

30 September 2016  
Interim Consolidated  
Financial Statements  
TeamSystem Group





**INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS  
ENDED 30 SEPTEMBER 2016**

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TeamSystem Group**

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**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
NINE MONTHS ENDED 30 SEPTEMBER 2016**

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**OPERATING AND  
FINANCIAL REVIEW**



**► RESULTS OF OPERATIONS**

Euro thousands	( 1 )	( 2 )	( 1 ) - ( 2 ) = ( 3 )	( 3 ) / ( 2 )
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Consolidated Statement 30 Sep 2016	Consolidated Statement 30 Sep 2015	Change	% Change
Revenue	191,140	179,182	11,958	6.7%
Other operating income	2,599	1,974	624	31.6%
<b>TOTAL REVENUE</b>	<b>193,739</b>	<b>181,156</b>	<b>12,582</b>	<b>6.9%</b>
Cost of raw and other materials	(18,586)	(16,127)	(2,459)	15.3%
Cost of services	(41,045)	(40,434)	(611)	1.5%
Personnel	(70,377)	(67,021)	(3,356)	5.0%
-of which non recurring	(919)	(2,614)	1,695	-64.8%
Other operating costs	(4,270)	(4,223)	(47)	1.1%
Non recurring expenses	(17,406)	(5,873)	(11,534)	n.s.
Depreciation and amortization of non current assets	(25,686)	(29,897)	4,211	-14.1%
Allowance for bad debts	(3,796)	(3,311)	(485)	14.6%
Other provisions for risks and charges	(20)	(36)	15	-43.0%
Impairment of non current assets	0	(3,636)	3,636	-100.0%
<b>OPERATING RESULT</b>	<b>12,552</b>	<b>10,599</b>	<b>1,953</b>	<b>18.4%</b>
Finance income	68	3,854	(3,786)	-98.2%
Finance cost	(62,850)	(33,580)	(29,270)	87.2%
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(50,230)</b>	<b>(19,127)</b>	<b>(31,103)</b>	<b>n.s.</b>
Current income tax	(10,746)	(7,311)	(3,435)	47.0%
Deferred income tax	7,966	5,548	2,419	43.6%
<b>TOTAL INCOME TAX</b>	<b>(2,780)</b>	<b>(1,764)</b>	<b>(1,017)</b>	<b>57.6%</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(53,010)</b>	<b>(20,891)</b>	<b>(32,119)</b>	<b>n.s.</b>
(Profit) Loss for the period				
Non controlling interests	(201)	(121)	(80)	65.9%
<b>PROFIT (LOSS) FOR THE PERIOD OWNERS OF THE COMPANY</b>	<b>(53,211)</b>	<b>(21,012)</b>	<b>(32,199)</b>	<b>n.s.</b>
<b>EBITDA</b>	<b>56,583</b>	<b>52,654</b>	<b>3,929</b>	<b>7.5%</b>
<b>ADJUSTED EBITDA</b>	<b>60,379</b>	<b>55,966</b>	<b>4,414</b>	<b>7.9%</b>

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**TOTAL REVENUE:** Total Revenue for the period ended 30 September 2016 amounts to € 193,739 thousand, up by € 12,582 thousand compared to the corresponding figure for the period ended 30 September 2015 (€ 181,156 thousand). This is mainly due to the increase in Software subscription revenue (€ 8,151 thousand) and to the growth in Other services revenue (€ 3,001 thousand)

**ADJUSTED EBITDA:** Adjusted Ebitda for the period ended 30 September 2016 amounts to € 60,379 thousand, up by € 4,414 thousand compared to the corresponding amount for the period ended 30 September 2015 (€ 55,966 thousand).

**COST OF RAW AND OTHER MATERIALS:** Cost of raw and other materials amounts to € 18,586 thousand for the period ended 30 September 2016, up by € 2,459 thousand from the amount of the period ended 30 September

2015 (€ 16,127 thousand). This increase is primarily due to the organic increase in cost of Raw and other materials, mainly led by higher costs of Third parties' software (€ 2,960 thousand).

**COST OF SERVICES:** The Cost of services for the period ended 30 September 2016 amounts to € 41,045 thousand, nearly flat compared to the amount for the period ended 30 September 2015 (€ 40,434 thousand).

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

- Agent commission and other costs (for an amount of € 9,537 thousand);
- Consulting and third parties services (for an amount of € 12,070 thousand);
- Other services (for an amount of € 7,425 thousand).

**PERSONNEL:** Personnel costs for the period ended 30 September 2016 (€ 70,377 thousand) have increased in total by € 3,356 thousand compared to the corresponding amount for the period ended 30 September 2015 (€ 67,021 thousand). This growth is attributable to the organic growth due to the ongoing policy to strengthen the Group's workforce.

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

Non-recurring expenses for the period ended 30 September 2016 amount to € 17,406 thousand, compared with € 5,873 thousand for the period ended 30 September 2015, thus with an increase of € 11,533 thousand mainly related to the due diligence costs incurred as a consequence of the acquisition of TeamSystem Group made by Hellman & Friedman private equity funds.

**FINANCE COST:** Financial charges for the period ended 30 September 2016 amount to € 62,850 thousand with an increase with respect to the corresponding amount at 30 September 2015 (€ 33,580 thousand) of € 29,270 thousand mainly due to:

- increased Interest on Notes (for an amount of € 24,027 thousand), the great majority of which attributable to the non recurring amount of € 15.9 million paid by TeamSystem Group as "Applicable premium" as a consequence of the early redemption of the Existing Notes (see Notes 16 for further details).
- non recurring write-off of financing fees pertaining the Original RCF facility (for an amount of € 2,065 thousand) and non recurring write-off of financing fees pertaining the Existing Notes for an amount of € 11,767 thousand; both of them as a consequence of the acquisition of TeamSystem Group made by Hellman & Friedman private equity funds on March 2016 and the following refinancing process which culminated with the issuance of the Senior Notes and the Senior Secured Notes (see also Note 16 for further details).

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

Euro thousands				
CONSOLIDATED STATEMENT OF CASH FLOWS	30 Sep 2016	30 Sep 2015	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	43,399	45,916	(2,516)	-5.5%
CASH FLOWS FROM INVESTING ACTIVITIES	(797,650)	(14,303)	(783,347)	n.s.
CASH FLOWS FROM FINANCING ACTIVITIES	753,596	(19,746)	773,342	n.s.
CASH AND BANK BALANCES FROM CONSOLIDATION OF NEW SUBSIDIARIES	0	(667)	667	-100.0%
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>(654)</b>	<b>11,200</b>	<b>(11,854)</b>	<b>n.s.</b>
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	16,534	17,888	(1,354)	-7.6%
CASH AND BANK BALANCES - END OF THE YEAR	15,880	29,088	(13,208)	-45.4%

**Cash flows from operating activities** for the period ended 30 September 2016 amount to € 43,399 thousand, down by € 2,516 thousand compared to the corresponding flows for the period ended 30 September 2015 (€ 45,916 thousand) mainly due to the payment of taxes for € 6,305 thousand in the first nine months of 2016 (€ 3,483 thousand in 30 September 2015 consolidated accounts).

**Cash flows from investing activities** increased to minus € 797,650 thousand in the period ended 30 September 2016 from minus € 19,746 thousand for the corresponding period of 2015. The change is substantially attributable



to the cash out paid by Barolo BidCo S.p.A. for the acquisition of TeamSystem Group (occurred in March 2016) and to the cash-out paid for the acquisition of majority equity interests in the new subsidiaries acquired during the first nine months of 2016 (Euresys S.r.l., Lira S.r.l.; ECI Denmark ApS, Mondora S.r.l., Cidiemme Informatica S.r.l., Informatica Veneta S.r.l.).

In addition to that, the main investment activities for the first nine months of 2016 are related to capitalized development costs and investments in tangible and intangible assets for a total amount of € 13,000 thousand (with an increase of € 2,315 thousand with respect to the balance of € 10,685 thousand posted in 30 September 2015 Consolidated accounts)

**Cash flows from financing activities** for the period ended 30 September 2016 amount to €753,596 thousand with a change of € 773,342 thousand compared to minus € 19,746 thousand for the period ended 30 September 2015. The main cash items occurred in the first nine months of 2016 are attributable to the:

- issuance of € 150 million Notes (made by Barolo MidCo) and issuance of € 450 million Notes made by Barolo BidCo to finance the acquisition of TeamSystem Group;
- early redemption of the Existing € 430 million Notes which resulted in a total cash-out of € 462.2 million;
- payment of financial charges and commissions for an amount of € 1.2 million;
- payment of quarterly coupon due on Senior Notes (€7.9 million) and due on Senior Secured Notes (€ 119 million);
- draw-down of approximately € 12 million made by Barolo BidCo (under the new RCF facility contract) and a further draw down of € 29 million made by TeamSystem S.p.A. under the new RCF facility contract;
- formation of the share capital (and other equity reserves) of Barolo MidCo S.p.A. for an amount of € 642.3 million.

