

31 December 2021
Consolidated
Financial statements
TeamSystem Group

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TEAMSYSTEM HOLDCO S.p.A. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2021

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DIRECTORS'
REPORT

TeamSystem Holdco S.p.A.

DIRECTORS' REPORT ON OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2021

Presented below are the results for the year ended 31 December 2021 of TeamSystem Holdco S.p.A. and its subsidiaries (“**TeamSystem Group**” or “**Group**”) together with comments on the operations thereof. This Directors' Report accompanies the disclosures pertaining to TeamSystem Holdco S.p.A.'s consolidated financial statements and illustrates the main features of TeamSystem Group's financial position at 31 December 2021 and its results for the year then ended.

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

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CORPORATE BODIES AND OTHER CORPORATE INFORMATION

BOARD OF DIRECTORS

31 Dec 2021

VINCENZO MORELLI	Appointed at office on December 17, 2021	CHAIRMAN
FEDERICO LEPROUX	Appointed at office on December 17, 2021	CHIEF EXECUTIVE OFFICER
TOMMASO COHEN	Appointed at office on December 17, 2021	DIRECTOR
VINCENZO FERRARI	Appointed at office on December 17, 2021	DIRECTOR
LUCA VELUSSI	Appointed at office on October 14, 2020	DIRECTOR
BLAKE CHRISTOPHER KLEINMAN	Appointed at office on December 17, 2021	DIRECTOR
ALESSANDRA BRAMBILLA	Appointed at office on December 17, 2021	DIRECTOR
GUILLAUME CHARLES VANMOERBEKE	Appointed at office on September 25, 2020	DIRECTOR
JEAN BAPTISTE BRIAN (*)	Appointed at office on December 17, 2021	DIRECTOR

The Director Jean Baptiste Brian left office on 24 February 2022 replaced by the Director Lucio di Ciaccio

Following the acquisition of TeamSystem Group by the H&F Fund IX private equity fund managed by Hellman & Friedman (as also described in the "Significant events that occurred during the year" section of this Directors' Report), the Company (incorporated on 3 August 2020) appointed its first Board of Directors composed of two members. On 17 December 2021, the Shareholders' Meeting resolved to increase the number of members of the Board of Directors to 9.

The Board of Directors has a 3 year mandate up to the date of the general meeting held to approve the financial statements for the year ending 31 December 2022.

BOARD OF STATUTORY AUDITORS

31 Dec 2021

CLAUDIO SANCHIONI	Appointed at office on December 17, 2021	CHAIRMAN
FABIO LANDUZZI	Appointed at office on December 17, 2021	STATUTORY AUDITOR
NICOLE MAGNIFICO	Appointed at office on December 17, 2021	STATUTORY AUDITOR
MARCO CECILIONI (*)	Appointed at office on December 17, 2021	ALTERNATIVE AUDITOR
CRISTINA AMADORI	Appointed at office on December 17, 2021	ALTERNATIVE AUDITOR

The alternative auditor Marco Ceciloni left office on 24 Febbraio 2022 replaced by Ivano Antonioli

REGISTERED OFFICE and OTHER INFORMATION

TEAMSYSTEM HOLDCO S.P.A.

REGISTERED OFFICE

PESARO - Via Sandro Pertini, 88

SHARE CAPITAL

Euro 14,596,648

TAX CODE

11360450966

REA - PESARO

271034

INDEPENDENT AUDITORS

DELOITTE & TOUCHE S.p.A.

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GROUP OPERATIONS AND RESULTS FOR THE YEAR

► MACROECONOMIC, SECTOR AND LEGISLATIVE CONTEXT

Italian macroeconomic context

According to data provided by Istat (the Italian National Institute of Statistics), in 2021 the calendar-adjusted and seasonally adjusted gross domestic product (GDP) increased by 6.5% relative to 2020 (there were the same number of working days in 2021 as in 2020).

In the fourth quarter of 2021, the calendar-adjusted and seasonally adjusted GDP is estimated to have increased by 0.6% with respect to the previous quarter (source: Istat).

Istat also estimates that Italian GDP will grow at a sustained rate in 2022 (+4.7%). GDP growth will be driven mainly by domestic demand, excluding inventories (+4.4%), with net foreign demand also contributing, albeit at a more modest rate (+0.3%). Inventories, on the other hand, are not expected to contribute at all to GDP growth. Investments will provide less support for the recovery in 2022 (+7.5%) than they did in 2021 (+15.7%). Consumption by resident households and NPISH (non-profit institutions serving households) will also rise sharply (+4.8%).

Employment, measured in terms of annual work units (AWU), will follow the improvement in economic activity, increasing at a more robust pace in 2021 (+6.1%) than in 2022 (+4.1%). The unemployment rate will reflect the gradual normalisation of the labour market, recording an increase in 2021 (9.6%) and decreasing in 2022 (9.3%).

This outlook considers the effects of the measures set out in the National Recovery and Resilience Plan (PNRR), continued expansionary monetary policy and no significant measures to limit social and production activities in connection with the health emergency.

ICT segment context

Consistent with the economic scenario, the Italian digital market saw a resurgence in ICT investments in 2021 following the decline in 2020 due to the pandemic. Investments and spending in digital technologies have shown that they play a decisive role in the country's economic recovery. The Italian digital market continues to recover and is expected to grow by the end of 2021 (+5.5% over 2020 to € 71,540 million). All industry sectors were positive (Content and Digital Marketing +8.6%, ICT Services +7.9%, Software and ICT Solutions +8.00%, Devices and Systems +10.4%) except for Network Services which was down 4.1% (source: Anitec-Assinform).

Volumes in the digital sector will continue to increase over the next three years from 2022 to 2024 (thanks also to the positive impact of the resources and reforms envisaged in the National Recovery and Resilience Plan - PNRR), with the most optimistic scenario forecasting an increase of 5.5% in 2022 and the least optimistic scenario forecasting an increase of just 2.8% (source: Anitec-Assinform).

The main technological drivers in the three-year period 2022-2024 will continue to be Digital Enablers (Cloud Computing, Big Data, AI, IoT, Cybersecurity).

These growth estimates may, however, be revised downwards if there is a resurgence in the ongoing COVID-19 pandemic, such as to adversely affect the growth of the world economy (and Italy in particular). The situation described above, which is still extraordinary in both its nature and scale, could consequently continue to fuel a general climate of uncertainty, whose developments and relative effects are being very closely monitored by the Directors.

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► SIGNIFICANT EVENTS THAT OCCURRED DURING THE YEAR

■ ACQUISITION OF TEAMSYSTEM GROUP BY THE IX FUND MANAGED BY THE PRIVATE EQUITY FIRM HELLMAN & FRIEDMAN

In February 2021, the private equity fund H&F Fund IX managed by Hellman & Friedman ("**H&F**"), acquired 100% of the share capital of Barolo Lux 1 S.à r.l., the direct parent company of TeamSystem Group ("**TeamSystem Group Acquisition**" or "**Acquisition**"). In detail, in February 2021, Brunello Bidco S.p.A, a special purpose vehicle indirectly controlled by both TeamSystem Holdco S.p.A. (the "Company") and the H&F funds, acquired 100% of the shares of Barolo Lux 1 S.à r.l., the financial holding company which controls TeamSystem Group. To finance the Acquisition, in February 2021, Brunello Bidco S.p.A. issued senior secured fixed rate notes (with a fixed rate of 3.5%) for a principal amount of € 300 million maturing in 2028 ("**2028 Fixed Rate Notes**") and senior secured floating rate notes for a principal amount of € 850 million maturing in 2028 ("**2028 Floating Rate Notes**"), and Brunello Midco 2 S.p.A. (parent company of Brunello Bidco S.p.A.), which was renamed TeamSystem Holdco 3 S.p.A. in 2021, issued senior floating rate Pay-If-You-Want PIK Toggle notes with a principal amount of € 300 million maturing in 2029 ("**2029 PIYW PIK Toggle Notes**").

The proceeds from these notes were used to finance the acquisition of TeamSystem Group and to repay:

- the existing senior secured floating rate notes which had a principal amount of € 200 million maturing in 2025;
- the existing senior secured floating rate notes with a principal amount of € 550 million maturing in 2022; (both the 2022 and the 2025 floating rate notes "**Existing Floating Rate Notes**").

In addition to the foregoing, the existing RCF credit facility negotiated by TeamSystem S.p.A. ("**Existing RCF**") was extinguished early and a new RCF credit line ("**New RCF**") was negotiated.

Reverse merger of Brunello Bidco S.p.A., Barolo Lux 1 S.à r.l. and TeamSystem Holding S.p.A. into TeamSystem S.p.A.

Subsequent to the Acquisition, on 26 October 2021, the reverse merger between TeamSystem S.p.A. (**surviving company**), and TeamSystem Holding S.p.A., Barolo Lux 1 S.à r.l, Brunello Bidco S.p.A. (these last three companies being the **absorbed companies**) became legally effective. The accounting date of this merger has not been backdated and thus corresponds to the date it became legally effective.

The decision to proceed with a reverse merger was due to the need for TeamSystem S.p.A, the largest operating company within TeamSystem Group, to maintain all its own complex legal relationships and licences, thus simplifying and avoiding the administrative burden of transferring licences and approvals, as well as substituting the company in all of its commercial relationships.

■ COVID-19 Update

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

In response to the restrictions introduced, throughout 2020 and 2021, TeamSystem Group has been running its operations mainly through smart working and has significantly limited travel and attendance at events and trade fairs, ensuring the safety of its employees first and foremost, and ensuring continuity of operations with its customers. It also focused its efforts on customer support, aiming to better meet customers' needs and the growing demand for digital products.

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

■ RESTRUCTURING AND REORGANISATION INITIATIVES

During the 2021 financial year, the Group, in an effort to improve efficiency, embarked on a series of restructuring and reorganisation initiatives across several business areas (including administration and finance,

property management expenses, information technology, procurement, R&D, customer service and also delivery and sales).

■MERGERS BY ABSORPTION - SIMPLIFICATION OF GROUP STRUCTURE

Continuing its efforts towards simplifying and rationalising its organisational and corporate structure, TeamSystem Group completed a series of corporate mergers in 2021, as set out below:

- a) in December 2021, Evols S.r.l., TeamSystem 5 S.r.l. and TeamSystem Active S.r.l were merged by absorption into TeamSystem S.p.A., with the effective date for accounting and tax purposes backdated to 1 January 2021;
- b) in December 2021, Gi.Esse Macchine Utensili S.r.l was merged by absorption into Nuovamacut S.p.A., with the effective date for accounting and tax purposes backdated to 1 January 2021;

■ACQUISITIONS / INCORPORATION OF NEW SUBSIDIARIES

During the course of 2021, TeamSystem Group acquired the following companies or acquired further equity interests in companies in which it already held an equity stake:

TeamSystem 6 S.r.l.

In January 2021, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 6 S.r.l., a TeamSystem software reseller.

TeamSystem 7 S.r.l.

In January 2021, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 7 S.r.l., a TeamSystem software reseller.

TeamSystem 8 S.r.l.

In January 2021, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 8 S.r.l., a TeamSystem software reseller.

Modefinance S.r.l.

In February 2021, TeamSystem S.p.A. acquired an additional 16% interest in Modefinance S.r.l. As a result acquiring this additional equity interest, TeamSystem S.p.A. holds a 59% controlling interest in the share capital of this company.

TeamSystem 9 S.r.l.

In March 2021, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 9 S.r.l., a TeamSystem software reseller.

My Expenses S.L. (and Billin)

In March 2021, TeamSystem S.p.A. acquired a 59.60% controlling interest in My Expenses S.L., a Spanish start-up that developed a cloud software product for the Spanish market. My Expenses in turn holds 100% of the share capital of Billin.

SGS System House S.r.l.

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

Var4Team S.r.l.

In April 2021, TeamSystem S.p.A. subscribed to a capital increase (for 19.96% of the company's quota capital) in Var4Team S.r.l., a company that resells TeamSystem products.

Logical Soft S.r.l.

In October 2021, TeamSystem S.p.A. acquired a controlling interest of 60% in Logical Soft S.r.l., a company specialised in developing technical software for the building and engineering sectors.

Itacme Informatica S.r.l.

In October 2021, TeamSystem S.p.A. acquired a 100% interest in Itacme Informatica S.r.l., a company active in the design, development and marketing of management / ERP software.

Modefinance International S.r.l.

In October 2021, a NewCo was established named Modefinace International S.r.l. in which Modefinace S.r.l. holds a 65% equity interest. The company is engaged in the international distribution of Modefinace S.r.l.'s products.

TeamSystem 11

This company was established by TeamSystem S.p.A. to acquire Progetto Studio Group and Data Consult.

Progetto Studio (and subsidiaries and / or associated companies)

In December 2021, TeamSystem 11 acquired a 100% interest in Progetto Studio S.r.l., which in turn holds:

- 100% of the quota capital of New Tronic S.r.l and Cesio S.r.l.
- 50% of the quota capital of Selda S.r.l., the remaining 50% of which is held by Data Consult

Both companies are resellers of TeamSystem software.

Data Consult S.r.l. (and associated companies)

In December 2021, TeamSystem 11 acquired 100% of the quota capital of Data Consult S.r.l., a TeamSystem software reseller. Data Consults S.r.l. holds 50% of the quota capital of Selda S.r.l.

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► SUMMARY OF TEAMSYSYSTEM GROUP'S RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

As previously mentioned, TeamSystem Group underwent a change of control in 2021. For this reason, as permitted by International Financial Reporting Standards as adopted by the Group for its consolidated financial statements, the statement of profit or loss only includes the operating results from the acquisition date up to 31 December 2021.

Therefore, to provide a clearer presentation of the annual results in this section of the Directors' Report, a 2021 pro-forma statement of profit or loss has been prepared, which includes the Group's operating results for the entire 2021 financial year, as though the Acquisition by the Hellman & Friedman private equity fund had occurred on 1 January 2021. For similar disclosure purposes, and therefore to present the Group's financial results in a manner that makes them easier to compare, the following pro-forma statements have been prepared:

- 1) the statements of profit or loss of the companies acquired by the Group in 2021 and listed above (except for the acquisitions of Progetto Studio, Data Consult and the companies controlled by them, for which full year pro-forma results for 2021 were not prepared), thus simulating the results that would have been reported if the companies in question had been controlled by the Group starting on 1 January 2021;
- 2) the effects on current taxes and deferred taxes deriving from the decision made by the Directors in 2021 to step up for tax purposes trademarks and software (in accordance with the provisions of Decree Law 104 of 14 August 2020), made by the following Group companies:

- TeamSystem S.p.A.
- TeamSystem Service S.r.l.
- Aliaslab S.p.A.
- Madbit Entertainment S.r.l.
- Danea Soft S.r.l.
- Gruppo Euroconference S.p.A.

In this case, the one-off impact on current taxes (for the portion related to the payment of the substitute tax) and deferred taxes (for the portion related to the release to the statement of profit or loss of the deferred taxes related to the trademark/software subject to tax revaluation) has been considered on a pro forma basis, as if the economic effects on current and deferred taxes due to the step up in value had already materialised on 1 January 2021.

This 2021 pro-forma statement of profit or loss was not audited by the independent auditors.

As a consequence of the foregoing, the comments below will mainly refer to changes between the pro-forma statement of profit or loss for the 12 months of 2021 and the official TeamSystem Group (TeamSystem Holding) figures for the previous year, prior to the acquisition which took place in 2021. This analysis is in fact considered to be the most informative and provides the most relevant elements for commenting on how the Group performed in its various business segments in 2021.

As shown in the table below, TeamSystem Group closed 2021 with Pro-forma Total Revenue of € 489,068 thousand (€ 422,787 thousand in 2020), Adjusted Pro-forma EBITDA of € 199,697 thousand (€ 181,176 thousand

in 2020) and a Pro-forma loss for the year attributable to the Group of € 91,531 thousand (€ 2,566 thousand in 2020).

Euro thousands	STATUTORY TEAMSYS TEAMSYSTEM HOLDCO	STATUTORY TEAMSYS TEAMSYSTEM HOLDCO	PRO-FORMA TEAMSYS TEAMSYSTEM HOLDCO			STATUTORY TEAMSYS TEAMSYSTEM HOLDING		
RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT	A	B	C		D		E = C - D	F = E / D
	31 Dec 2021	31 Dec 2020	31 Dec 2021	%	31 Dec 2020	%	Change	% Change
TOTAL REVENUE	410,882	0	489,068	100.0%	422,787	100.0%	66,282	15.7%
COGS	(78,479)		(91,230)	-18.7%	(73,937)	-17.5%	(17,293)	23.4%
Personnel	(124,568)		(152,447)	-31.2%	(129,092)	-30.5%	(23,355)	18.1%
Personnel like	(14,463)		(17,436)	-3.6%	(17,169)	-4.1%	(267)	1.6%
Non Personnel	(36,380)	(85)	(44,275)	-9.1%	(36,657)	-8.7%	(7,618)	20.8%
Capitalized development costs	13,100		16,017	3.3%	15,245	3.6%	772	5.1%
ADJUSTED EBITDA	170,093	(85)	199,697	40.8%	181,176	42.9%	18,521	10.2%
Allowance for bad debts	(3,765)	0	(5,045)	-1.0%	(9,289)	-2.2%	4,244	-45.7%
Depreciation and amortization of non current assets	(170,478)	0	(202,645)	-41.4%	(90,544)	-21.4%	(112,101)	123.8%
Other provisions for risks and charges	(79)	0	(233)	0.0%	(866)	-0.2%	634	-73.1%
Non core items	(20,581)	(45)	(13,208)	-2.7%	(7,160)	-1.7%	(6,049)	84.5%
OPERATING RESULT	(24,810)	(130)	(21,434)	-4.4%	73,317	17.3%	(94,751)	-129.2%
Net Finance Income (Cost)	(104,446)	(1)	(88,362)	-18.1%	(81,097)	-19.2%	(7,266)	9.0%
PROFIT (LOSS) BEFORE INCOME TAXES	(129,256)	(131)	(109,796)	-22.5%	(7,780)	-1.8%	(102,016)	1311.3%
Current income tax	(18,677)	0	(17,033)	-3.5%	(9,905)	-2.3%	(7,127)	72.0%
Deferred income tax	83,927	0	35,298	7.2%	15,120	3.6%	20,178	133.5%
PROFIT (LOSS) FOR THE YEAR	(64,006)	(131)	(91,531)	-18.7%	(2,566)	-0.6%	(88,965)	3467.4%

The pro-forma loss for 2021 show in the table above, which was mainly attributable to the increase in depreciation and amortisation of intangible assets, arising from new, higher amounts allocated thereto as a result of the purchase price allocation and of an increase in finance costs payable on a higher level of debt, both of which were a consequence of the change of control of the Group. The loss for the year does not reflect the Group's normalised operating results, which, as will be described in more detail in the forthcoming paragraphs, has again improved on the prior year's result.

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

Adjusted EBITDA =

This is calculated as follows:

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

- Advisory costs related to reorganization and cost saving projects;
- Personnel restructuring costs;
- Acquisition and merger costs (included the costs incurred for the Acquisition of TeamSystem Group);
- Settlements with customers and agents;
- Other costs – (income).

Set out below is a 2021 and 2020 **Adjusted EBITDA** reconciliation:

Euro Thousand				
	STATUTORY TEAMSYS HOLDCO	STATUTORY TEAMSYS HOLDCO	PRO-FORMA TEAMSYS HOLDCO	STATUTORY TEAMSYS HOLDING
	31 Dec 2021	31 Dec 2020	PRO-FORMA 31 Dec 2021	31 Dec 2020
PROFIT (LOSS) FOR THE YEAR	(64,006)	(131)	(91,531)	(2,566)
Income tax	(65,250)		(18,265)	(5,214)
Financial income and expenses	104,446	1	88,362	81,097
Other provisions for risks and charges	79		233	866
Depreciation and amortization of non current assets	170,478		202,645	90,544
Allowance for bad debts	3,765		5,045	9,289
Advisory expenses related to reorganization and cost saving projects	7,083	45	7,909	2,997
Personnel redundancy	1,386		1,438	2,048
Acquisitions and mergers costs	9,993		1,483	1,704
Settlements with clients and agents	2,152		2,295	470
Other cost - (income)	(33)		83	(59)
ADJUSTED EBITDA	170,093	(85)	199,697	181,176

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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As regards the growth in Pro-forma Total Revenue for 2021 (which has increased by € 66.3 million compared to the figure for the year ended 31 December 2020), this change is due to both the Group's organic growth in 2021 and the expansion of the scope of consolidation following the acquisitions made in 2021. Details of Revenue are set out below:

Euro Millions					
	STATUTORY TEAMSYS HOLDCO	PRO-FORMA TEAMSYS HOLDCO	STATUTORY TEAMSYS HOLDING	(A) - (B) = (C)	(C) / (B)
	31 Dec 2021	31 Dec 2021	31 Dec 2020	Change	% Change
Enterprise	94.7	113.3	101.0	12.2	12.1%
Recurring	68.2	82.8	75.9	6.9	9.1%
Other Revenues	26.5	30.5	25.1	5.3	21.2%
Professional	120.3	143.1	136.3	6.8	5.0%
Recurring	113.1	134.42	124.9	9.5	7.6%
Other Revenues	7.2	8.6	11.3	(2.7)	-23.7%
Micro	85.4	100.8	74.4	26.4	35.5%
Recurring	81.1	95.6	68.3	27.3	40.1%
Other Revenues	4.3	5.1	6.1	(1.0)	-15.6%
Digital Finance	11.8	13.3	3.3	10.0	305.0%
Recurring	10.3	11.7	2.7	9.0	334.8%
Other Revenues	1.5	1.5	0.6	1.0	166.1%
Market Specific Solution	83.7	101.5	92.9	8.5	9.2%
Recurring	50.1	62.5	54.0	8.5	15.8%
Other Revenues	33.6	39.0	39.0	(0.0)	-0.1%
HR	14.9	17.3	14.9	2.4	16.0%
Recurring	12.5	14.5	11.5	2.9	25.3%
Other Revenues	2.4	2.8	3.4	(0.5)	-15.9%
TOTAL REVENUE	410.9	489.1	422.8	66.3	15.7%
Total Recurring Revenues	335.3	401.5	337.3	64.2	19.0%
Total Other Revenues	75.5	87.6	85.5	2.1	2.4%

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

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

Recurring revenue for 2021 increased compared to the previous year at all aggregated levels of revenue by channel/product.

In absolute terms, the growth in Recurring revenue was mainly driven by sales relating to the Micro Business Unit (which recorded an increase in Recurring revenue of € 27.3 million compared to 2020, representing an increase of approximately 40.1%), and the Professional Business Unit, with an increase in Recurring revenue of € 9.5 million (or approximately 7.6% more than in 2020).

