IFRSs. Specifically, the alternative performance measures used are the following:

##### **EBITDA**

calculated as Operating Result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortisation of non current assets (iv) non-recurring expenses and non-recurring cost of personnel.

<b><u>ADJUSTED EBITDA</u></b>	is equal to EBITDA as above without taking account of the Allowance for bad debts.
<b><u>ADJUSTED EBITDA % MARGIN</u></b>	is equal to ADJUSTED EBITDA divided by Total revenue.
<b><u>WORKING CAPITAL</u></b>	equals the aggregate of (i) trade receivables, (ii) inventory and (iii) other current receivables net of the aggregate of (iv) trade payables and (v) other current liabilities.
<b><u>CAPEX</u></b>	<b><u>Tangible and Intangible assets</u></b> = this is calculated as additions (to tangible and intangible assets) net of disposals and other movements. <b><u>Capitalised development costs</u></b> = this equals the cost of services and personnel cost capitalised as development cost.
<b><u>NET FINANCIAL POSITION</u></b> <b><u>or (NET FINANCIAL INDEBTEDNESS)</u></b>	equals the aggregate of (i) other financial assets (current and non current) (ii) cash and bank balances (iii) financing fees (current and non current) net of the aggregate of (iv) financial liabilities with banks and other institutions (current and non current) (v) other financial liabilities (current and non current).
<b><u>NET INVESTED CAPITAL</u></b>	equals the aggregate of (i) tangible assets (ii) intangible assets (iii) goodwill (iv) investments (v) deferred tax assets (vi) Working capital (as defined above) (vii) tax receivables (viii) other receivables (non current) net of the aggregate of (ix) staff leaving indemnity (x) provision for risks and charges (xi) deferred tax liabilities (xii) tax liabilities (xiii) other liabilities (non current)

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**► ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLICABLE AS FROM 1 JANUARY 2016**

- Amendments to **IFRS 11 *Joint Arrangements – Accounting for acquisitions of interests in joint operations*** (published on 6 May 2014): deals with the accounting for an acquisition of an interest in a joint operation in which the activity constitutes a business. The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 16 *Property, plant and equipment*** and **IAS 41 *Agriculture – Bearer Plants*** (published on 30 June 2014): bearer plants, that is, fruit trees that are expected to provide an annual harvest (for example, grape vines and hazelnut trees), are to be accounted for in accordance with IAS 16 (rather than IAS 41). The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 16 *Property, plant and equipment*** and to **IAS 38 *Intangible assets – Clarification of acceptable methods of depreciation and amortisation*** (published on 12 May 2014): according to which a depreciation or amortisation method that is based on revenue is generally deemed to be inappropriate, given that revenue generated by an activity that includes the use of a depreciable or amortisable asset generally reflects factors that differ from the consumption of the economic benefit of the asset, being a requirement that needs to be met for depreciation or amortisation. The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 1 – *Disclosure Initiative*** (published on 18 December 2014): the objective of the amendments is to clarify certain disclosure issues that could be perceived as impediments to the preparation of clear and intelligible financial statements. The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 27 – *Equity Method in Separate Financial Statements*** (published on 12 August 2014): the amendments introduce an option to allow an entity to use the equity method to account for investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applicable as from 1 January 2016.

Lastly, as part of the annual process of improvements to accounting standards, on 12 December 2013 the IASB issued “Annual Improvements to IFRSs: 2010-2012 Cycle” (inclusive of IFRS 2 *Share-based Payment – Definition of vesting conditions*, IFRS 3 *Business Combinations – Accounting for contingent consideration*, IFRS 8 *Operating segments – Aggregation of operating segments* and *Reconciliation of total of the reportable segments’ assets to the entity’s assets*, IFRS 13 *Fair Value Measurement – Short-term receivables and payables*.)



and on 25 September 2014 “Annual Improvements to IFRSs: 2012-2014 Cycle” (inclusive of: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosures* and IAS 19 – *Employee Benefits*) which partially integrate the pre-existing standards. These amendments are applicable for annual periods beginning on or after 1 February 2015 and for annual periods beginning on or after 1 January 2016.

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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

	31 Mar 2016	31 Mar 2015	Change	% Change
Hardware	1,620	1,792	(173)	-9.6%
Software	12,191	12,403	(212)	-1.7%
Hardware subscriptions	434	387	47	12.3%
Software subscriptions	38,284	35,223	3,062	8.7%
Other products	316	373	(57)	-15.3%
Other services	8,321	7,348	973	13.2%
Education	3,141	3,698	(556)	-15.0%
Discounts paid	(3)	(10)	7	-72.1%
<b>Revenue</b>	<b>64,304</b>	<b>61,213</b>	<b>3,091</b>	<b>5.0%</b>
Recovery of expenses	631	503	128	25.4%
Operating grants	79	136	(57)	-41.9%
Other income	250	218	32	14.7%
<b>Other operating income</b>	<b>960</b>	<b>857</b>	<b>103</b>	<b>12.0%</b>
<b>Total Revenue</b>	<b>65,264</b>	<b>62,070</b>	<b>3,194</b>	<b>5.1%</b>

Total Revenue for the period ended 31 March 2016 amounts to € 65,264 thousand, up by € 3,194 thousand compared to the corresponding figure for the period ended 31 March 2015 (€ 62,070 thousand). This is mainly due to the increase in Software subscription revenue (€ 3,062 thousand) and to the growth in Other services revenue (€ 973 thousand); the decrease in Education is totally related to the sale of investment in Paradigma S.r.l. (occurred in October 2015 and therefore not consolidated in 31 March 2016 results), whose contribution to the 31 March 2015 Total Revenue was € 606 thousand.