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#### ► **WORKING CAPITAL**

Euro thousands	30 Sep 2016	31 Dec 2015	Change	% Change
Trade receivables	98,612	89,850	8,762	9.75%
Inventories	1,683	1,463	220	15.02%
Other receivables	12,735	13,252	(516)	-3.90%
Trade payables	(22,461)	(32,099)	9,637	-30.02%
Other liabilities - current	(77,339)	(48,240)	(29,099)	60.32%
<b>WORKING CAPITAL</b>	<b>13,230</b>	<b>24,227</b>	<b>(10,997)</b>	<b>51.17%</b>

Working capital at 30 September 2016 amounts to € 13,230 thousand, down by € 10,997 thousand compared to the balance at 31 December 2015 (€ 24,227 thousand). This movement is primarily attributable to the change in Trade receivables (the balance of which is € 98,612 thousand at 30 September 2016 compared to € 89,850 thousand at 31 December 2015) and to a movement in Other current liabilities (the balance of which is € 77,339 thousand at 30 September 2016 compared to € 48,240 thousand at 31 December 2015). These changes are to a large extent due to the seasonality of billings for maintenance fees that characterise the the companies of TeamSystem Group (see also Note 18 regarding Trade Receivables and Note 24 about Other Current and Non current Liabilities both in the section of Notes to the Consolidated Financial Statements).

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#### ► **CAPITAL EXPENDITURE**

Euro thousands	30 Sep 2016	30 Sep 2015	Change	% Change
Capex - Tangible Assets	2,467	1,050	1,417	n.s.
Capex - Intangible Assets	2,618	1,944	674	34.67%
Capitalized development costs - Personnel costs	5,944	5,530	414	7.49%
Capitalized development costs - Service costs	1,970	2,160	(190)	-8.79%
<b>Capex</b>	<b>13,000</b>	<b>10,685</b>	<b>2,315</b>	<b>33.37%</b>

In the period ended 30 September 2016 the balance of capital expenditure amounts to € 13,000 thousand with an increase of € 2,315 thousand compared to 30 September 2015 balance (€ 10,685 thousand) substantially due to a growth in tangible capital expenditures attributable to TeamSystem S.p.A.'s new headquarter.

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

#### **Acquisition of TeamSystem Group by private equity funds affiliated with Hellman & Friedman; Early redemption of € 430 million Existing Notes and Issuance of € 150 Senior Notes and € 450 Senior Secured Notes**

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

More specifically, on 1 March 2016, 100% of the share capital of TeamSystem Holding S.p.A. was acquired by Barolo BidCo S.p.A., an indirect subsidiary of funds advised by Hellman & Friedman; HG funds and TeamSystem Management. In connection with the TeamSystem Group acquisition as described before, the €45 million revolving credit facility made available to TeamSystem S.p.A. in 2013 (the "Original RCF") was fully repaid and cancelled. Barolo BidCo S.p.A. has a € 6 million revolving credit facility (the "RCF"), the proceeds of which can be made available to the TeamSystem Group for general corporate purposes. Barolo MidCo S.p.A. (the direct parent company of Barolo BidCo S.p.A.) issued € 150 million of floating rate senior notes ("Senior Notes") to part-fund the consideration for the acquisition of TeamSystem Holding S.p.A.'s shares. The balance of the consideration was funded by equity invested by the funds and TeamSystem Management.

On 20 May 2016, Barolo BidCo S.p.A. issued € 450 million in aggregate principal amount of senior secured floating rate notes due 2022 (the "Senior Secured Notes"). On the same day, TeamSystem Holding S.p.A. repaid its existing € 430 million 7.375% Senior Secured Notes due 2020 ("Existing Notes") using proceeds from the issuance of the Senior Secured Notes and satisfied and discharged the Existing Indenture.

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

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

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

On 11 March 2016, TeamSystem S.p.A. completed the acquisition of 100% of Lira, TeamSystem Group's historical Turin-based dealer, which focuses mainly on the accountants sector. Lira brings with it skills, know-how and direct experience with customers that will add to those of the Group's north west hub.

#### **Acquisition of ECI Denmark ApS (Reviso International ApS)**

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

#### **Acquisition of Mondora S.r.l.**

On 15 June 2016, TeamSystem S.p.A. completed the acquisition of 51% of Mondora S.r.l., a company that develop and commercialize advanced cloud/SaaS solutions using agile programming techniques. The remaining 49% will be acquired subsequently through a put and call option mechanism. Mondora will contribute to TeamSystem S.p.A. bringing new capabilities in the development of advanced cloud/SaaS solutions, a strategic expertise needed to achieve ambitious TeamSystem S.p.A. cloud growth targets and will be the key player for the implementation of HUB B2B and other SaaS/cloud solutions that will be sold through TeamSystem S.p.A. commercial channels.

**Acquisition of Cidiemme Informatica S.r.l.**

On 15 June 2016, TeamSystem S.p.A. completed the acquisition of 100% of Cidiemme Informatica S.r.l., a company that developed strong competences and a proprietary vertical solution “AV2000”. The company will add to TeamSystem S.p.A. a consolidated customer base of wine producers and a high quality set of competencies related to sales, delivery and development of IT solutions for wine sector, supporting in particular sales growth and enhance “Alyante Vitivinicolo”, a TeamSystem S.p.A. vertical solution for wine production.

**Acquisitions of Informatica Veneta S.r.l**

On September 2016, the subsidiary. Inforyou S.r.l. completed the acquisition of 100% stake in Informatica Veneta S.r.l. which focuses mainly on cloud software for gyms and wellness centers. Informatica Veneta S.r.l. brings with it skills, know-how, SaaS technology and cloud solutions adding almost 250 active customers .

**Merger by Absorption of TeamSystem Ancona S.r.l. and TeamSystem Roma S.r.l. in TeamSystem S.p.A.**

In July 2016 TeamSystem S.p.A., with the aim of simplifying the Group structure, merged by absorption TeamSystem Ancona S.r.l. and TeamSystem Roma S.r.l. by means of a deed of merger dated 22 June 2016, effective for legal purposes as of 1 July 2016.

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**►SIGNIFICANT SUBSEQUENTS EVENTS**

**Merger of TeamSystem S.p.A., Teamsystem Holding S.p.A. and Barolo BidCo S.p.A.**

A deed of merger relating to the merger of Barolo BidCo S.p.A. (“BidCo”), TeamSystem Holding S.p.A. and TeamSystem S.p.A. was executed on October 6, 2016. The merger became effective on October 31, 2016, with Bidco and TeamSystem Holding S.p.A. merging into – and with – TeamSystem S.p.A., which is the surviving entity following the merger.

Following the completion of the merger, TeamSystem S.p.A. has replaced Barolo BidCo S.p.A. and TeamSystem Holding S.p.A. with respect to all of their rights and obligations. In particular, TeamSystem S.p.A. has replaced Barolo BidCo S.p.A. as the Issuer of the Senior Secured Notes. All references to the Issuer in respect of the Senior Secured Notes are to TeamSystem S.p.A. from 31 October 2016 onwards.

Following the completion of the merger, both the Senior Secured Notes and the RCF are now guaranteed by Barolo MidCo S.p.A. and TeamSystem S.p.A. and secured by the following collateral:

- a pledge over 100 per cent. of Barolo MidCo S.p.A.’s shares in TeamSystem S.p.A.;
- an assignment of intercompany receivables owed to Barolo MidCo S.p.A. by TeamSystem S.p.A.;
- an assignment by way of security of TeamSystem S.p.A.’s rights under the sale and purchase agreement dated 7 December 2015, in respect of the Acquisition;
- (subject to any minority shareholder consent(s) that may be required having been obtained on or prior to the Redemption Date) a share pledge over 100 per cent. of TeamSystem S.p.A.’s shares in Gruppo Euroconference S.p.A. owned by TeamSystem S.p.A.;
- a pledge over 100 per cent. of TeamSystem S.p.A.’s shares in TSS S.p.A.;
- a pledge over material intellectual property rights owned by TeamSystem S.p.A.;
- a special lien over TeamSystem S.p.A.’s moveable assets;
- an assignment of intercompany receivables owed to TeamSystem S.p.A. by its subsidiaries;
- a pledge over the quota in ACG S.r.l. held by TeamSystem S.p.A..

Following the completion of the merger, TeamSystem S.p.A. also replaced Barolo BidCo S.p.A. as a guarantor of the Senior Notes. The Senior Notes are now guaranteed by H&F Barolo Lux 1 S.à r.l. and TeamSystem S.p.A. and secured by:

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

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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 2016, transactions with subsidiaries and the parent company H&F Barolo Lux1 S.à r.l. formed part of the Group's normal operations and were entered into at arm's length. TeamSystem Group has not been party to any transactions with related companies that merit disclosure, other than those previously commented upon.

