

31 December 2020  
Consolidated  
Financial Statements  
TeamSystem Group



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## TEAMSYSTEM HOLDING S.p.A. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2020

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**DIRECTORS'**  
**REPORT**

## **TeamSystem Holding S.p.A.**

### **DIRECTORS' REPORT ON OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2020**

Dear Sole Shareholder,

Presented below are the results for the year ended 31 December 2020 of TeamSystem Holding S.p.A. and its subsidiaries (“TeamSystem Group” or “Group”) together with comments on the operations thereof.

This directors' report accompanies the disclosures pertaining to TeamSystem Holding S.p.A.'s consolidated financial statements and illustrates the main features of TeamSystem Group's financial position at 31 December 2020 and its results for the year then ended.

All monetary amounts in this report are expressed in Euro thousands unless otherwise indicated.

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**CORPORATE BODIES AND OTHER CORPORATE INFORMATION**

**BOARD OF DIRECTORS**  
31 Dec 2020

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

( \*\* ) Resigned from office on 30 November 2020

( \*\*\*) Resigned from office on 22 January 2021

**BOARD OF STATUTORY AUDITORS**  
31 Dec 2020

CLAUDIO SANCHIONI	CHAIRMAN
FABIO LANDUZZI	STATUTORY AUDITOR
NICOLE MAGNIFICO	STATUTORY AUDITOR
MARCO CECILIONI	ALTERNATIVE AUDITOR
CRISTINA AMADORI	ALTERNATIVE AUDITOR

**REGISTERED OFFICE and OTHER INFORMATION**

TEAMSYSTEM HOLDING S.P.A.	
REGISTERED OFFICE	PESARO - Via Sandro Pertini, 88
SHARE CAPITAL	Euro 5,450,000
TAX CODE	09290340968
REA - PESARO	196739
INDEPENDENT AUDITORS	DELOITTE & TOUCHE S.p.A.

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**GROUP OPERATIONS AND RESULTS FOR THE YEAR**

**► MACROECONOMIC, SECTOR AND LEGISLATIVE CONTEXT**

**Italian macroeconomic context**

In 2020, the calendar-adjusted gross domestic product (GDP) decreased by 8.9% compared to 2019 (or 8.8% if estimated using raw quarterly data), which was primarily a negative consequence of the COVID-19 health emergency that originated in China and spread to Italy and, subsequently, worldwide starting in March 2020.

In the fourth quarter of 2020, GDP is estimated to have fallen by 2% compared to the previous quarter and by 6.6% year-on-year (source: Istat).

In December 2020 in Italy there was a slight drop in employment compared to the previous month (-0.4%, equal to -101 thousand), while the employment rate fell to 58%. As a result, the unemployment rate rose to 9% for the whole of 2020, while unemployment among young people increased to 29.7% (+0.3 points compared to 2019) (source: Istat).

**ICT segment context**

In 2020, the digital technology market in Italy was negatively affected by the COVID-19 health emergency. Despite this situation, digital products and services proved to be essential for limiting the negative effects of the forced closures of corporate offices and schools, the reason the digital technologies market dropped by only 2% compared to 2019, down to € 70.5 billion according to data from Anitec-Assinform (Italian Association for ICT Information and Communication Technology), compiled by Netconsulting Cube.

More specifically, there were moderate declines in Devices and Systems (-1.9% compared to 2019) and ICT Software and Solutions (-1.6%). This was due to the needs that emerged during the lockdown and for improvements in security and new online service platforms in all sectors. ICT Services, on the other hand, were largely unchanged (-0.1%), thanks to double-digit growth in Cloud services (+16%). As in previous years, Network Services continued to decline (-5.9%), while Content and Digital Advertising grew (+2.7%).

Estimates developed by Anitec-Assinform for 2021 and 2022 point to a healthy recovery with the market growing by 3.4% in 2021 to about € 73 billion, and by 3.3% in 2022 to more than € 75 billion. All IT sectors are expected to grow, although more sharply in the business segment (+5.3% in 2021 to approximately € 43.2 billion, and +4.6% in 2022) than in the consumer segment (+0.9% in 2021 to approximately € 29.7 billion, and +1.5% in 2022).

These growth estimates may, however, be revised downwards if the COVID-19 pandemic, which is still in progress, resurges to the point where it has a negative impact on global (and Italian in particular) economic growth. The situation described above, which is still extraordinary in both its nature and scale, could consequently continue to fuel a general climate of uncertainty, whose developments and relative effects are being very closely monitored by the Directors.

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## **► SIGNIFICANT EVENTS THAT OCCURRED DURING THE YEAR**

### **■ COVID-19**

The COVID-19 pandemic unfolded in China in December 2019 and gradually spread throughout the world during 2020. In response to the pandemic, starting in March 2020, the government of Italy (the country where most of the Group's operations are located) imposed a series of quarantine and/or restrictions on mobility throughout the country which became particularly intense in the winter of 2020 to the point of imposing nightly curfews. On top of this, given the number of cases of infection in individual Italian regions, ad-hoc measures were adopted at the regional level depending on the number/severity of cases in the region.

This situation had a significant impact on the Italian economy in 2020 and, consequently, on TeamSystem Group's operations.

During 2020, in response to the restrictive measures introduced, the TeamSystem Group had essentially closed all its offices and ran its operations through smart working, ensuring the safety of its employees first and foremost, and ensuring continuity of operations with its customers. It also focused its efforts on customer support, aiming to better meet customers' needs, as well as the growing demand for digital products.

The diversified range of operating sectors in which the Group's customers operate (tax consultants, manufacturing, tax advice centres/public sector, attorneys, wellness, hospitality, professional training, etc.), the Group's ability to adapt, and the availability of adequate levels of financial resources (including through undrawn credit lines), proved to be mitigating factors against the liquidity and financial risks caused, in general, by the pandemic.

The Group actively monitored this situation and the effects on its business, earnings and financial position, including expenses and amounts related to personnel, through temporary government funding programmes ("redundancy fund"). Furthermore, in connection with the restrictions brought about by the COVID-19 pandemic, Group companies have considerably reduced travel and the number of events and trade fairs they attend with a significant reduction in travel costs.

### **■ RESTRUCTURING AND REORGANISATION INIZIATIVES**

During the last quarter of 2020, the Group, in an effort to improve efficiency, embarked on a series of restructuring and reorganisation initiatives across several business areas (including administration and finance, property management expenses, information technology, procurement, R&D, customer service and also delivery and sales). However, in 2020, the Group has not yet incurred any costs in connection with these initiatives, nor has it made any commitments, partly because of the regulatory constraints on corporate restructurings and reorganisations, which are being further extended due to the continuing state of emergency caused by the ongoing pandemic. The Group expects to complete these initiatives between the end of 2021 and the first half of 2022.

### **■ MERGERS BY ABSORPTION - SIMPLIFICATION OF GROUP STRUCTURE**

Continuing its efforts towards simplifying and rationalising its organisational and corporate structure, TeamSystem Group completed a series of corporate mergers in 2020, as set out below:

- a) in December 2020, Netlex S.r.l. and TeamSystem 4 S.r.l. were merged by absorption into TeamSystem S.p.A., with the effective date for accounting and tax purposes backdated to 1 January 2020;
- b) in December 2020, MM Data S.r.l. was merged by absorption into Danae S.r.l., with the effective date for accounting and tax purposes backdated to 1 January 2020;
- c) in December 2020, Iperelle S.r.l., Edist Torino S.r.l. and Reway S.r.l. were merged by absorption into Nuovamacut S.p.A., with the effective date for accounting and tax purposes backdated to 1 January 2020;

## **BANK OF ITALY AUTHORISATIONS TO OPERATE AS AN ASSET MANAGEMENT COMPANY AND PROVIDE PAYMENT SERVICES**

### **TeamSystem Capital at Work**

TeamSystem Capital at Work has as its corporate purpose the provision of collective asset management services (*Società di Gestione del Risparmio* or *SGR*). Authorisation from the Bank of Italy is required to engage in this activity; the authorisation process was started by the company in 2019 and was completed on 27 May 2020, the date on which TeamSystem Capital at Work received authorisation to provide collective asset management services pursuant to Article 34 of Legislative Decree No. 58 of 24 February 1998 as a "sub-threshold" manager. Starting 21 September 2020, TeamSystem Capital @Work was entered in the register under article 35, section FIA, of the same decree, with ID code 15406.2.

### **TeamSystem Payments**

TeamSystem Payments has as its corporate purpose the provision of payment services pursuant to article 1, paragraph 2, letter h-septies.1), points 3, 7 and 8, of the Consolidated Banking Act.

To carry out the activities mentioned above, in 2019 TeamSystem Payments began the process of requesting authorisation to operate as a payment institution by submitting the application for authorisation to provide payment services to the Bank of Italy. In 2020, TeamSystem Payments received authorisation from the Bank of Italy through resolution no. 0699168/20 of 27 May 2020.

### **■ACQUISITIONS OF NEW COMPANIES**

During the course of 2020, TeamSystem Group acquired the following companies or acquired further equity interests in companies in which it already held an equity stake:

#### **Acquisition of TeamSystem 5 S.r.l.**

In January 2020, TeamSystem S.p.A. acquired a 100% holding in TeamSystem 5 S.r.l., a newco to which Aldebra S.p.A. (a dealer that sells Metodo, TeamSystem Digital, ESA, Alyante, Lynfa and STR software solutions) had previously transferred a business segment.

#### **Acquisition of Area 32 S.r.l.**

With the aim of increasing its product range for third sector organisations (consisting primarily of associations and not-for-profit organisations), in February 2020 TeamSystem S.p.A. acquired a 100% interest in Area 32 S.r.l., a software house that develops and distributes cloud software for associations and organisations operating in the sport, non-profit and culture sectors.

#### **Acquisition of MBM Italia S.r.l.**

In April 2020, TeamSystem S.p.A. acquired a controlling interest of 61% in MBM Italia S.r.l., a company that develops logistics management, planning, and scheduling software for industrial companies, in addition to specific solutions for the fashion industry.

With this acquisition, the TeamSystem Group has further strengthened its position in the "Industry 4.0" sector and its product range for the digitalisation and optimisation of production processes.

#### **Acquisition of AF Soluzioni S.r.l.**

In April 2020, TeamSystem S.p.A. acquired a 60% controlling interest in AF Soluzioni S.r.l., a company that develops cloud and on premises software for managing public tenders.

The acquisition allows TeamSystem S.p.A. to enter a new market with a product specifically for the public administration and to acquire expertise in e-procurement.

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

In May 2020, TeamSystem S.p.A. acquired a 51% controlling interest in Beneficy S.r.l., a company that develops an innovative cloud platform that enables companies, employees and labour consultants to provide, manage and use corporate welfare plans.

#### **Acquisition of Team4you S.r.l.**

In October 2020, TeamSystem S.p.A. acquired an 80% holding in Team4you S.r.l., increasing its controlling interest in the company to 90% (a 10% interest had been acquired in prior financial years). The company resells TeamSystem products for accountants and tax consultants.

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

With the aim of expanding its portfolio of cloud solutions for the hotel industry, in October 2020 TeamSystem S.p.A. acquired a 15% interest in Ciaomanager S.r.l. The company develops integrated cloud solutions for hotel and reservation management, in addition to innovative solutions for predictive revenue management based on artificial intelligence algorithms.

#### **Acquisition of Software del Sol**

With the aim of expanding and internationalising its business project, in December 2020 TeamSystem S.p.A. acquired a 100% interest in Software del Sol, a Spanish company based in Jaén, Andalusia. The company has over 30,000 customers and is considered a leader in the SME management solutions market in Spain.

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

In December 2020, TeamSystem S.p.A. exercised an option to acquire a 55% interest in Habble S.r.l., giving TeamSystem S.p.A. a 60% controlling interest in the company (a 5% holding had been acquired in May 2020). The company has developed a cloud solution for monitoring and optimising telephony costs for professionals and SMEs. The acquisition aims to strengthen TeamSystem's range of cloud solutions and to supplement its product portfolio.

**Acquisition of Modefinance S.r.l.**

In December 2020, TeamSystem S.p.A. acquired a 43% interest in Modefinance S.r.l. This company has developed a cloud platform for counterparty risk assessment and automating internal credit control procedures, as well as a web solution that provides access to the scoring and financial data of over 25 million European companies. With this acquisition, TeamSystem further strengthens its product range dedicated to digital finance.

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**OUTSOURCING OF BUSINESS UNITS**

**Business unit lease agreements Delivery unit - disposal of business units**

During the first half of 2020, the business unit lease agreements relating to the delivery services business (which handles the installation and/or the customisation of TeamSystem software at end customers' premises in addition to second-level assistance) came to an end, and the corresponding business units, in accordance with the terms of the agreements, were sold to a number of System-Integrator market leaders in the sector in question. The only exception was one Delivery business unit lease agreement, where it was decided to extend the lease of the relevant business unit for the whole of 2020.

**Hardware business unit lease agreement – TeamSystem S.p.A.**

The business unit lease agreement pertaining to TeamSystem S.p.A.'s Hardware division has been extended to the second quarter of 2021.

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**► SUMMARY OF TEAMSYSYSTEM GROUP'S RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

Presented below are the results of TeamSystem Group for the 2020 and 2019 financial years.

Euro thousands						
RECLASSIFIED CONSOLIDATED STATEMENT						
OF PROFIT AND LOSS ACCOUNT	31 Dec 2020	%	31 Dec 2019	%	Change	% Change
<b>TOTAL REVENUE</b>	<b>422,787</b>	<b>100.0%</b>	<b>376,450</b>	<b>100.0%</b>	<b>46,337</b>	<b>12.3%</b>
Cost of raw and other materials	(36,387)	-8.6%	(29,143)	-7.7%	(7,244)	24.9%
Cost of services	(85,335)	-20.2%	(87,195)	-23.2%	1,860	-2.1%
Personnel costs	(116,472)	-27.5%	(109,705)	-29.1%	(6,767)	6.2%
Other operating costs	(3,416)	-0.8%	(4,277)	-1.1%	861	-20.1%
<b>ADJUSTED EBITDA</b>	<b>181,176</b>	<b>42.9%</b>	<b>146,129</b>	<b>38.8%</b>	<b>35,047</b>	<b>24.0%</b>
Allowance for bad debts	(9,289)	-2.2%	(4,832)	-1.3%	(4,457)	92.2%
Depreciation and amortization of non current assets	(90,544)	-21.4%	(84,641)	-22.5%	(5,904)	7.0%
Other provisions for risks and charges	(866)	-0.2%	(4,360)	-1.2%	3,494	-80.1%
Advisory expenses related to reorganization and cost saving projects	(2,997)	-0.7%	(2,249)	-0.6%	(748)	33.3%
Personnel redundancy	(2,048)	-0.5%	(1,346)	-0.4%	(702)	52.1%
Acquisitions and mergers costs	(1,704)	-0.4%	(517)	-0.1%	(1,187)	229.4%
Settlements with clients and agents	(470)	-0.1%	(1,121)	-0.3%	651	-58.1%
Other cost - (income)	59	0.0%	(105)	0.0%	163	-155.9%
<b>OPERATING RESULT</b>	<b>73,317</b>	<b>17.3%</b>	<b>46,958</b>	<b>12.5%</b>	<b>26,358</b>	<b>56.1%</b>
Net Finance Income (Cost)	(81,097)	-19.2%	(84,321)	-22.4%	3,224	-3.8%
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(7,780)</b>	<b>-1.8%</b>	<b>(37,363)</b>	<b>-9.9%</b>	<b>29,583</b>	<b>-79.2%</b>
Current income tax	(9,905)	-2.3%	(12,481)	-3.3%	2,576	-20.6%
Deferred income tax	15,120	3.6%	14,568	3.9%	551	3.8%
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(2,566)</b>	<b>-0.6%</b>	<b>(35,276)</b>	<b>-9.4%</b>	<b>32,710</b>	<b>-92.7%</b>
(Profit) Loss for the year - Non controlling interests	(138)	0.0%	(71)	0.0%	(67)	93.7%
<b>PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY</b>	<b>(2,704)</b>	<b>-0.6%</b>	<b>(35,347)</b>	<b>-9.4%</b>	<b>32,643</b>	<b>-92.3%</b>

In the above table and elsewhere in this directors' report, the following performance indicator is used with regard to TeamSystem Group's earnings:

**Adjusted EBITDA** =

This is calculated as follows:

Profit (loss) for the year plus (i) Income tax; (ii) Financial income and expenses; (iii) Other provisions for risks and charges; (iv) Depreciation and amortisation of non-current assets; (v) Impairment of non-current assets; (vi) Impairment of receivables and credit losses; (vii) Costs deemed by Management to be **non-core** for the measurement of the Group's performance:

- Advisory costs related to reorganization and cost saving projects;
- Personnel restructuring costs;
- Acquisition and merger costs;
- Settlements with customers and agents;
- Other costs – (income).

Set out below is a 2020 and 2019 **Adjusted EBITDA** reconciliation:

Euro Thousand				
	31 Dec 2020	31 Dec 2019	Change	% Change
<b>PROFIT (LOSS) FOR THE YEAR</b>	(2,565)	(35,275)	32,710	-92.7%
Income tax	(5,214)	(2,087)	(3,127)	n.s.
Financial income and expenses	81,097	84,321	(3,224)	-3.8%
Other provisions for risks and charges	866	4,360	(3,494)	-80.1%
Depreciation and amortization of non current assets	90,544	84,641	5,904	7.0%
Allowance for bad debts	9,289	4,832	4,457	92.2%
Advisory expenses related to reorganization and cost saving projects	2,997	2,249	748	33.3%
Personnel redundancy	2,048	1,346	702	52.1%
Acquisitions and mergers costs	1,704	517	1,187	n.s.
Settlements with clients and agents	470	1,121	(651)	-58.1%
Other cost - (income)	(59)	105	(163)	n.s.
<b>ADJUSTED EBITDA</b>	<b>181,176</b>	<b>146,129</b>	<b>35,047</b>	<b>24.0%</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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TeamSystem Group closed 2020 with consolidated Total Revenue of € 422,787 thousand (€ 376,450 thousand in 2019), Adjusted EBITDA of € 181,176 thousand (€ 146,129 thousand in 2019) and loss for the year attributable to the Group of €2,704 thousand (loss of € 35,346 thousand in 2019).

As regards the growth in Total Revenue (which has increased by € 46,337 thousand compared to the figure for the year ended 31 December 2019), this change is mainly due to significant organic growth achieved by TeamSystem Group in 2020, as may be seen from the table below that sets out a breakdown of revenue by sales channel:

Euro Millions

	31 Dec 2020	31 Dec 2019	Change	% Change
<b>Direct Channel</b>	<b>129,4</b>	<b>117,2</b>	<b>12,2</b>	<b>10,4%</b>
Recurring	104,3	93,7	10,6	11,3%
Licences/Prof. Services	25,1	23,5	1,6	6,9%
<b>Indirect Channel</b>	<b>112,0</b>	<b>107,1</b>	<b>4,9</b>	<b>4,6%</b>
Recurring	105,3	100,0	5,3	5,3%
Licences/Prof. Services	6,7	7,1	(0,4)	-5,7%
<b>Micro and new Business Solutions</b>	<b>68,0</b>	<b>48,9</b>	<b>19,1</b>	<b>39,1%</b>
Recurring	63,8	43,3	20,5	47,3%
Licences/Prof. Services	4,2	5,6	(1,4)	-24,7%
<b>Vertical Solutions</b>	<b>111,8</b>	<b>99,9</b>	<b>12,0</b>	<b>12,0%</b>
Recurring	66,2	52,6	13,5	25,7%
Licences/Prof. Services	45,7	47,2	(1,6)	-3,4%
<b>Hardware and Others</b>	<b>1,5</b>	<b>3,4</b>	<b>(1,9)</b>	<b>-55,8%</b>
<b>TOTAL REVENUE</b>	<b>422,8</b>	<b>376,5</b>	<b>46,3</b>	<b>12,3%</b>

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

The Indirect Channel mainly includes the revenue arising from the direct sale of products and services to SMEs and professional end customers through our VARs (value added resellers).

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

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

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

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

Licences/Professional Services includes the revenue arising from the sale of software licences and professional services which generally generate revenue in connection with the installation and customisation of our software products and the training services we provide to customers at product start-up.

Recurring revenue for 2020 increased compared to the previous year at all aggregated levels of revenue by channel/product.

In absolute terms, the growth in Recurring revenue was primarily driven by sales in the Micro and New Business Solutions channel (increase of € 20.5 million compared to 2019), sales made through the Direct Channel (increase of € 10.6 million compared to 2019) and sales made through the Vertical Solutions channel (increase of € 13.5 million compared to 2019).

As regards the operating margin, note that Adjusted EBITDA for 2020 (of € 181,176 thousand) has grown when compared to the 2019 figure (€ 146,129 thousand) by approximately € 35,047 thousand, while there has also been an improvement in the operating margin percentage (with respect to Total Revenue) that has gone from 38.8% in 2019 to approximately 42.9% in 2020.

This improvement in operating margin was, however, offset by the negative effect caused by:

- 1) the amortisation of intangible assets (approximately € 90.5 million, of which approximately € 55.5 million recognised as a result of the allocation of the purchase price paid for the acquisition of TeamSystem Group (and its principal subsidiaries);
- 2) the significant impact of the remeasurement of the liabilities to non-controlling shareholders of subsidiaries as a consequence of a significant improvement in operating results and net finance income (cost) by certain subsidiaries for which put and call option agreements were still outstanding at 31 December 2020.

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In accordance with IFRS 8, 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 separate financial information is available.

Within TeamSystem Group, the following operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

- **Software Business Unit**, which reflects the operating and financial performance of companies engaged in the production, development and marketing of software and/or related product services;
- **Financial Business Unit**, which includes the economic and financial results of the Group companies involved in managing financial services such as the provision of payment services, collective asset management and related technological and operational services.

At 31 December 2020, the companies that engage with the financial sector that form part of the Financial Business Unit 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.

Set out below is the Group's segment information for the year just ended and for the previous year which has been restated to reflect the new operating segment structure.

Euro Millions				
OPERATING SEGMENTS	31 Dec 2020	31 Dec 2019	Change	% Change
Business unit - Software	421,531	375,781	45,750	12%
Other	1,256	669	587	100%
<b>TOTAL REVENUE</b>	<b>422,787</b>	<b>376,450</b>	<b>46,337</b>	<b>12.3%</b>
Business unit - Software	182,954	146,423	36,531	25%
Other	(1,778)	(294)	(1,484)	100%
<b>ADJUSTED EBITDA</b>	<b>181,176</b>	<b>146,129</b>	<b>35,047</b>	<b>24.0%</b>

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#### ► **TEAMSYSYSTEM GROUP'S FINANCIAL POSITION**

The tables which follow present the Group's financial position at 31 December 2020 and 31 December 2019 and highlight, among other aspects, the Group's net invested capital, working capital and IFRS assets, being measures that are used by the Group as non-GAAP indicators (and, given that they are not governed by IFRS, the preparation criteria adopted by TeamSystem Group may not be comparable with those adopted by other companies or groups).

Euro thousands				
CONSOLIDATED NET INVESTED CAPITAL	31 Dec 2020	31 Dec 2019	Change	% Change
Trade receivables	120,019	122,474	(2,455)	-2.0%
Inventories	1,109	845	264	31.3%
Other receivables	30,914	30,395	519	1.7%
Trade payables	(48,532)	(47,692)	(840)	1.8%
Other liabilities	(112,495)	(100,461)	(12,035)	12.0%
<b>Working Capital</b>	<b>(8,986)</b>	<b>5,561</b>	<b>(14,546)</b>	<b>-261.6%</b>
<b>Tax assets net of Tax liabilities</b>	<b>(5,517)</b>	<b>192</b>	<b>(5,709)</b>	<b>-2980.7%</b>
Tangible assets	14,946	15,139	(193)	-1.3%
Intangible assets	58,202	51,795	6,407	12.4%
Right of use	24,776	22,987	1,789	n.s.
Asset IFRS	566,789	590,191	(23,402)	-4.0%
Goodwill	822,087	734,257	87,831	12.0%
Investments	6,061	436	5,624	1288.8%
<b>Non Current Assets</b>	<b>1,492,861</b>	<b>1,414,805</b>	<b>78,056</b>	<b>5.5%</b>
<b>Invested Capital</b>	<b>1,478,358</b>	<b>1,420,557</b>	<b>57,801</b>	<b>4.1%</b>
Staff leaving indemnity	(19,835)	(17,338)	(2,498)	14.4%
Provisions for risks and charges	(4,556)	(8,595)	4,039	-47.0%
Other liabilities - non current	(476)	(523)	47	-8.9%
Deferred tax assets (liabilities) - net	(147,196)	(154,198)	7,002	-4.5%
<b>Provision and other liabilities</b>	<b>(172,063)</b>	<b>(180,653)</b>	<b>8,590</b>	<b>-4.8%</b>
<b>NET INVESTED CAPITAL</b>	<b>1,306,295</b>	<b>1,239,903</b>	<b>66,391</b>	<b>5.4%</b>

Euro thousands				
CONSOLIDATED FINANCIAL SOURCES	31 Dec 2020	31 Dec 2019	Change	% Change
Financial liabilities with banks and other institutions	979,366	911,668	67,698	7.4%
Financing Fees - Prepayment	0	(1,114)	1,114	-100.0%
Other financial assets	(1,886)	(72)	(1,814)	2502.8%
Cash and bank balances	(63,691)	(36,412)	(27,279)	74.9%
<b>Net Financial Indebtedness</b>	<b>913,788</b>	<b>874,070</b>	<b>39,718</b>	<b>4.5%</b>
Share capital and reserves	394,537	400,644	(6,107)	-1.5%
Profit (Loss) attributable to Owners of the Company	(2,703)	(35,346)	32,643	-92.4%
<b>TOTAL EQUITY attributable to OWNERS OF THE COMPANY</b>	<b>391,834</b>	<b>365,298</b>	<b>26,536</b>	<b>7.3%</b>
Non controlling interests - Capital and reserves	535	465	70	15.1%
Non controlling interests - Profit (Loss)	138	71	67	93.7%
<b>TOTAL NON CONTROLLING INTERESTS</b>	<b>673</b>	<b>536</b>	<b>137</b>	<b>25.5%</b>
<b>FINANCIAL SOURCES</b>	<b>1,306,295</b>	<b>1,239,903</b>	<b>66,391</b>	<b>5.4%</b>

The amounts shown above have been taken from the financial statements and some components have been modified and/or aggregated as follows:

#### **Working Capital**

the sum of the consolidated financial statement components Inventories, Trade receivables, Other receivables - current, less Other liabilities - current and Trade payables.

#### **Intangible assets**

as presented in the consolidated financial statements have been broken down between:

#### **IFRS assets**

mainly include amounts allocated to intangible assets: Brand, Customer relationship, Software and Other assets that were recognised upon the allocation of the price paid for the acquisition of TeamSystem Group and the other principal TeamSystem Group companies.

#### **Other intangible assets**

that consist mainly of capitalised development costs;

The Group's net financial indebtedness at 31 December 2020 amounts to approximately € 913,788 thousand, representing an increase of € 39,718 thousand compared to € 874,070 thousand at 31 December 2019; This increase is essentially due to the remeasurement of the liabilities to non-controlling shareholders of subsidiaries based on the operating results and net finance income (cost) reported in 2020 by certain subsidiaries for which put

and call option agreements were still outstanding at the year end reporting date of 31 December 2020, and also due to the preparation of new or updated business plans.

The Group's consolidated equity at 31 December 2020 amounts to € 391,834 thousand, representing an increase compared to the balance at 31 December 2019 (€ 365,298 thousand) of € 26,536 thousand, essentially due to the equity contribution of € 30 million made by the parent Barolo Lux 1 S.à.r.l. in December 2020 to the Parent TeamSystem Holding S.p.A (which in turn made this equity contribution available to TeamSystem S.p.A. for the same amount).

The leverage ratio (net financial indebtedness/equity for the Group) was thus 2.3 at 31 December 2020 (2.4 at 31 December 2019).

