

30 September 2019
Interim Consolidated
Financial Statements
TeamSystem Group





**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS
ENDED
30 SEPTEMBER 2019**

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

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**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDED 30 SEPTEMBER 2019**

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**DIRECTORS’
REPORT**

► RESULTS OF OPERATIONS

Euro thousands								
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Sep 2019	30 Sep 2018	Change	% Change	Quarter 3Q 2019	Quarter 3Q 2018	Change	% Change
Revenue	263,362	229,866	33,496	14.6%	86,136	72,977	13,158	18.0%
Other operating income	519	1,559	(1,040)	-66.7%	782	958	(176)	-18.3%
TOTAL REVENUE	263,881	231,425	32,456	14.0%	86,918	73,935	12,983	17.6%
Cost of raw and other materials	(19,733)	(19,003)	(730)	3.8%	(6,335)	(6,048)	(287)	4.7%
Cost of services	(62,871)	(60,201)	(2,670)	4.4%	(18,654)	(18,639)	(15)	0.1%
Personnel costs	(79,849)	(78,667)	(1,182)	1.5%	(25,050)	(22,973)	(2,077)	9.0%
Other operating costs	(5,062)	(3,679)	(1,383)	37.6%	(1,991)	(747)	(1,244)	166.6%
Depreciation and amortization of non-current assets	(61,450)	(60,471)	(979)	1.6%	(21,270)	(20,850)	(420)	2.0%
Allowance for bad debts	(3,579)	(3,829)	250	-6.5%	(1,188)	(1,242)	53	-4.3%
Other provisions for risks and charges	(12)	0	(12)	0.0%	(8)	0	(8)	0.0%
OPERATING RESULT	31,326	5,576	25,750	461.8%	12,422	3,436	8,985	261.5%
Finance income	388	772	(383)	-49.7%	157	(65)	222	-341.4%
Finance cost	(35,068)	(83,136)	48,068	-57.8%	(11,828)	(10,242)	(1,586)	15.5%
PROFIT (LOSS) BEFORE INCOME TAXES	(3,354)	(76,789)	73,435	-95.6%	751	(6,870)	7,622	-110.9%
Current income tax	(15,851)	(10,929)	(4,922)	45.0%	(5,897)	(3,590)	(2,307)	64.3%
Deferred income tax	10,149	11,538	(1,389)	-12.0%	3,465	3,308	157	4.8%
TOTAL INCOME TAX	(5,702)	609	(6,311)	-1035.8%	(2,432)	(282)	(2,150)	763.0%
PROFIT (LOSS) FOR THE PERIOD	(9,056)	(76,180)	67,124	-88.1%	(1,681)	(7,152)	5,471	-76.5%
(Profit) Loss for the period Non-controlling interests	(44)	(44)	0	0.0%	(0)	154	(154)	-100.2%
PROFIT (LOSS) FOR THE PERIOD OWNERS OF THE COMPANY	(9,100)	(76,223)	67,124	-88.1%	(1,681)	(6,998)	5,317	-76.0%
ADJUSTED EBITDA	98,207	78,904	19,303	24.5%	35,563	27,689	7,874	28.4%

TeamSystem Group adopted the International Financial Reporting Standards IFRS 9, 15 and 16 for the Consolidated Financial Statements ending 31 December 2018. In order to provide consistent comparatives to the results for the period ending 30 September 2019, TeamSystem Group adopted the International Financial Reporting Standards IFRS 9, 15 and 16 for the 30 September 2018 consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows. The 30 September 2018 comparative figures presented in 30 September 2019 Consolidated Financial Statements are therefore different from those reported in 30 September 2018 Consolidated Financial Statements.

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 Sep 2019	30 Sep 2018	Change	% Change	Quarter 3Q 2019	Quarter 3Q 2018	Change	% Change
PROFIT (LOSS) FOR THE YEAR	(9,056)	(76,180)	67,124	-88.1%	(1,681)	(7,152)	5,471	-76.5%
Income tax	5,702	(609)	6,311	-1035.8%	2,432	282	2,150	763.0%
Financial income and expenses	34,680	82,365	(47,685)	-57.9%	11,670	10,307	1,364	13.2%
Other provisions for risks and charges	12	0	12	0.0%	8	0	8	0.0%
Depreciation and amortization of non-current assets	61,450	60,471	979	1.6%	21,270	20,850	420	2.0%
Allowance for bad debts	3,579	3,829	(250)	-6.5%	1,188	1,242	(53)	-4.3%
Costs for changing and closing locations	0	805	(805)	-100.0%	0	125	(125)	-100.0%
Advisory expenses related to reorganization and cost saving projects	11	3,360	(3,349)	-99.7%	11	341	(329)	-96.7%
Personnel redundancy	421	973	(552)	-56.7%	107	386	(279)	-72.4%
Acquisitions and mergers costs	465	358	107	29.8%	188	129	59	46.0%
Cost for change management program	5	1,232	(1,227)	-99.6%	5	432	(427)	-98.8%
Cost for credit collection project	0	123	(123)	-100.0%	0	105	(105)	-100.0%
Tax optimization costs	0	244	(244)	-100.0%	0	115	(115)	-100.0%
Settlements with clients and agents	763	1,002	(239)	-23.9%	311	27	284	1060.8%
Other minor items	176	933	(757)	-81.2%	53	502	(449)	-89.5%
ADJUSTED EBITDA	98,207	78,904	19,302	24.5%	35,563	27,689	7,874	28.4%

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.

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The results as at 30 September 2019 are affected by the consolidation of the results of Skylab S.r.l. which have been included for the first time in the Consolidated financial statements as at 30 September 2019. Skylab S.r.l. was acquired by TeamSystem S.p.A. in April 2019 (see “Significant events during the first nine months of 2019” section).

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TOTAL REVENUE: Total Revenue for the period ended 30 September 2019 amounts to € 263,881 thousand, up by € 32,456 thousand compared to the corresponding figure for the period ended 30 September 2018 (€ 231,425 thousand). The increase is mainly attributable to the organic growth experienced by the Group in the first nine months of 2019.

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

- **Software Solutions:** includes the Group's core, historical activities, such as sales of software licences to professionals and small and medium businesses, support and maintenance, which are sold via the traditional sales networks pertaining to the direct, indirect and vertical channels;
- **Cloud Software Solutions:** relates to software solutions and related subscriptions handled by the new cloud channel;
- **Hardware:** includes the activities, revenue and costs pertaining to sales of hardware systems and related components. Note that, as part of the outsourcing arrangements made by the Group, effective 2018, this business, as far as TeamSystem S.p.A. is concerned, is partially managed via a service agreement, based on which the company earns commission income.

Below, the allocation of Total Revenue to the operating segments.

Euro thousands								
OPERATING SEGMENTS	30 Sep 2019	30 Sep 2018	Change	% Change	Quarter 3Q 2019	Quarter 3Q 2018	Change	% Change
Software Solutions	189,029	194,935	(5,906)	-3.0%	61,562	60,949	613	1.0%
Cloud Software Solutions	73,830	34,451	39,378	114.3%	25,032	12,332	12,699	103.0%
Hardware	1,022	2,039	(1,017)	-49.9%	324	654	(330)	-50.4%
TOTAL REVENUE	263,881	231,425	32,456	14.0%	86,918	73,935	12,983	17.6%

ADJUSTED EBITDA: Adjusted Ebitda for the period ended 30 September 2019 amounts to € 98,207 thousand, up by € 19,303 thousand compared to the amount at 30 September 2018 (€ 78,904 thousand).

COST OF RAW AND OTHER MATERIALS: Cost of raw and other materials amounts to € 19,733 thousand for the period ended 30 September 2019, up by € 730 thousand compared to the amount at 30 September 2018 (€ 19,003 thousand).

COST OF SERVICES: Cost of services amounts to € 62,871 thousand for the period ended 30 September 2019, up by € 2,670 thousand from the amount of the period ended 30 September 2018 (€ 60,201 thousand). This is mainly due to the growth of the business experienced by the Group in the first nine months of 2019.

PERSONNEL COSTS: Personnel costs for the period ended 30 September 2019 (€ 79,849 thousand), up by € 1,182 thousand, compared to the amount at 30 September 2018 (€ 78,667 thousand).

