

31 March 2021
Interim Condensed Consolidated
Financial Statements
TeamSystem Group



**INTERIM
CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS
ENDED
31 MARCH 2021**

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**Brunello Bidco S.p.A. and its Subsidiaries
TeamSystem Group**

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**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FIRST THREE MONTHS ENDED 31 MARCH 2021**

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**DIRECTORS’
REPORT**

► RESULTS OF OPERATIONS

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	31 Mar 2021	31 Mar 2020	Change	% Change
Revenue	108,498	98,490	10,009	10.2%
Other operating income	785	676	110	16.2%
TOTAL REVENUE	109,284	99,165	10,118	10.2%
Cost of raw and other materials	(9,162)	(8,133)	(1,029)	12.7%
Cost of services	(34,140)	(24,011)	(10,128)	42.2%
Personnel costs	(35,702)	(30,477)	(5,226)	17.1%
Other operating costs	(1,449)	(1,823)	374	-20.5%
Depreciation and amortization of non-current assets	(21,697)	(20,859)	(838)	4.0%
Allowance for bad debts	(1,939)	(1,160)	(778)	67.1%
Other provisions for risks and charges	(2)	0	(2)	0.0%
OPERATING RESULT	5,192	12,703	(7,510)	-59.1%
Finance income	99	124	(25)	-20.2%
Finance cost	(32,100)	(11,673)	(20,427)	175.0%
PROFIT (LOSS) BEFORE INCOME TAXES	(26,809)	1,153	(27,962)	-2425.5%
Current income tax	(4,761)	(5,001)	240	-4.8%
Deferred income tax	5,192	3,670	1,522	41.5%
TOTAL INCOME TAX	432	(1,331)	1,763	-132.4%
PROFIT (LOSS) FOR THE PERIOD	(26,377)	(178)	(26,199)	14717.6%
(Profit) Loss for the period				
Non-controlling interests	(32)	(31)	(1)	2.1%
PROFIT (LOSS) FOR THE PERIOD OWNERS OF THE COMPANY	(26,409)	(209)	(26,200)	12518.9%
ADJUSTED EBITDA	39,448	35,654	3,794	10.6%

The interim consolidated financial statements for the period ended 31 March 2021 are produced at Brunello Bidco consolidation hierarchy but comparative figures relating to the prior period 31 March 2020 relate to TeamSystem Holding S.p.A. consolidated figures for the components of the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows.

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

Adjusted EBITDA = This is calculated as follows:
 Profit (Loss) for the period plus (i)Income tax; (ii)Financial income and expenses; (iii)Other provisions for risks and charges; (iv)Depreciation and amortization of non-current assets; (v)Allowance for bad debts; (vi)Certain costs deemed by Management to be non-core for the measurement of the Group's performance, such as: Advisory expenses related to reorganization and cost saving projects; Personnel redundancy; Acquisitions and mergers costs; Settlements with clients and agents; Other minor items.

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

ADJUSTED EBITDA RECONCILIATION	31 Mar 2021	31 Mar 2020	Change	% Change
PROFIT (LOSS) FOR THE YEAR	(26,377)	(178)	(26,199)	14717.6%
Income tax	(432)	1,331	(1,763)	-132.4%
Financial income and expenses	32,001	11,550	20,452	177.1%
Other provisions for risks and charges	2		2	n.s.
Depreciation and amortization of non-current assets	21,697	20,859	838	4.0%
Allowance for bad debts	1,939	1,160	778	67.1%
Advisory expenses related to reorganization and cost saving projects	1,071		1,071	n.s.
Personnel redundancy	93	431	(339)	-78.5%
Acquisitions and mergers costs	8,930	230	8,700	3780.1%
Settlements with clients and agents	378	237	141	59.4%
Other minor items	147	34	113	332.4%
ADJUSTED EBITDA	39,448	35,654	3,794	10.6%

It should be noted that the **Adjusted EBITDA** financial parameter is not governed by IFRS and, accordingly, the criteria adopted by TeamSystem Group for its computation may not be comparable with those adopted by other companies or groups.

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The following comments refer to the changes between the consolidated statement of profit or loss as at 31 March 2021 and the corresponding figures for the period ended 31 March 2020.

