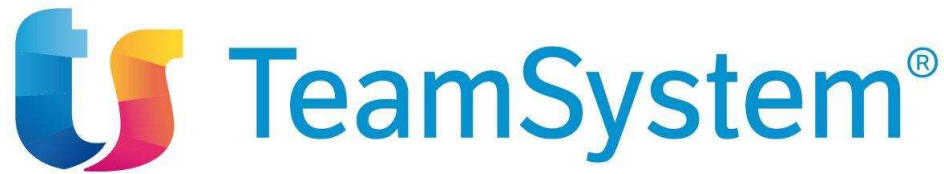


30 June 2020
Interim Consolidated
Financial Statements
TeamSystem Group



**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS
ENDED
30 JUNE 2020**

TABLE OF CONTENTS

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

DIRECTORS' REPORT

Results of Operations.....	1
Consolidated Statement of Cash Flows	3
Working Capital.....	4
Capital Expenditure	5
Significant Events during first six months of 2020.....	5
Significant Subsequent Events.....	6
Ongoing Developments	6
Related Party Transactions	6
Board of Directors, Board of Statutory Auditors and Other Information	7

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FIRST SIX MONTHS ENDED 30 JUNE 2020**

Consolidated Statement of Profit or Loss	9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position - Assets.....	11
Consolidated Statement of Financial Position - Equity and Liabilities.....	11
Consolidated Statement of Cash Flows	12
Consolidated Statement of Changes in Equity.....	13
Notes to Interim Consolidated Financial Statements	14

**DIRECTORS’
REPORT**

► RESULTS OF OPERATIONS

Euro thousands								
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Jun 2020	30 Jun 2019	Change	% Change	Quarter 2Q 2020	Quarter 2Q 2019	Change	% Change
Revenue	200,604	177,227	23,377	13.2%	102,114	90,625	11,489	12.7%
Other operating income	407	(264)	671	-254.4%	(269)	(636)	367	-57.7%
TOTAL REVENUE	201,011	176,963	24,048	13.6%	101,845	89,988	11,856	13.2%
Cost of raw and other materials	(16,439)	(13,398)	(3,041)	22.7%	(8,306)	(6,857)	(1,449)	21.1%
Cost of services	(43,061)	(44,217)	1,155	-2.6%	(19,050)	(21,192)	2,142	-10.1%
Personnel costs	(57,738)	(54,799)	(2,939)	5.4%	(27,261)	(27,240)	(22)	0.1%
Other operating costs	(3,228)	(3,071)	(157)	5.1%	(1,405)	(1,732)	327	-18.9%
Depreciation and amortization of non-current assets	(42,162)	(40,180)	(1,983)	4.9%	(21,303)	(20,203)	(1,100)	5.4%
Allowance for bad debts	(3,922)	(2,390)	(1,532)	64.1%	(2,762)	(1,191)	(1,571)	131.8%
Other provisions for risks and charges	(41)	(4)	(37)	913.9%	(41)	(4)	(37)	1034.3%
OPERATING RESULT	34,420	18,904	15,516	82.1%	21,717	11,571	10,146	87.7%
Finance income	139	231	(92)	-39.9%	15	186	(171)	-91.7%
Finance cost	(30,383)	(23,241)	(7,142)	30.7%	(18,709)	(11,203)	(7,507)	67.0%
PROFIT (LOSS) BEFORE INCOME TAXES	4,176	(4,106)	8,282	-201.7%	3,023	554	2,468	445.2%
Current income tax	(11,914)	(9,954)	(1,960)	19.7%	(6,913)	(5,294)	(1,619)	30.6%
Deferred income tax	7,334	6,684	650	9.7%	3,664	3,394	270	8.0%
TOTAL INCOME TAX	(4,580)	(3,270)	(1,310)	40.1%	(3,249)	(1,901)	(1,348)	70.9%
PROFIT (LOSS) FOR THE PERIOD	(404)	(7,375)	6,972	-94.5%	(226)	(1,346)	1,120	-83.2%
(Profit) Loss for the period								
Non-controlling interests	(87)	(43)	(44)	102.1%	(56)	(20)	(36)	184.0%
PROFIT (LOSS) FOR THE PERIOD OWNERS OF THE COMPANY	(491)	(7,419)	6,928	-93.4%	(282)	(1,366)	1,084	-79.3%
ADJUSTED EBITDA	83,042	62,643	20,399	32.6%	47,388	33,521	13,867	41.4%

In the above table and elsewhere in these interim consolidated financial statements, the following performance indicator is used, with particular regard to the Group's earnings:

Adjusted EBITDA = This is calculated as follows:

Profit (Loss) for the period plus (i)Income tax; (ii)Financial income and expenses; (iii)Other provisions for risks and charges; (ii)Depreciation and amortization of non-current assets; (iii)Impairment of non-current assets; (iv)Allowance for bad debts; (v)Certain costs deemed by Management to be non-core for the measurement of the Group's performance, such as: Strategic marketing expenses; Costs for changing and closing locations; Advisory expenses related to reorganization and cost saving projects; Personnel redundancy; IT costs for system integration and transformation; Acquisitions and mergers costs; Cost for international project; Costs for change management program; Cost for credit collection project; Tax optimization costs; Settlements with clients and agents; Other minor items.

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

Euro thousands								
ADJUSTED EBITDA RECONCILIATION	30 Jun 2020	30 Jun 2019	Change	% Change	Quarter 2Q 2020	Quarter 2Q 2019	Change	% Change
PROFIT (LOSS) FOR THE YEAR	(404)	(7,375)	6,972	-94.5%	(226)	(1,346)	1,120	-83.2%
Income tax	4,580	3,270	1,310	40.1%	3,249	1,901	1,348	70.9%
Financial income and expenses	30,244	23,010	7,234	31.4%	18,694	11,017	7,677	69.7%
Other provisions for risks and charges	41	4	37	913.9%	41	4	37	913.9%
Depreciation and amortization of non-current assets	42,162	40,180	1,983	4.9%	21,303	20,203	1,101	5.4%
Allowance for bad debts	3,922	2,390	1,532	64.1%	2,762	1,191	1,571	131.8%
Personnel redundancy	844	315	529	168.3%	413	101	312	310.6%
Acquisitions and mergers costs	547	276	271	98.0%	317	(14)	331	-2413.9%
Settlements with clients and agents	1,084	452	633	140.1%	847	392	456	116.3%
Other minor items	22	123	(101)	-82.2%	(12)	73	(85)	-116.4%
ADJUSTED EBITDA	83,042	62,643	20,398	32.6%	47,388	33,521	13,867	41.4%

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.

□ □ □

The following comments refer to the changes between the consolidated statement of profit or loss as at 30 June 2020 and the corresponding figures for the period ended 30 June 2019.

The results as at 30 June 2020 are affected by the consolidation of the following companies: TeamSystem Financial Value Chain S.r.l., Factor@Work S.r.l., Whit-e S.r.l., TeamSystem AM Holdco S.r.l., TeamSystem Capital at Work SGR S.p.A., TeamSystem Payments S.r.l., TeamSystem Payments Holdco S.r.l., Skylab Italia S.r.l., TeamSystem 4 S.r.l., Gi.esse Macchine Utensili S.r.l., TechMass S.r.l., Iperelle S.r.l. and its subsidiaries, TeamSystem BK S.r.l. (previously named BK Service S.r.l.), TeamSystem 5 S.r.l., Area 32 S.r.l.