OTHER OPERATING COSTS: Other operating costs amount to € 5,062 thousand, up by € 1,383 thousand compared to the period ended 30 September 2018 (€ 3,679 thousand).

FINANCE COST: Financial charges for the period ended 30 September 2019 amount to € 35,068 thousand with a decrease of € 48,068 thousand, compared to the corresponding amount at 30 September 2018 (€ 83,136 thousand). This decrease is due to one-off financial costs (booked in 2018 Profit and Loss) arising from the operation of refinancing of TeamSystem Group's financial structure occurred in April 2018 (see Note 15 Net Financial Indebtedness).

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CONSOLIDATED STATEMENT OF CASH FLOWS

Euro thousands								
CONSOLIDATED STATEMENT OF CASH FLOWS	30 Sep 2019	30 Sep 2018	Change	% Change	Quarter 3Q 2019	Quarter 3Q 2018	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	113,592	73,018	40,574	55.6%	34,470	16,779	17,691	105.4%
Capital Expenditure	(20,334)	(21,355)	1,021	-4.8%	(6,406)	(5,560)	(846)	15.2%
Acquisition of investments	(18,203)	(4,129)	(14,074)	340.8%	(3,981)	(2,230)	(1,751)	78.5%
CASH FLOWS FROM INVESTING ACTIVITIES	(38,537)	(25,484)	(13,053)	51.2%	(10,387)	(7,790)	(2,597)	33.3%
Financial balance paid / cashed-in and change in financial assets / liabilities	(30,643)	(22,162)	(8,481)	38.3%	(8,932)	(10,016)	1,084	-10.8%
Financing Fees paid	(0)	(15,444)	15,444	-100.0%	(0)	(20)	20	-97.6%
Contingent liabilities to non-controlling shareholders paid	(6,009)	(10,822)	4,813	-44.5%	(640)	(995)	354	-35.6%
Other changes in Equity	(48,000)	0	(48,000)	0.0%	(47,999)	0	(47,999)	0.0%
Dividends paid	0	(58)	58	-100.0%	0	(58)	58	-100.0%
CASH FLOWS FROM FINANCING ACTIVITIES	(84,652)	(48,486)	(36,167)	74.6%	(57,572)	(11,088)	(46,484)	419.2%
CONSOLIDATION OF NEW SUBSIDIARIES	5,452	13	5,440	43172.7%	5,452	(0)	5,453	-1363189.6%
CHANGES DUE TO EXCHANGE RATE MOVEMENTS	0	(0)	0	0.0%	0	(0)	0	0.0%
INCREASE (DECREASE) IN CASH AND BANK BALANCES	(4,145)	(940)	(3,205)	341.1%	(28,037)	(2,101)	(25,937)	1234.8%

Cash flows from operating activities amount to € 113,592 thousand for the period ended 30 September 2019, increasing by € 40,574 thousand, compared to the corresponding flows for the period ended 30 September 2018 (€ 73,018 thousand).

The increase is impacted by the fact that 30 September 2018 and 31 December 2017 were not business day ("week-end effect"), therefore the collection of trade receivables due at the end of those months was postponed to

the beginning of the next months. The cash flows from operating activities normalized for the week-end effect would amount to € 77,309 thousand at 30 September 2018, so that the increase would be € 36,283 thousand¹.

Cash flows from investing activities changed from negative € 25,484 thousand in the period ended 30 September 2018 to negative € 38,537 thousand for the corresponding period of 2019.

The main investment activities for the first nine months of 2019 are related to:

- capitalized development costs and capital expenditures on tangible and intangible assets;
- the investments in TeamSystem Financial Value Chain S.r.l., Factor@Work S.r.l., Whit-e S.r.l. and Skylab S.r.l.;
- the investments in Gi.esse Macchine Utensili S.r.l. and TechMass S.r.l.

For more information about the investments in TeamSystem Financial Value Chain S.r.l., Factor@Work S.r.l., Whit-e S.r.l., Skylab S.r.l., Gi.esse Macchine Utensili S.r.l. and TechMass S.r.l., see “Significant events during the first nine months of 2019” section.

Cash flows from financing activities amount to negative € 84,652 thousand for the period ended 30 September 2019, up by € 36,167 thousand compared to negative € 48,486 thousand for the period ended 30 September 2018.

The main cash items occurred in the first nine months of 2019 are attributable to:

- the payment of financial interests on Notes;
- the payment of earn-outs to former shareholders of subsidiaries;
- the payment of leases liabilities, consisting of principal and interest;
- the return of share premium made by TeamSystem Holding S.p.A..

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► **WORKING CAPITAL**

Euro thousands	30 Sep 2019	31 Dec 2018	Change	% Change
Trade receivables	126,664	128,941	(2,277)	-1.8%
Inventories	1,182	1,067	115	10.8%
Other receivables	24,947	24,847	100	0.4%
Trade payables	(27,134)	(38,928)	11,794	-30.3%
Other liabilities	(127,639)	(86,810)	(40,829)	47.0%
WORKING CAPITAL	(1,979)	29,118	(31,097)	-106.8%

At 30 September 2019 Working capital amounts to negative € 1,979 thousand, down by € 31,097 thousand compared to the balance at 31 December 2018 (€ 29,118 thousand). The decrease is primarily attributable to Trade payables (which balance is € 27,134 thousand at 30 September 2019 compared to € 38,928 thousand at 31 December 2018) and to Other liabilities (which balance is € 127,639 thousand at 30 September 2019 compared to € 86,810 thousand at 31 December 2018).

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

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¹ The amounts of trade receivables whose collection was postponed to the beginning of the next month, because of the week-end effect, are the following: € 8,171 thousand for the period ended 30 September 2018 and € 3,880 thousand for the period ended 31 December 2017.

► CAPITAL EXPENDITURE

Euro thousand								
CAPEX EXPENDITURE	30 Sep 2019	30 Sep 2018	Change	% Change	Quarter 3Q 2019	Quarter 3Q 2018	Change	% Change
Tangible assets	2,150	2,804	(654)	-23.3%	308	621	(313)	-50.3%
Intangible assets	7,674	8,574	(900)	-10.5%	2,601	1,554	1,047	67.4%
Capitalized development costs - personnel costs	8,154	8,254	(101)	-1.2%	2,748	2,905	(157)	-5.4%
Capitalized development costs - service costs	2,357	1,722	634	36.8%	749	479	270	56.2%
CAPEX EXPENDITURE - TOTAL	20,335	21,354	(1,020)	-4.8%	6,407	5,560	847	15.2%

In the period ended 30 September 2019 the capital expenditure amounts to € 20,335 thousand with a decrease of € 1,020 thousand compared to 30 September 2018 balance (€ 21,354 thousand).

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► SIGNIFICANT EVENTS DURING THE FIRST NINE MONTHS OF 2019

● INCORPORATION

Incorporation of TeamSystem Financial Value Chain S.r.l., TeamSystem AM Holdco S.r.l. and TeamSystem Capital at Work SGR S.p.A.

On 19 February 2019, TeamSystem S.p.A. incorporated the subsidiary TeamSystem Financial Value Chain S.r.l., which will become the competence center for TeamSystem Group in financial services.

On 15 May 2019, TeamSystem Financial Value Chain S.r.l. set up the subsidiary TeamSystem AM Holdco S.r.l., in which it holds a 51% stake and in its turn TeamSystem AM Holdco S.r.l. set up in September 2019 the subsidiary TeamSystem Capital at Work SGR S.p.A..

Incorporation of TeamSystem Payments Holdco S.r.l. and TeamSystem Payments S.r.l.

In order to optimise operations, on 6 March 2019, TeamSystem S.p.A. set up a company called TeamSystem Payments Holdco S.r.l., in which it holds a 100% stake.

On 14 May 2019, TeamSystem Payments Holdco S.r.l. set up a company called TeamSystem Payments S.r.l., in which it holds a 100% stake.

● ACQUISITION OF INVESTMENT

Acquisition of Factor@Work S.r.l. and Whit-e S.r.l.

In March 2019, TeamSystem S.p.A. acquired a 31% interest in Factor@Work S.r.l. and Whit-e S.r.l.. The former is a provider of portfolio management services to investors, the latter is a leading provider of technology solutions and platforms for invoice trading.