The results as at 31 March 2021 are affected by the consolidation of the following companies: Brunello Bidco S.p.A., (as parent company), Barolo Lux 1 S.à.r.l., Area 32 S.r.l., MBM Italia S.r.l., AF Soluzioni S.r.l., Beneficy S.r.l., Habble S.r.l., Software del Sol S.A., Team4you S.r.l., TeamSystem 6 S.r.l., TeamSystem 7 S.r.l. and TeamSystem 8 S.r.l..

The results of the above companies were not included in the Consolidated financial statements as at 31 March 2020, because their acquisitions occurred after 31 March 2020 or during the first quarter 2020, and in the latter their results as at 31 March 2020 were not material.

Taking account the non-materiality of the acquisition and considering the fact that it took place close to the end of the quarter, the results of TeamSystem 9 S.r.l. and My Expenses S.L. have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the three months ended 31 March 2021 (see “Significant events during the first three months of 2021” section).

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TOTAL REVENUE: Total Revenue for the period ended 31 March 2021 amounts to € 109,284 thousand, up by € 10,118 thousand compared to the corresponding figure for the period ended 31 March 2020 (€ 99,165 thousand). The increase is mainly attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first three months of 2021.

Euro Millions

	31 Mar 2021	31 Mar 2020	Change	% Change
Direct Channel	38.2	34.7	3.5	10.1%
Recurring	31.7	28.8	2.9	10.0%
Licenses/Prof. Services	6.5	5.9	0.6	11.0%
Indirect Channel	23.6	23.5	0.1	0.6%
Recurring	22.6	22.5	0.2	0.7%
Licenses/Prof. Services	1.0	1.0	(0.0)	-1.1%
Micro and new Business Solutions	21.1	15.8	5.3	33.5%
Recurring	20.3	14.9	5.4	36.4%
Licenses/Prof. Services	0.8	0.9	(0.1)	-13.9%
Vertical Solutions	24.9	24.1	0.9	3.5%
Recurring	15.5	14.0	1.5	10.6%
Licenses/Prof. Services	9.4	10.1	(0.6)	-6.2%
Hardware & Other	1.5	1.2	0.3	27.5%
TOTAL REVENUE	109.3	99.2	10.1	10.2%

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

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

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

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

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

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

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

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

In absolute terms, the growth in Recurring revenue was primarily driven by sales in the Micro and New Business Solutions channel (increase of € 5.4 millions compared to 2020), sales made through the Direct Channel (increase of € 2.9 millions compared to 2020) and sales made through the Vertical Solutions channel (increase of € 1.5 millions compared to 2020).

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

- 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);
- 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;
- for which separate financial information is available.

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

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

At 31 March 2021, the companies that engage with the financial sector that form part of the Financial Business Unit do not meet the quantitative thresholds set out in the applicable accounting standard (IFRS 8.13) and, given their immateriality within the Group, no specific disclosures have been made at Group level. Related disclosures have thus been presented in the “**Other sectors**” category, separately from the other reconciling items within the reconciliations required by IFRS 8.23.

Set out below is the Group's segment information for the period ended 31 March 2021 and for the period ended 31 March 2020.

Euro thousands				
OPERATING SEGMENTS	31 Mar 2021	31 Mar 2020	Change	% Change
Business unit - Software	108,955	98,898	10,058	10%
Other	329	268	61	23%
TOTAL REVENUE	109,284	99,165	10,118	10.2%
Business unit - Software	40,074	35,887	4,188	12%
Other	(626)	(232)	(394)	170%
ADJUSTED EBITDA	39,448	35,654	3,794	10.6%

ADJUSTED EBITDA: Adjusted Ebitda for the period ended 31 March 2021 amounts to € 39,448 thousand, up by € 3,794 thousand compared to the amount at 31 March 2020 (€ 35,654 thousand). The increase is mainly attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first three months of 2021.

COST OF RAW AND OTHER MATERIALS: Cost of raw and other materials amounts to € 9,162 thousand for the period ended 31 March 2021, up by € 1,029 thousand compared to the amount at 31 March 2020 (€ 8,133 thousand); this because of the organic growth experienced by the Group in the first three months of 2021 and because of the change in the consolidation area.