The results of the above companies were not included in the Consolidated financial statements as at 30 June 2019, because their acquisitions occurred after 30 June 2019 or in the second quarter 2019, so their results as at 30 June 2019 were not material.

Taking account the non-materiality of the acquisition and considering the fact that it took place at the end of the second quarter, the results of Beneficy S.r.l. have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the six months ended 30 June 2020 (see “Significant events during the first six months of 2020” section).

□ □ □

TOTAL REVENUE: Total Revenue for the period ended 30 June 2020 amounts to € 201,011 thousand, up by € 24,048 thousand compared to the corresponding figure for the period ended 30 June 2019 (€ 176,963 thousand). The increase is mainly attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2020.

Euro Millions

	30 Jun 2020	30 Jun 2019	Change	% Change	Quarter 2Q 2020	Quarter 2Q 2019	Change	% Change
Direct Channel	61.6	56.0	5.6	10.0%	30.6	27.1	3.5	12.9%
Recurring	50.8	44.8	6.0	13.3%	25.5	21.8	3.7	17.0%
Licenses/Prof. Services	10.8	11.1	(0.4)	-3.4%	5.2	5.4	(0.2)	-3.8%
Indirect Channel	55.2	52.9	2.2	4.2%	27.5	26.2	1.3	5.0%
Recurring	52.1	50.2	1.9	3.9%	25.8	24.9	0.9	3.6%
Licenses/Prof. Services	3.0	2.7	0.3	10.9%	1.7	1.3	0.4	31.8%
Micro and new Business Solutions	33.0	19.9	13.0	65.4%	16.7	10.4	6.3	60.8%
Recurring	30.5	18.9	11.6	61.5%	15.6	10.2	5.3	52.1%
Licenses/Prof. Services	2.5	1.1	1.4	134.0%	1.1	0.1	1.0	750.4%
Vertical Solutions	52.0	47.1	4.9	10.3%	27.7	25.8	1.9	7.4%
Recurring	31.0	25.1	5.8	23.2%	17.2	13.8	3.4	24.8%
Licenses/Prof. Services	21.0	22.0	(1.0)	-4.5%	10.5	12.0	(1.5)	-12.4%
Hardware	1.0	1.2	(0.3)	-21.4%	0.5	0.6	(0.1)	-20.6%
Others	(1.6)	(0.2)	(1.4)	667.9%	(1.1)	(0.1)	(1.0)	1411.1%
TOTAL REVENUE	201.0	177.0	24.0	13.6%	101.8	90.0	11.9	13.2%

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

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

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

In fact, Group Management deemed it appropriate and necessary (in a technological context of a market characterised by continuous evolution) to review its reporting activities that, effective 2019, envisage one sole

operating segment for reporting purposes, the **Software Business Unit**, in line with the new organisational and internal responsibility structure.

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

Below, the allocation of Total Revenue for the first six months of 2020 to the new operating segments, compared with the corresponding period ended 30 June 2019 which has been restated to reflect the new operating segment structure.

Euro thousands								
OPERATING SEGMENTS	30 Jun 2020	30 Jun 2019	Change	% Change	Quarter 2Q 2020	Quarter 2Q 2019	Change	% Change
Business unit - Software	200,505	176,963	23,542	13%	101,607	89,988	11,619	13%
Other	506		506	100%	238		238	100%
TOTAL REVENUE	201,011	176,963	24,048	13.6%	101,846	89,988	11,857	13.2%

ADJUSTED EBITDA: Adjusted Ebitda for the period ended 30 June 2020 amounts to € 83,042 thousand, up by € 20,399 thousand compared to the amount at 30 June 2019 (€ 62,643 thousand). The increase is mainly attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2020.

COST OF RAW AND OTHER MATERIALS: Cost of raw and other materials amounts to € 16,439 thousand for the period ended 30 June 2020, up by € 3,041 thousand compared to the amount at 30 June 2019 (€ 13,398 thousand); this because of the organic growth experienced by the Group in the first six months of 2020 and because of the change in the consolidation area.

COST OF SERVICES: Cost of services amounts to € 43,061 thousand for the period ended 30 June 2020, down by € 1,155 thousand from the amount of the period ended 30 June 2019 (€ 44,217 thousand).

PERSONNEL COSTS: Personnel costs for the period ended 30 June 2020 (€ 57,738 thousand), up by € 2,939 thousand, compared to the amount at 30 June 2019 (€ 54,799 thousand). This is mainly due to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2020.

OTHER OPERATING COSTS: Other operating costs amount to € 3,228 thousand for the period ended 30 June 2020, up by € 157 thousand compared to the period ended 30 June 2019 (€ 3,071 thousand).

FINANCE COST: Financial charges for the period ended 30 June 2020 amount to € 30,383 thousand with an increase of € 7,142 thousand, compared to the corresponding amount at 30 June 2019 (€ 23,241 thousand).

□ □ □

CONSOLIDATED STATEMENT OF CASH FLOWS

Euro thousands								
CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2020	30 Jun 2019	Change	% Change	Quarter 2Q 2020	Quarter 2Q 2019	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	82,527	79,122	3,405	4.3%	57,614	66,170	(8,556)	-12.9%
Capital Expenditure	(16,144)	(13,928)	(2,216)	15.9%	(8,086)	(6,669)	(1,417)	21.3%
Acquisition of investments	(23,293)	(14,222)	(9,071)	63.8%	(17,723)	(11,202)	(6,521)	58.2%
CASH FLOWS FROM INVESTING ACTIVITIES	(39,436)	(28,150)	(11,287)	40.1%	(25,809)	(17,871)	(7,939)	44.4%
Financial balance paid / cashed-in and change in financial assets / liabilities	(10,458)	(21,711)	11,253	-51.8%	(86,461)	(12,288)	(74,173)	603.6%
Liabilities to non-controlling shareholders paid	(25,650)	(5,369)	(20,281)	377.7%	(24,031)	(4,625)	(19,406)	419.6%
CASH FLOWS FROM FINANCING ACTIVITIES	(36,109)	(27,080)	(9,029)	33.3%	(110,492)	(16,913)	(93,579)	553.3%
CHANGES DUE TO EXCHANGE RATE MOVEMENTS	(9)	0	(9)	0.0%	(4)	(6)	2	-35.9%
INCREASE (DECREASE) IN CASH AND BANK BALANCES	6,974	23,892	(16,919)	-70.8%	(78,691)	31,381	(110,072)	-350.8%

Cash flows from operating activities amount to € 82,527 thousand for the period ended 30 June 2020, increasing by € 3,405 thousand, compared to the corresponding flows for the period ended 30 June 2019 (€ 79,122 thousand).

The balances are impacted by the fact that 30 June 2019 was not business day (“week-end effect”), therefore the collection of trade receivables due at the end of this month was postponed to the beginning of the next month. The cash flows from operating activities normalized for the weekend effect would amount to € 88,816 thousand at 30 June 2019 and, consequently, the cash flows from operating activities for the period ended 30 June 2020 would be € 6,289 thousand lower than the period ended 30 June 2019¹.