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

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

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

##### **EBITDA**

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

##### **ADJUSTED EBITDA**

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

##### **WORKING CAPITAL**

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

##### **CAPEX - Tangible and Intangible assets**

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

##### **CAPEX - Capitalised development costs**

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

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

<b>BOARD of DIRECTORS</b> 30 Sep 2016	<b>TITLE</b>
KLEINMAN BLAKE CHRISTOPHER	CHAIRMAN
STERNHEIMER PHILIP RICHARD	DIRECTOR
VELUSSI LUCA	DIRECTOR
LEPROUX FEDERICO	DIRECTOR
FERRARI VINCENZO	DIRECTOR
AMODEO SERGIO	DIRECTOR

<b>BOARD of STATUTORY AUDITORS</b> 30 Sep 2016	<b>TITLE</b>
VANZETTA MARA	CHAIRMAN
DI MARIA MASSIMILIANO	STATUTORY AUDITOR
VENEZIANI CARLOTTA	STATUTORY AUDITOR
CIRAULO VITO	ALTERNATIVE AUDITOR
SOLARI PAOLO	ALTERNATIVE AUDITOR

<b>BAROLO MIDCO S.P.A.</b> <b>REGISTERED OFFICE and OTHER INFORMATION</b>	
REGISTERED OFFICE	MILAN - Via Vittor Pisani, 20
SHARE CAPITAL	Euro 5,450,000
ITALIAN TAX CODE	09290340968
REA - MILAN	2081203

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**UNAUDITED  
INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS  
ENDED 30 SEPTEMBER 2016**

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

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Sep 2016	30 Sep 2015	NOTES
Revenue	191,140	179,182	1 / 2
Other operating income	2,599	1,974	1 / 2
<b>TOTAL REVENUE</b>	<b>193,739</b>	<b>181,156</b>	<b>1 / 2</b>
Cost of raw and other materials	(18,586)	(16,127)	3
Cost of services	(41,045)	(40,434)	4
Personnel	(70,377)	(67,021)	5
-of which non recurring	(919)	(2,614)	
Other operating costs	(4,270)	(4,223)	6
Non recurring expenses	(17,406)	(5,873)	7
Depreciation and amortization of non current assets	(25,686)	(29,897)	
Allowance for bad debts	(3,796)	(3,311)	
Other provisions for risks and charges	(20)	(36)	
Impairment of non current assets	0	(3,636)	
<b>OPERATING RESULT</b>	<b>12,552</b>	<b>10,599</b>	
Finance income	68	3,854	8
Finance cost	(62,850)	(33,580)	9
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(50,230)</b>	<b>(19,127)</b>	
Current income tax	(10,746)	(7,311)	
Deferred income tax	7,966	5,548	
<b>TOTAL INCOME TAX</b>	<b>(2,780)</b>	<b>(1,764)</b>	
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(53,010)</b>	<b>(20,891)</b>	
(Profit) Loss for the period - Non controlling interests	(201)	(121)	
<b>PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY</b>	<b>(53,211)</b>	<b>(21,012)</b>	
<b>EBITDA</b>	<b>56,583</b>	<b>52,654</b>	
<b>ADJUSTED EBITDA</b>	<b>60,379</b>	<b>55,966</b>	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Sep 2016	30 Sep 2015	NOTES
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(53,010)</b>	<b>(20,891)</b>	21
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX</b>	<b>0</b>	<b>0</b>	
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>(53,010)</b>	<b>(20,891)</b>	21
Total comprehensive (income) loss for the period Non controlling interests	(201)	(121)	21
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY</b>	<b>(53,211)</b>	<b>(21,012)</b>	21



Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>	<b>NOTES</b>
Tangible assets	12,826	11,554	11
Intangible assets	266,333	280,001	12
Goodwill	982,638	364,363	13
Other Investments	14,027	433	14
Investments in associates	445	445	14
Deferred tax assets	13,588	13,739	15
Financing fees prepayments - non current	0	1,429	16
Other financial assets - non current	0	350	
<b>TOTAL NON CURRENT ASSETS</b>	<b>1,289,858</b>	<b>672,314</b>	
Inventories	1,683	1,463	17
Trade receivables	98,612	89,850	18
Tax receivables	2,349	5,394	19
Other receivables	12,735	13,252	20
Financing Fees prepayments - current	0	498	16
Other financial assets - current	1,794	101	16
Cash and bank balances	15,880	16,534	16
<b>TOTAL CURRENT ASSETS</b>	<b>133,054</b>	<b>127,093</b>	
<b>TOTAL ASSETS</b>	<b>1,422,912</b>	<b>799,407</b>	

Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>EQUITY AND LIABILITIES</b>	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>	<b>NOTES</b>
Share capital	5,450	3,214	21
Other reserves	637,423	179,401	21
Retained earnings (accumulated losses)	0	(11,389)	21
Profit (Loss) attributable to Owners of the Company	(53,211)	(18,415)	21
<b>TOTAL EQUITY attributable to OWNERS OF THE COMPANY</b>	<b>589,662</b>	<b>152,810</b>	
Non controlling interests - Capital and reserves	637	565	21
Non controlling interests - Profit (Loss)	201	234	21
<b>TOTAL NON CONTROLLING INTERESTS</b>	<b>838</b>	<b>799</b>	
<b>TOTAL EQUITY</b>	<b>590,500</b>	<b>153,610</b>	
Financial liabilities with banks and other institutions - non current	600,000	434,169	16
Financing Fees - non current	(29,848)	(9,172)	16
Other financial liabilities - non current	18,035	19,832	16
Staff leaving indemnity	16,041	15,931	22
Provisions for risks and charges	2,398	2,868	23
Deferred tax liabilities	68,622	76,739	15
Other liabilities - non current	713	760	24
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>675,960</b>	<b>541,127</b>	
Financial liabilities with banks and other institutions - current	44,464	8,854	16
Financing Fees - current	(6,477)	(2,732)	16
Other financial liabilities - current	7,573	9,586	16
Trade payables	22,461	32,099	
Tax liabilities - current	11,092	8,625	25
Other liabilities - current	77,339	48,240	24
<b>TOTAL CURRENT LIABILITIES</b>	<b>156,452</b>	<b>104,671</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,422,912</b>	<b>799,407</b>	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	30 Sep 2016	30 Sep 2015	NOTES
<b>Operating Result</b>	<b>12,552</b>	<b>10,599</b>	
Depreciation and amortization of non-current assets	25,686	29,897	
Impairment of non current assets	0	3,636	
<b>Amortization, Depreciation, Write-off, Impairment</b>	<b>25,686</b>	<b>33,533</b>	
Trade receivables	(8,762)	(12,859)	
Inventories	(220)	(161)	
Other receivables - current	516	(565)	
Trade payables	(9,637)	(7,368)	
Other liabilities - current	29,190	25,090	
<b>Change in Working capital</b>	<b>11,088</b>	<b>4,138</b>	
Other receivables - non current	0	3	
Other liabilities - non current	(47)	0	
Other fiscal assets	327	(46)	
Other fiscal liabilities	744	1,337	
<b>Change in other assets / liabilities</b>	<b>1,024</b>	<b>1,294</b>	
Staff leaving indemnity	(174)	(218)	
Provisions for risks and charges	(470)	53	
<b>Change in provisions</b>	<b>(644)</b>	<b>(165)</b>	
<b>Income tax</b>	<b>(6,305)</b>	<b>(3,483)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>43,399</b>	<b>45,916</b>	
Tangible assets	(2,467)	(1,050)	
Intangible assets	(2,618)	(1,944)	
Capitalized development costs - personnel costs	(5,944)	(5,530)	
Capitalized development costs - service costs	(1,970)	(2,160)	
<b>Capital Expenditure</b>	<b>(13,000)</b>	<b>(10,685)</b>	
<b>Acquisition / dismissal of investments</b>	<b>(784,650)</b>	<b>(3,618)</b>	10
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(797,650)</b>	<b>(14,303)</b>	
<b>Financial balance paid / cashed-in and change in financial assets / liabilities</b>	<b>157,223</b>	<b>(17,292)</b>	10
<b>Financing Fees paid</b>	<b>(39,111)</b>	<b>(66)</b>	10
<b>Vendor loan paid</b>	<b>(6,602)</b>	<b>(1,742)</b>	10
<b>Dividends paid</b>	<b>(663)</b>	<b>(646)</b>	
<b>Other changes in Equity</b>	<b>642,750</b>	<b>0</b>	10
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>753,596</b>	<b>(19,746)</b>	
<b>CASH AND BANK BALANCES FROM DECONSOLIDATION OF SUBSIDIARIES</b>	<b>0</b>	<b>(667)</b>	
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>(654)</b>	<b>11,200</b>	
<b>CASH AND BANK BALANCES - BEGINNING OF THE YEAR</b>	<b>16,534</b>	<b>17,888</b>	
<b>CASH AND BANK BALANCES - END OF THE YEAR</b>	<b>15,880</b>	<b>29,088</b>	