COST OF SERVICES: Cost of services amounts to € 34,140 thousand for the period ended 31 March 2021, up by € 10,128 thousand from the amount of the period ended 31 March 2020 (€ 24,011 thousand), mainly due to the Acquisition of TeamSystem Group.

PERSONNEL COSTS: Personnel costs for the period ended 31 March 2021 (€ 35,702 thousand), up by € 5,226 thousand, compared to the amount at 31 March 2020 (€ 30,477 thousand). This is mainly due to the change in the consolidation area and to the organic growth experienced by the Group in the first three months of 2021.

OTHER OPERATING COSTS: Other operating costs amount to € 1,449 thousand for the period ended 31 March 2021, down by € 374 thousand compared to the period ended 31 March 2020 (€ 1,823 thousand).

FINANCE COST: Financial charges for the period ended 31 March 2021 amount to € 32,100 thousand with an increase of € 20,427 thousand, compared to the corresponding amount at 31 March 2020 (€ 11,673 thousand), mainly due to.

- the acquisition of residual stake of Danea S.r.l. and Skylab S.r.l. and the subsequent revaluation of pertaining Liabilities to non-controlling shareholders of subsidiaries;
- the one-off write-off of financing fees pertaining to the Existing RCF facility (for an amount of € 646 thousand) and pertaining to the Existing Floating Rate Notes (for an amount of € 6,707 thousand), both as a consequence of the Acquisition of TeamSystem Group and the following refinancing process made in February 2021 (see also Note 15 for further details).
- Interest on Notes related to the “2028 Fixed Rate Notes” and “2028 Floating Rate Notes” (see also Note 15 for further details).

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CONSOLIDATED STATEMENT OF CASH FLOWS

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Mar 2021	31 Mar 2020	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	34,319	24,913	9,406	37.8%
Capital Expenditure	(7,232)	(8,058)	826	-10.3%
Acquisition of investments	(1,845,346)	(5,570)	(1,839,776)	33032.4%
CASH FLOWS FROM INVESTING ACTIVITIES	(1,852,577)	(13,627)	(1,838,950)	13494.6%
Financial balance paid / cashed-in and change in financial assets / liabilities	419,362	76,003	343,359	451.8%
Financing Fees paid	(34,171)	(0)	(34,171)	n.s.
Liabilities to non-controlling shareholders of subs. paid	(108,301)	(1,619)	(106,682)	6588.2%
Capital increase	1,649,218	0	1,649,218	n.s.
CASH FLOWS FROM FINANCING ACTIVITIES	1,926,108	74,384	1,851,724	2489.4%
CHANGES DUE TO EXCHANGE RATE MOVEMENTS	10	(5)	15	-282.9%
INCREASE (DECREASE) IN CASH AND BANK BALANCES	107,860	85,664	22,196	25.9%

Cash flows from operating activities amount to € 34,319 thousand for the period ended 31 March 2021, increasing by € 9,406 thousand, compared to the corresponding flows for the period ended 31 March 2020 (€ 24,913 thousand).

Cash flows from investing activities changed from negative € 13,627 thousand in the period ended 31 March 2020 to negative € 1,852,577 thousand for the corresponding period of 2021.

The main investment activities for the first three months of 2021 are related to:

- capitalized development costs and capital expenditures on tangible and intangible assets, see “Capital expenditure” section;
- the cash out paid by Brunello Bidco S.p.A. for the acquisition of TeamSystem Group occurred in February 2021 (see also the Paragraph Significant Event during the first three months of 2021);
- the investments in TeamSystem 6 S.r.l., TeamSystem 7 S.r.l., TeamSystem 8 S.r.l., TeamSystem 9 S.r.l., My Expenses S.L. and Modefinance S.r.l.

Cash flows from financing activities changed from € 74,384 thousand in the period ended 31 March 2020 to € 1,926,108 thousand for the corresponding period of 2021.