TeamSystem S.p.A. contributed these investments to TeamSystem Financial Value Chain S.r.l., a new company specifically incorporated by TeamSystem S.p.A. (see paragraph above).

TeamSystem Financial Value Chain S.r.l. then approved a capital increase whereby:

- 1) TeamSystem S.p.A. contributed the investments held in Factor@Work S.r.l. and in Whit-e S.r.l.;
- 2) Fintech Holding S.r.l. (owner of the remaining 69% equity interest in Factor@Work S.r.l. and in Whit-e S.r.l.), in turn, contributed its investments held in Factor@Work S.r.l. and Whit-e S.r.l..

On completion of TeamSystem Financial Value Chain S.r.l.'s capital increase:

- 1) TeamSystem Financial Value Chain S.r.l. has become the sole owner of Factor@Work S.r.l. and Whit-e S.r.l.;
- 2) TeamSystem S.p.A. has obtained a 51% controlling interest in TeamSystem Financial Value Chain S.r.l. (call/put option agreements have been entered into with respect to the remaining 49% interest).

Acquisition of Skylab Italia S.r.l.

On 12 April 2019 TeamSystem S.p.A. acquired a 60% 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 help TeamSystem Group to expand its cloud product portfolio, as well as reinforce its competitive position in that target market.

Acquisition of Gi.esse Macchine Utensili S.r.l.

In June 2019 Nuovamacut S.p.A. paid an amount for the acquisition of 100% equity interests in Gi.esse Macchine Utensili S.r.l., a leading company in the sale of industrial machinery in the north of Italy, already synergically integrated with Nuovamacut Automazione S.p.A..

The acquisition has been completed in September 2019.

Acquisition of TeamSystem 4 S.r.l.

In order to optimise operations, in July 2019 TeamSystem S.p.A. acquired a majority participation (representing 100% of the corporate capital) of the subsidiary TeamSystem 4 S.r.l..

Acquisition of TechMass S.r.l.

At the end of September 2019, TeamSystem S.p.A. acquired a majority stake corresponding to 51% of share capital of TechMass S.r.l., a software house active in the software design and development for the digitization of production processes. TechMass' flagship product is a full cloud software solution for monitoring and optimizing industrial processes.

With this acquisition the Group further strengthens its offer dedicated to the companies' digital transformation, allowing for stronger connection between the production plants and the management systems.

● MERGER

Merger by absorption of Nuovamacut Nord Ovest S.r.l. and Nuovamacut Centro Sud S.r.l. in Nuovamacut Automazione S.p.A.

In February 2019 Nuovamacut Automazione S.p.A., with the aim of simplifying the Group structure, merged by absorption two companies of the Group, Nuovamacut Nord Ovest S.r.l. and Nuovamacut Centro Sud S.r.l. by means of a deed of merger dated 20 February 2019, effective for legal purposes as at the close of business on 28 February 2019.

Merger by absorption of Metodo S.p.A. in TeamSystem S.p.A.

In March 2019 TeamSystem S.p.A., with the aim of simplifying the Group structure, merged by absorption Metodo S.p.A. by means of a deed of merger dated 22 March 2019, effective for legal purposes as at the close of business on 30 June 2019.

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► SIGNIFICANT SUBSEQUENT EVENTS

Acquisition of Iperelle S.r.l.

At the end of October 2019, Nuovamacut Automazione S.p.A. acquired 100% of share capital of Iperelle S.r.l., company specialized in the configuration, customization and distribution of PLM and CAD / CAM solutions, for companies of all sizes. With this acquisition Nuovamacut strengthen even more the Italian leadership in PLM and CAD / CAM solutions covering all the processes of product development, for both small and large companies.

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► ONGOING DEVELOPMENTS

Acquisitions, Joint Ventures and Other Business Combinations

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

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

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► RELATED PARTY TRANSACTIONS

In the first nine months of 2019, transactions with subsidiaries and the parent company Barolo Lux 1 S.à.r.l. formed part of the Group's normal operations and were entered into at arm's length. TeamSystem Group has not been party to any transactions with related companies that merit disclosure, other than those previously commented upon.

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

BOARD OF DIRECTORS		TITLE
30 September 2019		
VINCENZO MORELLI		CHAIRMAN
FEDERICO LEPROUX		CHIEF EXECUTIVE OFFICER
PATRICK JOHN HEALY		DIRECTOR
VINCENZO FERRARI		DIRECTOR
TOMMASO COHEN		DIRECTOR
BLAKE CHRISTOPHER KLEINMAN		DIRECTOR
PHILIP RICHARD STERNHEIMER		DIRECTOR
LUCA VELUSSI		DIRECTOR
JEAN BAPTISTE BRIAN		DIRECTOR

BOARD OF STATUTORY AUDITORS		TITLE
30 September 2019		
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
REA - PESARO		196739
INDEPENDENT AUDITORS		DELOITTE & TOUCHE S.p.A.

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UNAUDITED
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS
ENDED
30 SEPTEMBER 2019

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

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Sep 2019	30 Sep 2018	NOTES
Revenue	263,362	229,866	1
Other operating income	519	1,559	1
TOTAL REVENUE	263,881	231,425	1
Cost of raw and other materials	(19,733)	(19,003)	2
Cost of services	(62,871)	(60,201)	3
Personnel costs	(79,849)	(78,667)	4
Other operating costs	(5,062)	(3,679)	5
Depreciation and amortization of non-current assets	(61,450)	(60,471)	
Allowance for bad debts	(3,579)	(3,829)	
Other provisions for risks and charges	(12)	0	
OPERATING RESULT	31,326	5,576	
Finance income	388	772	6
Finance cost	(35,068)	(83,136)	7
PROFIT (LOSS) BEFORE INCOME TAXES	(3,354)	(76,789)	
Current income tax	(15,851)	(10,929)	
Deferred income tax	10,149	11,538	
TOTAL INCOME TAX	(5,702)	609	
PROFIT (LOSS) FOR THE PERIOD	(9,056)	(76,180)	
(Profit) Loss for the period - Non-controlling interests	(44)	(44)	
PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	(9,100)	(76,223)	
ADJUSTED EBITDA	98,207	78,904	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Sep 2019	30 Sep 2018	NOTES
PROFIT (LOSS) FOR THE PERIOD	(9,056)	(76,180)	20
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX	0	0	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(9,056)	(76,180)	20
Total comprehensive (income) loss for the period attributable to Non-controlling interests	(44)	(44)	20
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	(9,100)	(76,223)	20