Cash flows from investing activities changed from negative € 28,150 thousand in the period ended 30 June 2019 to negative € 39,436 thousand for the corresponding period of 2020.

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

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

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

Cash flows from financing activities changed from negative € 27,080 thousand in the period ended 30 June 2019 to negative € 36,109 thousand for the corresponding period of 2020.

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

- the payment of Interests on Notes;
- the payment of IFRS16 leases liabilities, consisting of principal and interests;
- the revolving credit facility drawdown (see Note 15 Net Financial Indebtedness);
- the adjustments of considerations paid in relation to recent acquisitions of investments;
- the acquisition of further interests in Aliaslab S.p.A., Netlex S.r.l. and Evolution Fit S.r.l.;
- the payment of earn-outs primarily related to investments in Skylab Italia S.r.l. and in subsidiaries merged by absorption into TeamSystem S.p.A. during the previous years.

□ □ □

► WORKING CAPITAL

Euro thousands	30 Jun 2020	31 Dec 2019	Change	% Change
Trade receivables	185,333	122,474	62,859	51.3%
Inventories	989	845	144	17.1%
Other receivables	31,147	30,395	752	2.5%
Trade payables	(37,678)	(47,692)	10,013	-21.0%
Other liabilities	(188,258)	(100,984)	(87,275)	86.4%
WORKING CAPITAL	(8,468)	5,038	(13,506)	-268.1%

At 30 June 2020 Working capital amounts to negative € 8,468 thousand, down by € 13,506 thousand compared to the balance at 31 December 2019 (€ 5,038 thousand). The decrease is primarily attributable to Other liabilities (which balance is € 188,258 thousand at 30 June 2020 compared to € 100,984 thousand at 31 December 2019) and to Trade receivables (which balance is € 185,333 thousand at 30 June 2020 compared to € 122,474 thousand at 31 December 2019).

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

□ □ □

¹ The amount of trade receivables whose collection was postponed to the beginning of the next month, because of the week-end effect, is € 9,694 thousand for the period ended 30 June 2019.

► **CAPITAL EXPENDITURE**

Euro thousand

CAPEX EXPENDITURE	30 Jun 2020	30 Jun 2019	Change	% Change	Quarter 2Q 2020	Quarter 2Q 2019	Change	% Change
Investments in tangible assets	1,672	1,842	(170)	-9.2%	689	969	(280)	-28.9%
Investments in intangible assets	6,234	5,073	1,161	22.9%	3,218	2,239	979	43.7%
Capitalized development costs - personnel costs	7,062	5,406	1,656	30.6%	3,530	2,651	879	33.2%
Capitalized development costs - service costs	1,176	1,608	(432)	-26.8%	649	811	(162)	-19.9%
CAPEX EXPENDITURE - TOTAL	16,144	13,928	2,216	15.9%	8,086	6,669	1,417	21.2%

In the period ended 30 June 2020 the Capital expenditure amounts to € 16,144 thousand with an increase of € 2,216 thousand compared to 30 June 2019 balance (€ 13,928 thousand).

□ □ □

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

● **ACQUISITION OF INVESTMENT**

Acquisition of Prosystem S.r.l. business division

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

Acquisition of TeamSystem 5 S.r.l.

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

Acquisition of AREA 32 S.r.l.

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

Acquisition of MBM Italia S.r.l.

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

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

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

Acquisition of AF Soluzioni S.r.l.

In April 2020, TeamSystem S.p.A. acquired a majority stake corresponding to 60% of share capital of AF Solutions S.r.l, a company that develops on premise and cloud software solutions for e-procurement and for the management of tenders. The acquisition allows TeamSystem S.p.A. to enter new markets with a product dedicated to the public administration and to acquire skills for the management of the account receivable.

Acquisition of Habble S.r.l.

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

Acquisition of Beneficy S.r.l.

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

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

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

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

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

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

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

● OTHER SIGNIFICANT EVENTS

Change of BK Service S.r.l. name

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

□ □ □

► SIGNIFICANT SUBSEQUENT EVENTS

There are not significant subsequent events to be reported.

□ □ □

► ONGOING DEVELOPMENTS

Acquisitions, Joint Ventures and Other Business Combinations

We believe that we have demonstrated the ability to successfully integrate acquisitions.

As a result, our business strategy includes acquiring businesses and entering into joint ventures and other business combinations if there is a strategic product fit or an activity that would complement our product offering.

□ □ □

► RELATED PARTY TRANSACTIONS

In the first six months of 2020, transactions with subsidiaries and the parent company Barolo Lux 1 S.à.r.l. formed part of the Group's normal operations and were entered into at arm's length. TeamSystem Group has not been party to any transactions with related companies that merit disclosure, other than those previously commented upon.

□ □ □

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

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

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

REGISTERED OFFICE and OTHER INFORMATION

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

□ □ □

UNAUDITED
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS
ENDED
30 JUNE 2020

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

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Jun 2020	30 Jun 2019	NOTES
Revenue	200,604	177,227	1
Other operating income	407	(264)	1
TOTAL REVENUE	201,011	176,963	1
Cost of raw and other materials	(16,439)	(13,398)	2
Cost of services	(43,061)	(44,217)	3
Personnel costs	(57,738)	(54,799)	4
Other operating costs	(3,228)	(3,071)	5
Depreciation and amortization of non-current assets	(42,162)	(40,180)	
Allowance for bad debts	(3,922)	(2,390)	
Other provisions for risks and charges	(41)	(4)	
OPERATING RESULT	34,420	18,904	
Finance income	139	231	6
Finance cost	(30,383)	(23,241)	7
PROFIT (LOSS) BEFORE INCOME TAXES	4,176	(4,106)	
Current income tax	(11,914)	(9,954)	
Deferred income tax	7,334	6,684	
TOTAL INCOME TAX	(4,580)	(3,270)	
PROFIT (LOSS) FOR THE PERIOD	(404)	(7,375)	
(Profit) Loss for the period - Non-controlling interests	(87)	(43)	
PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	(491)	(7,419)	
ADJUSTED EBITDA	83,042	62,643	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Jun 2020	30 Jun 2019	NOTES
PROFIT (LOSS) FOR THE PERIOD	(404)	(7,375)	20
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX	0	0	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(404)	(7,375)	20
Total comprehensive (income) loss for the period attributable to Non-controlling interests	(87)	(43)	20
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	(491)	(7,419)	20