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### ► WORKING CAPITAL

The following table shows the components of working capital at 31 December 2020 and 31 December 2019:

Euro thousands				
WORKING CAPITAL	31 Dec 2020	31 Dec 2019	Change	% Change
Trade receivables	120,019	122,474	(2,455)	-2.0%
Inventories	1,109	845	264	31.3%
Other receivables	30,914	30,395	519	1.7%
Trade payables	(48,532)	(47,692)	(840)	1.8%
Other liabilities	(112,495)	(100,461)	(12,035)	12.0%
<b>WORKING CAPITAL - TOTAL</b>	<b>(8,986)</b>	<b>5,561</b>	<b>(14,546)</b>	<b>-261.6%</b>

TeamSystem Group's working capital is strongly influenced by seasonal factors. This is mainly due to the timing of billings relating to support contracts that are particularly concentrated (for most of the Group's business lines) in the first months of the year. Because of this seasonality, working capital is generally at its maximum in the first quarter of the year. Deferred income, which is included in Other liabilities, has the same seasonality as support contract invoicing, with an inverse correlation to trade receivables and is released to income over the course of the year.

At 31 December 2020, working capital has decreased by approximately € 14,546 thousand to a negative € 8,986 thousand from a positive € 5,561 thousand at 31 December 2019. This decrease was mainly due to an increase in Other liabilities (that have gone from € 100,461 thousand at 31 December 2019 to € 112,495 thousand at 31 December 2020) which mainly comprise deferred revenue, and to a decrease of € 2,455 thousand in Trade receivables.

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### ► CONSOLIDATED STATEMENT OF CASH FLOWS

Presented below is the statement of cash flows of TeamSystem Group for 2020 and 2019:

Euro thousands				
CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2020	31 Dec 2019	Change	% Change
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>164,225</b>	<b>147,490</b>	<b>16,735</b>	<b>11.3%</b>
Capital Expenditure	(32,287)	(29,642)	(2,645)	8.9%
Acquisition of investments	(79,146)	(11,828)	(67,318)	n.s.
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(111,432)</b>	<b>(41,470)</b>	<b>(69,962)</b>	<b>n.s.</b>
Financial balance paid / cashed-in	(27,517)	(40,136)	12,619	-31.4%
Liabilities to non controlling shareholders of subsidiaries	(27,988)	(6,039)	(21,949)	n.s.
Distribution of reserves	0	(48,000)	48,000	-100.0%
Capital Contribution	30,000	0	30,000	0.0%
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(25,505)</b>	<b>(94,175)</b>	<b>68,670</b>	<b>-72.9%</b>
Change in Exchange rates	(8)	(7)	(1)	13.4%
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>27,279</b>	<b>11,837</b>	<b>15,442</b>	<b>n.s.</b>

TeamSystem Group's cash flows from operating activities for the year ended 31 December 2020 amount to € 164,225 thousand, up by € 16,735 thousand on the corresponding figure for the year ended 31 December 2019 (€ 147,490 thousand). This increase is attributable to organic growth achieved by the Group in 2020.

There is no "weekend effect" on the cash flows from operating activities at 31 December in the two periods being compared, as both 31 December 2019 and 31 December 2020 were business days.

As regards cash flows from investing activities, they amount to € (111,432) thousand for the year ended 31 December 2020, compared to € (41,470) thousand for the year ended 31 December 2019, with the change amounting to € (69,962) thousand, which is mainly attributable to cash-out paid during 2020 for the acquisition of equity interests in

Area 32, TeamSystem 5, MBM Italia, AF Soluzioni, Beneficy, Team4you, Ciaomanager, Software del Sol, Habble, Modefinance, the former Prosystem business unit.

Cash flows from financing activities amount to € (25,505) thousand, compared to € (94,175) thousand for the year ended 31 December 2019, mainly due to the equity contribution made by the parent Barolo Lux 1 S.à.r.l. in December 2020 to the Parent TeamSystem Holding S.p.A., the payment of interest on the Notes and the liabilities to non-controlling shareholders of subsidiaries paid during 2020 (amounting to € 27,988 thousand).

### ► **CAPITAL EXPENDITURE**

The following table shows the capital expenditure incurred by the Group in the years ended 31 December 2020 and 31 December 2019:

Euro thousands				
CAPITAL EXPENDITURE	31 Dec 2020	31 Dec 2019	Change	% Change
Capex - Tangible Assets	2,716	3,005	(289)	-9.6%
Capex - Intangible Assets	14,326	12,308	2,018	16.4%
Capitalized development costs - personnel costs	12,621	11,882	738	6.2%
Capitalized development costs - service costs	2,625	2,447	178	7.3%
<b>CAPITAL EXPENDITURE</b>	<b>32,287</b>	<b>29,642</b>	<b>2,645</b>	<b>8.9%</b>

Capital expenditure encompasses expenditure on tangible and intangible non-current assets, as well as the total of amounts capitalised by the Group companies in the year for process/product development. Regarding capital expenditure on tangible and intangible assets, the Group has historically been characterised by a low level of capital expenditure, in line with the sector in which it operates.

Capital expenditure incurred by the Group in 2020 is essentially in line with the corresponding amount reported in 2019, with the exception of the growth in Capex - Intangible Fixed Assets, which increased largely as a result of additional investments (made by the Danae subsidiary) in software, rights and assets pertaining to the "PIGC" and "Rent Manager" applications. The aim of these applications is to facilitate compliance with regulations applicable to condominium and property management, as well as to facilitate the organisation and conduct of activities typical thereof.

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### ► **RESEARCH AND DEVELOPMENT**

Again, during the course of 2020, as previously indicated, product research and development activity was particularly intense, having been concentrated on the introduction of new software products, new functionalities or new modules with respect to those already existing.

The total amount of development costs capitalised (at Group level) in 2020 amounts to € 15.2 million (compared to € 14.3 million in 2019). In addition to changes in the scope of consolidation, this growth is due to the Group's continuous commitment to develop new solutions and products (particularly those related to digitalisation) responding to market needs.

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## **► FINANCIAL RISK MANAGEMENT**

The Group is exposed to a variety of risks of a financial nature that are managed and monitored centrally and which can be categorised as follows:

### **Foreign exchange risks**

The Group is not exposed to foreign exchange risks, since the Group companies operate mainly in Italy and, for the time being, the impact of international transactions is insignificant. The Group's efforts to develop new business abroad have been very recent and, consequently, its foreign exchange risks are almost non-existent.

### **Credit risk**

Credit risk is mitigated by the high fragmentation of the customer base and the high degree of customer loyalty. In any case, the customer credit policy, by customer category (resellers and end-users), envisages:

- a) the control and assessment of credit standing;
- b) the control of the flow of payment collection;
- c) taking appropriate action by issuing reminders and by the use of credit collection procedures, including recourse to companies specialised in debt recovery.

The maximum theoretical exposure to credit risk for the Group is represented by the carrying amount of trade receivables as presented in the consolidated financial statements, as well as residual financial receivables recorded in current and non-current financial assets.

At 31 December 2020, the Group did not have any insurance cover for trade receivables.

The tool used by the Group for the classification and control of trade receivables consists of an Ageing List, in which amounts of overdue receivables are summarised by ageing category, from the most recent (0-30 days) to the oldest (over 180 days).

The amount of the allowance for bad debts at 31 December 2020 was determined by adopting an expected credit loss approach (as required by the relevant IFRS 9), taking into account both past due receivables, the allowance for which was determined based on a specific analysis of doubtful accounts, and receivables that are not yet past due at the reporting date, therefore estimating a generic write-down based on historical data and the past credit loss experience of the Group, adjusted to take into account expected losses from specific debtors and the macroeconomic environment.

As a result of the economic and financial difficulties generated by the COVID-19 pandemic, TeamSystem Group's customers may have temporary difficulties in paying for services/products rendered by the Group, which could affect the Group's liquidity. These credit risks could be exacerbated by the fact that some of TeamSystem Group's customers operate in sectors (such as hospitality or wellness) that have been particularly hard hit by the pandemic. Group Management is constantly monitoring the effects of the pandemic and, in accordance with IFRS 9, has adopted and is adopting an approach that takes into account both current and future uncertainties.

### **Interest rate risk**

TeamSystem Group's finance structure mainly consists of floating rate debt as a consequence of the debt refinancing transaction that TeamSystem Group completed in April 2018 and which consisted of the issue of Floating Rate Notes with a principal amount of € 750 million. The yield on these Notes is linked to the 3-month Euribor rate (subject to a floor of 0.00%), plus a spread established contractually. Conditions applied to the RCF (also renegotiated upon the issue of the Notes in April 2018) also provide for floating interest rates (based on Euribor (with a floor of 0.00%) plus a spread established contractually each quarter). With the aim of reducing the risk of market interest rate fluctuations associated with the Floating Rate Notes, TeamSystem Group had entered into interest rate swap contracts (with a total notional amount of € 500 million) which terminated on 15 April 2020.

If interest rates payable on the Notes had been 0.5% higher during the course of 2020 (with respect to the interest rate actually paid during the course of 2020), finance costs pertaining to the Notes would have been € 3.1 million higher; if interest rates payable on the Notes had been 1.00% higher (with respect to the interest rate actually paid during the course of 2020), the TeamSystem Group would have incurred approximately € 6.1 million more in finance costs pertaining to the Notes.

As regards the revolving credit facility, if interest rates payable on the RCF had been 0.5% higher during the course of 2020 (with respect to the interest rate actually paid during the course of 2020), finance costs would have

been € 0.1 million higher; on the other hand, if interest rates payable on the RCF had been 1.00% higher (with respect to the interest rate actually paid during the course of 2020), the TeamSystem Group would have incurred approximately € 0.3 million more in finance costs.

### **Liquidity risk**

The two main factors that determine the dynamics of the Group's liquidity are, on one hand, the resources generated/absorbed by operating and investment activities and, on the other hand, the maturity of financial liabilities.

Of the procedures adopted with the intention of optimising cash flow management and of reducing the liquidity risk, the following should be noted:

- the maintenance of an adequate level of available liquidity;
- the adoption of Cash-pooling at Group level;
- the obtainment of adequate borrowing facilities;
- the control of prospective liquidity conditions, in relation to the corporate planning process.

Despite the Group's high degree of leverage, the ongoing pandemic and the commitments stemming from the various investments acquired in 2020, liquidity is not an issue. The RCF itself, which was drawn for € 15 million at 31 December 2020, could be drawn for a further € 75 million, and the Group has always demonstrated its ability to generate cash and successfully raise funds on the financial markets.

### **► HUMAN RESOURCES**

The number of TeamSystem Group's employees in the year ended 31 December 2020 was 2,488 persons, broken down as follows:

	Average 2020	Average 2019	Change	31 Dec 2020	31 Dec 2019	Change
Managers	77	70	7	82	71	11
Middle managers / white collars / workers	2,237	1,940	297	2,406	2,068	338
<b>Total</b>	<b>2,314</b>	<b>2,010</b>	<b>304</b>	<b>2,488</b>	<b>2,139</b>	<b>349</b>

The human resources employed by TeamSystem Group are an asset to be enhanced via attentive professional development paths. The Group constantly pursues the goal of improving the overall effectiveness of management, through attendance at training courses held by in-house personnel and by external collaboration.

The increase in the number of employees at 31 December 2020 relative to 31 December 2019 is mainly due to the addition of employees of the newly acquired companies during the course of 2020.

### **► INFORMATION PERTAINING TO THE ENVIRONMENT**

Environmental issues are not crucial on account of the sector in which the Group operates. However, it should be noted that the parent company and other Group companies operate in a responsible and respectful manner with regard to the environment, in order to reduce the external impact of its activities. Moreover, the sector in which the Group operates is characterised by a low environmental risk in comparison to other production activities.

### **► SIGNIFICANT SUBSEQUENT EVENTS**

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

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

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

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

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

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

#### **Modefinance S.r.l.**

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

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

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

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

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

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

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

**Acquisition of Barolo Lux 1 S.à.r.l. and redemption of Notes**

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

To finance the acquisition, in February 2021 Brunello BidCo S.p.A. issued senior secured fixed rate notes (at a rate of 3.5%) with a nominal value of € 300 million maturing in 2028 and senior secured floating rate notes with a nominal value of € 850 million maturing in 2028. The proceeds from these notes were used to fund the acquisition of TeamSystem Group and to repay the senior secured floating rate notes with a nominal value of € 200 million maturing in 2025 and the senior secured floating rate notes with a nominal value of € 550 million maturing in 2022, which were still held by TeamSystem Group at the reporting date of 31 December 2020.

**Coronavirus Emergency**

In the first few months of 2021, the Italian government again issued new Prime Ministerial decrees aimed at containing the spread of the virus. In this scenario, the Group continued to provide services to its customers using smart working methods.

Management continues to actively monitor the situation and the possible effects on its business, operating results and financial position.

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**► BUSINESS OUTLOOK**

As it is widely known, since December 2019 the national and international scenario has been characterised by the global spread of the COVID-19 Coronavirus and the consequent restrictive measures implemented by the public authorities of the affected countries to contain it. The effects arising from the future developments of this situation will be continuously monitored by Management. The situation at present continues to be highly uncertain because of the spread of COVID-19 variants and the supply and distribution of vaccines.

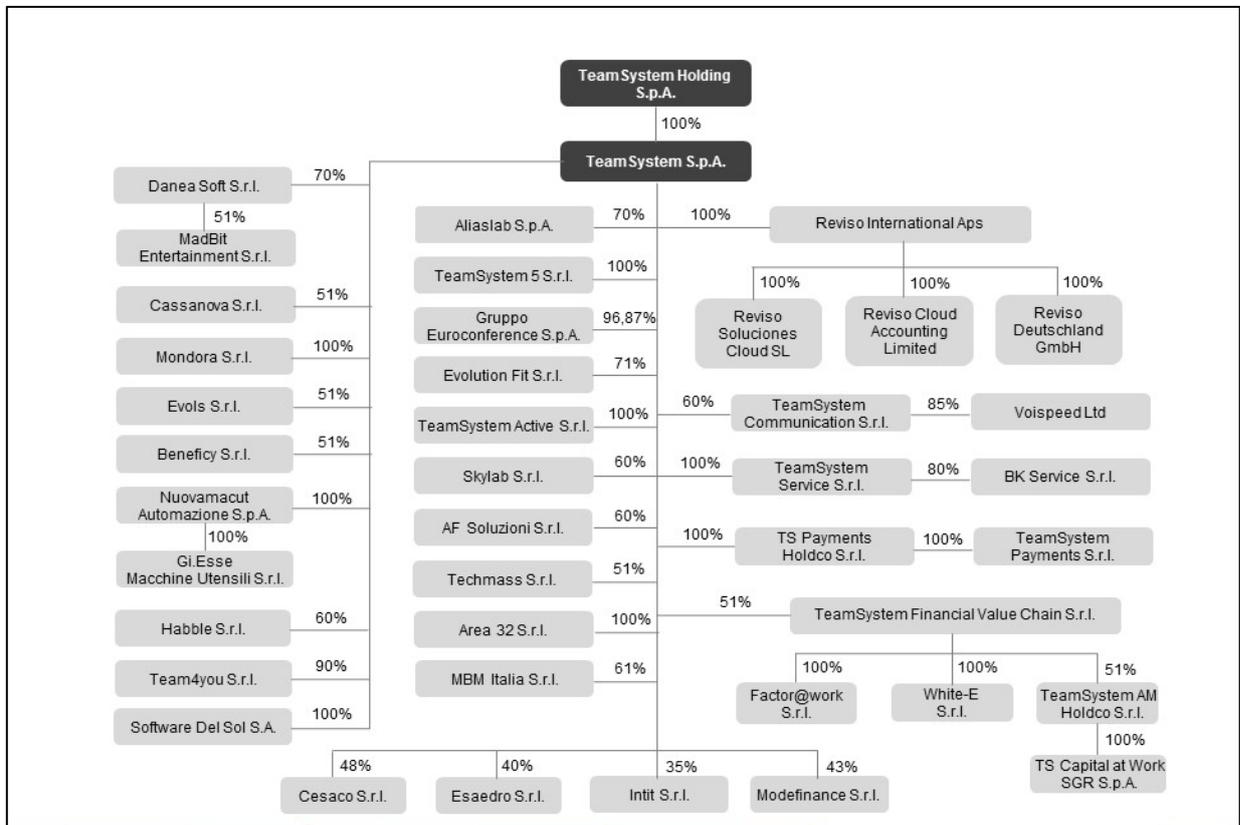
Based on these developments, the Group is taking action to limit the negative effects that could result from a further spread of the national and international emergency.

Revenue figures for the first few months of 2021 are still in line with expectations, despite a macroeconomic context still characterised by elements of uncertainty.

The 2020 results have undoubtedly demonstrated the Group's ability to react and the resilience of the sector; nevertheless, the epidemic's spread and the persistent unfolding of its effects, including economic effects, could adversely affect the current year for the Group compared to what was originally forecast.

**TRANSACTIONS WITH SUBSIDIARIES,  
ASSOCIATES AND PARENT COMPANIES**

**► STRUCTURE OF TEAMSYSYSTEM GROUP AT 31 DECEMBER 2020**



**Note:**

The percentage holdings shown do not comprise put and call option agreements and/or treasury shares held.

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**► PARENT COMPANIES AND MANAGEMENT AND COORDINATION**

As at 31 December 2020, TeamSystem Holding S.p.A. is controlled pursuant to Art. 2359 of the Italian Civil Code by Barolo Lux 1 S.a.r.l. (sole shareholder), which manages and coordinates the former. As for Barolo Lux 1 S.a.r.l., the company is indirectly controlled by and investment fund managed by the international private equity firm Hellman & Friedman (“H&F”) and the minority shareholders consisting of a fund managed by the private equity firm HG Capital, and TeamSystem's senior and middle managers.

At 31 December 2020, TeamSystem Holding S.p.A. did not hold, nor did it acquire or dispose of during the 2020 financial year, not even through trusts or nominees, any shares or quotas relating to parent companies.

In December 2020, the parent company Barolo Lux 1 S.a.r.l. made an equity contribution of € 30 million to TeamSystem Holding S.p.A., which in turn made this capital contribution available to the subsidiary TeamSystem S.p.A.

## ► SUBSIDIARIES

Listed below are key figures relating to and a brief description of the Group companies.

Amounts in Euro

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Share capital	Equity	Profit (Loss)	Currency	% held	% consolid.	Put / Call Options	Notes
TeamSystem Holding S.p.A.	Pesaro	5,450,000	673,530,535	(154,322)	EUR				
TeamSystem S.p.A.	Pesaro	24,000,000	351,504,661	(23,090,915)	EUR	100.00	100.00		
TeamSystem Service S.r.l.	Campobasso	200,000	35,195,909	8,720,961	EUR	100.00	100.00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	175,215	58,426	EUR	60.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	100,000	39,226,356	13,168,730	EUR	70.00	100.00	1	
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	69,965,351	25,478,887	EUR	51.00	100.00	1	2
Mondora S.r.l.	Milan	105,000	3,587,337	980,919	EUR	100.00	100.00		
Voispeed Limited	Saint Albans - UK	1,000	108,102	8,940	GBP	85.00	85.00		3
Aliaslab S.p.A.	Milan	156,000	45,167,726	9,591,056	EUR	70.00	100.00	1	
Reviso International ApS	Copenhagen	50,000	(16,988,042)	(11,042,112)	DKK	100.00	100.00		
Reviso Cloud Accounting Limited	Reading	1	23,771	5,057	GBP	100.00	100.00		4
Reviso Soluciones Cloud S.L.	Madrid	3,000	9,065	(7,288)	EUR	100.00	100.00		4
Reviso Deutschland GmbH	Berlin	25,000	94,344	127,886	EUR	100.00	100.00		4
Evois S.r.l.	Catania	887,000	1,514,530	120,750	EUR	51.00	100.00	1	
Cassanova S.r.l.	Sant. di Romagna (RN)	10,000	1,135,886	366,521	EUR	51.00	100.00	1	
Evolution Fit S.r.l.	Turin	10,000	727,096	403,258	EUR	71.00	100.00	1	
TeamSystem Active S.r.l.	Pesaro	15,000	370,848	279,804	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	300,000	23,374,663	4,520,277	EUR	96.87	96.87		5
Nuovamacut Automazione S.p.A.	Bologna	108,000	23,059,850	4,516,054	EUR	100.00	100.00		
Skylab Italia S.r.l.	Turin	143,600	7,960,657	1,642,789	EUR	60.00	100.00	1	
Gi.Esse Macchine Utensili S.r.l.	Assago (MI)	100,000	1,318,288	(9,540)	EUR	100.00	100.00		6
Technass S.r.l.	Bassano del Grappa (VI)	11,538	272,943	(11,230)	EUR	51.00	100.00	1	
TeamSystem BK S.r.l.	Campobasso	1,010,000	5,607,960	97,960	EUR	80.00	100.00		7
TeamSystem Financial Value Chain S.r.l.	Milan	4,931,373	13,496,025	(73,439)	EUR	51.00	100.00	1	
Whit-e S.r.l.	Milan	15,000	1,278,648	192,257	EUR	100.00	100.00		8
Factor@Work S.r.l.	Milan	65,000	183,552	(305,435)	EUR	100.00	100.00		8
TeamSystem AM Holdco S.r.l.	Milan	10,000	1,285,247	(14,398)	EUR	51.00	100.00	1	8
TeamSystem Capital at Work SGR S.p.A.	Milan	100,000	620,540	(547,862)	EUR	100.00	100.00		9
TeamSystem Payments Holdco S.r.l.	Milan	10,000	2,121,637	(206,033)	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milan	125,000	1,381,012	(480,132)	EUR	100.00	100.00		10
TeamSystem 5 S.r.l.	Trento	10,000	3,051,696	(341,227)	EUR	100.00	100.00		
Area 32 S.r.l.	San Donà di Piave (VE)	10,000	291,060	54,052	EUR	100.00	100.00		
MBM Italia S.r.l.	Padova	40,800	1,918,883	1,480,692	EUR	61.00	100.00	1	
AF Soluzioni S.r.l.	Salerno	70,000	732,604	199,566	EUR	60.00	100.00	1	
Beneficy S.r.l.	Roma	90,000	(59,027)	(107,466)	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	10,000	685,418	377,182	EUR	90.00	100.00	1	
Habble S.r.l.	Vecchiano (PI)	21,930	1,487,864	808,656	EUR	60.00	100.00	1	
Software del Sol S.A.	Mengibar (Jaén)	75,000	1,625,249	1,178,768	EUR	100.00	100.00		

(1) =equity interest would be 100% should put and call option agreements be exercised;

(2) =investment held by Danea Soft S.r.l.;

(3) =investment held by TeamSystem Communication S.r.l.;

(4) =investment held by Reviso International ApS.;

(5) =takes account of treasury shares held by Gruppo Euroconference S.p.A.;

(6) =investment held by Nuovamacut Automazione;

(7) =investment held by TeamSystem Service;

(8) =investment held by TeamSystem Financial Value Chain;

(9) =investment held by TeamSystem AM Holdco S.r.l.;

(10) =investment held by TeamSystem Payments Holdco;

As described in the basis of consolidation section relating to the consolidated financial statements, equity investments in subsidiaries are consolidated, attributing to the Group a pertinent stake that takes account of existing put and call options on account of the nature of the agreements, which, in substance, represent a deferred acquisition of equity interests.

## ■ COMPANIES CONTROLLED IN THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### TeamSystem S.p.A.

The company, which was set up in 1979, is the operating Parent Company of TeamSystem Group; it is located in Pesaro and is currently a 100% held subsidiary of TeamSystem Holding S.p.A. The company develops and distributes, both through its direct branches and through its network of specialised dealers, management software solutions for the professional and business market.

### Gruppo Euroconference S.p.A.

The company is located in Verona and is approximately 96.87% held (of which 5% is held through treasury shares) by TeamSystem S.p.A. The main activities of this investee are the provision of training and professional updates (both in training rooms and online) for accountants, lawyers, labour consultants, tax advisers and corporate administration managers.

**Nuovamacut Automazione S.p.A.**

The company, which has its registered office in Reggio Emilia, was acquired in 2010 by TeamSystem S.p.A. (which, as of the reporting date, held a 100% stake therein). The company's main activities are the resale of and support, training and consulting for CAD/PLM software solutions, and it also acts as an authorised representative for the sale of machine tools.

**TeamSystem Service S.r.l.**

TeamSystem Service S.r.l., which was set up by TeamSystem S.p.A. in 2010, provides payroll processing services exclusively to labour consultants, who are already TeamSystem Group customers, in order to offer them the chance to outsource lower value added activities. In 2014, TeamSystem Service started marketing services consisting of electronically invoicing the public administration and the digital storage of invoices.

**TeamSystem Communication S.r.l. and Voispeed Limited**

The company, which has its registered office in Civitanova Marche (MC), was acquired in 2011 by TeamSystem S.p.A. The company offers computerised telephony and communications solutions, integrated with management software, databases and CRM. TeamSystem Communication S.r.l. holds a controlling interest in Voispeed Ltd, through which its products are sold in the United Kingdom.

**Danea Soft S.r.l.**

The company, which has its registered office in Vigonza (PD), was acquired in 2011 by TeamSystem S.p.A. and it develops and markets management software for small businesses, professional artisans and condominium managers.

**Madbit Entertainment S.r.l.**

In July 2015, Danea Soft S.r.l. acquired a controlling interest in Madbit Entertainment S.r.l. TeamSystem Group Management believes that the acquisition of Madbit Entertainment S.r.l. represents a fundamental step in the Group's growth strategy for the cloud products market, by adding a SaaS solution that is extremely important for the Group in the micro-business segment.

**Reviso International ApS and subsidiaries**

In May 2016, TeamSystem S.p.A. completed the acquisition of the entire capital of ECI Denmark ApS (which changed its name to Reviso International ApS in June 2016), a Danish software house that has developed Cloud-SaaS-native accounting and invoicing software designed mainly for small and medium-sized enterprises.

**Mondora S.r.l.**

In June 2016, TeamSystem S.p.A. acquired a controlling interest in Mondora S.r.l. Mondora will contribute to the development of TeamSystem Group by bringing new capabilities for the development of advanced Cloud/SaaS products.

**Aliaslab S.p.A.**

In December 2016, TeamSystem S.p.A. acquired a controlling interest in Aliaslab S.p.A. Aliaslab is a company specialised in electronic signature and authentication services, with distinctive market positioning in Italy. The transaction has made it possible for TeamSystem Group to leverage a series of solutions and state-of-the-art skills and to immediately become a significant player in the digital signatures software solutions market.

**EvolS S.r.l.**

In March 2017, TeamSystem S.p.A. acquired a controlling interest in Evols S.r.l. (a company specialised in software for hotels and tourist facilities). This transaction has facilitated TeamSystem Group's entry into the tourist facilities software sector.

**EvolutionFit S.r.l.**

In July 2017, Inforyou S.r.l. (merged by absorption into TeamSystem S.p.A. in 2019) acquired a controlling interest in Evolution Fit S.r.l., a company specialised in the development and marketing of cloud software for wellness operators (gyms, personal trainers etc...).

**Cassanova S.r.l.**

In July 2017, TeamSystem S.p.A. acquired a controlling interest in Cassanova S.r.l., a company specialised in the development and marketing of retail and restaurant management software.

**TeamSystem Active S.r.l.**

In March 2018, TeamSystem S.p.A. set up a subsidiary called Beetho S.r.l. (the name of which was subsequently changed to TeamSystem Active in November 2018). TeamSystem Active S.r.l. is currently a 100% held subsidiary of TeamSystem S.p.A.

**Skylab Italia S.r.l.**

In April 2019, TeamSystem S.p.A. acquired a majority interest in Skylab Italia S.r.l. Skylab Italia S.r.l. is a company specialised in cloud solutions for personnel management. This acquisition will allow TeamSystem Group to expand its cloud product portfolio, as well as to reinforce its competitive position in this target market.