The main cash items occurred in the first three months of 2021 are attributable to:

- the payment of Interests on Existing Floating Rate Notes (see Note 15)
- the payment of IFRS16 leases liabilities, consisting of principal and interests;
- the revolving credit facility drawdown (see Note 15 Net Financial Indebtedness);
- the adjustments of considerations paid in relation to recent acquisitions of investments;
- the acquisition of further equity interests in Danea, Skylab, Madbit;
- the net cash-in as a consequence of the refinancing process occurred in February 2021 wich consisted of the issuance of 2028 Fixed Rate Notes and 2028 Floating Rate Notes whose proceeds were used to fund the acquisition of TeamSystem Group and to repay the Existing Floating Rate Notes (see also the Paragraph Significant Event during the first three months of 2021);
- the capital increase which took place in Brunello Bidco in order to fund the acquisition of TeamSystem Group.

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► WORKING CAPITAL

Euro thousands				
	31 Mar 2021	31 Dec 2020	Change	% Change
Trade receivables	234,372	120,019	114,353	95.3%
Inventories	882	1,109	(226)	-20.4%
Other receivables	33,793	30,914	2,879	9.3%
Trade payables	(60,081)	(48,532)	(11,548)	23.8%
Other liabilities	(239,176)	(112,495)	(126,681)	112.6%
WORKING CAPITAL	(30,209)	(8,986)	(21,223)	236.2%

At 31 March 2021 Working capital amounts to negative € 30,209 thousand, down by € 21,223 thousand compared to the balance at 31 December 2020 (€ 8,986 thousand). The decrease is primarily attributable to Other liabilities (which balance is € 239,176 thousand at 31 March 2021 compared to € 112,495 thousand at 31 December 2020) and to Trade receivables (which balance is € 234,372 thousand at 31 March 2021 compared to € 120,019 thousand at 31 December 2020).

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

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► CAPITAL EXPENDITURE

Euro thousand				
CAPEX EXPENDITURE	31 Mar 2021	31 Mar 2020	Change	% Change
Investments in tangible assets	385	983	(598)	-60.8%
Investments in intangible assets	3,184	3,016	169	5.6%
Capitalized development costs - personnel costs	2,830	3,532	(701)	-19.9%
Capitalized development costs - service costs	832	527	304	57.8%
CAPEX EXPENDITURE - TOTAL	7,232	8,058	(826)	-10.3%

In the period ended 31 March 2021 the Capital expenditure amounts to € 7,232 thousand with a decrease of € 826 thousand compared to 31 March 2020 balance (€ 8,058 thousand).

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► SIGNIFICANT EVENTS DURING THE FIRST THREE MONTHS OF 2021

● Acquisition of TeamSystem Group by private equity funds affiliated with Hellman & Friedman; Early redemption of € 200 and € 550 million Existing Notes and Issuance of € 300 Senior Secured Fixed Rate Notes and € 850 Senior Secured Floating Rate Notes

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

To finance the Acquisition, in February 2021 Brunello Bidco S.p.A. issued senior secured fixed rate notes (at a rate of 3.5%) with a nominal value of € 300 million maturing in 2028 (“2028 Fixed Rate Notes”) and senior secured floating rate notes with a nominal value of € 850 million maturing in 2028 (“2028 Floating Rate Notes”) pursuant to an indenture dated 10 February 2021 (the “Indenture”). The proceeds from these notes were used to fund the acquisition of TeamSystem Group and to repay the existing senior secured floating rate notes with a nominal value of € 200 million maturing in 2025 and the existing senior secured floating rate notes with a nominal value of € 550 million maturing in 2022 (both 2022 and 2025 floating rate note “Existing Floating Rate Notes”).

The existing RCF facility negotiated by TeamSystem S.p.A. (“**Existing RCF**”) was also terminated in February 2021 and a New RCF facility (“**New RCF**”) has been negotiated by Brunello Bidco S.p.A..

• **ACQUISITION OF INVESTMENT**

TeamSystem 6 S.r.l.

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

TeamSystem 7 S.r.l.

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

TeamSystem 8 S.r.l.

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

Modefinance S.r.l.

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

TeamSystem 9 S.r.l.

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

My Expenses S.L (Billin)

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

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► **SIGNIFICANT SUBSEQUENT EVENTS**

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.

Var4Team S.r.l.

In April 2021, TeamSystem S.p.A. subscribed a capital increase (for a stake corresponding to 20% of the company's share capital) in Var4Team S.r.l., a company that resells TeamSystem products for businesses and accountants.