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
<b>31 Dec 2014</b>	<b>3,214</b>	<b>211,108</b>	<b>(11,389)</b>	<b>(32,036)</b>	<b>170,898</b>	<b>707</b>	<b>171,605</b>
Loss allocation		(32,036)		32,036	0		0
Paradigma deconsolidation		(248)			(248)		(248)
Dividends					0	(146)	(146)
Total Comprehensive Income (Loss) for the period				(21,012)	(21,012)	121	(20,891)
<b>30 Sep 2015</b>	<b>3,214</b>	<b>178,824</b>	<b>(11,389)</b>	<b>(21,012)</b>	<b>149,638</b>	<b>683</b>	<b>150,320</b>

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
<b>31 Dec 2015</b>	<b>3,214</b>	<b>179,401</b>	<b>(11,389)</b>	<b>(18,415)</b>	<b>152,810</b>	<b>799</b>	<b>153,609</b>
Loss allocation		(18,415)		18,415	0		0
Other movements	2,236	476,463	11,389		490,088		490,088
Change in Non controlling interests IFRS 3		(26)			(26)		(26)
Dividends					0	(162)	(162)
Total Comprehensive Income (Loss) for the period				(53,211)	(53,211)	201	(53,010)
<b>30 Sep 2016</b>	<b>5,450</b>	<b>637,423</b>	<b>(0)</b>	<b>(53,211)</b>	<b>589,662</b>	<b>838</b>	<b>590,500</b>

# TeamSystem Group

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

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

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

More specifically, on 1 March 2016, 100% of the share capital of TeamSystem Holding S.p.A. was acquired by Barolo BidCo S.p.A., an indirect subsidiary of funds advised by Hellman & Friedman; HG funds and TeamSystem Management. In connection with the TeamSystem Group acquisition as described before, the €45 million revolving credit facility made available to TeamSystem S.p.A. in 2013 (the “Original RCF”) was fully repaid and cancelled. Barolo BidCo S.p.A. has a € 6 million revolving credit facility (the “RCF”), the proceeds of which can be made available to the TeamSystem Group for general corporate purposes. Barolo MidCo S.p.A. (the direct parent company of Barolo BidCo S.p.A.) issued € 150 million of floating rate senior notes (“Senior Notes”) to part-fund the consideration for the acquisition of TeamSystem Holding S.p.A.’s shares. The balance of the consideration was funded by equity invested by the funds and TeamSystem Management.

On 20 May 2016, Barolo BidCo S.p.A. issued € 450 million in aggregate principal amount of senior secured floating rate notes due 2022 (the “Senior Secured Notes”). On the same day, TeamSystem Holding S.p.A. repaid its existing € 430 million 7.375% Senior Secured Notes due 2020 (“Existing Notes”) using proceeds from the issuance of the Senior Secured Notes and satisfied and discharged the Existing Indenture.

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### **►COMPANY BACKGROUND**

Barolo MidCo S.p.A. (the “Parent Company”) is a company recorded in the Milan Business Register and is domiciled in Italy. Barolo MidCo S.p.A. is the Parent Company of TeamSystem Group (or “Group”), leader in Italy in the production and marketing of management software and in the provision of training targeted at Associations, at Small and Medium Enterprises and Professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals).

Its registered office is in Milan. In March 2016 in connection with the acquisition of TeamSystem Group (further details of which are disclosed in the following paragraph in these notes to the consolidated financial statements for the nine months ended 30 September 2016) Barolo MidCo S.p.A. issued € 150 million in aggregate principal amount of Senior Floating Rate Notes due 2023 (the “Senior Notes”) (ISIN: XS1372159266, XS1372160603).

On 20 May 2016 Barolo BidCo S.p.A. issued € 450 million in aggregate principal amount of Senior Secured Floating Rate Notes due 2020 (the “Senior Secured Notes”) (ISIN: XS1408420443).

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

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

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**► INVESTMENTS IN LIRA S.r.l., EURESYS S.r.l., ECI DENMARK Apa, MONDORA S.r.l., CIDIEMME INFORMATICA S.r.l. and INFORMATICA VENETA S.r.l.**

As regards the investment occurred in the first nine months of 2016 in Lira S.r.l., Euresys S.r.l., ECI Denmark ApS, Mondora S.r.l., Cidiemme Informatica S.r.l. and Informatica Veneta S.r.l., taking account of the non-materiality of the acquisitions in question and considering the fact that some acquisitions took place at the end of the second or third quarter of 2016, the results and the net financial position of all of them have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the nine months ended 30 September 2016.

□ □ □

**► 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	% held	% consolidation	Notes
Barolo Midco S.p.A.	Milan	5,450,000	642,840,725			
Barolo Bidco S.p.A.	Milan	5,450,000	632,388,142	100.00	100.00	
TeamSystem Holding S.p.A.	Milan	3,213,641	234,643,123	100.00	100.00	
TeamSystem S.p.A.	Pesaro	24,000,000	169,408,969	100.00	100.00	
TeamSystem Emilia S.r.l.	Reggio Emilia	100,000	4,606,456	100.00	100.00	
TeamSystem 2 S.r.l.	Milan	66,666	4,742,003	100.00	100.00	
Lexteam S.r.l.	Pesaro	20,000	2,255,738	100.00	100.00	
Metodo S.p.A.	Bassano (VI)	100,000	5,507,364	90.00	100.00	1
Inforyou S.r.l.	Castello di Godego (TV)	31,250	2,974,848	85.00	100.00	1
TeamSystem Service S.r.l.	Ripalimosani (CB)	200,000	1,156,952	100.00	100.00	
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	(16,918)	60.00	100.00	1
Danea Soft S.r.l.	Vigonza (PD)	100,000	3,182,681	51.00	100.00	1
Digita S.r.l.	Asolo (TV)	10,000	873,273	100.00	100.00	
H-Umus S.r.l.	Roncade (TV)	50,000	937,981	100.00	100.00	
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	158,863	51.00	100.00	1 / 4
ACG S.r.l.	Pesaro	100,000	1,932,162	100.00	100.00	
TSS S.p.A.	Milan	7,232,000	76,683,041	100.00	100.00	
Esa Napoli S.r.l.	Naples	10,000	(76,182)	100.00	100.00	5
Gruppo Euroconference S.p.A.	Verona	300,000	8,317,946	96.87	96.87	2
Nuovamacut Automazione S.p.A.	Reggio Emilia	108,000	5,327,480	100.00	100.00	
Nuovamacut Nord Ovest S.r.l.	Reggio Emilia	89,957	2,207,867	86.34	86.34	3
Nuovamacut Bologna Macchine Utensili S.r.l.	Reggio Emilia	70,000	56,435	75.00	75.00	3
Nuovamacut Centro Sud S.r.l.	Rome	10,000	317,609	70.00	70.00	3

Amounts in Euro						
CONSOLIDATED COMPANIES						
EQUITY METHOD	Registered office	Share capital	(*) Equity	% held	% consolidation	Notes
Mondoesa Emilia S.r.l.	Parma	20.800	105.461	40,00	40,00	5
Mondoesa Lazio S.r.l.	Frosinone	20.800	293.828	35,00	35,00	5
Mondoesa Milano Nordovert S.r.l.	Milan	50.000	42.246	49,00	49,00	5
Cesaco S.r.l.	Vicenza	90.000	175.987	48,00	48,00	5
Aldebra S.p.A.	Trento	1.398.800	1.441.778	17,65	17,65	5

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

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

The scope of consolidation at 30 September 2016 (or the consolidation percentages) has not changed during the first nine months of 2016.

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**► BASIS OF PREPARATION**

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

The accounting standards adopted for the preparation of the Barolo MidCo S.p.A. consolidated financial statements for the period ended 30 September 2016 are the same of that used for the preparation of TeamSystem Holding S.p.A. consolidated financial statements for the period ended 31 December 2015 (to which reference should be made).

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

The interim consolidated financial statements for the period ended 30 September 2016 show comparative figures relating to the prior period financial statements for the period ended 30 September 2015 at TeamSystem Holding S.p.A. consolidated figures for the components of the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows. The components of consolidated financial position show comparative figures relating to the consolidated statement of financial position at 31 December 2015 at TeamSystem Holding S.p.A. consolidated figures.

The interim consolidated financial statements for the period ended 30 September 2016 consist of a consolidated statement of financial position, a consolidated statement of profit or loss, a consolidated statement of comprehensive income, a consolidated statement of cash flows, a consolidated statement of changes in equity and notes to the interim consolidated financial statements components.

The format used for the financial statements is the same as that used for the preparation of the TeamSystem Holding S.p.A. consolidated financial statements for the year ended 31 December 2015.

This interim consolidated financial report for the first nine months ended 30 September 2016 is presented in Euros and all amounts have been rounded to Euro thousands unless otherwise specified.

The consolidated financial statements of Barolo MidCo S.p.A. and its subsidiaries (TeamSystem Group) for the period ended 30 September 2016 and the consolidated financial statements of TeamSystem Holding S.p.A. for the period ended 30 September 2015 have not been audited.