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	30 Sep 2019	31 Dec 2018	NOTES
Tangible assets	15,023	15,326	9
Intangible assets	645,576	681,539	10
Right of use	21,114	23,895	11
Goodwill	714,790	707,681	12
Other Investments	11,243	449	13
Investments in associates	133	133	13
Deferred tax assets	13,989	15,342	14
Financing fees prepayments - non-current	804	1,112	15
Other financial assets - non-current	50	50	15
TOTAL NON-CURRENT ASSETS	1,422,724	1,445,528	
Inventories	1,182	1,067	16
Trade receivables	126,664	128,941	17
Tax receivables	(788)	10,944	18
Other receivables - current	24,947	24,847	19
Financing Fees prepayments - current	413	413	15
Other financial assets - current	4,104	138	15
Cash and bank balances	20,429	24,574	15
TOTAL CURRENT ASSETS	176,952	190,925	
TOTAL ASSETS	1,599,675	1,636,452	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	30 Sep 2019	31 Dec 2018	NOTES
Share capital	5,450	5,450	20
Other reserves	396,261	500,289	20
Profit (Loss) attributable to Owners of the Company	(9,100)	(56,030)	20
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	392,612	449,709	
Non-controlling interests - Capital and reserves	465	396	20
Non-controlling interests - Profit (Loss)	44	70	20
TOTAL NON-CONTROLLING INTERESTS	508	466	
TOTAL EQUITY	393,120	450,175	
Financial liabilities with banks and other institutions - non-current	756,510	757,000	15
Other financial liabilities - non-current	75,051	83,728	15
Staff leaving indemnity	14,881	14,892	21
Provisions for risks and charges	4,646	9,280	22
Deferred tax liabilities	170,503	182,018	14
Other liabilities - non-current	534	574	23
TOTAL NON-CURRENT LIABILITIES	1,022,125	1,047,491	
Financial liabilities with banks and other institutions - current	6,823	6,905	15
Other financial liabilities - current	19,757	4,402	15
Trade payables	27,134	38,928	
Tax liabilities - current	3,611	2,315	24
Other liabilities - current	127,105	86,235	23
TOTAL CURRENT LIABILITIES	184,430	138,786	
TOTAL LIABILITIES	1,206,555	1,186,277	
TOTAL EQUITY AND LIABILITIES	1,599,675	1,636,452	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	30 Sep 2019	30 Sep 2018	NOTES
Operating Result	31,326	5,576	
Depreciation and amortization of non-current assets	61,450	60,471	
Amortization, Depreciation, Write-off, Impairment	61,450	60,471	
Trade receivables	3,423	(12,099)	8
Inventories	(115)	357	
Other receivables	(967)	(3,590)	
Trade payables	(13,906)	(9,328)	
Other liabilities	39,014	40,543	
Change in Working capital	27,449	15,883	8
Staff leaving indemnity	(548)	(1,277)	
Provisions for risks and charges	(3,166)	(5,280)	
Change in provisions	(3,714)	(6,557)	
Income tax	(2,919)	(2,355)	
CASH FLOWS FROM OPERATING ACTIVITIES	113,592	73,018	8
Tangible assets	(2,150)	(2,804)	
Intangible assets	(7,674)	(8,574)	
Capitalized development costs - personnel costs	(8,154)	(8,254)	
Capitalized development costs - service costs	(2,357)	(1,722)	
Capital Expenditure	(20,334)	(21,355)	
Acquisition of investments	(18,203)	(4,129)	8
CASH FLOWS FROM INVESTING ACTIVITIES	(38,537)	(25,484)	
Financial balance paid / cashed-in and change in financial assets / liabilities	(30,643)	(22,162)	8
Financing Fees paid	(0)	(15,444)	
Contingent liabilities to non-controlling shareholders paid	(6,009)	(10,822)	8
Dividends paid	0	(58)	
Other changes in Equity	(48,000)		
CASH FLOWS FROM FINANCING ACTIVITIES	(84,652)	(48,486)	
CASH AND BANK BALANCES FROM CONSOLIDATION OF SUBSIDIARIES	5,452	13	
INCREASE (DECREASE) IN CASH AND BANK BALANCES	(4,145)	(940)	
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	24,574	16,259	
CASH AND BANK BALANCES - END OF THE PERIOD	20,429	15,319	

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 2017	5,450	558,928	0	(57,134)	507,244	1,023	508,267
IFRS 9 / 15 / 16 - first adoption		(405)			(405)		(405)
Loss allocation		(57,134)		57,134	0		0
Change in Non-controlling interests IFRS 3		(1,783)			(1,783)	(570)	(2,353)
Dividends					0	(59)	(59)
Total Comprehensive Income (Loss) for the period				(76,223)	(76,223)	44	(76,180)
30 Sep 2018	5,450	499,607	0	(76,223)	428,834	438	429,272

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2018	5,450	501,117	(826)	(56,030)	449,711	464	450,175
Loss allocation		(56,856)	826	56,030	0		0
Dividends		(48,000)			(48,000)		(48,000)
Total Comprehensive Income (Loss) for the period				(9,100)	(9,100)	44	(9,056)
30 Sep 2019	5,450	396,261	0	(9,100)	392,612	508	393,120

TeamSystem Group

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

►COMPANY BACKGROUND

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

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

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►BASIS OF PREPARATION

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

The accounting standards adopted for the preparation of the TeamSystem Holding S.p.A. consolidated financial statements for the period ended 30 September 2019 are the same used for the preparation of TeamSystem Holding S.p.A. consolidated financial statements for the period ended 31 December 2018 (to which reference should be made).

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

The interim consolidated financial documents for the period ended 30 September 2019 show comparative figures as at 30 September 2018 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 2018 for the components of consolidated statement of financial position.

The interim consolidated financial statements for the period ended 30 September 2019 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 2018.

This interim consolidated financial report for the first nine months ended 30 September 2019 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 September 2019 and for the period ended 30 September 2018 have not been audited.

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► CONSOLIDATED COMPARATIVES FOR THE PERIOD ENDEND 30 SEPTEMBER 2018

TeamSystem Group adopted the International Financial Reporting Standards IFRS 9, 15 and 16 for the Consolidated Financial Statements ending 31 December 2018.

In order to provide a consistent comparatives to the results for the period ending 30 September 2019, TeamSystem Group adopted the International Financial Reporting Standards IFRS 9, 15 and 16 for the 30 September 2018 consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows. The 30 September 2018 comparative figures presented in 30 September 2019 Consolidated Financial Statements are different than those in 30 September 2018 Consolidated Financial Statements.

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► SCOPE OF CONSOLIDATION

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

Amounts in Euro								
CONSOLIDATED COMPANIES								
LINE BY LINE	Registered office	Share capital	Equity	Profit (Loss)	Currency	% held	% consolidation	Notes
TeamSystem Holding S.p.A.	Pesaro	5,450,000	643,809,257	48,804,779	EUR			
TeamSystem S.p.A.	Pesaro	24,000,000	346,621,433	(27,349,678)	EUR	100.00	100.00	
Inforyou S.r.l.	Castello di Godego (TV)	31,250	5,335,798	587,364	EUR	100.00	100.00	
TeamSystem Service S.r.l.	Campobasso	200,000	12,623,404	5,902,326	EUR	100.00	100.00	
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	90,369	(18,800)	EUR	60.00	100.00	1
Danea Soft S.r.l.	Vigonza (PD)	100,000	16,290,072	8,085,348	EUR	100.00	100.00	1
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	7,537,799	5,466,601	EUR	51.00	100.00	1 / 3
MMData S.r.l.	Rome	10,000	151,955	12,639	EUR	100.00	100.00	3
Esa Napoli S.r.l.	Naples	10,000	346,093	93,410	EUR	100.00	100.00	
Mondora S.r.l.	Milan	105,000	2,499,744	467,504	EUR	100.00	100.00	
Voispeed Limited	Saint Albans - UK	1,000	128,467	28,671	GBP	85.00	85.00	4
Aliaslab S.p.A.	Milan	156,000	23,079,843	2,874,377	EUR	51.00	100.00	1
Reviso International ApS	Copenhagen	50,011	(3,677,148)	(5,945,638)	DKK	100.00	100.00	
Reviso Cloud Accounting Limited	Reading	1	17,151	3,025	GBP	100.00	100.00	5
Reviso Soluciones Cloud S.L.	Madrid	3,000	8,319	5,037	EUR	100.00	100.00	5
Reviso Deutschland GmbH	Berlin	25,000	29,817	1,476	EUR	100.00	100.00	5
Evolis S.r.l.	Catania	887,000	1,290,246	69,963	EUR	51.00	100.00	1
Netlex S.r.l.	Velletri (RM)	12,500	442,562	52,743	EUR	51.00	100.00	1
Cassanova S.r.l.	Santarcangelo di Romagna (RN)	10,000	820,107	73,667	EUR	51.00	100.00	1
Skylab S.r.l.	Turin	143,600	5,107,602	161,017	EUR	60.00	100.00	1
Evolution Fit S.r.l.	Turin	10,000	248,850	234,513	EUR	51.00	100.00	1 / 6
TeamSystem Active S.r.l.	Pesaro	15,000	170,376	98,416	EUR	100.00	100.00	
Gruppo Euroconference S.p.A.	Verona	300,000	14,632,827	1,441,994	EUR	96.87	96.87	2
Nuovamacut Automazione S.p.A.	Reggio Emilia	108,000	16,572,474	2,893,395	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	8
INTIT S.r.l.	Frosinone	20,800	459,668	49,901	EUR	35.00	35.00	8
Cesaco S.r.l.	Vicenza	90,000	174,614	23,069	EUR	48.00	48.00	7
Comsyst S.r.l.	Pesaro	10,000	22,043	9,976	EUR	49.00	49.00	8

- (1) = equity interest would be 100% should put/call option be exercised;
- (2) = takes account of treasury shares held by Gruppo Euroconference;
- (3) = investments held by Danea Soft S.r.l.;
- (4) = investments held by TeamSystem Communication S.r.l.;
- (5) = investments held by Reviso International ApS;
- (6) = investments held by Inforyou S.r.l.;
- (7) = Equity and Profit (Loss) figures updated to 31 December 2017;
- (8) = Equity and Profit (Loss) figures updated to 31 December 2018

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►CHANGES TO THE SCOPE OF CONSOLIDATION DURING THE FIRST NINE MONTHS OF 2019

The 30 September 2019 scope of consolidation has changed compared to the Consolidated financial statements for the year ended 31 December 2018, because of the consolidation of Skylab Italia S.r.l. results in the 30 September 2019 Consolidated Financial Statements.