### 2. OPERATING SEGMENT

In accordance with IFRS 8 - Operating segments, 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 revenue 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 discrete financial information is available. Within TeamSystem Group the following three operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

- **Software and Services (SWSS)**, that is, the operating segment consisting of all the Group companies operating in the software production/marketing sector;
- **Education**, that is, the segment consisting of companies operating in the professional training sector, and thus refers to Gruppo Euroconference S.p.A.;
- **CAD/CAM**, that is, the operating segment relating to Nuovamacut Group companies.

Please note that all costs have been properly allocated to the corresponding operating segment (there are no “non-allocated costs”), considering the nature and relationship of such costs to corresponding revenue.

OPERATING SEGMENTS - IFRS REPORTED 31 Mar 2015	Software and Services	Education	CAD/CAM	Intercompany Elimination	Consolidated Financial Statement
<b>TOTAL REVENUE</b>	<b>52,597</b>	<b>3,810</b>	<b>5,912</b>	<b>(248)</b>	<b>62,070</b>
Total Revenue - external segments	52,476	3,714	5,881		
Total Revenue - internal segments	121	96	31		
Cost of raw and other materials	(2,642)	(80)	(2,657)	21	(5,358)
Cost of services	(11,763)	(1,998)	(776)	148	(14,389)
Personnel	(20,226)	(804)	(1,629)	25	(22,634)
Other operating costs	(1,464)	(91)	(121)	33	(1,644)
<b>ADJUSTED EBITDA</b>	<b>16,502</b>	<b>837</b>	<b>729</b>	<b>(22)</b>	<b>18,046</b>
Allowance for bad debts	(1,082)	0	(38)	0	(1,120)
<b>EBITDA</b>	<b>15,420</b>	<b>837</b>	<b>691</b>	<b>(22)</b>	<b>16,926</b>
Depreciation of non current tangible assets	(325)	(22)	(21)	0	(368)
Amortization of non current intangible assets	(9,107)	(94)	(169)	0	(9,370)
Other provisions for risks and charges	(3)	(9)	0	0	(12)
Non recurring personnel and expenses	(2,129)	(59)	(1)	22	(2,167)
Impairment of non current assets	0	0	0	0	0
<b>OPERATING RESULT</b>	<b>3,857</b>	<b>653</b>	<b>499</b>	<b>(0)</b>	<b>5,008</b>
Finance income	316	42	18	(60)	316
Dividends	0	0	0	0	0
Finance cost	(9,491)	(20)	(44)	60	(9,495)
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(5,318)</b>	<b>675</b>	<b>473</b>	<b>(0)</b>	<b>(4,170)</b>
Current income tax	(2,107)	(183)	(264)	0	(2,554)
Deferred income tax	1,867	(25)	35	0	1,877
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(5,558)</b>	<b>468</b>	<b>244</b>	<b>(0)</b>	<b>(4,847)</b>

OPERATING SEGMENTS - IFRS REPORTED 31 Mar 2016	Software and Services	Education	CAD/CAM	Intercompany Elimination	Consolidated Financial Statement
<b>TOTAL REVENUE</b>	<b>55,006</b>	<b>3,312</b>	<b>7,214</b>	<b>(268)</b>	<b>65,264</b>
Total Revenue - external segments	54,893	3,182	7,189		
Total Revenue - internal segments	114	130	24		
Cost of raw and other materials	(2,888)	(59)	(3,485)	22	(6,410)
Cost of services	(12,253)	(1,706)	(816)	170	(14,604)
Personnel	(22,548)	(563)	(1,816)	25	(24,903)
Other operating costs	(1,258)	(68)	(91)	23	(1,393)
<b>ADJUSTED EBITDA</b>	<b>16,060</b>	<b>917</b>	<b>1,006</b>	<b>(28)</b>	<b>17,954</b>
Allowance for bad debts	(1,236)	(15)	(96)	0	(1,347)
<b>EBITDA</b>	<b>14,824</b>	<b>902</b>	<b>910</b>	<b>(28)</b>	<b>16,607</b>
Depreciation of non current tangible assets	(351)	(15)	(15)	0	(381)
Amortization of non current intangible assets	(7,516)	(107)	(143)	0	(7,766)
Other provisions for risks and charges	(7)	0	0	0	(7)
Non recurring personnel and expenses	(3,223)	(1)	3	28	(3,193)
<b>OPERATING RESULT</b>	<b>3,727</b>	<b>779</b>	<b>755</b>	<b>0</b>	<b>5,261</b>
Finance income	315	38	31	(69)	316
Gain (Loss) on disposal of subsidiaries	0	0	0	0	0
Dividends	0	0	0	0	0
Finance cost	(12,582)	(12)	(49)	69	(12,573)
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(8,539)</b>	<b>805</b>	<b>737</b>	<b>0</b>	<b>(6,997)</b>
Current income tax	(2,706)	(233)	(314)	0	(3,253)
Deferred income tax	1,813	(28)	40	0	1,825
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(9,432)</b>	<b>543</b>	<b>463</b>	<b>0</b>	<b>(8,425)</b>

OPERATING SEGMENTS	31 Mar 2016	31 Mar 2015	Change	% Change
Software and Services	55,006	52,597	2,409	4.6%
Education	3,312	3,810	(498)	-13.1%
CAD / CAM	7,214	5,912	1,302	22.0%
Intercompany Reconciliation	(268)	(248)	(20)	
<b>TOTAL REVENUE</b>	<b>65,264</b>	<b>62,070</b>	<b>3,194</b>	<b>5.1%</b>
Software and Services	16,060	16,502	(442)	-2.7%
Education	917	837	80	9.6%
CAD / CAM	1,006	729	277	38.0%
Intercompany Reconciliation	(28)	(22)	(7)	
<b>ADJUSTED EBITDA</b>	<b>17,954</b>	<b>18,046</b>	<b>(92)</b>	<b>-0.5%</b>

□ □ □

**TOTAL REVENUE:** Total revenue for the period ended 31 March 2016 amounts to € 65,264 thousand, up by € 3,194 thousand compared to the amount for the period ended 31 March 2015 (€ 62,070 thousand). This increase is due to the organic growth experienced by the business units of the Group.