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	30 Jun 2020	31 Dec 2019	NOTES
Tangible assets	15,446	15,139	9
Intangible assets	620,587	641,985	10
Right of use	24,670	22,987	11
Goodwill	774,578	734,258	12
Other Investments	1,258	308	13
Investments in associates	129	129	13
Deferred tax assets	14,401	14,760	14
Financing fees prepayments - non-current	0	701	15
TOTAL NON-CURRENT ASSETS	1,451,066	1,430,266	
Inventories	989	845	16
Trade receivables	185,333	122,474	17
Tax receivables	1,227	3,847	18
Other receivables - current	31,147	30,395	19
Financing Fees prepayments - current	0	413	15
Other financial assets - current	122	72	15
Cash and bank balances	43,386	36,412	15
TOTAL CURRENT ASSETS	262,204	194,458	
TOTAL ASSETS	1,713,270	1,624,724	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	30 Jun 2020	31 Dec 2019	NOTES
Share capital	5,450	5,450	20
Other reserves	359,848	395,193	20
Profit (Loss) attributable to Owners of the Company	(491)	(35,346)	20
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	364,807	365,297	
Non-controlling interests - Capital and reserves	535	465	20
Non-controlling interests - Profit (Loss)	87	71	20
TOTAL NON-CONTROLLING INTERESTS	622	537	
TOTAL EQUITY	365,429	365,834	
Financial liabilities with banks and other institutions - non-current	881,407	884,518	15
Staff leaving indemnity	18,742	17,338	21
Provisions for risks and charges	5,567	8,595	22
Deferred tax liabilities	161,223	168,958	14
Other liabilities - non-current	501	523	23
TOTAL NON-CURRENT LIABILITIES	1,067,439	1,079,932	
Financial liabilities with banks and other institutions - current	44,914	27,150	15
Trade payables	37,678	47,692	
Tax liabilities - current	10,052	3,656	24
Other liabilities - current	187,757	100,461	23
TOTAL CURRENT LIABILITIES	280,402	178,958	
TOTAL LIABILITIES	1,347,841	1,258,890	
TOTAL EQUITY AND LIABILITIES	1,713,270	1,624,724	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS			
	30 Jun 2020	30 Jun 2019	NOTES
Operating Result	34,420	18,904	
Depreciation and amortization of non-current assets	42,162	40,180	
Depreciation and amortisation of non-current assets	42,162	40,180	
Trade receivables	(60,840)	(40,680)	
Inventories	(144)	(2)	
Other receivables	(4,598)	(6,443)	
Trade payables	(10,210)	(5,432)	
Other liabilities	84,944	75,854	
Change in Working capital	9,152	23,296	
Staff leaving indemnity	(6)	(404)	
Provisions for risks and charges	(525)	(2,575)	
Change in provisions	(532)	(2,979)	
Income tax	(2,676)	(279)	
CASH FLOWS FROM OPERATING ACTIVITIES	82,527	79,122	8
Investments in tangible assets	(1,672)	(1,842)	
Investments in intangible assets	(6,234)	(5,073)	
Capitalized development costs - personnel costs	(7,062)	(5,406)	
Capitalized development costs - service costs	(1,176)	(1,608)	
Capital Expenditure	(16,144)	(13,928)	
Acquisition of investments	(25,844)	(14,222)	
Cash and bank balances at the date of acquisition	2,551	0	
Acquisition of investments	(23,293)	(14,222)	8
CASH FLOWS FROM INVESTING ACTIVITIES	(39,436)	(28,150)	
Financial balance paid / cashed-in and change in financial assets / liabilities	(10,458)	(21,711)	8
Liabilities to non-controlling shareholders paid	(25,650)	(5,369)	8
CASH FLOWS FROM FINANCING ACTIVITIES	(36,109)	(27,080)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS	(9)	0	
INCREASE (DECREASE) IN CASH AND BANK BALANCES	6,974	23,892	
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	36,412	24,574	
CASH AND BANK BALANCES - END OF THE PERIOD	43,386	48,466	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2018	5,450	501,117	(826)	(56,030)	449,711	464	450,175
Loss allocation		(56,856)	826	56,030	0		0
Total Comprehensive Income (Loss) for the period				(7,419)	(7,419)	43	(7,375)
30 June 2019	5,450	444,261	0	(7,419)	442,292	507	442,799

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2019	5,450	396,020	(826)	(35,346)	365,298	536	365,834
Loss allocation		(36,172)	826	35,346	0		0
Total Comprehensive Income (Loss) for the period				(491)	(491)	87	(404)
30 June 2020	5,450	359,848	0	(491)	364,807	622	365,429

TeamSystem Group

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

►COMPANY BACKGROUND

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

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

□ □ □

►BASIS OF PREPARATION

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

The accounting standards adopted for the preparation of the TeamSystem Holding S.p.A. consolidated financial statements for the period ended 30 June 2020 are the same used for the preparation of TeamSystem Holding S.p.A. consolidated financial statements for the period ended 31 December 2019 (to which reference should be made).

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

The interim consolidated financial documents for the period ended 30 June 2020 show comparative figures as at 30 June 2019 for the components of the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and show comparative figures as at 31 December 2019 for the components of consolidated statement of financial position.

The interim consolidated financial statements for the period ended 30 June 2020 consist of a consolidated statement of profit or loss, a consolidated statement of comprehensive income, a consolidated statement of financial position, a consolidated statement of cash flows, a consolidated statement of changes in equity and notes to the interim consolidated financial statements components.

The format used for the financial statements is the same as the one used for the preparation of the TeamSystem Holding S.p.A. consolidated financial statements for the year ended 31 December 2019.

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

The consolidated financial statements of TeamSystem Holding S.p.A. and its subsidiaries (TeamSystem Group) for the period ended 30 June 2020 and for the period ended 30 June 2019 have not been audited.

