

30 September 2020
Interim Consolidated
Financial Statements
TeamSystem Group



**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS
ENDED
30 SEPTEMBER 2020**

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TeamSystem Holding S.p.A. and its Subsidiaries
TeamSystem Group

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**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FIRST NINE MONTHS ENDED 30 SEPTEMBER 2020**

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**DIRECTORS’
REPORT**

► RESULTS OF OPERATIONS

Euro thousands								
CONSOLIDATED STATEMENT OF PROFIT OR LOSS					Quarter	Quarter		
	30 Sep 2020	30 Sep 2019	Change	% Change	3Q 2020	3Q 2019	Change	% Change
Revenue	301,428	264,679	36,749	13.9%	100,825	87,453	13,372	15.3%
Other operating income	1,587	537	1,050	195.3%	1,180	801	379	47.3%
TOTAL REVENUE	303,015	265,217	37,799	14.3%	102,004	88,254	13,751	15.6%
Cost of raw and other materials	(24,676)	(19,739)	(4,938)	25.0%	(8,238)	(6,340)	(1,897)	29.9%
Cost of services	(61,930)	(64,436)	2,505	-3.9%	(18,869)	(20,219)	1,350	-6.7%
Personnel costs	(82,486)	(80,699)	(1,787)	2.2%	(24,748)	(25,899)	1,152	-4.4%
Other operating costs	(2,763)	(4,827)	2,064	-42.8%	465	(1,756)	2,221	-126.5%
Depreciation and amortization of non-current assets	(65,792)	(61,944)	(3,848)	6.2%	(23,630)	(21,764)	(1,865)	8.6%
Allowance for bad debts	(3,957)	(3,615)	(342)	9.5%	(35)	(1,225)	1,189	-97.1%
Other provisions for risks and charges	(48)	(4,372)	4,324	-98.9%	(7)	(4,368)	4,360	-99.8%
OPERATING RESULT	61,363	25,586	35,777	139.8%	26,943	6,682	20,261	303.2%
Finance income	3,896	506	3,390	669.6%	3,757	275	3,482	1266.8%
Finance cost	(44,658)	(36,962)	(7,696)	20.8%	(14,275)	(13,722)	(554)	4.0%
PROFIT (LOSS) BEFORE INCOME TAXES	20,601	(10,870)	31,471	-289.5%	16,425	(6,765)	23,190	-342.8%
Current income tax	(16,727)	(12,411)	(4,316)	34.8%	(4,813)	(2,457)	(2,356)	95.9%
Deferred income tax	10,857	11,936	(1,078)	-9.0%	3,523	5,252	(1,728)	-32.9%
TOTAL INCOME TAX	(5,869)	(475)	(5,395)	1136.1%	(1,289)	2,795	(4,084)	-146.1%
PROFIT (LOSS) FOR THE PERIOD	14,732	(11,345)	26,077	-229.8%	15,135	(3,970)	19,105	-481.3%
(Profit) Loss for the period								
Non-controlling interests	(104)	(44)	(60)	138.4%	(17)	(0)	(16)	4518.3%
PROFIT (LOSS) FOR THE PERIOD OWNERS OF THE COMPANY	14,628	(11,389)	26,016	-228.4%	15,119	(3,970)	19,089	-480.8%
ADJUSTED EBITDA	134,355	98,296	36,059	36.7%	51,312	35,653	15,660	43.9%

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Consolidated Financial Statements as at 30 September 2019 have been remeasured because of the consolidation of the following subsidiaries in 30 September 2019 accounts:

TeamSystem Financial Value Chain S.r.l.; Whit-e S.r.l.; Factor@Work S.r.l.; TeamSystem AM Holdco S.r.l.; TeamSystem Capital at Work SGR S.p.A.; TeamSystem Payments Holdco S.r.l.; TeamSystem Payments S.r.l.; Gi.Esse Macchine Utensili S.r.l.; TeamSystem 4 S.r.l.; Techmass S.r.l.

In addition to that, some line items have also been remeasured, with particular reference to: cost of services, provision for risks and charges, current and deferred income taxation, staff leaving indemnity and Liabilities to non-controlling shareholders.

The 30 September 2019 comparative figures presented in 30 September 2020 Consolidated Financial Statements are therefore different than those reported in 30 September 2019 Consolidated Financial Statements.

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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; (ii)Depreciation and amortization of non-current assets; (iii)Impairment of non-current assets; (iv)Allowance for bad debts; (v)Certain costs deemed by Management to be non-core for the measurement of the Group's performance, such as: Strategic marketing expenses; Costs for changing and closing locations; Advisory expenses related to reorganization and cost saving projects; Personnel redundancy; Acquisitions and mergers costs; Settlements with clients and agents; Other minor items.

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

Euro thousands								
ADJUSTED EBITDA RECONCILIATION	30 Sep 2020	30 Sep 2019	Change	% Change	Quarter 3Q 2020	Quarter 3Q 2019	Change	% Change
PROFIT (LOSS) FOR THE YEAR	14,732	(11,345)	26,077	-229.8%	15,135	(3,970)	19,105	-481.3%
Income tax	5,869	475	5,395	1136.1%	1,289	(2,795)	4,084	-146.1%
Financial income and expenses	40,762	36,456	4,306	11.8%	10,518	13,447	(2,929)	-21.8%
Other provisions for risks and charges	48	4,372	(4,324)	-98.9%	7	4,368	(4,360)	-99.8%
Depreciation and amortization of non-current assets	65,792	61,944	3,848	6.2%	23,630	21,764	1,865	8.6%
Allowance for bad debts	3,957	3,615	342	9.5%	35	1,225	(1,189)	-97.1%
Advisory expenses related to reorganization and cost saving projects	1,127	1,514	(387)	-25.6%	1,127	1,514	(387)	-25.6%
Personnel redundancy	984	426	558	131.0%	141	112	29	25.9%
Acquisitions and mergers costs	880	262	619	236.5%	333	(15)	348	-2366.8%
Settlements with clients and agents	70	520	(450)	-86.5%	(1,014)	68	(1,082)	-1589.1%
Other minor items	133	57	75	131.6%	111	(66)	177	-268.0%
ADJUSTED EBITDA	134,355	98,296	36,058	36.7%	51,313	35,652	15,660	43.9%

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 2020 and the corresponding figures for the period ended 30 September 2019.

The results as at 30 September 2020 are affected by the consolidation of the following companies: TeamSystem 5 S.r.l., AF Soluzioni S.r.l., Area 32 S.r.l., Beneficy S.r.l., MBM Italia S.r.l., (which have been acquired during 2020) and TeamSystem BK S.r.l. (previously named BK Service S.r.l.), Iperelle S.r.l. and its subsidiaries which were both acquired in the last quarter of 2019.

With reference to the acquisition of Beneficy S.r.l., the Consolidated financial statements ended 30 September 2020 include only its statement of financial position as at 30 September 2020, not its Profit or loss for the first nine months of 2020 (see “Significant events during the first nine months of 2020” section).

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TOTAL REVENUE: Total Revenue for the period ended 30 September 2020 amounts to € 303,015 thousand, up by € 37,799 thousand compared to the corresponding figure for the period ended 30 September 2019 (€ 265,217 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 2020.