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► **ONGOING DEVELOPMENTS**

Acquisitions, Joint Ventures and Other Business Combinations

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

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

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►RELATED PARTY TRANSACTIONS

In the first three months of 2021, transactions with subsidiaries and the parent company formed part of the Group's normal operations and were entered into at arm's length. TeamSystem Group has not been party to any transactions with related companies that merit disclosure, other than those previously commented upon.

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UNAUDITED
INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS
ENDED
31 MARCH 2021

Brunello Bidco S.p.A. and its Subsidiaries TeamSystem Group

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	31 Mar 2021	31 Mar 2020	NOTES
Revenue	108,498	98,490	1
Other operating income	785	676	1
TOTAL REVENUE	109,284	99,165	1
Cost of raw and other materials	(9,162)	(8,133)	2
Cost of services	(34,140)	(24,011)	3
Personnel costs	(35,702)	(30,477)	4
Other operating costs	(1,449)	(1,823)	5
Depreciation and amortization of non-current assets	(21,697)	(20,859)	
Allowance for bad debts	(1,939)	(1,160)	
Other provisions for risks and charges	(2)	0	
OPERATING RESULT	5,192	12,703	
Finance income	99	124	6
Finance cost	(32,100)	(11,673)	7
PROFIT (LOSS) BEFORE INCOME TAXES	(26,809)	1,153	
Current income tax	(4,761)	(5,001)	
Deferred income tax	5,192	3,670	
TOTAL INCOME TAX	432	(1,331)	
PROFIT (LOSS) FOR THE PERIOD	(26,377)	(178)	
(Profit) Loss for the period - Non-controlling interests	(32)	(31)	
PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	(26,409)	(209)	
ADJUSTED EBITDA	39,448	35,654	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31 Mar 2021	31 Mar 2020	NOTES
PROFIT (LOSS) FOR THE PERIOD	(26,377)	(178)	20
Exchange rate differences	2	0	
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX	2	0	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(26,375)	(178)	20
Total comprehensive (income) loss for the period attributable to Non-controlling interests	(32)	(31)	20
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	(26,407)	(209)	20

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	31 Mar 2021	31 Dec 2020	NOTES
Tangible assets	14,332	14,946	9
Intangible assets	612,846	624,991	10
Right of use	23,562	24,776	11
Goodwill	2,431,108	822,087	12
Other Investments	14,661	723	13
Investments in associates	129	5,338	13
Deferred tax assets	14,247	14,096	14
Other financial assets - non-current	596	253	15
TOTAL NON-CURRENT ASSETS	3,111,480	1,507,210	
Inventories	882	1,109	16
Trade receivables	234,372	120,019	17
Tax receivables	598	872	18
Other receivables - current	33,793	30,914	19
Other financial assets - current	3,272	1,633	15
Cash and bank balances	108,362	63,691	15
TOTAL CURRENT ASSETS	381,281	218,239	
TOTAL ASSETS	3,492,761	1,725,448	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	31 Mar 2021	31 Dec 2020	NOTES
Share capital	50	5,450	20
Other reserves	1,745,460	389,087	20
Profit (Loss) attributable to Owners of the Company	(26,409)	(2,703)	20
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	1,719,101	391,834	
Non-controlling interests - Capital and reserves	673	535	20
Non-controlling interests - Profit (Loss)	32	138	20
TOTAL NON-CONTROLLING INTERESTS	705	673	
TOTAL EQUITY	1,719,806	392,507	
Financial liabilities with banks and other institutions - non-current	1,169,630	811,309	15
Staff leaving indemnity	20,665	19,835	21
Provisions for risks and charges	4,615	4,556	22
Deferred tax liabilities	156,296	161,292	14
Other liabilities - non-current	465	476	23
TOTAL NON-CURRENT LIABILITIES	1,351,671	997,468	
Financial liabilities with banks and other institutions - current	111,158	168,057	15
Trade payables	60,081	48,532	
Tax liabilities - current	10,870	6,389	24
Other liabilities - current	239,176	112,495	23
TOTAL CURRENT LIABILITIES	421,285	335,474	
TOTAL LIABILITIES	1,772,955	1,332,942	
TOTAL EQUITY AND LIABILITIES	3,492,761	1,725,448	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Mar 2021	31 Mar 2020	NOTES
Operating Result	5,192	12,703	
Depreciation and amortization of non-current assets	21,697	20,859	
Depreciation and amortisation of non-current assets	21,697	20,859	
Trade receivables	(113,667)	(113,782)	
Inventories	226	(98)	
Other receivables	(2,355)	(2,781)	
Trade payables	(2,674)	(6,028)	
Other liabilities	126,076	114,390	
Change in Working capital	7,606	(8,299)	
Staff leaving indemnity	25	(176)	
Provisions for risks and charges	59	(98)	
Change in provisions	84	(274)	
Income tax	(260)	(75)	
CASH FLOWS FROM OPERATING ACTIVITIES	34,319	24,913	8
Investments in tangible assets	(385)	(983)	
Investments in intangible assets	(3,184)	(3,016)	
Capitalized development costs - personnel costs	(2,830)	(3,532)	
Capitalized development costs - service costs	(832)	(527)	
Capital Expenditure	(7,232)	(8,058)	
Acquisition of investments	(1,912,222)	(5,570)	8
Cash and bank balances at the date of acquisition	66,876	0	
Acquisition of investments	(1,845,346)	(5,570)	8
CASH FLOWS FROM INVESTING ACTIVITIES	(1,852,577)	(13,627)	
Financial balance paid / cashed-in and change in financial assets / liabilities	419,362	76,003	8
Financing Fees paid	(34,171)	(0)	
Liabilities to non-controlling shareholders of subs. paid	(108,301)	(1,619)	8
Capital increase	1,649,218	0	
CASH FLOWS FROM FINANCING ACTIVITIES	1,926,108	74,384	
INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS	10	(5)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES	107,860	85,664	
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	502	36,412	
CASH AND BANK BALANCES - END OF THE PERIOD	108,362	122,077	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2019	5,450	396,020	(826)	(35,346)	365,298	536	365,834
Loss allocation		(35,346)		35,346	0		0
Other movements		331			331		331
Profit (Loss) for the year				(209)	(209)	31	(178)
31 Mar 2020	5,450	361,006	(826)	(209)	365,421	566	365,987