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

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

During 2021, TeamSystem Group, following the Group's change of control, initiated and completed a major overhaul of its organisational structure and corporate reporting system that led to significant changes to roles/responsibilities and the set of internal reports periodically reviewed by Management with the definitive elimination of the subdivision of the two previously identified operating segments: Software BU and the Financial BU

Consistent with the Group's new strategic vision and on account of changed market and product conditions, whereby it is critical to continuously adjust to available technologies and market needs that are constantly evolving, TeamSystem Group has identified a new business direction and new organisational and reporting responsibilities that render the two previous operating segments (the Software BU and the Financial BU) no longer representative of the Group's business and the dynamics of the market.

For the above reasons, during 2021, Group Management established a new reporting model based on six operating segments for reporting purposes (Enterprise, Professional, Market Specific Solutions, Micro, Digital Finance, HR), aligned with and perfectly corresponding to the current organisational and business structure, which better responds to the operating realities of today and those of the Group.

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

- **Enterprise ("ENT") Business Unit:** products/services for SMEs, mainly consisting of core products (ERP) and accessory products and vertical solutions;
- **Professional ("PROF") Business Unit:** products/services for professionals and labour consultants (accounting, tax, payroll);
- **Market Specific Solutions ("MSS") Business Unit:** vertical solutions aimed at highly specialised markets;
- **Micro ("MICRO") Business Unit:** mainly Cloud-based solutions for small and micro enterprises;
- **Digital Finance ("DIF") Business Unit:** solutions related to financial digitalisation;
- **HR ("HR") Business Unit:** modular HR system covering all HR management and business process outsourcing requirements.

Segment information relating to the 12-month pro-forma financial statements is presented below:

Euro Millions								
PRO-FORMA								
31 Dec 2021								
OPERATING SEGMENTS	DIF	ENT	PROF	HR	MSS	MICRO	TOTAL	
TOTAL REVENUE - OPERATING SEGMENT	13.3	113.3	143.1	17.3	101.5	100.8	489.1	
FIRST MARGIN - OPERATING SEGMENT	4.7	54.1	79.0	4.1	30.6	60.6	233.1	
							1	
INDIRECT COSTS							(49.5)	2
CAPITALISED DEVELOP COSTS - PERSONNEL AND SERVICES							16.1	3
ADJUSTED EBITDA							199.7	= 1 + 2 + 3

The economic performance indicator for each operating segment is the **First Margin**, calculated as the difference between total revenues and the direct costs of the Business Unit, the latter being mainly:

- 1) direct personnel costs (mainly sales, delivery, customer value);
- 2) sw / hw resale costs, external delivery costs, web-recall costs, sales rebates;
- 3) commissions and other sales incentives, recurring R&D consultant costs;

4) direct product marketing, direct R&D consultancy, travel & expenses of business unit personnel.

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► **TEAMSYSYSTEM GROUP'S FINANCIAL POSITION**

The tables which follow present the Group's financial position at 31 December 2021 and 31 December 2020 and highlight the Group's net invested capital and net indebtedness. In this case, the Group's financial position at 31 December 2021 are the actual figures, as they include the effects of the extraordinary transactions that occurred during the year, and are compared with the figures in the consolidated financial statements of the former TeamSystem Holding S.p.A. (TeamSystem Group prior to the acquisition that took place in 2021).

Euro thousands	STATUTORY TEAMSYSYSTEM HOLDCO	STATUTORY TEAMSYSYSTEM HOLDING		
CONSOLIDATED NET INVESTED CAPITAL	31 Dec 2021	31 Dec 2020	Change	% Change
Trade receivables	125,317	120,019	5,298	4.4%
Inventories	909	1,109	(199)	-18.0%
Other receivables	38,167	30,914	7,253	23.5%
Trade payables	(62,371)	(48,532)	(13,839)	28.5%
Other liabilities	(128,676)	(112,495)	(16,181)	14.4%
Working Capital	(26,653)	(8,986)	(17,668)	196.6%
Tax assets net of Tax liabilities	(5,174)	(5,517)	343	-6.2%
Tangible assets	15,782	14,946	836	5.6%
Intangible assets	45,442	58,202	(12,760)	-21.9%
Right of use	21,235	24,776	(3,541)	n.s.
Asset IFRS	1,399,020	566,789	832,231	146.8%
Goodwill	1,833,110	822,087	1,011,023	123.0%
Investments	1,201	6,061	(4,860)	-80.2%
Non Current Assets	3,315,790	1,492,861	1,822,929	122.1%
Invested Capital	3,283,963	1,478,358	1,805,605	122.1%
Staff leaving indemnity	(25,939)	(19,835)	(6,104)	30.8%
Provisions for risks and charges	(13,255)	(4,556)	(8,699)	190.9%
Other liabilities - non current	(432)	(476)	44	-9.2%
Deferred tax assets (liabilities) - net	(323,183)	(147,196)	(175,986)	119.6%
Provision and other liabilities	(362,809)	(172,063)	(190,746)	110.9%
NET INVESTED CAPITAL	2,921,154	1,306,295	1,614,859	123.6%
Euro thousands	STATUTORY TEAMSYSYSTEM HOLDCO	STATUTORY TEAMSYSYSTEM HOLDING		
CONSOLIDATED FINANCIAL SOURCES	31 Dec 2021	31 Dec 2020	Change	% Change
Financial liabilities with banks and other institutions	1,598,233	979,366	618,868	63.2%
Other financial assets	(8,512)	(1,886)	(6,626)	351.3%
Cash and bank balances	(59,084)	(63,691)	4,608	-7.2%
Net Financial Indebtedness	1,530,638	913,788	616,850	67.5%
Share capital and reserves	1,453,800	394,537	1,059,263	268.5%
Profit (Loss) attributable to Owners of the Company	(64,176)	(2,703)	(61,473)	2274.0%
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	1,389,624	391,834	997,790	254.6%
Non controlling interests - Capital and reserves	721	535	187	34.9%
Non controlling interests - Profit (Loss)	170	138	32	23.4%
TOTAL NON CONTROLLING INTERESTS	892	673	219	32.5%
FINANCIAL SOURCES	2,921,154	1,306,295	1,614,859	123.6%

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

Working Capital

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

Intangible assets

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

IFRS assets

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

Other intangible assets

that consist mainly of capitalised development costs;

The changes in both net financial indebtedness and equity are related to the "change of control" transactions following the Acquisition of TeamSystem Group and the subsequent reverse merger transaction discussed previously. At 31 December 2021, the Group's net financial indebtedness amounted to approximately € 1,530,638 thousand, an increase of € 616,850 thousand compared to € 913,788 thousand at 31 December 2020 following the issue in 2021 of the 2028 Fixed Rate Notes, 2028 Floating Rate Notes and 2029 PIYW PIK Toggle Notes to finance the Acquisition.

The Group's consolidated equity at 31 December 2021 amounts to € 1,389,624 thousand, representing an increase compared to the balance at 31 December 2020 (€ 391,834 thousand) of € 997,790 thousand. The leverage ratio (net financial indebtedness/equity for the Group) was thus 1.1 at 31 December 2021 (2.3 at 31 December 2020).

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► WORKING CAPITAL

The following table shows the components of working capital at 31 December 2021 and 31 December 2020:

Euro thousands	STATUTORY TEAMSYS HOLDCO	STATUTORY TEAMSYS HOLDING		
WORKING CAPITAL	31 Dec 2021	31 Dec 2020	Change	% Change
Trade receivables	125,317	120,019	5,298	4.4%
Inventories	909	1,109	(199)	-18.0%
Other receivables	38,167	30,914	7,253	23.5%
Trade payables	(62,371)	(48,532)	(13,839)	28.5%
Other liabilities	(128,676)	(112,495)	(16,181)	14.4%
WORKING CAPITAL - TOTAL	(26,653)	(8,986)	(17,668)	196.6%

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

At 31 December 2021, working capital decreased by approximately € 17,668 thousand, from a negative € 8,986 thousand at 31 December 2020 to a negative € 26,653 thousand at 31 December 2021. This decrease was mainly due to the increase in Other liabilities (which rose from € 112,495 thousand at 31 December 2020 to € 128,676 thousand at 31 December 2021) which mainly consist of deferred revenue, and to the change in Trade payables, which increased by € 13,839 thousand.

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► CONSOLIDATED STATEMENT OF CASH FLOWS

Presented below is the statement of cash flows of TeamSystem Group for 2021:

Euro thousands		STATUTORY TEAMSYS HOLDCO
CONSOLIDATED STATEMENT OF CASH FLOWS		31 Dec 2021
CASH FLOWS FROM OPERATING ACTIVITIES		176,630
	Capital Expenditure	(29,687)
	Acquisition of investments	(1,917,860)
CASH FLOWS FROM INVESTING ACTIVITIES		(1,947,547)
	Financial balance paid / cashed-in	659,639
	Financing Fees paid	(56,146)
	Liabilities to non controlling shareholders of subsidiaries	(132,421)
	Capital Contribution	1,358,303
CASH FLOWS FROM FINANCING ACTIVITIES		1,829,375
Change in Exchange rates		13
INCREASE (DECREASE) IN CASH AND BANK BALANCES		58,470

As previously mentioned, TeamSystem Group underwent a change of control in 2021. For this reason, as permitted by International Financial Reporting Standards as adopted by the Group for its consolidated financial statements, the Consolidated statement of cash flows for 2021 includes the cash flows of TeamSystem Group (subject of the acquisition) from the Acquisition date up to 31 December 2021, while the cash flows of the parent company TeamSystem Holdco (and of the special purpose vehicles controlled by it, including Brunello Bidco and Brunello Midco 2) are for the full twelve months of 2021.

TeamSystem Group's Cash flows from operating activities for the year ended 31 December 2021 amount to € 176,630 thousand.

There is no "weekend effect" on Cash flows from operating activities at 31 December 2021 as 31 December 2021 was a business day.

Regarding Cash flows from investing activities, these amounted to € 1,947,547 thousand at 31 December 2021 and were mainly attributable to cash-outs paid during 2021 for the acquisition of the equity interests in Billin, TeamSystem9, Logical Soft, Itacme, SGS System House, as well as the consideration paid for the Acquisition.

Cash flows from financing activities amount to € 1,829,375 thousand, mainly due to the following:

- the early redemption of the **Existing Floating Rate Notes** and the issuance of the **2028 Fixed Rate Notes, 2028 Floating Rate Notes, and 2029 PIYW PIK Toggle Notes;**
- the payment of the Financing Fees associated with the issuance of the Notes described above;
- the payment of interest on the **2028 Fixed Rate Notes, 2028 Floating Rate Notes, and 2029 PIYW PIK Toggle Notes;**
- the capital increase in TeamSystem Holdco to finance the Acquisition;
- the payment of liabilities to non-controlling shareholders of subsidiaries (the most significant of which were those of Aliaslab and Danea Soft);
- the increase in outstanding debt in relation to the **New RCF**, which was partially drawn during the year.

► CAPITAL EXPENDITURE

The following table shows the capital expenditure incurred by the Group in the year ended 31 December 2021:

Euro thousands	
CAPITAL EXPENDITURE	31 Dec 2021
Capex - Tangible Assets	4,426
Capex - Intangible Assets	12,161
Capitalized development costs - personnel costs	9,940
Capitalized development costs - service costs	3,161
CAPITAL EXPENDITURE	29,687

Capital Expenditure in 2021 includes only the investments made by TeamSystem Group (the object of the acquisition) from the day of the Acquisition until December 31, 2021, therefore excluding the effects arising from the Acquisition and the related allocation of higher values.

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

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► RESEARCH AND DEVELOPMENT

Again, during 2021, as previously indicated, product research and development activity was particularly intense, having been concentrated on the introduction of new software products, new functionalities or new modules with respect to those already existing.

The total amount of development costs capitalised (at Group level) in 2021 amounts to € 16 million (compared to € 15.2 million in 2020). In addition to changes in the scope of consolidation, this growth is due to the Group's continuous commitment to develop new solutions and products (particularly those related to digitalisation) responding to market needs.

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► FINANCIAL RISK MANAGEMENT

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

Foreign exchange risks

The Group is not exposed to foreign exchange risks, since the Group companies operate mainly in Italy and, for the time being, the impact of international transactions is insignificant. The Group's efforts to develop new business abroad are very recent and are mostly in Euro Area countries. Therefore, the Group's exposure to foreign exchange risk is not significant at the reporting date.

Credit risk

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

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

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

At 31 December 2021, the Group did not have any insurance cover for trade receivables.

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

The amount of the allowance for bad debts at 31 December 2021 was determined by adopting an expected credit loss approach (as required by the relevant IFRS 9), which considers both past due receivables, the allowance for which was determined based on a specific analysis of doubtful accounts, and receivables that are not yet past due at the reporting date. A generic write-down is then estimated based on historical data and the past credit loss experience of the Group, which is adjusted to consider expected losses from specific debtors and the macroeconomic environment.

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

Interest rate risk

TeamSystem Group's financial structure calls for fixed rate debt for the **2028 Fixed Rate Notes**; variable rate debt for the **2028 Floating Rate Notes**, **2029 PIYW PIK Toggle Notes**, and the **New RCF** credit facility.

The yield on the **2028 Floating Rate Notes** is tied to the 3-month Euribor rate (with a floor of 0.00%), plus a contractually defined spread, or to the 6-month Euribor rate (with a floor of 0.00%), plus a contractually defined spread, for the **2029 PIYW PIK Toggle Notes**.

Conditions applied to the **New RCF** also feature floating interest rates (based on Euribor rates - with a floor of 0.00% - plus a spread established contractually each quarter).

If interest rates payable on the Notes had been 0.5% higher in 2021 (with respect to the interest rate actually paid during year), finance costs pertaining to the Notes would have been € 4.8 million higher; if interest rates payable on the Notes had been 1.00% higher (with respect to the interest rate actually paid during year), TeamSystem Group would have incurred approximately € 9.6 million more in finance costs pertaining to the Notes.

As regards the revolving credit facility, if interest rates payable on the RCF had been 0.5% higher in 2021 (with respect to the interest rate actually paid during the year), finance costs would have been € 0.1 million higher; on the other hand, if interest rates payable on the RCF had been 1.00% higher (with respect to the interest rate actually paid during the year), TeamSystem Group would have incurred approximately € 0.2 million more in finance costs.

Liquidity risk

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

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

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

Despite the Group's high degree of leverage, the ongoing pandemic and the commitments stemming from the various investments acquired in 2021, liquidity is not an issue. The RCF itself, which was drawn for € 75 million at 31 December 2021, could be drawn for a further € 105 million, and the Group has always demonstrated its ability to generate cash and successfully raise funds on the financial markets.

► HUMAN RESOURCES

The number of TeamSystem Group's employees in the year ended 31 December 2021 was 2,785 persons, broken down as follows:

	GROUP TEAMSYS TEAMSYS HOLDCO	GROUP TEAMSYS TEAMSYS HOLDING	Change	GROUP TEAMSYS TEAMSYS HOLDCO	GROUP TEAMSYS TEAMSYS HOLDING	Change
	Average 2021	Average 2020		31 Dec 2021	31 Dec 2020	
Managers	81	77	4	79	82	(3)
Middle managers / white collars	2,556	2,237	319	2,706	2,406	300
Total	2,637	2,314	323	2,785	2,488	297

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

The increase in the number of employees at 31 December 2021 relative to 31 December 2020 is also due to the addition of employees of the newly acquired companies during the course of 2021.

► INFORMATION PERTAINING TO THE ENVIRONMENT

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

► SIGNIFICANT SUBSEQUENT EVENTS

■ Acquisition / Contribution of business units

Storeden S.r.l.

In January 2022, TeamSystem S.p.A. acquired a controlling stake (100%) in Storeden S.r.l., a company that develops and markets e-commerce software solutions.

TeamSystem 8

In January 2022, the business units of the following companies were contributed to TeamSystem 8 S.r.l.:

- Sistemi Gestionali S.r.l.
- SEDAS S.r.l.
- S.I. Global S.r.l.
- Team Ufficio S.r.l.

TeamSystem 10 S.r.l.

In February 2022, the business unit of the company Sistemi Contabili was contributed to TeamSystem 10 S.r.l.

■ Coronavirus Emergency

Even in the first months of 2022, the Group continued to provide services to its customers primarily through smart working.

The future impacts of COVID-19 on the Group's operating results and financial condition will depend on how the pandemic develops in the future, including the success of the gradual lifting of containment measures and vaccination programmes worldwide.

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

■ Energy crisis and rising inflation - Russia-Ukraine crisis

According to ISTAT, inflation in January 2022 is expected to reach 4.8%, with three-quarters of this increase attributable to higher energy prices, which have nearly doubled (+93% over January 2021 - source: ISTAT).

The effects of the energy crisis could also be amplified by the Russian-Ukrainian war (following Russia's invasion of Ukraine in February 2022), which will force the entire European Union to confront the issue of energy security and dependence on Russian supplies, especially with regard to gas. Russia is in fact Italy's main supplier of crude oil and natural gas with a share of 20.1% and is also the leading supplier of gas to the European Union.

The Russian invasion of Ukraine prompted economic sanctions being imposed on Russia, which could also have negative repercussions on the Italian economy (due to the damaging effects that these sanctions could have on Italian exports).

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

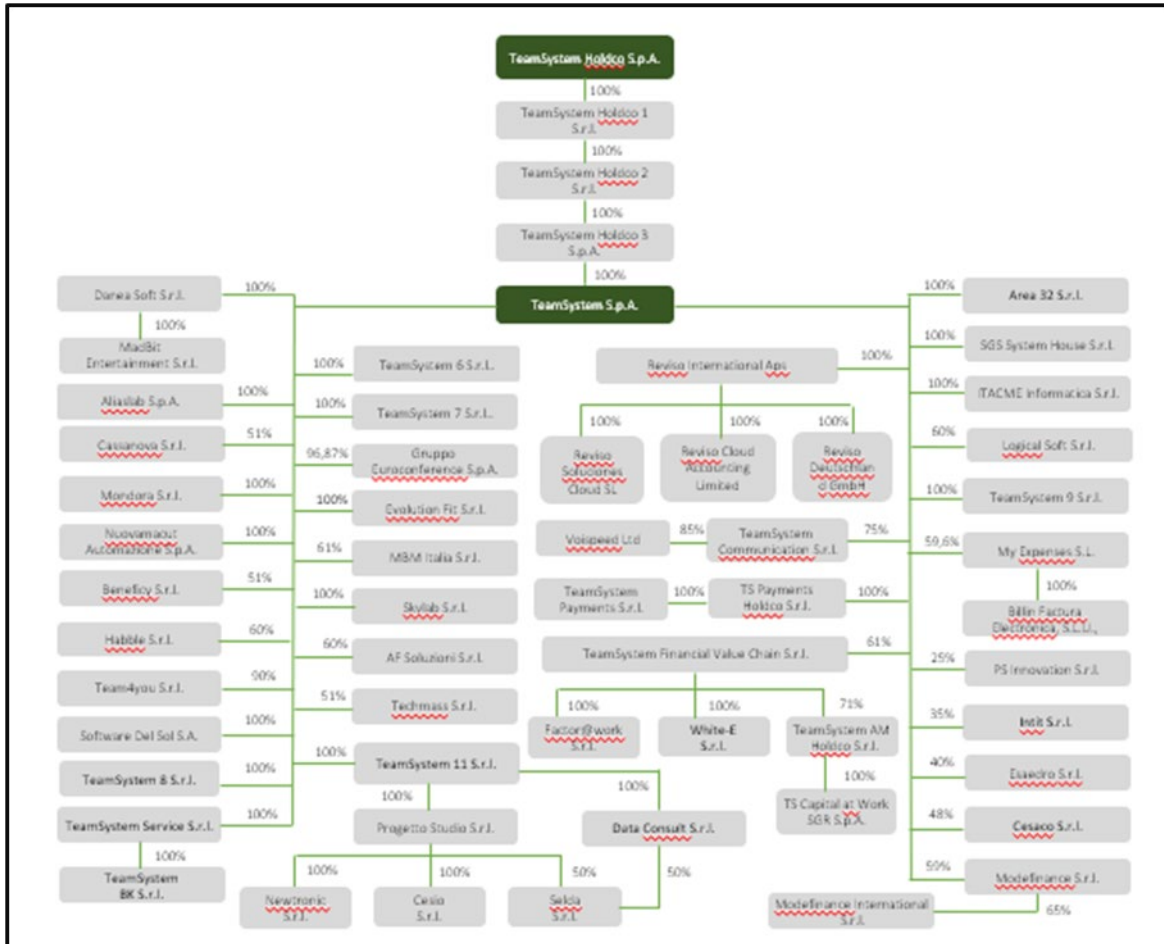
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► BUSINESS OUTLOOK

The 2021 results have undoubtedly demonstrated the Group's ability to react and the resilience of the sector. Nevertheless, the epidemic's spread and the persistent unfolding of its effects, including economic effects, in addition to the political tensions in Eastern Europe, could adversely affect the current year for the Group compared to what was originally forecast.