Euro Millions								
	30 Sep 2020	30 Sep 2019	Change	% Change	Quarter 3Q 2020	Quarter 3Q 2019	Change	% Change
Direct Channel	92.9	83.9	9.0	10.8%	31.4	27.9	3.5	12.4%
Recurring	77.0	68.2	8.9	13.0%	26.2	23.4	2.9	12.4%
Licenses/Prof. Services	15.9	15.7	0.2	1.2%	5.2	4.6	0.6	12.3%
Indirect Channel	82.0	78.0	4.0	5.1%	26.9	25.1	1.8	7.0%
Recurring	77.7	74.0	3.6	4.9%	25.5	23.8	1.7	7.1%
Licenses/Prof. Services	4.4	4.0	0.4	9.0%	1.4	1.3	0.1	4.9%
Micro and new Business Solutions	50.5	34.1	16.4	48.1%	17.5	14.2	3.4	23.8%
Recurring	46.8	31.3	15.6	49.8%	16.4	12.4	4.0	32.1%
Licenses/Prof. Services	3.7	2.8	0.8	29.1%	1.2	1.8	(0.6)	-34.3%
Vertical Solutions	78.3	67.5	10.8	16.0%	26.4	20.4	6.0	29.2%
Recurring	48.5	37.5	11.0	29.3%	17.5	12.4	5.2	41.7%
Licenses/Prof. Services	29.9	30.0	(0.2)	-0.6%	8.9	8.0	0.8	10.0%
Hardware	1.5	1.8	(0.4)	-19.6%	0.5	0.6	(0.1)	-15.6%
Others	(2.2)	(0.2)	(2.1)	1320.4%	(0.6)	0.1	(0.7)	-1375.2%
TOTAL REVENUE	303.0	265.2	37.8	14.3%	102.0	88.3	13.8	15.6%

Recurring revenues refer to those contracts for which customers pay a fee that is renewed (generally tacitly) on expiry. They are basically represented by contracts activated in subscription on premises, subscription in cloud, software and hardware assistance and maintenance contracts, LTA, education, etc..

Recurring revenues increased at all levels of aggregation of revenues by channel / product, compared to the 30 September 2019 figures.

During the course of 2019, TeamSystem Group completed its revision of its corporate reporting system that led to substantial changes to the format of internal reports reviewed periodically by Management with the definitive elimination of the breakdown at the level of the previously identified three operating segments: **Software Solutions, Cloud Software Solutions and Hardware**.

In fact, Group Management deemed it appropriate and necessary (in a technological context of a market characterised by continuous evolution) to review its reporting activities that, effective 2019, envisage one sole operating segment for reporting purposes, the **Software Business Unit**, in line with the new organisational and internal responsibility structure.

Note that, at 30 September 2020, the financial sector companies that were newly incorporated and newly acquired in 2019 do not meet the quantitative thresholds set out in the applicable accounting standard (IFRS 8.13) and, given their immateriality within the Group, no specific disclosures have been made at Group level. Related disclosures have thus been presented in the “**Other sectors**” category, separately from the other reconciling items within the reconciliations required by IFRS 8.23.

Below, the allocation of Total Revenue for the first nine months of 2020 to the new operating segments, compared with the corresponding period ended 30 September 2019.

Euro thousands								
OPERATING SEGMENTS	30 Sep 2020	30 Sep 2019	Change	% Change	Quarter 3Q 2020	Quarter 3Q 2019	Change	% Change
Business unit - Software	302,359	264,383	37,976	14%	101,854	87,420	14,434	17%
Other	656	834	(177)	-21%	150	834	(683)	-82%
TOTAL REVENUE	303,015	265,217	37,799	14.3%	102,004	88,254	13,751	15.6%

ADJUSTED EBITDA: Adjusted Ebitda for the period ended 30 September 2020 amounts to € 134,355 thousand, up by € 36,059 thousand compared to the amount at 30 September 2019 (€ 98,296 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 2020.

COST OF RAW AND OTHER MATERIALS: Cost of raw and other materials amounts to € 24,676 thousand for the period ended 30 September 2020, up by € 4,938 thousand compared to the amount at 30 September 2019 (€ 19,739 thousand); this because of the organic growth experienced by the Group in the first nine months of 2020 and because of the change in the consolidation area.

COST OF SERVICES: Cost of services amounts to € 61,930 thousand for the period ended 30 September 2020, down by € 2,505 thousand from the amount of the period ended 30 September 2019 (€ 64,436 thousand).

PERSONNEL COSTS: Personnel costs for the period ended 30 September 2020 (€ 82,486 thousand), up by € 1,787 thousand, compared to the amount at 30 September 2019 (€ 80,699 thousand). This is mainly due to the change in the consolidation area and to the organic growth experienced by the Group in the first nine months of 2020.

OTHER OPERATING COSTS: Other operating costs amount to € 2,763 thousand for the period ended 30 September 2020, down by € 2,064 thousand compared to the period ended 30 September 2019 (€ 4,827 thousand).

FINANCE COST: Financial charges for the period ended 30 September 2020 amount to € 44,658 thousand with an increase of € 7,696 thousand, compared to the corresponding amount at 30 September 2019 (€ 36,962 thousand).

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CONSOLIDATED STATEMENT OF CASH FLOWS

Euro thousands								
CONSOLIDATED STATEMENT OF CASH FLOWS	30 Sep 2020	30 Sep 2019	Change	% Change	Quarter 3Q 2020	Quarter 3Q 2019	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	118,995	114,363	4,633	4.1%	36,468	35,240	1,228	3.5%
Capital Expenditure	(25,837)	(20,514)	(5,323)	26.0%	(9,694)	(6,586)	(3,108)	47.2%
Acquisition of investments	(23,261)	(7,094)	(16,167)	227.9%	31	7,128	(7,096)	-99.6%
CASH FLOWS FROM INVESTING ACTIVITIES	(49,099)	(27,608)	(21,491)	77.8%	(9,662)	542	(10,204)	-1882.6%
Financial balance paid / cashed-in and change in financial assets / liabilities	(30,059)	(33,648)	3,588	-10.7%	(19,601)	(11,937)	(7,664)	64.2%
Liabilities to non-controlling shareholders paid	(26,268)	(6,009)	(20,258)	337.1%	(618)	(641)	23	-3.6%
Distribution of reserves	0	(48,000)	48,000	-100.0%	0	(48,000)	48,000	-100.0%
CASH FLOWS FROM FINANCING ACTIVITIES	(56,327)	(87,658)	31,331	-35.7%	(20,218)	(60,577)	40,359	-66.6%
CHANGES DUE TO EXCHANGE RATE MOVEMENTS	(8)	0	(9)	-2152.0%	0	0	0	130.5%
INCREASE (DECREASE) IN CASH AND BANK BALANCES	13,562	(902)	14,464	-1602.9%	6,588	(24,795)	31,383	-126.6%

Cash flows from operating activities amount to € 118,995 thousand for the period ended 30 September 2020, increasing by € 4,633 thousand, compared to the corresponding flows for the period ended 30 September 2019 (€ 114,363 thousand).

Cash flows from investing activities changed from negative € 27,608 thousand in the period ended 30 September 2019 to negative € 49,099 thousand for the corresponding period of 2020.

The main investment activities for the first nine months of 2020 are related to:

- capitalized development costs and capital expenditures on tangible and intangible assets, see “Capital expenditure” section;
- the acquisition of Prosystem S.r.l.’s Group of Assets;
- the investments in TeamSystem 5 S.r.l., Area 32 S.r.l., MBM Italia S.r.l., AF Soluzioni S.r.l., Beneficy S.r.l. and Habble S.r.l..

For further information see “Significant events during the first nine months of 2020” section.

Cash flows from financing activities changed from negative € 87,658 thousand in the period ended 30 September 2019 to negative € 56,327 thousand for the corresponding period of 2020.

The main cash items occurred in the first nine months of 2020 are attributable to:

- the payment of Interests on Notes;
- the payment of IFRS16 leases liabilities, consisting of principal and interests;
- the adjustments of considerations paid in relation to recent acquisitions of investments;
- the acquisition of further interests in Aliaslab S.p.A., Netlex S.r.l. and Evolution Fit S.r.l.;
- the payment of earn-outs primarily related to investments in Skylab Italia S.r.l. and in subsidiaries merged by absorption into TeamSystem S.p.A. during the previous years.

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► WORKING CAPITAL

Euro thousands				
	30 Sep 2020	31 Dec 2019	Change	% Change
Trade receivables	144,663	122,474	22,190	18.1%
Inventories	993	845	148	17.5%
Other receivables	26,661	30,395	(3,734)	-12.3%
Trade payables	(30,100)	(47,692)	17,592	-36.9%
Other liabilities	(137,687)	(100,461)	(37,226)	37.1%
WORKING CAPITAL	4,529	5,561	(1,031)	-18.5%

At 30 September 2020 Working capital amounts to € 4,529 thousand, down by € 1,031 thousand compared to the balance at 31 December 2019 (€ 5,561 thousand). The decrease is primarily attributable to Other liabilities (which balance is € 137,687 thousand at 30 September 2020 compared to € 100,461 thousand at 31 December 2019) and to Trade receivables (which balance is € 144,663 thousand at 30 September 2020 compared to € 122,474 thousand at 31 December 2019).