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2020	50		0	(29)	21	0	21
Loss allocation		(29)		29	0		0
Capital increase		1,745,487			1,745,487		1,745,487
Acquisition of TeamSystem Group					0	673	673
Profit (Loss) for the year				(26,409)	(26,409)	32	(26,377)
Other Profit (Loss) on comprehensive income		2			2		2
31 Mar 2021	50	1,745,460	0	(26,409)	1,719,101	705	1,719,806

TeamSystem Group

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

► ACQUISITION OF BAROLO LUX 1 S.à.r.l. AND REDEMPTION OF NOTES

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

To finance the Acquisition, in February 2021 Brunello Bidco S.p.A. issued senior secured fixed rate notes (at a rate of 3.5%) with a nominal value of € 300 million maturing in 2028 (“**2028 Fixed Rate Notes**”) and senior secured floating rate notes with a nominal value of € 850 million maturing in 2028 (“**2028 Floating Rate Notes**”) pursuant to an indenture dated 10 February 2021 (the “**Indenture**”). The proceeds from these notes were used to fund the acquisition of TeamSystem Group and to repay the existing senior secured floating rate notes with a nominal value of € 200 million maturing in 2025 and the existing senior secured floating rate notes with a nominal value of € 550 million maturing in 2022 (both 2022 and 2025 floating rate note “**Existing Floating Rate Notes**”). The existing RCF facility negotiated by TeamSystem S.p.A. (“**Existing RCF**”) was also terminated in February 2021 and a New RCF facility (“**New RCF**”) has been negotiated by Brunello Bidco S.p.A..

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► COMPANY BACKGROUND

Brunello Bidco S.p.A. (the “Parent Company”) is a company recorded in the Milan Business Register and is domiciled in Italy. Brunello Bidco S.p.A. is the Parent Company of TeamSystem Group (or “Group”), leader in Italy in the production and marketing of management software and in the provision of training targeted at associations, small and medium-sized enterprises and professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals).

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► BASIS OF PREPARATION

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

The accounting standards adopted for the preparation of the Brunello Bidco S.p.A. consolidated financial statements for the period ended 31 March 2021 are the same of that used for the preparation of TeamSystem Holding S.p.A. consolidated financial statements for the period ended 31 December 2020 (to which reference should be made).