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

► STRUCTURE OF TEAMSYSTEM GROUP AT 31 DECEMBER 2021



Notes:

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

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► SUBSIDIARIES

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

Amounts in Euro

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Share capital	Equity	Currency	% held	% consolid.	Put / Call Options	Notes
TeamSystem Holdco S.p.A.	Pesaro	14,596,648	1,454,571,101	EUR				
TeamSystem Holdco 1 S.r.l.	Pesaro	3,000	1,453,786,719	EUR	100.00	100.00		
TeamSystem Holdco 2 S.r.l.	Pesaro	3,000	1,453,784,898	EUR	100.00	100.00		
TeamSystem Holdco 3 S.p.A.	Pesaro	50,000	1,448,151,612	EUR	100.00	100.00		
TeamSystem S.p.A.	Pesaro	24,000,000	1,691,098,954	EUR	100.00	100.00		
Skylab Italia S.r.l.	Torino	143,600	9,737,591	EUR	100.00	100.00		
Techmass S.r.l.	Bassano del Grappa (VI)	11,538	266,975	EUR	51.00	100.00	1	
Area 32 S.r.l.	San Donà di Piave (VE)	10,000	500,497	EUR	100.00	100.00		
MBM Italia S.r.l.	Padova	40,800	3,829,481	EUR	61.00	100.00	1	
AF Soluzioni S.r.l.	Salerno	70,000	1,152,947	EUR	60.00	100.00	1	
Beneficy S.r.l.	Roma	90,000	11,862	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	10,000	1,050,211	EUR	90.00	100.00	1	
TeamSystem 6 S.r.l.	Milano	10,000	2,708,168	EUR	100.00	100.00		
Habble S.r.l.	Vecchiano (PI)	21,930	2,006,999	EUR	60.00	100.00	1	
Software del Sol S.A.	Mengibar (Jaén)	75,000	(154,953)	EUR	100.00	100.00		
TeamSystem 7 S.r.l.	Milano	10,000	13,400	EUR	100.00	100.00		
TeamSystem 8 S.r.l.	Milano	10,000	17,652	EUR	100.00	100.00		
TeamSystem 9 S.r.l.	Milano	10,000	551,498	EUR	100.00	100.00		
SGS System House S.r.l.	Milano	10,400	(65,732)	EUR	100.00	100.00		
My Expenses S.L	Madrid	73,074	1,781,462	EUR	59.60	100.00	1	
Billin Factura Electronica S.L	Bilbao	3,050	(69,889)	EUR	100.00	100.00		2
Logical Soft S.r.l.	Desio (MB)	200,000	2,218,927	EUR	60.00	100.00	1	
ITACME Informatica S.r.l.	Cesena	45,000	266,045	EUR	100.00	100.00		
TeamSystem 11 S.r.l.	Milano	10,000	9,601	EUR	100.00	100.00		
Progetto Studio S.r.l.	Verona	100,000	5,308,403	EUR	100.00	100.00		3
Data-Consult S.r.l.	Vado Ligure (SV)	50,000	2,737,910	EUR	100.00	100.00		3
Selda S.r.l.	Chiavari (GE)	20,000	926,704	EUR	100.00	100.00		4
NewTronic S.r.l.	Padova	93,000	2,088,454	EUR	100.00	100.00		5
Cesio S.r.l.	Brescia	90,000	368,074	EUR	100.00	100.00		5
EvolutionFit S.r.l.	Torino	10,000	1,260,363	EUR	100.00	100.00		
TeamSystem Service S.r.l.	Campobasso	200,000	47,107,990	EUR	100.00	100.00		
TeamSystem BK S.r.l.	Campobasso	1,010,000	5,128,559	EUR	100.00	100.00		6
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	240,592	EUR	75.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	100,000	53,803,224	EUR	100.00	100.00		
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	101,906,734	EUR	100.00	100.00		7
Nuovamacut Automazione S.p.A.	Bologna	108,000	27,702,599	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	300,000	28,820,290	EUR	96.87	96.87		8
Reviso International ApS	Copenhagen	50,011	2,809,804	DKK	100.00	100.00		
Reviso Cloud Accounting Limited	Reading	1	28,439	GBP	100.00	100.00		9
Reviso Soluciones Cloud S.L.	Madrid	3,000	27,234	EUR	100.00	100.00		9
Reviso Deutschland GmbH	Berlino	25,000	146,605	EUR	100.00	100.00		9
Mondora S.r.l.	Milano	105,000	4,296,568	EUR	100.00	100.00		
Voispeed UK Ltd	Saint Albans - UK	1,000	102,681	GBP	85.00	85.00		10
Aliaslab S.p.A.	Milano	156,000	52,159,365	EUR	100.00	100.00		
Cassanova S.r.l.	Sant. di Romagna (RN)	10,000	1,838,252	EUR	51.00	100.00	1	
TeamSystem Financial Value Chain S.r.l.	Milano	4,931,373	13,364,865	EUR	61.00	100.00	1	
Whit-e S.r.l.	Milano	10,000	1,754,759	EUR	100.00	100.00		11
Factor@Work S.r.l.	Milano	15,000	2,619,293	EUR	100.00	100.00		12
TeamSystemAM Holdco S.r.l.	Milano	65,000	253,251	EUR	71.00	100.00	1	11
TeamSystem Capital at Work SGR S.p.A.	Milano	100,000	1,109,840	EUR	100.00	100.00		12
TeamSystem Payments Holdco S.r.l.	Milano	10,000	3,495,714	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milano	125,000	1,990,132	EUR	100.00	100.00		13
Modefinance S.r.l.	Trieste	210,000	2,666,195	EUR	59.00	100.00	1	
Modefinance International S.r.l.	Milano	100,000	70,033	EUR	65.00	100.00	1	14

- (1) =equity interest would be 100% should put and call option agreements be exercised;
(2) =investment held by My Expenses;
(3) =investments held by TeamSystem 11;
(4) = 50% interest held by Progetto Studio with the remaining 50% held by Data Consult;
(5) investments held by Progetto Studio;
(6) =investment held by TeamSystem Service;
(7) = investment held by Danea Soft;
(8) =takes account of treasury shares held by Gruppo Euroconference S.p.A.;
(9) = investments held by Reviso International ApS;
(10) =investment held by TeamSystem Communication;
(11) =investment held by TeamSystem Financial Value Chain;
(12) =investment held by TeamSystem AM Holdco S.r.l.;
(13) =investment held by TeamSystem Payments Holdco;
(14) =investment held by Modefinance.

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

■ COMPANIES CONTROLLED IN THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

TeamSystem Holdco 1 S.r.l. (ex TeamSystem Cleanco S.r.l.)

Vehicle company set up in connection with the TeamSystem Group Acquisition of February 2021.

TeamSystem Holdco 2 S.r.l. (ex TeamSystem Midco 1 S.r.l.)

Vehicle company set up in connection with the TeamSystem Group Acquisition of February 2021.

TeamSystem Holdco 3 S.p.A. (ex TeamSystem Midco 2 S.r.l.)

Vehicle company set up in connection with the TeamSystem Group Acquisition of February 2021.

TeamSystem S.p.A.

The company, which was set up in 1979, is the operating Parent Company of TeamSystem Group. The company develops and distributes, both through its direct branches and through its network of specialised dealers, management software solutions for the professional and business market.

Gruppo Euroconference S.p.A.

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

Nuovamacut Automazione S.p.A.

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

TeamSystem Service S.r.l.

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

TeamSystem Communication S.r.l. and Voispeed Limited

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

Danea Soft S.r.l.

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

Madbit Entertainment S.r.l.

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

Reviso International ApS and subsidiaries

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

Mondora S.r.l.

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

Aliaslab S.p.A.

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

EvolutionFit S.r.l.

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

Cassanova S.r.l.

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

Skylab Italia S.r.l.

In April 2019, TeamSystem S.p.A. acquired a majority interest in Skylab Italia S.r.l. Skylab Italia S.r.l. is a company specialised in cloud solutions for personnel management. This acquisition has allowed TeamSystem Group to expand its portfolio of cloud products, and reinforce its competitive position in this target market.

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

On 19 February 2019, TeamSystem S.p.A. set up a subsidiary company called TeamSystem Financial Value Chain S.r.l., with the aim of making it become TeamSystem Group's centre of excellence for financial services. TeamSystem Financial Value Chain S.r.l. holds a 100% share of Whit-e S.r.l. (a leading provider of technological platforms and solutions for invoice trading services) and holds a majority share of TeamSystem AM Holdco S.r.l. TeamSystem AM Holdco S.r.l. itself holds a 100% stake in Factor@Work S.r.l. (a company that provides portfolio management services to investors) and 100% of TeamSystem Capital at Work SGR S.p.A.

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

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

TechMass S.r.l.

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

BK Service S.r.l.

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

AREA 32 S.r.l.

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

MBM Italia S.r.l.

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

AF Soluzioni S.r.l.

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

Beneficy S.r.l.

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

Team4you S.r.l.

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

Software del Sol

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

Habble S.r.l.

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

TeamSystem 6 S.r.l.

In January 2021, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 6 S.r.l., a reseller of TeamSystem software for businesses, accountants and consultants.

TeamSystem 7 S.r.l.

In January 2021, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 7 S.r.l., a reseller of TeamSystem software for businesses, accountants and consultants.

TeamSystem 8 S.r.l.

In January 2021, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 8 S.r.l., a reseller of TeamSystem software for businesses, accountants and consultants.

Modefinance S.r.l. and its subsidiaries

In February 2021, TeamSystem S.p.A. acquired a controlling interest in Modefinance S.r.l., a company specializing in corporate credit ratings. In October 2021, the NewCo, Modefinance International S.r.l. was established in which Modefinance S.r.l. holds a 65% equity interest. Modefinance International distributes Modefinance S.r.l. products internationally.

TeamSystem 9 S.r.l.

In March 2021, TeamSystem S.p.A. acquired a 100% holding in TeamSystem 9 S.r.l., a reseller of TeamSystem software for businesses, accountants and consultants.

My Expenses S.L. (and Billin)

In March 2021, TeamSystem S.p.A. acquired a 59.60% controlling interest in My Expenses S.L., a Spanish start-up that developed a cloud software product for the Spanish market. My Expenses in turn holds 100% of the share capital of Billin.

SGS System House S.r.l.

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

Logical Soft S.r.l.

In October 2021, TeamSystem S.p.A. acquired a controlling interest of 60% in Logical Soft S.r.l., a company specialised in developing technical software for the building and engineering sectors.

Itacme Informatica S.r.l.

In October 2021, TeamSystem S.p.A. acquired a 100% interest in Itacme Informatica S.r.l., a company that designs, develops and markets management / ERP software.

Modefinace International S.r.l.

In October 2021, a NewCo was established named Modefinace International S.r.l. in which Modefinace S.r.l. holds a 65% equity interest. The company is engaged in the international distribution of Modefinace S.r.l.'s products.

TeamSystem 11

This company was established by TeamSystem S.p.A. to acquire Progetto Studio Group and Data Consult.

Progetto Studio (and subsidiaries and / or associated companies)

In December 2021, TeamSystem 11 acquired a 100% interest in Progetto Studio S.r.l., which in turn holds:

- 100% of the quota capital of New Tronic S.r.l and Cesio S.r.l.
- 50% of the quota capital of Selda S.r.l., the remaining 50% of which is held by Data Consult

Both companies are resellers of TeamSystem software.

Data Consult S.r.l. (and its associated company)

In December 2021, TeamSystem 11 acquired 100% of the quota capital of Data Consult S.r.l., a TeamSystem software reseller. Data Consults S.r.l. holds 50% of the quota capital of Selda S.r.l.

► ASSOCIATED COMPANIES

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

Amounts in Euro

CONSOLIDATED COMPANIES EQUITY METHOD	Registered office	Share capital	Equity	Currency	% held	% consolidation	Put / Call Options	Notes
Esaedro S.r.l. (*)	Parma	20,800	510,998	EUR	40.00	40.00		15
INTIT S.r.l. (*)	Frosinone	20,800	365,549	EUR	35.00	35.00		15
Cesaco S.r.l. (*)	Vicenza	90,000	39,745	EUR	48.00	48.00		15
PS Innovation S.r.l. (*)	Brescia	100,000	91,879	EUR	25.00	25.00		15

(15) = financial statement figures refer to the year ended 31 December 2020

Details of balances and transactions with associated companies during the 2021 financial year are shown below.

ASSOCIATED COMPANIES	Trade and Other receivables	Financial receivables	31 Dec 2021	Trade and Other payables	Financial liabilities	31 Dec 2021
Esaedro	297		297	13		13
INTIT	132		132			0
Cesaco			0			0
PS Innovation	46	140	186			0
Total	527	140	667	40	0	40

ASSOCIATED COMPANIES	Total Revenues	Finance income	31 Dec 2021	Operating costs	Finance cost	31 Dec 2021
Esaedro	1,571		1,571	205		205
INTIT			0			0
Cesaco			0			0
PS Innovation	61		61			0
Total	1,787	0	1,787	1,364	0	1,364

□ □ □

► RELATED COMPANIES

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

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

The registered office and administrative headquarters of TeamSystem Holdco S.p.A. are set out below:
Via Sandro Pertini 88, Pesaro (PU);

TeamSystem Holdco S.p.A.'s tax code is as follows: 11360450966
TeamSystem Holding S.p.A. is registered with the Pesaro Chamber of Commerce (registration No. 271034).

The consolidated and separate financial statements of TeamSystem Holdco S.p.A. for the year ended 31 December 2021 have been audited by Deloitte & Touche S.p.A.

□ □ □

Milan, 10 March 2022

**On behalf of the Board of Directors of
TeamSystem Holdco S.p.A.
Managing Director
Federico Leproux**



TeamSystem Holdco S.p.A. and subsidiaries TeamSystem Group

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	31 Dec 2021	31 Dec 2020	NOTES
Revenue	407,480	0	1 / 2
Other operating income	3,402	0	1 / 2
TOTAL REVENUE	410,882	0	1 / 2
Cost of raw and other materials	(36,157)	0	3
Cost of services	(104,655)	(130)	4
Personnel costs	(116,017)	0	5
Other operating costs	(4,541)	(0)	6
Depreciation and amortization of non current assets	(170,478)	0	11 / 12 / 13
Allowance for bad debts	(3,765)	0	20
Other provisions for risks and charges	(79)	0	25
OPERATING RESULT	(24,810)	(130)	
Share of Profit (Loss) of associates	60	0	
Finance income	5,714	0	7
Finance cost	(110,219)	(1)	8
PROFIT (LOSS) BEFORE INCOME TAXES	(129,256)	(131)	
Current income tax	(18,677)	0	9
Deferred income tax	83,927	0	9
TOTAL INCOME TAX	65,250	0	
PROFIT (LOSS) FOR THE YEAR	(64,006)	(131)	
(Profit) Loss for the year - Non controlling interests	(170)	0	
PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY	(64,176)	(131)	

Euro thousands			
CONSOLIDATED STATEMENT OF			
	31 Dec 2021	31 Dec 2020	NOTES
PROFIT (LOSS) FOR THE YEAR	(64,006)	(131)	
Actuarial evaluation of Staff leaving indemnity	(865)	0	24
Tax effect	208	0	24
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF TAX	(657)	0	
Exchange rate differences	3	0	
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF TAX	3	0	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(64,660)	(131)	
Total comprehensive (income) loss for the year attributable to Non controlling interests	(171)	0	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY	(64,831)	(131)	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	31 Dec 2021	31 Dec 2020	NOTES
Tangible assets	15,782	0	11
Intangible assets	1,444,462	0	12
Right of use	21,235	0	13
Goodwill	1,833,110	0	14
Other Investments	943	0	16
Investments in associates	258	0	16
Deferred tax assets	16,215	0	17
TOTAL NON CURRENT ASSETS	3,332,005	0	
Inventories	909	0	19
Trade receivables	125,317	0	20
Tax receivables	3,470	0	21
Other receivables - current	38,167	586	22
Other financial assets - current	8,512	0	18
Cash and bank balances	59,084	614	18
TOTAL CURRENT ASSETS	235,459	1,199	
TOTAL ASSETS	3,567,464	1,199	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	31 Dec 2021	31 Dec 2020	NOTES
Share capital	14,597	50	23
Other reserves	1,439,231	97	23
Retained earnings (accumulated losses)	(27)	0	23
Profit (Loss) attributable to Owners of the Company	(64,176)	(131)	23
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	1,389,624	16	
Non controlling interests - Capital and reserves	721	0	23
Non controlling interests - Profit (Loss)	170	0	23
TOTAL NON CONTROLLING INTERESTS	892	0	
TOTAL EQUITY	1,390,516	16	
Financial liabilities with banks and other institutions - non current	1,475,267	0	18
Staff leaving indemnity	25,939	0	24
Provisions for risks and charges	13,255	0	25
Deferred tax liabilities	339,397	0	17
Other liabilities - non current	432	0	27
TOTAL NON CURRENT LIABILITIES	1,854,290	0	
Financial liabilities with banks and other institutions - current	122,967	453	18
Trade payables	62,371	598	
Tax liabilities - current	8,644	19	26
Other liabilities - current	128,676	113	27
TOTAL CURRENT LIABILITIES	322,658	1,183	
TOTAL LIABILITIES	2,176,948	1,183	
TOTAL EQUITY AND LIABILITIES	3,567,464	1,199	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2021	31 Dec 2020	NOTES
Operating Result	(24,810)	(130)	
Depreciation and amortisation of non-current assets	170,478	0	
Depreciation and amortisation of non-current assets	170,478	0	
Trade receivables	150,407	0	
Inventories	479	0	
Other receivables	5,961	(586)	
Trade payables	5,896	598	
Other liabilities	(108,809)	132	
Change in Working capital	53,934	145	
Staff leaving indemnity	54	0	
Provisions for risks and charges	(1,356)	0	
Change in provisions	(1,302)	0	
Income tax paid	(21,671)	0	
CASH FLOWS FROM OPERATING ACTIVITIES	176,630	15	
Investments in tangible assets	(4,426)		
Investments in intangible assets	(12,161)		
Capitalized development costs - personnel costs	(9,940)		
Capitalized development costs - service costs	(3,161)		
Capital Expenditure	(29,687)	0	
Acquisition of investments	(1,955,360)	0	10
Cash and bank balances at the date of acquisition	37,500	0	
Acquisition of investments	(1,917,860)	0	
CASH FLOWS FROM INVESTING ACTIVITIES	(1,947,547)	0	
Financial balance paid / cashed-in and change in financial assets / liabilities	659,639	452	10
Financing Fees paid	(56,146)	0	10
Liabilities to non controlling shareholders of subsidiaries	(132,421)	0	10
Capital Contribution	1,358,303	147	
CASH FLOWS FROM FINANCING ACTIVITIES	1,829,375	599	
INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS	13	0	
INCREASE (DECREASE) IN CASH AND BANK BALANCES	58,470	614	
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	614	0	
CASH AND BANK BALANCES - END OF THE YEAR	59,084	614	

STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
Incorporation of Brunello Holdco	50	97			147		147
Profit (Loss) for the year				(131)	(131)	0	(131)
Other Profit (Loss) on comprehensive income					0		(0)
31 Dec 2020	50	97	0	(131)	16	0	16

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
31 Dec 2020	50	97	0	(131)	16	0	16
Profit (Loss) allocation		(104)	(27)	131	0		0
Capital increase TeamSystem Holdco	14,547	1,440,021			1,454,568		1,454,568
Acquisition of TeamSystem Group					0	719	719
Incorporation of Modefinance International					0	35	35
Acquisition of Non controlling interests - IFRS 3		(128)			(128)	(35)	(163)
Profit (Loss) for the year				(64,176)	(64,176)	170	(64,006)
Other Profit (Loss) on comprehensive income		(655)			(655)	1	(654)
31 Dec 2021	14,597	1,439,231	(27)	(64,176)	1,389,624	892	1,390,516

TeamSystem Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

►ACQUISITION OF TEAMSYSYSTEM GROUP

In February 2021, the new private equity fund H&F Fund IX managed by Hellman & Friedman ("**H&F**"), acquired 100% of the share capital of Barolo Lux 1 S.à r.l., the direct parent company of TeamSystem Group ("**TeamSystem Group Acquisition**" or "**Acquisition**"). In detail, in February 2021, Brunello Bidco S.p.A, a special purpose vehicle indirectly controlled by both TeamSystem Holdco S.p.A. (the "Company") and the Fund IX managed by H&F private equity funds, acquired 100% of the shares of Barolo Lux 1 S.à r.l., the financial holding company which controls TeamSystem Group. To finance the Acquisition, in February 2021, Brunello Bidco S.p.A. issued senior secured fixed rate notes (with a fixed interest rate of 3.5%) for a principal amount of € 300 million maturing in 2028 ("**2028 Fixed Rate Notes**"), and senior secured floating rate notes for a principal amount of € 850 million maturing in 2028 ("**2028 Floating Rate Notes**"), and Brunello Midco 2 S.p.A. (parent company of Brunello Bidco S.p.A.), which was renamed TeamSystem Holdco 3 S.p.A. in 2021, issued senior floating rate Pay-If-You-Want PIK Toggle notes with a principal amount of € 300 million maturing in 2029 ("**2029 PIYW PIK Toggle Notes**").

The proceeds from these notes were used to finance the acquisition of TeamSystem Group and to repay:

- the existing senior secured floating rate notes which had a principal amount of € 200 million maturing in 2025;
- the existing senior secured floating rate notes with a principal amount of € 550 million maturing in 2022 (both the 2022 and the 2025 floating rate notes "**Existing Floating Rate Notes**").

In addition to the foregoing, the existing RCF credit facility negotiated by TeamSystem S.p.A. ("**Existing RCF**") was extinguished early and a new RCF credit line ("**New RCF**") was negotiated.

Reverse merger of Brunello Bidco S.p.A., Barolo Lux 1 S.à r.l. and TeamSystem Holding S.p.A. into TeamSystem S.p.A.

Subsequent to the Acquisition, on 26 October 2021, the reverse merger between TeamSystem S.p.A. (**surviving company**), and TeamSystem Holding S.p.A., Barolo Lux 1 S.à r.l, Brunello Bidco S.p.A. (these last three companies being the **absorbed companies**) became legally effective. The accounting date of this merger has not been backdated and thus corresponds to the date it became legally effective.

The decision to proceed with a reverse merger was due to the need for TeamSystem S.p.A, the largest operating company within TeamSystem Group, to maintain all its own complex legal relationships and licences, thus simplifying and avoiding the administrative burden of transferring licences and approvals, as well as substituting the company in all of its commercial relationships.

►COMPANY BACKGROUND

TeamSystem Holdco 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 Holdco S.p.A (the "Parent Company" or the "Parent") is the Parent Company of TeamSystem Group (the "Group"), leader in Italy in the production and marketing of management software and in the provision of training targeted at associations, small and medium-sized enterprises and Professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals). Effective 2019, via the incorporation and acquisition of financial companies, the Group has extended its range of services to encompass financial services.

The consolidated financial statements were approved by the Board of Directors on 10 March 2022.

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►ACCOUNTING STANDARDS ADOPTED

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

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

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

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►GOING CONCERN BASIS

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

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►CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include:

1. **A consolidated statement of profit or loss** for the year ended 31 December 2021. In particular, it should be noted that the consolidated statement of profit or loss format presents an analysis of costs aggregated by nature, since this classification is considered to be more meaningful for understanding TeamSystem Group's results. Moreover, since no discontinued or similar operations occurred in 2021 or 2020, profit (loss) for the year is derived solely from continuing operations; Consequently, the Group has not presented profit (loss) for the year from continuing operations since, as indicated, this coincides with profit (loss) for the year.
2. **A consolidated statement of comprehensive income** for the year ended 31 December 2021. In fact, IAS 1 requires that the statement of changes in equity has to evidence only changes generated by transactions with shareholders along with comprehensive income as defined below. The statement of comprehensive income begins with the profit or loss for the year followed by a section on other components of comprehensive income recognised directly in equity and then comprehensive income for the year, being the total profit (loss) for the year and other components of comprehensive income. The other comprehensive income section presents revenue and expense line items grouped between those items that will not be reclassified to profit and loss in subsequent periods and those that, on the fulfilment of certain predetermined conditions envisaged by the pertinent IAS/IFRS, will be reclassified to profit and loss.
3. **A consolidated statement of financial position** at 31 December 2021. In particular, the statement of financial position has been prepared using a format, in accordance with IAS 1, classified based on the operating cycle, with a distinction between current and non-current components. Based on this distinction, assets and liabilities are considered to be current, if it is expected that they will be realised or settled during the normal operating cycle.

