

31 March 2020  
Interim Consolidated  
Financial Statements  
TeamSystem Group



**INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE FIRST THREE  
MONTHS ENDED  
31 MARCH 2020**

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**TeamSystem Group**

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**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
FIRST THREE MONTHS ENDED 31 MARCH 2020**

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**DIRECTORS’  
REPORT**



**► RESULTS OF OPERATIONS**

Euro thousands

<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS</b>				
	<b>31 Mar 2020</b>	<b>31 Mar 2019</b>	<b>Change</b>	<b>% Change</b>
Revenue	98,490	86,602	11,888	13.7%
Other operating income	676	373	303	81.3%
<b>TOTAL REVENUE</b>	<b>99,165</b>	<b>86,975</b>	<b>12,191</b>	<b>14.0%</b>
Cost of raw and other materials	(8,133)	(6,542)	(1,591)	24.3%
Cost of services	(24,011)	(23,025)	(987)	4.3%
Personnel costs	(30,477)	(27,560)	(2,917)	10.6%
Other operating costs	(1,823)	(1,339)	(484)	36.1%
Depreciation and amortization of non-current assets	(20,859)	(19,977)	(882)	4.4%
Allowance for bad debts	(1,160)	(1,199)	39	-3.2%
<b>OPERATING RESULT</b>	<b>12,703</b>	<b>7,333</b>	<b>5,369</b>	<b>73.2%</b>
Finance income	124	45	79	174.8%
Finance cost	(11,673)	(12,038)	365	-3.0%
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>1,153</b>	<b>(4,660)</b>	<b>5,813</b>	<b>-124.7%</b>
Current income tax	(5,001)	(4,660)	(341)	7.3%
Deferred income tax	3,670	3,290	380	11.5%
<b>TOTAL INCOME TAX</b>	<b>(1,331)</b>	<b>(1,369)</b>	<b>38</b>	<b>-2.8%</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(178)</b>	<b>(6,029)</b>	<b>5,851</b>	<b>-97.0%</b>
(Profit) Loss for the period				
Non-controlling interests	(31)	(23)	(8)	33.8%
<b>PROFIT (LOSS) FOR THE PERIOD OWNERS OF THE COMPANY</b>	<b>(209)</b>	<b>(6,053)</b>	<b>5,843</b>	<b>-96.5%</b>
<b>ADJUSTED EBITDA</b>	<b>35,654</b>	<b>29,123</b>	<b>6,532</b>	<b>22.4%</b>

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; IT costs for system integration and transformation; Acquisitions and mergers costs; Cost for international project; Costs for change management program; Cost for credit collection project; Tax optimization costs; Settlements with clients and agents; Other minor items.

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

	31 Mar 2020	31 Mar 2019	Change	% Change
<b>PROFIT (LOSS) FOR THE YEAR</b>	(178)	(6,029)	5,851	-97.0%
Income tax	1,331	1,369	(38)	-2.8%
Financial income and expenses	11,550	11,993	(444)	-3.7%
Depreciation and amortization of non-current assets	20,859	19,977	882	4.4%
Allowance for bad debts	1,160	1,199	(39)	-3.2%
Personnel redundancy	431	214	217	101.7%
Acquisitions and mergers costs	230	290	(59)	-20.5%
Settlements with clients and agents	237	60	178	297.3%
Other minor items	34	50	(16)	-32.5%
<b>ADJUSTED EBITDA</b>	<b>35,654</b>	<b>29,123</b>	<b>6,531</b>	<b>22.4%</b>

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

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The following comments refer to the changes between the consolidated statement of profit or loss as at 31 March 2020 and the corresponding figures for the period ended 31 March 2019.

The results as at 31 March 2020 are affected by the consolidation of the following companies, mainly acquired after 31 March 2019: TeamSystem Financial Value Chain S.r.l., Factor@Work S.r.l., Whit-e S.r.l., TeamSystem AM Holdco S.r.l., TeamSystem Capital at Work SGR S.p.A., TeamSystem Payments S.r.l., TeamSystem Payments Holdco S.r.l., Skylab Italia S.r.l., TeamSystem 4 S.r.l., Gi.esse Macchine Utensili S.r.l., TechMass S.r.l., Iperelle S.r.l. and its subsidiaries, TeamSystem BK S.r.l. (previously named BK Service S.r.l.) and TeamSystem 5 S.r.l. (acquired in January 2020).

The results of the above companies were not included in the Consolidated financial statements as at 31 March 2019.

Taking account the non-materiality of the acquisition and considering the fact that it took place at the end of the quarter, the results of Area 32 S.r.l have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the three months ended 31 March 2020 (see “Significant events during the first three months of 2020” section).

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**TOTAL REVENUE:** Total Revenue for the period ended 31 March 2020 amounts to € 99,165 thousand, up by € 12,191 thousand compared to the corresponding figure for the period ended 31 March 2019 (€ 86,975 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 three months of 2020.



Euro Millions

	31 Mar 2020	31 Mar 2019	Change	% Change
<b>Direct Channel</b>	<b>30.9</b>	<b>28.8</b>	<b>2.1</b>	<b>7.3%</b>
Recurring	25.3	23.1	2.3	9.8%
Licenses/Prof. Services	5.6	5.7	(0.2)	-3.0%
<b>Indirect Channel</b>	<b>27.7</b>	<b>26.8</b>	<b>0.9</b>	<b>3.5%</b>
Recurring	26.3	25.3	1.0	4.1%
Licenses/Prof. Services	1.3	1.5	(0.1)	-7.5%
<b>Micro and new Business Solutions</b>	<b>16.3</b>	<b>9.6</b>	<b>6.7</b>	<b>70.3%</b>
Recurring	14.9	8.6	6.3	72.6%
Licenses/Prof. Services	1.4	0.9	0.5	49.4%
<b>Vertical Solutions</b>	<b>24.3</b>	<b>21.3</b>	<b>2.9</b>	<b>13.8%</b>
Recurring	13.8	11.4	2.4	21.4%
Licenses/Prof. Services	10.5	10.0	0.5	5.1%
<b>Hardware</b>	<b>0.5</b>	<b>0.6</b>	<b>(0.1)</b>	<b>-22.2%</b>
<b>Others</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>258.9%</b>
<b>TOTAL REVENUE</b>	<b>99.2</b>	<b>87.0</b>	<b>12.2</b>	<b>14.0%</b>

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 31 March 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 31 March 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 three months of 2020 to the new operating segments, compared with the corresponding period ended 31 March 2019 which has been restated to reflect the new operating segment structure.