As regards the investments in TeamSystem Financial Value Chain S.r.l., TeamSystem AM Holdco S.r.l., TeamSystem Payments Holdco S.r.l., TeamSystem Payments S.r.l., TeamSystem 4 S.r.l., TeamSystem Capital at Work SGR S.p.A., Factor@Work S.r.l., Whit-e S.r.l., Gi.esse Macchine Utensili S.r.l. and TechMass S.r.l. (see “Significant events during the first nine months of 2019” section, in Directors’ Report), their results and their financial position have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the nine months ended 30 September 2019.

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►TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

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

The foreign companies included in the scope of consolidation at 30 September 2019 that use a currency other than the Euro are: Voispeed Limited and Reviso Cloud Accounting Limited, which use the British Pound (GBP), and Reviso International ApS, which uses the Danish Krone (DKK).

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

EXCHANGE RATES	Average exchange rate for the first nine months of 2019	Exchange rate as at 30 September 2019	Average exchange rate for the first nine months of 2018	Exchange rate as at 31 December 2018
GBP	0.88346	0.88573	0.88405	0.89453
DKK	7.4644	7.4662	7.4503	7.4673

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►SEGMENT INFORMATION

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

- **Software Solutions:** includes the Group's core, historical activities, such as sales of software licences to professionals and small and medium businesses, support and maintenance, which are sold via the traditional sales networks pertaining to the direct, indirect and vertical channels;
- **Cloud Software Solutions:** relates to software solutions and related subscriptions handled by the new cloud channel;
- **Hardware:** includes the activities, revenue and costs pertaining to sales of hardware systems and related components. Note that, as part of the outsourcing arrangements made by the Group, effective 2018, this business, as far as TeamSystem S.p.A. is concerned, is partially managed via a service agreement, based on which the company earns commission income.

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►USE OF ESTIMATES

The preparation of consolidated financial statements requires the Management to apply accounting policies and methods, which, in certain circumstances, depend on difficult and subjective assessments, that may be based on

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

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

- Business combinations (IFRS 3) and measurement of intangible assets;
- Goodwill and other intangible assets;
- Capitalised development costs;
- Deferred tax assets and liabilities;
- The measurement of Provisions for risks and charges and the Allowance for bad debts;
- Employee benefits;
- Contingent liabilities to non-controlling shareholders of subsidiaries;
- Right of use and Financial leases liabilities (IFRS 16).

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**►ACCOUNTING STANDARDS, AMENDMENTS AND IFRS AND IFRIC INTERPRETATIONS
ENDORSED BY THE EUROPEAN UNION, APPLICABLE AND NOT ADOPTED BY THE GROUP AT
30 SEPTEMBER 2019**

The Group has not applied the following new accounting standards and other amendments, which have been published, but not applied by TeamSystem Group:

- Amendments to IFRS 9 Prepayment Features with Negative Compensation (published on 12 October 2017). The document clarifies that instruments that provide for early repayment may meet the SPPI test even in the event that the reasonable additional compensation payable upon early repayment would constitute negative compensation for the lender. The amendments are applicable as from 1 January 2019, although early application was permitted. 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 12 October 2017, the IASB issued Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28). The amendments clarify the need to apply IFRS 9, including its impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied. The amendments are applicable as from 1 January 2019, although early application was permitted.
The Directors are currently assessing the potential effect of the introduction of these amendments on the Group's consolidated financial statements.
- On 12 December 2017, the IASB issued Annual Improvements to IFRSs: 2015-2017 Cycle, a collection of amendments to standards as part of the annual process of improvements thereto. The major amendments relate to:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendments clarify that, when an entity obtains control of a business that is a joint operation, it should remeasure previously held interests in that business. This is not required, however, when an entity obtains joint control.
 - IAS 12 Income Taxes: the amendments clarify that the income tax consequences of dividends (including payments on financial instruments classified as equity) should be recognised consistently with the transactions that generated the distributable profits (in profit or loss, OCI or equity).
 - IAS 23 Borrowing costs: the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes

part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments are applicable as from 1 January 2019, although early application was permitted. The Directors are currently assessing the potential effect of the introduction of the aforementioned amendments.

- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (published on 7 February 2018). The document clarifies how an entity should recognise an amendment (i.e a curtailment or settlement) to a defined benefit plan. The amendments require an entity to update its assumptions and to remeasure the net liability or asset pertaining to the plan. The amendments clarify that, subsequent to the occurrence of such an event, an entity should use updated assumptions to measure current service cost and the net interest for the period after the remeasurement. The Directors are currently assessing the potential effect of the introduction of these amendments on the Group's consolidated financial statements.

- On 7 June 2017, the IASB issued the interpretation document IFRIC 23 – Uncertainty over Income tax Treatments. The interpretation addresses uncertainty over income tax treatments. The interpretation envisages that uncertainties in the determination of tax liabilities or assets should be reflected in the financial statements only when it is probable that the entity will settle or recover the amount in question. Moreover, the interpretation does not contain any new disclosure obligation, but it emphasises that the entity must establish if there will be a need to provide information on considerations made by management and relating to the inherent uncertainty in accounting for taxation, in accordance with the requirements of IAS 1.
The interpretation document is applicable as from 1 January 2019.
The Directors are currently assessing the potential effect of the introduction of this interpretation on the Group's consolidated financial statements.

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

As of the accounting reference date of these consolidated financial statements, the European Union's delegated bodies had not yet concluded the endorsement process required for the adoption of the amendments and standards described below that could impact the Group:

- On 11 September 2014, the IASB issued Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments were proposed due to the conflict between the requirements of IAS 28 and IFRS 10.
IAS 28 requires that gains and losses resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for an equity interest in the latter be limited to the extent of the investor's interest in the joint venture or associate. On the contrary, IFRS 10 requires full profit or loss recognition when a parent loses control of a subsidiary, even if the entity continues to hold a non-controlling interest therein, inclusive of in the case of a sale or contribution of a subsidiary to a joint venture or associate. The amendments require that, in the case of a sale or contribution of an asset or a subsidiary to a joint venture or associate, the extent of the gain or loss to be recognised in the financial statements of the seller or contributor depends on whether the assets or the subsidiary sold or contributed consist of a business, as defined by IFRS 3. If the assets or the subsidiary sold or contributed consist of a business, then the entity should recognise the full profit or loss in line with the previously held equity interest; otherwise, the portion of the gain or loss relating to the equity interest that is still held should be eliminated. For the time being, the IASB has postponed the application of these amendments. The Directors are currently assessing the potential effect of the introduction of these amendments on the Group's consolidated financial statements.

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Notes to Interim Unaudited Consolidated Financial Statement Components

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

1. TOTAL REVENUE AND OPERATING SEGMENTS

Euro Millions

OPERATING SEGMENTS	Sep 2019	Sep 2018	Change	% Change
Assistance and Maintenance	42.6	45.8	(3.3)	-7.2%
Licences	8.1	10.3	(2.2)	-21.6%
Services and Other	7.9	15.4	(7.5)	-48.6%
Direct Channel	58.5	71.5	(13.0)	-18.2%
Assistance and Maintenance and Licences	64.7	64.9	(0.2)	-0.2%
Services and Other	1.4	1.7	(0.3)	-15.4%
Indirect Channel	66.2	66.6	(0.4)	-0.6%
ERP AND BUSINESS MANAGEMENT SOFTWARE	124.7	138.1	(13.4)	-9.7%
Assistance and Maintenance	25.4	22.3	3.1	13.9%
Licences	13.0	14.5	(1.4)	-10.0%
Services and Other	27.9	25.1	2.9	11.5%
Verticals channel	66.4	61.9	4.5	7.3%
SOFTWARE SOLUTION RECONCILIATION	(2.1)	(5.1)	3.0	-58.3%
SOFTWARE SOLUTIONS	189.0	194.9	(5.9)	-3.0%
CLOUD SOFTWARE SOLUTIONS	73.8	34.5	39.4	114.3%
HARDWARE	1.0	2.0	(1.0)	-49.8%
TOTAL REVENUE	263.9	231.4	32.5	14.0%

Total Revenue for the period ended 30 September 2019 amounts to € 263.9 millions, up by € 32.5 millions compared to the corresponding figure for the period ended 30 September 2018 (€ 231.4 millions).