**SOFTWARE AND SERVICES TOTAL REVENUE:** Total revenue posted by the Software and Services business unit for the period ended 31 March 2016 amounts to € 55,006 thousand, up by € 2,409 thousand compared to the corresponding amount for the period ended 31 March 2015 (€ 52,597 thousand).

**EDUCATION TOTAL REVENUE:** Total revenue posted by the Education business unit for the period ended 31 March 2016 amounts to € 3,312 thousand, down by € 498 thousand compared to the corresponding amount for the period ended 31 March 2015 (€ 3,810 thousand). The decrease is due to the sale of the investment in Paradigma S.r.l. (occurred in October 2015 and therefore not consolidated in 31 March 2016 results), whose contribution to the 31 March 2015 Total Revenue was € 606 thousand.

**CAD/CAM TOTAL REVENUE:** the CAD/CAM business unit Total revenue for the period ended 31 March 2016 amounts to € 7,214 thousand, up by € 1,302 thousand compared to the corresponding amount for the period ended 31 March 2015 (€ 5,912 thousand).

**ADJUSTED EBITDA:** the Adjusted Ebitda for the period ended 31 March 2016 amounts to € 17,954 thousand, down by € 92 thousand compared to the corresponding amount for the period ended 31 March 2015 (€ 18,046 thousand). The increase in CAD / CAM business unit and in Education business unit (respectively for € 277 thousand and for € 80 thousand) has been negatively compensated from the decrease in Software and Services business unit for € 442 thousand.

### 3. COST OF RAW AND OTHER MATERIALS

	31 Mar 2016	31 Mar 2015	Change	% Change
Hardware purchases	1,453	1,533	(80)	-5.2%
Third parties' software	4,369	3,233	1,136	35.1%
Handbooks and forms	11	12	(1)	-7.0%
Materials for education	68	68	1	0.9%
Fuel	459	332	126	37.9%
Other materials	150	231	(81)	-35.1%
Change in inventory of raw materials	(100)	(53)	(48)	91.2%
<b>Total</b>	<b>6,410</b>	<b>5,358</b>	<b>1,052</b>	<b>19.6%</b>

Cost of raw and other materials amounts to € 6,410 thousand for the period ended 31 March 2016, up by € 1,052 thousand from the amount of the period ended 31 March 2015 (€ 5,358 thousand). This increase is primarily due to the organic increase in cost of Raw and other materials, mainly led by higher costs of Third parties' software (€ 1,136 thousand).

#### 4. COST OF SERVICES

	31 Mar 2016	31 Mar 2015	Change	% Change
Agent commissions and other costs	3,145	2,961	184	6.2%
Consulting and third parties services	4,267	4,120	147	3.6%
Administrative tax and legal	555	788	(233)	-29.5%
Education - consulting and copyrights	895	985	(90)	-9.2%
Magazines - consulting and copyrights	334	331	3	0.9%
Other costs for education services	908	857	51	5.9%
Web recall services	(2)	(2)	(2)	(2)
Advertising and marketing	1,018	993	26	2.6%
Car rentals	929	965	(35)	-3.7%
Utilities	834	868	(35)	-4.0%
Other services	2,358	2,096	262	12.5%
<b>Cost of services - Gross of capitalisation</b>	<b>15,241</b>	<b>14,964</b>	<b>277</b>	<b>1.9%</b>
Services capitalized development costs	(637)	(576)	(61)	10.7%
<b>Total</b>	<b>14,604</b>	<b>14,389</b>	<b>216</b>	<b>1.5%</b>

The Cost of services for the period ended 31 March 2016 amounts to € 14,604 thousand, nearly flat compared to the amount for the period ended 31 March 2015 (€ 14,389 thousand).

The main costs items incurred in the first three months of 2016 are as follows:

- Agent commission and other costs (for an amount of € 3,145 thousand);
- Consulting and third parties services (for an amount of € 4,267 thousand);
- Other services (for an amount of € 2,358 thousand).

#### 5. PERSONNEL

	31 Mar 2016	31 Mar 2015	Change	% Change
Wages, salaries and social contributions	24,923	22,502	2,421	10.8%
Staff leaving indemnities	1,017	958	59	6.1%
Other personnel costs	24	3	21	n.s.
<b>Employee costs</b>	<b>25,964</b>	<b>23,463</b>	<b>2,501</b>	<b>10.7%</b>
Freelancers and collaborators fees	47	186	(138)	-74.5%
Directors' fees and related costs	809	827	(19)	-2.3%
<b>Directors and Collaborators</b>	<b>856</b>	<b>1,013</b>	<b>(157)</b>	<b>-15.5%</b>
Non recurring personnel costs	300	182	118	64.7%
<b>Non recurring</b>	<b>300</b>	<b>182</b>	<b>118</b>	<b>64.7%</b>
<b>Personnel - Gross of capitalisation</b>	<b>27,119</b>	<b>24,658</b>	<b>2,461</b>	<b>9.98%</b>
Personnel capitalized development costs	(1,917)	(1,842)	(75)	4.1%
<b>Total</b>	<b>25,202</b>	<b>22,816</b>	<b>2,386</b>	<b>10.5%</b>

Personnel costs for the period ended 31 March 2016 (€ 25,202 thousand) have increased in total by € 2,386 thousand compared to the corresponding amount for the period ended 31 March 2015 (€ 22,816 thousand). This growth is attributable to the organic growth due to the ongoing policy to strengthen the Group's workforce.