□ □ □

► SCOPE OF CONSOLIDATION

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

Amounts in Euro

CONSOLIDATED COMPANIES								
LINE BY LINE	Registered office	Share capital	Equity	Profit (Loss)	Currency	% held	% consolidation	Notes
TeamSystem Holding S.p.A.	Pesaro	5,450,000	643,625,454	(59,403)	EUR			
TeamSystem S.p.A.	Pesaro	24,000,000	327,833,172	(15,959,011)	EUR	100.00	100.00	
TeamSystem Service S.r.l.	Campobasso	200,000	20,545,257	3,914,122	EUR	100.00	100.00	
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	98,729	(18,060)	EUR	60.00	100.00	1
Danea Soft S.r.l.	Vigonza (PD)	100,000	22,323,020	6,867,987	EUR	70.00	100.00	1
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	16,335,745	10,254,067	EUR	51.00	100.00	1
MMDATA S.r.l.	Rome	10,000	167,083	2,407	EUR	100.00	100.00	
Mondora S.r.l.	Milan	105,000	3,083,701	477,283	EUR	100.00	100.00	
Voispeed Limited	Saint Albans - UK	1,000	120,818	21,656	GBP	85.00	85.00	
Aliaslab S.p.A.	Milan	156,000	28,606,657	3,037,467	EUR	70.00	100.00	1
Reviso International ApS	Copenhagen	50,011	(7,656,992)	(2,024,589)	DKK	100.00	100.00	
Reviso Cloud Accounting Limited	Reading	1	20,132	1,419	GBP	100.00	100.00	
Reviso Soluciones Cloud S.L.	Madrid	3,000	3,620	(471)	EUR	100.00	100.00	
Reviso Deutschland GmbH	Berlin	25,000	67,885	(1,598)	EUR	100.00	100.00	
Evolis S.r.l.	Catania	887,000	1,393,117	(663)	EUR	51.00	100.00	1
Netlex S.r.l.	Velletri (RM)	12,500	649,558	73,004	EUR	100.00	100.00	
Cassanova S.r.l.	Santarcangelo di Romagna (RN)	10,000	983,201	213,836	EUR	51.00	100.00	1
Evolution Fit S.r.l.	Turin	10,000	499,081	176,275	EUR	71.00	100.00	1
TeamSystem Active S.r.l.	Pesaro	15,000	298,281	207,237	EUR	100.00	100.00	
Gruppo Euroconference S.p.A.	Verona	300,000	18,354,874	2,722,637	EUR	96.87	96.87	2
Nuovamacut Automazione S.p.A.	Bologna	108,000	20,170,655	1,626,859	EUR	100.00	100.00	
TeamSystem 4 S.r.l.	Pesaro	50,000	99,915	8,510	EUR	100.00	100.00	
TeamSystem 5 S.r.l.	Trento	10,000	3,299,086	(93,837)	EUR	100.00	100.00	
Area 32 S.r.l.	Bolzano	10,000	350,145	113,460	EUR	100.00	100.00	
MBM Italia S.r.l.	Padova	40,800	991,532	0	EUR	61.00	100.00	1
AF Soluzioni S.r.l.	Salerno	70,000	712,488	0	EUR	60.00	100.00	1
Skylab Italia S.r.l.	Turin	143,600	6,489,279	171,411	EUR	60.00	100.00	1
Gi.Esse Macchine Utensili S.r.l.	Assago (MI)	100,000	1,293,134	(34,694)	EUR	100.00	100.00	
Iperelle S.r.l.	Brescia	50,000	1,761,102	(23,757)	EUR	100.00	100.00	
Iperelle Edist Torino S.r.l.	Grugliasco (TO)	100,000	327,995	5,032	EUR	100.00	100.00	
Reway S.r.l.	Monza (MB)	10,000	165,192	21,436	EUR	100.00	100.00	
Techmass S.r.l.	Bassano del Grappa (VI)	11,538	238,966	(45,207)	EUR	51.00	100.00	1
TeamSystem BK S.r.l.	Rome	1,010,000	5,535,253	25,253	EUR	80.00	100.00	
TeamSystem Financial Value Chain S.r.l.	Milan	4,931,373	13,540,028	(29,436)	EUR	51.00	100.00	1
Whit-e S.r.l.	Milan	15,000	1,094,220	7,829	EUR	100.00	100.00	
Factor@Work S.r.l.	Milan	65,000	295,444	(193,543)	EUR	100.00	100.00	
TeamSystem AM Holdco S.r.l.	Milan	10,000	1,294,475	(5,170)	EUR	51.00	100.00	1
TeamSystem Capital at Work SGR S.p.A.	Milan	100,000	1,028,112	(141,508)	EUR	100.00	100.00	
TeamSystem Payments Holdco S.r.l.	Milan	10,000	1,823,589	(4,081)	EUR	100.00	100.00	
TeamSystem Payments S.r.l.	Milan	125,000	1,272,663	(102,071)	EUR	100.00	100.00	

Amounts in Euro

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

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

□ □ □

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

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

includes their statements of financial position as at 30 June 2020, not their Profit or loss for the first six months of 2020.

As regards the investments in Beneficy S.r.l. (see “Significant events during the first six months of 2020” section, in Directors’ Report), its results and its financial position have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the six months ended 30 June 2020, taking into account the non-materiality of the acquisition in question and considering the fact that the acquisition took place at the end of the second quarter.

□ □ □

►TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

Assets and liabilities of consolidated foreign entities that are denominated in foreign currencies other than the Euro are translated at the rates of exchange prevailing at the reporting date; income and costs are translated at the average rates of exchange for the period. Any resulting translation differences are recognised in the foreign currency translation reserve included in equity.

The foreign companies included in the scope of consolidation at 30 June 2020 that use a currency other than the Euro are: Voispeed Limited and Reviso Cloud Accounting Limited, which use the British Pound (GBP), and Reviso International ApS, which uses the Danish Krone (DKK).

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

EXCHANGE RATES	Average exchange rate for the first six months of 2020	Exchange rate as at 30 Jun 2020	Average exchange rate for the first six months of 2019	Exchange rate as at 31 December 2019
GBP	0.87463	0.91243	0.87363	0.85080
DKK	7.4648	7.45260	7.4651	7.4715

□ □ □

►SEGMENT INFORMATION

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

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

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

□ □ □

► USE OF ESTIMATES

The preparation of consolidated financial statements requires the Group to apply accounting policies and methods, which, in certain circumstances, depend on difficult and subjective assessments that may be based on past experience and on assumptions that, from time to time, are considered reasonable and realistic based on relevant circumstances. The application of these estimates and assumptions affects the amounts presented in the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss and consolidated statement of cash flows, as well as the disclosures provided. The actual amounts of the financial statement components, for which estimates and assumptions have been used, may differ from those reported, due to the uncertainty of assumptions and the conditions on which estimates are based. In particular, the uncertainty caused by the current economic and financial crisis has led to the need to make difficult assumptions regarding future business performance as reflected in the Business Plan.

Set out below is a listing of consolidated financial statement components that, more than others, require greater subjectivity, on the part of the Group, in the application of estimates and, for which, a change in the conditions of underlying assumptions used may give rise to a significant risk in relation to the determination of adjustments to the carrying amounts of current assets and liabilities that may have a significant impact on the financial statements of the consolidated companies:

- Business combinations (IFRS 3) and measurement of intangible assets;
- Goodwill and other intangible assets;
- Allowance for bad debts;
- Provisions for risks and charges;
- Employee benefits;
- Liability to non-controlling shareholders.

□ □ □

► ACCOUNTING STANDARDS, AMENDMENTS AND IFRS AND IFRIC INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, APPLICABLE AND NOT ADOPTED BY THE GROUP AT 30 JUNE 2020

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

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

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

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

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

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

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

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

□ □ □

Notes to Interim Unaudited Consolidated Financial Statement Components

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

1. TOTAL REVENUE

Euro Millions

	30 Jun 2020	30 Jun 2019	Change	% Change
Direct Channel	61.6	56.0	5.6	10.0%
Recurring	50.8	44.8	6.0	13.3%
Licenses/Prof. Services	10.8	11.1	(0.4)	-3.4%
Indirect Channel	55.2	52.9	2.2	4.2%
Recurring	52.1	50.2	1.9	3.9%
Licenses/Prof. Services	3.0	2.7	0.3	10.9%
Micro and new Business Solutions	33.0	19.9	13.0	65.4%
Recurring	30.5	18.9	11.6	61.5%
Licenses/Prof. Services	2.5	1.1	1.4	134.0%
Vertical Solutions	52.0	47.1	4.9	10.3%
Recurring	31.0	25.1	5.8	23.2%
Licenses/Prof. Services	21.0	22.0	(1.0)	-4.5%
Hardware	1.0	1.2	(0.3)	-21.4%
Others	(1.6)	(0.2)	(1.4)	667.9%
TOTAL REVENUE	201.0	177.0	24.0	13.6%

Total Revenue for the period ended 30 June 2020 amounts to € 201 millions, up by € 24 millions compared to the corresponding figure for the period ended 30 June 2019 (€ 177 millions).

This movement (attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2020) is mainly due to the increase in Micro and new Business Solutions (€ 13 millions), in Direct Channel (€ 5.6 millions) and in Vertical Solutions (€ 4.9 millions). Recurring revenues also increased compared to the 30 June 2019 figures.