The movement in Working capital balance during the first nine months of 2020 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 2020	30 Sep 2019	Change	% Change	Quarter 3Q 2020	Quarter 3Q 2019	Change	% Change
Investments in tangible assets	2,471	2,188	283	12.9%	798	346	452	130.6%
Investments in intangible assets	10,904	7,815	3,089	39.5%	4,671	2,743	1,928	70.3%
Capitalized development costs - personnel costs	10,794	8,154	2,640	32.4%	3,732	2,748	984	35.8%
Capitalized development costs - service costs	1,669	2,357	(688)	-29.2%	492	749	(257)	-34.3%
CAPEX EXPENDITURE - TOTAL	25,837	20,514	5,323	25.9%	9,693	6,586	3,107	47.2%

In the period ended 30 September 2020 the Capital expenditure amounts to € 25,837 thousand with an increase of € 5,323 thousand compared to 30 September 2019 balance (€ 20,514 thousand).

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► **SIGNIFICANT EVENTS DURING THE FIRST NINE MONTHS OF 2020**

● **ACQUISITION OF INVESTMENT**

Acquisition of Prosystem S.r.l.'s Group of Assets

With the aim of strengthening its presence in the management software market for tax consultants, in January 2020, TeamSystem S.p.A. acquired a Group of Assets from Prosystem S.r.l., consisting, inter alia, of rights relating to management software for tax consultants and existing contractual relationships.

Acquisition of TeamSystem 5 S.r.l.

To increase its direct presence in Italy, in January 2020, TeamSystem S.p.A. acquired a controlling interest in TeamSystem 5 S.r.l., a newco to which Aldebra S.p.A. (a TeamSystem products dealer that markets and sells “Metodo”, “TeamSystem Digital”, “ESA”, “Alyante”, “Lynfa” and “STR” software solutions) had previously transferred a business segment.

Acquisition of AREA 32 S.r.l.

In order to increase its commercial offers to Third Sector's entities and companies, at the end of February 2020, TeamSystem S.p.A. acquired the 100% interest in Area 32 S.r.l., a software house that develops and distributes cloud software solutions for Third Sector activities: sport, non-profit and culture.

Acquisition of MBM Italia S.r.l.

In April 2020, TeamSystem S.p.A. acquired a majority stake corresponding to 61% of share capital of MBM Italia S.r.l, a company that develops:

- software solutions for the management of planning and logistic of industrial companies;
- management softwares for manufacturing companies, mainly fashion companies.

With this acquisition, the Group has further strengthened its position in the “Industria 4.0” sector and its product range dedicated to the digitalization and optimization of organisational and production processes.

Acquisition of AF Soluzioni S.r.l.

In April 2020, TeamSystem S.p.A. acquired a majority stake corresponding to 60% of share capital of AF Solutions S.r.l, a company that develops on premise and cloud software solutions for e-procurement and for the

management of tenders. The acquisition allows TeamSystem S.p.A. to enter new markets with a product dedicated to the public administration and to acquire skills for the management of the account receivable.

Acquisition of Habble S.r.l.

In order to amplify its portfolio of cloud solutions for professionals and small-medium enterprises, in May 2020 TeamSystem S.p.A. acquired a 5% stake in the share capital of Habble S.r.l., a company that develops SaaS cloud software for planning and control of business costs in real time.

Acquisition of Beneficy S.r.l.

In May 2020, TeamSystem S.p.A. acquired a majority stake corresponding to 51% of share capital of Beneficy S.r.l., a company that has developed an innovative platform to let companies, employees and labour consultant to manage and use their welfare benefits on a dedicated marketplace.

Acquisition of residual 49% stake of Netlex S.r.l.

In May 2020, TeamSystem S.p.A. acquired the residual 49% stake in Netlex S.r.l and now is the fully owner of Netlex S.r.l.. The company develops and markets advanced cloud solutions for legal and professional practices.

Acquisition of 20% stake of Evolution Fit S.r.l.

In May 2020, TeamSystem S.p.A. acquired a 20% stake in Evolution Fit S.r.l and now it owns the 71% of Evolution Fit S.r.l.. The company is specialised in the development and marketing of cloud software for wellness operators (gyms, personal trainers etc...).

Acquisition of 19% stake of Aliaslab S.p.A.

In June 2020, TeamSystem S.p.A. acquired a 19% stake in Aliaslab S.p.A. and now it owns the 70% of Aliaslab S.p.A.. The company is specialised in electronic signature and authentication services, with distinctive market positioning in Italy.

• OTHER SIGNIFICANT EVENTS

Change of BK Service S.r.l. name

BK Service S.r.l. has been renamed in TeamSystem BK S.r.l.

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► SIGNIFICANT SUBSEQUENT EVENTS

Acquisition of Ciaomanager S.r.l.

In order to amplify its portfolio of cloud solutions for the hospitality industry, in October 2020 TeamSystem S.p.A. acquired 15% stake in the share capital of Ciaomanager S.r.l.. The company has developed integrated SaaS cloud solutions for the hotel management and bookings, in addition to an innovative solution for predictive revenue management based on artificial intelligence algorithms.

Acquisition of 80% stake of Team4You S.r.l.

In October 2020, TeamSystem S.p.A. acquired a further 80% stake in Team4You S.r.l. (then increasing TeamSystem S.p.A.'s previous equity interest of 10% and therefore reaching a total control percentage of 90% after the transaction). Team4You S.r.l. is a TeamSystem S.p.A.'s products dealer which sells solutions for tax consultants and accountants.

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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 2020, transactions with subsidiaries and the parent company Barolo Lux 1 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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**BOARD OF DIRECTORS, STATUTORY AUDITORS
and OTHER INFORMATION**

BOARD OF DIRECTORS	
30 Sep 2020	TITLE
VINCENZO MORELLI	CHAIRMAN
FEDERICO LEPROUX	CHIEF EXECUTIVE OFFICER
PATRICK JOHN HEALY	DIRECTOR
VINCENZO FERRARI	DIRECTOR
TOMMASO COHEN	DIRECTOR
BLAKE CHRISTOPHER KLEINMAN	DIRECTOR
GUILLAUME VANMOERBEKE	DIRECTOR
LUCA VELUSSI	DIRECTOR
JEAN BAPTISTE BRIAN	DIRECTOR

BOARD OF STATUTORY AUDITORS	
30 Sep 2020	TITLE
CLAUDIO SANCHIONI	CHAIRMAN
FABIO LANDUZZI	STATUTORY AUDITOR
NICOLE MAGNIFICO	STATUTORY AUDITOR
MARCO CECILIONI	ALTERNATIVE AUDITOR
CRISTINA AMADORI	ALTERNATIVE AUDITOR

REGISTERED OFFICE and OTHER INFORMATION	
TEAMSYSTEM HOLDING S.p.A.	
REGISTERED OFFICE	PESARO - Via Sandro Pertini, 88
SHARE CAPITAL	Euro 5,450,000
ITALIAN TAX CODE	09290340968
INDEPENDENT AUDITORS	DELOITTE & TOUCHE S.p.A.