This movement (mainly attributable to the organic growth experienced by the Group in the first nine months of 2019) is due to the increase in Cloud Software Solutions revenue (€ 39.4 millions) and is partially offset by:

- Software Solutions revenue, which decreases by € 5.9 millions;
- Hardware revenue, which decreases by € 1 million.

2. COST OF RAW AND OTHER MATERIALS

	30 Sep 2019	30 Sep 2018	Change	% Change
Hardware purchases	3,079	2,320	759	32.7%
Third parties' software	14,681	13,994	686	4.9%
Handbooks and forms	51	43	7	16.4%
Materials for education	101	110	(9)	-7.8%
Fuel	1,487	1,748	(262)	-15.0%
Other materials	449	495	(46)	-9.3%
Change in inventory of raw materials	(115)	291	(406)	-139.4%
Total	19,733	19,003	730	3.8%

Cost of raw and other materials amounts to € 19,733 thousand for the period ended 30 September 2019, up by € 730 thousand compared to the amount at 30 September 2018 (€ 19,003 thousand). The increase is mainly attributable to the organic growth of the Group.

3. COST OF SERVICES

	30 Sep 2019	30 Sep 2018	Change	% Change
Agent commissions and other costs	10,495	9,595	900	9.4%
Consulting and third parties services	8,736	9,315	(579)	-6.2%
Software and Hardware maintenance costs	9,529	6,843	2,686	39.3%
Customer support service costs	4,816	1,543	3,273	212.1%
Administrative tax and legal	2,744	1,706	1,038	60.9%
Education - consulting and copyrights	2,411	2,557	(146)	-5.7%
Magazines - consulting and copyrights	1,153	1,160	(6)	-0.5%
Other costs for education services	779	973	(194)	-19.9%
Advertising and marketing	8,129	6,166	1,963	31.8%
Car rentals	2,245	2,322	(77)	-3.3%
Utilities	2,894	2,907	(13)	-0.5%
Costs for mergers and acquisitions	465	358	107	29.8%
Tax optimization costs		244	(244)	-100.0%
Other minor items	176	920	(744)	-80.9%
Costs for strategic projects and reorganizations	261	5,881	(5,620)	-95.6%
Other services	10,394	9,433	961	10.2%
Cost of services - Gross of capitalisation	65,227	61,923	3,305	5.3%
Services capitalized development costs	(2,357)	(1,722)	(635)	36.9%
Total	62,871	60,201	2,670	4.4%

Cost of services for the period ended 30 September 2019 amounts to € 62,871 thousand, up by € 2,670 thousand from the amount of the period ended 30 September 2018 (€ 60,201 thousand), mainly related to the organic growth experienced by the Group in the first nine months of 2019.

Compared to the corresponding period ended 30 September 2018, the main increases have been registered in Customer support service costs, Advertising and Marketing costs and Software and Hardware maintenance costs (as a consequence of the growth in Cloud Software Solutions Revenue) and are partially compensated by the decrease of Cost for strategic project and reorganizations, related to projects largely concluded during the financial year 2018.

As regards the capitalisation of cost of services recognised in the first nine months of 2019, reference should be made to the Note 10 Intangible Assets.

4. PERSONNEL COSTS

	30 Sep 2019	30 Sep 2018	Change	% Change
Wages, salaries and social contributions	81,551	79,710	1,841	2.3%
Staff leaving indemnities	3,660	3,853	(193)	-5.0%
Other personnel costs	216	167	50	30.0%
Stock options costs				
Personnel costs for redundancy and reorganizations	220	612	(392)	-64.1%
Employee costs	85,647	84,341	1,305	1.5%
Freelancers and collaborators fees	353	515	(162)	-31.4%
Directors' fees and related costs	2,003	2,065	(62)	-3.0%
Directors and Collaborators	2,357	2,580	(223)	-8.7%
Personnel - Gross of capitalisation	88,003	86,922	1,082	1.2%
Personnel capitalized development costs	(8,154)	(8,254)	100	-1.2%
Total	79,849	78,667	1,182	1.5%

Personnel costs for the period ended 30 September 2019 (€ 79,849 thousand) have increased by € 1,182 thousand, compared to the corresponding amount for the period ended 30 September 2018 (€ 78,667 thousand).

As regards the capitalisation of personnel costs recognised in the first nine months of 2019, reference should be made to the Note 10 Intangible Assets.

5. OTHER OPERATING COSTS

	30 Sep 2019	30 Sep 2018	Change	% Change
Rents	1,004	637	367	57.6%
Rentals	261	289	(28)	-9.6%
Other expenses for use of third parties assets	304	388	(85)	-21.8%
Other tax	202	226	(25)	-10.9%
Losses from assets disposals	(250)	32	(282)	-880.0%
Other expenses and settlement costs	3,542	2,107	1,435	68.1%
Total	5,062	3,679	1,383	37.6%

Other operating costs for the period ended 30 September 2019 (€ 5,062 thousand) increase by € 1,383 thousand compared to the corresponding amount for the period ended 30 September 2018 (€ 3,679 thousand).

6. FINANCE INCOME

	30 Sep 2019	30 Sep 2018	Change	% Change
Interest and other finance income	78	(7)	85	-1280.8%
Gains on foreign exchange	2	3	(1)	-38.1%
Interest from banks	3	0	3	662.1%
Depreciation - Contingent liab. non-controll. shareholders	136	764	(628)	-82.2%
MTM valuation of derivative instruments	149	0	149	n.s.
Dividends	20	7	13	192.7%
Revaluations of investments		4	(4)	-100.0%
Total	388	772	(383)	-49.7%

Finance income for the period ended 30 September 2019 (€ 388 thousand) have decreased for an amount of € 383 thousand compared to the corresponding amount at 30 September 2018 (€ 772 thousand).

7. FINANCE COST

	30 Sep 2019	30 Sep 2018	Change	% Change
Interest on bank loans	7	86	(79)	-91.7%
Interest on Notes	22,750	43,974	(21,224)	-48.3%
Interest on derivative instruments	230	91	139	152.8%
Interest on financing fees	2,100	31,887	(29,788)	-93.4%
Revaluation - Contingent liab. non-controll. shareholders	1,986	668	1,317	197.1%
Bank commissions	1,504	1,289	215	16.7%
MTM valuation of derivative instruments		271	(271)	-100.0%
Interests on actuarial valuation of employees benefit	230	95	135	142.1%
Interests on leases - IFRS 16	733	700	33	4.7%
Other IFRS financial charges	4,117	3,965	152	3.8%
Interests on cash pooling and other loans	2	18	(16)	-86.6%
Other financial charges	1,331	84	1,248	1494.2%
Losses on foreign exchange	16	7	9	122.6%
Write-downs of investments	62		62	n.s.
Total	35,068	83,136	(48,068)	-57.8%

Finance cost for the period ended 30 September 2019 amount to € 35,068 thousand with a decrease of € 48,068 thousand, compared to the corresponding amount at 30 September 2018 (€ 83,136 thousand).

The decrease is due to the refinancing of TeamSystem Group's financial structure occurred in April 2018 (see Note 15 Net Financial Indebtedness), which caused one-off financial costs particularly impacting on the following line items:

- Interest on Notes (with a one-time financial cost of € 17,400 thousand booked in 2018);
- Interest on financing fees (with a one-time financial cost of € 30,512 thousand accounted for in 2018).

8. CONSOLIDATED STATEMENT OF CASH FLOWS

As regards the more significant components of the statement of cash flow, below a description of the main factors impacting the Group's cash flows in the course of the first nine months of 2019.

Cash flows from operating activities = amount to € 113,592 thousand for the period ended 30 September 2019, increasing by € 40,574 thousand, compared to the corresponding flows for the period ended 30 September 2018 (€ 73,018 thousand).