2. COST OF RAW AND OTHER MATERIALS

	30 Jun 2020	30 Jun 2019	Change	% Change
Hardware purchases	2,802	2,122	680	32.1%
Third parties' software	12,926	9,910	3,016	30.4%
Handbooks and forms	30	39	(8)	-21.1%
Materials for education	48	105	(58)	-54.7%
Fuel	556	914	(357)	-39.1%
Other materials	89	315	(226)	-71.8%
Change in inventory of raw materials	(13)	(6)	(7)	121.3%
Total	16,439	13,398	3,041	22.7%

Cost of raw and other materials amounts to € 16,439 thousand for the period ended 30 June 2020, up by € 3,041 thousand compared to the amount at 30 June 2019 (€ 13,398 thousand). The increase, mainly recorded in the line item Third parties' software, is attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2020.

3. COST OF SERVICES

	30 Jun 2020	30 Jun 2019	Change	% Change
Agent commissions and other costs	7,505	7,337	168	2.3%
Consulting and third parties services	4,941	5,483	(542)	-9.9%
Software and Hardware maintenance costs	8,123	6,151	1,972	32.1%
Customer support service costs	1,885	3,728	(1,844)	-49.5%
Administrative tax and legal	2,279	1,718	561	32.6%
Education - consulting and copyrights	1,445	2,058	(613)	-29.8%
Magazines - consulting and copyrights	712	762	(51)	-6.7%
Other costs for education services	191	714	(522)	-73.2%
Advertising and marketing	5,497	6,712	(1,215)	-18.1%
Car rentals	1,625	1,668	(42)	-2.5%
Utilities	1,930	1,905	25	1.3%
Costs for mergers and acquisitions	547	276	271	98.2%
Other minor items	292	167	125	74.9%
Costs for strategic projects and reorganizations	103	141	(38)	-26.8%
Cost of Rebates	2,326		2,326	
Other services	4,837	7,004	(2,167)	-30.9%
Cost of services - Gross of capitalisation	44,237	45,824	(1,587)	-3.5%
Services capitalized development costs	(1,176)	(1,608)	432	-26.8%
Total	43,061	44,217	(1,155)	-2.6%

Cost of services for the period ended 30 June 2020 amounts to € 43,061 thousand, down by € 1,155 thousand from the amount of the period ended 30 June 2019 (€ 44,217 thousand).

Compared to the corresponding period ended 30 June 2019, the main increases have been registered in Software and Hardware maintenance costs (as a consequence of the growth in Micro and new Business Solutions revenue) and are partially compensated by the decrease of Customer support service costs and Advertising and Marketing. Cost of Rebates was included in Other services line item at 30 June 2019.

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

4. PERSONNEL COSTS

	30 Jun 2020	30 Jun 2019	Change	% Change
Wages, salaries and social contributions	59,435	56,011	3,424	6.1%
Staff leaving indemnities	2,895	2,374	521	22.0%
Other personnel costs	243	97	146	151.2%
Personnel costs for redundancy and reorganizations	743	179	565	316.4%
Employee costs	63,316	58,660	4,657	7.9%
Freelancers and collaborators fees	275	230	45	19.7%
Directors' fees and related costs	1,209	1,316	(107)	-8.1%
Directors and Collaborators	1,484	1,546	(62)	-4.0%
Personnel - Gross of capitalisation	64,800	60,205	4,595	7.6%
Personnel capitalized development costs	(7,062)	(5,406)	(1,656)	30.6%
Total	57,738	54,799	2,939	5.4%

Personnel costs for the period ended 30 June 2020 (€ 57,738 thousand) have increased by € 2,939 thousand, compared to the corresponding amount for the period ended 30 June 2019 (€ 54,799 thousand), as a consequence of the change in the consolidation area and of the organic growth experienced by the Group in the first six months of 2020.

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

5. OTHER OPERATING COSTS

	30 Jun 2020	30 Jun 2019	Change	% Change
Rents	746	621	125	20.2%
Rentals	153	145	8	5.4%
Other expenses for use of third parties assets	168	199	(31)	-15.4%
Other tax	197	110	87	79.6%
Losses from assets disposals	3	6	(3)	-55.1%
Other expenses and settlement costs	1,961	1,990	(30)	-1.5%
Total	3,228	3,071	157	5.1%

Other operating costs for the period ended 30 June 2020 (€ 3,228 thousand) are substantially unchanged compared to the corresponding amount for the period ended 30 June 2019 (€ 3,071 thousand).

6. FINANCE INCOME

	30 Jun 2020	30 Jun 2019	Change	% Change
Interest and other finance income	19	3	16	507.0%
Gains on foreign exchange	2	0	2	4445.5%
Interest from banks	0	2	(2)	-93.5%
Depreciation - Liabilities to non-controll. shareholders	31	136	(106)	-77.5%
MTM valuation of derivative instruments	87	90	(3)	-3.1%
Total	139	231	(92)	-39.9%

Finance income for the period ended 30 June 2020 (€ 139 thousand) have decreased for an amount of € 92 thousand compared to the corresponding amount at 30 June 2019 (€ 231 thousand).

7. FINANCE COST

	30 Jun 2020	30 Jun 2019	Change	% Change
Interest on bank loans	733	6	727	11400.9%
Interest on Notes	15,167	15,083	83	0.6%
Interest on derivative instruments	89	153	(64)	-42.0%
Interest on financing fees	1,400	1,392	8	0.6%
Revaluation - Liabilities to non-controll. shareholders	5,775	1,562	4,213	269.7%
Bank commissions	921	1,095	(174)	-15.9%
Interests on actuarial valuation of employees benefit	98	143	(45)	-31.5%
Interests on leases - IFRS 16	513	143	369	257.7%
Other IFRS financial charges	4,329	2,757	1,571	57.0%
Other financial charges	1,350	891	459	51.5%
Losses on foreign exchange	9	14	(5)	-37.7%
Total	30,383	23,241	7,142	30.7%

Finance cost for the period ended 30 June 2020 amount to € 30,383 thousand with an increase of € 7,142 thousand, compared to the corresponding amount at 30 June 2019 (€ 23,241 thousand).

This is mainly attributable to the increase of € 4,213 thousand in the line items Revaluation –Liabilities to non-controlling shareholders and to the increase of € 1,571 thousand in the line item Other IFRS financial charges related to interests in liabilities to non-controlling shareholders.

8. CONSOLIDATED STATEMENT OF CASH FLOWS

As regards the more significant components of the statement of cash flow, below a description of the main factors impacting the Group's cash flows in the course of the first six months of 2020.

Cash flows from operating activities = amount to € 82,527 thousand for the period ended 30 June 2020, increasing by € 3,405 thousand, compared to the corresponding flows for the period ended 30 June 2019 (€ 79,122 thousand).

The balances are impacted by the fact that 30 June 2019 was not business day ("week-end effect"), therefore the collection of trade receivables due at the end of this month was postponed to the beginning of the next month. The cash flows from operating activities normalized for the weekend effect would amount to € 88,816 thousand at 30 June 2019 and, consequently, the cash flows from operating activities for the period ended 30 June 2020 would be € 6,289 thousand lower than the period ended 30 June 2019² (see "Consolidated statement of cash flows" paragraph in Directors' Report).