4. **A consolidated statement of cash flows** for the year ended 31 December 2021. The statement of cash flows is presented using the indirect method starting with the operating result, as permitted by IAS 7, under which profit or loss for the year is adjusted for the effects of non-cash transactions, such as those arising from deferrals or allocations to provisions linked to previous or future costs and payments.
5. **A consolidated statement of changes in equity** for the year ended 31 December 2021.
6. **Notes** to the consolidated financial statements.

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►SCOPE OF CONSOLIDATION

The consolidated financial statements of TeamSystem Group include the financial statements of the Parent Company, its main subsidiary TeamSystem S.p.A. and those of the other companies in which TeamSystem Holdco S.p.A. exercises control as defined by the relevant standard (IFRS 10).

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

Amounts in Euro

CONSOLIDATED COMPANIES								
LINE BY LINE	Registered office	Share capital	Equity	Currency	% held	% consolid.	Put / Call Options	Notes
TeamSystem Holdco S.p.A.	Pesaro	14,596,648	1,454,571,101	EUR				
TeamSystem Holdco 1 S.r.l.	Pesaro	3,000	1,453,786,719	EUR	100.00	100.00		
TeamSystem Holdco 2 S.r.l.	Pesaro	3,000	1,453,784,898	EUR	100.00	100.00		
TeamSystem Holdco 3 S.p.A.	Pesaro	50,000	1,448,151,612	EUR	100.00	100.00		
TeamSystem S.p.A.	Pesaro	24,000,000	1,691,098,954	EUR	100.00	100.00		
Skylab Italia S.r.l.	Torino	143,600	9,737,591	EUR	100.00	100.00		
Techmass S.r.l.	Bassano del Grappa (VI)	11,538	266,975	EUR	51.00	100.00	1	
Area 32 S.r.l.	San Donà di Piave (VE)	10,000	500,497	EUR	100.00	100.00		
MBM Italia S.r.l.	Padova	40,800	3,829,481	EUR	61.00	100.00	1	
AF Soluzioni S.r.l.	Salerno	70,000	1,152,947	EUR	60.00	100.00	1	
Beneficy S.r.l.	Roma	90,000	11,862	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	10,000	1,050,211	EUR	90.00	100.00	1	
TeamSystem 6 S.r.l.	Milano	10,000	2,708,168	EUR	100.00	100.00		
Habble S.r.l.	Vecchiano (PI)	21,930	2,006,999	EUR	60.00	100.00	1	
Software del Sol S.A.	Mengibar (Jaén)	75,000	(154,953)	EUR	100.00	100.00		
TeamSystem 7 S.r.l.	Milano	10,000	13,400	EUR	100.00	100.00		
TeamSystem 8 S.r.l.	Milano	10,000	17,652	EUR	100.00	100.00		
TeamSystem 9 S.r.l.	Milano	10,000	551,498	EUR	100.00	100.00		
SGS System House S.r.l.	Milano	10,400	(65,732)	EUR	100.00	100.00		
My Expenses S.L.	Madrid	73,074	1,781,462	EUR	59.60	100.00	1	
Billin Factura Electronica S.L.	Bilbao	3,050	(69,889)	EUR	100.00	100.00		2
Logical Soft S.r.l.	Desio (MB)	200,000	2,218,927	EUR	60.00	100.00	1	
ITACME Informatica S.r.l.	Cesena	45,000	266,045	EUR	100.00	100.00		
TeamSystem 11 S.r.l.	Milano	10,000	9,601	EUR	100.00	100.00		
Progetto Studio S.r.l.	Verona	100,000	5,308,403	EUR	100.00	100.00		3
Data-Consult S.r.l.	Vado Ligure (SV)	50,000	2,737,910	EUR	100.00	100.00		3
Selda S.r.l.	Chiavari (GE)	20,000	926,704	EUR	100.00	100.00		4
NewTronic S.r.l.	Padova	93,000	2,088,454	EUR	100.00	100.00		5
Cesio S.r.l.	Brescia	90,000	368,074	EUR	100.00	100.00		5
EvolutionFit S.r.l.	Torino	10,000	1,260,363	EUR	100.00	100.00		
TeamSystem Service S.r.l.	Campobasso	200,000	47,107,990	EUR	100.00	100.00		
TeamSystem BK S.r.l.	Campobasso	1,010,000	5,128,559	EUR	100.00	100.00		6
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	240,592	EUR	75.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	100,000	53,803,224	EUR	100.00	100.00		
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	101,906,734	EUR	100.00	100.00		7
Nuovamacut Automazione S.p.A.	Bologna	108,000	27,702,599	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	300,000	28,820,290	EUR	96.87	96.87		8
Reviso International ApS	Copenhagen	50,011	2,809,804	DKK	100.00	100.00		
Reviso Cloud Accounting Limited	Reading	1	28,439	GBP	100.00	100.00		9
Reviso Soluciones Cloud S.L.	Madrid	3,000	27,234	EUR	100.00	100.00		9
Reviso Deutschland GmbH	Berlino	25,000	146,605	EUR	100.00	100.00		9
Mondora S.r.l.	Milano	105,000	4,296,568	EUR	100.00	100.00		
Voispeed UK Ltd	Saint Albans - UK	1,000	102,681	GBP	85.00	85.00		10
Aliaslab S.p.A.	Milano	156,000	52,159,365	EUR	100.00	100.00		
Cassanova S.r.l.	Sant. di Romagna (RN)	10,000	1,838,252	EUR	51.00	100.00	1	
TeamSystem Financial Value Chain S.r.l.	Milano	4,931,373	13,364,865	EUR	61.00	100.00	1	
Whit-e S.r.l.	Milano	10,000	1,754,759	EUR	100.00	100.00		11
Factor@Work S.r.l.	Milano	15,000	2,619,293	EUR	100.00	100.00		12
TeamSystem AM Holdco S.r.l.	Milano	65,000	253,251	EUR	71.00	100.00	1	11
TeamSystem Capital at Work SGR S.p.A.	Milano	100,000	1,109,840	EUR	100.00	100.00		12
TeamSystem Payments Holdco S.r.l.	Milano	10,000	3,495,714	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milano	125,000	1,990,132	EUR	100.00	100.00		13
Modefinance S.r.l.	Trieste	210,000	2,666,195	EUR	59.00	100.00	1	
Modefinance International S.r.l.	Milano	100,000	70,033	EUR	65.00	100.00	1	14

Amounts in Euro

CONSOLIDATED COMPANIES								
EQUITY METHOD	Registered office	Share capital	Equity	Currency	% held	% consolidation	Put / Call Options	Notes
Esaedro S.r.l. (*)	Parma	20,800	510,998	EUR	40.00	40.00		15
INTIT S.r.l. (*)	Frosinone	20,800	365,549	EUR	35.00	35.00		15
Cesaco S.r.l. (*)	Vicenza	90,000	39,745	EUR	48.00	48.00		15
PS Innovation S.r.l. (*)	Brescia	100,000	91,879	EUR	25.00	25.00		15

- (1) =equity interest would be 100% should put and call option agreements be exercised;
(2) =investment held by My Expenses;
(3) =investments held by TeamSystem 11;
(4) = 50% interest held by Progetto Studio with the remaining 50% held by Data Consult;
(5) investments held by Progetto Studio;
(6) =investment held by TeamSystem Service;
(7) = investment held by Danea Soft;
(8) =takes account of treasury shares held by Gruppo Euroconference S.p.A.;
(9) = investments held by Reviso International ApS;
(10) =investment held by TeamSystem Communication;
(11) =investment held by TeamSystem Financial Value Chain;
(12) =investment held by TeamSystem AM Holdco S.r.l.;
(13) =investment held by TeamSystem Payments Holdco;
(14) =investment held by Modefinance;
(15) = financial statement figures refer to the year ended 31 December 2020

As regards companies in which the Group no longer holds a 50% interest, and, consequently, holds the same percentage of voting rights exercisable at general meetings, it has been deemed that control does not exist because

the Group i) does not have power over the investee, that being the ability to direct the relevant activities that significantly affect the Group's returns, ii) is not exposed to variable returns from its involvement therewith and, accordingly, iii) does not have power to obtain benefits from its activities, as laid down by IFRS 10 – Consolidated financial statements. As regards companies in which the Group holds an interest of more than 20% (but less than 50%), it has significant influence thereover and, accordingly, such investments are recognised by using the equity method.

Changes to the scope of consolidation during the course of 2021

In addition to the Acquisition that took place on February 2021 and previously commented on, the following acquisitions have also taken place, as a result of which the scope of consolidation has changed with respect to February 2021 (and with respect to that previously pertaining to TeamSystem Group):

TeamSystem 9 S.r.l.

In March 2021, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 9 S.r.l., a reseller of TeamSystem software for businesses, accountants and consultants.

My Expenses S.L. (and Billin)

In March 2021, TeamSystem S.p.A. acquired a 59.60% controlling interest in My Expenses S.L., a Spanish start-up that developed a cloud software product for the Spanish market. My Expenses in turn holds 100% of the share capital of Billin.

SGS System House S.r.l.

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

Logical Soft S.r.l.

In October 2021, TeamSystem S.p.A. acquired a controlling interest of 60% in Logical Soft S.r.l., a company specialised in developing technical software for the building and engineering sectors.

Itacme Informatica S.r.l.

In October 2021, TeamSystem S.p.A. acquired a 100% interest in Itacme Informatica S.r.l., a company that designs, develops and markets management / ERP software.

Modefinance International S.r.l.

In October 2021, a NewCo was established named Modefinance International S.r.l. in which Modefinance S.r.l. holds a 65% equity interest. The company is engaged in the international distribution of Modefinance S.r.l.'s products.

TeamSystem 11

This company was established by TeamSystem S.p.A. to acquire Progetto Studio Group and Data Consult.

Progetto Studio (and subsidiaries and / or associated companies)

In December 2021, TeamSystem 11 acquired a 100% interest in Progetto Studio S.r.l., which in turn holds:

- 100% of the quota capital of New Tronic S.r.l and Cesio S.r.l.,
- 50% of the quota capital of Selda S.r.l., with the remaining 50% being held by Data Consult.

Both companies are resellers of TeamSystem software.

Data Consult S.r.l. (and associated companies)

In December 2021, TeamSystem 11 acquired 100% of the quota capital of Data Consult S.r.l., a TeamSystem software reseller. Data Consults S.r.l. holds 50% of the quota capital of Selda S.r.l.

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► REFERENCE DATE

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

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

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►BASIS OF CONSOLIDATION

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

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

Business combinations

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

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

All other costs associated with a transaction are expensed.

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

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

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

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

At the same time as the acquisition of majority / controlling stakes in an investee, TeamSystem Group normally enters into put and call option agreements for the residual stake held by the acquiree's non-controlling interest holders. For those cases where part of the acquisition takes place through the execution of a binding option

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

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

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►TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

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

The foreign companies included in the scope of consolidation at 31 December 2021 that use a currency other than the Euro are Voispeed Limited and Reviso Cloud Accounting Limited, which use the British Pound (GBP) and Reviso International ApS, which uses the Danish Krone (DKK) as their functional currencies.

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

EXCHANGE RATES						
	Average 2021	Average 2020	%	31 Dec 2021	31 Dec 2020	%
GBP	0.86	0.89	-3.4%	0.84	0.90	-6.5%
DKK	7.44	7.44	-0.1%	7.44	7.45	-0.2%

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►ACCOUNTING POLICIES

Set out below are the accounting policies adopted by the Group for the measurement of the components of the financial statements for the year ended 31 December 2021.

Research and development expenses

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

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

resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

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

Customer relationship

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

Proprietary software

Proprietary software, which arose on recognition of the acquisition of TeamSystem Group that took place in February 2021, has been measured in accordance with the relief-from-royalties method. These intangible software assets are amortised over their useful lives, which are estimated to be five years.

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

Third party software licenced for internal use

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

Brands

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

Goodwill

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

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

Subsequent costs

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

Amortisation

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

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

Goodwill	Indefinite useful life
-----------------	------------------------

Brands	10 - 20 years
Customer relationship	8 - 12 years
Proprietary software	5 years
Development costs	3 - 5 years

Tangible fixed assets

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

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

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

Leases

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

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

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

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

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

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

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

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

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

A right-of-use asset includes the amount of the initial measurement of the lease liability, any lease payments made at or before the contract's commencement date and any other initial direct costs. A right-of-use asset is recognised net of depreciation and any impairment losses.

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

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

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

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

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

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

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

Writedowns (Impairment)

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

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

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

Investments in other companies

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

Investments in associates

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

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

Inventories

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

Financial instruments

IFRS 9 - Financial Instruments sets out certain requirements for:

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

1) Classification and measurement of financial assets

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

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

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

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

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

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

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

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

2) Classification and measurement of financial liabilities

An entity recognises a financial liability when it has contractual obligations to make a payment. It is therefore necessary to measure these contractual obligations at initial recognition. All financial liabilities under IFRS 9 must initially be recognised at fair value minus, in the case of a financial liability that is not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the issue of the financial liability. Financial liabilities are subsequently measured at amortised cost, except for Liabilities to non-controlling shareholders of subsidiaries, which are measured at FVTPL.

3) Impairment of financial assets

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

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

Trade receivables

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

Cash and bank balances

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

Interest bearing financial liabilities

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

Trade and other payables

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

Foreign currency transactions

The functional and presentation currency of the Group companies is the Euro. As required by IAS 21, items originally denominated in a foreign currency are translated at the spot exchange rate at the reporting date. Exchange differences realised on the collection of foreign currency receivables and on the payment of foreign currency payables are recognised in the consolidated statement of profit or loss.

Employee benefit plans

1. Defined contribution plans

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

2. Defined benefit plans

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

method. Actuarial gains and losses are recognised in the statement of comprehensive income in the year in which they arise.

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

Provisions for risks and charges

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

Revenue

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

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

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

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

The following are the main types of products and services of our six main business units (Enterprise, Professional, Market Specific Solutions, Micro, Digital Finance and HR) categorised by:

- 1. Recurring Revenue**
- 2. Software licences and professional services**

•Recurring Revenue

The main sources of recurring revenue are:

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

Subscriptions involve the payment of a periodic (usually annual) fee to use a particular software product and benefit from customer support, technical assistance, maintenance and software updates. The related revenues are recognised on a straight-line basis over the life of the contract.

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

consideration) based on the financial performance of the VAR as determined by a calculation formula defined in the reseller contract.

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

•Other revenue (Software licences and Professional services)

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

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

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

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

Hardware and other items

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

Grants

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

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

Dividends

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

Finance income and costs

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

Current and deferred taxation

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

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

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► EARNINGS PER SHARE

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

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► SEGMENT INFORMATION

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

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

During 2021, TeamSystem Group, following the Group's change of control, initiated and completed a major overhaul of its organisational structure and corporate reporting system that led to significant changes to roles/responsibilities and the set of internal reports periodically reviewed by Management with the definitive elimination of the subdivision of the two previously identified operating segments: Software BU and the Financial BU

Consistent with the Group's new strategic vision and on account of changed market and product conditions, whereby it is critical to continuously adjust to available technologies and market needs that are constantly evolving, TeamSystem Group has identified a new business direction and new organisational and reporting responsibilities that render the two previous operating segments (the Software BU and the Financial BU) no longer representative of the Group's business and the dynamics of the market.

For the above reasons, in 2021, Group Management established a new reporting model based on six operating segments for reporting purposes (Enterprise, Professional, Market Specific Solutions, Micro, Digital Finance, HR), aligned with and perfectly corresponding to the current organisational and business structure, which better responds to the operating realities of today and those of the Group.

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

- **Enterprise Business Unit:** products/services for SMEs, mainly consisting of core products (ERP) and accessory products and vertical solutions;
 - **Professional Business Unit:** products/services for professionals and labour consultants (accounting, tax, payroll);
 - **Market Specific Solutions Business Unit:** vertical solutions aimed at highly specialised markets;
 - **Micro Business Unit:** mainly cloud-based solutions for small and micro enterprises;
 - **Digital Finance Business Unit:** solutions related to financial digitalisation;
- HR Business Unit:** modular HR system covering all HR management and business process outsourcing requirements.

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► USE OF ESTIMATES

The preparation of consolidated financial statements requires the Group to apply accounting policies and methods, which, in certain circumstances, depend on difficult and subjective assessments that may be based on past experience and on assumptions that, from time to time, are considered reasonable and realistic based on relevant circumstances. The application of these estimates and assumptions affects the amounts presented in the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated

statement of profit or loss and consolidated statement of cash flows, as well as the disclosures provided. The actual amounts of the financial statement components, for which estimates and assumptions have been used, may differ from those reported, due to the uncertainty of assumptions and the conditions on which estimates are based. In particular, the uncertainty caused by the current economic and financial crisis has led to the need to make difficult assumptions regarding future business performance as reflected in the Business Plan.

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

- Business combinations (IFRS 3) and measurement of assets acquired and liabilities assumed: the process of allocation of the cost of a transaction to the assets of TeamSystem Group following a business combination is based on estimates and assumptions derived from Management's professional judgement. Professional judgement is also used to determine the most appropriate methodologies for the measurement of assets acquired and liabilities assumed (including contingent assets and liabilities) and, in certain cases, provisional initial recognition has been opted for, as permitted by the applicable accounting standard.
- Goodwill and other intangible assets: goodwill and other intangible assets with an indefinite useful life (none of the latter existed as at the reporting date) are tested annually for impairment and during the course of the year, if there is any indication thereof. Other intangible assets are tested annually for impairment when there are indications that the carrying amount may not be recovered. When value in use needs to be computed, the Directors estimate the cash flows expected from an asset or from the cash generating unit and choose a discount rate in order to calculate the present value of the cash flows. Accordingly, the impairment test for fixed assets is performed using forecasts, which are naturally subject to uncertainty, of cash flow included in business plans approved by the relevant Boards of Directors or in projections prepared by management of the Group companies in periods in which the business plan has not been updated for the insights needed to make strategic choices.
- Allowance for bad debts: the allowance for bad debts reflects Management's estimate of the losses pertaining to receivables due from end customers and the sales network. The estimate of the allowance for bad debts is based on losses expected to be incurred by the Group (taking account of the requirements of the new IFRS 9), determined based on past experience with similar receivables, on current and historical past due, on losses and payment collection and on careful monitoring of asset quality and forecasts of economic and market conditions.
- Provisions for risks and charges: these provisions relate to liabilities that are certain or probable, the amount of which has not been determined at the reporting date, but the cost of which, as required to meet the obligation, is capable of being reliably estimated by Management. They are recognised in the financial statements in the event of an existing legal or implicit obligation resulting from a prior event and it is probable that the Group will be required to meet the obligation. If the impact is significant, the provisions are measured at discounted present value.
- Employee benefits: the cost of employee benefit plans is determined using actuarial assessments. An actuarial assessment requires the application of assumptions with respect to discount rates, the expected yield from investments, future wage increases, mortality rates and future increases in pensions. Due to the long-term nature of these plans, the estimates are subject to a significant degree of uncertainty.
- Liabilities to non-controlling shareholders of subsidiaries: This represents the estimated liability with respect to put and call options or earn-out agreements relating to non-controlling interests in Group companies. This is accounted for at its estimated fair value, having applied various assumptions regarding the estimated indicators that form the basis for its computation and the expected timing of disbursements. The nominal value of the exercise price of the liability to non-controlling shareholders of subsidiaries is then discounted at the reporting date by applying the relevant discount rate which is the same as that adopted for the cost of debt component in impairment tests.

► ROUNDING

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

Certain amounts reported in these consolidated financial statements, including financial information and certain operating data, have been subject to rounding adjustments due to the presentation of figures in thousands of euros.

Accordingly, in certain cases, the sum of the numbers in a column or a row in tables may not correspond exactly to the total figure given for that column or row.

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► ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLICABLE FROM 1 JANUARY 2021

The following accounting standards, amendments and IFRS interpretations are applicable to the Group for the first time from 1 January 2021:

- On 31 March 2021, the IASB issued an amendment entitled "**COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)**" which extends by one year the period of application of the amendment issued in 2020, which allowed lessees to account for rent concessions related to COVID-19 without having to assess, through contract analysis, whether the change meets the definition of a lease modification under IFRS 16. Lessees that applied this option in 2020, will have accounted for the effects of the reduction in lease payments directly in the profit or loss on the effective date of the reduction. The 2021 amendment, which is only available to entities that have already adopted the 2020 amendment, is applicable from 1 April 2021 with early adoption permitted. The adoption of these amendments has had no effect on the Group's consolidated financial statements.
- On 27 August 2020, given the interbank interest rate reform such as IBOR, the IASB published "**Interest Rate Benchmark Reform-Phase 2**" which includes amendments to the following standards:
 - IFRS 9 – Financial Instruments;
 - IAS 39 – Financial Instruments: Recognition and Measurement;
 - IFRS 7 – Financial Instruments: Disclosures;
 - IFRS 4 – Insurance Contracts; and
 - IFRS 16 Leases.

All amendments became effective on 1 January 2021. The adoption of these amendments has had no effect on the Group's consolidated financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS AND IFRIC INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, BUT NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AT 31 DECEMBER 2021

On 14 May 2020, the IASB issued the following:

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

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

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

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

- On 23 January 2020, the IASB issued “**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**”. The objective of the amendments is to provide clarity on how payables and other short-term or long-term liabilities are to be classified. The amendments are effective from 1 January 2023, although early application is permitted. The Directors are currently assessing the potential effect of the introduction of these amendments on the Group's consolidated financial statements.
- On 12 February 2021, the IASB issued two amendments entitled “**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**” and “**Definition of Accounting Estimates—Amendments to IAS 8**”. The amendments are intended to improve the accounting policy disclosure to provide more useful information to investors and other primary users of financial statements, and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Directors are currently assessing the potential effect of the introduction of these amendments on the Group's consolidated financial statements.
- On 7 May 2021, the IASB issued “**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**”. The document clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Directors are currently assessing the potential effect of the introduction of these amendments on the Group's consolidated financial statements.
- On 9 December 2021, the IASB issued “**Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information**”. The amendment is a transition option relating to comparative information on financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17. The Directors do not believe that there will be any significant impact on the Group's consolidated financial statements as a result of adopting these amendments.

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Notes to the consolidated financial statements

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

1. TOTAL REVENUE

Total revenue for the year end 31 December 2021 amounts to € 410.9 million, and is comprised of Revenue of € 407.5 million and Other Revenue of € 3.4 million. Total revenue for the year ended 31 December 2020 was zero.