The increase is impacted by the fact that 30 September 2018 and 31 December 2017 were not business day ("week-end effect"), therefore the collection of trade receivables due at the end of those months was postponed to the beginning of the next months. The cash flows from operating activities normalized for the week-end effect would amount to € 77,309 thousand at 30 September 2018, so that the increase would be € 36,283 thousand² (see "Consolidated statement of cash flows" paragraph in Directors' Report).

Acquisition of investments = the balance mainly refers to:

- the investments in TeamSystem Financial Value Chain S.r.l., Factor@Work S.r.l., Whit-e S.r.l. and Skylab S.r.l.;
- the acquisition of 100% equity interests in Giesse Macchine Utensili S.r.l. and the acquisition of 51% equity interests in TechMass S.r.l..

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

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

Contingent liabilities to non-controlling shareholders paid = the main cash items occurred in the first nine months of 2019 are attributable to the payment of earn-outs to former shareholders of subsidiaries.

Other changes in Equity = refers to the return of share premium made by TeamSystem Holding S.p.A..

9. TANGIBLE ASSETS

NET BOOK VALUE	30 Sep 2019	31 Dec 2018	Change	% Change
Land	948	948		
Buildings	3,139	3,338	(200)	-6.0%
Plant and machinery	4,083	3,462	621	17.9%
Equipment	863	972	(109)	-11.2%
Other assets	5,984	6,605	(621)	-9.4%
Tangible assets - in progress	5		5	
Total	15,023	15,326	(304)	-2.0%

At 30 September 2019 Tangible fixed assets amount to € 15,023 thousand, down by € 304 thousand compared with the balance recorded at 31 December 2018 (€ 15,326 thousand). The decrease results from the sum of disposals, additions and depreciation charge for the period (the latter amounts to € 2,532 thousand).

² The amounts of trade receivables whose collection was postponed to the beginning of the next month, because of the week-end effect, are the following: € 3,880 thousand for the period ended 31 December 2017 and € 8,171 thousand for the period ended 30 September 2018.

10. INTANGIBLE ASSETS

NET BOOK VALUE	30 Sep 2019	31 Dec 2018	Change	% Change
Capitalised development	29,689	28,188	1,501	5.3%
IFRS Assets	595,335	634,786	(39,452)	-6.2%
Other intangible assets	20,553	18,565	1,987	10.7%
Total	645,576	681,539	(35,963)	-5.3%

Intangible assets have gone from € 681,539 thousand at 31 December 2018 to € 645,576 thousand at 30 September 2019, with a decrease of € 35,963 thousand resulting from the aggregate of disposals, additions, capitalised development costs (€ 10,511 thousand) and amortisation (€ 54,204 thousand) for the period ended 30 September 2019.

IFRS assets include intangible assets identified on allocation of the price paid for the acquisition of TeamSystem Group (Software, Brands, Customer relationships and other IFRS assets). Their decrease is due to the amortisation for the first nine months of 2019.

This increase in Other Intangible Assets is mainly attributable to the purchase of softwares used in the operating activity.

11. RIGHT OF USE

At 30 September 2019 Right of use amounts to € 21,114 thousand, down by € 2,781 thousand compared to the balance as at 31 December 2018 (€ 23,895 thousand).

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

12. GOODWILL

At 30 September 2019 Goodwill amounts to € 714,790 thousand, up by € 7,108 thousand compared with the balance recorded at 31 December 2018 (€ 707,681 thousand); the increase relates to the first time consolidation of Skylab Italia S.r.l. results.

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

In terms of Impairment test, the line-item Goodwill is subjected annually (or more frequently if certain events or circumstances indicate potential impairment) to impairment testing and TeamSystem Group will postpone a more thorough analysis with impairment testing to 31 December 2019.

13. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

	30 Sep 2019	31 Dec 2018	Change	% Change
Investments in Associates	133	133	(0)	0.0%
Other Investments	11,243	449	10,794	2404.7%
Total	11,376	582	10,794	1853.5%

The balance of Investments in Associates and Other investments changed from € 582 thousand at 31 December 2018 to € 11,376 thousand at 30 September 2019, with an increase of € 10,794 thousand.

The increase mainly refers to:

- the investments in TeamSystem Financial Value Chain S.r.l., Factor@Work S.r.l., Whit-e S.r.l. and TeamSystem Payments Holdco S.r.l.;
- the acquisition of 100% equity interests in Gi.esse Macchine Utensili S.r.l. and of 51% equity interests in TechMass S.r.l.

14. DEFERRED TAX ASSETS AND LIABILITIES

	30 Sep 2019	31 Dec 2018	Change	% Change
Deferred tax assets	13,989	15,342	(1,353)	-8.8%
Deferred tax liabilities	170,503	182,018	(11,514)	-6.3%

At 30 September 2019 Deferred tax assets amount to € 13,989 thousand, down by € 1,353 thousand compared to the balance at 31 December 2018 (€ 15,342 thousand).

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

At 30 September 2019 Deferred tax liabilities amount to € 170,503 thousand with a decrease of € 11,514 thousand compared to the balance at 31 December 2018 (€ 182,018 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 Sep 2019			31 Dec 2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Bank accounts and post office	20,379		20,379	24,508		24,508
Cash and bank balances	50		50	67		67
Total Cash and bank balances	20,429		20,429	24,574		24,574
Cash Pooling receivables	92		92	0		0
Loans	200		200	0		0
Other financial assets	3,811	50	3,861	138	50	188
Total Other financial assets	4,104	50	4,154	138	50	188
Loans with banks	(19)		(19)	(101)		(101)
Finance leases liabilities	(5,514)	(16,545)	(22,059)	(5,514)	(18,827)	(24,340)
Notes	(1,250)	(750,000)	(751,250)	(1,250)	(750,000)	(751,250)
Dividends to be settled	(40)		(40)	(40)		(40)
Total Financial liabilities	(6,823)	(766,545)	(773,368)	(6,905)	(768,827)	(775,731)
Financing Fees - bond		10,035	10,035		11,827	11,827
Financing Fees - prepayments	413	804	1,217	413	1,112	1,525
Total Financing Fees	413	10,839	11,252	413	12,939	13,352
Contingent liabilities to non-controlling shareholders	(17,165)	(74,871)	(92,036)	(4,112)	(83,412)	(87,524)
Derivative instruments - liabilities		(180)	(180)	(14)	(316)	(330)
Commission financial liabilities	(329)		(329)	(276)		(276)
Cash pooling liabilities	(2,264)		(2,264)	(0)		(0)
Total Other financial liabilities	(19,757)	(75,051)	(94,808)	(4,402)	(83,728)	(88,130)
Total	(1,634)	(830,707)	(832,341)	13,818	(839,566)	(825,747)

Net financial indebtedness as at 30 September 2019 amounts to negative € 832,341 thousand.

Cash and bank balances

The amount of cash and bank balances stands at € 20,429 thousand as at 30 September 2019 and at € 24,574 thousand at 31 December 2018 (normalizing the “week end effect” for the period ended 31 December 2018, the cash and bank balances at 31 December 2018 would amount to € 28,454 thousand – see also Consolidated Statement of Cash flow paragraph in the Directors’ Report section).

Financial leases liabilities

Following the adoption of IFRS 16 – Leases, Financial leases liabilities at 30 September 2019 reflects the recognition of a financial liability of € 22,059 thousand (€ 24,340 at 31 December 2018), consisting of the present value of future lease payments.

Floating Rate Notes

In order to optimize the costs of the Group financial debt and adjust the financial resources to the new Group’s business necessities, the Group revised its financial structure in 2018.

On 4 April 2018, TeamSystem S.p.A. concurrently 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).

The Floating Rate Notes are guaranteed on a senior basis by TeamSystem Holding S.p.A. and are secured by first-ranking security interests over (i) the entire issued share capital of TeamSystem S.p.A., (ii) the receivables in respect of certain intercompany loans by TeamSystem S.p.A. to certain of its subsidiaries and (iii) certain material operating bank accounts of TeamSystem S.p.A..

The Floating Rate Notes are listed on the Official List of the Luxembourg Stock Exchange and have been admitted to trading on the Euro MTF Market thereof. In addition, the Floating Rate Notes are listed on the Vienna Stock Exchange and have been admitted to trading on the Third Market (MTF) thereof.