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**► USE OF ESTIMATES**

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

Set out below is a listing of consolidated financial statement components that require greater subjectivity, on the part of the Management, in the application of estimates and, for which, a change in the conditions of underlying assumptions used may have a significant impact on the consolidated financial statements:

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

□ □ □

**► TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS**

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

□ □ □

**► OPERATING SEGMENTS**

In accordance with IFRS 8 - Operating segments, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; c) for which discrete financial information is available.

Following the acquisition of TeamSystem Group by Hellman & Friedman private equity funds occurred in March 2016 as described above, the operating segments are currently being updated.

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**► ALTERNATIVE NON IFRS PERFORMANCE INDICATORS**

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

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

<b><u>EBITDA</u></b>	calculated as Operating Result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortisation of non current assets (iv) non-recurring expenses and non-recurring cost of personnel.
<b><u>ADJUSTED EBITDA</u></b>	is equal to EBITDA as above without taking account of the Allowance for bad debts.
<b><u>ADJUSTED EBITDA % MARGIN</u></b>	is equal to ADJUSTED EBITDA divided by Total revenue.
<b><u>WORKING CAPITAL</u></b>	equals the aggregate of (i) trade receivables, (ii) inventory and (iii) other current receivables net of the aggregate of (iv) trade payables and (v) other current liabilities.

**CAPEX**

**Tangible and Intangible assets** = this is calculated as additions (to tangible and intangible assets) net of disposals and other movements. **Capitalised development costs** = this equals the cost of services and personnel cost capitalised as development cost.

**NET FINANCIAL POSITION**  
**or (NET FINANCIAL INDEBTEDNESS)**

equals the aggregate of (i) other financial assets (current and non current) (ii) cash and bank balances (iii) financing fees (current and non current) net of the aggregate of (iv) financial liabilities with banks and other institutions (current and non current) (v) other financial liabilities (current and non current).

**NET INVESTED CAPITAL**

equals the aggregate of (i) tangible assets (ii) intangible assets (iii) goodwill (iv) investments (v) deferred tax assets (vi) Working capital (as defined above) (vii) tax receivables (viii) other receivables (non current) net of the aggregate of (ix) staff leaving indemnity (x) provision for risks and charges (xi) deferred tax liabilities (xii) tax liabilities (xiii) other liabilities (non current)

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

- Amendments to **IAS 19 *Defined Benefit Plans: Employee Contributions*** (published on 21 November 2013): deals with the recognition in financial statements of contributions from employees or third parties to defined benefit plans. The amendments are applicable as from 1 January 2016.
- Amendments to **IFRS 11 *Joint Arrangements – Accounting for acquisitions of interests in joint operations*** (published on 6 May 2014): deals with the accounting for an acquisition of an interest in a joint operation in which the activity constitutes a business. The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 16 *Property, plant and equipment*** and **IAS 41 *Agriculture – Bearer Plants*** (published on 30 June 2014): bearer plants, that is, fruit trees that are expected to provide an annual harvest (for example, grape vines and hazelnut trees), are to be accounted for in accordance with IAS 16 (rather than IAS 41). The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 16 *Property, plant and equipment*** and to **IAS 38 *Intangible assets – Clarification of acceptable methods of depreciation and amortisation*** (published on 12 May 2014): according to which a depreciation or amortisation method that is based on revenue is generally deemed to be inappropriate, given that revenue generated by an activity that includes the use of a depreciable or amortisable asset generally reflects factors that differ from the consumption of the economic benefit of the asset, being a requirement that needs to be met for depreciation or amortisation. The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 1 – *Disclosure Initiative*** (published on 18 December 2014): the objective of the amendments is to clarify certain disclosure issues that could be perceived as impediments to the preparation of clear and intelligible financial statements. The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 27 – *Equity Method in Separate Financial Statements*** (published on 12 August 2014): the amendments introduce an option to allow an entity to use the equity method to account for investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applicable as from 1 January 2016.

Lastly, as part of the annual process of improvements to accounting standards, on 12 December 2013 the IASB issued “Annual Improvements to IFRSs: 2010-2012 Cycle” (inclusive of IFRS 2 *Share-based Payment – Definition of vesting conditions*, IFRS 3 *Business Combinations – Accounting for contingent consideration*, IFRS 8 *Operating segments – Aggregation of operating segments* and *Reconciliation of total of the reportable segments’ assets to the entity’s assets*, IFRS 13 *Fair Value Measurement – Short-term receivables and payables*.) and on 25 September 2014 “Annual Improvements to IFRSs: 2012-2014 Cycle” (inclusive of: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosures* and IAS 19 – *Employee Benefits*) which partially integrate the pre-existing standards. These amendments are applicable for annual periods beginning on or after 1 February 2015 and for annual periods beginning on or after 1 January 2016.



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## Notes to Interim Unaudited Consolidated Financial Statement Components

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

### 1. TOTAL REVENUE

	30 Sep 2016	30 Sep 2015	Change	% Change
Hardware	4,929	5,547	(617)	-11.1%
Software	34,153	32,793	1,359	4.1%
Hardware subscriptions	1,308	1,177	131	11.1%
Software subscriptions	116,667	108,516	8,151	7.5%
Other products	951	1,130	(179)	-15.8%
Other services	27,033	24,031	3,001	12.5%
Education	6,117	6,003	114	1.9%
Discounts paid	(18)	(15)	(3)	16.5%
<b>Revenue</b>	<b>191,140</b>	<b>179,182</b>	<b>11,958</b>	<b>6.7%</b>
Recovery of expenses	1,278	1,156	121	10.5%
Operating grants	383	145	238	n.s.
Other income	938	673	265	39.3%
<b>Other operating income</b>	<b>2,599</b>	<b>1,974</b>	<b>624</b>	<b>31.6%</b>
<b>Total Revenue</b>	<b>193,739</b>	<b>181,156</b>	<b>12,582</b>	<b>6.9%</b>

Total Revenue for the period ended 30 September 2016 amounts to € 193,739 thousand, up by € 12,582 thousand compared to the corresponding figure for the period ended 30 September 2015 (€ 181,156 thousand). This is mainly due to the increase in Software subscription revenue (€ 8,151 thousand) and to the growth in Other services revenue (€ 3,001 thousand).

### 2. OPERATING SEGMENT

In accordance with IFRS 8 - Operating segments, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the same entity); b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; c) for which discrete financial information is available.

As a consequence of the acquisition of TeamSystem Group made by Hellman & Friedman private equity funds on March 2016, the operating segments at TeamSystem Group are currently being updated.

### 3. COST OF RAW AND OTHER MATERIALS

	30 Sep 2016	30 Sep 2015	Change	% Change
Hardware purchases	4,117	4,625	(508)	-11.0%
Third parties' software	12,891	9,931	2,960	29.8%
Handbooks and forms	41	54	(12)	-23.2%
Materials for education	108	101	7	7.2%
Fuel	1,308	1,018	290	28.5%
Other materials	484	573	(89)	-15.5%
Change in inventory of raw materials	(363)	(175)	(188)	n.s.
<b>Total</b>	<b>18,586</b>	<b>16,127</b>	<b>2,459</b>	<b>15.3%</b>

Cost of raw and other materials amounts to € 18,586 thousand for the period ended 30 September 2016, up by € 2,459 thousand from the amount of the period ended 30 September 2015 (€ 16,127 thousand). This increase is primarily due to the organic increase in cost of Raw and other materials, mainly led by higher costs of Third parties' software (€ 2,960 thousand).

#### 4. COST OF SERVICES

	30 Sep 2016	30 Sep 2015	Change	% Change
Agent commissions and other costs	9,537	9,704	(167)	-1.7%
Consulting and third parties services	12,070	12,689	(620)	-4.9%
Administrative tax and legal	1,739	1,977	(238)	-12.1%
Education - consulting and copyrights	1,741	1,501	240	16.0%
Magazines - consulting and copyrights	1,024	947	77	8.1%
Other costs for education services	1,285	1,105	179	16.2%
Advertising and marketing	2,748	2,130	618	29.0%
Car rentals	3,116	3,024	92	3.0%
Utilities	2,330	2,427	(97)	-4.0%
Other services	7,425	7,088	337	4.8%
<b>Cost of services - Gross of capitalisation</b>	<b>43,015</b>	<b>42,594</b>	<b>421</b>	<b>1.0%</b>
Services capitalized development costs	(1,970)	(2,160)	190	-8.8%
<b>Total</b>	<b>41,045</b>	<b>40,434</b>	<b>611</b>	<b>1.5%</b>

The Cost of services for the period ended 30 September 2016 amounts to € 41,045 thousand, nearly flat compared to the amount for the period ended 30 September 2015 (€ 40,434 thousand).

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

- Agent commission and other costs (for an amount of € 9,537 thousand);
- Consulting and third parties services (for an amount of € 12,070 thousand);
- Other services (for an amount of € 7,425 thousand).