Euro thousands

OPERATING SEGMENTS	31 Mar 2020	31 Mar 2019	Change	% Change
Business unit - Software	98,898	86,975	11,923	14%
Other	268		268	100%
<b>TOTAL REVENUE</b>	<b>99,165</b>	<b>86,975</b>	<b>12,191</b>	<b>14.0%</b>

**ADJUSTED EBITDA:** Adjusted Ebitda for the period ended 31 March 2020 amounts to € 35,654 thousand, up by € 6,531 thousand compared to the amount at 31 March 2019 (€ 29,123 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 three months of 2020.

**COST OF RAW AND OTHER MATERIALS:** Cost of raw and other materials amounts to € 8,133 thousand for the period ended 31 March 2020, up by € 1,591 thousand compared to the amount at 31 March 2019 (€ 6,542 thousand); this because of the organic growth experienced by the Group in the first three months of 2020 and because of the change in the consolidation area.

**COST OF SERVICES:** Cost of services amounts to € 24,011 thousand for the period ended 31 March 2020, up by € 987 thousand from the amount of the period ended 31 March 2019 (€ 23,025 thousand). This is mainly due to the change in the consolidation area and to the organic growth experienced by the Group in the first three months of 2020.

**PERSONNEL COSTS:** Personnel costs for the period ended 31 March 2020 (€ 30,477 thousand), up by € 2,917 thousand, compared to the amount at 31 March 2019 (€ 27,560 thousand). This is mainly due to the change in the consolidation area and to the organic growth experienced by the Group in the first three months of 2020.

**OTHER OPERATING COSTS:** Other operating costs amount to € 1,823 thousand, up by € 484 thousand compared to the period ended 31 March 2019 (€ 1,339 thousand).

**FINANCE COST:** Financial charges for the period ended 31 March 2020 amount to € 11,673 thousand with a decrease of € 365 thousand, compared to the corresponding amount at 31 March 2019 (€ 12,038 thousand).

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## **CONSOLIDATED STATEMENT OF CASH FLOWS**

Euro thousands

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>31 Mar 2020</b>	<b>31 Mar 2019</b>	<b>Change</b>	<b>% Change</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>24,913</b>	<b>12,952</b>	<b>11,961</b>	<b>92.4%</b>
Capital Expenditure	(8,058)	(7,259)	(799)	11.0%
Acquisition of investments	(5,570)	(3,020)	(2,550)	84.4%
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(13,627)</b>	<b>(10,279)</b>	<b>(3,348)</b>	<b>32.6%</b>
Financial balance paid / cashed-in and change in financial assets / liabilities	76,003	(9,423)	85,426	-906.6%
Liabilities to non-controlling shareholders paid	(1,619)	(744)	(875)	117.6%
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>74,384</b>	<b>(10,167)</b>	<b>84,551</b>	<b>-831.6%</b>
<b>CHANGES DUE TO EXCHANGE RATE MOVEMENTS</b>	<b>(5)</b>	<b>6</b>	<b>(11)</b>	<b>-193.4%</b>
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>85,664</b>	<b>(7,489)</b>	<b>93,153</b>	<b>-1243.9%</b>

**Cash flows from operating activities** amount to € 24,913 thousand for the period ended 31 March 2020, increasing by € 11,961 thousand, compared to the corresponding flows for the period ended 31 March 2019 (€ 12,952 thousand).

The balances are impacted by the fact that 31 March 2019 was not business day (“week-end effect”), therefore the collection of trade receivables due at the end of this month was postponed to the beginning of the next month. The cash flows from operating activities normalized for the weekend effect would amount to € 36,296 thousand at 31 March 2019 and, consequently, the cash flows from operating activities for the period ended 31 March 2020 would be € 11,383 thousand lower than the period ended 31 March 2019<sup>1</sup>.

**Cash flows from investing activities** changed from negative € 10,279 thousand in the period ended 31 March 2019 to negative € 13,627 thousand for the corresponding period of 2020.

<sup>1</sup> The amount of trade receivables whose collection was postponed to the beginning of the next month, because of the week-end effect, is € 23,344 thousand for the period ended 31 March 2019.

The main investment activities for the first three 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. business division;
- the investments in TeamSystem 5 S.r.l. and Area 32 S.r.l..

For further information about the acquisitions of Prosystem S.r.l. business division and the investments in TeamSystem 5 S.r.l. and Area 32 S.r.l., see “Significant events during the first three months of 2020” section.

**Cash flows from financing activities** amount to € 74,384 thousand for the period ended 31 March 2020, up by € 84,551 thousand compared to negative € 10,167 thousand for the period ended 31 December 2019.

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

- the payment of Interests on Notes;
- the payment of IFRS16 leases liabilities, consisting of principal and interests;
- the revolving credit facility drawdown (see Note 15 Net Financial Indebtedness).

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### **► WORKING CAPITAL**

Euro thousands				
	31 Mar 2020	31 Dec 2019	Change	% Change
Trade receivables	236,298	122,474	113,824	92.9%
Inventories	942	845	98	11.6%
Other receivables	33,272	30,395	2,877	9.5%
Trade payables	(41,664)	(47,692)	6,028	-12.6%
Other liabilities	(215,682)	(100,984)	(114,698)	113.6%
<b>WORKING CAPITAL</b>	<b>13,167</b>	<b>5,038</b>	<b>8,129</b>	<b>161.4%</b>

At 31 March 2020 Working capital amounts to € 13,167 thousand, up by € 8,129 thousand compared to the balance at 31 December 2019 (€ 5,038 thousand). The increase is primarily attributable to Trade receivables (which balance is € 236,298 thousand at 31 March 2020 compared to € 122,474 thousand at 31 December 2019) and to Other liabilities (which balance is € 215,682 thousand at 31 March 2020 compared to € 100,984 thousand at 31 December 2019).

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

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### **► CAPITAL EXPENDITURE**

Euro thousand				
CAPEX EXPENDITURE	31 Mar 2020	31 Mar 2019	Change	% Change
Investments in tangible assets	983	873	110	12.6%
Investments in intangible assets	3,016	2,834	182	6.4%
Capitalized development costs - personnel costs	3,532	2,755	776	28.2%
Capitalized development costs - service costs	527	797	(270)	-33.8%
<b>CAPEX EXPENDITURE - TOTAL</b>	<b>8,058</b>	<b>7,259</b>	<b>798</b>	<b>11.0%</b>

In the period ended 31 March 2020 the capital expenditure amounts to € 8,058 thousand with an increase of € 798 thousand compared to 31 March 2019 balance (€ 7,259 thousand).

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

**● ACQUISITION OF INVESTMENT**

**Acquisition of Prosystem S.r.l. business division**

With the aim of strengthening its presence in the management software market for tax consultants, in January 2020, TeamSystem S.p.A. acquired a business division 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.