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

- 100% equity interests in TeamSystem 5 S.r.l.;
- 100% equity interests in Area 32 S.r.l.;
- Prosystem S.r.l. business segment;
- 61% equity interests in MBM Italia S.r.l.;
- 60% equity interests in AF Soluzioni S.r.l.;
- 51% equity interests in Beneficy S.r.l.;
- 5% equity interests in Hable S.r.l..

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

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

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

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

9. TANGIBLE ASSETS

NET BOOK VALUE	30 Jun 2020	31 Dec 2019	Change	% Change
Land	948	948		
Buildings	2,928	3,071	(143)	-4.7%
Plant and machinery	3,279	4,064	(785)	-19.3%
Equipment	839	907	(68)	-7.5%
Other assets	7,444	6,142	1,302	21.2%
Tangible assets - in progress	8	7	1	17.9%
Total	15,446	15,139	307	2.0%

At 30 June 2020 Tangible fixed assets amount to € 15,446 thousand, up by € 307 thousand compared with the balance recorded at 31 December 2019 (€ 15,139 thousand). The decrease results from the sum of disposals, additions and depreciation charge for the period (the latter amounts to € 1,777 thousand).

² The amount of trade receivables whose collection was postponed to the beginning of the next month, because of the week-end effect, is € 9,694 thousand for the period ended 30 June 2019.

10. INTANGIBLE ASSETS

NET BOOK VALUE	30 Jun 2020	31 Dec 2019	Change	% Change
Capitalised development	33,097	28,852	4,245	14.7%
IFRS Assets	564,324	590,191	(25,866)	-4.4%
Other intangible assets	23,166	22,943	223	1.0%
Total	620,587	641,985	(21,398)	-3.3%

Intangible assets have gone from € 641,985 thousand at 31 December 2019 to € 620,587 thousand at 30 June 2020, with a decrease of € 21,398 thousand resulting from the aggregate of disposals, additions, capitalised development costs (€ 8,238 thousand) and amortisation (€ 37,245 thousand) for the period ended 30 June 2020 .

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

11. RIGHT OF USE

As at 30 June 2020 Right of use amounts to € 24,670 thousand, up by € 1,683 thousand compared to the balance as at 31 December 2019 (€ 22,987 thousand).

Right of use consists of the present value of future payments for the right of use of leased assets (mainly buildings and company cars) arising from the application of IFRS 16.

12. GOODWILL

At 30 June 2020 Goodwill amounts to € 774,578 thousand, up by € 40,320 thousand compared with the balance recorded at 31 December 2019 (€ 734,258 thousand); the increase mainly relates to the first time consolidation of Teamsystem 5 S.r.l., Area 32 S.r.l., MBM Italia S.r.l. and AF Soluzioni S.r.l. results. The purchase price allocation of the above-mentioned companies is still provisional at 30 June 2020 and, consequently, the related goodwill is also provisional at the reporting date.

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

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

13. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

	30 Jun 2020	31 Dec 2019	Change	% Change
Investments in Associates	129	129		
Other Investments	1,258	308	950	308.6%
Total	1,387	437	950	217.6%

The balance of Investments in Associates and Other investments changed from € 437 thousand at 31 December 2019 to € 1,387 thousand at 30 June 2020 , with an increase of € 950 thousand.

The increase mainly refers to the acquisition of 51% equity interests in Beneficy S.r.l. and 5% in Habble S.r.l. (for further information, see “Significant events during the first six months of 2020” section in Directors’ report).

14. DEFERRED TAX ASSETS AND LIABILITIES

	30 Jun 2020	31 Dec 2019	Change	% Change
Deferred tax assets	14,401	14,760	(360)	-2.4%
Deferred tax liabilities	161,223	168,958	(7,736)	-4.6%

At 30 June 2020 Deferred tax assets amount to € 14,401 thousand, down by € 360 thousand compared to the balance at 31 December 2019 (€ 14,760 thousand).

The main components for which the Group companies have recognised deferred tax assets relate to: the allowance for bad debts, the provisions for risks and charges, the step-up for tax purposes of the goodwill recognized by TSS S.p.A. (merged by absorption into TeamSystem S.p.A. in 2016).

At 30 June 2020 Deferred tax liabilities amount to € 161,223 thousand with a decrease of € 7,736 thousand compared to the balance at 31 December 2019 (€ 168,958 thousand), primarily due to the reversal of the deferred tax component pertaining to the amortisation of intangible assets identified on allocation of the price paid for the acquisition of TeamSystem Group (Software, Brands, Customer relationships and other IFRS assets).

15. NET FINANCIAL INDEBTEDNESS

	30 Jun 2020			31 Dec 2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Bank accounts and post office	43,346		43,346	36,375		36,375
Cash and bank balances	40		40	38		38
Total Cash and bank balances	43,386		43,386	36,412		36,412
Accruals and prepaid commissions	50		50			
Other financial assets	72		72	72		72
Total Other financial assets	122		122	72		72
Loans with banks	(10,245)	(235)	(10,480)	(32)		(32)
Finance leases liabilities	(5,623)	(20,173)	(25,796)	(5,610)	(18,342)	(23,952)
Notes	(1,333)	(750,000)	(751,333)	(1,333)	(750,000)	(751,333)
Financial liabilities with other institutions	(13)		(13)	(3)		(3)
Dividends to be settled	(40)		(40)	(40)		(40)
Total Financial liabilities	(17,254)	(770,408)	(787,662)	(7,019)	(768,342)	(775,361)
Financing Fees - bond		8,237	8,237		9,431	9,431
Financing Fees - banks	908		908			
Financing Fees - prepayments				413	701	1,114
Total Financing Fees	908	8,237	9,145	413	10,132	10,545
Liabilities to non-controlling shareholders	(28,505)	(119,235)	(147,741)	(19,781)	(125,607)	(145,387)
Derivative instruments - liabilities				(103)		(103)
Commission financial liabilities	(47)		(47)	(237)		(237)
Other financial liabilities	(15)		(15)	(11)		(11)
Total Other financial liabilities	(28,568)	(119,235)	(147,803)	(20,131)	(125,607)	(145,738)
Total	(1,406)	(881,407)	(882,812)	9,747	(883,817)	(874,070)

Net financial indebtedness as at 30 June 2020 amounts to negative € 882,812 thousand.

Cash and bank balances

The amount of cash and bank balances stands at € 43,386 thousand as at 30 June 2020 and at € 36,412 thousand at 31 December 2019.

Financial leases liabilities

Following the adoption of IFRS 16 – Leases, Financial leases liabilities at 30 June 2020 reflects the recognition of a financial liability of € 25,796 thousand (€ 23,952 at 31 December 2019), consisting of the present value of future lease payments.

Floating Rate Notes

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

- € 550 million in aggregate principal amount of senior secured floating rate notes due 15 April 2023 (the “**2023 Floating Rate Notes**”), with an interest rate equal to three month Euribor (subject to a 0% floor) plus 4.000% per annum, reset quarterly (ISIN XS1799538464 and XS1799537904); and
- € 200 million in aggregate principal amount of senior secured floating rate notes due 15 April 2025 (the

“**2025 Floating Rate Notes**” and, together with the 2023 Floating Rate Notes, the “**Floating Rate Notes**”), having an identical interest rate and practically identical terms and conditions to the 2023 Floating Rate Notes (ISIN XS1799545089 and XS1799545675).