**TeamSystem Financial Value Chain S.r.l. and subsidiaries**

On 19 February 2019, TeamSystem S.p.A. set up a subsidiary company called TeamSystem Financial Value Chain S.r.l., with the aim of making it become TeamSystem Group's centre of excellence for financial services. TeamSystem Financial Value Chain S.r.l. owns 100% of Factor@Work S.r.l. and Whit-e S.r.l., which were acquired by the Group in March 2019. The former provides portfolio management services to investors, while the latter is a leading provider of platforms and technological solutions for invoice trading.

TeamSystem Financial Value Chain S.r.l. is 51% held by TeamSystem S.p.A. (put/call option agreements have been entered into with non-controlling interest holders with respect to the remaining 49% interest).

TeamSystem Financial Value Chain S.r.l. subsequently set up a subsidiary company called TeamSystem AM Holdco S.r.l. (in which, at 31 December 2020, it held an interest of 51% – put/call option agreements have been entered into with respect to the remaining 49% interest), which, in turn, had set up a 100% held subsidiary called TeamSystem Capital at Work SGR S.p.A.

**TeamSystem Payments Holdco S.r.l. and TeamSystem Payments S.r.l.**

With the aim of optimising its operations and expanding into the payment services business, on 6 March 2019, TeamSystem S.p.A. set up a 100% held subsidiary called TeamSystem Payments Holdco S.r.l. On 14 May 2019, in turn, TeamSystem Payments Holdco S.r.l. set up a 100% held subsidiary called TeamSystem Payments S.r.l.

**Gi.esse Macchine Utensili S.r.l.**

In September 2019, Nuovamacut S.p.A. acquired a 100% interest in Gi.esse Macchine Utensili S.r.l., a leading company in the purchase and sale of industrial machinery in the north of Italy, already synergically integrated with Nuovamacut Automazione S.p.A.

**TechMass S.r.l.**

At the end of September 2019, TeamSystem S.p.A. acquired a majority interest in TechMass S.r.l., a software house engaged in software development and the digitalisation of production processes. With this acquisition, the Group has further strengthened its product range dedicated to digital transformation.

**BK Service S.r.l.**

In December, TeamSystem Service S.r.l. acquired a 100% holding in BK Service S.r.l., which operates in the HR services industry (payroll and payroll processing and personnel administration and management). The transaction has enabled TeamSystem Service to expand its market share and its presence in Italy.

**TeamSystem 5 S.r.l.**

In January 2020, TeamSystem S.p.A. acquired a 100% holding in TeamSystem 5 S.r.l., a newco to which Aldebra S.p.A. (a dealer that sells Metodo, TeamSystem Digital, ESA, Alyante, Lynfa and STR software solutions) had previously transferred a business segment.

**AREA 32 S.r.l.**

With the aim of increasing its product range for third sector organisations, in February 2020 TeamSystem S.p.A. acquired a 100% interest in Area 32 S.r.l., a software house that develops and distributes cloud software for associations and organisations operating in the sport, non-profit and culture sectors.

**MBM Italia S.r.l.**

In April 2020, TeamSystem S.p.A. acquired a controlling interest in MBM Italia S.r.l., a company that develops logistics management, planning, and scheduling software for industrial companies, in addition to specific solutions for the fashion industry. With this acquisition, the TeamSystem Group has further strengthened its position in the "Industry 4.0" sector and its product range for the digitalisation and optimisation of production processes.

**AF Soluzioni S.r.l.**

In April 2020, TeamSystem S.p.A. acquired a majority interest in AF Soluzioni S.r.l., a company that develops cloud and on premises software for managing public tenders. The acquisition allows TeamSystem S.p.A. to enter a new market with a product specifically for the public administration and to acquire expertise in e-procurement.

#### **Beneficy S.r.l.**

In May 2020, TeamSystem S.p.A. acquired a controlling interest in Beneficy S.r.l., a company that develops an innovative cloud platform that enables companies, employees and labour consultants to provide, manage and use corporate welfare plans.

#### **Team4you S.r.l.**

In October 2020, TeamSystem S.p.A. acquired a majority interest in Team4you S.r.l., increasing its controlling interest in the company to 90%. The company resells TeamSystem products for accountants and tax consultants.

#### **Software del Sol**

With the aim of expanding and internationalising its business project, in December 2020 TeamSystem S.p.A. acquired a 100% interest in Software del Sol, a Spanish company based in Jaén, Andalusia. The company has over 30,000 customers and is considered a leader in the SME management solutions market in Spain.

#### **Habble S.r.l.**

In December 2020, TeamSystem S.p.A. acquired a majority interest in Habble S.r.l. The company has developed a cloud solution for monitoring and optimising telephony costs for professionals and SMEs. The acquisition aims to strengthen TeamSystem's range of cloud solutions and to supplement its product portfolio.

### **► ASSOCIATED COMPANIES**

Key figures relating to associated companies are set out in the following table.

Amounts in Euro

ASSOCIATED COMPANIES	Registered office	% held	Assets	Liabilities	Equity	Profit (Loss)
Esaedro S.r.l. (*)	Parma	40.00	3,279,840	2,883,696	396,144	150,407
INTIT S.r.l. (*)	Frosinone	35.00	1,476,985	1,103,159	373,826	(85,843)
Cesaco S.r.l. (*)	Vicenza	48.00	138,952	50,522	88,430	(49,450)
Modefinance S.r.l. (*)	Trieste	43.00	2,957,863	1,981,136	976,727	32,098

(\*) = figures updated to 31 December 2019 financial statements.

A summary is provided below of balances at 31 December 2020 with associated companies and transactions therewith in the year then ended.

	Trade and Other receivables	Financial receivables	31 Dec 2020	Trade and Other payables	Financial liabilities	31 Dec 2020
<b>ASSOCIATED COMPANIES</b>						
Esaedro S.r.l.	358	0	358	30	0	30
INTIT S.r.l.	127	0	127	(5)	0	(5)
Cesaco S.r.l.	0	0	0	0	0	0
Modefinance S.r.l.	0	515	515	0	0	0
<b>Total</b>	<b>486</b>	<b>515</b>	<b>1,001</b>	<b>25</b>	<b>0</b>	<b>25</b>

	Total Revenues	Finance income	31 Dec 2020
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#### **ASSOCIATED COMPANIES**

Esaedro S.r.l.	192	0	192
INTIT S.r.l.	0	0	0
Cesaco S.r.l.	0	0	0
Modefinance S.r.l.	0	0	0
<b>Total</b>	<b>192</b>	<b>0</b>	<b>192</b>

	Operating costs	Other provisions	Finance cost	Income taxes	31 Dec 2020
<b>ASSOCIATED COMPANIES</b>					
Esaedro S.r.l.	89	0	0	0	89
INTIT S.r.l.	0	0	0	0	0
Cesaco S.r.l.	0	0	0	0	0
Modefinance S.r.l.	0	0	0	0	0
<b>Total</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>89</b>

□ □ □

**► RELATED COMPANIES**

The company and TeamSystem Group have not been party to any transactions with related companies that merit disclosure, other than those previously commented upon.

□ □ □

**► REGISTERED OFFICE, ADMINISTRATIVE OFFICES, ANCILLARY ESTABLISHMENTS AND OTHER CORPORATE INFORMATION**

Set out below are TeamSystem S.p.A.'s various premises:

- registered and administrative offices: Via Sandro Pertini 88, Pesaro (PU);

TeamSystem Holding S.p.A.'s tax code is as follows: 09290340968.

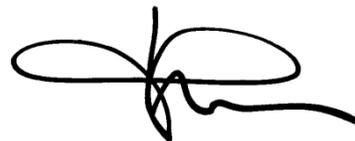
TeamSystem Holding S.p.A. is registered with the Pesaro Chamber of Commerce (registration No. 196739).

The consolidated and separate financial statements of TeamSystem Holding S.p.A. for the year ended 31 December 2020 have been audited by Deloitte & Touche S.p.A.

□ □ □

Milan, 22 April 2021

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



# TeamSystem Holding S.p.A. and subsidiaries TeamSystem Group

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	31 Dec 2020	31 Dec 2019	NOTES
Revenue	421,297	373,016	1 / 2
Other operating income	1,490	3,434	1 / 2
<b>TOTAL REVENUE</b>	<b>422,787</b>	<b>376,450</b>	<b>1 / 2</b>
Cost of raw and other materials	(36,387)	(29,143)	3
Cost of services	(90,658)	(90,454)	4
Personnel costs	(118,336)	(110,738)	5
Other operating costs	(3,389)	(5,323)	6
Depreciation and amortization of non current assets	(90,544)	(84,641)	11 / 12 / 13
Allowance for bad debts	(9,289)	(4,832)	20
Other provisions for risks and charges	(866)	(4,360)	25
<b>OPERATING RESULT</b>	<b>73,317</b>	<b>46,959</b>	
Finance income	7,005	1,421	7
Finance cost	(88,102)	(85,742)	8
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(7,780)</b>	<b>(37,362)</b>	
Current income tax	(9,905)	(12,481)	9
Deferred income tax	15,120	14,568	9
<b>TOTAL INCOME TAX</b>	<b>5,214</b>	<b>2,087</b>	
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(2,565)</b>	<b>(35,275)</b>	
(Profit) Loss for the year - Non controlling interests	(138)	(71)	
<b>PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY</b>	<b>(2,703)</b>	<b>(35,346)</b>	

Euro thousands

**CONSOLIDATED STATEMENT OF**

	31 Dec 2020	31 Dec 2019	NOTES
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(2,565)</b>	<b>(35,275)</b>	
Actuarial evaluation of Staff leaving indemnity	(993)	(1,414)	24
Tax effect	238	339	24
<b>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF TAX</b>	<b>(755)</b>	<b>(1,074)</b>	
Exchange rate differences	(8)	8	
<b>ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF TAX</b>	<b>(8)</b>	<b>8</b>	
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<b>(3,328)</b>	<b>(36,342)</b>	
Total comprehensive (income) loss for the year attributable to Non controlling interests	(137)	(71)	
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY</b>	<b>(3,465)</b>	<b>(36,413)</b>	

Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>NOTES</b>
Tangible assets	14,946	15,139	11
Intangible assets	624,991	641,985	12
Right of use	24,776	22,987	13
Goodwill	822,087	734,258	14
Other Investments	723	308	16
Investments in associates	5,338	129	16
Deferred tax assets	14,096	14,760	17
Financing fees prepayments - non current	0	701	18
Other financial assets - non current	253	0	18
<b>TOTAL NON CURRENT ASSETS</b>	<b>1,507,210</b>	<b>1,430,266</b>	
Inventories	1,109	845	19
Trade receivables	120,019	122,474	20
Tax receivables	872	3,847	21
Other receivables - current	30,914	30,395	22
Financing Fees prepayments - current	0	413	18
Other financial assets - current	1,633	72	18
Cash and bank balances	63,691	36,412	18
<b>TOTAL CURRENT ASSETS</b>	<b>218,239</b>	<b>194,458</b>	
<b>TOTAL ASSETS</b>	<b>1,725,448</b>	<b>1,624,724</b>	

Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>EQUITY AND LIABILITIES</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>NOTES</b>
Share capital	5,450	5,450	23
Other reserves	389,087	395,194	23
Profit (Loss) attributable to Owners of the Company	(2,703)	(35,346)	23
<b>TOTAL EQUITY attributable to OWNERS OF THE COMPANY</b>	<b>391,834</b>	<b>365,298</b>	
Non controlling interests - Capital and reserves	535	465	23
Non controlling interests - Profit (Loss)	138	71	23
<b>TOTAL NON CONTROLLING INTERESTS</b>	<b>673</b>	<b>536</b>	
<b>TOTAL EQUITY</b>	<b>392,507</b>	<b>365,834</b>	
Financial liabilities with banks and other institutions - non current	811,309	884,518	18
Staff leaving indemnity	19,835	17,338	24
Provisions for risks and charges	4,556	8,595	25
Deferred tax liabilities	161,292	168,958	17
Other liabilities - non current	476	523	27
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>997,468</b>	<b>1,079,932</b>	
Financial liabilities with banks and other institutions - current	168,057	27,150	18
Trade payables	48,532	47,692	
Tax liabilities - current	6,389	3,656	26
Other liabilities - current	112,495	100,461	27
<b>TOTAL CURRENT LIABILITIES</b>	<b>335,474</b>	<b>178,958</b>	
<b>TOTAL LIABILITIES</b>	<b>1,332,942</b>	<b>1,258,890</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,725,448</b>	<b>1,624,724</b>	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2020	31 Dec 2019	NOTES
<b>Operating Result</b>	<b>73,317</b>	<b>46,959</b>	
Depreciation and amortisation of non-current assets	90,544	84,641	
<b>Depreciation and amortisation of non-current assets</b>	<b>90,544</b>	<b>84,641</b>	
Trade receivables	7,241	11,874	
Inventories	(264)	227	
Other receivables	(1,228)	(6,969)	
Trade payables	218	6,039	
Other liabilities	3,544	10,057	
<b>Change in Working capital</b>	<b>9,511</b>	<b>21,227</b>	
Staff leaving indemnity	51	(448)	
Provisions for risks and charges	(4,248)	(995)	
<b>Change in provisions</b>	<b>(4,196)</b>	<b>(1,443)</b>	
<b>Income tax paid</b>	<b>(4,951)</b>	<b>(3,894)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>164,225</b>	<b>147,490</b>	
Investments in tangible assets	(2,716)	(3,005)	
Investments in intangible assets	(14,326)	(12,308)	
Capitalized development costs - personnel costs	(12,621)	(11,882)	
Capitalized development costs - service costs	(2,625)	(2,447)	
<b>Capital Expenditure</b>	<b>(32,287)</b>	<b>(29,642)</b>	
Acquisition of investments	(85,451)	(19,785)	10
Cash and bank balances at the date of acquisition	6,305	7,957	
<b>Acquisition of investments</b>	<b>(79,146)</b>	<b>(11,828)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(111,433)</b>	<b>(41,470)</b>	
<b>Financial balance paid / cashed-in and change in financial assets / liabilities</b>	<b>(27,517)</b>	<b>(40,136)</b>	10
<b>Liabilities to non controlling shareholders of subsidiaries</b>	<b>(27,988)</b>	<b>(6,039)</b>	10
<b>Distribution of reserves</b>	<b>0</b>	<b>(48,000)</b>	
<b>Capital Contribution</b>	<b>30,000</b>	<b>0</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(25,505)</b>	<b>(94,175)</b>	
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS</b>	<b>(8)</b>	<b>(7)</b>	
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>27,279</b>	<b>11,837</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 YEAR</b>	<b>63,691</b>	<b>36,412</b>	

**STATEMENT OF CHANGES IN EQUITY**

	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>
Profit (Loss) allocation		(56,030)		56,030	0		0
TeamSystem Holding S.p.A. distribution of reserves		(48,000)			(48,000)		(48,000)
Profit (Loss) for the year				(35,346)	(35,346)	71	(35,275)
Other Profit (Loss) on comprehensive income		(1,067)			(1,067)		(1,067)
<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>

	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>
Profit (Loss) allocation		(35,346)		35,346	0		0
Equity contribution made by Barolo Lux 1 S.à.r.l.		30,000			30,000		30,000
Profit (Loss) for the year				(2,703)	(2,703)	138	(2,566)
Other Profit (Loss) on comprehensive income		(761)			(762)	(1)	(762)
<b>31 Dec 2020</b>	<b>5,450</b>	<b>389,913</b>	<b>(826)</b>	<b>(2,703)</b>	<b>391,834</b>	<b>673</b>	<b>392,507</b>

# TeamSystem Group

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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” or “Parent”) 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). Effective 2019, via the incorporation and acquisition of financial companies, the Group has extended its range of services to encompass financial services.

TeamSystem Holding S.p.A. is a 100% directly held subsidiary of Barolo Lux 1 S.à.r.l., and an indirectly held subsidiary of the majority shareholder represented by the international private equity firm Hellman & Friedman (“H&F”) and the minority shareholders consisting of a fund managed by the private equity firm HG Capital, and TeamSystem's senior and middle managers.

The consolidated financial statements were approved by the Board of Directors on 22 April 2021.

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### **►ACCOUNTING STANDARDS ADOPTED**

TeamSystem Holding S.p.A. has adopted International Financial Reporting Standards as endorsed by the European Commission (hereinafter “IFRS”) for the preparation of its consolidated financial statements pursuant to the provisions of articles 3 and 4 of Legislative Decree 38 of 28 February 2005, which governs in Italy the exercise of options provided for by article 5 of Community regulations 1606/2002 concerning IFRS.

IFRS is intended to mean all “International Financial Reporting Standards”, all International Accounting Standards (“IAS”), all the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), previously known as Standing Interpretations Committee (“SIC”) endorsed by the European Commission at the date of approval of the draft consolidated financial statements by the Parent Company's Board of Directors and covered by EU Regulations published at that date.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and liabilities to non-controlling shareholders of subsidiaries arising from put options granted to minority shareholders which have not yet been exercised that, if and when present, have been measured at fair value at the end of each reporting period.

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### **►GOING CONCERN BASIS**

TeamSystem Group's consolidated financial statements have been prepared on a going concern basis and the Directors are not aware of any material uncertainties or doubts concerning the Group's ability to continue its activities in the foreseeable future.

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### **►CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements include:

1. **A consolidated statement of profit or loss** for the year ended 31 December 2020. In particular, it should be noted that the consolidated statement of profit or loss format presents an analysis of costs aggregated by nature, since this classification is considered to be more relevant for the purposes of an understanding of TeamSystem Group's results. Moreover, since no discontinued or similar operations occurred in 2020 or 2019, profit (loss) for the year is derived solely from continuing operations; Consequently, the Group has not presented profit (loss) for the year from continuing operations since, as indicated, this coincides with profit (loss) for the year.
2. **A consolidated statement of comprehensive income** for the year ended 31 December 2020. In fact, IAS 1 requires that the statement of changes in equity has to evidence only changes generated by transactions with shareholders along with comprehensive income as defined below. The statement of comprehensive income begins with the profit or loss for the year followed by a section on other components of comprehensive income recognised directly in equity and then comprehensive income for the year, being the total profit (loss) for the year and other components of comprehensive income. The other comprehensive income section presents revenue and expense line items grouped between those items that will not be reclassified to profit and loss in subsequent periods and those that, on the fulfilment of certain predetermined conditions envisaged by the pertinent IAS/IFRS, will be reclassified to profit and loss.
3. **A consolidated statement of financial position** at 31 December 2020. In particular, the statement of financial position has been prepared using a format, in accordance with IAS 1, classified based the operating cycle, with a distinction between current and non-current components. Based on this distinction, assets and liabilities are considered to be current, if it is expected that they will be realised or settled during the normal operating cycle.
4. **A consolidated statement of cash flows** for the year ended 31 December 2020. The statement of cash flows is presented using the indirect method starting with the operating result, as permitted by IAS 7, under which profit or loss for the year is adjusted for the effects of non-cash transactions, such as those arising from deferrals or allocations to provisions linked to previous or future costs and payments.
5. **A consolidated statement of changes in equity** for the year ended 31 December 2020.
6. **Notes** to the consolidated financial statements.

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### **►SCOPE OF CONSOLIDATION**

The consolidated financial statements of TeamSystem Group include the financial statements of the Parent Company, of the main subsidiary TeamSystem S.p.A. and of other companies in which TeamSystem Holding S.p.A. has a controlling interest in accordance with IFRS 10.

A listing of entities consolidated on a line-by-line basis is provided in the following table, whereby the percentage consolidated takes account of any put and call options entered into in connection with acquisitions (the “% held” column indicates the percentage held by the Group in the company in question at the reporting date without taking account of the put and call option agreements):

**Amounts in Euro**

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Share capital	Equity	Profit (Loss)	Currency	% held	% consolid.	Put / Call Options	Notes
TeamSystem Holding S.p.A.	Pesaro	5,450,000	673,530,535	(154,322)	EUR				
TeamSystem S.p.A.	Pesaro	24,000,000	351,504,661	(23,090,915)	EUR	100.00	100.00		
TeamSystem Service S.r.l.	Campobasso	200,000	35,195,909	8,720,961	EUR	100.00	100.00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	175,215	58,426	EUR	60.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	100,000	39,226,356	13,168,730	EUR	70.00	100.00	1	
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	69,965,351	25,478,887	EUR	51.00	100.00	1	2
Mondora S.r.l.	Milano	105,000	3,587,337	980,919	EUR	100.00	100.00		
Voispeed Limited	Saint Albans - UK	1,000	108,102	8,940	GBP	85.00	85.00		3
Aliaslab S.p.A.	Milano	156,000	45,167,726	9,591,056	EUR	70.00	100.00	1	
Reviso International ApS	Copenhagen	50,000	(16,988,042)	(11,042,112)	DKK	100.00	100.00		
Reviso Cloud Accounting Limited	Reading	1	23,771	5,057	GBP	100.00	100.00		4
Reviso Soluciones Cloud S.L.	Madrid	3,000	9,065	(7,288)	EUR	100.00	100.00		4
Reviso Deutschland GmbH	Berlin	25,000	94,344	127,886	EUR	100.00	100.00		4
Evolis S.r.l.	Catania	887,000	1,514,530	120,750	EUR	51.00	100.00	1	
Cassanova S.r.l.	Sant. di Romagna (RN)	10,000	1,135,886	366,521	EUR	51.00	100.00	1	
Evolution Fit S.r.l.	Turin	10,000	727,096	403,258	EUR	71.00	100.00	1	
TeamSystem Active S.r.l.	Pesaro	15,000	370,848	279,804	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	300,000	23,374,663	4,520,277	EUR	96.87	96.87		5
Nuovamacut Automazione S.p.A.	Bologna	108,000	23,059,850	4,516,054	EUR	100.00	100.00		
Skylab Italia S.r.l.	Turin	143,600	7,960,657	1,642,789	EUR	60.00	100.00	1	
Gi.Esse Macchine Utensili S.r.l.	Assago (MI)	100,000	1,318,288	(9,540)	EUR	100.00	100.00		6
Techmass S.r.l.	Bassano del Grappa (VI)	11,538	272,943	(11,230)	EUR	51.00	100.00	1	
TeamSystem BK S.r.l.	Campobasso	1,010,000	5,607,960	97,960	EUR	80.00	100.00		7
TeamSystem Financial Value Chain S.r.l.	Milano	4,931,373	13,496,025	(73,439)	EUR	51.00	100.00	1	
Whit-e S.r.l.	Milano	15,000	1,278,648	192,257	EUR	100.00	100.00		8
Factor@Work S.r.l.	Milano	65,000	183,552	(305,435)	EUR	100.00	100.00		8
TeamSystem AM Holdco S.r.l.	Milano	10,000	1,285,247	(14,398)	EUR	51.00	100.00	1	8
TeamSystem Capital at Work SGR S.p.A.	Milano	100,000	620,540	(547,862)	EUR	100.00	100.00		9
TeamSystem Payments Holdco S.r.l.	Milano	10,000	2,121,637	(206,033)	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milano	125,000	1,381,012	(480,132)	EUR	100.00	100.00		10
TeamSystem 5 S.r.l.	Trento	10,000	3,051,696	(341,227)	EUR	100.00	100.00		
Area 32 S.r.l.	San Donà di Piave (VE)	10,000	291,060	54,052	EUR	100.00	100.00		
MBM Italia S.r.l.	Padova	40,800	1,918,883	1,480,692	EUR	61.00	100.00	1	
AF Soluzioni S.r.l.	Salerno	70,000	732,604	199,566	EUR	60.00	100.00	1	
Beneficy S.r.l.	Roma	90,000	(59,027)	(107,466)	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	10,000	685,418	377,182	EUR	90.00	100.00	1	
Habble S.r.l.	Vecchiano (PI)	21,930	1,487,864	808,656	EUR	60.00	100.00	1	
Software del Sol S.A.	Mengibar (Jaén)	75,000	1,625,249	1,178,768	EUR	100.00	100.00		

**Amounts in Euro**

CONSOLIDATED COMPANIES EQUITY METHOD	Registered office	Share capital	Equity	Profit (Loss)	Currency	% held	% consolidation	Put / Call Options	Notes
Esadro S.r.l. (*)	Parma	20,800	396,144	150,407	EUR	40.00	40.00		12
INTIT S.r.l. (*)	Frosinone	20,800	373,826	(85,843)	EUR	35.00	35.00		12
Cesaco S.r.l. (*)	Vicenza	90,000	88,430	(49,450)	EUR	48.00	48.00		12
Modefinance S.r.l. (*)	Trieste	210,000	976,727	32,098	EUR	43.00	43.00	11	12

- (1) equity interest would be 100% should put and call option agreements be exercised;
- (2) investment held by Danea Soft S.r.l.;
- (3) investment held by TeamSystem Communication S.r.l.;
- (4) investment held by Reviso International Aps.;
- (5) takes account of treasury shares held by Gruppo Euroconference S.p.A.;
- (6) investment held by Nuovamacut Automazione S.p.A.;
- (7) investment held by TeamSystem Service S.r.l.;
- (8) investment held by TeamSystem Financial Value Chain S.r.l.;
- (9) investment held by TeamSystem AM Holdco S.r.l.;
- (10) investment held by TeamSystem Payments Holdco S.r.l.;
- (11) put/call options on 41% of the quota capital;
- (12) carrying values in the financial statements at 31 December 2019.

As regards companies in which the Group no longer holds a 50% interest, and, consequently, holds the same percentage of voting rights exercisable at general meetings, it has been deemed that control does not exist because the Group i) does not have power over the investee, being the ability to direct the relevant activities that significantly affect the Group's returns, ii) is not exposed to variable returns from its involvement therewith and, accordingly, iii) does not have power to obtain benefits from its activities, as laid down by IFRS 10 – Consolidated financial statements. As regards companies in which the Group holds an interest in excess of 20% (but less than 50%), it has significant influence thereover and, accordingly, such investments are recognised by using the equity method.

**Changes to the scope of consolidation during the course of 2020**

The scope of consolidation changed during the course of 2020 due to the effect of the following transactions:

- In January 2020, TeamSystem S.p.A. acquired a 100% holding in TeamSystem 5 S.r.l., a newco to which Aldebra S.p.A. (a dealer that sells Metodo, TeamSystem Digital, ESA, Alyante, Lynfa and STR software solutions) had previously transferred a business segment.
- With the aim of increasing its product range for third sector organisations, in February 2020 TeamSystem S.p.A. acquired a 100% interest in Area 32 S.r.l., a software house that develops and distributes cloud software for associations and organisations operating in the sport, non-profit and culture sectors.
- In April 2020, TeamSystem S.p.A. acquired a controlling interest of 61% in MBM Italia S.r.l., a company that develops logistics management, planning, and scheduling software for industrial companies, in addition to specific solutions for the fashion industry.  
With this acquisition, the TeamSystem Group has further strengthened its position in the "Industry 4.0" sector and its product range for the digitalisation and optimisation of production processes.
- In April 2020, TeamSystem S.p.A. acquired a 60% controlling interest in AF Soluzioni S.r.l., a company that develops cloud and on premises software for managing public tenders.  
The acquisition allows TeamSystem S.p.A. to enter a new market with a product specifically for the public administration and to acquire expertise in e-procurement.
- In May 2020, TeamSystem S.p.A. acquired a 51% controlling interest in Beneficy S.r.l., a company that develops an innovative cloud platform that enables companies, employees and labour consultants to provide, manage and use corporate welfare plans.
- In October 2020, TeamSystem S.p.A. acquired an 80% holding in Team4you S.r.l., increasing its controlling interest in the company to 90%. The company resells TeamSystem products for accountants and tax consultants.
- With the aim of expanding and internationalising its business project, in December 2020 TeamSystem S.p.A. acquired a 100% interest in Software del Sol, a Spanish company based in Jaén, Andalusia. The company has over 30,000 customers and is considered a leader in the SME management solutions market in Spain.
- In December 2020, TeamSystem S.p.A. exercised an option to acquire a 55% interest in Habble S.r.l., giving TeamSystem S.p.A. a 60% controlling interest in the company (a 5% holding had been acquired in May 2020). The company has developed a cloud solution for monitoring and optimising telephony costs for professionals and SMEs. The acquisition aims to strengthen TeamSystem's range of cloud solutions and to supplement its product portfolio.
- In December 2020, TeamSystem S.p.A. acquired a 43% interest in Modefinance S.r.l. This company has developed a cloud platform for counterparty risk assessment and automating internal credit control procedures, as well as a web solution that provides access to the scoring and financial data of over 25 million European companies. With this acquisition, TeamSystem further strengthens its product range dedicated to digital finance.