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

In order to hedge the exposure to the three month Euribor changes, in the month of April 2018 TeamSystem S.p.A. entered into some interest rate swaps with a principal amount of € 500 million and a maturity date of 15 April 2020. The mark-to-market value of the Interest Rate Swap has been accrued in the profit and loss accounts in the 30 September 2019 consolidated accounts.

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 new € 90 million revolving credit facility agreement with a final maturity date of 15 October 2022.

The interest rate payable on loans under the new RCF is based on the applicable Euribor or Libor, as the case may be and in either case subject to a 0% floor, plus an initial spread of 3.500% per annum. Effective from 13th May 2019, the spread was reduced from 3.500% per annum to 3.2500% per annum following the delivery of the compliance certificate accompanying the March 31, 2019 financial statements.

The new 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.

Contingent liabilities to non-controlling shareholders of subsidiaries

The Contingent liabilities to non-controlling shareholders of subsidiaries (€ 92,036 thousand at 30 September 2019) relates to put and call options and/or earn-outs due to non-controlling interest holders of certain consolidated subsidiaries. The main ones are: Danea Soft S.r.l., Madbit Entertainment S.r.l., Aliaslab S.p.A., Evols S.r.l., Netlex S.r.l., Cassanova S.r.l. and Skylab Italia S.r.l..

16. INVENTORIES

	30 Sep 2019	31 Dec 2018	Change	% Change
Raw and ancillary materials	586	608	(22)	-3.6%
Finished products and goods	1,084	943	141	14.9%
Advances	0	4	(4)	-98.5%
(Allowance for slow-moving inventory)	(488)	(488)	0	0.0%
Total	1,182	1,067	115	10.8%

At 30 September 2019 Inventories amount to € 1,182 thousand, essentially unchanged compared to the balance at 31 December 2018 (€ 1,067 thousand).

17. TRADE RECEIVABLES

	30 Sep 2019	31 Dec 2018	Change	% Change
Trade receivables	148,441	147,843	599	0.4%
(Allowance for bad debts)	(21,777)	(18,901)	(2,876)	15.2%
Total	126,664	128,941	(2,277)	-1.8%

At 30 September 2019 Trade receivables amount to € 126,664 thousand. The balance of this line item is affected by the seasonality of billings for subscription fees that characterises the business of the Group. Furthermore, the balance at 31 December 2018 is also affected by the week-end effect (see “Working capital” section in Directors’ Report).

Trade receivables are recorded net of an allowance for doubtful debts of € 21,777 thousand, that was recorded in the accounts after having analysed the specific risk associated with doubtful balances. The balance of Allowance for bad debts is the aggregate of utilisations, accruals and any other movements.

18. TAX RECEIVABLES

	30 Sep 2019	31 Dec 2018	Change	% Change
Tax credits	26	101	(76)	-74.6%
Other tax receivables	11	2	9	432.9%
Withholding tax credit	63	0	63	n.s.
Tax consolidation receivables	2	29	(27)	-94.3%
Advances and income tax credits	(890)	10,812	(11,701)	-108.2%
Total	(788)	10,944	(11,732)	-107.2%

At 30 September 2019 Tax receivables amount to negative € 788 thousand, down by € 11,732 thousand compared to the balance at 31 December 2018 (€ 10,944 thousand).

The decrease in Advances and income tax credits is mainly due to the calculation of “IRES” income tax for the period ending at 30 September 2019 .

19. OTHER CURRENT RECEIVABLES

	30 Sep 2019	31 Dec 2018	Change	% Change
Deposits	477	472	4	0.9%
Receivables from employees	410	284	126	44.4%
Other receivables	3,870	4,820	(950)	-19.7%
Accrued income	153	38	116	307.6%
Prepayments	19,949	18,717	1,232	6.6%
VAT receivables	88	516	(429)	-83.0%
Total	24,947	24,847	528	2.1%

At 30 September 2019 the Other current receivables balance amounts to € 24,947 thousand, up by € 528 thousand compared to the 31 December 2018 balance (€ 24,847 thousand). The increase is mainly due to Prepayments (€ 1,232 thousand), following the seasonality of the business of the Group.

20. TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

	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 2017	5,450	558,928	0	(57,134)	507,244	1,023	508,267
IFRS 9 / 15 / 16 - first adoption		(405)			(405)		(405)
Loss allocation		(57,134)		57,134	0		0
Change in Non-controlling interests IFRS 3		(1,783)			(1,783)	(570)	(2,353)
Dividends					0	(59)	(59)
Total Comprehensive Income (Loss) for the period				(76,223)	(76,223)	44	(76,180)
30 Sep 2018	5,450	499,607	0	(76,223)	428,834	438	429,272

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2018	5,450	501,117	(826)	(56,030)	449,711	464	450,175
Loss allocation		(56,856)	826	56,030	0		0
Dividends		(48,000)			(48,000)		(48,000)
Total Comprehensive Income (Loss) for the period				(9,100)	(9,100)	44	(9,056)
30 Sep 2019	5,450	396,261	0	(9,100)	392,612	508	393,120

At 30 September 2019 the Group's equity amounts to € 393,120 thousand.
Dividends refer to the return of share premium made by TeamSystem Holding S.p.A..

21. STAFF LEAVING INDEMNITY

	30 Sep 2019	31 Dec 2018	Change	% Change
Staff leaving indemnity	14,881	14,892	(12)	-0.1%
Total	14,881	14,892	(12)	-0.1%

At 30 September 2019 Staff leaving indemnity amounts to € 14,881 thousand, substantially unchanged compared to the balance at 31 December 2018 (€ 14,892 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

22. PROVISIONS FOR RISKS AND CHARGES

	30 Sep 2019	31 Dec 2018	Change	% Change
Provision for pension and similar obligation	1,445	1,269	176	13.9%
Provision for litigations	607	2,187	(1,580)	-72.3%
Other provision for risks and charges	2,595	5,824	(3,229)	-55.4%
Total	4,646	9,280	(4,634)	-49.9%

At 30 September 2019 Provisions for risks and charges amount to € 4,646 thousand, decreased by € 4,634 thousand compared to the balance at 31 December 2018 (€ 9,280 thousand). The balance is the aggregate of utilisations, accruals and any other movements. The utilisation mainly relates to Group restructuring and reorganization provisions and to provision for litigations.

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

23. OTHER CURRENT AND NON-CURRENT LIABILITIES

	30 Sep 2019	31 Dec 2018	Change	% Change
VAT liabilities	3,033	3,857	1,799	46.7%
Withholdings liabilities	2,942	4,194	(220)	-5.3%
Employees payables and Social security liabilities	23,905	24,904	(999)	-4.0%
Advances	6,144	5,697	447	7.8%
Other liabilities	3,693	2,358	1,335	56.6%
Accrued liabilities	125	527	(402)	-76.3%
Deferred revenues	87,264	44,699	42,565	95.2%
Other current liabilities	127,105	86,235	44,524	51.6%
Due to social securities - non-current	526	561	(35)	-6.2%
Other tax liabilities - non-current	8	13	(6)	-42.7%
Other non-current liabilities	534	574	(40)	-7.0%
Total Other liabilities	127,639	86,810	44,484	51.2%

At 30 September 2019 Other current liabilities amount to € 127,105 thousand, up by € 44,524 thousand compared to the balance at 31 December 2018 (€ 86,235 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 (€ 42,565 thousand).

At 30 September 2019 Other non-current liabilities amount to € 534 thousand (€ 574 thousand at 31 December 2018) and relate primarily to balances pertaining to TeamSystem S.p.A..

24. CURRENT TAX LIABILITIES

	30 Sep 2019	31 Dec 2018	Change	% Change
Income tax payables	3,592	2,305	1,287	55.8%
Liabilities from tax consolidation	(1)	(1)	0	-19.8%
Other tax liabilities	20	11	9	81.4%
Total	3,611	2,315	1,296	56.0%

At 30 September 2019 Current tax liabilities amount to € 3,611 thousand, up by € 1,296 thousand compared to the balance at 31 December 2018 (€ 2,315 thousand). The movement is attributable to the increase in income tax payables, mainly due to the income taxes charged in the first nine months of 2019.

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OVERSIGHT AND COORDINATION ACTIVITY

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

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