## 6. OTHER OPERATING COSTS

	31 Mar 2016	31 Mar 2015	Change	% Change
Rents	844	903	(59)	-6.6%
Rentals	172	162	10	6.1%
Other expenses for use of third parties assets	203	386	(183)	-47.4%
Other tax	50	100	(50)	-49.9%
Losses from assets disposals	0	2	(2)	-95.4%
Other expenses	124	90	34	37.7%
<b>Total</b>	<b>1,393</b>	<b>1,644</b>	<b>(250)</b>	<b>-15.2%</b>

Other operating costs for the period ended 31 March 2016 (€ 1,393 thousand) have decreased by € 250 thousand compared to the corresponding amount for the period ended 31 March 2015 (€ 1,644 thousand). This decrease is mainly attributable to the reduction of the Other expenses for use of third parties assets (for an amount of € 183 thousand).

## 7. NON RECURRING EXPENSES

Non-recurring expenses relate to tax, legal advice and other expenses the nature of which is deemed to be non-recurring with respect to the business's normal operations.

Non-recurring expenses for the period ended 31 March 2016 amount to € 2,894 thousand, compared with € 1,985 thousand for the period ended 31 March 2015, thus with an increase of € 909 thousand mainly related to the due diligence costs connected with the acquisition of TeamSystem Group and charged in Barolo MidCo and Barolo BidCo accounts.

The main non-recurring items incurred in the first three months of 2016 are as follows:

- advisory costs incurred for acquisitions of equity investments (as previously specified);
- non recurring expenses incurred for the inception / completion of non-recurring projects concerning the reviewing, the strengthening and the streamlining of the Group's organisation and / or commercial supply model. These projects have been performed by leading international consulting firms aimed at improving the Group's commercial performance, the quality of the Group's product range and the efficiency of business processes with the ultimate aim of making the Group procedures more efficient, both in terms of cost savings and in terms of new streams of revenue;
- non recurring marketing expenses.

## 8. FINANCE INCOME

	31 Mar 2016	31 Mar 2015	Change	% Change
Interest and other finance income	4	4	1	21.4%
Gains on foreign exchange	0	3	(3)	-97.1%
Interest from banks	1	5	(4)	-78.0%
<b>Total</b>	<b>6</b>	<b>12</b>	<b>(6)</b>	<b>-50.2%</b>

Finance income for the period ended 31 March 2016 (€ 6 thousand) has decreased by € 6 thousand compared to the figure recorded for the period ended 31 March 2015 (€ 12 thousand). This change is essentially attributable to the decrease in interest from banks (€ 4 thousand).

## 9. FINANCE COST

	31 Mar 2016	31 Mar 2015	Change	% Change
Interest on bank loans	66	72	(6)	-8.2%
Interest on Notes	9,053	7,928	1,125	14.2%
Interest on Notes Premium	(308)	(305)	(3)	1.1%
Interest on financing fees	2,883	793	2,090	n.s.
Bank commissions	247	332	(85)	-25.6%
Interests on actuarial valuation of employees benefit	57	58	(1)	-2.3%
Other IFRS financial charges	234	271	(37)	-13.7%
Other financial charges	31	35	(4)	-11.2%
Losses on foreign exchange	1	6	(5)	-79.6%
<b>Total</b>	<b>12,263</b>	<b>9,190</b>	<b>3,073</b>	<b>33.4%</b>

Financial charges for the period ended 31 March 2016 amount to € 12,263 thousand with an increase with respect to the corresponding amount at 31 March 2015 (€ 9,190 thousand) of € 3,073 thousand mainly due to non recurring write-off of RCF financing fees pertaining the Original RCF (for an amount of € 1,977 thousand) and increased Interest on Notes (for an amount of € 1,125 thousand). The latter is a consequence of the € 150 million Notes issuance occurred in March 2016 (as a consequence of the acquisition of TeamSystem Group) and therefore was accounted for one month in the 31 March 2016 Finance cost balance.

## 10. CONSOLIDATED STATEMENT OF CASH FLOWS

As regards the more significant components of the statement of cash flow, a description is provided below of the main factors impacting the Group's cash flows in the course of the first three months of 2016:

**Acquisition of investments**= In March 2016 TeamSystem S.p.A. paid € 1.8 million for the acquisition of a 100% stake in Lira S.r.l. and paid € 1.2 million for the acquisition of a controlling stake in Euresys S.r.l.. The remaining amount is attributable to the acquisition of TeamSystem Group made by Hellmann & Friedmann (via Barolo MidCo S.p.A.).