**● 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 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 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.

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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 three 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**

<b>BOARD OF DIRECTORS</b>	
31 March 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

<b>BOARD OF STATUTORY AUDITORS</b>	
31 March 2020	TITLE
CLAUDIO SANCHIONI	CHAIRMAN
FABIO LANDUZZI	STATUTORY AUDITOR
NICOLE MAGNIFICO	STATUTORY AUDITOR
MARCO CECILIONI	ALTERNATIVE AUDITOR
CRISTINA AMADORI	ALTERNATIVE AUDITOR

<b>REGISTERED OFFICE and OTHER INFORMATION</b>	
TEAMSYSTEM HOLDING S.p.A.	
REGISTERED OFFICE	PESARO - Via Sandro Pertini, 88
SHARE CAPITAL	Euro 5.450.000
ITALIAN TAX CODE	09290340968
REA - PESARO	196739
INDEPENDENT AUDITORS	DELOITTE & TOUCHE S.p.A.

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**UNAUDITED**  
**INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE FIRST THREE**  
**MONTHS ENDED**  
**31 MARCH 2020**

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

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	31 Mar 2020	31 Mar 2019	NOTES
Revenue	98,490	86,602	1
Other operating income	676	373	1
<b>TOTAL REVENUE</b>	<b>99,165</b>	<b>86,975</b>	<b>1</b>
Cost of raw and other materials	(8,133)	(6,542)	2
Cost of services	(24,011)	(23,025)	3
Personnel costs	(30,477)	(27,560)	4
Other operating costs	(1,823)	(1,339)	5
Depreciation and amortization of non-current assets	(20,859)	(19,977)	
Allowance for bad debts	(1,160)	(1,199)	
<b>OPERATING RESULT</b>	<b>12,703</b>	<b>7,333</b>	
Finance income	124	45	6
Finance cost	(11,673)	(12,038)	7
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>1,153</b>	<b>(4,660)</b>	
Current income tax	(5,001)	(4,660)	
Deferred income tax	3,670	3,290	
<b>TOTAL INCOME TAX</b>	<b>(1,331)</b>	<b>(1,369)</b>	
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(178)</b>	<b>(6,029)</b>	
(Profit) Loss for the period - Non-controlling interests	(31)	(23)	
<b>PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY</b>	<b>(209)</b>	<b>(6,053)</b>	
<b>ADJUSTED EBITDA</b>	<b>35,654</b>	<b>29,123</b>	



Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31 Mar 2020	31 Mar 2019	NOTES
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(178)</b>	<b>(6,029)</b>	<b>20</b>
<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>(178)</b>	<b>(6,029)</b>	<b>20</b>
Total comprehensive (income) loss for the period attributable to Non-controlling interests	(31)	(23)	<b>20</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY</b>	<b>(209)</b>	<b>(6,053)</b>	<b>20</b>

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
ASSETS	31 Mar 2020	31 Dec 2019	NOTES
Tangible assets	15,413	15,139	9
Intangible assets	631,748	641,985	10
Right of use	24,652	22,987	11
Goodwill	737,341	734,258	12
Other Investments	1,980	308	13
Investments in associates	129	129	13
Deferred tax assets	14,649	14,760	14
Financing fees prepayments - non-current	0	701	15
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,425,911</b>	<b>1,430,266</b>	
Inventories	942	845	16
Trade receivables	236,298	122,474	17
Tax receivables	1,471	3,847	18
Other receivables - current	33,272	30,395	19
Financing Fees prepayments - current	0	413	15
Other financial assets - current	58	72	15
Cash and bank balances	122,077	36,412	15
<b>TOTAL CURRENT ASSETS</b>	<b>394,118</b>	<b>194,458</b>	
<b>TOTAL ASSETS</b>	<b>1,820,029</b>	<b>1,624,724</b>	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
EQUITY AND LIABILITIES	31 Mar 2020	31 Dec 2019	NOTES
Share capital	5,450	5,450	20
Other reserves	361,005	395,193	20
Retained earnings (accumulated losses)	(826)	0	20
Profit (Loss) attributable to Owners of the Company	(209)	(35,346)	20
<b>TOTAL EQUITY attributable to OWNERS OF THE COMPANY</b>	<b>365,420</b>	<b>365,297</b>	
Non-controlling interests - Capital and reserves	536	465	20
Non-controlling interests - Profit (Loss)	31	71	20
<b>TOTAL NON-CONTROLLING INTERESTS</b>	<b>567</b>	<b>537</b>	
<b>TOTAL EQUITY</b>	<b>365,987</b>	<b>365,834</b>	
Financial liabilities with banks and other institutions - non-current	888,468	884,518	15
Staff leaving indemnity	17,525	17,338	21
Provisions for risks and charges	8,497	8,595	22
Deferred tax liabilities	165,057	168,958	14
Other liabilities - non-current	512	523	23
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,080,059</b>	<b>1,079,932</b>	
Financial liabilities with banks and other institutions - current	111,073	27,150	15
Trade payables	41,664	47,692	
Tax liabilities - current	6,077	3,656	24
Other liabilities - current	215,170	100,461	23
<b>TOTAL CURRENT LIABILITIES</b>	<b>373,983</b>	<b>178,958</b>	
<b>TOTAL LIABILITIES</b>	<b>1,454,042</b>	<b>1,258,890</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,820,029</b>	<b>1,624,724</b>	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Mar 2020	31 Mar 2019	NOTES
<b>Operating Result</b>	<b>12,703</b>	<b>7,333</b>	
Depreciation and amortization of non-current assets	20,859	19,977	
<b>Depreciation and amortisation of non-current assets</b>	<b>20,859</b>	<b>19,977</b>	
Trade receivables	(113,782)	(106,748)	
Inventories	(98)	(36)	
Other receivables	(2,781)	(3,104)	
Trade payables	(6,028)	(4,290)	
Other liabilities	114,390	102,670	
<b>Change in Working capital</b>	<b>(8,299)</b>	<b>(11,509)</b>	
Staff leaving indemnity	(176)	(336)	
Provisions for risks and charges	(98)	(2,362)	
<b>Change in provisions</b>	<b>(274)</b>	<b>(2,699)</b>	
<b>Income tax</b>	<b>(75)</b>	<b>(151)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>24,913</b>	<b>12,952</b>	<b>8</b>
Investments in tangible assets	(983)	(873)	
Investments in intangible assets	(3,016)	(2,834)	
Capitalized development costs - personnel costs	(3,532)	(2,755)	
Capitalized development costs - service costs	(527)	(797)	
<b>Capital Expenditure</b>	<b>(8,058)</b>	<b>(7,259)</b>	
<b>Acquisition of investments</b>	<b>(5,570)</b>	<b>(3,020)</b>	<b>8</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(13,627)</b>	<b>(10,279)</b>	
<b>Financial balance paid / cashed-in and change in financial assets / liabilities</b>	<b>76,003</b>	<b>(9,423)</b>	<b>8</b>
<b>Liabilities to non-controlling shareholders paid</b>	<b>(1,619)</b>	<b>(744)</b>	<b>8</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>74,384</b>	<b>(10,167)</b>	
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS</b>	<b>(5)</b>	<b>6</b>	
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>85,664</b>	<b>(7,489)</b>	
<b>CASH AND BANK BALANCES - BEGINNING OF THE YEAR</b>	<b>36,412</b>	<b>24,574</b>	
<b>CASH AND BANK BALANCES - END OF THE PERIOD</b>	<b>122,077</b>	<b>17,085</b>	