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**► REFERENCE DATE**

The consolidated financial statements have been prepared based on the financial statements of the subsidiaries included in the scope of consolidation and as already approved by the respective Boards of Directors.

All the financial statements of the TeamSystem Group companies have a 31 December financial year end.

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## **► BASIS OF CONSOLIDATION**

The financial statements used for the consolidation are the financial statements of the individual entities, as approved by the respective administrative bodies. These financial statements are reclassified and adjusted to comply with IFRS and the accounting policies adopted by the Parent Company.

In the preparation of the consolidated financial statements, assets and liabilities, income and costs and components of other comprehensive income of consolidated entities are consolidated line-by-line. Receivables and payables, income and charges and gains and losses originating from transactions between and among consolidated entities are eliminated. The carrying amount of consolidated equity investments is eliminated against the corresponding portion of equity attributable to the Group (or to non-controlling interest holders). Associated companies are carried under the equity method.

### **Business combinations**

Starting from 1 January 2020, the Group applies the new provisions issued by the IASB concerning the definition of business for business combinations and acquisitions. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Acquired subsidiaries are accounted for in accordance with the acquisition method as provided for by IFRS 3. The cost of the acquisition is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, liabilities incurred or assumed and equity interest issued by the Group in exchange for control of the acquiree.

All other costs associated with a transaction are expensed.

Identifiable assets, liabilities and contingent liabilities of the businesses acquired, which meet the conditions for recognition under IFRS 3, are measured at their acquisition-date fair values, except for non-current assets (or disposal groups) classified as held for sale in accordance with IFRS 5 and which are recorded and measured in accordance with applicable accounting standards.

Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the value of the acquisition-date amounts of the assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest and the fair value of the acquirer's previously-held equity interest in the acquiree, the surplus is recognised immediately in the income statement as income arising from the completed transaction.

In the event that it is only possible to make a preliminary determination of the fair value of the assets and liabilities at the acquisition date, the business combination shall be recognised using these preliminary amounts. Any adjustments arising from the final determination of the foregoing shall be recognised within twelve months of the acquisition and the related comparatives shall be restated.

Non-controlling interests at the acquisition date may be measured at fair value or at the non-controlling interest's proportionate share of net assets of the acquiree. The option is available on a transaction by transaction basis.

At the same time as the acquisition of majority / controlling stakes in an investee, TeamSystem Group normally enters into put and call option agreements for the residual stake held by the acquiree's non-controlling interest holders. For those cases where part of the acquisition takes place through the execution of a binding option agreement, with the simultaneous presence of put and call clauses, the investee is consolidated, since the substance of the binding option agreement is that of the payment of deferred consideration for a part of the investee's capital, as evidenced by a series of transactions completed in the past. Accordingly, the estimated value of the exercise price of the put / call is included in the cost of acquisition and contributes to the overall determination of goodwill. This accounting method applies only where the Group has acquired majority control of the voting rights of the companies acquired. Concerning the recognition of goodwill related to these options, TeamSystem Group recognises as a financial liability the payable (so-called liabilities to non-controlling shareholders of subsidiaries) related to the estimated actual consideration for the exercise of the options. In accordance with this principle, subsequent changes in the fair value of the payable, due to amendments made to the initial assessment of the exercise consideration, are recognised in the consolidated income statement, as is the case for the notional charges deriving from the gradual decrease of the effect of discounting. In the absence of clear accounting rules for the recognition of non-controlling interests where put and call agreements exist, as well as on account of ongoing issues being debated by IFRIC and IASB, the Group has decided to use the accounting

method described above that complies with the regulatory framework and current doctrine.

Any acquisitions of non-controlling interests subsequent to control having been achieved are accounted for as transactions between shareholders/quotaholders, with recognition of any difference between the amount paid and the carrying value of the non-controlling interest recorded in equity.

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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 December 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) as their functional currencies.

The exchange rates applied for the translation are set out in the following table:

<b>EXCHANGE RATES</b>						
	<b>Average 2020</b>	<b>Average 2019</b>	<b>%</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>%</b>
<b>GBP</b>	<b>0.88970</b>	<b>0.87770</b>	1.4%	<b>0.89900</b>	<b>0.85080</b>	5.7%
<b>DKK</b>	<b>7.44090</b>	<b>7.46610</b>	-0.3%	<b>7.45420</b>	<b>7.47150</b>	-0.2%

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#### **►ACCOUNTING POLICIES**

Set out below are the accounting policies adopted by the Group for the measurement of the components of the financial statements for the year ended 31 December 2020.

##### **Research and development expenses**

In accordance with IAS 38, research expenses are charged to income as incurred.

Development costs incurred in relation to a determined project are capitalised only when the Group can demonstrate, by means of appropriate analysis, the technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition, development costs are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised with reference to the period for which it is envisaged that the associated project will generate revenues for TeamSystem Group. During the period in which an asset is no longer in use, it is assessed annually to ascertain if there has been any impairment.

Other development expenses that do not meet the above requirements are expensed as incurred. Development costs that have previously been expensed are not accounted for as an asset in subsequent periods.

Capitalised development costs are amortised (from the start of the production or marketing of the product) on a straight line basis over their residual useful life (estimated to be between 3 and 5 years).

**Customer relationship**

Customer relationship represents the sum total of contractual (supply contracts and service contracts etc.) and non-contractual customer relationships and has been valued based on discounted income flows (Income Approach). Amortisation is recognised over the useful life of the asset which is estimated to be between a maximum of twenty years (TeamSystem S.p.A.) and a minimum of ten years (other TeamSystem Group companies).

**Proprietary software**

Proprietary software, which arose on recognition of the acquisition of TeamSystem Group (which took place on 1 March 2016), is stated at its reproduction cost, while proprietary software which arose on recognition of the other companies acquired by TeamSystem Group have been measured in accordance with the relief from royalties method. In both cases, these intangible software assets are amortised over their useful lives, which are estimated to be five years.

Proprietary software developed internally and destined for internal use is capitalised at cost of production and is amortised over the length of its residual expected useful life of 5 years.

**Third party software licenced for internal use**

Third party software licenced for internal use is stated at purchase cost and is amortised over the length of its residual estimated useful life of five years.

**Brands**

The TeamSystem, Euroconference, ESA and Nuovamacut brands, which arose on recognition of the acquisition of TeamSystem Group that took place on 1 March 2016, have been measured in accordance with the relief from royalties method and are amortised over the length of their residual estimated useful life of twenty years (TeamSystem, Euroconference and Nuovamacut) or ten years (ESA).

**Goodwill**

Goodwill is initially recognised at cost, represented by the excess value of the consideration transferred for the business combination over the fair value of the assets and liabilities acquired.

In accordance with applicable IFRSs, goodwill is not amortised, but is allocated to its respective Cash Generating Unit (hereinafter "CGU") or groups of CGUs and subjected annually (or more frequently if determined events or changes in circumstances indicate the possibility that value has been impaired) to impairment testing in accordance with IAS 36 "Impairment of Assets".

**Subsequent costs**

Costs incurred subsequently on intangible assets are capitalised if they increase the future economic benefit of the specific capitalised asset.

**Amortisation**

Amortisation is charged systematically on a straight line basis over the asset's estimated useful life, except for intangible assets with an indefinite life (being solely goodwill) that are not amortised and are systematically assessed to verify the absence of impairment. Other intangible assets are amortised starting from the time they become usable.

The estimated useful life of each main category is shown in the following table:

<b>Goodwill</b>	Indefinite useful life
<b>Brands</b>	10 - 20 years
<b>Customer relationship</b>	10 - 20 years
<b>Proprietary software</b>	5 years
<b>Development costs</b>	3 - 5 years

### **Tangible fixed assets**

Tangible fixed assets, consisting mainly of land, buildings, electronic machines, furniture and fittings and general and specific plant are stated at purchase cost, net of accumulated depreciation and writedowns. Costs incurred subsequent to acquisition (repairs and maintenance costs and replacement costs) are recorded as part of the carrying value of an asset, or recognised as a separate asset, only when it is believed that it is probable that associated future economic benefits will be generated and that the cost of the asset can be reliably measured. Repairs and maintenance costs (or costs of replacements that do not have the above characteristics) are expensed in the year in which they are incurred. Tangible fixed assets are systematically depreciated each year at rates determined based on the residual useful life of the asset.

Regardless of the depreciation already accounted for, in the event of impairment, an asset is written down accordingly. Gains and losses arising on disposal are determined by comparing the sales consideration to the net book value. The amount determined is recognised in profit or loss in the pertinent year.

Financial charges incurred for capital expenditure on an asset that necessarily takes a substantial period of time to get it ready for its intended use (“qualifying asset” in accordance with IAS 23 – Borrowing Costs) are capitalised and depreciated over the useful life of the asset class to which they relate. All other financial charges are expensed in the year they are incurred.

### **Leases**

The Group assesses whether a contract is, or contains, a lease at the commencement date thereof. Based on IFRS 16, for all lease contracts (except for, as stated below, short-term leases and low-value assets) the Group:

- a) recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments. Right-of-use is presented in a separate line item in the consolidated statement of financial position known as “Right-of-use”, whereas the lease liability is recognised in the line item “Financial liabilities with banks and other institutions”.
- b) recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss.
- c) recognises the total amount paid as principal and interest arising from cash flows from financing activities in the consolidated statement of cash flows.

The lease liability is initially measured at the present value of future lease payments at the contract's commencement date, discounted at the rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment. In particular, to estimate the incremental borrowing rate, the Group has taken as a reference the interest rate payable on comparable government bonds over the lease term as well as the credit spread associated with financing obtained and Notes issued by the Group.

The lease payments included in the measurement of the lease liability include:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives received.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments of penalties for early termination of the lease, if the lease term reflects the lessee exercising an option to terminate the lease and the exercise thereof is reasonably certain.

Subsequent to initial recognition, the lease liability is measured on an amortised cost basis, while the carrying amount of the liability is increased to reflect interest thereon (using an effective interest method) and is reduced to reflect the lease payments made under the lease contract.

The Group remeasures its lease liability (and recognises an adjustment to the right-of-use asset) if:

- there is a change in the lease term or a change in the assessment of a purchase option; in this case, the lease liability is remeasured by discounting the new lease payments using a revised discount rate;
- there is a change in lease payments resulting from changes in an index or a rate or there is a change in amounts expected to be payable under residual value guarantees;
- lease modifications may also prompt remeasurement of the lease liability unless they are to be treated as separate leases, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

A right-of-use asset includes the amount of the initial measurement of the lease liability, any lease payments made at or

before the contract's commencement date and any other initial direct costs. A right-of-use asset is recognised net of depreciation and any impairment losses.

A provision is recognised and measured in accordance with IAS 37 in the event that the Group incurs an obligation for the costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. These costs are included as part of the cost of the right-of-use asset.

Right-of-use assets are depreciated on a systematic basis from the commencement date to the earlier of the end of the useful life of the underlying asset and the end of the lease term. If the lease contract transfers ownership of the underlying asset or the cost of the right-of-use asset reflects the Group's desire to exercise a purchase option, the right-of-use is depreciated by reference to its useful life. Depreciation starts on the lease's commencement date.

Right-of-use is presented in a separate line item in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

As a practical expedient, IFRS 16 allows a lessee to elect not to separate lease components, by providing an option to account for each lease component and any associated non-lease components as a single lease component. The Group has not made use of this practical expedient.

For short-term leases with a lease term of 12 months or less and low-value assets, for which the value of underlying assets does not exceed approximately € 5 thousand, the Group has opted for the recognition of lease payments in profit or loss as permitted by IFRS 16. These costs are included in the consolidated statement of profit or loss within Other operating costs.

The main difference between IFRS 16 and IAS 17 regarding assets previously recognised as held under a finance lease is the measurement of the residual value of guarantees made by the lessee to the lessor. IFRS 16 requires the Group to recognise in the measurement of its lease liability only the estimated residual value, rather than the maximum amount guaranteed as required by IAS 17.

#### **Writedowns (Impairment)**

At each reporting date, the Group verifies the existence of events or circumstances that call into question the recoverability of the carrying amount of tangible assets and intangible assets with a finite useful life and, in the presence of indicators of impairment, estimates the recoverable amount of the assets to determine whether any impairment exists. Intangible assets with an indefinite useful life, such as goodwill and intangible assets in process of formation, are not subject to amortisation but are assessed annually to determine whether an asset may be impaired.

In accordance with applicable accounting standards, the assessment is performed by comparing the carrying amount to the estimated recoverable amount, represented by the higher of the "value in use" or the "fair value less costs to sell". For the purposes of the above assessment, assets are grouped into the smallest identifiable unit for which Management is capable of separating the related cash inflows, which is represented by the cash generating unit (CGU). The cash generating units are identified in a manner consistent with the Group's organisational and business structure, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If the recoverable amount of the asset or cash generating unit (CGU) is lower than the net carrying amount, the asset is adjusted to take account of the impairment loss, which is recognised in the consolidated statement of profit as "Depreciation, amortisation and impairment". An impairment loss relating to a CGU is firstly allocated to goodwill and any residual amount is allocated to other assets.

#### **Investments in other companies**

In accordance with IFRS 9, investments in other entities classified as non-current assets are initially stated at purchase cost and are subsequently measured at fair value. In certain specific circumstances, depending on the characteristics of the investees and their low value, it has been deemed that cost, written down for any impairment, represents an acceptable approximation of fair value.

#### **Investments in associates**

An associate is an entity over which the Group has significant influence, but not control or joint control, by means of which it participates in the financial and operating policy decisions of the investee. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale.

Under the equity method, investments in associates are recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the changes subsequent to acquisition in the net worth of the associate, net of any impairment of individual equity interests. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses, unless the Group has incurred an obligation to cover them.

### **Inventories**

Inventories, which mainly include hardware and software licences purchased for resale, are stated at the lower of specific purchase cost, inclusive of ancillary charges, and estimated realisable value, which can be derived from market prices. Inventories of obsolete or slow moving items are written down by taking account of their potential use or realisation.

### **Financial instruments**

IFRS 9 - Financial Instruments sets out certain requirements for:

- 1) The classification and measurement of financial assets;
- 2) The classification and measurement of financial liabilities;
- 3) Impairment of financial assets, and;
- 4) Hedge accounting.

#### 1) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at the date of initial application.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically, debt instruments that are held within a business model whose objective is to hold financial assets to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- The Group may irrevocably designate a debt instrument that meets the amortised cost or fair value through other comprehensive income (FVTOCI) criteria as measured at fair value through profit or loss (FVTPL) if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Group has not designated any investments in debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When an investment in a debt instrument measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. On the other hand, when an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings without going through profit or loss.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. See (2) below.

The main financial assets held by the Group consist of trade receivables, the business model classification of which has not given rise to any changes in measurement. For this class of assets, changes arose, however, in the measurement of impairment.

#### 2) Classification and measurement of financial liabilities

The application of IFRS 9 has not had any impact on the classification and measurement of the Group's financial liabilities, given that a significant change introduced by IFRS 9 in the classification and measurement of financial

liabilities relating to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer, was not applicable.

3) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In relation to trade receivables and assets arising from contracts with customers, the Group has applied the simplified approach indicated by IFRS 9 for the measurement of the lifetime expected loss allowance. The Group computes the amount of expected credit losses in relation to these elements through the use of a provision matrix, estimated based on historical loss rates applied to trade receivable balances outstanding, adjusted to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented grouped by ageing based on the provision matrix.

4) Accounting for hedging transactions.

The new hedge accounting requirements retain the three types of hedge accounting, i.e. fair value hedge, cash flow hedge and net investment hedge. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

The Group uses derivative financial instruments for economic hedging purposes in order to manage its exposure to risk arising from changes in interest rates. Despite such derivative financial instruments having been entered into solely for hedging purposes and that they could potentially qualify as cash flow hedges, the Group has decided not to exercise the option, provided for by IFRS 9, to use hedge accounting for the recognition of such instruments and, accordingly, recognises changes in fair value of these derivative financial in profit or loss.

**Trade receivables**

Receivables are recorded at the transaction price as defined by IFRS 15, net of an allowance recognised to take account of their expected realisable value, and that takes account of forecast expected credit losses as required by IFRS 9.

**Cash and bank balances**

Cash and bank balances include cash on hand and bank and post office account balances.

**Interest bearing financial liabilities**

Interest bearing financial liabilities are initially recorded at fair value, net of ancillary charges. Subsequent to their initial recognition, interest bearing financial liabilities are measured at amortised cost.

**Trade and other payables**

Trade and other payables are stated at cost, representing their settlement value.

**Foreign currency transactions**

The functional and presentation currency of the Group companies is the Euro. As required by IAS 21, amounts originally denominated in foreign currency are translated at exchange rates ruling at the year end. Exchange differences realised on the collection of foreign currency receivables and on the payment of foreign currency payables are recognised in the consolidated statement of profit or loss.

**Employee benefit plans**

**1. Defined contribution plans**

A defined contribution plan is a pension plan for which the Group pays fixed contributions to a separate entity. The Group does not have any obligation, legal or otherwise, to make additional contributions if the fund has insufficient assets to meet the payment of all employee benefits relating to the period of service. The obligations related to contributions for employees' pensions and other benefits are expensed as incurred.

**2. Defined benefit plans**

Net obligations related to defined benefit plans consist mainly of employee termination indemnities and are calculated by estimating, with actuarial techniques, the amount of the future benefit accrued to employees in the current and prior financial years. The benefit thus determined is discounted and recognised net of the fair value of any related assets. The computation is performed by an independent actuary using the projected unit credit method. Actuarial gains and losses are recognised in the statement of comprehensive income in the year in which they arise.

Following the introduction of new legislation on supplementary pensions, as per Legislative Decree 252/2005, introduced by the 2007 Finance Act, the possibility has arisen to transfer accruing severance indemnities to supplementary pension funds. Consequently, in the actuarial valuation of the Provision for staff leaving indemnity for employee termination indemnities at 31 December 2008, account was taken of the effects deriving from the legislation, recognising, for IAS/IFRS purposes, only the liability relating to accrued severance indemnities remaining as a balance sheet liability, as the amounts accruing are paid over to a separate entity (supplementary pension fund or the state fund INPS).

### **Provisions for risks and charges**

Where the Group has an obligation, legal or otherwise, resulting from a prior event and it is probable that this will lead to the loss of economic benefits to meet the obligation, an appropriate provision for risks and charges is recorded. No provision is made for future operating losses. Provisions are measured at the present value of Management's best estimate of the cost of satisfying the obligation existing at the reporting date. With respect to legal cases, the amount of the provision is determined based on estimates made by the relevant consolidated company, together with its legal advisors, in order to determine the probability, the timing and the amounts involved.

### **Revenue**

The new IFRS 15 establishes the criteria for recognising revenue arising from contracts with customers, except for those contracts that fall within the scope of the standards relating to leases, insurance contracts and financial instruments. The standard establishes a comprehensive framework for identifying the timing and amount of revenue to be recognised in the financial statements. According to IFRS 15, an entity shall recognise revenue arising from contracts with customers and the related accounting effects through the following steps:

- a) identify the contract(s) with a customer;
- b) identify the performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the performance obligations in the contract;
- e) recognise revenue when (or as) the entity satisfies a performance obligation.

Therefore, the amount the Group recognises as revenue should reflect the consideration to which it is entitled in exchange for the goods transferred to the customer and/or services rendered. This amount should be recognised when the underlying contractual obligations have been satisfied, which is when the Group has transferred control of the promised goods or service to the customer, in the following ways:

- a) over time;
- b) at a point in time.

The following are the main types of products and services of our four main business lines (Direct Channel, Indirect Channel, Micro & New Business solutions and Vertical Solutions) categorised by:

- 1. Recurring Revenue**
- 2. Software licences and professional services**
- 3. Hardware and other items**

### **•Recurring Revenue**

The main sources of recurring revenue are:

**Assistance and Maintenance / Subscription:** includes revenues deriving from assistance and maintenance fees and subscription fees. Assistance and maintenance agreements, which include direct support, technical support and software updates, generally cover a twelve-month period and related revenue is recognised on a straight line basis over the contract term, with recognition of the revenue component pertaining to future years as deferred income.

With the subscription agreements a fee is paid (generally annually) in order to both utilize a particular software product and benefit from customer support, technical assistance and maintenance and software updates. The related revenues are recognized on a straight-line basis over the contractual term.

This revenue category also includes support and maintenance contracts with VARs (Value Added Resellers). These agreements generally cover a three-year period that grants VARs the right to download an unlimited number of software licences and to receive software updates and system support services. Revenue arising from these agreements is invoiced on a quarterly or annual basis and is recognised on a straight line basis over the agreement term. Annual fee adjustments are also envisaged (either positive or negative with respect to the contractual consideration) based on the financial performance of the VAR as determined by a calculation formula defined in the reseller contract.

**LTA**, software add-on modules that provide additional functionality (generally released for regulatory compliance), and which are invoiced on top of the existing contractual consideration. Revenue from the sale of LTA modules is recognised on a straight line basis from the date of download to the contract expiry date. LTAs are generally renewed automatically at the beginning of the year.

#### **•Software licences and Professional services**

**Licences:** Revenue from sales of software licences is recognised on the date control transfers to the customer (which usually corresponds to the delivery date) since all contractual obligations have normally been fulfilled and there are no rights of return or acceptance clauses.

In the event a sale agreement provides for more than one revenue component, such as maintenance and support, the revenue arising from these components is separately identifiable in the agreement.

**Professional services:** revenue related to training, implementation and software customisation, whether covered by the main agreement or by subsequent agreements, is recognised based on the stage of completion of the services at the reporting date. Revenue related to implementation services still ongoing at the reporting date is recognised based on the percentage of completion of the services at that date and the number of hours worked with respect to the total estimated work hours.

Income and commissions recorded by the recently incorporated and acquired financial companies are recognised when the service has been rendered.

#### **•Hardware and Other items**

Revenue from the sale of hardware to third parties is recognised on the date control of the asset is transferred to the customer which usually corresponds to the delivery date on account of the fact that all contractual obligations have normally been fulfilled and there are no rights of return or acceptance clauses.

#### **Grants**

Government grants are recognised when there is reasonable certainty that they will be received and that all related conditions will be met. Government grants towards cost components are recognised as income, but are systematically allocated to the financial year, in order to match the costs they are intended to offset. For grants towards the cost of an asset, the asset and the grant are recognised at their nominal value and the release to income takes place gradually, on a straight line basis, over the expected useful life of the asset.

Where a non-cash grant is received, the asset and the contribution are recognised at their nominal value and are released to income on a straight line basis over the expected useful life of the asset.

#### **Dividends**

The distribution of dividends to shareholders / quotaholders of the Group companies is recognised as a liability in the period in which they are approved by the general meeting of shareholders / quotaholders.

#### **Finance income and costs**

Finance income and costs are recognised in profit or loss on an accrual basis.

#### **Current and deferred taxation**

The tax charge for the year comprises current and deferred taxation. Current tax is recognised in the consolidated statement of profit or loss, except for cases where the tax relates to items accounted for as an equity component. Current tax is calculated by applying the tax rate in force at the reporting date to taxable income. Concerning IRES, it should be noted that the Parent Company and its subsidiaries have elected for a consolidated tax regime, with the Parent Company as tax consolidator.

Deferred tax is calculated, using the liability method, on temporary differences between the book and tax bases of assets and liabilities. Deferred tax is calculated as a function of the expected timing of the reversal of the temporary differences, using the tax rate in force at the date of the expected reversal. A deferred tax asset is recognised only where it is probable that sufficient taxable income will be generated in subsequent years for the recovery thereof.

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**► EARNINGS PER SHARE**

The Parent Company does not have any shares listed on regulated markets; Accordingly, as permitted by IAS 33, no information on earnings per share has been disclosed in these Notes.

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**► SEGMENT INFORMATION**

In accordance with IFRS 8, an operating segment is a component of an entity:

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

Within TeamSystem Group, the following operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

- **Software Business Unit**, which reflects the operating and financial performance of companies engaged in the production, development and marketing of software and/or related product services;
- **Financial Business Unit**, which includes the economic and financial results of the Group companies involved in managing financial services such as the provision of payment services, collective asset management and related technological and operational services.

At 31 December 2020, the companies that engage with the financial sector that form part of the Business Unit - Financial 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 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 assets acquired and liabilities assumed: the process of allocation of the cost of a transaction to the assets of TeamSystem Group following a business combination is based on estimates and assumptions derived from Management's professional judgement. Professional judgement is also

used to determine the most appropriate methodologies for the measurement of assets acquired and liabilities assumed (including contingent assets and liabilities) and in certain cases, provisional initial recognition has been opted for, as permitted by the applicable accounting standard.

- Goodwill and other intangible assets: goodwill and other intangible assets with an indefinite useful life (none of the latter existed as at the reporting date) are tested annually for impairment and during the course of the year if there is any indication thereof. Other intangible assets are tested annually for impairment when there are indications that the carrying amount may not be recovered. When value in use needs to be computed, the Directors estimate the cash flows expected from an asset or from the cash generating unit and choose a discount rate in order to calculate the present value of the cash flows. Accordingly, the impairment test for fixed assets is performed using forecasts, which are naturally subject to uncertainty, of cash flow included in business plans approved by the relevant Boards of Directors or in projections prepared by management of the Group companies in periods in which the business plan has not been updated for the insights needed to make strategic choices.
- Allowance for bad debts: the allowance for bad debts reflects Management's estimate of the losses pertaining to receivables due from end customers and the sales network. The estimate of the allowance for bad debts is based on losses expected to be incurred by the Group (taking account of the requirements of the new IFRS 9), determined based on past experience with similar receivables, on current and historical past due, on losses and payment collection and on careful monitoring of asset quality and forecasts of economic and market conditions.
- Provisions for risks and charges: these provisions relate to liabilities that are certain or probable, the amount of which has not been determined at the reporting date, but the cost of which, as required to meet the obligation, is capable of being reliably estimated by Management. They are recognised in the financial statements in the event of an existing legal or implicit obligation resulting from a prior event and it is probable that the Group will be required to meet the obligation. If the impact is significant, the provisions are measured at discounted present value.
- Employee benefits: the cost of employee benefit plans is determined using actuarial assessments. An actuarial assessment requires the application of assumptions with respect to discount rates, the expected yield from investments, future wage increases, mortality rates and future increases in pensions. Due to the long term nature of these plans, the estimates are subject to a significant degree of uncertainty.
- Liabilities to non-controlling shareholders of subsidiaries: This represents the estimated liability with respect to put and call options or earn-out agreements relating to non-controlling interests in Group companies. This is accounted for at its estimated fair value, having applied various assumptions regarding the estimated indicators that form the basis for its computation and the expected timing of disbursements. The nominal value of the exercise price of the liability to non-controlling shareholders of subsidiaries is then discounted at the reporting date by applying the relevant discount rate which is the same as that adopted for the cost of debt component in impairment tests.

#### **► ROUNDING**

The figures included in the consolidated financial statements and in the Notes to the consolidated financial statements are expressed in thousands of Euros (except where otherwise indicated) since this is the currency used in the conduct of TeamSystem Group's operations.

Certain amounts reported in these consolidated financial statements, including financial information and certain operating data, have been subject to rounding adjustments due to the presentation of figures in thousands of Euros. Accordingly, in certain cases, the sum of the numbers in a column or a row in tables may not correspond exactly to the total figure given for that column or row.

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**► ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLICABLE FROM 1 JANUARY 2020**

The following accounting standards, amendments and IFRS interpretations are applicable to the Group for the first time from 1 January 2020:

- 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 adoption of these amendments has had no effect on the Group's consolidated financial statements.

- 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.

The adoption of these amendments has had no effect on the Group's consolidated financial statements.