**Financial balance paid /cash-in and change in financial assets/liabilities** = The main items included in the balance in question relate to the followings:

- issuance of € 150 million Notes made by Barolo MidCo to finance the acquisition of TeamSystem Group;
- payment of financial charges and commissions for an amount of € 0.4 million;
- draw-down of € 5 million (under the RCF facility contract entered by Barolo BidCo) and the total repayment of the € 3 million of RCF facility balance (outstanding at 31 December 2015 and entered by TeamSystem S.p.A.);

**Financing fees paid**= the amount in question refers to the payment of fees connected with the RCF contract (entered by Barolo BidCo S.p.A.) and with the payment of fees related to the issuance of € 150 million Notes made by Barolo MidCo to finance the acquisition of TeamSystem Group.

**Other Change in Equity**= the amounts in question relate to the formation of the share capital (and other equity reserves) of Barolo MidCo S.p.A.

## 11. TANGIBLE ASSETS

NET BOOK VALUE	31 Mar 2016	31 Dec 2015	Change	% Change
Land	1,898	1,898		
Buildings	5,024	5,081	(56)	-1.1%
Plant and machinery	996	1,015	(20)	-1.9%
Equipment	196	208	(12)	-5.7%
Other assets	3,363	3,137	226	7.2%
Tangible assets - in progress	229	214	15	7.2%
<b>Total</b>	<b>11,707</b>	<b>11,554</b>	<b>153</b>	<b>1.3%</b>

Tangible fixed assets at 31 March 2016 amount to € 11,707 thousand, substantially in line with the figure recorded at 31 December 2015 (€ 11,554 thousand). The increase of € 153 thousand results from the aggregate of disposals, additions, and depreciation charge for the period (€ 381 thousand).

## 12. INTANGIBLE ASSETS

NET BOOK VALUE				
	31 Mar 2016	31 Dec 2015	Change	% Change
Capitalised development	19,837	18,780	1,056	5.6%
IFRS Assets	247,755	253,458	(5,703)	-2.3%
Other intangible assets	7,533	7,763	(230)	-3.0%
<b>Total</b>	<b>275,125</b>	<b>280,001</b>	<b>(4,877)</b>	<b>-1.7%</b>

Intangible assets have gone from € 280,001 thousand at 31 December 2015 to € 275,125 thousand at 31 March 2016, with a decrease of € 4,877 thousand resulting from the aggregate of disposals, additions, capitalised development costs (of € 2,554 thousand for the period ended 31 March 2016), and amortisation charge for the period (€ 7,766 thousand).

## 13. GOODWILL

Goodwill at 31 March 2016 amounts to € 982,740 thousand with an increase of € 618,376 thousand compared to the balance at 31 December 2015 (€ 364,363 thousand).

This increase is due to the acquisition of TeamSystem Group in early 2016 by Barolo Midco S.p.A. (special purpose vehicle set up by private equity funds affiliated with Hellman & Friedman). During the course of 2016, Group Management 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.

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 2016.

## 14. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

	31 Mar 2016	31 Dec 2015	Change	% Change
Investments in Associates	445	445		
Other Investments	3,758	433	3,325	n.s.
<b>Total</b>	<b>4,203</b>	<b>878</b>	<b>3,325</b>	<b>n.s.</b>

The balance of Investments in Associates and other investments have gone from € 878 thousand at 31 December 2015 to € 4,203 thousand at 31 March 2016, with an increase of € 3,325 thousand.

The increase of Other investments is mainly explained by:

- the acquisition of 100% stake in Lira S.r.l. for a provisional paid consideration of € 1.8 million;
- the acquisition of 60% stake in Euresys S.r.l. for a consideration of € 1.2 million.

The balance of Investments in Associates relates to the investments owned by TSS S.p.A.

## 15. DEFERRED TAX ASSETS AND LIABILITIES

	31 Mar 2016	31 Dec 2015	Change	% Change
Deferred tax assets	13,705	13,739	(34)	-0.2%
Deferred tax liabilities	74,880	76,739	(1,858)	-2.4%

Deferred tax assets at 31 March 2016 amount to € 13,705 thousand, substantially in line with the balance at 31 December 2015 (€ 13,739 thousand).

Deferred tax liabilities at 31 March 2016 amount to € 74,880 thousand with a decrease of € 1,858 thousand compared to the balance at 31 December 2015 (€ 76,739 thousand), primarily due to the reversal of the deferred



tax component pertaining to the amortisation of intangible assets identified on allocation of the price paid for the acquisition of TeamSystem Group and TSS Group (Software, Brands, Customer relationships and other IFRS assets).

## 16. NET FINANCIAL POSITION – (NET FINANCIAL INDEBTEDNESS)

	31 Mar 2016		31 Dec 2015	
	Current	Non Current	Current	Non Current
	Total		Total	
Bank accounts and post office	40,106		16,443	
Cash and bank balances	118		91	
<b>Total Cash and bank balances</b>	<b>40,224</b>		<b>16,534</b>	
Other financial assets	103	350	100	350
<b>Total Other financial assets</b>	<b>103</b>	<b>350</b>	<b>101</b>	<b>350</b>
Loans with banks	(5,153)		(3,147)	
Overdrafts with banks	(0)		(4)	
Notes	(13,017)	(580,000)	(3,964)	(430,000)
Premium on Notes issuance	(1,240)	(3,861)	(1,240)	(4,169)
Dividends to be settled	(0)		(500)	
<b>Total Financial liabilities</b>	<b>(19,410)</b>	<b>(583,861)</b>	<b>(8,854)</b>	<b>(434,169)</b>
Financing Fees - bond	4,493	19,037	2,697	9,070
Financing Fees - banks	(0)		36	102
Financing Fees - prepayments			498	1,429
<b>Total Financing Fees</b>	<b>4,493</b>	<b>19,037</b>	<b>3,231</b>	<b>10,601</b>
Vendor loan	(10,243)	(19,555)	(9,468)	(19,832)
Commission financial liabilities	(6)		(115)	
Other financial liabilities	(2)		(2)	
<b>Total Other financial liabilities</b>	<b>(10,251)</b>	<b>(19,555)</b>	<b>(9,586)</b>	<b>(19,832)</b>
<b>Total</b>	<b>15,158</b>	<b>(584,029)</b>	<b>1,426</b>	<b>(443,050)</b>

Net financial indebtedness at 31 March 2016 amounts to minus € 571,948 thousand with respect to the corresponding balance at 31 December 2015 of minus € 441,625 thousand.