The table below provides a breakdown of total revenue for the 2021 financial year based on whether control was passed over time or at a point in time:

Euro Millions	
31 Dec 2021	
Over time	335.3
Point in time	75.5
TOTAL REVENUE	410.9

Lastly, it should be noted that there is no concentration of revenue with any specific customer, given the notable segmentation of Group sales which, in the year ended 31 December 2021, were almost exclusively realised in Italy.

2. OPERATING SEGMENTS

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

- **Enterprise ("ENT") Business Unit:** products/services for SMEs, mainly consisting of core products (ERP) and accessory products and vertical solutions;
- **Professional ("PROF") Business Unit:** products/services for professionals and labour consultants (accounting, tax, payroll);
- **Market Specific Solutions ("MSS") Business Unit:** vertical solutions aimed at highly specialised markets;
- **Micro ("MICRO") Business Unit:** mainly Cloud-based solutions for small and micro enterprises;
- **Digital Finance ("DIF") Business Unit:** solutions related to financial digitalisation;
- **HR ("HR") Business Unit:** modular HR system covering all HR management and business process outsourcing requirements.

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

Euro Millions								
STATUTORY								
31 Dec 2021								
OPERATING SEGMENTS	DIF	ENT	PROF	HR	MSS	MICRO	TOTAL	
TOTAL REVENUE	11.8	94.7	120.3	14.9	83.7	85.4	410.9	
FIRST MARGIN	4.2	45.9	66.6	3.8	23.9	52.6	197.0	
							1	
INDIRECT COSTS							(40.0)	2
CAPITALISED DEVELOPMENT COSTS - PERSONNEL AND SERVICES							13.1	3
ADJUSTED EBITDA							170.1	= 1 + 2 + 3

The economic performance indicator for each operating segment is the **First Margin**, calculated as the difference between total revenues and the direct costs of the Business Unit, the latter being mainly:

- 1) direct personnel costs (mainly sales, delivery, customer value);
- 2) sw / hw resale costs, external delivery costs, web-recall costs, sales rebates;
- 3) commissions and other sales incentives, recurring R&D consultant costs;
- 4) direct product marketing, direct R&D consultancy, travel & expenses of business unit personnel.

Details of the reconciliation of Adjusted EBITDA are provided below:

Euro Thousand

	STATUTORY TEAMSYSTEM HOLDCO	STATUTORY TEAMSYSTEM HOLDCO
	31 Dec 2021	31 Dec 2020
PROFIT (LOSS) FOR THE YEAR	(64,006)	(131)
Income tax	(65,250)	
Financial income and expenses	104,446	1
Other provisions for risks and charges	79	
Depreciation and amortization of non current assets	170,478	
Allowance for bad debts	3,765	
Advisory expenses related to reorganization and cost saving projects	7,083	45
Personnel redundancy	1,386	
Acquisitions and mergers costs	9,993	
Settlements with clients and agents	2,152	
Other cost - (income)	(33)	
ADJUSTED EBITDA	170,093	(85)

3. COST OF RAW AND OTHER MATERIALS

	31 Dic 2021	31 Dic 2020	Change	% Change
Hardware purchases	7,728		7,728	
Third party' software	25,849		25,849	
Materials for education	12		12	
Fuel	1,259		1,259	
Other materials	832		832	
Change in inventory of raw materials	477		477	
Total	36,157		36,157	

The cost of raw and other materials for the year ended 31 December 2021 came to € 36,157 thousand (zero for the year ended 31 December 2020). This mainly relates to the cost of sales of hardware and third party software.

4. COST OF SERVICES

	31 Dic 2021	31 Dic 2020	Change	% Change
Agent commissions and other costs	12,636		12,636	
Consulting and third parties services	11,752		11,752	
Software and Hardware maintenance costs	20,746		20,746	
Customer support service costs	5,430		5,430	
Administrative and management consulting costs	4,195	85	4,110	n.s.
Financial interest costs	1,828		1,828	
Education - consulting and copyrights	1,818		1,818	
Magazines - consulting and copyrights	1,374		1,374	
Other costs for education services	198		198	
Advertising and marketing	13,056		13,056	
Car rentals	2,429		2,429	
Rebate costs	3,887		3,887	
Utilities	3,225		3,225	
Costs for mergers and acquisitions	9,993		9,993	
Other items	23		23	
Costs for strategic projects and reorganizations	7,081	45	7,036	n.s.
Other service expenses	8,146		8,146	
Cost of services - Gross of capitalization	107,816	130	107,686	n.s.
Services capitalised development costs	(3,161)		(3,161)	
Total	104,655	130	104,526	n.s.

Cost of services totalled € 104,655 thousand for the year ended 31 December 2021, net of an amount capitalised in the year pertaining to software projects of € 3,161 thousand, details of which are provided in Note 12 on Intangible assets.

The main components are the following:

- Agent commissions and other costs (€ 12,636 thousand) relating to compensation payable to agents, an allocation to the provision for agents' indemnity and other costs attributable to commercial consulting services;
- Consulting and third party services (€ 11,752 thousand) mainly relating to delivery activities and on-site customer support;
- Hardware and Software maintenance costs (€ 20,746 thousand) relating to periodic fees for support services and subscriptions for third party products;
- Customer support service costs (€ 5,430 thousand), relating to customer assistances costs;
- Advertising and marketing costs (amounting to € 13,056 thousand), relating to costs incurred for the organisation of events and for the major print and TV advertising campaign carried out during the year;
- Costs for mergers and acquisitions (€ 9,993 thousand) relating to costs incurred for services in connection with M&A transactions that occurred in 2021, particularly the costs incurred for the acquisition of TeamSystem Group and the previously described reverse merger of TeamSystem;
- Costs for strategic projects and reorganizations (€ 7,081 thousand) that mainly relate to advisory costs related to reorganization and cost saving projects;
- Other service expenses (€ 8,146 thousand), mainly consisting of:
 - a) Costs for reimbursement of expenses of € 1,721 thousand;
 - b) Insurance costs of € 1,083 thousand;
 - c) Training and other HR costs of € 2,188 thousand;

As regards the capitalisation of cost of services recognised in 2021 (€ 3,161 thousand) reference should be made to Note 12 on Intangible assets.

5. PERSONNEL COSTS

	31 Dic 2021	31 Dic 2020	Change	% Change
Wages, salaries and social contributions	114,071		114,071	
Staff leaving indemnities	5,788		5,788	
Other personnel costs	1,044		1,044	
Personnel costs for redundancy and reorganizations	1,389		1,389	
Employees costs	122,291		122,291	
Freelancers and collaborators fees	227		227	
Directors' fees and related costs	3,440		3,440	
Directors and Collaborators	3,666		3,666	
Personnel - Gross of capitalization	125,957		125,957	
Personnel capitalised development costs	(9,940)		(9,940)	
Total	116,017		116,017	

Personnel costs came to € 116,017 thousand for the year ended 31 December 2021. The Group had no employees in the 2020 financial year.

Total personnel restructuring costs amounted to € 1,389 thousand.

As regards the capitalisation of personnel costs recognised in 2021 (€ 9,940 thousand) reference should be made to Note 12 on Intangible assets.

The following table provides details of employee numbers at 31 December 2021 and the average number of employees in the 2021 financial year.

	31 Dec 2021	Average 2021
Managers	79	81
Middle managers / white collars	2,706	2,556
Total	2,785	2,637

6. OTHER OPERATING COSTS

	31 Dic 2021	31 Dic 2020	Change	% Change
Condominium expenses and other rents	1,068		1,068	
Rentals	255		255	
Other expenses for use of third parties assets	122		122	
Other taxes	455		455	
Losses from assets disposals	40		40	
Other expenses and settlement costs	2,601	0	2,601	n.s.
Total	4,541	0	4,541	n.s.

Other operating costs came to € 4,451 thousand for the year ended 31 December 2021.

Other expenses and settlement costs include the cost of settlement agreements with customers and agents, amounting to € 2,152 thousand in 31 December 2021, and other minor costs.

7. FINANCE INCOME

	31 Dic 2021	31 Dic 2020	Change	% Change
Interest and other finance income	226		226	
Gains on foreign exchange	5		5	
Interest from cash pooling and other loans	5		5	
Depreciation - liabilities to non controlling shareholders of subs	4,984		4,984	
Dividends	494		494	
Total	5,714		5,714	

Finance income came to € 5,714 thousand for the year ended 31 December 2021 and was mainly attributable to the remeasurement of the fair value of the liability to non-controlling shareholders of subsidiaries.

8. FINANCE COSTS

	31 Dic 2021	31 Dic 2020	Change	% Change
Interest on bank overdrafts and loans	1,024		1,024	
Interest on Notes	58,641		58,641	
Interest on financing fees	14,361		14,361	
Revaluation - liabilities to non controlling shareholders of subs	30,022		30,022	
Bank commissions	2,534	1	2,533	n.s.
Interest on actuarial valuation of employee benefits	253		253	
Interest on lease contracts - IFRS 16	697		697	
Other IFRS financial charges	2,127		2,127	
Interest on cash pooling and other loans	13		13	
Other financial charges	316		316	
Losses on foreign exchange	20		20	
Write-downs of financial assets	210		210	
Total	110,219	1	110,218	n.s.

Finance costs for the year ended 31 December 2021 came to € 110,219 thousand. The main components are the following:

- Interest on Notes (€ 58,641 thousand) includes interest payable on **2028 Fixed Rate Notes**, **2028 Floating Rate Notes**, and **2029 PIYW PIK Toggle Notes**;
- Interest on financing fees (€ 14,361 thousand) includes finance costs relating to the financing fees on the **2028 Floating and Fixed Rate Notes**, and the **2029 PIYW PIK Toggle Notes**, as well as finance costs relating to the **New RCF** with a potential drawdown of € 180 million;
- Revaluation of liabilities to non-controlling shareholders of subsidiaries (€ 30,022 thousand) arising from a change in the fair value thereof due to the remeasurement of the initial exercise price of the put/call option agreements and/or earn-outs;
- Other IFRS financial charges (€ 2,127 thousand), which represent the finance costs recognised by the Group on having discounted the liability to non-controlling shareholders of subsidiaries based on the new discount rate for the period.

9. TOTAL INCOME TAX

Current tax

Current tax for 2021 amounted to € 18,677 thousand and mainly consisted of the balances of corporate income taxes IRES and IRAP, as TeamSystem Group carries out almost all its operations in Italy.

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

Current tax for the 2021 financial year is also impacted by the effects of the Patent Box taxation regime calculated with reference to:

- TeamSystem S.p.A. for the 2020 tax year for which the qualifying asset is software;
- Aliaslab for the 2021 tax year for which the qualifying asset is software;
- Danae for the 2020 tax year for which the qualifying asset is software;
- Madbit for the 2021 tax year for which the qualifying asset is software;

Current taxes for 2021 also include € 5,789 thousand relating to the amount of the substitute tax accounted for by the following companies:

- TeamSystem S.p.A.
- TeamSystem Service S.r.l.
- Aliaslab S.p.A.
- Madbit Entertainment S.r.l.
- Danae Soft S.r.l.
- Gruppo Euroconference S.p.A.

which have decided to revalue the tax basis of intangible software and trademark assets in accordance with the provisions of Decree Law No. 104 of 14 August 2020.

Deferred taxes

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

10. CONSOLIDATED STATEMENT OF CASH FLOWS

As regards the more significant components of the statement of cash flows, a description is provided below of the main factors impacting the Group's cash flow in the course of 2021:

Liabilities to non-controlling shareholders of subsidiaries = the liabilities to non-controlling shareholders of subsidiaries paid in 2021 amounts to € 132,132 thousand and relates to the acquisition of further interests in Aliaslab, Skylab, Danae and Madbit, and the payment of earn-outs - deferred consideration primarily relating to investments in Software del Sol, Modefinance, TechMass. (see also Note 18).

Finance costs/income paid/received and change in Financial Assets/Liabilities = as regards the amount of € 659,639 thousand reported for the year ended 31 December 2021:

- € 44,522 thousand relating to interest paid on the **2028 Fixed Rate Notes**, the **2028 Floating Rate Notes**, and the **2029 PIYW PIK Toggle Notes**;
- € 6,446 thousand refers to the total amount of payments made in 2021 in relation to lease agreements subject to IFRS 16 consisting of principal (€ 5,586 thousand) and interest (€ 860 thousand);
- the receipt of € 75,000 thousand refers to the drawdown of the **New RCF** credit facility while the outstanding balances of the **Existing RCF** credit facility (€ 45,000 thousand) were repaid;
- the receipt of € 1,150,000 thousand relates to issue of the **2028 Fixed Rate Notes** and the **2028 Floating Rate Notes**, while the receipt of € 300,000 thousand relates to the issue of the **2029 PIYW PIK Toggle Notes**;
- the payment of € 750,000 thousand relates to the early redemption of the **Existing Floating Rate Notes**.

Acquisition of investments = the amount of € 1,917,860 thousand relates mainly to the cash-out paid (net of cash acquired at the acquisition date) for the Acquisition of TeamSystem Group and for the other acquisitions of equity investments in 2021.

11. TANGIBLE FIXED ASSETS

NET BOOK VALUE	Acquisition of TeamSystem Group						31 Dec 2021
	31 Dec 2020	Change in cons. area	Additions	Other movements and disposals	(Depreciation)		
Land		685				685	
Buildings		3,172			2	2,915	
Plant and machinery		3,066	89	848	(126)	3,099	
Equipment		955	79	416	(47)	1,130	
Other assets		6,775	241	2,251	1,080	7,942	
Tangible assets under construction			10			10	
Total		14,654	419	3,516	909	15,782	

Tangible fixed assets amount to € 15,782 thousand at 31 December 2021, a net increase of € 1,128 thousand from the date of Acquisition of TeamSystem Group.

The decrease is due to the net impact of:

- Additions and Changes in the scope of consolidation totalling € 3,935 thousand;
- Depreciation of € 3,717 thousand;
- Other movements and disposals of € 909 thousand;

The additions relate mainly to the furnishing/upgrading of TeamSystem Group offices.

12. INTANGIBLE ASSETS

NET BOOK VALUE	Acquisition of TeamSystem Group							
	31 Dec 2020	Change in cons. area	Additions	Other movements and disposals	Capitalization	(Amortization)	(Write-downs)	31 Dec 2021
Capitalized development costs		5,774	2,436		298	13,101	(4,232)	17,376
Brand IFRS		290,889					(13,181)	277,708
Software IFRS		337,647		29			(61,042)	276,634
Customer relationship IFRS		877,870					(67,676)	810,194
Other IFRS assets		37,639					(3,155)	34,483
Asset IFRS		1,544,045			29		(145,054)	1,399,020
Software, trademarks, patents		22,435	333	12,571	(454)		(9,664)	25,221
Other intangible assets		3,774		350	74		(1,665)	2,534
Intangible assets under construction		1,020		32	(739)			312
Other intangible assets		27,229	333	12,953	(1,119)		(11,329)	28,067
Total		1,577,048	2,768	12,953	(792)	13,101	(160,616)	1,444,462

Intangible assets amount to € 1,444,462 thousand at 31 December 2021 (€ 1,577,048 on the date of Acquisition of TeamSystem Group), a net decrease of € 132,586 thousand from the date of Acquisition of TeamSystem Group.

As regards capitalised development costs recognised in 2021 of € 13,101 thousand, the main investment components relate to development costs capitalised by the subsidiary TeamSystem S.p.A. during the course of 2021.

13. RIGHT-OF-USE

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

NET BOOK VALUE							
	31 Dec 2020	Acquisition of TeamSystem Group	Change in cons. area	Additions	Other movements and disposals	(Amortization)	31 Dec 2021
Buildings - Right of use		19,656	509	2,468	(2,586)	(3,615)	16,432
Other assets - Right of use		4,307		3,209	(182)	(2,531)	4,803
Right of use - Total		23,962	509	5,678	(2,768)	(6,145)	21,235
Total		23,962	509	5,678	(2,768)	(6,145)	21,235

Right-of-use assets amount to € 21,235 thousand at 31 December 2021, having decreased by € 2,727 thousand from the date of Acquisition of TeamSystem Group.

Assets held under lease consist of:

- Buildings of € 16,432 thousand, relating to the operational premises of the Group companies and corporate accommodation used by certain Group employees, the total balance of which decreased by € 3,224 thousand at 31 December 2021 with respect to the balance at the Acquisition date of TeamSystem Group (€ 19,656 thousand) due to the combined effect changes to the scope of consolidation (€ 509 thousand), depreciation (€ 3,615 thousand), additions (€ 2,468 thousand) and other increases / decreases in the period. The additions for the period mainly relate to the opening of new offices in Turin and Naples.
- Other assets of € 4,803 thousand relating mainly to company cars, the balance of which underwent a net increase of € 496 thousand.

14. GOODWILL

	31 Dec 2020	Acquisition of TeamSystem Group	Additions	Other movements	(Impairment)	31 Dec 2021
CGU - DIGITAL FINANCE		203,619				203,619
CGU - MICRO		531,978	10,503			542,480
CGU - HR		109,680				109,680
CGU - PROFESSIONAL		491,115	32,950			524,065
CGU - ENTERPRISE		369,165	6,431			375,596
CGU - MARKET SPECIFIC SOLUTIONS		58,557	19,113			77,670
Total		1,764,114	68,997			1,833,110

Regarding the Goodwill balance of € 1,764,114 thousand relates to the amount recognised from the Acquisition of TeamSystem Group by new investment funds managed by the international private equity firm Hellman & Friedman, while the remaining € 68,997 thousand refers to goodwill arising from the other acquisitions of subsidiaries completed in 2021. Goodwill consists of the excess consideration paid for the aforementioned acquisitions over the fair value of the assets acquired and the liabilities assumed and has been allocated to the CGUs identified by the Group.

As previously described in the "Segment Reporting" section, during 2021, TeamSystem Group, following the Group's change of control, initiated and completed a major overhaul of its organisational structure and corporate reporting system that led to significant changes to roles/responsibilities and the set of internal reports periodically reviewed by Management, and which also impacted the definition of the related CGUs, which are currently as follows:

- **Digital Finance ("DIF") CGU:** solutions related to financial digitalisation;
- **Micro ("MICRO") CGU:** mainly Cloud-based solutions for small and micro enterprises;
- **HR ("HR") CGU:** modular HR system covering all HR management and business process outsourcing requirements;
- **Professional ("PROF") CGU:** products/services for professionals and labour consultants (accounting, tax, payroll);
- **Enterprise ("ENT") CGU:** products/services for SMEs, mainly consisting of core products (ERP) and accessory products and vertical solutions;

- **Market Specific Solutions ("MSS") CGU:** vertical solutions aimed at highly specialised markets;

The increase in goodwill recorded in 2021 of € 68,997 thousand relates to the companies acquired by the Group during the year, and in particular to:

- TeamSystem 9, for € 1,493 thousand;
- SGS System House, for € 1,483 thousand;
- My Expenses and its subsidiary Billin, € 5,784 thousand;
- Itacme, for € 2,936 thousand;
- Logical Soft, for € 19,113 thousand;
- Progetto Studio and its subsidiaries, € 29,100 thousand;
- Data Consult, for € 9,088 thousand.

The purchase price allocation for the acquisition of TeamSystem 9, SGS System House and My Expenses, as well as for TeamSystem Group itself, is final, while for the other companies acquired in 2021 it still provisional. Reference should, however, be made to the relevant "**Provisional allocation of goodwill - companies acquired in 2021**" section for further details.

► Impairment Test – Goodwill 31 December 2021

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

For the purpose of the impairment test, steps have been taken to determine the recoverable amount (enterprise value) of each CGU of TeamSystem Group as a whole that had been identified by Management as the lowest level to which goodwill is allocated for internal management purposes, by means of the application of discounted cash flow methodology. The test was performed by discounting prospective cash flows for 2022-2025 based on amounts included in the Group Business Plan approved by the Board of Directors of TeamSystem S.p.A on 10 March 2022.

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

In addition to the assumed g rate, the main assumptions adopted regarded an estimate of the post-tax weighted average cost of capital ("WACC") of 6.67% (Enterprise CGU, Professional CGU, Market Specific Solutions CGU, Micro CGU, and HR CGU) and 7.34% (Digital Finance CGU).

The results of the impairment tests conducted did not provide any indication of impairment at 31 December 2021.

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

CGU - DIGITAL FINANCE		WACC				
Cover Impairment Sensitivity						
Euro million		6.3%	6.8%	7.3%	7.8%	8.3%
	0.9%	89.1	56.4	28.8	5.3	(15.1)
	1.4%	123.7	84.8	52.6	25.4	2.1
G RATE	1.9%	166.0	119.0	80.7	48.8	21.9
	2.4%	219.2	160.9	114.5	76.6	45.1
	2.9%	287.8	213.5	155.9	110.0	72.6

CGU - MICRO		WACC				
Cover Impairment Sensitivity						
Euro million		5.7%	6.2%	6.7%	7.2%	7.7%
	0.9%	439.4	323.2	227.2	146.6	77.9
	1.4%	567.4	425.7	311.0	216.1	136.5
G RATE	1.9%	729.3	552.2	412.2	298.9	205.2
	2.4%	940.7	712.2	537.2	399.0	287.0
	2.9%	1,228.4	921.1	695.3	522.5	385.9

CGU - HR						
Cover Impairment Sensitivity			WACC			
Euro million		5.7%	6.2%	6.7%	7.2%	7.7%
	0.9%	91.8	66.0	44.7	26.8	11.5
	1.4%	120.3	88.8	63.3	42.3	24.6
G RATE	1.9%	156.3	117.0	85.9	60.7	39.9
	2.4%	203.4	152.6	113.7	83.0	58.1
	2.9%	267.5	199.1	148.9	110.5	80.1

CGU - PROFESSIONAL						
Cover Impairment Sensitivity			WACC			
Euro million		5.7%	6.2%	6.7%	7.2%	7.7%
	0.9%	366.2	253.2	159.8	81.3	14.5
	1.4%	490.7	352.8	241.2	148.9	71.4
G RATE	1.9%	648.0	475.8	339.7	229.4	138.2
	2.4%	853.6	631.3	461.2	326.7	217.8
	2.9%	1,133.3	834.5	614.9	446.8	313.9

CGU - ENTERPRISE						
Cover Impairment Sensitivity			WACC			
Euro million		5.7%	6.2%	6.7%	7.2%	7.7%
	0.9%	302.2	219.9	151.8	94.6	45.9
	1.4%	392.9	292.5	211.2	143.9	87.4
G RATE	1.9%	507.7	382.2	282.9	202.6	136.2
	2.4%	657.6	495.6	371.6	273.6	194.2
	2.9%	861.6	643.7	483.7	361.1	264.3

CGU - MARKET SPECIFIC SOLUTIONS						
Cover Impairment Sensitivity			WACC			
Euro million		5.7%	6.2%	6.7%	7.2%	7.7%
	0.9%	115.9	79.8	50.0	24.9	3.6
	1.4%	155.6	111.6	76.0	46.5	21.8
G RATE	1.9%	205.9	150.9	107.5	72.3	43.2
	2.4%	271.6	200.6	146.3	103.4	68.6
	2.9%	361.0	265.6	195.4	141.7	99.3

The impairment test models, as well as the financial data contained therein and the related results, were approved by the Board of Directors of TeamSystem Holdco S.p.A. on 10 March 2022, in accordance with the guidelines contained in joint document No. 4 of March 2010 issued by ISVAP, Bank of Italy and Consob.