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UNAUDITED
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS
ENDED
30 SEPTEMBER 2020

TeamSystem Holding S.p.A. and its Subsidiaries TeamSystem Group

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Sep 2020	30 Sep 2019	NOTES
Revenue	301,428	264,679	1
Other operating income	1,587	537	1
TOTAL REVENUE	303,015	265,217	1
Cost of raw and other materials	(24,676)	(19,739)	2
Cost of services	(61,930)	(64,436)	3
Personnel costs	(82,486)	(80,699)	4
Other operating costs	(2,763)	(4,827)	5
Depreciation and amortization of non-current assets	(65,792)	(61,944)	
Allowance for bad debts	(3,957)	(3,615)	
Other provisions for risks and charges	(48)	(4,372)	
OPERATING RESULT	61,363	25,586	
Finance income	3,896	506	6
Finance cost	(44,658)	(36,962)	7
PROFIT (LOSS) BEFORE INCOME TAXES	20,601	(10,870)	
Current income tax	(16,727)	(12,411)	
Deferred income tax	10,857	11,936	
TOTAL INCOME TAX	(5,869)	(475)	
PROFIT (LOSS) FOR THE PERIOD	14,732	(11,345)	
(Profit) Loss for the period - Non-controlling interests	(104)	(44)	
PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	14,628	(11,389)	
ADJUSTED EBITDA	134,355	98,296	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Sep 2020	30 Sep 2019	NOTES
PROFIT (LOSS) FOR THE PERIOD	14,732	(11,345)	20
Actuarial evaluation of Staff leaving indemnity	(146)	(1,032)	
Fiscal effect	35	249	
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX	(111)	(783)	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	14,621	(12,128)	20
Total comprehensive (income) loss for the period attributable to Non-controlling interests	(104)	(44)	20
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	14,517	(12,172)	20

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	30 Sep 2020	31 Dec 2019	NOTES
Tangible assets	15,024	15,139	9
Intangible assets	632,801	641,985	10
Right of use	22,980	22,987	11
Goodwill	757,411	734,258	12
Other Investments	1,041	308	13
Investments in associates	129	129	13
Deferred tax assets	13,715	14,760	14
Financing fees prepayments - non-current	392	701	15
TOTAL NON-CURRENT ASSETS	1,443,492	1,430,266	
Inventories	993	845	16
Trade receivables	144,663	122,474	17
Tax receivables	673	3,847	18
Other receivables - current	26,661	30,395	19
Financing Fees prepayments - current	413	413	15
Other financial assets - current	108	72	15
Cash and bank balances	49,974	36,412	15
TOTAL CURRENT ASSETS	223,484	194,458	
TOTAL ASSETS	1,666,975	1,624,724	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	30 Sep 2020	31 Dec 2019	NOTES
Share capital	5,450	5,450	20
Other reserves	359,737	395,193	20
Profit (Loss) attributable to Owners of the Company	14,628	(35,346)	20
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	379,814	365,297	
Non-controlling interests - Capital and reserves	535	465	20
Non-controlling interests - Profit (Loss)	104	71	20
TOTAL NON-CONTROLLING INTERESTS	639	537	
TOTAL EQUITY	380,453	365,834	
Financial liabilities with banks and other institutions - non-current	855,370	884,518	15
Staff leaving indemnity	18,944	17,338	21
Provisions for risks and charges	4,249	8,595	22
Deferred tax liabilities	163,662	168,958	14
Other liabilities - non-current	490	523	23
TOTAL NON-CURRENT LIABILITIES	1,042,714	1,079,932	
Financial liabilities with banks and other institutions - current	61,910	27,150	15
Trade payables	30,100	47,692	
Tax liabilities - current	14,110	3,656	24
Other liabilities - current	137,687	100,461	23
TOTAL CURRENT LIABILITIES	243,808	178,958	
TOTAL LIABILITIES	1,286,522	1,258,890	
TOTAL EQUITY AND LIABILITIES	1,666,975	1,624,724	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	30 Sep 2020	30 Sep 2019	NOTES
Operating Result	61,363	25,586	
Depreciation and amortization of non-current assets	65,792	61,944	
Depreciation and amortisation of non-current assets	65,792	61,944	
Trade receivables	(20,046)	4,672	
Inventories	(148)	(115)	
Other receivables	39	(1,207)	
Trade payables	(17,814)	(12,958)	
Other liabilities	34,951	38,584	
Change in Working capital	(3,019)	28,977	
Staff leaving indemnity	46	(355)	
Provisions for risks and charges	(1,843)	1,194	
Change in provisions	(1,797)	839	
Income tax	(3,343)	(2,983)	
CASH FLOWS FROM OPERATING ACTIVITIES	118,995	114,363	8
Investments in tangible assets	(2,471)	(2,188)	
Investments in intangible assets	(10,904)	(7,815)	
Capitalized development costs - personnel costs	(10,794)	(8,154)	
Capitalized development costs - service costs	(1,669)	(2,357)	
Capital Expenditure	(25,837)	(20,514)	
Acquisition of investments	(25,831)	(14,841)	8
Cash and bank balances at the date of acquisition	2,570	7,747	
Acquisition of investments	(23,261)	(7,094)	8
CASH FLOWS FROM INVESTING ACTIVITIES	(49,099)	(27,608)	
Financial balance paid / cashed-in and change in financial assets / liabilities	(30,059)	(33,648)	8
Liabilities to non-controlling shareholders paid	(26,268)	(6,009)	8
Distribution of reserves	0	(48,000)	
CASH FLOWS FROM FINANCING ACTIVITIES	(56,327)	(87,658)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS	(8)	0	
INCREASE (DECREASE) IN CASH AND BANK BALANCES	13,561	(902)	
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	36,412	24,574	
CASH AND BANK BALANCES - END OF THE PERIOD	49,974	23,672	

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
31 Dec 2018	5,450	501,117	(826)	(56,030)	449,711	464	450,175
Loss allocation		(56,856)	826	56,030	0		0
Dividends		(48,000)			(48,000)		(48,000)
Total Comprehensive Income (Loss) for the period		(783)		(11,389)	(12,172)	44	(12,128)
30 Sep 2019	5,450	395,479	0	(11,389)	389,540	508	390,049

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
Total Comprehensive Income (Loss) for the period		(111)		14,628	14,517	104	14,621
30 Sep 2020	5,450	359,737	0	14,628	379,814	639	380,453

TeamSystem Group

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

►COMPANY BACKGROUND

TeamSystem Holding S.p.A. is a company registered with the Pesaro business register and it is domiciled in Italy with its registered office located in Pesaro. TeamSystem Holding S.p.A. (the “Parent Company”) is the parent company of TeamSystem Group (the “Group”), leader in Italy in the production and marketing of management software and in the provision of training targeted at associations, small and medium-sized enterprises and professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals).

The company is a 100% directly held subsidiary of Barolo Lux 1 S.à.r.l., which, in its turn, is an approximately 87.9% indirectly held subsidiary of the private equity firm Hellman & Friedman (“H&F”), with the reminder equity interest held by the private equity firm HG Capital (8.5%) and by TeamSystem’s senior and middle managers (3.6%).

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►BASIS OF PREPARATION

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

The accounting standards adopted for the preparation of the TeamSystem Holding S.p.A. consolidated financial statements for the period ended 30 September 2020 are the same used for the preparation of TeamSystem Holding S.p.A. consolidated financial statements for the period ended 31 December 2019 (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 documents for the period ended 30 September 2020 show comparative figures as at 30 September 2019 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 and show comparative figures as at 31 December 2019 for the components of consolidated statement of financial position.

The interim consolidated financial statements for the period ended 30 September 2020 consist of a consolidated statement of profit or loss, a consolidated statement of comprehensive income, a consolidated statement of financial position, 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 the one used for the preparation of the TeamSystem Holding S.p.A. consolidated financial statements for the year ended 31 December 2019.

This interim consolidated financial report for the first nine months ended 30 September 2020 is presented in Euro and all amounts have been rounded to Euro thousands, unless otherwise specified.

The consolidated financial statements of TeamSystem Holding S.p.A. and its subsidiaries (TeamSystem Group) for the nine months period ended 30 September 2020 and for the nine months period ended 30 September 2019 have not been audited or reviewed by TeamSystem Holding's independent auditors.