- On 22 October 2018, the IASB issued “**Definition of a Business (Amendments to IFRS 3)**”. The amendments clarify the definition of a business for the purpose of the correct application of IFRS 3. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To this end, the IASB has replaced the term “ability to create outputs” with “ability to contribute to the creation of outputs” to clarify that a business may exist even without all the inputs or processes needed to create an output. The amendments introduce an optional concentration test that makes it easier to conclude that a company has not acquired a business if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for business combinations and acquisitions on or after 1 January 2020, although early application is permitted.

The Group has adopted this new standard by accounting for a transaction made in 2020 as an acquisition of groups of similar assets rather than as the acquisition of a business.

- On 28 May 2020, the IASB issued “**Covid-19 Related Rent Concessions (Amendment to IFRS 16)**”. The document allows lessees to account for rent concessions related to Covid-19 without having to assess, through contract analysis, whether the change meets the definition of a lease modification under IFRS 16. Lessees exercising this option will therefore be able to account for the effects of the reduction in lease payments directly in the profit or loss at the effective date of the reduction. This amendment is applicable to annual reporting periods beginning on or after 1 June 2020, although earlier application of the amendment on 1 January 2020 is permitted. The adoption of this amendment had no impact on the consolidated financial statements of the Group that did not use the option introduced.

**► ACCOUNTING STANDARDS, AMENDMENTS AND IFRS AND IFRIC INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, BUT NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AT 31 DECEMBER 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 28 May 2020, the IASB issued “**Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)**”. The amendments extend the temporary exemption from applying IFRS 9 for insurance

companies to annual periods beginning on or after 1 January 2023. These amendments will become effective on 1 January 2021.

The Directors do not believe that there will be any significant impact on the Group's consolidated financial statements as a result of the adoption of these amendments.

- On 27 August 2020, given the interbank interest rate reform such as IBOR, the IASB published "**Interest Rate Benchmark Reform-Phase 2**" which includes amendments to the following standards:  
IFRS 9 – Financial Instruments;  
IAS 39 – Financial Instruments: Recognition and Measurement;  
IFRS 7 – Financial Instruments: Disclosures;  
IFRS 4 – Insurance Contracts; and  
IFRS 16 Leases.  
All amendments will become effective on 1 January 2021.  
The Directors are evaluating the effects of adopting this amendment.

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

As of the date of this document, the European Union's delegated bodies had not yet concluded the endorsement process required for the adoption of the amendments and standards described below.

- On 23 January 2020, the IASB issued "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**". The objective of the amendments is to provide clarity on how payables and other short-term or long-term liabilities are to be classified. The amendments are effective from 1 January 2023, although early application is permitted.

The Directors are currently assessing the potential effect of the introduction of these amendments on the Group's consolidated financial statements.

- On 14 May 2020, the IASB issued the following:
  1. **Amendments to IFRS 3 Business Combinations:** the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this resulting in any changes to the requirements of IFRS 3.
  2. **Amendments to IAS 16 Property, plant and equipment:** the objective of the Amendments is to prohibit entities from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. The revenue and the related costs will accordingly be recognised in profit or loss.
  3. **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that all costs directly attributable to a contract should be taken into account when determining whether a contract is onerous. Accordingly, the assessment of whether a contract is onerous includes not only the incremental costs (e.g. the cost of direct material used in processing) but also all unavoidable costs the company incurs as a result of entering the contract (e.g. the share of personnel costs and depreciation of machinery used to fulfil the contract).
  4. **Annual Improvements 2018-2020:** amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All amendments will become effective on 1 January 2022.

The Directors are evaluating the effects of adopting these amendments.

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## Notes to the consolidated financial statements

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

### 1. TOTAL REVENUE

Total revenue for the year end 31 December 2020 amount to € 422.8 million, comprised of Revenue of € 421.3 million and Other Revenue of € 1.5 million, increased by € 46.3 million compared to the balance at 31 December 2019 of € 376.5 million.

This increase is attributable to organic growth achieved by the Group in the various sales channels (Direct, Indirect, Micro and new Business, Vertical) and to the consolidation of the financial results of the companies acquired during the course of 2020.

The table below provides a breakdown of total revenue for the 2020 and 2019 financial years based on whether control was passed over time or at a point in time:

Euro Millions			
		31 Dec 2020	31 Dec 2019
	Point in time	81,7	83,4
	Over time	339,6	289,6
<b>REVENUE</b>		<b>421,3</b>	<b>373,0</b>

Lastly, note that there is no concentration of revenue with any specific customer, given the notable segmentation of Group sales, which in the years ended 31 December 2020 and 31 December 2019, were almost exclusively realised in Italy.

### 2. OPERATING SEGMENTS

Set out below is the Group's segment information for the year just ended and for the previous year, which has been restated to reflect the current operating segment structure.

Euro Millions				
OPERATING SEGMENTS	31 Dec 2020	31 Dec 2019	Change	% Change
Business unit - Software	421,531	375,781	45,750	12%
Other	1,256	669	587	100%
<b>TOTAL REVENUE</b>	<b>422,787</b>	<b>376,450</b>	<b>46,337</b>	<b>12.3%</b>
Business unit - Software	182,954	146,423	36,531	25%
Other	(1,778)	(294)	(1,484)	100%
<b>ADJUSTED EBITDA</b>	<b>181,176</b>	<b>146,129</b>	<b>35,047</b>	<b>24.0%</b>

Management measures the Group's performance and allocates resources based on various indicators, the pre-eminent and most significant of which is Adjusted EBITDA, defined as profit (loss) for the year plus (i) income tax (ii) finance income and costs (iii) impairment of non-current assets (iv) other provisions for risks and charges (v) depreciation and amortisation of non-current assets (vi) allocations to the allowance for bad debts and (vii) certain costs deemed by Management to be non-core for the measurement of the Group's performance.

Details are set out below of the Adjusted EBITDA reconciliation for 2020 and 2019:

Euro Thousand

	31 Dec 2020	31 Dec 2019	Change	% Change
<b>PROFIT (LOSS) FOR THE YEAR</b>	20,823	(35,275)	56,097	n.s.
Income tax	(27,887)	(2,087)	(25,800)	n.s.
Financial income and expenses	81,097	84,321	(3,224)	-3.8%
Other provisions for risks and charges	151	4,360	(4,209)	-96.5%
Depreciation and amortization of non current assets	90,544	84,641	5,904	7.0%
Allowance for bad debts	9,289	4,832	4,457	92.2%
Advisory expenses related to reorganization and cost saving projects	2,997	2,249	748	33.3%
Personnel redundancy	2,048	1,346	702	52.1%
Acquisitions and mergers costs	1,704	517	1,187	n.s.
Settlements with clients and agents	470	1,121	(651)	-58.1%
Other cost - (income)	(59)	105	(163)	n.s.
<b>ADJUSTED EBITDA</b>	<b>181,176</b>	<b>146,129</b>	<b>35,047</b>	<b>24.0%</b>

### 3. COST OF RAW AND OTHER MATERIALS

	31 Dic 2020	31 Dic 2019	Change	% Change
Hardware purchases	7,879	5,559	2,321	41.7%
Third party' software	27,173	20,449	6,724	32.9%
Handbooks and forms	30	53	(23)	-43.2%
Materials for education	54	149	(95)	-63.7%
Fuel	1,045	2,072	(1,027)	-49.6%
Other materials	350	656	(307)	-46.7%
Change in inventory of raw materials	(144)	205	(349)	n.s.
<b>Total</b>	<b>36,387</b>	<b>29,143</b>	<b>7,244</b>	<b>24.9%</b>

The cost of raw and other materials for the year ended 31 December 2020 came to € 36,387 thousand. This mainly relates to the cost of sales of hardware and third party software. The increase of approximately 24.9% over the previous year is attributable to the organic growth of the Group and the consolidation of the financial results of the companies acquired during the 2019 and 2020 financial years, and in particular third party software purchase costs which increased during the year by 32.9%.

### 4. COST OF SERVICES

	31 Dic 2020	31 Dic 2019	Change	% Change
Agent commissions and other costs	15,561	15,619	(58)	-0.4%
Consulting and third parties services	10,244	10,756	(511)	-4.8%
Software and Hardware maintenance costs	17,646	13,418	4,228	31.5%
Customer support service costs	3,944	5,842	(1,898)	-32.5%
Administrative and management consulting costs	4,413	4,487	(74)	-1.7%
Financial interest costs	52		52	
Education - consulting and copyrights	2,519	3,781	(1,263)	-33.4%
Magazines - consulting and copyrights	1,613	1,595	18	1.1%
Other costs for education services	239	1,177	(937)	-79.7%
Advertising and marketing	11,475	11,419	56	0.5%
Car rentals	3,247	2,944	303	10.3%
Utilities	3,346	4,100	(754)	-18.4%
Costs for mergers and acquisitions	1,704	517	1,187	n.s.
Other items	439	179	260	n.s.
Costs for strategic projects and reorganizations	3,180	2,563	617	24.1%
Other service expenses	13,660	14,503	(843)	-5.8%
<b>Cost of services - Gross of capitalization</b>	<b>93,283</b>	<b>92,901</b>	<b>382</b>	<b>0.4%</b>
Services capitalised development costs	(2,625)	(2,447)	(178)	7.3%
<b>Total</b>	<b>90,658</b>	<b>90,454</b>	<b>204</b>	<b>0.2%</b>

Cost of services came to € 90,658 thousand for the year ended 31 December 2020, net of an amount capitalised in the year pertaining to software projects of € 2,625 thousand, details of which are provided in Note 12 on Intangible assets.

The main components are the following:

- Agent commissions and other costs (€ 15,561 thousand) relating to compensation payable to agents, an allocation to the provision for agents' indemnity and other costs attributable to commercial consulting services;
- Consulting and third-party services (€ 10,244 thousand) mainly relating to the outsourcing to third parties of on-site customer maintenance and support;
  - Hardware and Software maintenance costs (€ 17,646 thousand) relating to periodic fees for support services and subscriptions for third party products. The increase in these costs is tied to the growth in Micro and New Business Solutions revenues;
  - Customer support service costs (€ 3,944 thousand), relating to customer assistances costs;
- Costs for mergers and acquisitions (€ 1,704 thousand) relating to costs incurred for services in connection with M&A transactions that occurred in 2020.
- Costs for strategic projects and reorganizations (€ 3,180 thousand) that include the following categories:
  - a) costs incurred for services related to reorganization and cost saving projects of € 2,997 thousand (€ 2,249 thousand in 2019);
  - b) legal advisory fees related to personnel restructuring costs of € 184 thousand (€ 314 thousand in 2019);
- Other service expenses (€ 8,831 thousand), mainly consisting of:
  - a) Costs for shipping and transport of € 186 thousand;
  - b) Costs for reimbursement of expenses of € 1,762 thousand;
  - c) Maintenance costs of € 504 thousand;
  - d) Insurance costs of € 893 thousand;
  - e) Training and other HR costs of € 2,977 thousand;
  - f) Rebate costs.

As regards the capitalisation of cost of services recognised in 2020 (€ 2,625 thousand) reference should be made to Note 12 on Intangible assets.

## 5. PERSONNEL COSTS

	31 Dic 2020	31 Dic 2019	Change	% Change
Wages, salaries and social contributions	119,280	112,337	6,943	6.2%
Staff leaving indemnities	6,093	5,039	1,054	20.9%
Other personnel costs	797	523	274	52.4%
Personnel costs for redundancy and reorganizations	1,864	1,032	831	80.5%
<b>Employees costs</b>	<b>128,154</b>	<b>118,931</b>	<b>9,223</b>	<b>7.8%</b>
Freelancers and collaborators fees	428	481	(53)	-11.0%
Directors' fees and related costs	2,374	3,208	(834)	-26.0%
<b>Directors and Collaborators</b>	<b>2,802</b>	<b>3,689</b>	<b>(887)</b>	<b>-24.0%</b>
<b>Personnel - Gross of capitalization</b>	<b>130,956</b>	<b>122,620</b>	<b>8,336</b>	<b>6.80%</b>
Personnel capitalised development costs	(12,621)	(11,882)	(738)	6.2%
<b>Total</b>	<b>118,336</b>	<b>110,738</b>	<b>7,598</b>	<b>6.9%</b>

Personnel costs amounted to € 118,336 thousand for the year ended 31 December 2020 and increased by € 7,598 thousand compared to the previous year (€ 110,738 thousand) as a result of the significant organic growth recorded by the Group in 2020 and the change in the scope of consolidation. However, these cost increases were partially offset by the Group's use of the measures available to support businesses, such as the redundancy fund (particularly in June, July and August 2020); this was in response to the needs arising from the Covid-19 pandemic emergency.

Total costs for personnel redundancy and reorganisation amounted to € 2,048 thousand (€ 1,346 thousand in 2019) and are composed of Personnel costs for redundancy and reorganisations (€ 1,864 thousand at 31 December 2020) plus legal advisory fees concerning personnel reorganisation (€ 184 thousand as at 31 December 2020).

As regards the capitalisation of personnel costs recognised in 2020 (€ 12,621 thousand) reference should be made to Note 12 on Intangible assets.

The following table provides details of employee numbers at 31 December 2020 and 31 December 2019.

	Average 2020	Average 2019	Change	31 Dec 2020	31 Dec 2019	Change
Managers	77	70	7	82	71	11
Middle managers / white collars / workers	2,237	1,940	297	2,406	2,068	338
<b>Total</b>	<b>2,314</b>	<b>2,010</b>	<b>304</b>	<b>2,488</b>	<b>2,139</b>	<b>349</b>

## 6. OTHER OPERATING COSTS

	31 Dic 2020	31 Dic 2019	Change	% Change
Condominium expenses and other rents	1,592	1,250	342	27.4%
Rentals	298	331	(32)	-9.8%
Other expenses for use of third parties assets	240	316	(77)	-24.3%
Other taxes	340	400	(60)	-15.1%
Losses from assets disposals	35	32	3	9.5%
Other expenses and settlement costs	884	2,993	(2,110)	-70.5%
<b>Total</b>	<b>3,389</b>	<b>5,323</b>	<b>(1,934)</b>	<b>-36.3%</b>

Other operating costs came to € 3,389 thousand for the year ended 31 December 2020, a decrease of € 1,934 thousand mainly attributable to the decrease in Other expenses and settlement costs.

Other expenses and settlement costs relate to the cost of settlement agreements with customers and agents, amounting to € 470 thousand in 2020 (versus € 1,121 thousand in 2019) and other minor costs.

## 7. FINANCE INCOME

	31 Dic 2020	31 Dic 2019	Change	% Change
Interest and other finance income	50	209	(159)	-76.0%
Gains on foreign exchange	31	5	26	n.s.
Interest from cash pooling and other loans	4	(5)	9	n.s.
Interest from banks	0	6	(6)	-97.7%
Depreciation - liabilities to non controlling shareholders of subs	6,278	960	5,318	n.s.
Gain on valuation of derivative instruments	89	227	(138)	-60.9%
Dividends	554	20	534	n.s.
<b>Total</b>	<b>7,005</b>	<b>1,421</b>	<b>5,584</b>	<b>n.s.</b>

Finance income came to € 7,005 thousand for the year ended 31 December 2020 and was mainly attributable to the remeasurement of the fair value of the liability to non-controlling shareholders of subsidiaries.

## 8. FINANCE COSTS

	31 Dic 2020	31 Dic 2019	Change	% Change
Interest on bank overdrafts and loans	793	13	780	n.s.
Interest on Notes	30,500	30,417	83	0.3%
Interest on derivative instruments	89	308	(219)	-71.2%
Interest on financing fees	2,815	2,807	8	0.3%
Revaluation - liabilities to non controlling shareholders of subs	41,507	39,862	1,645	4.1%
Bank commissions	2,115	2,148	(33)	-1.6%
Interest on actuarial valuation of employee benefits	37	212	(175)	-82.7%
Interest on lease contracts - IFRS 16	1,007	1,028	(21)	-2.0%
Other IFRS financial charges	7,718	6,080	1,637	26.9%
Interest on cash pooling and other loans	1	48	(46)	-97.5%
Other financial charges	1,506	1,793	(287)	-16.0%
Losses on foreign exchange	10	24	(14)	-58.0%
Write-downs of investment	5	1,002	(997)	-99.5%
<b>Total</b>	<b>88,102</b>	<b>85,742</b>	<b>2,360</b>	<b>2.8%</b>

Finance costs for the year ended 31 December 2020 came to € 88,102 thousand. The main components are the following:

- Interest on Notes (€ 30,500 thousand), which includes interest payable on Floating Rate Notes of € 750 million issued by TeamSystem S.p.A. on 4 April 2018;
- Interest on financing fees (€ 2,815 thousand) includes finance costs relating to the financing fees on the Floating Rate Notes of € 750 million, and the finance costs relating to the RCF of € 90 million arranged by TeamSystem S.p.A. on 4 April 2018;
- Revaluation of liabilities to non-controlling shareholders of subsidiaries (€ 41,507 thousand) arising from a change in the fair value thereof due to the remeasurement of the initial exercise price of the put/call option agreements and/or earn-outs;
- IFRS 16 finance costs (€ 1,007 thousand) and other IFRS finance costs (€ 7,718 thousand), which include finance costs recognised by the Group on having discounted the liability to non-controlling shareholders of subsidiaries based on the new discount rate for the period and interest cost arising from the application of IFRS 16.

## 9. TOTAL INCOME TAX

### Current tax

Current tax for 2020 amounted to € 12,637 thousand and mainly consisted of the balances of corporate income taxes IRES and IRAP, as the TeamSystem Group carries out almost all its operations in Italy.

With reference to IRES tax, please note that TeamSystem S.p.A. have elected for a consolidated tax regime pursuant to articles 117 to 129 of the Italian Consolidated Income Tax Act. TeamSystem S.p.A., the tax consolidating parent, determines the total comprehensive income which is equal to the sum of the taxable amounts (income or loss) realised by the individual companies that adhere to this method of Group taxation.

Current tax for the 2020 financial year is also impacted by the effects of the Patent Box taxation regime calculated with reference to:

- TeamSystem S.p.A. for the 2018 and 2019 tax years for which the qualifying asset is software;
- Aliaslab for the 2020 tax year for which the qualifying asset is software;
- Danea for the 2019 tax year for which the qualifying asset is software;
- Gruppo Euroconference for the 2016, 2017, 2018, 2019 tax years for which the qualifying asset is the trademark;
- Madbit for the 2020 tax year for which the qualifying asset is software;

### Deferred taxes

As regards the amount of deferred tax recognised in the consolidated statement of profit or loss, reference should be made to Note 17.

## 10. CONSOLIDATED STATEMENT OF CASH FLOWS

As regards the more significant components of the statement of cash flows, a description is provided below of the main factors impacting the Group's cash flow in the course of 2020:

**Liabilities to non-controlling shareholders of subsidiaries** = the amount of liabilities to non-controlling shareholders of subsidiaries paid in 2020 amounts to € 27,988 thousand and relates to the acquisition of further interests in Aliaslab, Madbit, Netlex, Evolution Fit and the payment of earn-outs - deferred consideration primarily relating to investments in Inforyou, Euresys, (both Inforyou and Euresys were merged into TeamSystem S.p.A.), Skylab, TeamSystem BK, TeamSystem 4 (see also Note 18).

**Finance costs/income paid/received and change in Financial Assets/Liabilities** = as regards the amount of € 27,367 thousand reported for the year ended 31 December 2020:

- € 30,416 thousand relating to interest paid on Floating Rate Notes of € 750 million;
- € 3,265 thousand relating mainly to the payment of interest and bank charges;
- € 7,509 thousand refers to the total amount of payments made in 2020 in relation to lease agreements subject to IFRS 16 consisting of principal (€ 6,502 thousand) and interest (€ 1,007 thousand);
- the receipt of € 15,000 thousand refers to the drawdown of the RCF.

**Acquisition of investments** = the amount of € 85,377 thousand relates mainly to the cash-out paid by TeamSystem Group during the course of 2020 to acquire investments in the following companies: Area 32, TeamSystem 5, MBM Italia, AF Soluzioni, Habble, Beneficy, Software del Sol, Team4you, Ciaomanager, Modefinance, and the cash-out paid to acquire the former Prosystem business unit.

The table below provides details of the change in the year in financial liabilities, with separate disclosure of those that have generated cash flows as opposed to other changes of a non-cash nature.

	CASH FLOWS				OTHER NON-CASH MOVEMENTS			
	31 Dec 2019	Repayments and other and other financial flows	New financing	Change in cons. area	Accruals and other financial income / cost	Change in cons. area	Other movements	31 Dec 2020
Loans with banks	32	(86,000)	101,000	1,192	793			17,017
Finance leases liabilities	23,952	(7,509)			1,007	2,190	6,393	26,033
Notes	751,333	(30,417)			30,500			751,416
Liabilities to non control. Sharehold. of subs.	145,387	(25,260)			40,220	32,206		192,553
Other financial liabilities	(11)	32						21

## 11. TANGIBLE FIXED ASSETS

NET BOOK VALUE						
	31 Dec 2018	Change in cons. area	Additions	(Depreciation)	Other movements and disposals	31 Dec 2019
Land	948					948
Buildings	3,339			(267)	(1)	3,071
Plant and machinery	3,462	24	1,492	(908)	(6)	4,063
Equipment	972	65	100	(233)	2	907
Other assets	6,605	260	1,401	(2,133)	11	6,144
Tangible assets under construction					7	7
<b>Total</b>	<b>15,326</b>	<b>349</b>	<b>2,993</b>	<b>(3,541)</b>	<b>12</b>	<b>15,139</b>

NET BOOK VALUE						
	31 Dec 2019	Change in cons. area	Additions	(Depreciation)	Other movements and disposals	31 Dec 2020
Land	948					948
Buildings	3,071			(195)		2,876
Plant and machinery	4,063	62	492	(967)	(404)	3,248
Equipment	907	249	74	(238)	(2)	990
Other assets	6,144	405	2,952	(2,257)	(359)	6,884
Tangible assets under construction	7		1		(8)	0
<b>Total</b>	<b>15,139</b>	<b>716</b>	<b>3,519</b>	<b>(3,657)</b>	<b>(772)</b>	<b>14,946</b>

Tangible fixed assets amount to € 14,946 thousand at 31 December 2020, having decreased in the year by a net amount of € 193 thousand.

The decrease is due to the net impact of:

- Additions and Changes in the scope of consolidation totalling € 4,235 thousand;
- Depreciation of € 3,657 thousand;
- Other movements and disposals of € 772 thousand;

## 12. INTANGIBLE ASSETS

<b>NET BOOK VALUE</b>							
	31 Dec 2018	Change in cons. area	Other movements and disposals	Capitalization	Additions	(Amortization)	31 Dec 2019
<b>Capitalized development costs</b>	<b>28,186</b>		<b>(675)</b>	<b>13,972</b>		<b>(12,632)</b>	<b>28,852</b>
Brand IFRS	115,054					(6,791)	108,263
Software IFRS	36,766	2,670				(15,431)	24,005
Customer relationship IFRS	467,680	6,000				(30,036)	443,645
Other IFRS assets	15,286					(1,008)	14,278
<b>Asset IFRS</b>	<b>634,786</b>	<b>8,670</b>				<b>(53,266)</b>	<b>590,190</b>
Software, trademarks, patents	14,628	115	876	357	10,670	(7,350)	19,296
Other intangible assets	3,819	645	9		494	(1,373)	3,595
Intangible assets under construction	118	51	(128)		11		51
<b>Other intangible assets</b>	<b>18,565</b>	<b>811</b>	<b>757</b>	<b>357</b>	<b>11,175</b>	<b>(8,723)</b>	<b>22,942</b>
<b>Total</b>	<b>681,538</b>	<b>9,481</b>	<b>82</b>	<b>14,329</b>	<b>11,175</b>	<b>(74,621)</b>	<b>641,985</b>

<b>NET BOOK VALUE</b>							
	31 Dec 2019	Change in cons. area	Other movements and disposals	Capitalization	Additions	(Amortization)	31 Dec 2020
<b>Capitalized development costs</b>	<b>28,852</b>	<b>348</b>	<b>2,131</b>	<b>15,207</b>	<b>32</b>	<b>(13,862)</b>	<b>32,709</b>
Brand IFRS	108,263					(6,808)	101,455
Software IFRS	24,005	11,170				(15,875)	19,299
Customer relationship IFRS	443,645	19,900			1,030	(31,811)	432,764
Other IFRS assets	14,278					(1,008)	13,270
<b>Asset IFRS</b>	<b>590,190</b>	<b>31,070</b>			<b>1,030</b>	<b>(55,501)</b>	<b>566,788</b>
Software, trademarks, patents	19,296	476	(1,706)	18	11,658	(8,796)	20,946
Other intangible assets	3,595	83	(19)		2,204	(1,917)	3,946
Intangible assets under construction	51		89	20	441		601
<b>Other intangible assets</b>	<b>22,942</b>	<b>559</b>	<b>(1,637)</b>	<b>38</b>	<b>14,303</b>	<b>(10,713)</b>	<b>25,493</b>
<b>Total</b>	<b>641,985</b>	<b>31,978</b>	<b>495</b>	<b>15,245</b>	<b>15,365</b>	<b>(80,076)</b>	<b>624,991</b>

Intangible assets amount to € 624,991 thousand at 31 December 2020.

Internally generated development costs relate to costs capitalised for new products and new software modules, which, at 31 December 2020, had not yet been completed or for which the marketing and sales phase had not yet started.

As regards capitalised development costs recognised in 2020 of € 15,245 thousand, the main investment components relate to development costs capitalised by the subsidiary TeamSystem S.p.A. during the course of 2020.

The increases in Software IFRS and Customer relationship IFRS (of € 11,170 thousand and € 19,900 thousand, respectively) are due to a change in the scope of consolidation. See Note 15 – Allocation of provisional goodwill.

## 13. RIGHT-OF-USE

This comprises the present value of future payments for the right-of-use of leased assets arising from the application of IFRS 16 as follows:

NET BOOK VALUE						
	31 Dec 2018	Change in cons. area	Additions and other movements	(Amortization)	(Disposals)	31 Dec 2019
Buildings - Right of use	20,021	582	2,694	(4,352)	(205)	18,740
Other assets - Right of use	3,874	26	2,641	(2,127)	(167)	4,247
<b>Right of use - Total</b>	<b>23,895</b>	<b>608</b>	<b>5,335</b>	<b>(6,479)</b>	<b>(373)</b>	<b>22,987</b>
<b>Total</b>	<b>23,895</b>	<b>608</b>	<b>5,335</b>	<b>(6,479)</b>	<b>(373)</b>	<b>22,987</b>

NET BOOK VALUE						
	31 Dec 2019	Change in cons. area	Additions and other movements	(Amortization)	(Disposals)	31 Dec 2020
Buildings - Right of use	18,740	2,190	3,967	(4,414)	(414)	20,069
Other assets - Right of use	4,247		3,189	(2,397)	(332)	4,707
<b>Right of use - Total</b>	<b>22,987</b>	<b>2,190</b>	<b>7,156</b>	<b>(6,811)</b>	<b>(746)</b>	<b>24,776</b>
<b>Total</b>	<b>22,987</b>	<b>2,190</b>	<b>7,156</b>	<b>(6,811)</b>	<b>(746)</b>	<b>24,776</b>

Right-of-use assets amount to € 24,776 thousand at 31 December 2020, having increased by € 1,789 thousand with respect to last year.

Assets held under lease consist of:

- Buildings of € 20,069 thousand, relating to the operational premises of the Group companies and corporate accommodation used by certain Group employees, the total balance of which increased by € 1,329 thousand at 31 December 2020 with respect to 31 December 2019 (€ 18,740 thousand) due to the combined effect changes to the scope of consolidation (€ 2,190 thousand), depreciation (€ 4,414 thousand) and other additions and disposals in the period.
- Other assets of € 4,707 thousand relating mainly to company cars, the balance of which underwent a net increase of € 460 thousand.