### Existing Notes

On 7 May 2013 TeamSystem Holding S.p.A. issued senior secured notes due 2020 in an aggregate principal amount of €300 million (the “Original Notes”). In April 2014 TeamSystem Holding S.p.A. issued a further tranche of €130 million in aggregate principal amount of its 7.375% senior secured notes due 2020 (the “Additional Notes”). The Additional Notes were treated as a single class with the Original Notes for all purposes of the indenture governing the Original Notes (as well as the Additional Notes). The Additional Notes together with the Original Notes are referred to below as the “Existing Notes”.

The Existing Notes were listed on the ExtraMot segment of the Italian Stock Exchange and on the Luxembourg Stock Exchange. The Existing Notes bore coupons which were payable on a six monthly basis (15 May – 15 November) at a rate of 7.375% of the nominal value of the Existing Notes.

The costs incurred in connection with the issuance of the Existing Notes were accounted for as Financing Fees and were amortised on a straight line basis over the contractual duration of the Existing Notes (i.e. until the stated maturity date of the Existing Notes, 15 May 2020).

Following the acquisition of TeamSystem Group (the “Acquisition”) by private equity funds affiliated with Hellman & Friedman on 1 March 2016, further details of which are disclosed in the Acquisition of TeamSystem Group by private equity funds paragraph in these notes to the consolidated financial statements for the three months ended 31 March 2016, TeamSystem Holding S.p.A. redeemed its Existing Notes on 20 May 2016. As a consequence of the early redemption of the Existing Notes, the residual carrying amount of the Financing Fees relating to the Existing Notes (as at 20 May 2016) will be charged to the Group’s consolidated statement of profit or loss. As at 31 March 2016, the residual carrying amount of the Financing Fees relating to the Existing Notes was approximately € 11,096 thousand.

### Senior Notes

In connection with the Acquisition, on 1 March 2016 Barolo MidCo S.p.A. issued €150 million in aggregate principal amount of Senior Floating Rate Notes due 2023 (the “Senior Notes”) (ISIN: XS1372159266, XS1372160603). Interest is payable on the Senior Notes at a rate equal to the three-month EURIBOR rate (with a 1% floor) plus 8.00%. Interest is payable quarterly in arrears on April 1, July 1, October 1 and January 1 each year, commencing on July 1, 2016.

The Senior Notes are listed on the Third Market of the Wiener Börse AG (the Vienna Stock Exchange).

The Senior Notes may be redeemed, at the option of Barolo MidCo S.p.A.:

- at any time prior to 1 March 2018, in whole or in part, at a redemption price equal to the 100% of the principal amount of the notes plus the relevant Applicable Premium, as defined in the indenture governing the Senior Notes (the “Senior Notes Indenture”);
- at any time prior to 1 March 2018, up to 40% of the aggregate principal amount of the Senior Notes may also be redeemed with funds in an aggregate amount not exceeding the cash proceeds of one or more Equity Offerings at a redemption price equal to the lesser of (i) 109.000% of the principal amount of the Senior Notes, plus accrued and unpaid interest and any Additional Amounts (each term as defined in the Indenture), and (ii) the Applicable Premium, to, but not including, the applicable redemption date, according to the terms and conditions of the Senior Notes Indenture; and
- at any time on or after 1 March 2018 and up to the maturity date, the Senior Notes may be redeemed at a redemption price equal to the percentage of principal set out in the Senior Notes Indenture for each relevant twelve month period

Upon the occurrence of certain events constituting a “change of control”, Barolo MidCo 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 in connection with the issuance the Senior Notes have been accounted for as Financing Fees and have been amortised on a straight line basis over the contractual duration of the Senior Notes which expires on the stated maturity date of the Senior Notes (1 March 2023).

#### **Revolving credit facility (RCF)**

In May 2013, TeamSystem Group also entered into a revolving credit facility in a principal amount of €45 million (the “Original RCF”). The interest rate payable on the Original RCF was based on EURIBOR plus a spread (varying between 4.00% and 4.50%) linked to the achievement of certain financial parameters as defined in the terms of the financing agreement.

The costs incurred in order to enter into the Original RCF were accounted for as Financing Fees and were amortised on a straight line basis over the contractual duration of the credit facility (i.e. until the stated maturity date of 15 November 2019). In connection with the completion of the Acquisition on 1 March 2016, the Original RCF was terminated and the residual carrying amount of the Financing Fees thousand relating to the Original RCF as at 1 March 2016 has been charged to the Group's consolidated statement of profit or loss.

On 1 March 2016, Barolo BidCo S.p.A., as borrower, entered into a new revolving credit facility (the “New RCF”) in a principal amount of €65 million, governed by the senior secured revolving credit facility agreement (the “SSRCF Agreement”). Loans under the New RCF bear interest at rates per annum initially equal to 4.00% plus EURIBOR or LIBOR (with a 0% floor in each case), as applicable, and, provided certain conditions set out in the SSRCF Agreement are met, will be subject to margin ratchet step downs based on the Group's senior secured net leverage ratio as set out in the SSRCF Agreement. On 20 May 2017, TeamSystem S.p.A. acceded as an additional borrower under the New RCF.