Given the uncertain scenario, the evolution and effects of which continue to be unpredictable, the estimates used by Management to prepare the impairment test at 31 December 2021 (such as, for example, those relating to expected cash flows, discount rates applied, the "g rate" growth rate used, etc.) could be affected, given the climate of uncertainty and the constantly changing scenario also due to the ongoing international crisis. The Directors believe, however, that these effects are unlikely to be significant enough to produce indications of impairment given the extensive coverage currently emerging from the impairment tests.

However, it is worth reiterating that the Directors, as they did in 2020, are constantly monitoring the situation to identify any effects, including accounting effects, that may arise from a continuation of the current epidemic.

15. ALLOCATION OF GOODWILL - COMPANIES ACQUIRED IN 2021

► **Final allocations**

Acquisition of TeamSystem Group

The goodwill of € 1,764,114 thousand relates to the amount recognised following the Acquisition of TeamSystem Group in February 2021 (through the special purpose entity Barolo Bidco S.p.A.). The Purchase Price Allocation ("PPA") is therefore final at the date of preparation of these financial statements. The goodwill recognised 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 and has been allocated to the Group's CGUs:

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
TEAMSYSYSTEM GROUP		
ASSETS	PPA Final Adjustments	NOTES
Tangible assets	14,654	
Intangible assets	1,577,048	
Right of use	23,962	
Other Investments	730	
Investments in associates	232	
Deferred tax assets	17,676	
TOTAL NON CURRENT ASSETS	1,634,303	
Inventories	1,081	
Trade receivables	268,668	
Tax receivables	683	
Other receivables - current	34,330	
Other financial assets - current	1,335	
Cash and bank balances	30,696	
TOTAL CURRENT ASSETS	336,792	
TOTAL ASSETS	1,971,095	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
TEAMSYSYSTEM GROUP		
EQUITY AND LIABILITIES	PPA Final Adjustments	NOTES
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	230,952	C
TOTAL NON CONTROLLING INTERESTS	719	
TOTAL EQUITY	231,671	
Financial liabilities with banks and other institutions - non current	814,950	
Staff leaving indemnity	20,308	
Provisions for risks and charges	14,005	
Deferred tax liabilities	426,006	
Other liabilities - non current	469	
TOTAL NON CURRENT LIABILITIES	1,275,737	
Financial liabilities with banks and other institutions - current	167,644	
Trade payables	52,738	
Tax liabilities - current	9,581	
Other liabilities - current	233,724	
TOTAL CURRENT LIABILITIES	463,687	
TOTAL LIABILITIES	1,739,424	
TOTAL EQUITY AND LIABILITIES	1,971,095	

FINAL ALLOCATED GOODWILL TEAMSYSTEM GROUP	Adjustments	Tax Adjustments	Minority Interest	Impact on Equity	NOTES
Fair value of Land and Buildings	80	(22)	0	58	
Goodwill Write-off	(846,557)			(846,557)	
Fair value other assets / liabilities	(1,647)	409	0	(1,238)	
Trade receivables write-off	(3,163)	759	0	(2,404)	
Inventories write-off	(175)	49	0	(126)	
Intangible fair value - Software	293,695	(81,816)	0	211,879	
Intangible fair value - Customer Relationship	450,419	(125,572)	0	324,847	
Intangible fair value - Brand	190,535	(53,159)	(32)	137,344	
Intangible fair value - Other Asset	24,536	(6,845)		17,691	
Provisions for risks and charges	(9,186)	388	0	(8,798)	
TOTAL FINAL ADJUSTMENTS PPA IFRS	98,538	(265,810)	(32)	(167,304)	A
Equity before PPA adjustments				398,256	B
Equity after Final PPA				<u>230,952</u>	C = A + B
Cost of the investment				<u>1,995,066</u>	D
FINAL GOODWILL IFRS 3				<u>1,764,114</u>	E = D - C

For the purposes of accounting for the acquisition, the fair value of the assets acquired and liabilities assumed and the related goodwill were determined, as illustrated in the table above, as the difference between the consideration paid for the Acquisition and the net value of the assets and liabilities acquired, with the minority interest being measured at fair value.

The main adjustments to the fair value of the assets and liabilities acquired following completion of the Purchase Price Allocation were as follows:

- identification and valuation of certain intangible assets (Trademarks, Software, Customer Relationships, Other Intangible Assets) resulting in a revaluation of these assets of € 959,185 thousand (gross of tax effect and minority interest);
- identification of contingent liabilities (for which the loss outcome is considered possible) for a total of € 9,186 thousand (gross of the related tax effects, if applicable);
- fair value adjustment of tangible fixed assets (land and buildings) for a gross amount of € 80 thousand, trade receivables for a gross amount of € 3,163 thousand, and inventories for a gross amount of € 175 thousand.

The value of the goodwill, determined as the residual value for the acquisition of TeamSystem Group, therefore amounts to € 1,764,114 thousand.

□ □ □

TeamSystem 9

In March 2021, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 9 S.r.l., a reseller of TeamSystem software for businesses, accountants and consultants.

The financial results of TeamSystem 9 have been consolidated for the 2021 financial year starting from April 2021, a date close to the acquisition date. In 2021, the company reported total revenue of € 990 thousand and a profit of € 1 thousand.

The purchase price allocation recognised for the acquisition of TeamSystem 9 was final at the date of preparation of the financial statements for the year ended 31 December 2021 and, consequently, the related goodwill is also considered final.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
TEAMSYSYSTEM 9		
LIABILITIES	PPA final adjustments	NOTES
TOTAL EQUITY	(108)	
Staff leaving indemnity	81	
TOTAL NON CURRENT LIABILITIES	81	
Other liabilities - current	27	
TOTAL CURRENT LIABILITIES	27	
TOTAL LIABILITIES	108	B
TOTAL EQUITY AND LIABILITIES	0	
Fair Value of acquired net assets	(108)	C = A - B
Cost of the investment	1,385	D
Final Goodwill IFRS 3	1,493	E = D - C

□ □ □

My Expenses S.L. and Billin

In March 2021, TeamSystem S.p.A. acquired a 59.60% controlling interest in My Expenses S.L., a Spanish start-up that developed a cloud software product for the Spanish market. My Expenses in turn holds 100% of the share capital of Billin. A put and call option agreement was entered into with respect to the remaining 40.40% share of My Expenses.

The financial results of My Expenses and Billin have been consolidated for the 2021 financial year starting from April 2021, a date close to the acquisition date. In 2021, My Expenses and Billing recorded aggregate revenue of € 972 thousand and an aggregate loss of € 668 thousand.

The purchase price allocation recognised for the acquisition of My Expenses and Billin was final at the date the financial statements for the year ended 31 December 2021 were prepared and, consequently, the related goodwill is also final at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
MY EXPENSES		
ASSETS	PPA final adjustments	NOTES
Tangible assets	12	
Intangible assets	2,436	
Right of use	62	
Deferred tax assets	780	
TOTAL NON CURRENT ASSETS	3,290	
Trade receivables	309	
Tax receivables	32	
Other receivables - current	111	
Other financial assets - current	25	
Cash and bank balances	221	
TOTAL CURRENT ASSETS	699	

Euro thousands

STATEMENT OF FINANCIAL POSITION		
MY EXPENSES		
LIABILITIES	PPA final adjustments	NOTES
TOTAL EQUITY	2,332	
Financial liabilities with banks and other institutions - current	1,351	
Trade payables	144	
Tax liabilities - current	15	
Other liabilities - current	146	
TOTAL CURRENT LIABILITIES	1,657	
TOTAL LIABILITIES	1,657	B
TOTAL EQUITY AND LIABILITIES	3,988	
Fair Value of acquired net assets	2,332	C = A - B
Cost of the investment	8,115	D
Final Goodwill IFRS 3	5,784	E = D - C

□ □ □

SGS System House S.r.l.

In April 2021, TeamSystem S.p.A. acquired a controlling interest (100%) in SGS System House S.r.l, a company that resells TeamSystem products for businesses and accountants. A put and call option agreement was entered into with respect to the remaining 40% interest.

The financial results of SGS System House have been consolidated for the 2021 financial year starting from April 2021, a date close to the acquisition date. The company reported total revenue for 2021 of € 1,388 thousand and a profit of € 77 thousand.

The purchase price allocation recognised for the acquisition of SGS System House was final at the date the financial statements for the year ended 31 December 2021 were prepared and, consequently, the related goodwill is also final at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
SGS SYSTEM HOUSE		
ASSETS	PPA final adjustments	NOTES
Tangible assets	10	
Intangible assets	21	
Right of use	15	
Deferred tax assets	5	
TOTAL NON CURRENT ASSETS	51	
Trade receivables	490	
Other receivables - current	230	
Cash and bank balances	350	
TOTAL CURRENT ASSETS	1,071	
TOTAL ASSETS	1,122	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
SGS SYSTEM HOUSE		
LIABILITIES	PPA final adjustments	NOTES
TOTAL EQUITY	(59)	
Financial liabilities with banks and other institutions - non current	15	
Staff leaving indemnity	125	
TOTAL NON CURRENT LIABILITIES	140	
Financial liabilities with banks and other institutions - current	102	
Trade payables	253	
Tax liabilities - current	48	
Other liabilities - current	638	
TOTAL CURRENT LIABILITIES	1,041	
TOTAL LIABILITIES	1,181	B
TOTAL EQUITY AND LIABILITIES	1,122	
Fair Value of acquired net assets	<u>(59)</u>	C = A - B
Cost of the investment	<u>1,424</u>	D
Final Goodwill IFRS 3	<u>1,483</u>	E = D - C

□ □ □

► Provisional allocations

Logical Soft S.r.l.

In October 2021, TeamSystem S.p.A. acquired a controlling interest of 60% in Logical Soft S.r.l., a company specialised in developing technical software for the building and engineering sectors. A put and call option agreement was entered into with respect to the remaining 40% interest in the company.

Logical Soft's financial results have been consolidated for the 2021 financial year starting from October 2021. The company reported total revenue for 2021 of € 5,102 thousand and a profit of € 1,940 thousand.

The purchase price allocation recognised for the acquisition of Logical Soft S.r.l was still provisional at 31 December 2021 and, consequently, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
LOGICAL SOFT		
ASSETS	PPA provisional adjustments	NOTES
Tangible assets	25	
Intangible assets	124	
Right of use	281	
Deferred tax assets	87	
TOTAL NON CURRENT ASSETS	515	
Trade receivables	703	
Tax receivables	68	
Other receivables - current	40	
Other financial assets - current	1,800	
Cash and bank balances	1,122	
TOTAL CURRENT ASSETS	3,734	
TOTAL ASSETS	4,249	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
LOGICAL SOFT		
LIABILITIES	PPA provisional adjustments	NOTES
TOTAL EQUITY	1,959	
Financial liabilities with banks and other institutions - non current	281	
Staff leaving indemnity	353	
TOTAL NON CURRENT LIABILITIES	633	
Trade payables	63	
Tax liabilities - current	278	
Other liabilities - current	1,316	
TOTAL CURRENT LIABILITIES	1,657	
TOTAL LIABILITIES	2,290	B
TOTAL EQUITY AND LIABILITIES	4,249	

Fair Value of acquired net assets	1,959	C = A - B
Cost of the investment	21,071	D
Provisional Goodwill IFRS 3	19,113	E = D - C

□ □ □

Itacme Informatica S.r.l.

In October 2021, TeamSystem S.p.A. acquired a 100% interest in Itacme Informatica S.r.l., a company that designs, develops and markets management / ERP software.

The financial results of Itacme Informatica have been consolidated for the 2021 financial year starting from October 2021. The company reported total revenue for 2021 of € 1,120 thousand and a profit of € 140 thousand.

The purchase price allocation recognised for the acquisition of Itacme Informatica S.r.l was still provisional at 31 December 2021 and, consequently, the related goodwill was also provisional at the reporting date.

Euro thousands		
STATEMENT OF FINANCIAL POSITION		
ITACME INFORMATICA		
ASSETS	PPA provisional adjustments	NOTES
Tangible assets	10	
Intangible assets	114	
Right of use	151	
Deferred tax assets	3	
TOTAL NON CURRENT ASSETS	278	
Trade receivables	133	
Tax receivables	15	
Other receivables - current	17	
Other financial assets - current	269	
Cash and bank balances	130	
TOTAL CURRENT ASSETS	563	
TOTAL ASSETS	841	A

Euro thousands		
STATEMENT OF FINANCIAL POSITION		
ITACME INFORMATICA		
LIABILITIES	PPA provisional adjustments	NOTES
TOTAL EQUITY	266	
Financial liabilities with banks and other institutions - non current	151	
Staff leaving indemnity	256	
Provisions for risks and charges	11	
TOTAL NON CURRENT LIABILITIES	418	
Financial liabilities with banks and other institutions - current	2	
Trade payables	26	
Tax liabilities - current	5	
Other liabilities - current	123	
TOTAL CURRENT LIABILITIES	157	
TOTAL LIABILITIES	575	B
TOTAL EQUITY AND LIABILITIES	841	

Fair Value of acquired net assets	266	C = A - B
Cost of the investment	3,202	D
Provisional Goodwill IFRS 3	2,936	E = D - C

□ □ □

Progetto Studio and its subsidiary and associate companies

In December 2021, TeamSystem 11 acquired a 100% interest in Progetto Studio S.r.l., which in turn holds:

- 100% of the quota capital of New Tronic S.r.l and Cesio S.r.l.,
- 50% of the quota capital of Selda S.r.l., with the remaining 50% being held by Data Consult.

Both companies are resellers of TeamSystem software.

In the Group's consolidated financial statements as at 31 December 2021, only the balance sheet balances of Progetto Studio (and its subsidiary and associated companies) have been consolidated, as the acquisition of this company took place in December 2021, a date close to the end of the consolidated financial year.

The purchase price allocation recognised for the acquisition of Progetto Studio (and its subsidiary and associated companies) was still provisional at 31 December 2021 and, consequently, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
PROGETTO STUDIO		
ASSETS	PPA provisional adjustments	NOTES
Tangible assets	291	
Intangible assets	72	
Investments in associates	25	
Deferred tax assets	87	
TOTAL NON CURRENT ASSETS	475	
Inventories	283	
Trade receivables	4,138	
Tax receivables	1,651	
Other receivables - current	1,201	
Other financial assets - current	2,413	
Cash and bank balances	3,043	
TOTAL CURRENT ASSETS	12,728	
TOTAL ASSETS	13,203	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
PROGETTO STUDIO		
LIABILITIES	PPA provisional adjustments	NOTES
TOTAL EQUITY	(2,223)	
Other financial liabilities - non current	959	
Staff leaving indemnity	2,451	
Provisions for risks and charges	359	
Deferred tax liabilities	7	
TOTAL NON CURRENT LIABILITIES	3,775	
Shareholders' Loan - current	5,298	
Financial liabilities with banks and other institutions - current	1,560	
Other financial liabilities - current	297	
Trade payables	2,377	
Tax liabilities - current	11	
Other liabilities - current	2,108	
TOTAL CURRENT LIABILITIES	11,651	
TOTAL LIABILITIES	15,426	B
TOTAL EQUITY AND LIABILITIES	13,203	

Fair Value of acquired net assets	(2,223)	C = A - B
Cost of the investment	26,877	D
Provisional Goodwill IFRS 3	29,100	E = D - C

□ □ □

Data Consult

In December 2021, TeamSystem 11 acquired 100% of the quota capital of Data Consult S.r.l., a TeamSystem software reseller. Data Consults S.r.l. holds 50% of the quota capital of Selda S.r.l.

In the Group's consolidated financial statements as at 31 December 2021, only the balance sheet balances of Data Consult (and its associated company) have been consolidated, as the acquisition of this company took place in December 2021, a date close to the end of the consolidated financial year.

The purchase price allocation recognised for the acquisition of Data Consult (and its associated company) was still provisional at 31 December 2021 and, consequently, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
DATA CONSULT		
ASSETS	PPA provisional adjustments	NOTES
Tangible assets	72	
Intangible assets	1	
Deferred tax assets	1	
TOTAL NON CURRENT ASSETS	74	
Inventories	25	
Trade receivables	1,282	
Tax receivables	102	
Other receivables - current	1,425	
Cash and bank balances	1,938	
TOTAL CURRENT ASSETS	4,772	
TOTAL ASSETS	4,846	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
DATA CONSULT		
LIABILITIES	PPA provisional adjustments	NOTES
TOTAL EQUITY	2,728	
Staff leaving indemnity	1,145	
Provisions for risks and charges	235	
TOTAL NON CURRENT LIABILITIES	1,380	
Financial liabilities with banks and other institutions - current	0	
Trade payables	277	
Tax liabilities - current	4	
Other liabilities - current	457	
TOTAL CURRENT LIABILITIES	738	
TOTAL LIABILITIES	2,119	B
TOTAL EQUITY AND LIABILITIES	4,846	
Fair Value of acquired net assets	2,728	C = A - B
Cost of the investment	11,816	D
Provisional Goodwill IFRS 3	9,088	E = D - C

16. INVESTMENTS IN OTHER COMPANIES AND INVESTMENTS IN ASSOCIATES

	31 Dec 2020	Acquisition of TeamSystem Group	Change in cons. area	Additions	Other movements and disposals	31 Dec 2021
Investments in Associates		232	25		1	258
Other Investments		730		213		943
Total		962	25	213	1	1,201

The additions in Other investments refer to the acquisition of 19.96% of the quota capital of Var4Team S.r.l. by TeamSystem S.p.A. in April 2021.

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets

Deferred tax assets at 31 December 2021 amounted to € 16,215 thousand. Details of movements in deferred tax assets in 2021 are shown in the following table.

DEFERRED TAX ASSETS	31 Dec 2020	Acquisition of TeamSystem Group	Change in cons. area	Additions	Other movements and disposals	31 Dec 2021
Provision for slow-moving inventories		22			(22)	
Provision for pension and similar obligation		391				391
Staff leaving indemnity - actuarial valuation		197		101	20	317
Provision for litigations and other provisions		492			(295)	196
Other items		707		65	(569)	203
Provision for bad-debts		5,571		967	(1,674)	4,864
Tax step-up		5,938			(690)	5,248
TeamSystem S.p.A.		13,317		1,133	(3,231)	11,219
Deferred tax asset of other Subsidiaries		1,763	962	1,301		4,026
Other Subsidiaries		1,763	962	1,301		4,026
Provision for slow-moving inventories		78			(35)	43
Right of use assets		30		23		53
Provision for litigations and other provisions						
Staff leaving indemnity - actuarial valuation		553		119		672
Other items		1,935		56	(1,790)	201
Consolidation entries		2,596		198	(1,825)	970
Total		17,676	962	2,632	(5,055)	16,215

Deferred tax assets as 31 December 2021 primarily relate to the allowance for bad debts and to other provisions for risks and charges which are disallowed for tax purposes. These deferred tax assets are not subject to any maturity or expiration.

Deferred tax liabilities

Deferred tax liabilities at 31 December 2021 amounted to € 339,397 thousand. Movements in deferred tax liabilities in 2021 are summarised in the following table.

DEFERRED TAX LIABILITIES	31 Dec 2020	Acquisition of TeamSystem Group	Change in cons. area	Additions	Other movements and disposals	31 Dec 2021
Financing Fees		1,610			(1,610)	
Fair value valuation of land and buildings		963			(64)	899
TeamSystem - Intangibles		280,408			(47,372)	233,036
Capitalized development costs		42			(42)	
Investments revaluation		5,415				5,415
Other		115			(115)	
TeamSystem S.p.A.		288,553			(49,203)	239,350
Deferred tax liabilities of other Subsidiaries		27,032	7		(26,985)	54
Other Subsidiaries		27,032	7		(26,985)	54
Investments revaluation		(5,415)				(5,415)
Intangibles - subsidiaries		115,650			(10,635)	105,015
Capitalized development costs		186		345	(138)	392
Consolidation entries		110,421		345	(10,773)	99,993
Total		426,006	7	345	(86,961)	339,397

The main decrease in 2021 of € 53,834 thousand related to the release of deferred taxes to the statement of profit or loss by the companies listed below:

- TeamSystem S.p.A.
- TeamSystem Service S.r.l.
- Aliaslab S.p.A.
- Madbit Entertainment S.r.l.
- Danae Soft S.r.l.
- Gruppo Euroconference S.p.A.

These companies decided to revalue the tax basis of intangible software and trademark assets in accordance with the provisions of Decree Law No. 104 of 14 August 2020.

The other decreases mainly refer to the release of the deferred tax liability recognised on the amortisation of intangible assets (software, brands, customer relationships and other IFRS assets) identified as part of the allocation of the purchase price for the various acquisitions involving the Group, the most significant of which was the Acquisition of TeamSystem Group.

Given that almost all the Group companies are domiciled in Italy, one of the significant recurring differences between the actual tax rate and the nominal tax rate relates to interest expense that exceeded the limit of gross operating profit (in relation to which the Group companies have not recognised any deferred tax at 31 December 2021). In any case, the potential deferred tax asset relating to the foregoing amounts to approximately € 41,325 thousand at 31 December 2021.

In addition to the above, the Group did not recognise deferred tax assets on the differences in amortisation rates on the trademarks subject to the tax revaluation. In this case, the resulting deferred tax assets would amount to € 716 thousand at 31 December 2021.