#### 14. GOODWILL

Of the Goodwill balance of € 822,087 thousand, € 631,292 relates to the amount recognised upon the acquisition of TeamSystem Group, in March 2016, by investment funds managed by the international private equity firm Hellman & Friedman ("H&F"), while the remainder relates to goodwill that arose on acquisitions completed in subsequent years, including the year just ended. Goodwill consists mainly of the excess of the consideration paid for the aforementioned acquisitions over the fair value of the assets acquired and the liabilities assumed and has been allocated to the following CGUs that were identified by the Group:

- **Cash Generating Unit (CGU) - Software** - identified as those Group entities which represent operating performance and the companies engaged in the production, development and marketing of software and/or related product services;
- **Cash Generating Unit (CGU) - Financial Services**, which represents the results of the Group companies involved in managing financial services such as the provision of payment services, collective asset management and related technological and operational services.

At 31 December 2020, the Group's total goodwill has been allocated as set out below:

	31 Dec 2019	Other movements	Additions	(Impairment)	31 Dec 2020
CGU - Software	725,402	74	87,755		813,232
CGU - Financial Services	8,855				8,855
<b>Total</b>	<b>734,258</b>	<b>74</b>	<b>87,755</b>		<b>822,087</b>

The increase in goodwill recorded in the 2020 financial year of € 87,755 thousand relates to the companies acquired by

the Group during the year, being:

- TeamSystem 5 (€ 3,704 thousand);
- Area 32 (€ 1,992 thousand);
- MBM Italia (€ 13,269 thousand);
- AF Soluzioni (€ 3,163 thousand);
- Beneficy (€ 968 thousand);
- Team4you (€ 2,709 thousand);
- Software del Sol (€ 52,591 thousand);
- Habble (€ 9,358 thousand);

The purchase price allocation for the acquisition of TeamSystem 5 and Area 32 is final, while for the other companies acquired in 2020 it still provisional as is the related goodwill at the reporting date. Further details are provided in the paragraph on “Provisional allocation of goodwill - companies acquired in 2020”.

**► Impairment Test – Goodwill 31 December 2020**

The goodwill recognised by the Group is subject to an impairment test at least annually.

For the purpose of the impairment test, steps have been taken to determine the recoverable amount (enterprise value) of each CGU of TeamSystem Group as a whole that had been identified by Management as the lowest level to which goodwill is allocated for internal management purposes, by means of the application of discounted cash flow methodology. The test was performed by discounting prospective cash flows for 2021-2025 based on amounts included in the 2021-2027 Group Business Plan approved by TeamSystem S.p.A’s Board of Directors on 12 January 2021.

A terminal value was determined beyond the explicit forecast horizon based on operating cash flows (net operating profit less adjusted taxes - NOPLAT) appropriately normalised to reflect normal business operations. In the choice of the growth rate to apply to NOPLAT, it was established that, consistent with the development foreseen by the Business Plan and with historical growth, there was a reasonable expectation of growth of 1.90% (so-called g rate).

In addition to the g rate assumption, the main assumptions adopted regarded an estimate of the post-tax weighted average cost of capital (“WACC”) of 6.66% (Software CGU) and 6.49% (Financial Services CGU).

The results of the impairment tests conducted did not provide any indication of impairment at 31 December 2020.

The Group also performed sensitivity analysis by applying different assumptions for the determination of WACC and g rate parameters. The results of this analysis are set out below:

<b>CGU - SOFTWARE</b>						
<b>Cover Impairment Sensitivity</b>		<b>WACC</b>				
<b>Euro million</b>		<b>5.7%</b>	<b>6.2%</b>	<b>6.7%</b>	<b>7.2%</b>	<b>7.7%</b>
	<b>0.9%</b>	3,159.2	2,718.1	2,353.9	2,048.2	1,788.1
	<b>1.4%</b>	3,624.8	3,089.0	2,655.4	2,297.4	1,996.9
<b>G RATE</b>	<b>1.9%</b>	4,214.5	3,547.0	<b>3,020.3</b>	2,594.0	2,242.1
	<b>2.4%</b>	4,985.2	4,127.0	3,470.8	2,953.0	2,533.9
	<b>2.9%</b>	6,035.4	4,885.1	4,041.4	3,396.2	2,887.0

<b>CGU - Financial Services</b>						
<b>Cover Impairment Sensitivity</b>		<b>WACC</b>				
<b>Euro million</b>		<b>5.5%</b>	<b>6.0%</b>	<b>6.5%</b>	<b>7.0%</b>	<b>7.5%</b>
	<b>0.9%</b>	139.1	122.8	109.5	98.3	88.9
	<b>1.4%</b>	156.6	136.7	120.7	107.6	96.6
<b>G RATE</b>	<b>1.9%</b>	179.1	153.9	<b>134.3</b>	118.6	105.7
	<b>2.4%</b>	208.7	176.0	151.3	132.0	116.5
	<b>2.9%</b>	249.8	205.2	173.0	148.7	129.7

The impairment test models and related results were approved by the Board of Directors of TeamSystem Holding S.p.A. on 22 April 2021, in accordance with the guidelines contained in joint document No. 4 of March 2010 issued by ISVAP, Bank of Italy and Consob.

As it is widely known, the national and international scenario continues to be characterised by the spread of the Coronavirus and the consequent restrictive measures implemented by the public authorities of the affected countries to contain it. These extraordinary circumstances, both in their nature and scale, continue to have direct and indirect repercussions on the functioning of the international economic system and have created a general climate of uncertainty, whose development and effects are constantly changing. Consequently, the estimates used by management for the impairment test at 31 December 2020 (such as, for example, those relating to expected cash flows, the discount rates applied, the g rate used) may be affected, given the climate of extreme uncertainty and the constantly changing scenario. The Directors believe, however, that these effects are unlikely to be significant enough to produce indications of impairment given the extensive coverage currently emerging from the impairment tests. In any case, we reiterate that the Directors continue to constantly monitor the situation, as they did in 2020, to identify possible effects, including accounting effects, that may arise from a continuation of the epidemic.

## 15. ALLOCATION OF GOODWILL - COMPANIES ACQUIRED IN 2020

### ► Final allocations

#### TeamSystem 5

In January 2020, TeamSystem S.p.A. acquired a 100% holding in TeamSystem 5 S.r.l., a newco to which Aldebra S.p.A. (a dealer of TeamSystem Group products) had previously transferred a business segment.

TeamSystem 5's results have been consolidated in 2020 as from January 2020, which was close to the date of acquisition. The company reported total revenue for 2020 of € 1,470 thousand and a loss of € 341 thousand.

The purchase price allocation recognised for the acquisition of TeamSystem 5 is final at 31 December 2020 and, consequently, the related goodwill is also final at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION TEAMSYSTEM 5		
ASSETS	PPA final adjustments	NOTES
Tangible assets	3	
Intangible assets	10	
Right of use	9	
<b>TOTAL NON CURRENT ASSETS</b>	<b>21</b>	
Other receivables - current	157	
<b>TOTAL CURRENT ASSETS</b>	<b>157</b>	
<b>TOTAL ASSETS</b>	<b>178</b>	<b>A</b>

Euro thousands

STATEMENT OF FINANCIAL POSITION TEAMSYSTEM 5		
LIABILITIES	PPA final adjustments	NOTES
<b>TOTAL EQUITY</b>	<b>(297)</b>	
Financial liabilities with banks and other institutions - non current	9	
Staff leaving indemnity	285	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>294</b>	
Other liabilities - current	181	
<b>TOTAL CURRENT LIABILITIES</b>	<b>181</b>	
<b>TOTAL LIABILITIES</b>	<b>475</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>178</b>	

Fair Value of acquired net assets	(297)	C = A - B
Cost of the investment	3,407	D
<b>Final Goodwill IFRS 3</b>	<b>3,704</b>	<b>E = D - C</b>

□ □ □

### Area 32

In February 2020 TeamSystem S.p.A. acquired a 100% interest in Area 32 S.r.l., a software house that develops and distributes cloud software for associations and organisations operating in the sport, non-profit and culture sectors.

Area 32 S.r.l.'s results have been consolidated in 2020 as from February 2020, which was close to the date of acquisition. The company reported total revenue for 2020 of € 378 thousand and a profit of € 54 thousand.

The purchase price allocation recognised for the acquisition of Area 32 is final at the date the financial statements for the year ended 31 December 2020 were prepared and, consequently, the related goodwill is also final at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
AREA 32		
ASSETS	PPA final adjustments	NOTES
Tangible assets	27	
Intangible assets	235	
Right of use	86	
Deferred tax assets	43	
Other receivables - non current	5	
<b>TOTAL NON CURRENT ASSETS</b>	<b>397</b>	
Trade receivables	108	
Tax receivables	14	
Other receivables - current	6	
Cash and bank balances	92	
<b>TOTAL CURRENT ASSETS</b>	<b>220</b>	
<b>TOTAL ASSETS</b>	<b>617</b>	<b>A</b>

Euro thousands

STATEMENT OF FINANCIAL POSITION		
AREA 32		
LIABILITIES	PPA final adjustments	NOTES
<b>TOTAL EQUITY</b>	<b>126</b>	
Financial liabilities with banks and other institutions - non current	86	
Staff leaving indemnity	48	
Provisions for risks and charges	12	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>146</b>	
Trade payables	31	
Tax liabilities - current	84	
Other liabilities - current	231	
<b>TOTAL CURRENT LIABILITIES</b>	<b>345</b>	
<b>TOTAL LIABILITIES</b>	<b>491</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>617</b>	

Fair Value of acquired net assets	126	C = A - B
Cost of the investment	2,118	D
<b>Final Goodwill IFRS 3</b>	<b>1,992</b>	<b>E = D - C</b>

□ □ □

**► Provisional allocations**

**MBM Italia**

In April 2020, TeamSystem S.p.A. acquired a 61% interest in MBM Italia S.r.l. A put and call option agreement was entered into with respect to the remaining 39% interest. With this acquisition, the TeamSystem Group has further strengthened its position in the "Industry 4.0" sector and its product range for the digitalisation and optimisation of production processes.

MBM Italia's results have been consolidated in 2020 as from April 2020, which was close to the date of acquisition. The company reported total revenue for 2020 of € 5,471 thousand and a profit of € 1,481 thousand.

The purchase price allocation recognised for the acquisition of MBM Italia S.r.l. was still provisional at 31 December 2020 and, consequently, the related goodwill was also provisional at the reporting date.

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>MBM ITALIA</b>		
<b>ASSETS</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
Tangible assets	120	
Intangible assets	23,981	
Right of use	430	
Other Investments	10	
<b>TOTAL NON CURRENT ASSETS</b>	<b>24,541</b>	
Trade receivables	1,332	
Tax receivables	259	
Other receivables - current	167	
Cash and bank balances	1,904	
<b>TOTAL CURRENT ASSETS</b>	<b>3,661</b>	
<b>TOTAL ASSETS</b>	<b>28,203</b>	<b>A</b>

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>MBM ITALIA</b>		
<b>LIABILITIES</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>18,126</b>	
Financial liabilities with banks and other institutions - non current	430	
Staff leaving indemnity	893	
Deferred tax liabilities	6,768	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>8,092</b>	
Financial liabilities with banks and other institutions - current	199	
Trade payables	162	
Tax liabilities - current	155	
Other liabilities - current	1,469	
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,984</b>	
<b>TOTAL LIABILITIES</b>	<b>10,077</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28,203</b>	

Fair Value of acquired net assets	18,126	C = A - B
Cost of the investment	31,395	D
Provisional Goodwill IFRS 3	13,269	E = D - C

□ □ □

### AF Soluzioni

In April 2020, TeamSystem S.p.A. acquired a 60% interest in AF Soluzioni S.r.l. A put and call option agreement was entered into with respect to the remaining 40% interest. The acquisition allows TeamSystem S.p.A. to enter a new market (public administration) and to acquire expertise in e-procurement.

AF Soluzioni S.r.l.'s results have been consolidated in 2020 as from April 2020, which was close to the date of acquisition. The company reported total revenue for 2020 of € 1,433 thousand and a profit of € 200 thousand.

The purchase price allocation recognised for the acquisition of AF Soluzioni S.r.l. was still provisional at 31 December 2020 and, consequently, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
AF SOLUZIONI		
ASSETS	PPA provisional adjustments	NOTES
Tangible assets	45	
Intangible assets	85	
Right of use	203	
Other Investments	1	
<b>TOTAL NON CURRENT ASSETS</b>	<b>334</b>	
Trade receivables	579	
Tax receivables	2	
Other receivables - current	136	
Other financial assets - current	26	
Cash and bank balances	555	
<b>TOTAL CURRENT ASSETS</b>	<b>1,298</b>	
<b>TOTAL ASSETS</b>	<b>1,632</b>	<b>A</b>

Euro thousands

STATEMENT OF FINANCIAL POSITION		
AF SOLUZIONI		
LIABILITIES	PPA provisional adjustments	NOTES
<b>TOTAL EQUITY</b>	<b>662</b>	
Financial liabilities with banks and other institutions - non current	203	
Staff leaving indemnity	58	
Provisions for risks and charges	126	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>387</b>	
Financial liabilities with banks and other institutions - current	194	
Trade payables	3	
Tax liabilities - current	148	
Other liabilities - current	237	
<b>TOTAL CURRENT LIABILITIES</b>	<b>583</b>	
<b>TOTAL LIABILITIES</b>	<b>970</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,632</b>	

Fair Value of acquired net assets	662	C = A - B
Cost of the investment	3,825	D
<b>Provisional Goodwill IFRS 3</b>	<b>3,163</b>	<b>E = D - C</b>

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### **Team4you**

In October 2020, TeamSystem S.p.A. acquired a 90% interest in Team4you. A put and call option agreement was entered into with respect to the remaining 10% interest. The company resells TeamSystem products for accountants and tax consultants.

Team4you's results have been consolidated in 2020 as from October 2020, which was close to the date of acquisition. The company reported total revenue for 2020 of € 1,236 thousand and a profit of € 377 thousand.

The purchase price allocation recognised for the acquisition of Team4you was still provisional at 31 December 2020 and, consequently, the related goodwill was also provisional at the reporting date.

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>TEAMFORYOU</b>		
<b>ASSETS</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
Tangible assets	1	
Right of use	25	
Deferred tax assets	0	
<b>TOTAL NON CURRENT ASSETS</b>	<b>26</b>	
Trade receivables	512	
Tax receivables	14	
Other receivables - current	23	
Cash and bank balances	177	
<b>TOTAL CURRENT ASSETS</b>	<b>725</b>	
<b>TOTAL ASSETS</b>	<b>751</b>	<b>A</b>

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>TEAMFORYOU</b>		
<b>LIABILITIES</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>685</b>	
Financial liabilities with banks and other institutions - non current	25	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>25</b>	
Trade payables	12	
Other liabilities - current	29	
<b>TOTAL CURRENT LIABILITIES</b>	<b>41</b>	
<b>TOTAL LIABILITIES</b>	<b>66</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>751</b>	

Fair Value of acquired net assets	685	C = A - B
Cost of the investment	3,395	D
<b>Provisional Goodwill IFRS 3</b>	<b>2,709</b>	<b>E = D - C</b>

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### **Software del Sol**

In December 2020 TeamSystem S.p.A. acquired a 100% interest in Software del Sol, a Spanish company based in Jaén, Andalusia. The company is a leader in the SME management solutions market in Spain.

In the Group's consolidated financial statements as at 31 December 2020, only the balance sheet balances of Software del Sol have been consolidated, as the acquisition of this company took place in December 2020, a date close to the end of the consolidated financial year.

The company reported total revenue for 2020 of € 10,194 thousand and a profit of € 1,179 thousand.

The purchase price allocation recognised for the acquisition of Software del Sol was still provisional at 31 December 2020 and, consequently, the related goodwill was also provisional at the reporting date.

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>SOFTWARE DEL SOL</b>		
<b>ASSETS</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
Tangible assets	543	
Intangible assets	7,556	
Right of use	1,428	
Other financial assets - non current	101	
<b>TOTAL NON CURRENT ASSETS</b>	<b>9,627</b>	
Trade receivables	473	
Tax receivables	31	
Other receivables - current	39	
Cash and bank balances	2,819	
<b>TOTAL CURRENT ASSETS</b>	<b>3,362</b>	
<b>TOTAL ASSETS</b>	<b>12,989</b>	<b>A</b>

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>SOFTWARE DEL SOL</b>		
<b>LIABILITIES</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>1,925</b>	
Financial liabilities with banks and other institutions - non current	2,654	
Deferred tax liabilities	1,846	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>4,500</b>	
Financial liabilities with banks and other institutions - current	552	
Trade payables	25	
Tax liabilities - current	297	
Other liabilities - current	5,690	
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,564</b>	
<b>TOTAL LIABILITIES</b>	<b>11,064</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,989</b>	

Fair Value of acquired net assets	1,925	C = A - B
Cost of the investment	54,517	D
<b>Provisional Goodwill IFRS 3</b>	<b>52,591</b>	<b>E = D - C</b>

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### **Habble**

In December 2020, TeamSystem S.p.A. acquired a 60% interest in Habble and entered into a put and call option agreement with respect to the remaining 40% interest.

The company has developed a cloud solution for monitoring and optimising telephony costs for professionals and SMEs. The acquisition aims to strengthen TeamSystem Group's range of cloud solutions and to supplement its product portfolio.

In the Group's consolidated financial statements as at 31 December 2020, only the balance sheet balances of Habble have been consolidated, as the acquisition of this company took place in December 2020, a date close to the end of the consolidated financial year.

The company reported total revenue for 2020 of € 3,301 thousand and a profit of € 809 thousand.

The purchase price allocation recognised for the acquisition of Habble was still provisional at 31 December 2020 and, consequently, the related goodwill was also provisional at the reporting date.

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>HABBLE</b>		
<b>ASSETS</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
Tangible assets	7	
Intangible assets	357	
Right of use	9	
Deferred tax assets	21	
<b>TOTAL NON CURRENT ASSETS</b>	<b>394</b>	
Trade receivables	1,636	
Tax receivables	98	
Other receivables - current	71	
Other financial assets - current	71	
Cash and bank balances	740	
<b>TOTAL CURRENT ASSETS</b>	<b>2,615</b>	
<b>TOTAL ASSETS</b>	<b>3,009</b>	<b>A</b>

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>HABBLE</b>		
<b>LIABILITIES</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>1,470</b>	
Financial liabilities with banks and other institutions - non current	28	
Staff leaving indemnity	103	
Provisions for risks and charges	71	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>202</b>	
Financial liabilities with banks and other institutions - current	57	
Other financial liabilities - current	10	
Trade payables	280	
Tax liabilities - current	51	
Other liabilities - current	940	
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,337</b>	
<b>TOTAL LIABILITIES</b>	<b>1,539</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,009</b>	

Fair Value of acquired net assets	1,470	C = A - B
Cost of the investment	10,828	D
<b>Provisional Goodwill IFRS 3</b>	<b>9,358</b>	<b>E = D - C</b>

□ □ □

### **Beneficy**

In May 2020, TeamSystem S.p.A. acquired a 51% controlling interest in Beneficy S.r.l., a company that develops an innovative cloud platform that enables companies, employees and labour consultants to provide, manage and use corporate welfare plans.

A put and call option agreement was entered into with respect to the remaining 49% interest.

Beneficy's results have been consolidated in 2020 as from May 2020, which was close to the date of acquisition. The company reported total revenue for 2020 of € 236 thousand and a loss of € 107 thousand.

The purchase price allocation recognised for the acquisition of Beneficy was still provisional at 31 December 2020 and, consequently, the related goodwill was also provisional at the reporting date.

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>BENEFICY</b>		
<b>ASSETS</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
Intangible assets	41	
<b>TOTAL NON CURRENT ASSETS</b>	<b>41</b>	
Trade receivables	7	
Cash and bank balances	18	
<b>TOTAL CURRENT ASSETS</b>	<b>25</b>	
<b>TOTAL ASSETS</b>	<b>66</b>	<b>A</b>

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>BENEFICY</b>		
<b>LIABILITIES</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>(34)</b>	
Financial liabilities with banks and other institutions - current	2	
Trade payables	94	
Other liabilities - current	3	
<b>TOTAL CURRENT LIABILITIES</b>	<b>100</b>	
<b>TOTAL LIABILITIES</b>	<b>100</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>66</b>	

Fair Value of acquired net assets	(34)	C = A - B
Cost of the investment	935	D
<b>Provisional Goodwill IFRS 3</b>	<b>968</b>	<b>E = D - C</b>

## **16. INVESTMENTS IN OTHER COMPANIES AND INVESTMENTS IN ASSOCIATES**

	31 Dec 2018	Change in cons. area	(Write-downs)	Additions	(Disposals)	31 Dec 2019
Investments in Associates	133				(5)	129
Other Investments	449	142	(82)		(201)	308
<b>Total</b>	<b>582</b>	<b>142</b>	<b>(82)</b>		<b>(206)</b>	<b>436</b>

	31 Dec 2019	Change in cons. area	(Write-downs)	Additions	(Disposals)	31 Dec 2020
Investments in Associates	129			5,209		5,338
Other Investments	308	11	(5)	439	(30)	723
<b>Total</b>	<b>436</b>	<b>11</b>	<b>(5)</b>	<b>5,649</b>	<b>(30)</b>	<b>6,061</b>

The increase in Investments in associates relates to the Group's acquisition of a 43% interest in Modefinance in December 2020.

## 17. DEFERRED TAX ASSETS AND LIABILITIES

### Deferred tax assets

Deferred tax assets at 31 December 2020 amounted to € 14,096 thousand. Details of movements in deferred tax assets in 2020 and the prior year are shown in the following table.

DEFERRED TAX ASSETS	31 Dec 2018	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2019
Provision for slow-moving inventories	69				(47)	21
Provision for pension and similar obligation	140		22	148		310
Staff leaving indemnity - actuarial valuation	76					76
Provision for litigations	843			1,205	(528)	1,521
Other items	0		2		(2)	0
Provision for bonus schemes				161		161
Provision for bad debts	3,845		256	869	(947)	4,023
Provision for Restructuring	1,032				(895)	137
Other Provision	0					0
Tax step-up	7,716				(820)	6,896
<b>TeamSystem S.p.A. and TeamSystem Holding S.p.A.</b>	<b>13,722</b>		<b>280</b>	<b>2,383</b>	<b>(3,239)</b>	<b>13,145</b>
Deferred tax asset of other Subsidiaries	1,357	28	(256)		(2)	1,127
<b>Other Subsidiaries</b>	<b>1,357</b>	<b>28</b>	<b>(256)</b>		<b>(2)</b>	<b>1,127</b>
Provision for slow-moving inventories	56					56
Write-off tangible / intangible assets	7			9	(4)	12
Provision for litigations	(0)					(0)
Provision for bad-debts						
Staff leaving indemnity - actuarial valuation	188	41	(22)	215	(21)	400
Right of use - lease contracts	14		(2)	8		20
Other items	(0)					(0)
<b>Consolidation entries</b>	<b>264</b>	<b>41</b>	<b>(24)</b>	<b>232</b>	<b>(25)</b>	<b>488</b>
<b>Total</b>	<b>15,342</b>	<b>69</b>		<b>2,615</b>	<b>(3,266)</b>	<b>14,760</b>

DEFERRED TAX ASSETS	31 Dec 2019	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2020
Provision for slow-moving inventories	21					21
Provision for pension and similar obligation	310		(172)			138
Staff leaving indemnity - actuarial valuation	76		180	46	(12)	290
Provision for litigations and other provisions	1,521			15	(1,248)	288
Other items	0		2	12	(2)	12
Provision for bonus schemes	161			192	(216)	137
Provision for bad-debts	4,023		3	1,921	(1,249)	4,698
Provision for Restructuring	137				(137)	(0)
Tax step-up	6,896				(821)	6,075
<b>TeamSystem S.p.A. and TeamSystem Holding S.p.A.</b>	<b>13,145</b>		<b>13</b>	<b>2,185</b>	<b>(3,685)</b>	<b>11,658</b>
Deferred tax asset of other Subsidiaries	1,127	15	(3)	616		1,755
<b>Other Subsidiaries</b>	<b>1,127</b>	<b>15</b>	<b>(3)</b>	<b>616</b>		<b>1,755</b>
Provision for slow-moving inventories	56					56
Write-off tangible / intangible assets	12				(12)	0
Provision for litigations and other provisions	(0)					(0)
Staff leaving indemnity - actuarial valuation	400	6	(8)	200		598
Right of use - lease contracts	20		(2)	10		28
Other items	(0)	43		(43)		(0)
<b>Consolidation entries</b>	<b>488</b>	<b>49</b>	<b>(10)</b>	<b>167</b>	<b>(12)</b>	<b>682</b>
<b>Total</b>	<b>14,760</b>	<b>64</b>		<b>2,968</b>	<b>(3,697)</b>	<b>14,096</b>

Deferred tax assets as 31 December 2020 primarily relate to the allowance for bad debts and to other provisions for risks and charges which are disallowed for tax purposes. These deferred tax assets are not subject to any maturity or expiration.

### Deferred tax liabilities

Deferred tax liabilities at 31 December 2020 amounted to € 161,292 thousand. Movements in deferred tax liabilities in 2020 and the prior year are summarised in the following table.

DEFERRED TAX LIABILITIES	31 Dec 2018	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2019
Financing Fees	2,838				(575)	2,263
Fair value valuation of lands and buildings	1,093				(71)	1,022
TeamSystem - Intangibles	160,389				(13,237)	147,152
Capitalized development costs	147		151		(145)	153
Investments revaluation	347				(59)	288
Other	6				(6)	(0)
<b>TeamSystem S.p.A. and TeamSystem Holding S.p.A.</b>	<b>164,819</b>		<b>151</b>		<b>(14,093)</b>	<b>150,878</b>
Deferred tax liabilities of other Subsidiaries	64	85			(52)	97
<b>Other Subsidiaries</b>	<b>64</b>	<b>85</b>			<b>(52)</b>	<b>97</b>
Education - Services in progress	10					10
Investments revaluation	(347)				59	(288)
Intangibles - subsidiaries	16,945	2,419			(1,666)	17,698
Capitalized development costs	526		(151)	282	(95)	562
Other						
<b>Consolidation entries</b>	<b>17,134</b>	<b>2,419</b>	<b>(151)</b>	<b>282</b>	<b>(1,702)</b>	<b>17,982</b>
<b>Total</b>	<b>182,018</b>	<b>2,504</b>		<b>282</b>	<b>(15,846)</b>	<b>168,958</b>

DEFERRED TAX LIABILITIES	31 Dec 2019	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2020
Financing Fees	2,263				(576)	1,687
Fair value valuation of land and buildings	1,022				(71)	951
TeamSystem - Intangibles	147,152				(13,301)	133,851
Capitalized development costs	153				(95)	58
Investments revaluation	288					288
Other	(0)					(0)
<b>TeamSystem S.p.A. and TeamSystem Holding S.p.A.</b>	<b>150,878</b>				<b>(14,043)</b>	<b>136,835</b>
Deferred tax liabilities of other Subsidiaries	97	152	27,829		(175)	27,903
<b>Other Subsidiaries</b>	<b>97</b>	<b>152</b>	<b>27,829</b>		<b>(175)</b>	<b>27,903</b>
Education - Services in progress	10				(10)	
Investments revaluation	(288)					(288)
Intangibles - subsidiaries	17,698	8,462			(2,226)	23,933
Capitalized development costs	562			342	(167)	736
Other			(27,829)			(27,829)
<b>Consolidation entries</b>	<b>17,982</b>	<b>8,462</b>	<b>(27,829)</b>	<b>342</b>	<b>(2,404)</b>	<b>(3,447)</b>
<b>Total</b>	<b>168,958</b>	<b>8,614</b>		<b>342</b>	<b>(16,622)</b>	<b>161,292</b>

The main decrease in 2020 relates to the release of € 15,526 thousand of the deferred tax liability recognised on the amortisation of intangible assets (software, brands, customer relationships and other IFRS assets) identified for the purpose of the allocation of the price paid for the various acquisitions made by the Group.

Given that almost all the Group companies are domiciled in Italy, one of the significant recurring differences between the actual tax rate and the nominal tax rate relates to interest expense that exceeded the limit of gross operating profit (in relation to which the Group companies have not recognised any deferred tax at 31 December 2020). In any case, the potential deferred tax asset relating to the foregoing amounts to approximately € 39,598 thousand at 31 December 2020.