The costs incurred in order to enter into the New RCF have been accounted for as Financing Fees and have been amortised on a straight line basis over the contractual duration of the credit facility.

#### **Security and Guarantees Provided**

Set out below are details of the collateral provided in connection with the Existing Notes :

- Pledge over the entire share capital of TeamSystem Holding S.p.A.;
- Pledge over the shares of TeamSystem S.p.A.;
- Assignment by way of security of receivables deriving from intercompany lending transactions (between TeamSystem Holding S.p.A. and TeamSystem S.p.A.) as per the loan agreements for the Funding Loan and Shareholders Loan.

The Existing Notes were guaranteed by TeamSystem S.p.A.

Set out below are details of the collateral provided in connection with the New RCF:

- a pledge over 100 per cent. of the Issuer's shares in TeamSystem Holding S.p.A.;
- an assignment of intercompany receivables owed to the Issuer by TeamSystem Holding S.p.A. pursuant to the senior notes proceeds loan;
- a pledge over 100 per cent. of TeamSystem Holding S.p.A.'s shares in TeamSystem S.p.A.;

- an assignment of intercompany receivables owed to TeamSystem Holding S.p.A. by TeamSystem S.p.A.;
- (subject to any minority shareholder consent(s) that may be required having been obtained on or prior to the Redemption Date) a share pledge over 100 per cent. of TeamSystem S.p.A.'s shares in Gruppo Euroconference S.p.A. owned by TeamSystem S.p.A.;
- a pledge over 100 per cent. of TeamSystem S.p.A.'s shares in TSS S.p.A.;
- a pledge over material intellectual property rights owned by TeamSystem S.p.A.;
- a special lien over TeamSystem S.p.A.'s moveable assets;
- an assignment of intercompany receivables owed to TeamSystem S.p.A. by its subsidiaries.

The New RCF is guaranteed by Barolo BidCo S.p.A., Barolo MidCo S.p.A., TeamSystem Holding S.p.A. and TeamSystem S.p.A.

Set out below are details of the collateral provided in connection with the Senior Notes :

- a pledge over the shares of Barolo MidCo S.p.A.;
- a pledge over the shares of Barolo BidCo S.p.A.;
- Barolo MidCo S.p.A.'s rights under certain intercompany receivables owed to Barolo MidCo S.p.A. by Barolo BidCo S.p.A.

The Senior Notes are guaranteed by H&F Barolo Lux 1 S.à r.l. and Barolo BidCo S.p.A.

### **Vendor loan**

The vendor loan (€ 29,798 thousand) relates to put/call options and/or earn-outs due to holders of non controlling interests in Metodo S.p.A., Lexteam S.r.l., Inforyou S.r.l., Gruppo Euroconference S.p.A., TeamSystem Communication S.r.l., TeamSystem Emilia S.r.l., Atys S.r.l., Danae Soft S.r.l., Digita S.r.l., Lira S.r.l. and Madbit Entertainment S.r.l.

## **17. INVENTORIES**

	31 Mar 2016	31 Dec 2015	Change	% Change
Raw and ancillary materials	152	165	(14)	-8.4%
Finished products and goods	1,485	1,371	114	8.3%
(Allowance for slow-moving inventory)	(74)	(74)		
<b>Total</b>	<b>1,563</b>	<b>1,463</b>	<b>100</b>	<b>6.9%</b>

Inventories amount at € 1,563 thousand at 31 March 2016 and, therefore, are substantially flat compared to the balance at 31 December 2015 (€ 1,463 thousand).

## **18. TRADE RECEIVABLES**

	31 Mar 2016	31 Dec 2015	Change	% Change
Trade receivables	157,672	103,471	54,201	52.4%
(Allowance for bad debts)	(14,396)	(13,621)	(775)	5.7%
<b>Total</b>	<b>143,277</b>	<b>89,850</b>	<b>53,426</b>	<b>59.5%</b>

Trade receivables at 31 March 2016 amount to € 143,277 thousand. The increase of € 53,426 thousand compared to the balance at 31 December 2015 (€ 89,850 thousand) is basically due to the seasonality of the business that is a feature of the Software and Services business unit.

Trade receivables are recorded net of an allowance for doubtful debts of € 14,396 thousand at 31 March 2016, basically in line with the amount recorded at 31 December 2015 (€ 13,621 thousand) that is accounted for after having analysed the specific risk associated with doubtful balances.

## **19. TAX RECEIVABLES**

	31 Mar 2016	31 Dec 2015	Change	% Change
VAT receivables	2	370	(367)	-99,4%
Tax credits	578	546	32	5,8%
Other tax receivables	530	531	(2)	-0,3%
Withholding tax credit	28	2	26	n.s.
Tax consolidation receivables	76	(0)	76	n.s.
Advances and income tax credits	1.956	3.945	(1.989)	-50,4%
<b>Total</b>	<b>3.169</b>	<b>5.394</b>	<b>(2.225)</b>	<b>-41,2%</b>

Tax receivables at 31 March 2016 amount to € 3,169 thousand, down compared to the balance at 31 December 2015 (€ 5,394 thousand) by € 2,225 thousand.