18. NET CASH/DEBT

	31 Dic 2021			31 Dic 2020		
	Current	Non Current	Total	Current	Non Current	Total
Bank accounts and post office	59,038		59,038	614		614
Cash and bank balances	46		46			
Total Cash and bank balances	59,084		59,084	614		614
Loans	79		79			
Accruals and prepaid commissions	43		43			
Other financial assets	8,389		8,389			
Total Other financial assets	8,512		8,512			
Loans with banks	(76,513)		(76,513)			
Overdrafts with banks	(722)		(722)			
Finance leases liabilities	(10,061)	(13,161)	(23,222)			
Notes	(14,118)	(1,450,000)	(1,464,118)			
Financial liabilities with other institutions	(1,226)		(1,226)	(453)		(453)
Dividends to be paid	(45)		(45)			
Total Financial liabilities	(102,685)	(1,463,161)	(1,565,846)	(453)		(453)
Financing Fees - notes		45,489	45,489			
Financing Fees - banks	3,648		3,648			
Total Financing Fees	3,648	45,489	49,137			
Liabilities to non controlling shareholders of subsidiaries	(23,757)	(57,595)	(81,352)			
Commissions financial liabilities	(173)		(173)			
Total Other financial liabilities	(23,930)	(57,595)	(81,525)			
Total	(55,371)	(1,475,267)	(1,530,638)	161		161

Net debt as of 31 December 2021 amounted to € 1,530,638 thousand.

■ Lease liabilities

The financial debt for leases at 31 December 2021 amounted to € 23,222 thousand. This liability reflects the financial liability recognised as a result of accounting for leases under IFRS 16.

■ Floating Rate Notes

In April 2018, TeamSystem S.p.A. issued:

- € 550 million Senior Secured Floating Rate Notes due 15 April 2023 at an interest rate equal to the 3-month Euribor rate (with a floor of 0%) plus a spread of 4.00% per year, reset quarterly (ISIN XS1799538464 and XS1799537904); and
- € 200 million Senior Secured Floating Rate Notes due 15 April 2025 (and, together with the 2023 Floating Rate Notes, “Existing Floating Rate Notes”) with an interest rate and terms and conditions that are identical to the 2023 Floating Rate Notes (ISIN XS1799545089 and XS1799545675).

The fees and costs incurred for the issue of the Existing Floating Rate Notes have been accounted for as Financing Fees and have been amortised on a straight-line basis over the contractual term of the Floating Rate Notes.

Following the Acquisition of TeamSystem Group in February 2021, the **Existing Floating Rate Notes** were repaid early and the residual amount of financing fees pertaining to these Notes, amounting to € 6,707 thousand, was charged to the consolidated statement of profit or loss.

2028 Fixed and Floating Rate Notes and 2029 PIYW PIK Toggle Notes

To finance the acquisition of TeamSystem Group in February 2021:

Brunello Bidco S.p.A. (“SSN Issuer”) issued:

- senior secured fixed rate notes (ISIN XS2295691476 - XS2295690742) with a total nominal value of € 300 million maturing on 15 February 2028 (“**2028 Fixed Rate Notes**”). The 2028 Fixed Rate Notes bear interest at a fixed interest rate of 3.50%, payable semi-annually in arrears each April 15 and October 15, commencing 15 October 2021;
- senior secured floating rate notes (ISIN XS2295692102 - XS2295691633) with a total nominal value of € 850 million maturing on 15 February 2028 (“**2028 Floating Rate Notes**”). The 2028 Floating Rate Notes bear interest at a rate equal to the 3-month Euribor rate - with a floor of 0.00% - plus a spread of 3.75%, payable quarterly in arrears each January 15, April 15, July 15, October 15, commencing 15 July 2021.

The 2028 Fixed and Floating Rate Notes are listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market.

The merger between Brunello Bidco S.p.A. (SSN Issuer), Barolo Luxco 1 S.p.A., TeamSystem Holding S.p.A. and TeamSystem S.p.A. was completed on 26 October 2021 (“Merger Date”). The surviving company from the above mentioned merger transaction was TeamSystem S.p.A. which, as a result of the merger and starting from the Merger Date, assumed all the obligations of the SSN Issuer with respect to the 2028 Fixed Rate Notes and the 2028 Floating Rate Notes.

Brunello Midco 2 S.p.A. (“PIK Issuer”), has issued:

- Senior Floating Rate Pay-If-You-Want PIK Toggle notes (ISIN: IT0005434441) with a total nominal value of € 300 million maturing on 15 February 2029 (“**2029 PIYW PIK Toggle Notes**”). The PIK Issuer pays interest on the 2029 PIYW PIK Toggle Notes either in cash (6-month Euribor with a floor of 0.00%, plus 8.00% per annum) or in kind (6-month Euribor with a floor of 0.00%) plus 8.75% per annum) or a combination thereof, at the sole option of the PIK Issuer. The 2029 PIYW PIK Toggle Notes bear interest payable semi-annually in arrears each April 15 and October 15, commencing 15 October 2021;

The 2029 PIYW PIK Toggle Notes are listed on the MTF of the Vienna Stock Exchange. The PIK Issuer changed its company name to TeamSystem Holdco 3 S.p.A. with effect from 17 December 2021.

The fees and costs incurred for the issue of the 2028 Fixed and Floating Rate Notes and the issue of the 2029 PIYW PIK Toggle Notes have been accounted for as Financing Fees and have been amortised pro-rata over the contractual term of the respective Notes.

Collateral provided

At 31 December 2021, the obligations arising under the **2028 Fixed Rate Notes**, the **2028 Floating Rate Notes** and the **New RCF** (as described below) were secured by the following security rights:

- a pledge on the entire share capital of TeamSystem S.p.A., originally granted on 30 March 2021 and confirmed and extended on 12 November 2021;
- a pledge on the Italian bank accounts of TeamSystem S.p.A., originally granted on 12 November 2021.

On 31 December 2021, the obligations arising under the **2029 PIYW PIK Toggle Notes** were secured by the following security rights:

- a pledge on the entire share capital of the PIK Issuer, originally granted on 18 February 2021;
- a pledge on the entire share capital of TeamSystem S.p.A., originally granted on 30 March 2021 and confirmed and extended on 12 November 2021;

The **2028 Fixed Rate Notes** and the **2028 Floating Rate Notes** were originally guaranteed (and continue to be guaranteed) by the PIK Issuer.

The **New RCF** credit facility (as defined below) was originally guaranteed by Brunello Bidco S.p.A. and the PIK Issuer and, following the reverse merger, is now guaranteed by TeamSystem S.p.A. and the PIK Issuer.

■ Revolving Credit Facility (Existing and New)

On 22 March 2018, TeamSystem S.p.A. and TeamSystem Holding S.p.A. negotiated a super senior revolving credit facility with a principal amount of € 90 million, expiring 15 October 2022 (“**Existing RCF**”).

The **Existing RCF** facility was extinguished in February 2021 following the Acquisition and, on 27 January 2021, Brunello Bidco S.p.A. negotiated a new super senior revolving credit facility (“**New RCF**”) with a principal amount of € 180 million and expiring on 18 August 2027.

The interest rate payable on the **New RCF** credit facility is equal to the Euribor / LIBOR, with a floor of 0.00%, plus a spread, calculated quarterly based on certain contractual parameters (“**Senior Secured Net Leverage Ratio**”). As of 31 December 2021, a total of € 75 million had been drawn from the **New RCF**.

The New RCF line is secured by the same guarantees granted on the **2028 Fixed Rate Notes** and the **2028 Floating Rate Notes** (see previous paragraph).

The costs incurred to obtain the New RCF have been recognised as financing fees and are being amortised on a straight-line basis over the contractual term of the credit facility. The remaining balance of the related Financing Fees on the date the Existing RCF was extinguished was charged to the Group's consolidated statement of profit or loss.

The surviving company from the above mentioned merger transaction was TeamSystem S.p.A. which, as a result of the merger and starting from the Merger Date, assumed all the obligations of Brunello Bidco S.p.A with respect to the New RCF.

■ Liabilities to non-controlling shareholders of subsidiaries

Liabilities to non-controlling shareholders of subsidiaries (€ 81,352 thousand at 31 December 2021) relate to put and call options and/or earn-outs due to non-controlling shareholders of certain consolidated subsidiaries, being mainly, but not limited to: Cassanova S.r.l., TeamSystem Financial Value Chain S.r.l., MBM Italia S.r.l., Logical Soft.

Changes in the balance of Liabilities to non-controlling shareholders of subsidiaries in 2021 are summarised below.

	31 Dec 2020	Acquisition of TeamSystem Group	Change in cons. area	Interest	Revaluations	Write-downs	Payments	31 Dec 2021
Liabilities to non controlling shareholders of subs		161,057	25,551	2,127	29,737	(4,984)	(132,136)	81,352
Total		161,057	25,551	2,127	29,737	(4,984)	(132,136)	81,352

The liabilities to non-controlling shareholders of subsidiaries paid in 2021 amount to € 132,136 thousand and relate to the acquisition of further interests in Aliaslab, Skylab, Danae and Madbit, and the payment of earn-outs - deferred consideration primarily relating to investments in Software del Sol, Modefinance, TechMass.

Because of the uncertainties caused by the Coronavirus emergency, the evolution of which is still not entirely predictable, the estimates used by Management to determine the value of the put/call options and earn-outs due to non-controlling interest holders at 31 December 2021 (such as, for example, the plan projections used) may be affected.

19. INVENTORIES

	31 Dic 2021	31 Dic 2020	Change	% Change
Raw and ancillary materials	420		420	
Finished products and goods	1,103		1,103	
(Allowance for slow-moving inventory)	(613)		(613)	
Total	909		909	

Inventories amounted to € 909 thousand at 31 December 2021 and included hardware products not yet delivered at the reporting date, as well as consumables, accessories, third party software modules and software licences for resale.

20. TRADE RECEIVABLES

	31 Dic 2021	31 Dic 2020	Change	% Change
Trade receivables	147,766		147,766	
(Allowance for bad debts)	(22,449)		(22,449)	
Total	125,317		125,317	

Trade receivables at 31 December 2021 amounted to € 125,317 thousand, net of the allowance for bad debts of € 22,449 thousand.

Movements in the allowance for bad debts in 2021 are summarised below.

	31 Dec 2020	Acquisition of TeamSystem Group	Other movements	(*) Additions	(*) (Utilisations)	31 Dec 2021
Allowance for bad debts		25,524	24	3,765	(6,864)	22,449
Total		25,524	24	3,765	(6,864)	22,449

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

Trade receivables are recorded net of the allowance for bad debts, the balance of which amounted to € 22,449 thousand at 31 December 2021.

The allowance for bad debts at 31 December 2021 was determined by adopting an expected credit loss approach (as required by the relevant IFRS 9), which took into account:

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

It should also be noted that the allowance for bad debts recognised in the financial statements at 31 December 2021, amounting to € 3,765 thousand, reflects the uncertainties generated by the COVID-19 emergency, whose developments cannot yet be fully predicted at present. In any case, the Management is constantly monitoring the situation.

21. TAX RECEIVABLES

	31 Dic 2021	31 Dic 2020	Change	% Change
Tax credits	165		165	
Other tax receivables	607		607	
Withholding tax credit	30		30	
Advances and credit on income taxes	2,668		2,668	
Total	3,470		3,470	

Tax receivables at 31 December 2021 amounted to € 3,470 thousand.

22. OTHER CURRENT RECEIVABLES

	31 Dic 2021	31 Dic 2020	Change	% Change
VAT receivables	1,575		1,575	
Deposits	680		680	
Receivables from employees	148		148	
Other receivables - current	12,481		12,481	
Accrued income	23		23	
Prepayments	23,260	586	22,674	n.s.
Other current receivables	38,167	586	37,582	n.s.

Other current receivables came to € 38,167 thousand at 31 December 2021. The main components that make up this balance are Prepaid expenses (€ 23,260 thousand), which mainly consist of fees for maintenance and support provided by third parties.

Other current receivables mainly relate to advances paid at the end of the 2021 financial year for acquisitions of certain companies, which were finalised in the early months of the 2022 financial year.

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

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
Incorporation of Brunello Holdco	50	97			147		147
Profit (Loss) for the year				(131)	(131)	0	(131)
Other Profit (Loss) on comprehensive income					0		(0)
31 Dec 2020	50	97	0	(131)	16	0	16

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
31 Dec 2020	50	97	0	(131)	16	0	16
Profit (Loss) allocation		(104)	(27)	131	0		0
Capital increase TeamSystem Holdco	14,547	1,440,021			1,454,568		1,454,568
Acquisition of TeamSystem Group					0	719	719
Incorporation of Modefinance International					0	35	35
Acquisition of Non controlling interests - IFRS 3		(128)			(128)	(35)	(163)
Profit (Loss) for the year				(64,176)	(64,176)	170	(64,006)
Other Profit (Loss) on comprehensive income		(655)			(655)	1	(654)
31 Dec 2021	14,597	1,439,231	(27)	(64,176)	1,389,624	892	1,390,516

Equity attributable to owners of the Parent Company at 31 December 2021 amounted to € 1,389,624 thousand.

Equity attributable to non-controlling interests (€ 892 thousand) relates to equity interests held by third parties in Gruppo Euroconference S.p.A. and Voispeed Limited.

In 2021, the following companies:

- TeamSystem S.p.A.
- TeamSystem Service S.r.l.
- Aliaslab S.p.A.
- Madbit Entertainment S.r.l.
- Danae Soft S.r.l.
- Gruppo Euroconference S.p.A.

decided to revalue the tax basis of intangible software and trademark assets in accordance with the provisions of Decree Law No. 104 of 14 August 2020. This resulted in the generation of equity reserves subject to taxation upon distribution totalling € 187,167 thousand in the companies listed above.

24. STAFF LEAVING INDEMNITY

	31 Dec 2020	Acquisition of TeamSystem Group	Change in cons. area	Other movements	Service cost	Interest cost	Actuarial (gain) / loss	(Utilisations)	31 Dec 2021
Staff leaving indemnity		20,308	4,411	247	1,386	90	639	(1,142)	25,939
Total		20,308	4,411	247	1,386	90	639	(1,142)	25,939

The liability associated with the staff leaving indemnity at 31 December 2021 amounted to € 25,939 thousand.

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

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

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

	2021 financial year
Turnover	4.00%
Discount rate	0.90 %
Anticipation rate	1.00 %

The discount rate used for the determination of the present value of the staff leaving indemnity at 31 December 2021 was determined with reference to the IBoxx Eurozone Corporate A index.

It should also be noted that, should the annual discount rate change by +/- 0.25%, the staff leaving indemnity would decrease by approximately € 265 thousand (in the event of a 0.25% increase in the discount rate) and increase by approximately € 972 thousand in the event of a 0.25% decrease in the discount rate.

IAS 19 - Employee Benefits requires the recognition of actuarial gains and losses arising from the "remeasurement" of liabilities and assets in the consolidated statement of comprehensive income. Consequently, the amount included in the consolidated statement of comprehensive income for the year ended 31 December 2021 (€ 865 thousand) corresponds to the actuarial gains/losses, as stated above, net of the tax effect of € 208 thousand.

25. PROVISIONS FOR RISKS AND CHARGES

	31 Dec 2020	Acquisition of TeamSystem Group	Change in cons. area	Additions	Other movements and disposals	31 Dec 2021
Provision for pension and similar obligation		1,451	246	94	(327)	1,465
Provision for litigations		11,425	359	53	(577)	11,260
Other Provision for risks and charges		1,130		484	(1,084)	530
Total		14,005	605	631	(1,987)	13,254

Provisions for risks and charges amounted to € 13,254 thousand at 31 December 2021. The components thereof are the following:

- Provision for pensions and similar obligations of € 1,465 thousand, relating mainly to the Provision for agents' indemnity; disbursements are triggered by the termination of agreements with Group companies' agents for reasons not attributable thereto (death, natural termination of activities and similar circumstances); accordingly, it is not possible to reliably estimate the timing of disbursements;
- Provision for litigation and disputes of € 11,260 thousand, relating to liabilities deemed to be probable that could arise from legal disputes involving TeamSystem Group companies. Management is not able to estimate the date of the probable cash-out; This item also includes certain liabilities considered possible, allocated at the time of the purchase price allocation, in accordance with the reference accounting standards (IFRS 3.23) and relating mainly to certain disputes considered possible with social security institutions and to certain tax disputes (also considered possible);
- Provision for risks and charges amounted to € 530 thousand at 31 December 2021, which primarily includes the provision for multi-year bonuses and other minor items. The cash-out relating to the provisions for multi-year bonuses will occur in future years only when the conditions for the payment of these bonuses are met.

26. CURRENT TAX LIABILITIES

	31 Dic 2021	31 Dic 2020	Change	% Change
Income tax payables	8,466		8,466	
Other tax liabilities	178	19	159	n.s.
Total	8,644	19	8,625	n.s.

Income tax payables came to € 8,664 thousand at 31 December 2021 and relate to:

- the balance of the substitute tax liability of € 3,859 thousand recognised by the following companies:
 - 1) TeamSystem S.p.A.
 - 2) TeamSystem Service S.r.l.
 - 3) Aliaslab S.p.A.
 - 4) Madbit Entertainment S.r.l.

- 5) Danae Soft S.r.l.
6) Gruppo Euroconference S.p.A.
which have decided to revalue intangible trademark / software assets for tax purposes in accordance with the provisions of Decree Law 104 of 14 August 2020;
- the remaining amount regards corporate income tax payable recognised by the individual consolidated subsidiaries in accordance with applicable national laws (since TeamSystem Group carries out almost all its operations in Italy, this tax payable relates almost exclusively to IRES and IRAP).

27. OTHER CURRENT AND NON-CURRENT LIABILITIES

	31 Dic 2021	31 Dic 2020	Change	% Change
VAT liabilities	1,885		1,885	
Withholdings liabilities	5,141		5,141	
Employees payables and Social security liabilities - current	33,381		33,381	
Advances	1,827		1,827	
Other liabilities	991	113	878	n.s.
Accrued liabilities	180		180	
Deferred revenues	85,271		85,271	
Other current liabilities	128,676	113	128,563	n.s.
Social security liabilities - non current	425		425	
Other tax liabilities - non current	8		8	
Other non current liabilities	432		432	
Total Other liabilities	129,109	113	128,995	n.s.

Other current and non-current liabilities amounted to € 129,109 thousand at 31 December 2021.

Employee payables and social security liabilities of € 33,381 thousand relate to salaries and 2021 production bonuses (not yet paid at the year end) payable to employees, directors and collaborators, as well as accruals for public holidays and holiday pay, inclusive of related social contributions.

Deferred revenue (€ 85,271 thousand) mainly relates to the portion of software support contract revenue (pertaining essentially to Nuovamacut Group companies, TeamSystem S.p.A., Gruppo Euroconference S.p.A., Madbit Entertainment S.r.l. and Danae Soft S.r.l.) attributable to future financial years, based upon the duration of the underlying contracts.

28. FINANCIAL INSTRUMENTS AND IFRS 7

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

Foreign exchange risks

The Group is not exposed to foreign exchange risks, since the Group companies operate mainly in Italy and, for the time being, the impact of international transactions is insignificant. The Group's efforts to develop new business abroad are very recent and are mostly in Euro Area countries. Therefore, the Group's exposure to foreign exchange risk is not significant at the reporting date.

Credit risk

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

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

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

At 31 December 2021, the Group did not have any insurance cover for trade receivables.

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

The amount of the allowance for bad debts at 31 December 2021 was determined by adopting an expected credit loss approach (as required by the relevant IFRS 9), which considers both past due receivables, the allowance for which was determined based on a specific analysis of doubtful accounts, and receivables that are not yet past due at the reporting date. A generic write-down is then estimated based on historical data and the past credit loss experience of the Group, which is adjusted to consider expected losses from specific debtors and the macroeconomic environment.

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

Interest rate risk

TeamSystem Group's financial structure calls for fixed rate debt for the **2028 Fixed Rate Notes**; variable rate debt for the **2028 Floating Rate Notes**, **2029 PIYW PIK Toggle Notes**, and the **New RCF** credit facility.

The yield on the **2028 Floating Rate Notes** is tied to the 3-month Euribor rate (with a floor of 0.00%), plus a contractually defined spread, or to the 6-month Euribor rate (with a floor of 0.00%), plus a contractually defined spread, for the **2029 PIYW PIK Toggle Notes**.

Conditions applied to the **New RCF** also feature floating interest rates (based on Euribor rates - with a floor of 0.00% - plus a spread established contractually each quarter).

If interest rates payable on the Notes had been 0.5% higher during the course of 2021 (with respect to the interest rate actually paid during the course of 2021), finance costs pertaining to the Notes would have been € 4.8 million higher; if interest rates payable on the Notes had been 1.00% higher (with respect to the interest rate actually paid during the course of 2021), TeamSystem Group would have incurred approximately € 9.6 million more in finance costs pertaining to the Notes.

As regards the revolving credit facility, if interest rates payable on the RCF had been 0.5% higher during the course of 2021 (with respect to the interest rate actually paid during the course of 2021), finance costs would have been € 0.1 million higher; on the other hand, if interest rates payable on the RCF had been 1.00% higher (with respect to the interest rate actually paid during the course of 2021), TeamSystem Group would have incurred approximately € 0.2 million more in finance costs.

Liquidity risk

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

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

- the maintenance of an adequate level of available liquidity;

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

Despite the Group's high degree of leverage, the ongoing pandemic and the commitments stemming from the various investments acquired in 2021, liquidity is not an issue. The RCF itself, which was drawn for € 75 million at 31 December 2021, could be drawn for a further € 105 million, and the Group has always demonstrated its ability to generate cash and successfully raise funds on the financial markets.

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

POSITION AT 31 DECEMBER 2021	31 Dec 2021	within 12 months	between 1 - 5 years	over 5 years	Total cash flows
FINANCIAL ASSETS					
Accruals and prepaid commissions	43	43			43
Loans	79	79			79
Other financial assets	8,389	8,389			8,389
FINANCIAL LIABILITIES					
Loans with banks	(76,513)	(76,513)			(76,513)
Overdrafts with banks	(722)	(722)			(722)
Finance leases liabilities	(23,222)	(7,035)	(15,823)	(2,375)	(25,233)
Notes	(1,464,118)	(66,375)	(265,682)	(1,562,924)	(1,894,981)
Financial liabilities with other institutions	(1,226)	(1,226)			(1,226)
Dividends to be paid	(45)	(45)			(45)
Liabilities to non controlling shareholders of subs	(81,352)	(23,947)	(63,419)		(87,366)
Commissions financial liabilities	(173)	(173)			(173)
Total	(1,638,859)	(167,523)	(344,924)	(1,565,299)	(2,077,746)

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

Financial instruments by category (IFRS 7 paragraph 8)

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

	31 Dec 2021	FVTPL	FVTOCI	AC
Current and Non current Financial Assets				
Other financial assets - current and non current	8,512	7,878	0	634
Trade receivables	125,317			125,317
Equity investments	943	943		
Cash and bank balances	59,084			
Total	193,855	8,821	0	125,951
Current and Non Current Financial Liabilities				
Financial liabilities with banks and other institutions - current and non current	1,565,846	0	0	1,565,846
Financing Fees - current and non current	(49,137)	0	0	(49,137)
Other financial liabilities - current and non current	81,525	81,352	0	173
Trade payables	62,363			62,363
Total	1,660,596	81,352	0	1,579,245

KEY TO FINANCIAL INSTRUMENT CATEGORIES

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

Considering the characteristics of the financial assets and liabilities recorded in the financial statements and as shown by the above table, the fair value of many of these (current trade receivables and payables and current and non-current financial liabilities) do not differ from their related carrying amounts, with the exception of the **2028 Fixed Rate Notes** and the **2028 Floating Rate Notes** for which the market quotation at 31 December 2021 (99.043 for the **2028 Fixed Rate Notes** and 99.835 for the **2028 Floating Rate Notes**) corresponds to the best estimate of fair value at 31 December 2021.