#### 5. PERSONNEL

	30 Sep 2016	30 Sep 2015	Change	% Change
Wages, salaries and social contributions	69,854	63,864	5,989	9.4%
Staff leaving indemnities	3,218	3,033	185	6.1%
Other personnel costs	10	34	(24)	-71.5%
<b>Employee costs</b>	<b>73,082</b>	<b>66,931</b>	<b>6,150</b>	<b>9.2%</b>
Freelancers and collaborators fees	114	509	(395)	-77.6%
Directors' fees and related costs	2,207	2,497	(290)	-11.6%
<b>Directors and Collaborators</b>	<b>2,321</b>	<b>3,006</b>	<b>(685)</b>	<b>-22.8%</b>
Non recurring personnel costs	919	2,614	(1,695)	-64.8%
<b>Non recurring</b>	<b>919</b>	<b>2,614</b>	<b>(1,695)</b>	<b>-64.8%</b>
<b>Personnel - Gross of capitalisation</b>	<b>76,321</b>	<b>72,551</b>	<b>3,770</b>	<b>5.20%</b>
Personnel capitalized development costs	(5,944)	(5,530)	(414)	7.5%
<b>Total</b>	<b>70,377</b>	<b>67,021</b>	<b>3,356</b>	<b>5.0%</b>

Personnel costs for the period ended 30 September 2016 (€ 70,377 thousand) have increased in total by € 3,356 thousand compared to the corresponding amount for the period ended 30 September 2015 (€ 67,021 thousand). This growth is attributable to the organic growth due to the ongoing policy to strengthen the Group's workforce.

## 6. OTHER OPERATING COSTS

	30 Sep 2016	30 Sep 2015	Change	% Change
Rents	2,625	2,543	82	3.2%
Rentals	423	566	(143)	-25.3%
Other expenses for use of third parties assets	656	492	164	33.3%
Other tax	202	310	(108)	-34.8%
Losses from assets disposals	13	3	10	n.s.
Other expenses	351	309	42	13.6%
<b>Total</b>	<b>4,270</b>	<b>4,223</b>	<b>47</b>	<b>1.1%</b>

Other operating costs for the period ended 30 September 2016 (€ 4,270 thousand) remain substantially unchanged compared to the corresponding amount for the period ended 30 September 2015 (€ 4,223 thousand).

## 7. NON RECURRING EXPENSES

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

Non-recurring expenses for the period ended 30 September 2016 amount to € 17,406 thousand, compared with € 5,873 thousand for the period ended 30 September 2015, thus with an increase of € 11,533 thousand mainly related to the due diligence costs incurred as a consequence of the acquisition of TeamSystem Group made by Hellman & Friedman private equity funds.

## 8. FINANCE INCOME

	30 Sep 2016	30 Sep 2015	Change	% Change
Interest and other finance income	26	38	(11)	-30.3%
Gains on foreign exchange	36	5	32	n.s.
Interest from banks	3	14	(11)	-78.4%
Vendor Loan depreciation	3	3,564	(3,561)	-99.9%
Dividends	0	234	(234)	-100.0%
<b>Total</b>	<b>68</b>	<b>3,854</b>	<b>(3,786)</b>	<b>-98.2%</b>

Finance income for the period ended 30 September 2016 stands at € 68 thousand, down by €3,786 thousand from the amount of the period ended 30 September 2015 (€3,854 thousand).

## 9. FINANCE COST

	30 Sep 2016	30 Sep 2015	Change	% Change
Interest on bank loans	539	84	456	n.s.
Interest on Notes	47,813	23,787	24,027	n.s.
Interest on Notes Premium	(5,409)	(925)	(4,484)	n.s.
Interest on financing fees	16,617	2,399	14,218	n.s.
Vendor Loan revaluation	1,469	5,796	(4,327)	-74.6%
Bank commissions	865	1,211	(346)	-28.6%
Interests on actuarial valuation of employees benefit	198	183	15	8.1%
Other IFRS financial charges	699	990	(290)	-29.3%
Interests on cash pooling and other loans	3	6	(3)	-47.3%
Other financial charges	37	39	(3)	-6.6%
Losses on foreign exchange	17	9	8	87.8%
<b>Total</b>	<b>62,850</b>	<b>33,580</b>	<b>29,270</b>	<b>87.2%</b>

Financial charges for the period ended 30 September 2016 amount to € 62,850 thousand with an increase with respect to the corresponding amount at 30 September 2015 (€ 33,580 thousand) of € 29,270 thousand mainly due to:

- increased Interest on Notes (for an amount of € 24,027 thousand), the great majority of which attributable to the non recurring amount of € 15.9 million paid by TeamSystem Group as “Applicable premium” as a

consequence of the early redemption of the Existing Notes (see Notes 16 for further details).

- non recurring write-off of financing fees pertaining the Original RCF facility (for an amount of € 2,065 thousand) and non recurring write-off of financing fees pertaining the Existing Notes for an amount of € 11,767 thousand; both of them as a consequence of the acquisition of TeamSystem Group made by Hellman & Friedman private equity funds on March 2016 and the following refinancing process which culminated with the issuance of the Senior Notes and the Senior Secured Notes (see also Note 16 for further details).

## **10. CONSOLIDATED STATEMENT OF CASH FLOWS**

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

**Acquisition of investments** = In the first nine months of 2016 the subsidiary TeamSystem S.p.A. acquired a 100% stake in Lira S.r.l., a controlling stake in Euresys S.r.l., a 100% stake in ECI Denmark ApS (whose name has been changed in Reviso ApS in the month of June 2016), a controlling stake in Mondora S.r.l. and a 100% stake in Cidemme Informatica S.r.l. and the subsidiary Inforyou S.r.l. acquired a 100% stake in the subsidiary Informatica Veneta 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 followings:

- issuance of € 150 million Notes (made by Barolo MidCo) and issuance of € 450 million Notes made by Barolo BidCo to finance the acquisition of TeamSystem Group;
- early redemption of the Existing € 430 million Notes which resulted in a total cash-out of € 462.2 million;
- payment of financial charges and commissions for an amount of € 1.2 million;
- payment of quarterly coupon due on Senior Notes (€7.9 million) and due on Senior Secured Notes (€ 119 million);
- draw-down of approximately € 12 million made by Barolo BidCo (under the new RCF facility contract) and a further draw down of € 29 million made by TeamSystem S.p.A. under the new RCF facility contract;

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

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

**Vendor Loan** = the amounts in question relate to the followings:

- acquisition of a further 22.09% stake in TeamSystem Emilia S.r.l. (under the existing put/call option contract) so that at the reporting date the subsidiary TeamSystem S.p.A. owns the entire quota capital of TeamSystem Emilia S.r.l.;
- acquisition of a further 40% stake in Digita S.r.l. (under the existing put/call option contract) so that at the reporting date the subsidiary TeamSystem S.p.A. owns the entire quota capital of Digita S.r.l.;
- acquisition of a further 10% stake in Inforyou S.r.l. (under the existing put/call option contract) so that at the reporting date the controlling interest in Inforyou S.r.l. stands at 85%;
- payment of earn-out due to the former Atys S.r.l. quotaholders;
- payment of earn-out due to Lexteam S.r.l. minority quotaholders and to H-Umus S.r.l. minority quotaholders;
- payment of dividend to minority quotaholders.

## 11. TANGIBLE ASSETS

NET BOOK VALUE				
	30 Sep 2016	31 Dec 2015	Change	% Change
Land	1,898	1,898		
Buildings	4,911	5,081	(170)	-3.3%
Plant and machinery	970	1,015	(45)	-4.5%
Equipment	236	208	29	13.7%
Other assets	3,921	3,137	783	25.0%
Tangible assets - in progress	890	214	676	n.s.
<b>Total</b>	<b>12,826</b>	<b>11,554</b>	<b>1,273</b>	<b>11.0%</b>

Tangible fixed assets at 30 September 2016 amount to € 12,826 thousand, substantially in line with the figure recorded at 31 December 2015 (€ 11,554 thousand). The increase of € 1,273 thousand results from the aggregate of disposals, additions, and depreciation charge for the period.

## 12. INTANGIBLE ASSETS

NET BOOK VALUE				
	30 Sep 2016	31 Dec 2015	Change	% Change
Capitalised development	21,392	18,780	2,612	13.9%
IFRS Assets	236,342	253,458	(17,117)	-6.8%
Other intangible assets	8,599	7,763	836	10.8%
<b>Total</b>	<b>266,333</b>	<b>280,001</b>	<b>(13,669)</b>	<b>-4.9%</b>

Intangible assets have gone from € 280,001 thousand at 31 December 2015 to € 266,333 thousand at 30 September 2016, with a decrease of € 13,669 thousand resulting from the aggregate of disposals, additions, capitalised development costs (for an amount of € 7,915 thousand for the period ended 30 September 2016), and amortisation charge for the period (€ 24,491 thousand).