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**Euro thousands**

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
<b>31 Dec 2018</b>	<b>5,450</b>	<b>501,117</b>	<b>(826)</b>	<b>(56,030)</b>	<b>449,711</b>	<b>464</b>	<b>450,175</b>
Loss allocation		(56,030)		56,030	0		0
Total Comprehensive Income (Loss) for the period				(6,053)	(6,053)	23	(6,029)
<b>31 Mar 2019</b>	<b>5,450</b>	<b>445,087</b>	<b>(826)</b>	<b>(6,053)</b>	<b>443,659</b>	<b>487</b>	<b>444,146</b>

**Euro thousands**

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
<b>31 Dec 2019</b>	<b>5,450</b>	<b>396,020</b>	<b>(826)</b>	<b>(35,346)</b>	<b>365,298</b>	<b>536</b>	<b>365,834</b>
Loss allocation		(35,346)		35,346	0		0
Other movements		331			331		331
Total Comprehensive Income (Loss) for the period				(209)	(209)	31	(178)
<b>31 Mar 2020</b>	<b>5,450</b>	<b>361,005</b>	<b>(826)</b>	<b>(209)</b>	<b>365,420</b>	<b>567</b>	<b>365,987</b>

# TeamSystem Group

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 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 31 March 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 31 March 2020 show comparative figures as at 31 March 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 31 March 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 three months ended 31 March 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 period ended 31 March 2020 and for the period ended 31 March 2019 have not been audited.

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### ► SCOPE OF CONSOLIDATION

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

Amounts in Euro

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Share capital	Equity	Profit (Loss)	Currency	% held	% consolidation	Notes
TeamSystem Holding S.p.A.	Pesaro	5,450,000	643,642,632	(42,225)	EUR			
TeamSystem S.p.A.	Pesaro	24,000,000	334,935,553	(8,890,854)	EUR	100.00	100.00	
TeamSystem Service S.r.l.	Campobasso	200,000	18,678,928	2,047,793	EUR	100.00	100.00	
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	63,456	(53,333)	EUR	60.00	100.00	1
Danea Soft S.r.l.	Vigonza (PD)	100,000	19,620,179	2,125,146	EUR	70.00	100.00	1
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	14,448,147	4,366,469	EUR	51.00	100.00	1 / 2
MMDATA S.r.l.	Rome	10,000	146,934	(17,742)	EUR	100.00	100.00	2
Mondora S.r.l.	Milan	105,000	2,864,006	257,588	EUR	100.00	100.00	
Voispeed Limited	Saint Albans - UK	1,000	101,708	1,708	GBP	85.00	85.00	3
Aliaslab S.p.A.	Milan	156,000	26,298,234	729,044	EUR	51.00	100.00	1
Reviso International ApS	Copenhagen	50,011	(7,656,992)	(2,024,589)	DKK	100.00	100.00	
Reviso Cloud Accounting Limited	Reading	1	20,132	1,419	GBP	100.00	100.00	4
Reviso Soluciones Cloud S.L.	Madrid	3,000	3,620	(471)	EUR	100.00	100.00	4
Reviso Deutschland GmbH	Berlin	25,000	67,885	(1,598)	EUR	100.00	100.00	4
Evolis S.r.l.	Catania	887,000	1,404,197	10,417	EUR	51.00	100.00	1
Netlex S.r.l.	Velletri (RM)	12,500	590,276	13,722	EUR	51.00	100.00	1
Cassanova S.r.l.	Santarcangelo di Romagna (RN)	10,000	883,339	113,974	EUR	51.00	100.00	1
Evolution Fit S.r.l.	Turin	10,000	397,164	74,358	EUR	51.00	100.00	1
TeamSystem Active S.r.l.	Pesaro	15,000	148,434	57,390	EUR	100.00	100.00	
Gruppo Euroconference S.p.A.	Verona	300,000	16,516,468	884,232	EUR	96.87	96.87	5
Nuovamacut Automazione S.p.A.	Bologna	108,000	19,317,318	773,522	EUR	100.00	100.00	
TeamSystem 4 S.r.l.	Pesaro	50,000	95,443	4,038	EUR	100.00	100.00	
TeamSystem 5 S.r.l.	Trento	10,000	3,455,499	62,576	EUR	100.00	100.00	
Skylab Italia S.r.l.	Turin	143,600	6,351,039	33,171	EUR	60.00	100.00	1
Gi.Esse Macchine Utensili S.r.l.	Assago (MI)	100,000	1,298,724	(29,104)	EUR	100.00	100.00	6
Iperelle S.r.l.	Brescia	50,000	1,793,923	9,064	EUR	100.00	100.00	6
Iperelle Edist Torino S.r.l.	Grugliasco (TO)	100,000	331,679	8,716	EUR	100.00	100.00	7
Reway S.r.l.	Monza (MB)	10,000	153,194	9,438	EUR	100.00	100.00	7
Techmass S.r.l.	Bassano del Grappa (VI)	11,538	255,678	(28,495)	EUR	51.00	100.00	1
TeamSystem BK S.r.l.	Rome	1,010,000	5,594,502	84,502	EUR	80.00	100.00	8
TeamSystem Financial Value Chain S.r.l.	Milan	4,931,373	13,543,833	(25,631)	EUR	51.00	100.00	1
Whit-e S.r.l.	Milan	15,000	1,117,135	30,744	EUR	100.00	100.00	9
Factor@Work S.r.l.	Milan	65,000	393,695	(95,292)	EUR	100.00	100.00	9
TeamSystem AM Holdco S.r.l.	Milan	10,000	497,278	(2,367)	EUR	51.00	100.00	1 / 9
TeamSystem Capital at Work SGR S.p.A.	Milan	100,000	412,477	(57,143)	EUR	100.00	100.00	10
TeamSystem Payments Holdco S.r.l.	Milan	10,000	675,849	(1,821)	EUR	100.00	100.00	
TeamSystem Payments S.r.l.	Milan	125,000	193,094	(31,640)	EUR	100.00	100.00	11