Levels of fair value hierarchy

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

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

	Level 1	Level 2	Level 3	TOTAL
Financial Assets				
Other Investments			943	943
Other financial assets		7,878		7,878
Total	0	7,878	943	8,821
Financial Liabilities				
Liabilities to non controlling shareholders of subsidiaries			81,352	81,352
Total	0	0	81,352	81,352

The financial liability component for Liabilities to non-controlling shareholders of subsidiaries is the main category within level 3 of the fair value hierarchy and it consists of the fair value of the estimated liability arising from put and call or earn-out agreements relating to various non-controlling interests in Group companies; the related fair value was determined by considering the contractual hypotheses for the determination of the consideration. Changes in fair value, due both to timing and possible changes in estimated indicators that form the basis for the computation of the consideration, are recognised in the consolidated statement of profit or loss; the impact recognised in the 2021 consolidated statement of profit or loss arising from the change in the fair value measurement of the liabilities to non-controlling shareholders of subsidiaries amounts to a decrease in their measurement of approximately € 4,984 thousand and an increase in their measurement of approximately € 30,022, whereas € 2,127 thousand was recognised as finance costs for the discounting of the liability to non-controlling shareholders of subsidiaries at the new rate for the period in the item Other IFRS financial charges (see Note 7 Finance Income, Note 8 Finance Costs and Note 18 Net Cash/Debt).

Note that the discount rate applied for the measurement of the liabilities to non-controlling shareholders of subsidiaries at 31 December 2021 is that adopted for performing Group impairment tests at 31 December 2021, that is, the rate that equates to the cost of debt (gross of the tax effect) of 3.68% at 31 December 2021. This cost of debt is deemed representative of TeamSystem Group's specific credit risk at the balance sheet date. The Group has also performed an analysis of the sensitivity of the carrying amount of the liabilities to non-controlling shareholders of subsidiaries with respect to the interest rates applied. The results of this analysis are set out in the table below.

Cost of Debt - gross of tax	2.68%	3.18%	3.68%	4.18%	4.68%
Liabilities to non controlling shareholders of subsidiaries	82,921	82,240	81,352	80,591	79,794

Because of the uncertainties caused by the Coronavirus emergency, the evolution of which is still not entirely predictable, the estimates used by Management to determine the value of the put/call options and earn-outs due to non-controlling interest holders at 31 December 2021 (such as, for example, the plan projections used) may be affected.

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

Guarantees provided

At 31 December 2021, the obligations arising under the **2028 Fixed Rate Notes**, the **2028 Floating Rate Notes** and the **New RCF** (as described below) were secured by the following security rights:

- a pledge on the entire share capital of TeamSystem S.p.A., originally granted on 30 March 2021 and confirmed and extended on 12 November 2021;
- a pledge on the Italian bank accounts of TeamSystem S.p.A., originally granted on 12 November 2021.

On 31 December 2021, the obligations arising under the **2029 PIYW PIK Toggle Notes** were secured by the following security rights:

- a pledge on the entire share capital of Brunello Midco 2 (the PIK Issuer), originally granted on 18 February 2021;
- a pledge on the entire share capital of TeamSystem S.p.A., originally granted on 30 March 2021 and confirmed and extended on 12 November 2021.

The **2028 Fixed Rate Notes** and the **2028 Floating Rate Notes** were originally guaranteed (and continue to be guaranteed) by the PIK Issuer, Brunello Midco 2.

The **New RCF** credit facility was originally guaranteed by Brunello Bidco S.p.A. and Brunello Midco 2 (PIK Issuer) and, following the reverse merger, is now guaranteed by TeamSystem S.p.A. and Brunello Midco 2 (PIK Issuer).

Other significant commitments and contractual rights

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

SUBSIDIARIES	
Put / Call Options Outstanding	31 Dec 2021
TeamSystem Communication S.r.l.	25.00%
Cassanova S.r.l.	49.00%
Techmass S.r.l.	49.00%
TeamSystem Financial Value Chain S.r.l.	39.00%
TeamSystem AM HoldCo S.r.l.	29.00%
MBM Italia S.r.l.	39.00%
AF Soluzioni S.r.l.	40.00%
Beneficy S.r.l.	49.00%
Team4you S.r.l.	10.00%
Habble S.r.l.	40.00%
Modefinance S.r.l.	41.00%
Logical Soft S.r.l.	40.00%
My Expenses S.L	40.40%
Modefinance International S.r.l.	35.00%
OTHER INVESTMENTS	
Put / Call Options Outstanding	31 Dec 2021
Ciaomanager S.r.l.	85.00%

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

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

Regarding the put and call option agreements entered into to acquire Ciaomanager, these agreements are only reported in the paragraph on commitments (and are not included in the consolidated financial statements at 31 December 2021 as the Group did not control these companies at 31 December 2021).

Lease disclosures

Euro Million				
POSITION AT 31 DECEMBER 2021	within 12 months	between 1 - 5 years	over 5 years	Total
Leases for operational premises	4.7	12.7	2.4	19.8
Leases for motor cars	1.8	2.3		4.1
Other leases	0.6	0.8		1.4
Total	7.1	15.8	2.4	25.3

Other commitments and contingent assets/liabilities

The Group companies, in performing their activities, are exposed to a series of legal and other risks. These risks relate to ongoing legal disputes (the outcome of which cannot be forecast with certainty) or claims made against Group companies to recover damages suffered by third parties. An adverse outcome of these proceedings could lead to the payment of costs not covered (or not fully covered) by insurance with a consequent impact on the financial position.

The Group, in accordance with opinions provided by its legal advisers, has made specific provision as part of the provision for risks and charges (Note 25) for litigation for which it is believed that a disbursement of resources is probable and for which the amount can be reliably estimated. Based on the information available, there are no further potentially significant contingent liabilities that could lead to significant disbursements for the Group.

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

Investments in associates

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

Amounts in Euro								
CONSOLIDATED COMPANIES EQUITY METHOD	Registered office	Share capital	Equity	Currency	% held	% consolidation	Put / Call Options	Notes
Esaedro S.r.l. (*)	Parma	20,800	510,998	EUR	40.00	40.00		15
INTIT S.r.l. (*)	Frosinone	20,800	365,549	EUR	35.00	35.00		15
Cesaco S.r.l. (*)	Vicenza	90,000	39,745	EUR	48.00	48.00		15
PS Innovation S.r.l. (*)	Brescia	100,000	91,879	EUR	25.00	25.00		15

(15) = financial statement figures refer to the year ended 31 December 2020

Investments in subsidiaries with material non-controlling interests

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

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

Euro thousands			
MBM Italia	31 Dec 2021	31 Dec 2020	Change
% Held by Non Controlling Interests	39.00	39.00	0.00
Total Current Assets	6,982	4,188	2,794
Total Non Current Assets	89	97	(8)
Total Current Liabilities	2,214	1,368	846
Total Non Current Liabilities	1,028	999	29
Total Equity	3,829	1,919	1,911
Total Equity attributable to non controlling interests	1,493	748	745
Total Revenue	6,791	3,123	3,667
Operating Result	3,272	1,438	1,834
Profit (Loss) for the year	2,651	1,082	1,569
Profit (Loss) for the year - Non controlling Interests	1,034	422	612

Euro thousands			
GRUPPO EUROCONFERENCE	31 Dec 2021	31 Dec 2020	Change
% Held by Non Controlling Interests	3.13	3.13	0.00
Total Current Assets	33,146	28,876	4,270
Total Non Current Assets	4,552	5,027	(475)
Total Current Liabilities	8,430	8,900	(470)
Total Non Current Liabilities	448	1,629	(1,181)
Total Equity	28,820	23,375	5,446
Total Equity attributable to non controlling interests	902	732	170
Total Revenue	13,799	12,912	887
Operating Result	5,485	4,942	543
Profit (Loss) for the year	5,446	4,520	925
Profit (Loss) for the year - Non controlling Interests	170	141	29

Euro thousands			
MODEFINANCE	31 Dec 2021	31 Dec 2020	Change
% Held by Non Controlling Interests	41.00	57.00	-16.00
Total Current Assets	4,584	0	4,584
Total Non Current Assets	1,800	0	1,800
Total Current Liabilities	3,457	0	3,457
Total Non Current Liabilities	261	0	261
Total Equity	2,666	0	2,666
Total Equity attributable to non controlling interests	1,093	0	1,093
Total Revenue	5,451	0	5,451
Operating Result	1,664	0	1,664
Profit (Loss) for the year	1,312	0	1,312
Profit (Loss) for the year - Non controlling Interests	538	0	538

Euro thousands			
TEAMSYSTEM FINANCIAL VALUE CHAIN	31 Dec 2021	31 Dec 2020	Change
% Held by Non Controlling Interests	39.00	49.00	-10.00
Total Current Assets	3,475	1,296	2,179
Total Non Current Assets	9,980	12,467	(2,487)
Total Current Liabilities	90	266	(176)
Total Non Current Liabilities	0	0	0
Total Equity	13,365	13,496	(131)
Total Equity attributable to non controlling interests	5,212	6,613	(1,401)
Total Revenue	198	201	(3)
Operating Result	(72)	(86)	15
Profit (Loss) for the year	(131)	(73)	(58)
Profit (Loss) for the year - Non controlling Interests	(51)	(36)	(15)

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

Emoluments

As required by IAS 24, the table below shows the emoluments payable for the year ended 31 December 2021 to the members of the Board of Directors, to the members of the Board of Statutory Auditors and to the Group's Top Management.

	31 Dec 2021
Statutory Auditors	73
Top Management	2,595
Total emoluments	2,668

Related companies

TeamSystem Group has not been party to any transactions with related companies that are worth disclosing, other than those previously commented upon.

32. INDEPENDENT AUDITORS

In addition to the above information, note that fees payable to Deloitte & Touche S.p.A. as independent auditors, recognised by the Group in profit or loss in 2021 for the audit of the consolidated financial statements, amounted to approximately € 476 thousand.

33. DISCLOSURE REQUIRED BY LAW 127/2017

As regards the disclosure requirements introduced by Law 127/2017, in 2021, TeamSystem Group did not benefit from any subsidies, economic advantages, grants or aid paid in cash or in kind that was not of a general nature and that did not take the form of consideration, remuneration or compensation except as set forth in the following table.

Figures in Euro

LEGAL ENTITY RECEIVING THE BENEFIT	PUBLIC ENTITY PROVIDING THE BENEFIT	DESCRIPTION	AMOUNT RECEIVED
AF Soluzioni	Revenue Agency	Law number 18 - 27 February 2017	8,533
Area 32	Fondimpresa	Financing of training courses	2,500
Gruppo Euroconference	Fondo professioni	Financing of training courses	167,051
Madbit Entertainment	Revenue Agency	Investments on Advertising	54,874
Modefinance	University of Pavia	Advertising investments	30,359
Modefinance	Simest	Law 133/08	98,000
Modefinance	Avepa	Grant - Veneto Region	41,534
Skylab Italia	Fondimpresa	Financing of training courses	5,576

34. SUBSEQUENT EVENTS

■Acquisition / Contribution of business units

Storeden S.r.l.

In January 2022, TeamSystem S.p.A. acquired a controlling stake (100%) in Storeden S.r.l., a company that develops and markets e-commerce software solutions.

TeamSystem 8

In January 2022, the business units of the following companies were contributed to TeamSystem 8 S.r.l.:

- Sistemi Gestionali S.r.l.
- SEDAS S.r.l.
- S.I. Global S.r.l.
- Team Ufficio S.r.l.

TeamSystem 10 S.r.l.

In February 2022, the business unit of the company Sistemi Contabili was contributed to TeamSystem 10 S.r.l.

■Coronavirus Emergency

Even in the first months of 2022, the Group continued to provide services to its customers primarily through smart working.

The future impacts of COVID-19 on the Group's operating results and financial condition will depend on how the pandemic develops in the future, including the success of the gradual lifting of containment measures and vaccination programmes worldwide.

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

■Energy crisis and rising inflation - Russia-Ukraine crisis

According to ISTAT, inflation in January 2022 is expected to reach 4.8%, with three-quarters of this increase attributable to higher energy prices, which have nearly doubled (+93% over January 2021 - source: ISTAT).

The effects of the energy crisis could also be amplified by the Russian-Ukrainian war (following Russia's invasion of Ukraine in February 2022), which will force the entire European Union to confront the issue of energy security and dependence on Russian supplies, especially with regard to gas. Russia is in fact Italy's main supplier of crude oil and natural gas with a share of 20.1% and is also the leading supplier of gas to the European Union.


The Russian invasion of Ukraine prompted economic sanctions being imposed on Russia, which could also have negative repercussions on the Italian economy (due to the damaging effects that these sanctions could have on Italian exports).

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

□ □ □

Milan, 10 March 2022

**On behalf of the Board of Directors of
TeamSystem Holdco S.p.A.
Managing Director
Federico Leproux**



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

To the Shareholders of
TeamSystem HoldCo S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of TeamSystem HoldCo S.p.A. and its subsidiaries ("TeamSystem Group" or the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Other aspects

The consolidated financial statements of the TeamSystem Group for the year ended December 31, 2020 have not been audited.

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European

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

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Codice Fiscale/Registro delle Imprese Milano n. 03049560166 – R.E.A. Milano n. 1720239 Partita IVA: IT 03049560166

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Union and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of TeamSystem HoldCo S.p.A. are responsible for the preparation of the report on operations of TeamSystem Group as at December 31, 2021, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of TeamSystem Group as at December 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations is consistent with the consolidated financial statements of TeamSystem Group as at December 31, 2021 and is prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Jessica Lanari
Partner

Ancona, Italy
March 25, 2022

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

TEAMSYSTEM HOLDCO S.P.A. a socio unico

Sede legale a Pesaro – Via Sandro Pertini n. 88

Capitale sociale euro 14.596.648,00 i.v.

Codice Fiscale e numero iscrizione Registro Imprese 11360450966 - Rea Pesaro 271034

***Relazione del Collegio Sindacale ai sensi dell'art. 2429, comma 2, c.c.,
al bilancio al 31/12/2021***All'Azionista unico di TeamSystem Holdco S.p.A.

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

Premessa

In via preliminare, si dà atto che i componenti attuali del Collegio sindacale sono stati nominati dall'Assemblea degli Azionisti della Società del 17 dicembre 2021, con l'affidamento della funzione di vigilanza ai sensi dell'art. 2403 e ss., c.c., fino all'approvazione del bilancio relativo all'esercizio chiuso al 31 dicembre 2023.

Il Collegio sindacale nella sua precedente composizione era stato nominato dall'assemblea dei soci in data 18 dicembre 2020, ed ha perciò svolto la propria attività sino alla suddetta data di nomina dell'attuale Collegio sindacale.

La revisione legale del bilancio d'esercizio della Società e del bilancio consolidato del Gruppo TeamSystem chiuso al 31 dicembre 2021 è stata affidata a Deloitte & Touche S.p.a. con decisione dell'Azionista unico assunta il 24 maggio 2021, per il triennio 2021 – 2023, e perciò sino alla data di approvazione del bilancio relativo all'esercizio chiuso al 31 dicembre 2023.

Si premette che la Società svolge la funzione di holding capogruppo del Gruppo TeamSystem, per effetto dell'operazione di acquisizione perfezionatasi nell'anno 2021 di cui gli Amministratori danno informativa nella Nota integrativa e nella Relazione sulla gestione del Bilancio dell'esercizio e del Bilancio consolidato chiuso al 31 dicembre 2021.

In particolare, in data 18 febbraio 2021, nell'ambito dell'operazione di acquisizione anzidetta, l'assemblea straordinaria degli Azionisti della Società ha deliberato una serie di operazioni sul capitale sociale per il cui dettaglio si rimanda a quanto riportato nella Nota integrativa del Bilancio dell'esercizio chiuso al 31 dicembre 2021.

In seguito, in data 22 marzo 2021, l'Azionista unico ha deliberato il trasferimento della sede legale a Pesaro, sede di riferimento del Gruppo TeamSystem.

Infine, con la delibera del 17 dicembre 2021 la Società ha assunto l'attuale denominazione sociale di TeamSystem Holdco S.p.A..

La Società, in esito della complessa operazione di acquisizione, risulta essere quindi detentrica dell'intero capitale sociale di TeamSystem Holdco 1 S.r.l., a sua volta titolare dell'intero capitale sociale di TeamSystem Holdco 2 S.r.l., a sua volta titolare dell'intero capitale sociale di TeamSystem Holdco 3 S.p.A. la quale è a sua volta titolare dell'intero capitale sociale di TeamSystem S.p.A..

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

Con riferimento all'attività svolta dalla Società nell'esercizio chiuso al 31 dicembre 2021, tenuto conto della data di nomina degli attuali componenti del Collegio sindacale, si è fatto riferimento anche alle risultanze dell'attività di vigilanza svolta dai componenti del precedente Collegio sindacale sino alla data di cessazione del loro ufficio, nonché alle informazioni assunte dal management della Società e del Gruppo TeamSystem dopo l'assunzione dell'incarico.

In ossequio alle disposizioni di cui all'art. 2403, c.c., possiamo confermare che l'attività caratteristica della Società è stata coerente con quanto previsto dall'oggetto sociale e, a partire dal perfezionamento della suddetta acquisizione, con la sua funzione di holding capogruppo del Gruppo TeamSystem.

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

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

Attività svolta

Il Collegio sindacale, nel periodo successivo alla sua nomina, ha acquisito informazioni volte alla conoscenza dell'attività e dell'assetto organizzativo della Società, tenendo naturalmente conto della peculiare caratteristica di società holding.

Il Collegio sindacale ha posto particolare attenzione ai fatti di maggiore rilievo verificatisi nell'esercizio, dei quali si dà informativa nella Nota integrativa e nella Relazione sulla gestione, al fine di individuarne l'impatto economico e finanziario, nonché quello prodotto sul risultato d'esercizio e sull'equilibrio finanziario e patrimoniale della Società.

Di tali fatti di rilievo occorsi nell'esercizio 2021, come premesso, viene data informativa da parte degli Amministratori nella Nota integrativa al bilancio d'esercizio, e nella Relazione sulla gestione. La struttura organizzativa della Società è coerente rispetto alla natura di "holding di partecipazione non finanziaria" della stessa, quale capogruppo del Gruppo TeamSystem.

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

Il Collegio sindacale ha ricevuto da parte degli Amministratori le informazioni in merito alle operazioni di maggiore rilevanza ed all'andamento della gestione della Società e del Gruppo TeamSystem, anche riguardo ai doveri di informativa di cui all'art. 2381, co. 5, c.c.; ciò è avvenuto nel corso delle relative riunioni collegiali che si sono svolte mediante sistemi di telecomunicazione, mediante scambi di corrispondenza e contatti telefonici.

In virtù delle informazioni assunte e delle evidenze che è stato possibile trarre dalle attività svolte, il Collegio sindacale può quindi ragionevolmente affermare che:

- le decisioni assunte dall'Azionista unico e dall'organo amministrativo sono state conformi alla legge ed allo statuto, e non sono state palesemente imprudenti o tali da compromettere l'integrità del patrimonio sociale;
- sono state fornite le informazioni in merito al generale andamento della gestione ed alla sua prevedibile evoluzione, nonché sulle operazioni di maggior rilievo, per dimensioni o caratteristiche, effettuate dalla Società e dalle sue controllate;

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

Osservazioni in ordine al bilancio ed alla sua approvazione

Si dà atto che, come esposto nella Nota integrativa, il bilancio d'esercizio è stato predisposto secondo la disciplina del Codice civile ed applicando i Principi contabili italiani approvati dall'OIC, in vigore con riferimento all'esercizio in oggetto.

Si dà atto che la revisione legale è stata affidata alla società di revisione Deloitte & Touche S.p.a. che ha predisposto la propria relazione ex art. 14 del D.Lgs. 27 gennaio 2010 n. 39, relazione che riporta un giudizio positivo senza rilievi sul bilancio dell'esercizio chiuso al 31 dicembre 2021.

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

- I criteri utilizzati nella redazione del bilancio chiuso al 31 dicembre 2021 sono conformi a quelli indicati dalla normativa civilistica di riferimenti ed ai Principi contabili italiani in vigore;
- Si è vigilato sulla generale impostazione del progetto di bilancio, sulla sua generale conformità al quadro normativo e regolamentare di riferimento per quanto concerne la sua formazione e struttura; a tale riguardo, non si hanno osservazioni suscettibili di essere evidenziate nella presente relazione;
- Ai sensi dell'art. 2426, n. 5, c.c., abbiamo espresso il nostro consenso all'iscrizione nell'attivo dello Stato Patrimoniale, di costi di impianto e di ampliamento per l'ammontare ivi indicato;
- E' stata verificata la rispondenza del bilancio ai fatti ed alle informazioni di cui si è avuta conoscenza, ed a tale riguardo non si hanno osservazioni suscettibili di essere evidenziate nella presente Relazione.

In particolare, nella Nota integrativa al bilancio chiuso al 31 dicembre 2021 gli Amministratori evidenziano nel paragrafo riferito ai "*Fatti di rilievo avvenuti nel corso dell'esercizio*" le operazioni straordinarie che hanno interessato la Società nel corso del 2021 nell'ambito della complessa operazione che ha portato all'acquisizione del Gruppo TeamSystem.

Risultato dell'esercizio

Il risultato netto accertato dall'organo amministrativo nel bilancio dell'esercizio chiuso al 31 dicembre 2021, come emerge dalla lettura del bilancio stesso, risulta essere negativo per Euro (208.695,00).

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

Conclusioni

Sulla base di quanto sopra esposto e per quanto è stato portato a conoscenza del Collegio sindacale, si ritiene che non sussistano ragioni ostative all'approvazione da parte dell'Azionista unico del progetto di bilancio per l'esercizio chiuso al 31 dicembre 2021 così come è stato redatto ed è stato proposto dall'organo amministrativo.

Si approva all'unanimità.

Pesaro, li 25 marzo 2022

P. Il Collegio sindacale

Dott. Claudio Sanchioni (Presidente del Collegio sindacale)

A handwritten signature in black ink, consisting of a large, stylized initial 'C' followed by several loops and a long vertical stroke.