## 20. OTHER RECEIVABLES

	31 Mar 2016	31 Dec 2015	Change	% Change
Deposits	700	667	32	4,9%
Receivables from employees	197	329	(132)	-40,2%
Other receivables	1,267	1,878	(611)	-32,5%
Accrued income	192	76	116	n.s.
Prepayments	12,602	10,303	2,299	22,3%
<b>Total</b>	<b>14,957</b>	<b>13,252</b>	<b>1,705</b>	<b>12,9%</b>

The Other receivables balance amount at € 14,957 thousand at 31 March 2016 and thus resulting in an increase of € 1,705 thousand compared to the 31 December 2015 balance due to Prepayments increase for € 2,299 thousand, following the seasonality of the business which is a typical feature of the Software and Services business unit.

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

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	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 2014</b>	3,214	212,373	(1,265)	(11,389)	(32,036)	170,897	707	171,604
Loss allocation		(30,402)	(1,634)		32,036	0		0
Total Comprehensive Income (Loss) for the period					(4,901)	(4,901)	54	(4,847)
<b>31 Mar 2015</b>	3,214	181,971	(2,899)	(11,389)	(4,901)	165,996	761	166,757

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	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 2015</b>	3,214	179,401		(11,389)	(18,415)	152,810	799	153,609
Loss allocation		(18,415)			18,415	0		0
Other movements	2,236	476,316		11,389		489,941		489,941
Total Comprehensive Income (Loss) for the period					(8,483)	(8,483)	57	(8,425)
<b>31 Mar 2016</b>	5,450	637,302	0	(0)	(8,483)	634,269	856	635,125

The Group's equity at 31 March 2016 amounts to € 634,269 thousand as a consequence of the acquisition of TeamSystem Group made by Barolo MidCo S.p.A. on the first months of 2016.

## 22. STAFF LEAVING INDEMNITY

	31 Mar 2016	31 Dec 2015	Change	% Change
Staff leaving indemnity	15,833	15,931	(98)	-0.6%
<b>Total</b>	<b>15,833</b>	<b>15,931</b>	<b>(98)</b>	<b>-0.6%</b>

Staff leaving indemnity at 31 March 2016 amounts to € 15,833 thousand, down on the balance at 31 December 2015 (€ 15,931 thousand) by € 98 thousand, being the aggregate of utilisations, accruals and any other movements.

### 23. PROVISIONS FOR RISKS AND CHARGES

	31 Mar 2016	31 Dec 2015	Change	% Change
Provision for pension and similar obligation	1,456	1,490	(33)	-2.2%
Provision for litigations	1,020	1,024	(4)	-0.4%
Other provision for risks and charges	357	354	4	1.1%
<b>Total</b>	<b>2,834</b>	<b>2,868</b>	<b>(33)</b>	<b>-1.2%</b>

Provisions for risks and charges at 31 March 2016 amount to € 2,834 thousand, essentially unchanged on the balance at 31 December 2015 (€ 2,868 thousand).

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

### 24. OTHER CURRENT AND NON CURRENT LIABILITIES

	31 Mar 2016	31 Dec 2015	Change	% Change
Due to social securities	3,743	6,648	(2,905)	-43.7%
Employees payables	11,561	12,550	(988)	-7.9%
Advances	2,867	3,449	(582)	-16.9%
Other liabilities	628	748	(119)	-16.0%
Accrued liabilities	88	185	(97)	-52.4%
Deferred revenues	92,753	24,660	68,093	n.s.
<b>Other current liabilities</b>	<b>111,642</b>	<b>48,240</b>	<b>63,402</b>	<b>n.s.</b>
Due to social securities - non current	694	706	(12)	-1.7%
Other tax liabilities - non current	51	54	(3)	-6.3%
<b>Other non current liabilities</b>	<b>745</b>	<b>760</b>	<b>(16)</b>	<b>-2.05%</b>
<b>Total Other liabilities</b>	<b>112,386</b>	<b>49,000</b>	<b>63,386</b>	<b>n.s.</b>

Other current and non current liabilities at 31 March 2016 amount to € 112,386 thousand, up by € 63,386 thousand compared to the balance at 31 December 2015 (€ 49,000 thousand). This increase is substantially due to the seasonality of the business that is a feature of the Software and Services business unit.

Other non current liabilities at 31 March 2016 amount to € 745 thousand (€ 760 thousand at 31 December 2015) and relate primarily to the following balances pertaining to TeamSystem S.p.A.:

- € 51 thousand relating to income tax, VAT and other taxes of TeamSystem Fabriano S.r.l., merged by absorption into TeamSystem S.p.A. in 2001;
- € 694 thousand relating to social contributions, of which € 680 thousand relates to the ancillary establishment in Campobasso and € 14 thousand relates to the ancillary establishment in Fabriano.

### 25. CURRENT TAX LIABILITIES

	31 Mar 2016	31 Dec 2015	Change	% Change
VAT liabilities	2,865	1,100	1,765	n.s.
Income tax payables	5,441	4,144	1,297	31.29%
Liabilities from tax consolidation	73	(0)	73	n.s.
Withholdings liabilities	2,876	3,305	(429)	-12.99%
Other tax liabilities	106	76	29	38.41%
<b>Total</b>	<b>11,360</b>	<b>8,625</b>	<b>2,735</b>	<b>31.7%</b>

Current tax liabilities at 31 March 2016 amount to € 11,360 thousand, up by € 2,735 thousand compared to the balance at 31 December 2015 (€ 8,625 thousand). This change is attributable to:

- the increase in VAT liabilities (€ 1,765 thousand), essentially linked to the seasonality of billings relating to maintenance contracts that is a feature of the Software and Services business unit;
- the increase in Income tax payables (€ 1,297 thousand) due to balance of IRAP ed IRES charged in first three months of 2016.

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