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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	% consolidation	Notes
TeamSystem Holding S.p.A.	Pesaro	5,450,000	643,605,198	(79,659)	EUR			
TeamSystem S.p.A.	Pesaro	24,000,000	329,611,859	(14,164,132)	EUR	100.00	100.00	
TeamSystem Service S.r.l.	Campobasso	200,000	21,762,226	5,131,091	EUR	100.00	100.00	
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	161,080	44,291	EUR	60.00	100.00	1
Danea Soft S.r.l.	Vigonza (PD)	100,000	25,319,350	9,864,317	EUR	70.00	100.00	1
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	22,869,410	16,787,732	EUR	51.00	100.00	1
MMDATA S.r.l.	Rome	10,000	162,368	(2,308)	EUR	100.00	100.00	
Mondora S.r.l.	Milan	105,000	3,372,833	766,415	EUR	100.00	100.00	
Voispeed Limited	Saint Albans - UK	1,000	139,536	40,374	GBP	85.00	85.00	
Aliaslab S.p.A.	Milan	156,000	31,594,095	6,024,905	EUR	70.00	100.00	1
Reviso International ApS	Copenhagen	50,011	(14,038,697)	(8,059,878)	DKK	100.00	100.00	
Reviso Cloud Accounting Limited	Reading	1	22,571	3,857	GBP	100.00	100.00	
Reviso Soluciones Cloud S.L.	Madrid	3,000	9,460	(6,893)	EUR	100.00	100.00	
Reviso Deutschland GmbH	Berlin	25,000	87,234	105,352	EUR	100.00	100.00	
Evolis S.r.l.	Catania	887,000	1,389,212	(4,568)	EUR	51.00	100.00	1
Netlex S.r.l.	Velletri (RM)	12,500	768,276	191,722	EUR	100.00	100.00	
Cassanova S.r.l.	Santarcangelo di Romagna (RN)	10,000	1,083,881	314,516	EUR	51.00	100.00	1
Evolution Fit S.r.l.	Turin	10,000	619,945	296,106	EUR	71.00	100.00	1
TeamSystem Active S.r.l.	Pesaro	15,000	413,162	322,118	EUR	100.00	100.00	
Gruppo Euroconference S.p.A.	Verona	300,000	18,997,169	3,364,932	EUR	96.87	96.87	2
Nuovamacut Automazione S.p.A.	Bologna	108,000	21,083,926	2,540,130	EUR	100.00	100.00	
TeamSystem 4 S.r.l.	Pesaro	50,000	119,378	27,973	EUR	100.00	100.00	
TeamSystem 5 S.r.l.	Trento	10,000	3,256,089	(136,834)	EUR	100.00	100.00	
Area 32 S.r.l.	Bolzano	10,000	390,802	154,117	EUR	100.00	100.00	
MBM Italia S.r.l.	Padova	40,800	1,229,890	393,318	EUR	61.00	100.00	1
AF Soluzioni S.r.l.	Salerno	70,000	675,008	12,656	EUR	60.00	100.00	1
Beneficy S.r.l.	Rome	90,000	46,515	0	EUR	51.00	100.00	1
Skylab Italia S.r.l.	Turin	143,600	6,875,378	557,510	EUR	60.00	100.00	1
Gi.Esse Macchine Utensili S.r.l.	Assago (MI)	100,000	1,373,622	45,798	EUR	100.00	100.00	
Iperelle S.r.l.	Brescia	50,000	1,820,155	35,296	EUR	100.00	100.00	
Iperelle Edist Torino S.r.l.	Grugliasco (TO)	100,000	329,250	6,287	EUR	100.00	100.00	
Reway S.r.l.	Monza (MB)	10,000	161,820	18,064	EUR	100.00	100.00	
Techmass S.r.l.	Bassano del Grappa (VI)	11,538	231,665	(52,508)	EUR	51.00	100.00	1
TeamSystem BK S.r.l.	Rome	1,010,000	5,657,845	147,845	EUR	80.00	100.00	1
TeamSystem Financial Value Chain S.r.l.	Milan	4,931,373	13,530,733	(38,731)	EUR	51.00	100.00	1
Whit-e S.r.l.	Milan	15,000	1,067,456	(18,935)	EUR	100.00	100.00	
Factor@Work S.r.l.	Milan	65,000	225,403	(263,584)	EUR	100.00	100.00	
TeamSystem AM Holdco S.r.l.	Milan	10,000	1,291,877	(7,768)	EUR	51.00	100.00	1
TeamSystem Capital at Work SGR S.p.A.	Milan	100,000	855,213	(314,407)	EUR	100.00	100.00	
TeamSystem Payments Holdco S.r.l.	Milan	10,000	1,821,015	(6,655)	EUR	100.00	100.00	
TeamSystem Payments S.r.l.	Milan	125,000	1,108,907	(265,827)	EUR	100.00	100.00	

Amounts in Euro

CONSOLIDATED COMPANIES EQUITY METHOD	Registered office	Share capital	Equity	Profit (Loss)	Currency	% held	% consolidation	Notes
Esaedro S.r.l.	Parma	20,800	245,740	111,078	EUR	40.00	40.00	3
INTIT S.r.l.	Frosinone	20,800	459,668	49,901	EUR	35.00	35.00	3
Cesaco S.r.l.	Vicenza	90,000	174,614	23,069	EUR	48.00	48.00	4

- (1) = equity interest would be 100% should put/call options be exercised;
(2) = takes account of treasury shares held by Gruppo Euroconference;
(3) = Equity and Profit (Loss) figures updated to 31 December 2017;
(4) = Equity and Profit (Loss) figures updated to 31 December 2018.

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► CHANGES TO THE SCOPE OF CONSOLIDATION DURING THE FIRST NINE MONTHS OF 2020

The 30 September 2020 scope of consolidation has changed compared to the Consolidated financial statements for the period ended 31 December 2019, because of the consolidation of TeamSystem 5 S.r.l., Area 32 S.r.l., MBM Italia S.r.l., AF Soluzioni S.r.l. and Beneficy S.r.l. results in the 30 September 2020 Consolidated Financial

Statements. Relating to the investments in Beneficy S.r.l. (see “Significant events during the first nine months of 2020” section, in Directors’ Report) the Consolidated financial statements for the period ended 30 September 2020 includes its statements of financial position as at 30 September 2020, not its Profit or loss for the first nine months of 2020.

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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 2020 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 2020	Exchange rate as at 30 Sep 2020	Average exchange rate for the first nine months of 2019	Exchange rate as at 31 December 2019
GBP	0.88509	0.91235	0.88346	0.85080
DKK	7.458	7.44620	7.4644	7.4715

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►SEGMENT INFORMATION

During the course of 2019, TeamSystem Group completed its revision of its corporate reporting system that led to substantial changes to the format of internal reports reviewed periodically by Management with the definitive elimination of the breakdown at the level of the previously identified three operating segments: **Software Solutions, Cloud Software Solutions and Hardware**.

In fact, Group Management deemed it appropriate and necessary (in a technological context of a market characterised by continuous evolution) to review its reporting activities that, effective 2019, envisage one sole operating segment for reporting purposes, the **Software Business Unit**, in line with the new organisational and internal responsibility structure.

Note that, at 30 September 2020, the financial sector companies that were newly incorporated and newly acquired in 2019 do not meet the quantitative thresholds set out in the applicable accounting standard (IFRS 8.13) and, given their immateriality within the Group, no specific disclosures have been made at Group level. Related disclosures have thus been presented in the “**Other sectors**” category, separately from the other reconciling items within the reconciliations required by IFRS 8.23.

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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. In particular, the uncertainty caused by the current economic and financial crisis has led to the need to make difficult assumptions regarding future business performance as reflected in the Business Plan.

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.

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**►ACCOUNTING STANDARDS, AMENDMENTS AND IFRS AND IFRIC INTERPRETATIONS
ENDORSED BY THE EUROPEAN UNION, APPLICABLE STARTING FROM JANUARY 1, 2020**

The following new international financial reporting standard, applicable from January 1, 2020, was adopted during the period:

- On October 22, 2018, the IASB published the document "Definition of a Business (Amendments to IFRS 3)". This amendment is applied to new acquisition transactions that will be concluded as from 1 January 2020.
- On October 31, 2018, the IASB published the document "Definition of Material (Amendments to IAS 1 and IAS 8)".
- Amendments to References to the Conceptual Framework in IFRS Standards (Conceptual Framework). Together with the revised Conceptual Framework, which became effective upon publication on March 29, 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2020.
- On September 26, 2019, the IASB published the document entitled "Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)", which has amended certain of the requirements for the application of hedge accounting, introducing temporary exemptions to such requirements.

At the date of preparation of these interim consolidated financial statements, the following amendment has been adopted and it is applicable for the Financial Statements starting from June 1, 2020:

- The International Accounting Standards Board (IASB) has published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. It is possible the early adoption - the amendment is applicable for financial years starting from January 1, 2020).

These new IFRS standards and amendments has not any significant impact on the nine-months interim consolidated financial statements.