## 18. NET CASH/DEBT

	31 Dic 2020		31 Dic 2019	
	Current	Non Current	Total	Total
Bank accounts and post office	63,661		63,661	36,375
Cash and bank balances	31		31	38
<b>Total Cash and bank balances</b>	<b>63,691</b>		<b>63,691</b>	<b>36,412</b>
Loans	1,610	50	1,660	0
Other financial assets	23	203	226	72
<b>Total Other financial assets</b>	<b>1,633</b>	<b>253</b>	<b>1,886</b>	<b>72</b>
Loans with banks	(15,714)	(1,304)	(17,018)	(32)
Finance leases liabilities	(6,300)	(19,732)	(26,033)	(5,610)
Notes	(1,417)	(750,000)	(751,417)	(1,333)
Financial liabilities with other institutions	(13)		(13)	(3)
Dividends to be paid	(40)		(40)	(40)
<b>Total Financial liabilities</b>	<b>(23,484)</b>	<b>(771,036)</b>	<b>(794,520)</b>	<b>(768,342)</b>
Financing Fees - notes		7,029	7,029	9,431
Financing Fees - banks	701		701	
Financing Fees - prepayments				413
<b>Total Financing Fees</b>	<b>701</b>	<b>7,029</b>	<b>7,730</b>	<b>10,132</b>
Liabilities to non controlling shareholders of subsidiaries	(145,251)	(47,302)	(192,553)	(19,781)
Derivative instruments - liabilities				(103)
Commissions financial liabilities	(2)		(2)	(237)
Other financial liabilities	(21)		(21)	(11)
<b>Total Other financial liabilities</b>	<b>(145,275)</b>	<b>(47,302)</b>	<b>(192,576)</b>	<b>(20,131)</b>
<b>Total</b>	<b>(102,733)</b>	<b>(811,056)</b>	<b>(913,789)</b>	<b>9,747</b>
				<b>(883,817)</b>
				<b>(874,070)</b>

Net debt as of 31 December 2020 amounted to € 913,789 thousand.

### Lease liabilities

Net debt as of 31 December 2020 amounted to € 26,033 thousand. This liability reflects the financial liability recognised as a result of accounting for leases under IFRS 16.

### 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 equating to the principal amount of senior secured floating rate notes due 15 April 2023 (“**2023 Floating Rate Notes**”) at an interest rate equating to the three-month Euribor rate (with a floor of 0%) plus an annual spread of 4.00% (ISIN XS1799538464 and ISIN XS1799537904);
- € 200 million equating to the principal amount of senior secured floating rate notes due 15 April 2025 (“**2025 Floating Rate Notes**”) and, together with the 2023 Floating Rate Notes, “**Floating Rate Notes**”) with an identical interest rate and terms and conditions practically identical to the 2023 Floating Rate Notes (ISIN XS1799545089 and XS1799545675).

At 31 December 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 Vienna MTF market.

The costs incurred for the issue of the Floating Rate Notes have been accounted for as Financing Fees and have been amortised on a straight line basis over the contractual term of the Floating Rate Notes, which, as indicated above, are due on 15 April 2023 (2023 Floating Rate Notes) and on 15 April 2025 (2025 Floating Rate Notes).

#### **Interest Rate Swaps – Financial derivative 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 which terminated on 15 April 2020. The change in fair value of the interest rate swaps has been recognised in profit or loss for the year ended 31 December 2020. The Group has not entered into any new interest rate swaps.

#### **Bank loans and borrowings – Revolving Credit Facility (RCF)**

Concurrently with the issue of the Floating Rate Notes, on 22 March 2018, TeamSystem S.p.A. and TeamSystem Holding S.p.A. entered into a revolving credit facility agreement for a principal amount of € 90 million with a maturity date of 15 October 2022. The interest rate payable on this line of credit is based on Euribor / LIBOR, with a floor of 0.00%, plus a spread, calculated quarterly based on certain contractual parameters (“Senior Secured Net Leverage Ratio”). At 31 December 2020, a total of € 15 million had been drawn from the RCF.

The Revolving Credit Facility has also been secured by the same collateral provided for the Floating Rate Notes (see above paragraph).

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

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

Liabilities to non-controlling shareholders of subsidiaries (€ 192,553 thousand at 31 December 2020) relate to put and call options and/or earn-outs due to non-controlling interest holders of certain consolidated subsidiaries, being mainly, but not limited to: Danea Soft S.r.l., Madbit Entertainment S.r.l., Aliaslab S.p.A., Evols S.r.l., Cassanova S.r.l., Skylab S.r.l., TeamSystem Financial Value Chain S.r.l., Software del Sol S.A., MBM Italia S.r.l.

Changes in the balance of liabilities to non-controlling shareholders of subsidiaries in 2020 and 2019 are summarised below.

	31 Dec 2018	Change in cons. area	Interest	Revaluations	Write-downs	Payments	31 Dec 2019
Liabilities to non controlling shareholders of subs	87,524	18,921	6,080	38,872	(960)	(5,050)	145,387
<b>Total</b>	<b>87,524</b>	<b>18,921</b>	<b>6,080</b>	<b>38,872</b>	<b>(960)</b>	<b>(5,050)</b>	<b>145,387</b>

	31 Dec 2019	Change in cons. area	Interest	Revaluations	Write-downs	Payments	31 Dec 2020
Liabilities to non controlling shareholders of subs	145,387	32,206	7,717	41,936	(9,433)	(25,260)	192,553
<b>Total</b>	<b>145,387</b>	<b>32,206</b>	<b>7,717</b>	<b>41,936</b>	<b>(9,433)</b>	<b>(25,260)</b>	<b>192,553</b>

The amount of liabilities to non-controlling shareholders of subsidiaries paid in 2020 amounts to € 25,260 thousand and relates to the acquisition of further interests in Aliaslab, Madbit; Netlex, Evolution Fit and the payment of earn-outs - deferred consideration primarily relating to investments in Inforyou, Euresys, (both Inforyou and Euresys were merged into TeamSystem S.p.A.), Skylab, TeamSystem BK, TeamSystem 4 (see also Note 18).

As a result of the uncertainties caused by the Coronavirus emergency, the evolution of which is still not easy to predict, the estimates used by Management to determine the value of the put/call options and earn-outs due to non-controlling interest holders at 31 December 2020 (such as, for example, the plan projections used) may be affected.

## 19. INVENTORIES

	31 Dic 2020	31 Dic 2019	Change	% Change
Raw and ancillary materials	461	437	24	5.5%
Finished products and goods	1,166	930	236	25.4%
(Allowance for slow-moving inventory)	(518)	(522)	4	-0.7%
<b>Total</b>	<b>1,109</b>	<b>845</b>	<b>264</b>	<b>31.3%</b>

Inventories amounted to € 1,109 thousand at 31 December 2020 and included hardware products not yet delivered at the reporting date, as well as consumables, accessories, third party software modules and software licences for resale.

## 20. TRADE RECEIVABLES

	31 Dic 2020	31 Dic 2019	Change	% Change
Trade receivables	142,222	141,296	925	0.7%
(Allowance for bad debts)	(22,203)	(18,823)	(3,380)	18.0%
<b>Total</b>	<b>120,019</b>	<b>122,474</b>	<b>(2,455)</b>	<b>-2.0%</b>

Trade receivables at 31 December 2020 amounted to € 120,019 thousand, net of the allowance for bad debts of € 22,203 thousand. The growth in trade receivables (gross of the provision for bad debts) of approximately € 925 thousand (or 0.7% year-on-year) is mainly attributable to the organic growth recorded by the Group in 2020, as well as to the change in the scope of consolidation. In any case, this percentage growth in trade receivables (0.7%) is decidedly lower than the percentage growth in total revenue recorded by the Group in 2020 (12.3%), which is the result of the measures adopted by Management, namely:

- a) continuous monitoring of credit exposure;
- b) strengthening of the processes for managing receivables.

Movements in the Allowance for bad debts in 2020 and 2019 are summarised below.

	31 Dec 2018	Other movements	(*) Additions	(*) (Utilisations)	31 Dec 2019
Allowance for bad debts	18,901		4,832	(4,911)	18,823
<b>Total</b>	<b>18,901</b>		<b>4,832</b>	<b>(4,911)</b>	<b>18,823</b>

(\*) = Credit Losses balance included both in Addition and Utilisation figures

	31 Dec 2019	Other movements	(*) Additions	(*) (Utilisations)	31 Dec 2020
Allowance for bad debts	18,823	85	9,289	(5,994)	22,203
<b>Total</b>	<b>18,823</b>	<b>85</b>	<b>9,289</b>	<b>(5,994)</b>	<b>22,203</b>

(\*) = Losses on bad debts included both in Addition and Utilisation figures

Trade receivables are recorded net of the allowance for bad debts, the balance of which amounted to € 22,203 thousand at 31 December 2020.

The amount of the allowance for bad debts at 31 December 2020 was determined by adopting an expected credit loss approach (as required by the relevant IFRS 9), which took into account:

- past due receivables, the write-down of which is determined based on a grouping of receivables by ageing class and risk associated with the processing stage of the receivable. This write-down is based both on historical data and on a specific analysis of doubtful accounts;
- the receivables that are not yet past due at the reporting date, therefore estimating a generic write-down based on historical data and past credit loss experience of the Group, adjusted to take into account expected losses from specific debtors and the macroeconomic environment.

It should also be noted that the allowance for bad debts recognised in the financial statements at 31 December 2020, amounting to € 9,289 thousand, reflects the uncertainties generated by the Covid-19 emergency, whose developments and effects cannot be fully predicted at present. Management is continuously monitoring the situation.

## 21. TAX RECEIVABLES

	31 Dic 2020	31 Dic 2019	Change	% Change
Tax credits	128	148	(20)	-13.4%
Other tax receivables	107	86	21	24.7%
Withholding tax credit	13	43	(30)	-70.5%
Tax consolidation receivables	6	4	3	75.9%
Advances and credit on income taxes	618	3,567	(2,949)	-82.7%
<b>Total</b>	<b>872</b>	<b>3,847</b>	<b>(2,975)</b>	<b>-77.3%</b>

Tax receivables at 31 December 2020 amounted to € 872 thousand.

## 22. OTHER CURRENT RECEIVABLES

	31 Dic 2020	31 Dic 2019	Change	% Change
VAT receivables	2,281	607	1,674	n.s.
Deposits	1,073	493	580	n.s.
Receivables from employees	611	691	(80)	-11.5%
Other receivables - current	4,068	6,355	(2,286)	-36.0%
Accrued income	156	133	23	17.1%
Prepayments	22,725	22,116	609	2.8%
<b>Other current receivables</b>	<b>30,914</b>	<b>30,395</b>	<b>519</b>	<b>1.71%</b>

Other current receivables came to € 30,914 thousand at 31 December 2020. The main components that make up this balance are Prepaid expenses (€ 22,725 thousand), which mainly consist of fees for maintenance and support provided by third parties.

### 23. TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY AND TO NON-CONTROLLING INTERESTS

	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
Profit (Loss) allocation		(56,030)		56,030	0		0
TeamSystem Holding S.p.A. distribution of reserves		(48,000)			(48,000)		(48,000)
Profit (Loss) for the year				(35,346)	(35,346)	71	(35,275)
Other Profit (Loss) on comprehensive income		(1,067)			(1,067)		(1,067)
<b>31 Dec 2019</b>	5,450	396,020	(826)	(35,346)	365,298	536	365,834

	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
Profit (Loss) allocation		(35,346)		35,346	0		0
Equity contribution made by Barolo Lux 1 S.à.r.l.		30,000			30,000		30,000
Profit (Loss) for the year				(2,703)	(2,703)	138	(2,566)
Other Profit (Loss) on comprehensive income		(761)			(762)	(1)	(762)
<b>31 Dec 2020</b>	5,450	389,913	(826)	(2,703)	391,834	673	392,507

Equity attributable to owners of the Parent Company at 31 December 2020 amounted to € 391,834 thousand.

In December 2020, the Parent Company, TeamSystem Holding S.p.A., benefited from an equity contribution made by the parent Barolo Lux 1 S.à.r.l.

Equity attributable to non-controlling interests (€ 673 thousand) relates to equity interests held by third parties in Gruppo Euroconference S.p.A. and Voispeed Limited.

### 24. STAFF LEAVING INDEMNITY

	31 Dec 2018	Change in cons. area	Other movements	Service cost	Interest cost	Actuarial (gain) / loss	(Utilisations)	31 Dec 2019
Staff leaving indemnity	14,892	1,459	178	740	280	1,414	(1,625)	17,338
<b>Total</b>	<b>14,892</b>	<b>1,459</b>	<b>178</b>	<b>740</b>	<b>280</b>	<b>1,414</b>	<b>(1,625)</b>	<b>17,338</b>

	31 Dec 2019	Change in cons. area	Other movements	Service cost	Interest cost	Actuarial (gain) / loss	(Utilisations)	31 Dec 2020
Staff leaving indemnity	17,338	1,855	104	1,115	157	486	(1,220)	19,835
<b>Total</b>	<b>17,338</b>	<b>1,855</b>	<b>104</b>	<b>1,115</b>	<b>157</b>	<b>486</b>	<b>(1,220)</b>	<b>19,835</b>

The liability associated with the staff leaving indemnity at 31 December 2020 amounted to € 19,835 thousand, an increase over the corresponding balance on 31 December 2019 (€ 17,338 thousand).

In accordance with IAS 19, the staff leaving indemnity is considered to be a defined benefit plan to be accounted for by applying the “Projected Unit Credit Method,” which consists of discounting an estimate of the amount to be paid to each employee on termination of their employment and the consequent determination of:

- **initial DBO**, that is, the present value of employee service payments expected to be made in the future, already available at the beginning of the period;
- **service cost**, that is, the present value of expected future employee service relating to services provided in the current period;
- **interest cost**, namely, interest on the provision at the beginning of the period and on corresponding movements in the period being considered;
- **benefits paid and transfers in/out**, representing all payments and transfers in and out relating to the period being considered, being elements that lead to the utilisation of the provision;
- **the actuarial gain / loss**, namely, the actuarial gain/loss relating to the valuation period.

The estimate, which was performed by an independent actuary, was computed based on the following assumptions:

	2020 financial year	2019 financial year
Turnover	4.00%	4.00%
Discount rate	0.54%	0.97%
Anticipation rate	1.00 %	1.00 %

The discount rate used for the determination of the present value of the staff leaving indemnity at 31 December 2020 and 31 December 2019 was determined with reference to the IBoxx Eurozone Corporate A index.

Moreover, it should be noted that, should the annual discount rate vary by +/- 0.25%, the staff leaving indemnity at 31 December 2020 would amount to approximately € 19.2 million and € 20.4 million, respectively.

IAS 19 - Employee Benefits requires the recognition of actuarial gains and losses arising from the “remeasurement” of liabilities and assets in the consolidated statement of comprehensive income. Consequently, the amount included in the consolidated statement of comprehensive income for the year ended 31 December 2020 (€ 993 thousand) corresponds to the actuarial gains/losses, as stated above, net of the tax effect of € 238 thousand.

## 25. PROVISIONS FOR RISKS AND CHARGES

	31 Dec 2018	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2019
Provision for pension and similar obligation	1,269		21	273	(87)	1,476
Provision for litigations	2,187		8	4,360	(1,580)	4,974
Other Provision for risks and charges	5,824		309	360	(4,349)	2,144
<b>Total</b>	<b>9,280</b>		<b>338</b>	<b>4,993</b>	<b>(6,016)</b>	<b>8,595</b>

	31 Dec 2019	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2020
Provision for pension and similar obligation	1,476	197		349	(115)	1,907
Provision for litigations	4,974			776	(4,158)	1,592
Other Provision for risks and charges	2,144			806	(1,893)	1,057
<b>Total</b>	<b>8,595</b>	<b>197</b>		<b>1,931</b>	<b>(6,166)</b>	<b>4,556</b>

Provisions for risks and charges amounted to € 4,556 thousand at 31 December 2020. The components thereof are the following:

- Provision for pensions and similar obligations of € 1,907 thousand, relating mainly to the Provision for agents' indemnity; disbursements are triggered by the termination of agreements with Group companies' agents for reasons not attributable thereto (death, natural termination of activities and similar circumstances); accordingly, it is not possible to reliably estimate the timing of disbursements;
- Provision for litigation and disputes of € 1,592 thousand, relating to liabilities deemed to be probable that could arise from legal disputes involving TeamSystem Group companies. Management is not able to estimate the date of the probable cash-out;
- Provision for risks and charges amounted to € 1,057 thousand at 31 December 2020, which primarily includes the provision for multi-year bonuses and other minor items. The cash-out relating to the provisions for multi-year bonuses will occur in future years only when the conditions for the payment of these bonuses are met.

## 26. CURRENT TAX LIABILITIES

	31 Dic 2020	31 Dic 2019	Change	% Change
Income tax payables	6,378	3,657	2,721	74.43%
Other tax liabilities	12	0	12	n.s.
<b>Total</b>	<b>6,389</b>	<b>3,656</b>	<b>2,734</b>	<b>74.8%</b>

Income tax payables came to € 6,389 thousand at 31 December 2020 and relate almost exclusively to corporate income tax payable recognised by the individual consolidated subsidiaries in accordance with applicable national laws (since TeamSystem Group carries out almost all its operations in Italy, this tax payable relates almost exclusively to IRES and IRAP).

## 27. OTHER CURRENT AND NON-CURRENT LIABILITIES

	31 Dic 2020	31 Dic 2019	Change	% Change
VAT liabilities	2,187	3,231	(1,044)	-32.31%
Withholdings liabilities	4,467	4,395	72	1.6%
Employees payables and Social security liabilities - current	29,122	26,363	2,760	10.5%
Advances	455	467	(12)	-2.6%
Other liabilities	1,464	2,401	(937)	-39.0%
Accrued liabilities	211	866	(655)	-75.6%
Deferred revenues	74,589	62,738	11,851	18.9%
<b>Other current liabilities</b>	<b>112,495</b>	<b>100,461</b>	<b>12,035</b>	<b>11.98%</b>
Social security liabilities - non current	468	515	(47)	-9.1%
Other tax liabilities - non current	8	8		
<b>Other non current liabilities</b>	<b>476</b>	<b>523</b>	<b>(47)</b>	<b>-8.95%</b>
<b>Total Other liabilities</b>	<b>112,971</b>	<b>100,984</b>	<b>11,988</b>	<b>11.87%</b>

Other current and non-current liabilities amounted to € 112,971 thousand at 31 December 2020.

Employee payables and social security liabilities of € 29,122 thousand relate to salaries and 2020 production bonuses (not yet paid at the year end) payable to employees, directors and collaborators, as well as accruals for public holidays and holiday pay, inclusive of related social contributions.

Deferred revenue (€ 74,589 thousand) mainly relates to the portion of revenue for software subscriptions (pertaining essentially to Nuovamacut Group companies, TeamSystem S.p.A., Gruppo Euroconference S.p.A., Madbit Entertainment S.r.l. and Danea Soft S.r.l.) attributable to future financial years, based upon the duration of the underlying contracts.

## **28. FINANCIAL INSTRUMENTS AND IFRS 7**

The Group is exposed to a variety of risks of a financial nature that are managed and monitored centrally and which can be categorised as follows:

### **Foreign exchange risks**

The Group operates almost exclusively in Italy and, accordingly, is not exposed to foreign exchange risks. The Group's foreign currency transactions are almost entirely limited to those entered into by the subsidiary Reviso International ApS, by its investees and by Vospeed Limited, which, as things now stand, consist of modest amounts. Similarly, due to the insignificance of the amounts concerned, the risk arising from the translation of foreign currency financial statements for consolidation purposes is also insignificant.

### **Credit risk**

Credit risk is the risk that a counterparty fails to meet its contractual commitments, giving rise to a financial loss being incurred by the Group.

The credit risk is substantially reduced by the high fragmentation of the customer base and the high degree of customer loyalty. Moreover, accurate procedures for the control of overdue balances limit doubtful balances to insignificant amounts.

In any case, the customer credit policy, by customer category (dealers and end-users), envisages:

- a) the control and assessment of credit standing;
- b) a control of the flow of receipts;
- c) taking appropriate action by issuing reminders and by the use of credit collection procedures, including recourse to companies specialised in debt recovery.

The maximum theoretical exposure to credit risk for the Group is represented by the carrying amount of trade receivables as presented in the consolidated financial statements, as well as residual financial receivables recorded in current and non-current financial assets.

At 31 December 2020, the Group did not have any insurance cover for trade receivables.

The tool used most by the Group for the classification and control of trade receivables consists of an Ageing List, in which amounts of overdue receivables are summarised by ageing category, from the most recent (0-30 days) to the oldest (over 180 days).

The amount of the allowance for bad debts at 31 December 2020 was determined by adopting an expected credit loss approach (as required by the relevant IFRS 9), taking into account both past due receivables, the allowance for which was determined based on a specific analysis of doubtful accounts, and receivables that are not yet past due at the reporting date, therefore estimating a generic write-down based on historical data and the past credit loss experience of the Group, adjusted to take into account expected losses from specific debtors and the macroeconomic environment.

As a result of the economic and financial difficulties generated by the COVID-19 pandemic, TeamSystem Group's customers may have temporary difficulties in paying for services/products rendered by the Group, which could affect the Group's liquidity. These credit risks could be exacerbated by the fact that some of TeamSystem Group's customers operate in sectors (such as hospitality or wellness) that have been particularly hard hit by the pandemic. Nevertheless, Group Management is constantly monitoring the effects of the pandemic and, in accordance with IFRS 9, has adopted and is adopting an approach that takes into account both current and future uncertainties.

### **Interest rate risk**

TeamSystem Group's finance structure mainly consists of floating rate debt as a consequence of the debt refinancing transaction that TeamSystem Group completed in April 2018 and which consisted of the issue of Floating Rate Notes with a principal amount of € 750 million. The yield on these Notes is linked to the 3-month Euribor rate (subject to a floor of 0.00%), plus a spread established contractually. Conditions applied to the RCF (also renegotiated upon the issue of the Notes in April 2018) also provide for floating interest rates (based on Euribor (with a floor of 0.00%) plus a spread established contractually each quarter). With the aim of reducing the risk of market interest rate fluctuations associated with the Floating Rate Notes, TeamSystem Group had entered into interest rate swap contracts (with a total notional amount of € 500 million) which terminated on 15 April 2020.

If interest rates payable on the Notes had been 0.5% higher during 2020 (with respect to the interest rate actually paid during the year), finance costs pertaining to the Notes would have been € 3.1 million higher; if interest rates payable on

the Notes had been 1.00% higher (with respect to the interest rate actually paid during 2020), the TeamSystem Group would have incurred approximately € 6.1 million more in finance costs pertaining to the Notes.

As regards the revolving credit facility, if interest rates payable on the RCF had been 0.5% higher during the course of 2020 (with respect to the interest rate actually paid during the course of 2020), finance costs would have been € 0.1 million higher; on the other hand, if interest rates payable on the RCF had been 1.00% higher (with respect to the interest rate actually paid during the course of 2020), the TeamSystem Group would have incurred approximately € 0.3 million more in finance costs.

### **Liquidity risk**

The two main factors that determine the dynamics of the Group's liquidity are, on one hand, the resources generated/absorbed by operating and investment activities and, on the other hand, the maturity of financial liabilities.

Of the procedures adopted with the intention of optimising cash flow management and of reducing the liquidity risk, the following should be noted:

- the maintenance of an adequate level of available liquidity;
- the adoption of Cash-pooling at Group level;
- the obtainment of adequate borrowing facilities;
- the control of prospective liquidity conditions, in relation to the corporate planning process.

Despite the Group's high degree of leverage, the ongoing pandemic and the commitments stemming from the various investments acquired in 2020, liquidity is not an issue. The RCF itself, which was drawn for € 15 million at 31 December 2020, could be drawn for a further € 75 million, and the Group has always demonstrated its ability to generate cash and successfully raise funds on the financial markets.

Set out below are details of the Group's financial assets and liabilities analysed according to the related due dates of the payment outflows. The flows indicated are non-discounted nominal cash flows, determined with reference to the residual contractual maturity for both capital and interest elements for which the assumed interest rates have remained unchanged.

<b>POSITION AT 31 DECEMBER 2020</b>	<b>31 Dec 2020</b>	<b>within 12 months</b>	<b>between 1 - 5 years</b>	<b>over 5 years</b>	<b>Total cash flows</b>
<b>FINANCIAL ASSETS</b>					
Loans	1,660	1,660			1,660
Other financial assets	226	226			226
<b>FINANCIAL LIABILITIES</b>					
Loans with banks	(17,018)	(17,018)			(17,018)
Finance leases liabilities	(26,033)	(8,900)	(19,942)	(3,795)	(32,637)
Notes	(751,417)	(30,417)	(806,744)		(837,161)
Financial liabilities with other institutions	(13)	(13)			(13)
Dividends to be paid	(40)	(40)			(40)
Liabilities to non controlling shareholders of subs	(192,553)	(149,833)	(46,100)	(5,701)	(201,634)
Commissions financial liabilities	(2)	(2)			(2)
Other financial liabilities	(21)	(21)			(21)
<b>Total</b>	<b>(985,210)</b>	<b>(204,358)</b>	<b>(872,786)</b>	<b>(9,496)</b>	<b>(1,086,640)</b>

The difference between the amounts reported in the consolidated financial statements and total cash flow is mainly attributable to the computation of interest over the contractual duration on amounts due to banks, to noteholders and to liabilities to non-controlling shareholders of subsidiaries.

### **Financial instruments by category (IFRS 7 paragraph 8)**

As required by IFRS 7, paragraph 8, the Group's financial instruments have been identified by asset and liability category with respect to their classification in the statement of financial position.

	31 Dec 2020	FVTPL	FVTOCI	AC
<b>Current and Non current Financial Assets</b>				
Other financial assets - current and non current	1,886			1,886
Trade receivables	120,019			120,019
Equity investments	723	723		
Cash and bank balances	63,691			
<b>Total</b>	<b>186,319</b>	<b>723</b>	<b>0</b>	<b>121,905</b>
<b>Current and Non Current Financial Liabilities</b>				
Financial liabilities with banks and other institutions - current and non current	794,520	0	0	794,520
Financing Fees - current and non current	(7,730)	0	0	(7,730)
Other financial liabilities - current and non current	192,576	192,553	0	23
Trade payables	48,532			48,532
<b>Total</b>	<b>1,027,898</b>	<b>192,553</b>	<b>0</b>	<b>835,345</b>

#### KEY TO FINANCIAL INSTRUMENT CATEGORIES

<b>FVTPL =</b>	<b>Financial assets and liabilities measured at fair value through profit or loss;</b>
<b>FVTOCI =</b>	<b>Financial assets and liabilities measured at fair value through other comprehensive income;</b>
<b>AC =</b>	<b>Financial assets and liabilities measured at amortised cost.</b>

On account of the features of the financial assets and liabilities recorded in the financial statements and as shown by the above table, the fair value of many of these (current trade receivables and payables and current and non-current financial liabilities) do not differ from their related carrying amounts, except for the Senior Secured Floating Rate Notes (€ 750 million) for which the market quotation at 31 December 2020 (of approximately 99.75 for the Notes due in 2023, and approximately 99.50 for the Notes due in 2025) corresponds to the best estimate of fair value at 31 December 2020.

#### Levels of fair value hierarchy

In relation to the financial instruments recorded in the balance sheet at fair value, IFRS 7 requires these amounts to be classified based on the levels of hierarchy that reflect the significance of the input used for the determination of fair value. The levels are the following:

- Level 1 – prices quoted by active markets for assets or liabilities being measured;
- Level 2 – inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;
- Level 3 – inputs not based on observable market data.

	Level 1	Level 2	Level 3	TOTAL
<b>Financial Assets</b>				
Other Investments			723	723
<b>Total</b>	<b>0</b>	<b>0</b>	<b>723</b>	<b>723</b>
<b>Financial Liabilities</b>				
Liabilities to non controlling shareholders of subsidiaries			192,553	192,553
<b>Total</b>	<b>0</b>	<b>0</b>	<b>192,553</b>	<b>192,553</b>

There have been no significant transfers in the two years just ended from one level to another of the fair value categories presented.