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	12
INTIT S.r.l.	Frosinone	20,800	459,668	49,901	EUR	35.00	35.00	12
Cesaco S.r.l.	Vicenza	90,000	174,614	23,069	EUR	48.00	48.00	13

- (1) = equity interest would be 100% should put/call option be exercised;  
(2) = investments held by Danea Soft S.r.l.;  
(3) = investments held by TeamSystem Communication S.r.l.;  
(4) = investments held by Reviso International ApS;  
(5) = takes account of treasury shares held by Gruppo Euroconference;  
(6) = investments held by Nuovamacut Automazione S.p.A.;  
(7) = investments held by Iperelle S.r.l.;  
(8) = investments held by TeamSystem Service S.r.l.;  
(9) = investments held by TeamSystem Financial Value Chain S.r.l.;  
(10) = investments held by TeamSystem AM Holdco S.r.l.;  
(11) = investments held by TeamSystem Payments Holdco S.r.l.;  
(12) = Equity and Profit (Loss) figures updated to 31 December 2017;  
(13) = Equity and Profit (Loss) figures updated to 31 December 2018.

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**►CHANGES TO THE SCOPE OF CONSOLIDATION DURING THE FIRST THREE MONTHS OF 2020**

The 31 March 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. results in the 31 March 2020 Consolidated Financial Statements.

As regards the investments in Area 32 S.r.l. (see “Significant events during the first three months of 2020” section, in Directors’ Report), its results and its financial position have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the three months ended 31 March 2020, taking into account the non-materiality of the acquisition in question and considering the fact that the acquisition took place at the end of the quarter.

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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 31 March 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:

<b>EXCHANGE RATES</b>	<b>Average exchange rate for the first three months of 2020</b>	<b>Exchange rate as at 31 March 2020</b>	<b>Average exchange rate for the first three months of 2019</b>	<b>Exchange rate as at 31 December 2019</b>
GBP	0.86225	0.88643	0.87251	0.85080
DKK	7.4715	7.46740	7.4637	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 31 March 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 AND NOT ADOPTED BY THE GROUP AT 31 MARCH 2020**

The Group has not applied the following new accounting standards and other amendments, which have been published, but the application of which is not yet mandatory:

- On 31 October 2018, the IASB issued “Definition of Material (Amendments to IAS 1 and IAS 8)”. The amendments introduced a change to the definition of “material” contained in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The objective of the amendments is to make the definition of “material” more specific and they have introduced the concept of obscured information to stand alongside the concepts of omitted or misstated information included in both amended accounting standards. The amendments clarify that information is obscured if it is disclosed in a manner that would have a similar effect on the primary users of financial statements as omitted or misstated information. The amendments were endorsed on 29 November 2019 and are effective for all transactions subsequent to 1 January 2020. There are no significant impacts on the Group's consolidated financial statements as a result of the adoption of these amendments.
- On 29 March 2018, the IASB issued "Amendments to References to the Conceptual Framework in IFRS Standards". The amendments are effective for annual periods beginning on or after January 1, 2020, although early application is permitted.  
The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors.  
The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards.
- On 26 September 2019, the IASB published “Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform”. The amendments are to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement and IFRS 7 - Financial Instruments: Disclosures. In



particular, the amendments modify some specific hedge accounting requirements to provide temporary relief therefrom, in order to mitigate the potential effects of the uncertainty caused by the IBOR reform (that is still ongoing) on future cash flows in the period prior to its completion. The amendments require companies to disclose additional information in their financial statements regarding their hedging relationships that are directly affected by the uncertainties generated by the reform and to which the aforementioned relief has been applied.

The amendments are effective as from 1 January 2020, although early application is permitted. There are no significant impacts on the Group's consolidated financial statements as a result of the adoption of these amendments, on account of the fact that the Group does not apply hedge accounting to its exposure to interest rate fluctuations.

**► ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION**

At the reference date of these consolidated financial statements, some amendments to IFRS 3 are still pending for approval (definition of "business" and introduction of an "concentration test", optional, which allows to exclude the presence of a business if the price paid is substantially referable to a single asset or group of assets) and to IFRS 10 and IAS 28 (in order to resolve the current conflict between IAS 28 and IFRS 10).

In addition, on May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from the insurance contracts issued.

Based on the information currently available, no significant impacts are expected for the Group.

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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

	31 Mar 2020	31 Mar 2019	Change	% Change
<b>Direct Channel</b>	<b>30.9</b>	<b>28.8</b>	<b>2.1</b>	<b>7.3%</b>
Recurring	25.3	23.1	2.3	9.8%
Licenses/Prof. Services	5.6	5.7	(0.2)	-3.0%
<b>Indirect Channel</b>	<b>27.7</b>	<b>26.8</b>	<b>0.9</b>	<b>3.5%</b>
Recurring	26.3	25.3	1.0	4.1%
Licenses/Prof. Services	1.3	1.5	(0.1)	-7.5%
<b>Micro and new Business Solutions</b>	<b>16.3</b>	<b>9.6</b>	<b>6.7</b>	<b>70.3%</b>
Recurring	14.9	8.6	6.3	72.6%
Licenses/Prof. Services	1.4	0.9	0.5	49.4%
<b>Vertical Solutions</b>	<b>24.3</b>	<b>21.3</b>	<b>2.9</b>	<b>13.8%</b>
Recurring	13.8	11.4	2.4	21.4%
Licenses/Prof. Services	10.5	10.0	0.5	5.1%
<b>Hardware</b>	<b>0.5</b>	<b>0.6</b>	<b>(0.1)</b>	<b>-22.2%</b>
<b>Others</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>258.9%</b>
<b>TOTAL REVENUE</b>	<b>99.2</b>	<b>87.0</b>	<b>12.2</b>	<b>14.0%</b>

Total Revenue for the period ended 31 March 2020 amounts to € 99.2 millions, up by € 12.2 millions compared to the corresponding figure for the period ended 31 March 2019 (€ 87 millions).

This movement (attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first three months of 2020) is mainly due to the increase in Micro and new Business Solutions (€ 6.7 millions), in Vertical Solutions (€ 2.9 millions) and in Direct Channel (€ 2.1 millions). Recurring revenues also increased compared to the 31 March 2019 figures.