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

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

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

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

Interest Rate Swaps – Derivative instrument liabilities

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

Loans with banks – Revolving Credit Facility (RCF)

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

The interest rate payable on loans under the RCF is based on the applicable Euribor or Libor, as the case may be and in either case subject to a 0% floor, plus a spread calculated in accordance with the margin definition of the Revolving Credit Facility Agreement. As at 30 June 2020, the spread applied to the RCF is 2.75%.

As at 30 June 2020, the outstanding RCF drawn-down amounts at € 10 million.

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

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

Liabilities to non-controlling shareholders

Liabilities to non-controlling shareholders (€ 147,741 thousand at 30 June 2020) relates to put and call options and/or earn-outs due to non-controlling interest holders of certain consolidated subsidiaries. The main ones are: Danae Soft S.r.l., Madbit Entertainment S.r.l., Aliaslab S.p.A., TeamSystem Financial Value Chain S.r.l., AF Soluzioni S.r.l. and Skylab Italia S.r.l.

16. INVENTORIES

	30 Jun 2020	31 Dec 2019	Change	% Change
Raw and ancillary materials	564	437	128	29.3%
Finished products and goods	912	930	(18)	-1.9%
(Allowance for slow-moving inventory)	(488)	(522)	34	-6.5%
Total	989	845	144	17.1%

At 30 June 2020 Inventories amount to € 989 thousand, up by € 144 thousand compared to the balance at 31 December 2019 (€ 845 thousand).

17. TRADE RECEIVABLES

	30 Jun 2020	31 Dec 2019	Change	% Change
Trade receivables	207,669	141,296	66,372	47.0%
(Allowance for bad debts)	(22,336)	(18,823)	(3,513)	18.7%
Total	185,333	122,474	62,859	51.3%

At 30 June 2020 Trade receivables amount to € 185,333 thousand. The balance of this line item is affected by the seasonality of billings for subscription fees that characterises the business of the Group.

Trade receivables are recorded net of an allowance for doubtful debts of € 22,336 thousand, that was recorded in the accounts after having analysed the specific risk associated with doubtful balances. The balance of Allowance for bad debts is the aggregate of utilisations, accruals and any other movements.

18. TAX RECEIVABLES

	30 Jun 2020	31 Dec 2019	Change	% Change
Tax credits	264	148	117	79.1%
Other tax receivables	73	86	(13)	-15.2%
Withholding tax credit	69	43	26	n.s.
Tax consolidation receivables	(0)	4	(4)	-112.7%
Advances and income tax credits	821	3,567	(2,746)	-77.0%
Total	1,227	3,847	(2,620)	-68.1%

At 30 June 2020 Tax receivables amount to € 1,227 thousand, down by € 2,620 thousand compared to the balance at 31 December 2019 (€ 3,847 thousand).

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

19. OTHER CURRENT RECEIVABLES

	30 Jun 2020	31 Dec 2019	Change	% Change
Deposits	700	493	207	42.0%
Receivables from employees	676	691	(15)	-2.2%
Other receivables	2,539	6,355	(3,816)	-60.1%
Accrued income	207	133	74	55.7%
Prepayments	26,626	22,116	4,510	20.4%
VAT receivables	400	607	(208)	-34.2%
Total	31,147	30,395	960	3.2%

At 30 June 2020 the Other current receivables balance amounts to € 31,147 thousand, up by € 960 thousand compared to the 31 December 2019 balance (€ 30,395 thousand). The movement is mainly due to Prepayments (€ 4,510 thousand), which increase following the seasonality of the business of the Group. This increase is partially offset by the decrease of Other receivables (€ 3,816 thousand).

20. TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2018	5,450	501,117	(826)	0	(56,030)	449,711	464	450,175
Loss allocation		(56,856)	826		56,030	0		0
Total Comprehensive Income (Loss) for the period					(7,419)	(7,419)	43	(7,375)
30 June 2019	5,450	444,261	0	0	(7,419)	442,292	507	442,799

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2019	5,450	396,020	(826)	0	(35,346)	365,298	536	365,834
Loss allocation		(36,172)	826		35,346	0		0
Total Comprehensive Income (Loss) for the period					(491)	(491)	87	(404)
30 June 2020	5,450	359,848	0	(0)	(491)	364,807	622	365,429

At 30 June 2020 the Group's equity amounts to € 364,807 thousand.

21. STAFF LEAVING INDEMNITY

	30 Jun 2020	31 Dec 2019	Change	% Change
Staff leaving indemnity	18,742	17,338	1,404	8.1%
Total	18,742	17,338	1,404	8.1%

At 30 June 2020 Staff leaving indemnity amounts to € 18,742 thousand, up by € 1,404 thousand compared to the balance at 31 December 2019 (€ 17,338 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

22. PROVISIONS FOR RISKS AND CHARGES

	30 Jun 2020	31 Dec 2019	Change	% Change
Provision for pension and similar obligation	1,660	1,476	184	12.5%
Provision for litigations	2,334	4,974	(2,640)	-53.1%
Other provision for risks and charges	1,572	2,144	(572)	-26.7%
Total	5,567	8,595	(3,028)	-35.2%

At 30 June 2020 Provisions for risks and charges amount to € 5,567 thousand, decreased by € 3,028 thousand compared to the balance at 31 December 2019 (€ 8,595 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

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

23. OTHER CURRENT AND NON-CURRENT LIABILITIES

	30 Jun 2020	31 Dec 2019	Change	% Change
VAT liabilities	4,776	3,231	1,799	55.7%
Withholdings liabilities	4,478	4,395	(220)	-5.0%
Employees payables and Social security liabilities	22,199	26,363	(4,164)	-15.8%
Advances	4,023	5,217	(1,194)	-22.9%
Other liabilities	2,163	2,401	(239)	-9.9%
Accrued liabilities	679	866	(187)	-21.6%
Deferred revenues	149,441	57,988	91,453	157.7%
Other current liabilities	187,757	100,461	87,249	86.8%
Due to social securities - non-current	493	515	(22)	-4.3%
Other tax liabilities - non-current	8	8		
Other non-current liabilities	501	523	(22)	-4.2%
Total Other liabilities	188,258	100,984	87,227	86.4%

At 30 June 2020 Other current liabilities amount to € 187,757 thousand, up by € 87,249 thousand compared to the balance at 31 December 2019 (€ 100,461 thousand).

This increase is substantially due to the seasonality of billings for subscription fees that characterises the business of the Group and results in the increase in deferred revenues (€ 91,453 thousand).

At 30 June 2020 Other non-current liabilities amount to € 501 thousand (€ 523 thousand at 31 December 2019) and relate primarily to balances pertaining to TeamSystem S.p.A.

24. CURRENT TAX LIABILITIES

	30 Jun 2020	31 Dec 2019	Change	% Change
Income tax payables	10,051	3,657	6,394	174.9%
Other tax liabilities	2	0	2	7678.0%
Total	10,052	3,656	6,396	174.9%

At 30 June 2020 Current tax liabilities amount to € 10,052 thousand, up by € 6,396 thousand compared to the balance at 31 December 2019 (€ 3,656 thousand). The movement is attributable to the increase in income tax payables, mainly due to the income taxes charged in the first six months of 2020.

□ □ □

OVERSIGHT AND COORDINATION ACTIVITY

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

□ □ □

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