## 13. GOODWILL

Goodwill at 30 September 2016 amounts to € 982,638 thousand with an increase of € 618,275 thousand compared to the balance at 31 December 2015 (€ 364,363 thousand).

This increase is due to the acquisition of TeamSystem Group in early 2016 by Barolo Midco S.p.A. (special purpose vehicle set up by private equity funds affiliated with Hellman & Friedman). During the course of 2016, Group Management will finalise the allocation of the purchase price paid for the acquisition of TeamSystem Group (by means of the allocation of the purchase price to intangible assets) and, as a consequence, will thus also finalise the determination of Goodwill.

In terms of Impairment test, the line-item Goodwill is subjected annually (or more frequently if certain events or circumstances indicate potential impairment) to impairment testing and TeamSystem Group will postpone a more thorough analysis with impairment testing to 31 December 2016.

## 14. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

	30 Sep 2016	31 Dec 2015	Change	% Change
Investments in Associates	445	445		
Other Investments	14,027	433	13,594	n.s.
<b>Total</b>	<b>14,472</b>	<b>878</b>	<b>13,594</b>	<b>n.s.</b>

The balance of Investments in Associates and other investments have gone from € 878 thousand at 31 December 2015 to € 14,472 thousand at 30 September 2016, with an increase of € 13,594 thousand.

The increase of Other investments is mainly explained by:

- the acquisition of 100% stake in Lira S.r.l.,

- the acquisition of 60% stake in Euresys S.r.l.;
- the acquisition of 100% stake in ECI Denmark ApS (Reviso ApS);
- the acquisition of 51% stake in Mondora S.r.l.;
- the acquisition of 100% stake in Cidiemme Informatica S.r.l.;
- the acquisition of 100% stake in Informatica Veneta S.r.l..

All these new subsidiaries have not been consolidated in 30 September 2016 accounts.

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

## 15. DEFERRED TAX ASSETS AND LIABILITIES

	30 Sep 2016	31 Dec 2015	Change	% Change
Deferred tax assets	13,588	13,739	(151)	-1.1%
Deferred tax liabilities	68,622	76,739	(8,117)	-10.6%

Deferred tax assets at 30 September 2016 amount to € 13,588 thousand, substantially in line with the balance at 31 December 2015 (€ 13,739 thousand).

Deferred tax liabilities at 30 September 2016 amount to € 68,622 thousand with a decrease of € 8,117 thousand compared to the balance at 31 December 2015 (€ 76,739 thousand), primarily due to the reversal of the deferred tax component pertaining to the amortisation of intangible assets identified on allocation of the price paid for the acquisition of TeamSystem Group and TSS Group (Software, Brands, Customer relationships and other IFRS assets).

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

	30 Sep 2016			31 Dec 2015		
	Current	Non Current	Total	Current	Non Current	Total
Bank accounts and post office	15,780		15,780	16,443		16,443
Cash and bank balances	100		100	91		91
<b>Total Cash and bank balances</b>	<b>15,880</b>		<b>15,880</b>	<b>16,534</b>		<b>16,534</b>
Cash Pooling receivables	501		501	0		0
Loans	843		843	0		0
Other financial assets	450		450	100	350	450
<b>Total Other financial assets</b>	<b>1,794</b>		<b>1,794</b>	<b>101</b>	<b>350</b>	<b>451</b>
Loans with banks	(44,414)		(44,414)	(3,147)		(3,147)
Overdrafts with banks	(10)		(10)	(4)		(4)
Notes		(600,000)	(600,000)	(3,964)	(430,000)	(433,964)
Premium on Notes issuance				(1,240)	(4,169)	(5,409)
Dividends to be settled	(40)		(40)	(500)		(500)
<b>Total Financial liabilities</b>	<b>(44,464)</b>	<b>(600,000)</b>	<b>(644,464)</b>	<b>(8,854)</b>	<b>(434,169)</b>	<b>(443,024)</b>
Financing Fees - bond	6,477	29,848	36,325	2,697	9,070	11,767
Financing Fees - banks	(0)		(0)	36	102	138
Financing Fees - prepayments				498	1,429	1,927
<b>Total Financing Fees</b>	<b>6,477</b>	<b>29,848</b>	<b>36,325</b>	<b>3,231</b>	<b>10,601</b>	<b>13,831</b>
Vendor loan	(6,840)	(18,035)	(24,875)	(9,468)	(19,832)	(29,300)
Commission financial liabilities	(37)		(37)	(115)		(115)
Cash pooling liabilities	(694)		(694)	(0)		(0)
Other financial liabilities	(2)		(2)	(2)		(2)
<b>Total Other financial liabilities</b>	<b>(7,573)</b>	<b>(18,035)</b>	<b>(25,608)</b>	<b>(9,586)</b>	<b>(19,832)</b>	<b>(29,417)</b>
<b>Total</b>	<b>(27,886)</b>	<b>(588,187)</b>	<b>(616,072)</b>	<b>1,426</b>	<b>(443,050)</b>	<b>(441,625)</b>

Net financial indebtedness at 30 September 2016 amounts to minus € 616,072 thousand as compared to the corresponding balance at 31 December 2015 of minus € 441,625 thousand.

### Existing Notes

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

together with the Original Notes are referred to below as the “Existing Notes”.

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

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

Following the acquisition of TeamSystem Group (the “Acquisition”) by private equity funds affiliated with Hellman & Friedman on 1 March 2016 (further details of which are disclosed in the Acquisition of TeamSystem Group by private equity funds paragraph in these notes to the consolidated financial statements for the six months ended 30 June 2016) TeamSystem Holding S.p.A. redeemed its Existing Notes on 20 May 2016 (paying an amount of € 15.9 million as “Applicable premium” in accordance with the Indenture governing the Existing Notes).

Finally, as a consequence of the early redemption of the Existing Notes, the residual carrying amount of the Financing Fees relating to the Existing Notes (as at 20 May 2016) has been charged to the Group's consolidated statement of profit or loss.

### **Senior Notes**

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

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

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

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

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

The costs incurred in connection with the issuance the Senior Notes have been accounted for as Financing Fees and have been amortised on a straight line basis over the contractual duration of the Senior Notes which expires on the stated maturity date of the Senior Notes (1 March 2023).

### **Senior Secured Notes**

On 20 May 2016, Barolo BidCo S.p.A. issued €450 million in aggregate principal amount of senior secured floating rate notes due 2022 (the “Senior Secured Notes”) (ISIN: XS1408420443). On the same day, TeamSystem Holding S.p.A. repaid its existing €430 million 7.375% Senior Secured Notes due 2020 using proceeds from the issuance of the Senior Secured Notes and satisfied and discharged the Existing Indenture. Interest is payable on the Senior Secured Notes at a rate equal to the three-month EURIBOR rate (with a 1% floor) plus 6.25%. Interest is payable quarterly in arrears on April 1, July 1, October 1 and January 1 each year, commencing on July 1, 2016.

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



The Senior Secured Notes may be redeemed, at the option of the issuer of the Senior Secured Notes:

- at any time prior to 20 May 2017, in whole or in part, at a redemption price equal to the 100% of the principal amount of the notes plus the relevant Applicable Premium, as defined in the indenture governing the Senior Secured Notes (the “Senior Secured Notes Indenture”); and
- at any time on or after 1 March 2017 and up to the maturity date, the Senior Secured Notes may be redeemed at a redemption price equal to the percentage of principal set out in the Senior Secured Notes Indenture for each relevant twelve month period

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

The costs incurred in connection with the issuance the Senior Secured Notes have been accounted for as Financing Fees and have been amortised on a straight line basis over the contractual duration of the Senior Secured Notes which expires on the stated maturity date of the Senior Secured Notes (20 May 2022).

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

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

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

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

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

### **Security and Guarantees Provided**

Set out below are details of the collateral provided in connection with the RCF as of 30 September 2016:

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

As of 30 September 2016, the RCF was guaranteed by Barolo BidCo S.p.A., Barolo MidCo S.p.A., TeamSystem Holding S.p.A. and TeamSystem S.p.A.

Set out below are details of the collateral provided in connection with the Senior Secured Notes as of 30 September 2016:

- a pledge over 100 per cent. of Barolo MidCo S.p.A.'s shares in Barolo BidCo S.p.A.;
- an assignment of intercompany receivables owed to Barolo MidCo S.p.A. by Barolo BidCo S.p.A.;

- an assignment by way of security of Barolo BidCo S.p.A.'s rights under the sale and purchase agreement dated 7 December 2015, in respect of the Acquisition;
- a pledge over 100 per cent. of Barolo BidCo S.p.A.'s shares in TeamSystem Holding S.p.A.;
- an assignment of intercompany receivables owed to Barolo BidCo S.p.A. by TeamSystem Holding S.p.A.;
- a pledge over 100 per cent. of TeamSystem Holding S.p.A.'s shares in TeamSystem S.p.A.;
- an assignment of intercompany receivables owed to TeamSystem Holding S.p.A. by TeamSystem S.p.A.;

As of 30 September 2016, the Senior Secured Notes were guaranteed by Barolo MidCo S.p.A., TeamSystem Holding S.p.A. and TeamSystem S.p.A.