### 2. COST OF RAW AND OTHER MATERIALS

	31 Mar 2020	31 Mar 2019	Change	% Change
Hardware purchases	1,214	902	312	34.6%
Third parties' software	6,437	4,878	1,559	32.0%
Handbooks and forms	30	13	17	130.3%
Materials for education	45	68	(23)	-33.6%
Fuel	443	527	(84)	-15.9%
Other materials	62	173	(111)	-64.2%
Change in inventory of raw materials	(97)	(19)	(78)	413.3%
<b>Total</b>	<b>8,133</b>	<b>6,542</b>	<b>1,591</b>	<b>24.3%</b>

Cost of raw and other materials amounts to € 8,133 thousand for the period ended 31 March 2020, up by € 1,591 thousand compared to the amount at 31 March 2019 (€ 6,542 thousand). The increase is mainly attributable to the change in the consolidation area and to the organic growth experience by TeamSystem Group in the first three months of 2020.

### 3. COST OF SERVICES

	31 Mar 2020	31 Mar 2019	Change	% Change
Agent commissions and other costs	3,837	3,624	213	5.9%
Consulting and third parties services	2,553	2,591	(38)	-1.5%
Software and Hardware maintenance costs	4,251	2,828	1,423	50.3%
Customer support service costs	1,215	2,029	(814)	-40.1%
Administrative tax and legal	1,286	819	467	57.0%
Education - consulting and copyrights	777	1,210	(432)	-35.7%
Magazines - consulting and copyrights	375	373	3	0.7%
Other costs for education services	170	443	(273)	-61.5%
Advertising and marketing	4,063	4,400	(337)	-7.7%
Car rentals	847	858	(11)	-1.3%
Utilities	1,066	1,034	32	3.1%
Costs for mergers and acquisitions	230	290	(60)	-20.7%
Other minor items	40	70	(30)	-42.9%
Costs for strategic projects and reorganizations	22	111	(89)	-80.1%
Other services	3,807	3,144	663	21.1%
<b>Cost of services - Gross of capitalisation</b>	<b>24,538</b>	<b>23,821</b>	<b>717</b>	<b>3.0%</b>
Services capitalized development costs	(527)	(797)	270	-33.8%
<b>Total</b>	<b>24,011</b>	<b>23,025</b>	<b>987</b>	<b>4.3%</b>

Cost of services for the period ended 31 March 2020 amounts to € 24,011 thousand, up by € 987 thousand from the amount of the period ended 31 March 2019 (€ 23,025 thousand), related both to the change in the consolidation area and to the organic growth.

Compared to the corresponding period ended 31 March 2019, the main increases have been registered in Software and Hardware maintenance costs (as a consequence of the growth in Micro and new Business Solutions revenue) and are partially compensated by the decrease of Customer support service costs.

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

### 4. PERSONNEL COSTS

	31 Mar 2020	31 Mar 2019	Change	% Change
Wages, salaries and social contributions	31,168	28,242	2,926	10.4%
Staff leaving indemnities	1,401	1,149	253	22.0%
Other personnel costs	105	20	86	438.0%
Personnel costs for redundancy and reorganizations	416	111	305	274.9%
<b>Employee costs</b>	<b>33,092</b>	<b>29,521</b>	<b>3,570</b>	<b>12.1%</b>
Freelancers and collaborators fees	201	149	52	34.8%
Directors' fees and related costs	716	645	71	11.0%
<b>Directors and Collaborators</b>	<b>917</b>	<b>794</b>	<b>123</b>	<b>15.5%</b>
<b>Personnel - Gross of capitalisation</b>	<b>34,008</b>	<b>30,315</b>	<b>3,693</b>	<b>12.2%</b>
Personnel capitalized development costs	(3,532)	(2,755)	(776)	28.2%
<b>Total</b>	<b>30,477</b>	<b>27,560</b>	<b>2,917</b>	<b>10.6%</b>

Personnel costs for the period ended 31 March 2020 (€ 30,477 thousand) have increased by € 2,917 thousand, compared to the corresponding amount for the period ended 31 March 2019 (€ 27,560 thousand), as a consequence of the change in the consolidation area and of the organic growth experienced by the Group in the first three months of 2020.

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

## 5. OTHER OPERATING COSTS

	31 Mar 2020	31 Mar 2019	Change	% Change
Rents	343	271	72	26.5%
Rentals	73	70	3	4.2%
Other expenses for use of third parties assets	114	99	15	14.9%
Other tax	58	29	29	100.5%
Losses from assets disposals	1	4	(3)	-75.7%
Other expenses and settlement costs	1,234	866	368	42.5%
<b>Total</b>	<b>1,823</b>	<b>1,339</b>	<b>484</b>	<b>36.1%</b>

Other operating costs for the period ended 31 March 2020 (€ 1,823 thousand) increase by € 484 thousand compared to the corresponding amount for the period ended 31 March 2019 (€ 1,339 thousand).

## 6. FINANCE INCOME

	31 Mar 2020	31 Mar 2019	Change	% Change
Interest and other finance income	31	8	23	272.9%
Gains on foreign exchange	1	0	1	3140.1%
Interest from banks	0	2	(1)	-95.3%
MTM valuation of derivative instruments	91	35	56	160.0%
<b>Total</b>	<b>124</b>	<b>45</b>	<b>79</b>	<b>174.8%</b>

Finance income for the period ended 31 March 2020 (€ 124 thousand) have increased for an amount of € 79 thousand compared to the corresponding amount at 31 March 2019 (€ 45 thousand).

## 7. FINANCE COST

	31 Mar 2020	31 Mar 2019	Change	% Change
Interest on bank loans	155	17	139	832.4%
Interest on Notes	7,583	7,500	83	1.1%
Interest on derivative instruments	77	76	1	1.1%
Interest on financing fees	700	692	8	1.1%
Revaluation – Liabilities to non-controll. shareholders		1,224	(1,224)	-100.0%
Bank commissions	584	586	(2)	-0.4%
Interests on actuarial valuation of employees benefit	50	66	(16)	-24.2%
Interests on leases - IFRS 16	260	72	189	263.3%
Other IFRS financial charges	2,082	1,382	700	50.7%
Other financial charges	176	421	(245)	-58.1%
Losses on foreign exchange	6	3	3	100.0%
<b>Total</b>	<b>11,673</b>	<b>12,038</b>	<b>(365)</b>	<b>-3.0%</b>

Finance cost for the period ended 31 March 2020 amount to € 11,673 thousand with a decrease of € 365 thousand, compared to the corresponding amount at 31 March 2019 (€ 12,038 thousand).

The decrease of € 1,224 thousand in the line items Revaluation –Liabilities to non-controlling shareholders is partially compensated with the increase of € 700 thousand in the line item Other IFRS financial charges related to interests in 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 three months of 2020.

**Cash flows from operating activities** = amount to € 24,913 thousand for the period ended 31 March 2020, increasing by € 11,961 thousand, compared to the corresponding flows for the period ended 31 December 2019 (€ 12,952 thousand).