The financial liability component for Liabilities to non-controlling shareholders of subsidiaries is the main category within level 3 of the fair value hierarchy and it consists of the fair value of the estimated liability arising from put and call or earn-out agreements relating to various non-controlling interests in Group companies; the related fair value was

determined considering the contractual hypotheses for the determination of the consideration. Changes in fair value, due both to timing and possible changes in estimated indicators that form the basis for the computation of the consideration, are recognised in the consolidated statement of profit or loss; the impact recognised in the 2020 consolidated statement of profit or loss arising from the change in the fair value measurement of the liabilities to non-controlling shareholders of subsidiaries amounts to a decrease in their measurement of approximately € 6,278 thousand and an increase in their measurement of approximately € 41,507, whereas an amount of € 7,718 thousand was recognised as Other IFRS financial charges (see Note 7 Finance Income, Note 8 Finance Costs and Note 18 Net Cash/Debt).

Note that the discount rate applied for the measurement of the liabilities to non-controlling shareholders of subsidiaries at 31 December 2020 is that adopted for performing Group impairment tests at 31 December 2020, that is, the rate that equates to the cost of debt (gross of the tax effect) of 3.71% at 31 December 2020. This cost of debt is deemed representative of TeamSystem Group's specific credit risk at the balance sheet date. The Group has also performed an analysis of the sensitivity of the carrying amount of the liabilities to non-controlling shareholders of subsidiaries to interest rates applied. The results of this analysis are set out in the table below.

<b>Cost of Debt - gross of tax</b>	<b>2.71%</b>	<b>3.21%</b>	<b>3.71%</b>	<b>4.21%</b>	<b>4.71%</b>
Liabilities to non controlling shareholders of subsidiaries	194,683	193,609	<b>192,552</b>	191,733	190,776

Because of the uncertainties caused by the Coronavirus emergency, the evolution of which is still difficult to predict, the estimates used by Management to determine the value of the put/call options and earn-outs due to non-controlling interest holders at 31 December 2020 (such as, for example, the plan projections used) may be affected.

## **29. GUARANTEES PROVIDED, COMMITMENTS AND OTHER CONTINGENT ASSETS AND LIABILITIES**

### **Guarantees provided**

At 31 December 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 Revolving Credit Facility has also been secured by guarantees provided by TeamSystem S.p.A. and TeamSystem Holding S.p.A. and has also been secured, with priority ranking on a super senior basis, by the same collateral provided for the Floating Rate Notes.

### **Other significant commitments and contractual rights**

The Group companies are party to put and call option agreements in connection with shares/quotas held by non-controlling interest holders in the following companies and for the percentage interests as indicated below:

<b>SUBSIDIARIES</b>		
<b>Put / Call Options Outstanding</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
TeamSystem Communication S.r.l.	35.00%	35.00%
Danea Soft S.r.l.	30.00%	30.00%
Madbit Entertainment S.r.l.	49.00%	49.00%
Aliaslab S.p.A.	30.00%	49.00%
EvolS S.r.l.	49.00%	49.00%
Cassanova S.r.l.	49.00%	49.00%
Evolution Fit S.r.l.	29.00%	49.00%
Skylab S.r.l.	40.00%	40.00%
Techmass S.r.l.	49.00%	49.00%
TeamSystem Financial Value Chain S.r.l.	49.00%	49.00%
TeamSystem AM HoldCo S.r.l.	49.00%	49.00%
MBM Italia S.r.l.	39.00%	
AF Soluzioni S.r.l.	40.00%	
Beneficy S.r.l.	49.00%	
Team4you S.r.l.	10.00%	
Habble S.r.l.	40.00%	

<b>OTHER INVESTMENTS</b>		
<b>Put / Call Options Outstanding</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Modefinance S.r.l.	41.00%	
Ciaomanager S.r.l.	85.00%	

The exercise price of these options will be determined based on normalised earnings parameters for the companies in question to which will be added the average (or actual) financial indebtedness for the period in which the put options may be exercised.

The best estimate of the net present value of future disbursements (relating to the put and call option agreements with subsidiaries) has been recognised in the financial statements (Note 18) while the best estimate of future disbursements (by financial year) is indicated in the table shown in Note 28 – Liquidity risk – analysis of financial liabilities by due date of cash outflows.

Regarding the put and call option agreements entered into to acquire the Modefinance and Ciaomanager, these agreements are only reported in the paragraph on commitments (and are not included in the consolidated financial statement at 31 December 2020 as the Group did not control these companies at 31 December 2020).

### **Lease disclosures**

<b>Euro Million</b>				
<b>POSITION AT 31 DECEMBER 2020</b>	<b>within 12 months</b>	<b>between 1 - 5 years</b>	<b>over 5 years</b>	<b>Total</b>
Leases for operational premises	5.0	15.3	3.8	24.1
Leases for motor cars	3.4	4.1	0.0	7.5
Other leases	0.5	0.6	0.0	1.0
<b>Total</b>	<b>8.9</b>	<b>20.0</b>	<b>3.8</b>	<b>32.6</b>

### **Other commitments and contingent assets/liabilities**

The Group companies, in performing their activities, are exposed to a series of legal and other risks. These risks relate to ongoing legal disputes (the outcome of which cannot be forecast with certainty) or claims made against Group

companies to recover damages suffered by third parties. An adverse outcome of these proceedings could lead to the payment of costs not covered (or not fully covered) by insurance with a consequent impact on the financial position. The Group, in accordance with opinions provided by its legal advisers, has made specific provision as part of the provision for risks and charges (Note 25) for litigation for which it is believed that a disbursement of resources is probable and for which the amount can be reliably estimated. Based on the information available, there are no further potentially significant contingent liabilities that could lead to significant disbursements for the Group.

### 30. SUMMARY OF IFRS 12 DISCLOSURE REQUIREMENTS CONCERNING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES WITH MATERIAL NON-CONTROLLING INTERESTS

#### Investments in associates

As required by IFRS 12, additional information concerning Investments in associates is provided in the table set out below.

Amounts in Euro

ASSOCIATED COMPANIES	Registered office	% held	Assets	Liabilities	Equity	Profit (Loss)
Esaedro S.r.l. (*)	Parma	40.00	3,279,840	2,883,696	396,144	150,407
INTIT S.r.l. (*)	Frosinone	35.00	1,476,985	1,103,159	373,826	(85,843)
Cesaco S.r.l. (*)	Vicenza	48.00	138,952	50,522	88,430	(49,450)
Modefinance S.r.l. (*)	Trieste	43.00	2,957,863	1,981,136	976,727	32,098

(\*) = figures updated to 31 December 2019 financial statements.

#### Investments in subsidiaries with material non-controlling interests

As required by IFRS 12, a summary is provided below of information concerning the Group's principal subsidiaries with material non-controlling interests. The amounts shown in the following tables are before intercompany eliminations and consolidation entries.

Note that the percentage holding in the subsidiaries is the actual percentage held by the Group at the reporting date, without taking account of the impact of agreements entered into by the Group for the acquisition of non-controlling interests (further details are provided in the paragraphs on "Scope of consolidation" and on "Basis of consolidation").

Euro thousands			
DANEA SOFT	DANEA SOFT ----- 31 Dec 2020	DANEA SOFT ----- 31 Dec 2019	Change
% Held by Non Controlling Interests	30.0	30.0	0.00
Total Current Assets	35,189	24,196	10,992
Total Non Current Assets	21,940	5,863	16,077
Total Current Liabilities	13,457	12,208	1,249
Total Non Current Liabilities	4,445	356	4,089
Total Equity	39,226	17,495	21,731
Total Equity attributable to non controlling interests	11,768	5,249	6,519
Total Revenue	17,829	17,988	(160)
Operating Result	12,704	13,435	(730)
Profit (Loss) for the year	13,169	9,290	3,878
Profit (Loss) for the year - Non controlling Interests	3,951	2,787	1,164

Euro thousands			
	MADBIT ----- 31 Dec 2020	MADBIT ----- 31 Dec 2019	Change
MADBIT			
% Held by Non Controlling Interests	49.0	49.0	0.00
Total Current Assets	60,624	34,955	25,668
Total Non Current Assets	53,408	146	53,262
Total Current Liabilities	29,106	24,956	4,150
Total Non Current Liabilities	14,961	64	14,897
Total Equity	69,965	10,082	59,884
Total Equity attributable to non controlling interests	34,283	4,940	29,343
Total Revenue	41,244	17,614	23,630
Operating Result	28,764	9,981	18,784
Profit (Loss) for the year	25,479	8,000	17,478
Profit (Loss) for the year - Non controlling Interests	12,485	3,920	8,564

Euro thousands			
	GRUPPO EUROCONFERENCE ----- 31 Dec 2020	GRUPPO EUROCONFERENCE ----- 31 Dec 2019	Change
GRUPPO EUROCONFERENCE			
% Held by Non Controlling Interests	3.1	3.1	0.00
Total Current Assets	28,876	23,516	5,360
Total Non Current Assets	5,027	675	4,352
Total Current Liabilities	8,900	8,174	726
Total Non Current Liabilities	1,629	384	1,244
Total Equity	23,375	15,632	7,742
Total Equity attributable to non controlling interests	732	489	242
Total Revenue	12,912	13,662	(751)
Operating Result	4,942	3,083	1,859
Profit (Loss) for the year	4,520	2,429	2,092
Profit (Loss) for the year - Non controlling Interests	141	76	65

Euro thousands			
	ALIASLAB ----- 31 Dec 2020	ALIASLAB ----- 31 Dec 2019	Change
ALIASLAB			
% Held by Non Controlling Interests	30.0	49.0	-19.00
Total Current Assets	39,532	27,557	11,975
Total Non Current Assets	14,619	1,176	13,444
Total Current Liabilities	4,407	2,485	1,922
Total Non Current Liabilities	4,577	679	3,898
Total Equity	45,168	25,569	19,599
Total Equity attributable to non controlling interests	13,550	12,529	1,021
Total Revenue	19,211	13,868	5,344
Operating Result	12,556	8,246	4,310
Profit (Loss) for the year	9,591	5,364	4,227
Profit (Loss) for the year - Non controlling Interests	2,877	2,628	249

Euro thousands			
	SKYLAB ITALIA ----- 31 Dec 2020	SKYLAB ITALIA ----- 31 Dec 2019	Change
SKYLAB ITALIA			
% Held by Non Controlling Interests	40.0	40.0	n.a.
Total Current Assets	9,782	8,067	1,715
Total Non Current Assets	753	459	295
Total Current Liabilities	2,007	1,772	236
Total Non Current Liabilities	567	572	(5)
Total Equity	7,961	6,181	1,779
Total Equity attributable to non controlling interests	3,184	2,473	n.a.
Total Revenue	5,772	4,650	1,122
Operating Result	2,195	1,565	630
Profit (Loss) for the year	1,643	1,235	408
Profit (Loss) for the year - Non controlling Interests	657	494	n.a.

### 31. RELATED PARTY TRANSACTIONS, DIRECTORS, STATUTORY AUDITORS AND TOP MANAGEMENT

#### Emoluments

As required by IAS 24, the table below shows the emoluments payable for the year ended 31 December 2020 to the members of the Board of Directors, to the members of the Board of Statutory Auditors and to the Group's Top Management.

	31 Dec 2020	31 Dec 2019
Statutory Auditors	38	38
Top Management (*)	3,312	3,535
<b>Total emoluments</b>	<b>3,350</b>	<b>3,573</b>

(\*) = 2020 and 2019 Figueres do not include bonuses

#### Receivables, payables, revenue and costs arising from transactions with Barolo Lux 1 S.à.r.l.

There were no transactions with, nor balances due from/to the parent Barolo Lux 1 S.à.r.l. during 2020.

#### Associates

A summary is provided below of balances at 31 December 2020 with associated companies and transactions therewith in the year then ended.

	Trade and Other receivables	Financial receivables	31 Dec 2020	Trade and Other payables	Financial liabilities	31 Dec 2020
<b>ASSOCIATED COMPANIES</b>						
Esaedro S.r.l.	358	0	358	30	0	30
INTIT S.r.l.	127	0	127	(5)	0	(5)
Cesaco S.r.l.	0	0	0	0	0	0
Modefinance S.r.l.	0	515	515	0	0	0
<b>Total</b>	<b>486</b>	<b>515</b>	<b>1,001</b>	<b>25</b>	<b>0</b>	<b>25</b>

	Total Revenues	Finance income	31 Dec 2020
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#### **ASSOCIATED COMPANIES**

Esaedro S.r.l.	192	0	192
INTIT S.r.l.	0	0	0
Cesaco S.r.l.	0	0	0
Modefinance S.r.l.	0	0	0
<b>Total</b>	<b>192</b>	<b>0</b>	<b>192</b>

	Operating costs	Other provisions	Finance cost	Income taxes	31 Dec 2020
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#### **ASSOCIATED COMPANIES**

Esaedro S.r.l.	89	0	0	0	89
INTIT S.r.l.	0	0	0	0	0
Cesaco S.r.l.	0	0	0	0	0
Modefinance S.r.l.	0	0	0	0	0
<b>Total</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>89</b>

#### Related companies

TeamSystem Group has not been party to any transactions with related companies that are worth disclosing, other than

those previously commented upon.

### 32. INDEPENDENT AUDITORS

In addition to the above information, note that fees payable to Deloitte & Touche S.p.A. as independent auditors, recognised by the Group in profit or loss in 2020 for the audit of the consolidated financial statements, amounted to approximately € 282 thousand.

### 33. MANAGEMENT AND COORDINATION

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 S.à.r.l.

The financial statements of Barolo Lux 1 S.à.r.l. for the year ended 31 December 2019 are set out below.

#### **Barolo Lux 1 S.à.r.l.**

Financial statements as at 31 December 2019

(expressed in Euro)

<b>ASSETS</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Fixed assets	593,471,030	641,471,030
Current assets	49,991,739	1,816,784
Prepayments	2,063	3,008
<b>Total Assets</b>	<b>643,464,832</b>	<b>643,290,822</b>

(expressed in Euro)

<b>LIABILITIES</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Capital and Reserves	643,181,000	643,851,307
Profit (Loss) for the financial year	(11,827)	(670,308)
Creditors	295,659	109,823
<b>Total liabilities</b>	<b>643,464,832</b>	<b>643,290,822</b>

(expressed in Euro)

<b>PROFIT AND LOSS ACCOUNT</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Net Turnover	898,788	45,312
Other operating income		
Raw material and consumables	(1,308,861)	(505,148)
Staff cost	(155,190)	(140,786)
Other operating expense	(58,153)	(75,478)
Income from other investments	1,786,895	
Other interest receivable and similar	1,105	8,212
Interest payables and similar	(1,167,866)	(280)
Tax on profit or loss		2,675
Other taxes	(8,545)	(4,815)
<b>PROFIT OR (LOSS)</b>	<b>(11,827)</b>	<b>(670,308)</b>

### 34. DISCLOSURE REQUIRED BY LAW 127/2017

As regards the disclosure requirements introduced by Law 127/2017, in 2020, TeamSystem Group did not benefit from any subsidies, economic advantages, grants or aid paid in cash or in kind that was not of a general nature and that did not take the form of consideration, remuneration or compensation with the exception of what reported in the table below.

Figures in Euro

LEGAL ENTITY RECEIVING THE BENEFIT	PUBLIC ENTITY PROVIDING THE BENEFIT	DESCRIPTION	AMOUNT RECEIVED
Evols	Tuscany Region	Apprentice reimbursement	1,800
Evols	Revenue Agency	Decree law no 34 / 2020	29,443
Habble	Asa sviluppo toscana	Tuscany law no 73 / 2018	600
Habble	Banca del Mezz. MedioCred Centrale	Fondo di Garanzia PMI I.662/96	6,989
Gruppo Euroconference	Fondo professionisti	Financing of training courses	288,210
Madbit Entertainment S.r.l.	Fondo professionisti	Financing of training courses	19,824
Madbit Entertainment S.r.l.	INPS	Incentive for open-end hiring	13,672
Skylab Italia S.r.l.	FONDIMPRESA	Financing of training courses	1,035
Skylab Italia S.r.l.	INAIL	Incentive for hiring disadvantaged workers	45

### 35. SUBSEQUENT EVENTS

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

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

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

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

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

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

#### **Modefinance S.r.l.**

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

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

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

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

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

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

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

#### **Acquisition of Barolo Lux 1 S.à.r.l. and redemption of Notes**

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

To finance the acquisition, in February 2021 Brunello BidCo S.p.A. issued senior secured fixed rate notes (at a rate of 3.5%) with a nominal value of € 300 million maturing in 2028 and senior secured floating rate notes with a nominal value of € 850 million maturing in 2028. The proceeds from these notes were used to fund the acquisition of TeamSystem Group and to repay the senior secured floating rate notes with a nominal value of € 200 million maturing in 2025 and the senior secured floating rate notes with a nominal value of € 550 million maturing in 2022, which were still held by TeamSystem Group at the reporting date of 31 December 2020.

#### **Coronavirus Emergency**

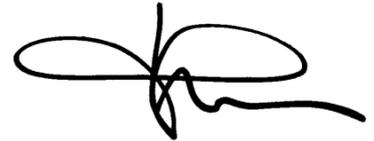
In the first few months of 2021, the Italian government again issued new Prime Ministerial decrees aimed at containing the spread of the virus. In this scenario, the Group continued to provide services to its customers using smart working methods.

Management is actively monitoring the situation and the possible effects on its business, operating results and financial position.

□ □ □

**Milan, 22 April 2021**

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



## INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Shareholder of  
TeamSystem Holding S.p.A.

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of TeamSystem Holding S.p.A. and its subsidiaries ("TeamSystem Group" or the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of TeamSystem Holding S.p.A. in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.  
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239 Partita IVA: IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo [www.deloitte.com/about](http://www.deloitte.com/about).

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of TeamSystem Holding S.p.A. or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10

The Directors of TeamSystem Holding S.p.A. are responsible for the preparation of the report on operations of TeamSystem Group as at December 31, 2020, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of TeamSystem Group as at December 31, 2020 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations is consistent with the consolidated financial statements of TeamSystem Group as at December 31, 2020 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Jessica Lanari**  
Partner

Ancona, Italy  
April 26, 2021

*This report has been translated into the English language solely for the convenience of international readers.*

**TEAMSYSTEM HOLDING S.P.A. a socio unico**

Sede legale a Pesaro – Via Sandro Pertini n. 88

Capitale sociale euro 5.450.000,00 i.v.

Codice Fiscale e numero iscrizione Registro Imprese 09290340968 - Rea Pesaro 196739

***Relazione del Collegio Sindacale ai sensi dell'art. 2429, comma 2, c.c.,  
al bilancio al 31/12/2020***

All'Azionista unico di TeamSystem Holding S.p.A.

La presente Relazione è stata approvata collegialmente, e si dà atto che il Collegio sindacale ha rinunciato al termine prescritto dall'art. 2429, co. 1, c.c., per la preventiva comunicazione del fascicolo di bilancio da parte degli Amministratori, come pure l'Azionista ha da parte sua rinunciato al preventivo deposito del fascicolo di bilancio nei 15 giorni precedenti la data della convocazione dell'assemblea di approvazione del bilancio dell'esercizio chiuso al 31 dicembre 2020.

Ciò premesso, l'impostazione della presente Relazione è ispirata alle disposizioni di legge ed alle indicazioni contenute nella Norma di comportamento n. 7.1. delle "Norme di comportamento del Collegio sindacale - Principi di comportamento del collegio sindacale di società non quotate", emanate dal CNDCEC ed allo stato attuale vigenti.

**Premessa**

In via preliminare, si dà atto che il Collegio sindacale è stato nominato dall'Assemblea degli Azionisti del 29 marzo 2019, con l'affidamento della funzione di vigilanza ai sensi dell'art. 2403 e ss., c.c., per il triennio 2019/2021 e quindi fino all'approvazione del bilancio relativo all'esercizio chiuso al 31 dicembre 2021; la revisione legale del bilancio d'esercizio della Società è stata affidata a Deloitte & Touche S.p.a..

**Conoscenza della società, valutazione dei rischi e rapporto sugli incarichi affidati**

Con riferimento all'attività svolta dalla Società nell'esercizio chiuso al 31 dicembre 2020, tenuto conto delle risultanze dell'attività di vigilanza svolta dal Collegio sindacale in ossequio alle disposizioni di cui all'art. 2403, c.c., possiamo confermare che l'attività caratteristica non è variata ed è stata coerente con quanto previsto dall'oggetto sociale.

La presente Relazione riassume quindi l'informativa prevista dall'art. 2429, co. 2, c.c., e più precisamente riferisce:

- sui risultati dell'esercizio sociale;
- sull'attività svolta in adempimento dei doveri prescritti dall'art. 2403, c.c.;
- sulle osservazioni in ordine al bilancio d'esercizio e sulle proposte in merito alla destinazione del risultato netto dell'esercizio;
- sull'eventuale ricevimento di denunce da parte dei soci di cui all'art. 2408, c.c..

**Attività svolta**

Il Collegio sindacale ha regolarmente acquisito informazioni volte alla conoscenza dell'attività e dell'assetto organizzativo della Società, ponendo particolare attenzione ai fatti di maggiore rilievo verificatisi nell'esercizio, al fine di individuarne l'eventuale impatto economico e finanziario, nonché quello prodotto sul risultato d'esercizio e quindi sull'equilibrio finanziario e patrimoniale della Società.

Di tali fatti di rilievo occorsi nell'esercizio 2020, viene data informativa da parte degli Amministratori nella Nota integrativa al bilancio d'esercizio, nonché nelle Note illustrative e nella Relazione sulla gestione riferite al bilancio consolidato.

Con riferimento all'adeguatezza della struttura organizzativa della Società, il Collegio sindacale ha ricevuto conferma del positivo giudizio di autovalutazione da parte degli Amministratori, anche in ragione della natura di "holding di partecipazione non finanziaria" (c.d. "holding industriale") della stessa, quale capogruppo del Gruppo TeamSystem.

I rapporti con il management della Società e del Gruppo TeamSystem ad essa facente capo si sono sempre informati a canoni di reciproca e fattiva collaborazione, nel rispetto dei rispettivi ruoli.

Il Collegio sindacale dà atto che sono state periodicamente fornite da parte degli organi delegati e le informazioni in merito alle operazioni di maggiore rilevanza ed all'andamento della gestione della Società e del Gruppo TeamSystem, anche riguardo ai doveri di informativa di cui all'art. 2381, co. 5, c.c.; ciò è avvenuto nel corso delle relative riunioni collegiali, in occasione delle riunioni svoltesi con regolarità che, nel corso dell'esercizio, hanno avuto luogo mediante sistemi di telecomunicazione a causa delle disposizioni di contenimento del rischio epidemiologico da Covid-19, ed anche mediante scambi di corrispondenza e contatti telefonici.

In virtù delle informazioni assunte e delle evidenze che è stato possibile trarre dalle attività svolte, il Collegio sindacale può quindi ragionevolmente affermare che nel corso dell'esercizio in oggetto:

- le decisioni assunte dall'Azionista unico e dall'organo amministrativo sono state conformi alla legge ed allo statuto sociale, e non sono state palesemente imprudenti o tali da compromettere l'integrità del patrimonio sociale;
- sono state fornite le informazioni in merito al generale andamento della gestione ed alla sua prevedibile evoluzione, nonché sulle operazioni di maggior rilievo, per dimensioni o caratteristiche, effettuate dalla Società e delle sue controllate;
- le operazioni poste in essere dagli Amministratori sono state conformi alla legge ed allo statuto sociale, non sono risultate in contrasto con le delibere assunte dall'Azionista unico e né sono risultate tali da compromettere l'integrità del patrimonio sociale;
- non sono emersi punti significativi di debolezza in merito all'adeguatezza dell'assetto organizzativo della Società, né in merito all'adeguatezza del sistema amministrativo contabile, nonché sull'affidabilità di quest'ultimo a rappresentare adeguatamente i fatti di gestione, anche con riferimento alla redazione del bilancio consolidato del Gruppo TeamSystem;
- nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi ulteriori fatti significativi tali da richiederne la segnalazione nella presente Relazione;
- non sono stati richiesti interventi in conseguenza di omissioni dell'organo amministrativo ai sensi dell'art. 2406, c.c.;
- non sono state ricevute denunce ai sensi dell'art. 2408, c.c.;
- non sono state fatte denunce ai sensi dell'art. 2409, co. 7, c.c.;
- non sono stati richiesti al Collegio sindacale pareri specifici previsti dalla legge.



## Osservazioni in ordine al bilancio ed alla sua approvazione

Si dà atto che, come esposto nella Nota integrativa, il bilancio d'esercizio è stato predisposto secondo la disciplina del Codice civile ed applicando i Principi contabili italiani approvati dall'OIC, in vigore con riferimento all'esercizio in oggetto, ed è stato predisposto in forma "abbreviata" ai sensi dell'art. 2435-bis, c.c.; il Bilancio consolidato al 31 dicembre 2020 è stato invece redatto adottando i Principi contabili internazionali Ias / Ifrs ed è accompagnato dalla Relazione sulla gestione predisposta dagli Amministratori.

Si dà atto che la revisione legale è stata affidata alla società di revisione Deloitte & Touche S.p.a. che ha predisposto la propria relazione ex art. 14 del D.Lgs. 27 gennaio 2010 n. 39, relazione che riporta un giudizio positivo senza rilievi sia con riferimento al bilancio individuale e sia con riguardo al bilancio consolidato.

Per quanto concerne le funzioni affidate al Collegio sindacale rispetto al bilancio d'esercizio, diamo atto di quanto segue:

- I criteri utilizzati nella redazione del bilancio chiuso al 31 dicembre 2020 non si discostano dai medesimi utilizzati per la formazione del bilancio del precedente esercizio;
- Si è vigilato sulla generale impostazione del progetto di bilancio, sulla sua generale conformità al quadro normativo e regolamentare di riferimento per quanto concerne la sua formazione e struttura; a tale riguardo, non si hanno osservazioni suscettibili di essere evidenziate nella presente relazione.
- E' stata verificata la rispondenza del bilancio ai fatti ed alle informazioni di cui si è avuta conoscenza, ed a tale riguardo non si hanno osservazioni suscettibili di essere evidenziate nella presente relazione.

In particolare, nella Nota integrativa al bilancio chiuso al 31 dicembre 2020 gli Amministratori evidenziano nel paragrafo riferito ai "*Fatti di rilievo avvenuti dopo la chiusura dell'esercizio*", l'avvenuta acquisizione da parte di una società veicolo appositamente costituita e controllata dal fondo IX, gestito dalla società internazionale di *private equity* Hellman & Friedman ("*H&F*"), della totalità del capitale sociale della società controllante diretta del Gruppo TeamSystem.

Nello stesso paragrafo, gli Amministratori richiamano altresì il costante monitoraggio sugli effetti che potrebbero essere causati dal perdurare, anche nel corso del corrente esercizio, della situazione emergenziale dovuta alla pandemia da Covid-19.

## Risultato dell'esercizio

Il risultato netto accertato dall'organo amministrativo nel bilancio dell'esercizio chiuso al 31 dicembre 2020, come emerge dalla lettura del bilancio stesso, risulta essere negativo per Euro (154.322,00).

Il Collegio sindacale, in ordine alla sua destinazione, concorda con la proposta dagli Amministratori indicata nella Nota integrativa.

## Conclusioni

Sulla base di quanto sopra esposto e per quanto è stato portato a conoscenza del Collegio sindacale, si ritiene che non sussistano ragioni ostative all'approvazione da parte dell'Azionista unico del progetto di bilancio per l'esercizio chiuso al 31 dicembre 2020 così come è stato redatto ed è stato proposto dall'organo amministrativo.

Si approva all'unanimità.

Pesaro, li 26 aprile 2021

*P. Il Collegio sindacale*

Dott. Claudio Sanchioni (Presidente del Collegio sindacale)