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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 2020	30 Sep 2019	Change	% Change
Direct Channel	92.9	83.9	9.0	10.8%
Recurring	77.0	68.2	8.9	13.0%
Licenses/Prof. Services	15.9	15.7	0.2	1.2%
Indirect Channel	82.0	78.0	4.0	5.1%
Recurring	77.7	74.0	3.6	4.9%
Licenses/Prof. Services	4.4	4.0	0.4	9.0%
Micro and new Business Solutions	50.5	34.1	16.4	48.1%
Recurring	46.8	31.3	15.6	49.8%
Licenses/Prof. Services	3.7	2.8	0.8	29.1%
Vertical Solutions	78.3	67.5	10.8	16.0%
Recurring	48.5	37.5	11.0	29.3%
Licenses/Prof. Services	29.9	30.0	(0.2)	-0.6%
Hardware	1.5	1.8	(0.4)	-19.6%
Others	(2.2)	(0.2)	(2.1)	1320.4%
TOTAL REVENUE	303.0	265.2	37.8	14.3%

Total Revenue for the period ended 30 September 2020 amounts to € 303 millions, up by € 37.8 millions compared to the corresponding figure for the period ended 30 September 2019 (€ 265.2 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 2020) is mainly due to the increase in Micro and new Business Solutions (€ 16.4 millions), in Vertical Solutions (€ 10.8 millions) and in Direct Channel (€ 9 millions). Recurring revenues also increased compared to the 30 September 2019 figures.

2. COST OF RAW AND OTHER MATERIALS

	30 Sep 2020	30 Sep 2019	Change	% Change
Hardware purchases	4,524	3,079	1,445	46.9%
Third parties' software	19,236	14,682	4,554	31.0%
Handbooks and forms	30	52	(22)	-41.6%
Materials for education	48	101	(54)	-53.0%
Fuel	814	1,490	(676)	-45.4%
Other materials	170	449	(278)	-62.0%
Change in inventory of raw materials	(147)	(115)	(32)	27.9%
Total	24,676	19,739	4,938	25.0%

Cost of raw and other materials amounts to € 24,676 thousand for the period ended 30 September 2020, up by € 4,938 thousand compared to the amount at 30 September 2019 (€ 19,739 thousand). The increase, mainly recorded in the line item Third parties' software, is attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first nine months of 2020.

3. COST OF SERVICES

	30 Sep 2020	30 Sep 2019	Change	% Change
Agent commissions and other costs	11,132	10,495	637	6.1%
Consulting and third parties services	7,106	8,841	(1,735)	-19.6%
Software and Hardware maintenance costs	12,475	9,529	2,946	30.9%
Customer support service costs	2,754	4,816	(2,063)	-42.8%
Administrative and management consulting costs	3,038	2,823	215	7.6%
Financial interest costs	32		32	
Education - consulting and copyrights	1,823	2,411	(588)	-24.4%
Magazines - consulting and copyrights	1,074	1,153	(79)	-6.9%
Other costs for education services	206	779	(573)	-73.5%
Advertising and marketing	6,577	8,133	(1,556)	-19.1%
Car rentals	2,392	2,245	146	6.5%
Utilities	2,750	2,901	(151)	-5.2%
Costs for mergers and acquisitions	880	262	618	235.9%
Other minor items	353	189	164	86.8%
Costs for strategic projects and reorganizations	1,267	1,720	(453)	-26.3%
Cost of Rebates	3,515		3,515	
Other services	6,225	10,495	(4,270)	-40.7%
Cost of services - Gross of capitalisation	63,599	66,793	(3,194)	-4.8%
Services capitalized development costs	(1,669)	(2,357)	688	-29.2%
Total	61,930	64,436	(2,505)	-3.9%

Cost of services for the period ended 30 September 2020 amounts to € 61,930 thousand, down by € 2,505 thousand from the amount of the period ended 30 September 2019 (€ 64,436 thousand).

Compared to the corresponding period ended 30 September 2019, the main increase registered in Software and Hardware maintenance costs (as a consequence of the growth in Micro and new Business Solutions revenue) is compensated by the decrease of Customer support service costs, Consulting and third parties services and Advertising and Marketing. Cost of Rebates was included in Other services line item at 30 September 2019.

As regards the capitalisation of cost of services recognised in the first nine months of 2020, reference should be made to the Note 10 Intangible Assets.

4. PERSONNEL COSTS

	30 Sep 2020	30 Sep 2019	Change	% Change
Wages, salaries and social contributions	85,684	82,231	3,453	4.2%
Staff leaving indemnities	4,377	3,663	714	19.5%
Other personnel costs	413	216	196	90.6%
Personnel costs for redundancy and reorganizations	844	220	624	284.1%
Employee costs	91,318	86,330	4,988	5.8%
Freelancers and collaborators fees	347	394	(47)	-11.9%
Directors' fees and related costs	1,615	2,128	(514)	-24.1%
Directors and Collaborators	1,962	2,523	(561)	-22.2%
Personnel - Gross of capitalisation	93,280	88,853	4,427	5.0%
Personnel capitalized development costs	(10,794)	(8,154)	(2,640)	32.4%
Total	82,486	80,699	1,787	2.2%

Personnel costs for the period ended 30 September 2020 (€ 82,486 thousand) have increased by € 1,787 thousand, compared to the corresponding amount for the period ended 30 September 2019 (€ 80,699 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 2020.

As regards the capitalisation of personnel costs recognised in the first nine months of 2020, reference should be made to the Note 10 Intangible Assets.

5. OTHER OPERATING COSTS

Other operating costs for the period ended 30 September 2020 (€ 2,763 thousand) have decreased compared to the corresponding amount for the period ended 30 September 2019 (€ 4,827 thousand).

6. FINANCE INCOME

	30 Sep 2020	30 Sep 2019	Change	% Change
Interest and other finance income	8	198	(190)	-95.9%
Gains on foreign exchange	9	2	7	409.0%
Interest from cash pooling and other loans	0	(2)	3	-108.3%
Interest from banks	6	3	3	76.6%
Depreciation - Liabilities to non-controll. shareholders	3,292	136	3,156	2317.3%
MTM valuation of derivative instruments	87	149	(62)	-41.5%
Dividends	494	20	474	2368.1%
Total	3,896	506	3,390	669.6%

Finance income for the period ended 30 September 2020 (€ 3,896 thousand) have increased for an amount of € 3,390 thousand compared to the corresponding amount at 30 September 2019 (€ 506 thousand), mainly due to Depreciation-Liabilities to non controlling shareholders.

7. FINANCE COST

	30 Sep 2020	30 Sep 2019	Change	% Change
Interest on bank loans	759	12	746	6049.1%
Interest on Notes	22,833	22,750	83	0.4%
Interest on derivative instruments	89	230	(142)	-61.5%
Interest on financing fees	2,107	2,100	8	0.4%
Revaluation - Liabilities to non-controll. shareholders	9,070	1,986	7,085	356.8%
Bank commissions	1,375	1,505	(130)	-8.6%
Interests on actuarial valuation of employees benefit	101	424	(323)	-76.2%
Interests on leases - IFRS 16	750	733	17	2.3%
Other IFRS financial charges	6,193	5,811	383	6.6%
Interests on cash pooling and other loans	3	2	0	2.9%
Other financial charges	1,366	1,332	34	2.6%
Losses on foreign exchange	13	16	(3)	-20.2%
Write-downs of investments		62	(62)	n.s.
Total	44,658	36,962	7,696	20.8%

Finance cost for the period ended 30 September 2020 amount to € 44,658 thousand with an increase of € 7,696 thousand, compared to the corresponding amount at 30 September 2019 (€ 36,962 thousand).

This is mainly attributable to the increase of € 7,085 thousand in the line items Revaluation –Liabilities to non-controlling shareholders.

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 2020.

Cash flows from operating activities = amount to € 118,995 thousand for the period ended 30 September 2020, increasing by € 4,633 thousand, compared to the corresponding flows for the period ended 30 September 2019 (€ 114,363 thousand).