The balances are impacted by the fact that 31 March 2019 was not business day (“week-end effect”), therefore the collection of trade receivables due at the end of this month was postponed to the beginning of the next month. The cash flows from operating activities normalized for the weekend effect would amount to € 36,296 thousand at 31 March 2019 and, consequently, the cash flows from operating activities for the period ended 31 March 2020 would be € 11,383 thousand lower than the period ended 31 March 2019<sup>2</sup> (see “Consolidated statement of cash flows” paragraph in Directors’ Report).

**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. business segment.

**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);
- revolving credit facility drawdown (see Note 15 Net Financial Indebtedness).

**Liabilities to non-controlling shareholders paid** = the main cash items occurred in the first three months of 2020 are attributable to the adjustments of considerations paid in relation to recent acquisitions of investments.

## 9. TANGIBLE ASSETS

NET BOOK VALUE	31 Mar 2020	31 Dec 2019	Change	% Change
Land	948	948		
Buildings	3,000	3,071	(72)	-2.3%
Plant and machinery	3,858	4,064	(206)	-5.1%
Equipment	854	907	(53)	-5.9%
Other assets	6,747	6,142	605	9.9%
Tangible assets - in progress	7	7		
<b>Total</b>	<b>15,413</b>	<b>15,139</b>	<b>274</b>	<b>1.8%</b>

At 31 March 2020 Tangible fixed assets amount to € 15,413 thousand, up by € 274 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 € 886 thousand).

## 10. INTANGIBLE ASSETS

NET BOOK VALUE	31 Mar 2020	31 Dec 2019	Change	% Change
<b>Capitalised development</b>	<b>31,940</b>	<b>28,852</b>	<b>3,088</b>	<b>10.7%</b>
<b>IFRS Assets</b>	<b>577,784</b>	<b>590,191</b>	<b>(12,406)</b>	<b>-2.1%</b>
<b>Other intangible assets</b>	<b>22,024</b>	<b>22,943</b>	<b>(919)</b>	<b>-4.0%</b>
<b>Total</b>	<b>631,748</b>	<b>641,985</b>	<b>(10,237)</b>	<b>-1.6%</b>

Intangible assets have gone from € 641,985 thousand at 31 December 2019 to € 631,748 thousand at 31 March 2020, with a decrease of € 10,237 thousand resulting from the aggregate of disposals, additions, capitalised development costs (€ 4,059 thousand) and amortisation (€ 18,366 thousand) for the period ended 31 March 2020.

IFRS assets include intangible assets identified on allocation of the price paid for the acquisition of TeamSystem

<sup>2</sup> The amount of trade receivables whose collection was postponed to the beginning of the next month, because of the week-end effect, is € 23,344 thousand for the period ended 31 March 2019.

Group (Software, Brands, Customer relationships and other IFRS assets). Their decrease is due to the amortisation for the first three months of 2020.

#### 11. RIGHT OF USE

As at 31 March 2020 Right of use amounts to € 24,652 thousand, down by € 1,665 thousand 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 31 March 2020 Goodwill amounts to € 737,341 thousand, up by € 3,083 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. results.

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

	31 Mar 2020	31 Dec 2019	Change	% Change
Investments in Associates	129	129		
Other Investments	1,980	308	1,672	543.3%
<b>Total</b>	<b>2,109</b>	<b>436</b>	<b>1,672</b>	<b>383.2%</b>

The balance of Investments in Associates and Other investments changed from € 436 thousand at 31 December 2019 to € 2,109 thousand at 31 March 2020 , with an increase of € 1,672 thousand.

The increase mainly refers to the acquisition of 100% equity interests in Area 32 S.r.l. (for further information, see “Significant events during the first three months of 2020” chapter in Directors’ report).

#### 14. DEFERRED TAX ASSETS AND LIABILITIES

	31 Mar 2020	31 Dec 2019	Change	% Change
Deferred tax assets	14,649	14,760	(111)	-0.8%
Deferred tax liabilities	165,057	168,958	(3,902)	-2.3%

At 31 March 2020 Deferred tax assets amount to € 14,649 thousand, down by € 111 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 31 March 2020 Deferred tax liabilities amount to € 165,057 thousand with a decrease of € 3,902 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

	31 Mar 2020		31 Dec 2019		
	Current	Non-Current	Current	Non-Current	Total
Bank accounts and post office	122,036		36,375		36,375
Cash and bank balances	40		38		38
<b>Total Cash and bank balances</b>	<b>122,077</b>		<b>36,412</b>		<b>36,412</b>
Loans	4		0		0
Accruals and prepaid commissions	3				
Other financial assets	51		72		72
<b>Total Other financial assets</b>	<b>58</b>		<b>72</b>		<b>72</b>
Loans with banks	(86,105)		(32)		(32)
Overdrafts with banks	(138)		(0)		(0)
Finance leases liabilities	(5,623)	(20,091)	(5,610)	(18,342)	(23,952)
Notes	(1,333)	(750,000)	(1,333)	(750,000)	(751,333)
Financial liabilities with other institutions	0		(3)		(3)
Dividends to be settled	(40)		(40)		(40)
<b>Total Financial liabilities</b>	<b>(93,239)</b>	<b>(770,091)</b>	<b>(7,019)</b>	<b>(768,342)</b>	<b>(775,361)</b>
Financing Fees - bond		8,834		9,431	9,431
Financing Fees - banks	1,011				
Financing Fees - prepayments			413	701	1,114
<b>Total Financing Fees</b>	<b>1,011</b>	<b>8,834</b>	<b>413</b>	<b>10,132</b>	<b>10,545</b>
Liabilities to non-controlling shareholders	(18,639)	(127,211)	(19,781)	(125,607)	(145,387)
Derivative instruments - liabilities	(12)		(12)	(103)	(103)
Commission financial liabilities	(181)		(237)		(237)
Other financial liabilities	(13)		(11)		(11)
<b>Total Other financial liabilities</b>	<b>(18,845)</b>	<b>(127,211)</b>	<b>(20,131)</b>	<b>(125,607)</b>	<b>(145,738)</b>
<b>Total</b>	<b>11,062</b>	<b>(888,468)</b>	<b>9,747</b>	<b>(883,817)</b>	<b>(874,070)</b>

Net financial indebtedness as at 31 March 2020 amounts to negative € 877,406 thousand.

### Cash and bank balances

The amount of cash and bank balances stands at € 122,077 thousand as at 31 March 2020 and at € 36,412 thousand at 31 December 2019.

### Financial leases liabilities

Following the adoption of IFRS 16 – Leases, Financial leases liabilities at 31 March 2020 reflects the recognition of a financial liability of € 25,714 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 31 March 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 year ended 31 December 2019.