Set out below are details of the collateral provided in connection with the Senior Notes as of 30 September 2016:

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

As of 30 September 2016, the Senior Notes were guaranteed by H&F Barolo Lux 1 S.à r.l. and Barolo BidCo S.p.A.

### **Vendor loan**

The vendor loan (€ 24,875 thousand) relates to put/call options and/or earn-outs due to holders of non controlling interests in Lexteam S.r.l., Metodo S.p.A., TeamSystem Communication S.r.l., Danea Soft S.r.l., Lira S.r.l., Inforyou S.r.l. and Madbit Entertainment S.r.l..

## **17. INVENTORIES**

	30 Sep 2016	31 Dec 2015	Change	% Change
Raw and ancillary materials	180	165	14	8.7%
Finished products and goods	1,577	1,371	205	15.0%
(Allowance for slow-moving inventory)	(74)	(74)		
<b>Total</b>	<b>1,683</b>	<b>1,463</b>	<b>220</b>	<b>15.0%</b>

Inventories amount at € 1,683 thousand at 30 September 2016 and, therefore, are substantially flat compared to the balance at 31 December 2015 (€ 1,463 thousand).

## **18. TRADE RECEIVABLES**

	30 Sep 2016	31 Dec 2015	Change	% Change
Trade receivables	114,176	103,471	10,705	10.3%
(Allowance for bad debts)	(15,564)	(13,621)	(1,943)	14.3%
<b>Total</b>	<b>98,612</b>	<b>89,850</b>	<b>8,762</b>	<b>9.8%</b>

Trade receivables at 30 September 2016 amount to € 98,612 thousand. The increase of € 8,762 thousand compared to the balance at 31 December 2015 (€ 89,850 thousand) is basically due to the seasonality of the business.

Trade receivables are recorded net of an allowance for doubtful debts of € 15,564 thousand at 30 September 2016, basically in line with the amount recorded at 31 December 2015 (€ 13,621 thousand) that is accounted for after having analysed the specific risk associated with doubtful balances.

## 19. TAX RECEIVABLES

	30 Sep 2016	31 Dec 2015	Change	% Change
VAT receivables	43	370	(327)	-88.3%
Tax credits	546	546	0	0.0%
Other tax receivables	265	531	(267)	-50.2%
Withholding tax credit	56	2	53	n.s.
Tax consolidation receivables	76	(0)	76	n.s.
Advances and income tax credits	1,364	3,945	(2,581)	-65.4%
<b>Total</b>	<b>2,349</b>	<b>5,394</b>	<b>(3,045)</b>	<b>-56.4%</b>

Tax receivables at 30 September 2016 amount to € 2,349 thousand, down compared to the balance at 31 December 2015 (€ 5,394 thousand) by € 3,045 thousand.

## 20. OTHER RECEIVABLES

	30 Sep 2016	31 Dec 2015	Change	% Change
Deposits	639	667	(28)	-4.2%
Receivables from employees	222	329	(107)	-32.4%
Other receivables	1,620	1,878	(257)	-13.7%
Accrued income	192	76	116	n.s.
Prepayments	10,062	10,303	(241)	-2.3%
<b>Total</b>	<b>12,735</b>	<b>13,252</b>	<b>(516)</b>	<b>-3.9%</b>

The Other receivables balance amount at € 12,735 thousand at 30 September 2016 and thus resulting in a decrease of € 516 thousand compared to the 31 December 2015 balance.

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

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
<b>31 Dec 2014</b>	<b>3,214</b>	<b>211,108</b>	<b>(11,389)</b>	<b>(32,036)</b>	<b>170,898</b>	<b>707</b>	<b>171,605</b>
Loss allocation		(32,036)		32,036	0		0
Paradigma deconsolidation		(248)			(248)		(248)
Dividends					0	(146)	(146)
Total Comprehensive Income (Loss) for the period				(21,012)	(21,012)	121	(20,891)
<b>30 Sep 2015</b>	<b>3,214</b>	<b>178,824</b>	<b>(11,389)</b>	<b>(21,012)</b>	<b>149,638</b>	<b>683</b>	<b>150,320</b>

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
<b>31 Dec 2015</b>	<b>3,214</b>	<b>179,401</b>	<b>(11,389)</b>	<b>(18,415)</b>	<b>152,810</b>	<b>799</b>	<b>153,610</b>
Loss allocation		(18,415)		18,415	0		0
Other movements	2,236	476,463	11,389		490,088		490,088
Change in Non controlling interests IFRS 3		(26)			(26)		(26)
Dividends					0	(162)	(162)
Total Comprehensive Income (Loss) for the period				(53,211)	(53,211)	201	(53,010)
<b>30 Sep 2016</b>	<b>5,450</b>	<b>637,423</b>	<b>(0)</b>	<b>(53,211)</b>	<b>589,662</b>	<b>838</b>	<b>590,500</b>

The Group's equity at 30 September 2016 amounts to € 590,500 thousand as a consequence of the acquisition of TeamSystem Group made by Barolo MidCo S.p.A. on the first months of 2016.

## 22. STAFF LEAVING INDEMNITY

	30 Sep 2016	31 Dec 2015	Change	% Change
Staff leaving indemnity	16,041	15,931	110	0.7%
<b>Total</b>	<b>16,041</b>	<b>15,931</b>	<b>110</b>	<b>0.7%</b>

Staff leaving indemnity at 30 September 2016 amounts to € 16,041 thousand, up on the balance at 31 December 2015 (€ 15,931 thousand) by € 110 thousand, being the aggregate of utilisations, accruals and any other movements.

## 23. PROVISIONS FOR RISKS AND CHARGES

	30 Sep 2016	31 Dec 2015	Change	% Change
Provision for pension and similar obligation	1,423	1,490	(66)	-4.5%
Provision for litigations	608	1,024	(416)	-40.6%
Other provision for risks and charges	366	354	12	3.5%
<b>Total</b>	<b>2,398</b>	<b>2,868</b>	<b>(470)</b>	<b>-16.4%</b>

Provisions for risks and charges at 30 September 2016 amount to € 2,398 thousand, essentially unchanged on the balance at 31 December 2015 (€ 2,868 thousand).

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

## 24. OTHER CURRENT AND NON CURRENT LIABILITIES

	30 Sep 2016	31 Dec 2015	Change	% Change
Due to social securities	4,360	6,648	(2,288)	-34.4%
Employees payables	16,013	12,550	3,463	27.6%
Advances	6,070	3,449	2,621	76.0%
Other liabilities	454	748	(294)	-39.3%
Accrued liabilities	37	185	(148)	-79.8%
Deferred revenues	50,405	24,660	25,744	n.s.
<b>Other current liabilities</b>	<b>77,339</b>	<b>48,240</b>	<b>29,099</b>	<b>60.32%</b>
Due to social securities - non current	670	706	(37)	-5.2%
Other tax liabilities - non current	44	54	(10)	-18.9%
<b>Other non current liabilities</b>	<b>713</b>	<b>760</b>	<b>(47)</b>	<b>-6.15%</b>
<b>Total Other liabilities</b>	<b>78,052</b>	<b>49,000</b>	<b>29,053</b>	<b>59.29%</b>

Other current and non current liabilities at 30 September 2016 amount to € 78,052 thousand, up by € 29,053 thousand compared to the balance at 31 December 2015 (€ 49,000 thousand). This increase is substantially due to the seasonality of the business.

Other non current liabilities at 30 September 2016 amount to € 713 thousand (€ 760 thousand at 31 December 2015) and relate primarily to the following balances pertaining to TeamSystem S.p.A.:

- € 44 thousand relating to income tax, VAT and other taxes of TeamSystem Fabriano S.r.l., merged by absorption into TeamSystem S.p.A. in 2001;
- € 670 thousand relating to social contributions relates to the ancillary establishment in Campobasso and in Fabriano.

**25. CURRENT TAX LIABILITIES**

	30 Sep 2016	31 Dec 2015	Change	% Change
VAT liabilities	2,508	1,100	1,408	n.s.
Income tax payables	5,718	4,144	1,574	37.97%
Liabilities from tax consolidation	73	(0)	73	n.s.
Withholdings liabilities	2,641	3,305	(664)	-20.10%
Other tax liabilities	153	76	76	99.42%
<b>Total</b>	<b>11,092</b>	<b>8,625</b>	<b>2,466</b>	<b>28.6%</b>

Current tax liabilities at 30 September 2016 amount to € 11,092 thousand, up by € 2,466 thousand compared to the balance at 31 December 2015 (€ 8,625 thousand). This change is attributable to the increase in VAT liabilities (€ 1,408 thousand) and in Income tax payables (€1,574 thousand).

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