Acquisition of investments = the balance mainly refers to the acquisition of:

- 100% equity interests in TeamSystem 5 S.r.l.;
- 100% equity interests in Area 32 S.r.l.;
- Prosystem S.r.l.'s Group of Assets;
- 61% equity interests in MBM Italia S.r.l.;
- 60% equity interests in AF Soluzioni S.r.l.;
- 51% equity interests in Beneficy S.r.l.;
- 5% equity interests in Habble S.r.l..

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

- the payment of Interests on Notes;
- the payment of leases liabilities, consisting of principal and interests, according to IFRS 16 (see Note 15 Net Financial Indebtedness);

Liabilities to non-controlling shareholders paid = the main cash items occurred in the first nine months of 2020 are attributable to:

- the adjustments of considerations paid in relation to recent acquisitions of investments;
- the acquisition of further interests in Aliaslab S.p.A., Netlex S.r.l. and Evolution Fit S.r.l.;
- the payment of earn-outs mainly related to investments in Skylab Italia S.r.l. and in subsidiaries merged by absorption into TeamSystem S.p.A. during the previous years.

9. TANGIBLE ASSETS

NET BOOK VALUE	30 Sep 2020	31 Dec 2019	Change	% Change
Land	948	948		
Buildings	2,856	3,071	(216)	-7.0%
Plant and machinery	3,088	4,064	(976)	-24.0%
Equipment	785	907	(122)	-13.4%
Other assets	7,347	6,142	1,205	19.6%
Tangible assets - in progress		7	(7)	-100.0%
Total	15,024	15,139	(115)	-0.8%

At 30 September 2020 Tangible fixed assets amount to € 15,024 thousand, down by € 115 thousand compared with the balance recorded at 31 December 2019 (€ 15,139 thousand). The decrease results from the sum of disposals, additions and depreciation charge for the period (the latter amounts to € 2,784 thousand).

10. INTANGIBLE ASSETS

NET BOOK VALUE	30 Sep 2020	31 Dec 2019	Change	% Change
Capitalised development	33,712	28,852	4,860	16.8%
IFRS Assets	574,026	590,191	(16,165)	-2.7%
Other intangible assets	25,063	22,943	2,120	9.2%
Total	632,801	641,985	(9,184)	-1.4%

Intangible assets have gone from € 641,985 thousand at 31 December 2019 to € 632,801 thousand at 30 September 2020, with a decrease of € 9,184 thousand resulting from the aggregate of disposals, additions, capitalised development costs (€ 12,462 thousand) and amortisation (€ 58,189 thousand) for the period ended 30 September 2020.

IFRS assets include intangible assets identified on allocation of the price paid for the acquisition of TeamSystem Group (Software, Brands, Customer relationships and other IFRS assets). Their decrease is due to the amortisation for the first nine months of 2020.

11. RIGHT OF USE

As at 30 September 2020 Right of use amounts to € 22,980 thousand, substantially unchanged compared to the balance as at 31 December 2019 (€ 22,987 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

At 30 September 2020 Goodwill amounts to € 757,411 thousand, up by € 23,153 thousand compared with the balance recorded at 31 December 2019 (€ 734,258 thousand); the increase mainly relates to the first time consolidation of Teamsystem 5 S.r.l., Area 32 S.r.l., MBM Italia S.r.l., AF Soluzioni S.r.l. and Beneficy S.r.l. results. The purchase price allocation of the above-mentioned companies is still provisional at 30 September 2020 and, consequently, the related goodwill is also provisional at the reporting date.

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

In terms of Impairment test, the line-item Goodwill is subjected annually (or more frequently if certain events or circumstances indicate potential impairment) to impairment testing and TeamSystem Group will postpone a more thorough analysis with impairment testing to 31 December 2020.

13. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

	30 Sep 2020	31 Dec 2019	Change	% Change
Investments in Associates	129	129		
Other Investments	1,041	308	733	238.1%
Total	1,170	437	733	167.9%

The balance of Investments in Associates and Other investments changed from € 437 thousand at 31 December 2019 to € 1,170 thousand at 30 September 2020, with an increase of € 733 thousand.

The increase mainly refers to the acquisition of 5% in Habble S.r.l. (for further information, see “Significant events during the first nine months of 2020” section in Directors’ report).

14. DEFERRED TAX ASSETS AND LIABILITIES

	30 Sep 2020	31 Dec 2019	Change	% Change
Deferred tax assets	13,715	14,760	(1,045)	-7.1%
Deferred tax liabilities	163,662	168,958	(5,297)	-3.1%

At 30 September 2020 Deferred tax assets amount to € 13,715 thousand, down by € 1,045 thousand compared to the balance at 31 December 2019 (€ 14,760 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, the step-up for tax purposes of the goodwill recognized by TSS S.p.A. (merged by absorption into TeamSystem S.p.A. in 2016).

At 30 September 2020 Deferred tax liabilities amount to € 163,662 thousand with a decrease of € 5,297 thousand compared to the balance at 31 December 2019 (€ 168,958 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 (Software, Brands, Customer relationships and other IFRS assets).

15. NET FINANCIAL INDEBTEDNESS

	Current	Non-Current	30 Sep 2020 Total	Current	Non-Current	31 Dec 2019 Total
Bank accounts and post office	49,932		49,932	36,375		36,375
Cash and bank balances	42		42	38		38
Total Cash and bank balances	49,974		49,974	36,412		36,412
Accruals and prepaid commissions	34		34			
Other financial assets	74		74	72		72
Total Other financial assets	108		108	72		72
Loans with banks	(143)		(143)	(32)		(32)
Overdrafts with banks	(14)		(14)	(0)		(0)
Finance leases liabilities	(5,699)	(18,518)	(24,218)	(5,610)	(18,342)	(23,952)
Notes	(1,333)	(750,000)	(751,333)	(1,333)	(750,000)	(751,333)
Financial liabilities with other institutions	(26)		(26)	(3)		(3)
Dividends to be settled	(40)		(40)	(40)		(40)
Total Financial liabilities	(7,255)	(768,518)	(775,773)	(7,019)	(768,342)	(775,361)
Financing Fees - bond		7,633	7,633		9,431	9,431
Financing Fees - prepayments	413	392	805	413	701	1,114
Total Financing Fees	413	8,025	8,438	413	10,132	10,545
Liabilities to non-controlling shareholders	(54,420)	(94,484)	(148,904)	(19,781)	(125,607)	(145,387)
Derivative instruments - liabilities				(103)		(103)
Commission financial liabilities	(218)		(218)	(237)		(237)
Other financial liabilities	(18)		(18)	(11)		(11)
Total Other financial liabilities	(54,655)	(94,484)	(149,140)	(20,131)	(125,607)	(145,738)
Total	(11,416)	(854,978)	(866,393)	9,747	(883,817)	(874,070)

Net financial indebtedness as at 30 September 2020 amounts to negative € 866,393 thousand.

Cash and bank balances

The amount of cash and bank balances stands at € 49,974 thousand as at 30 September 2020 and at € 36,412 thousand at 31 December 2019.

Financial leases liabilities

Following the adoption of IFRS 16 – Leases, Financial leases liabilities at 30 September 2020 reflects the recognition of a financial liability of € 24,218 thousand (€ 23,952 at 31 December 2019), consisting of the present value of future lease payments.

Floating Rate Notes

With the objective of optimising the Group's borrowing costs and of aligning its financial resources to its new business needs, during the course of 2018, TeamSystem Group restructured its financial structure. Specifically, on 4 April 2018, TeamSystem S.p.A. issued:

- € 550 million in aggregate principal amount of senior secured floating rate notes due 15 April 2023 (the “**2023 Floating Rate Notes**”), 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 (the “**2025 Floating Rate Notes**” and, together with the 2023 Floating Rate Notes, the “**Floating Rate Notes**”), having an identical interest rate and practically identical terms and conditions to the 2023 Floating Rate Notes (ISIN XS1799545089 and XS1799545675).

At 30 September 2020, the Floating Rate Notes were secured by a senior guarantee provided by TeamSystem Holding S.p.A. and were also secured by the following first ranking collateral:

- 1) pledge over all of the shares of TeamSystem S.p.A.;
- 2) assignment by way of security of intercompany loans receivable by TeamSystem S.p.A. from certain subsidiaries;
- 3) pledge over certain of TeamSystem S.p.A.'s operational bank accounts.