### **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. As at 31 March 2020, the spread applied to the RCF is 3.2500%.

During the first months of 2020, TeamSystem Group has drawn-down € 86 million of the RCF facility.

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 (€ 145,850 thousand at 31 March 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: Danea Soft S.r.l., Madbit Entertainment S.r.l., Aliaslab S.p.A., Evols S.r.l., Netlex S.r.l., Cassanova S.r.l. and Skylab Italia S.r.l..

## **16. INVENTORIES**

	31 Mar 2020	31 Dec 2019	Change	% Change
Raw and ancillary materials	435	437	(2)	-0.5%
Finished products and goods	995	930	66	7.1%
(Allowance for slow-moving inventory)	(488)	(522)	34	-6.5%
<b>Total</b>	<b>942</b>	<b>845</b>	<b>98</b>	<b>11.6%</b>

At 31 March 2020 Inventories amount to € 942 thousand, up by € 98 thousand compared to the balance at 31 December 2019 (€ 845 thousand).

## **17. TRADE RECEIVABLES**

	31 Mar 2020	31 Dec 2019	Change	% Change
Trade receivables	256,015	141,296	114,719	81.2%
(Allowance for bad debts)	(19,717)	(18,823)	(894)	4.8%
<b>Total</b>	<b>236,298</b>	<b>122,474</b>	<b>113,824</b>	<b>92.9%</b>

At 31 March 2020 Trade receivables amount to € 236,298 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 € 19,717 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

	31 Mar 2020	31 Dec 2019	Change	% Change
Tax credits	262	148	115	77.7%
Other tax receivables	73	86	(12)	-14.4%
Withholding tax credit	58	43	15	n.s.
Tax consolidation receivables	(0)	4	(4)	-101.5%
Advances and income tax credits	1,077	3,567	(2,490)	-69.8%
<b>Total</b>	<b>1,471</b>	<b>3,847</b>	<b>(2,376)</b>	<b>-61.8%</b>

At 31 March 2020 Tax receivables amount to € 1,471 thousand, down by € 2,376 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 31 March 2020.

## 19. OTHER CURRENT RECEIVABLES

	31 Mar 2020	31 Dec 2019	Change	% Change
Deposits	504	493	11	2.2%
Receivables from employees	586	691	(105)	-15.2%
Other receivables	5,056	6,355	(1,299)	-20.4%
Accrued income	252	133	119	89.5%
Prepayments	25,846	22,116	3,730	16.9%
VAT receivables	1,028	607	421	69.4%
<b>Total</b>	<b>33,272</b>	<b>30,395</b>	<b>2,456</b>	<b>8.1%</b>

At 31 March 2020 the Other current receivables balance amounts to € 33,272 thousand, up by € 2,456 thousand compared to the 31 December 2019 balance (€ 30,395 thousand). The increase is mainly due to Prepayments (€ 3,730 thousand), 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
<b>31 Dec 2018</b>	5,450	501,117	(826)	(56,030)	449,711	464	450,175
Loss allocation		(56,030)		56,030	0		0
Total Comprehensive Income (Loss) for the period				(6,053)	(6,053)	23	(6,029)
<b>31 Mar 2019</b>	5,450	445,087	(826)	(6,053)	443,659	487	444,146

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
<b>31 Dec 2019</b>	5,450	396,020	(826)	(35,346)	365,298	536	365,834
Loss allocation		(35,346)		35,346	0		0
Other movements		331			331		331
Total Comprehensive Income (Loss) for the period				(209)	(209)	31	(178)
<b>31 Mar 2020</b>	5,450	361,005	(826)	(209)	365,420	567	365,987

At 31 March 2020 the Group's equity amounts to € 365,420 thousand.

## 21. STAFF LEAVING INDEMNITY

	31 Mar 2020	31 Dec 2019	Change	% Change
Staff leaving indemnity	17,525	17,338	187	1.1%
<b>Total</b>	<b>17,525</b>	<b>17,338</b>	<b>187</b>	<b>1.1%</b>

At 31 March 2020 Staff leaving indemnity amounts to € 17,525 thousand, substantially unchanged 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

	31 Mar 2020	31 Dec 2019	Change	% Change
Provision for pension and similar obligation	1,481	1,476	5	0.3%
Provision for litigations	4,974	4,974		
Other provision for risks and charges	2,041	2,144	(103)	-4.8%
<b>Total</b>	<b>8,497</b>	<b>8,595</b>	<b>(98)</b>	<b>-1.1%</b>

At 31 March 2020 Provisions for risks and charges amount to € 8,497 thousand, decreased by € 98 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

	31 Mar 2020	31 Dec 2019	Change	% Change
VAT liabilities	4,352	3,231	1,799	55.7%
Withholdings liabilities	5,945	4,395	(220)	-5.0%
Employees payables and Social security liabilities	18,766	26,363	(7,597)	-28.8%
Advances	4,465	5,217	(751)	-14.4%
Other liabilities	2,387	2,401	(15)	-0.6%
Accrued liabilities	426	866	(440)	-50.8%
Deferred revenues	178,829	57,988	120,841	208.4%
<b>Other current liabilities</b>	<b>215,170</b>	<b>100,461</b>	<b>113,617</b>	<b>113.1%</b>
Due to social securities - non-current	504	515	(11)	-2.1%
Other tax liabilities - non-current	8	8		
<b>Other non-current liabilities</b>	<b>512</b>	<b>523</b>	<b>(11)</b>	<b>-2.1%</b>
<b>Total Other liabilities</b>	<b>215,682</b>	<b>100,984</b>	<b>113,606</b>	<b>112.5%</b>

At 31 March 2020 Other current liabilities amount to € 215,170 thousand, up by € 113,617 thousand compared to the balance at 31 December 2019 (€ 100,461 thousand).

This increase is substantially due to the seasonality of billings for subscription fees that characterises the business of the Group and results in the increase in deferred revenues (€ 120,841 thousand).

At 31 March 2020 Other non-current liabilities amount to € 512 thousand (€ 523 thousand at 31 December 2019) and relate primarily to balances pertaining to TeamSystem S.p.A..

## 24. CURRENT TAX LIABILITIES

	31 Mar 2020	31 Dec 2019	Change	% Change
Income tax payables	6,083	3,657	2,426	66.4%
Other tax liabilities	(5)	0	(5)	-26071.9%
<b>Total</b>	<b>6,077</b>	<b>3,656</b>	<b>2,421</b>	<b>66.2%</b>

At 31 March 2020 Current tax liabilities amount to € 6,077 thousand, up by € 2,421 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 three months of 2020.

□ □ □

## 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..

□ □ □

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