The Floating Rate Notes are listed on the Luxembourg Stock Exchange and have been admitted for trading on the Euro MTF Market. Furthermore, the Floating Rate Notes are listed on the Vienna Stock Exchange and have been admitted for trading on the Third Market.

The fees and costs incurred for the issue of the Floating Rate Notes have been recognised as financing fees and are being amortised on a straight line basis over the contractual term of the Floating Rate Notes, the maturity dates of which are, as stated above, 15 April 2023 (for the 2023 Floating Rate Notes) and 15 April 2025 (for the 2025

Floating Rate Notes).

Interest Rate Swaps – Derivative instrument liabilities

With the aim of reducing the risk of market interest rate fluctuations associated with the Floating Rate Notes, in April 2018, TeamSystem S.p.A. entered into two interest rate swap contracts with a total notional amount of € 500 million and with a termination date of 15 April 2020. The fair value changes in measurement of the interest rate swaps have been recognised in profit or loss for the period ended 30 September 2020.

Loans with banks – Revolving Credit Facility (RCF)

In connection with the issuance of the Floating Rate Notes, on 22 March 2018, TeamSystem S.p.A. and TeamSystem Holding S.p.A. (as the Parent), entered into a € 90 million revolving credit facility agreement with a final maturity date of 15 October 2022.

The interest rate payable on loans under the RCF is based on the applicable Euribor or Libor, as the case may be and in either case subject to a 0% floor, plus a spread calculated in accordance with the margin definition of the Revolving Credit Facility Agreement.

The RCF is secured, on a super-priority basis, by the same collateral securing the Floating Rate Notes (see paragraph “Floating Rate Notes” above).

The fees and costs incurred to obtain the new RCF have been recognised as financing fees and are being amortised on a straight line basis over its contractual term.

Liabilities to non-controlling shareholders

Liabilities to non-controlling shareholders (€ 148,904 thousand at 30 September 2020) relates to put and call options and/or earn-outs due to non-controlling interest holders of certain consolidated subsidiaries. The main ones are: Danae Soft S.r.l., Madbit Entertainment S.r.l., Aliaslab S.p.A., TeamSystem Financial Value Chain S.r.l., AF Soluzioni S.r.l. and Skylab Italia S.r.l..

16. INVENTORIES

	30 Sep 2020	31 Dec 2019	Change	% Change
Raw and ancillary materials	504	437	68	15.5%
Finished products and goods	975	930	46	4.9%
(Allowance for slow-moving inventory)	(488)	(522)	34	-6.5%
Total	993	845	148	17.5%

At 30 September 2020 Inventories amount to € 993 thousand, up by € 148 thousand compared to the balance at 31 December 2019 (€ 845 thousand).

17. TRADE RECEIVABLES

	30 Sep 2020	31 Dec 2019	Change	% Change
Trade receivables	166,140	141,296	24,844	17.6%
(Allowance for bad debts)	(21,477)	(18,823)	(2,654)	14.1%
Total	144,663	122,474	22,190	18.1%

At 30 September 2020 Trade receivables amount to € 144,663 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 € 21,477 thousand, that was recorded 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 2020	31 Dec 2019	Change	% Change
Tax credits	48	148	(100)	-67.6%
Other tax receivables	72	86	(13)	-15.7%
Withholding tax credit	84	43	40	n.s.
Tax consolidation receivables	6	4	3	75.8%
Advances and income tax credits	462	3,567	(3,105)	-87.0%
Total	673	3,847	(3,175)	-82.5%

At 30 September 2020 Tax receivables amount to € 673 thousand, down by € 3,175 thousand compared to the balance at 31 December 2019 (€ 3,847 thousand).

The decrease in Advances and income tax credits is mainly due to the calculation of “IRES” income tax for the period ending at 30 September 2020.

19. OTHER CURRENT RECEIVABLES

	30 Sep 2020	31 Dec 2019	Change	% Change
Deposits	732	493	239	48.5%
Receivables from employees	741	691	49	7.2%
Other receivables	2,903	6,355	(3,452)	-54.3%
Accrued income	313	133	180	135.7%
Prepayments	21,540	22,116	(576)	-2.6%
VAT receivables	431	607	(176)	-29.0%
Total	26,661	30,395	(3,558)	-11.7%

At 30 September 2020 the Other current receivables balance amounts to € 26,661 thousand, down by € 3,558 thousand compared to the 31 December 2019 balance (€ 30,395 thousand). The movement is mainly due to Other receivables (€ 3,452 thousand), which decrease following the seasonality of the business of the Group.

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 2018	5,450	501,117	(826)	(56,030)	449,711	464	450,175
Loss allocation		(56,856)	826	56,030	0		0
Dividends		(48,000)			(48,000)		(48,000)
Total Comprehensive Income (Loss) for the period		(783)		(11,389)	(12,172)	44	(12,128)
30 Sep 2019	5,450	395,479	0	(11,389)	389,540	508	390,049

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
Total Comprehensive Income (Loss) for the period		(111)		14,628	14,517	104	14,621
30 Sep 2020	5,450	359,737	0	14,628	379,814	639	380,453

At 30 September 2020 the Group's equity amounts to € 379,814 thousand.

21. STAFF LEAVING INDEMNITY

	30 Sep 2020	31 Dec 2019	Change	% Change
Staff leaving indemnity	18,944	17,338	1,606	9.3%
Total	18,944	17,338	1,606	9.3%

At 30 September 2020 Staff leaving indemnity amounts to € 18,944 thousand, up by € 1,606 thousand compared to the balance at 31 December 2019 (€ 17,338 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

22. PROVISIONS FOR RISKS AND CHARGES

	30 Sep 2020	31 Dec 2019	Change	% Change
Provision for pension and similar obligation	1,689	1,476	213	14.4%
Provision for litigations	1,227	4,974	(3,747)	-75.3%
Other provision for risks and charges	1,333	2,144	(812)	-37.9%
Total	4,249	8,595	(4,346)	-50.6%

At 30 September 2020 Provisions for risks and charges amount to € 4,249 thousand, decreased by € 4,346 thousand compared to the balance at 31 December 2019 (€ 8,595 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 2020	31 Dec 2019	Change	% Change
VAT liabilities	3,748	3,231	517	16.0%
Withholdings liabilities	2,550	4,395	(1,845)	-42.0%
Employees payables and Social security liabilities	23,337	26,363	(3,025)	-11.5%
Advances	5,254	5,217	37	0.7%
Other liabilities	1,834	2,401	(567)	-23.6%
Accrued liabilities	273	866	(593)	-68.5%
Deferred revenues	100,690	57,988	42,702	73.6%
Other current liabilities	137,687	100,461	37,226	37.1%
Due to social securities - non-current	482	515	(33)	-6.4%
Other tax liabilities - non-current	8	8		
Other non-current liabilities	490	523	(33)	-6.3%
Total Other liabilities	138,177	100,984	37,193	36.8%

At 30 September 2020 Other current liabilities amount to € 137,687 thousand, up by € 37,226 thousand compared to the balance at 31 December 2019 (€ 100,461 thousand).

This increase is substantially due to the increase in deferred revenues (€ 42,702 thousand) caused by (i) the growth of the Group during the first nine months of 2019 (ii) the billing of subscription fees that characterises the business of the Group.

At 30 September 2020 Other non-current liabilities amount to € 490 thousand (€ 523 thousand at 31 December 2019) and relate primarily to balances pertaining to TeamSystem S.p.A..

24. CURRENT TAX LIABILITIES

	30 Sep 2020	31 Dec 2019	Change	% Change
Income tax payables	14,101	3,657	10,445	285.6%
Other tax liabilities	10	0	10	49394.9%
Total	14,110	3,656	10,455	286.0%

At 30 September 2020 Current tax liabilities amount to € 14,110 thousand, up by € 10,455 thousand compared to the balance at 31 December 2019 (€ 3,656 thousand). The movement is attributable to the increase in income tax payables, mainly due to the income taxes charged in the first nine months of 2020.

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OVERSIGHT AND COORDINATION ACTIVITY

TeamSystem Holding S.p.A. is subject to management and coordination, in accordance with article 2497 et seq. of the Italian Civil Code, by Barolo Lux 1 S.à.r.l..

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