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

The interim consolidated financial statements for the period ended 31 March 2021 (produced at Brunello Bidco consolidation hierarchy) show comparative figures for the period ended 31 March 2021 at TeamSystem Holding

S.p.A. consolidated figures for the components of the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows.

The interim consolidated financial statements for the period ended 31 March 2021 consist of a consolidated statement of financial position, a consolidated statement of profit or loss, a consolidated statement of comprehensive income, a consolidated statement of cash flows, a consolidated statement of changes in equity and notes to the interim consolidated financial statements components.

The format used for the financial statements is the same as that used for the preparation of the TeamSystem Holding S.p.A. consolidated financial statements for the year ended 31 December 2020.

This interim consolidated financial report for the first three months ended 31 March 2021 is presented in Euros and all amounts have been rounded to Euro thousands, unless otherwise specified.

The consolidated financial statements of Brunello Bidco S.p.A. and its subsidiaries (TeamSystem Group) for the period ended 31 March 2021 and the consolidated financial statements of TeamSystem Holding S.p.A. for the period ended 31 March 2020 have not been audited.

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► SCOPE OF CONSOLIDATION

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

Amounts in Euro

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Share capital	Equity	Profit (Loss)	Currency	% held	% consolid.	Put / Call Options	Notes
Brunello Bidco S.p.A.	Milan	50,000	1,729,312,973	(16,195,413)	EUR				
Barolo Lux 1 S.à.r.l.	Pesaro	625,450,426	625,265,288	(185,138)	EUR	100.00	100.00		
TeamSystem Holding S.p.A.	Pesaro	5,450,000	673,468,943	(61,592)	EUR	100.00	100.00		
TeamSystem S.p.A.	Pesaro	24,000,000	342,146,519	(9,360,299)	EUR	100.00	100.00		
TeamSystem Service S.r.l.	Campobasso	200,000	37,065,463	1,869,532	EUR	100.00	100.00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	226,618	50,953	EUR	60.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	100,000	41,710,401	2,484,044	EUR	100.00	100.00		
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	74,681,802	4,716,281	EUR	100.00	100.00		2
Mondora S.r.l.	Milan	105,000	3,725,021	137,679	EUR	100.00	100.00		
Voispeed Limited	Saint Albans - UK	1,000	110,142	8,467	GBP	85.00	85.00		3
Aliaslab S.p.A.	Milan	156,000	45,242,903	75,180	EUR	70.00	100.00	1	
Reviso International ApS	Copenhagen	50,011	(18,744,709)	(1,661,654)	DKK	100.00	100.00		
Reviso Cloud Accounting Limited	Reading	1	24,938	1,167	GBP	100.00	100.00		4
Reviso Soluciones Cloud S.L.	Madrid	3,000	(8,398)	(17,497)	EUR	100.00	100.00		4
Reviso Deutschland GmbH	Berlin	25,000	120,179	25,985	EUR	100.00	100.00		4
Evolis S.r.l.	Catania	887,000	1,117,945	(292,577)	EUR	51.00	100.00		
Cassanova S.r.l.	Sant. di Romagna (RN)	10,000	1,278,032	142,148	EUR	51.00	100.00	1	
Evolution Fit S.r.l.	Turin	10,000	870,796	134,330	EUR	71.00	100.00	1	
TeamSystem Active S.r.l.	Pesaro	15,000	379,081	8,531	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	300,000	24,381,173	1,006,505	EUR	96.87	96.87		5
Nuovamacut Automazione S.p.A.	Bologna	108,000	23,684,500	624,647	EUR	100.00	100.00		
Skylab Italia S.r.l.	Turin	143,600	8,124,479	163,823	EUR	100.00	100.00		
Gi.Esse Macchine Utensili S.r.l.	Assago (MI)	100,000	1,293,919	(24,369)	EUR	100.00	100.00		6
Techmass S.r.l.	Bassano del Grappa (VI)	11,538	257,408	(16,071)	EUR	51.00	100.00	1	
TeamSystem BK S.r.l.	Campobasso	1,010,000	5,464,526	(143,436)	EUR	80.00	100.00		7
TeamSystem Financial Value Chain S.r.l.	Milan	4,931,373	13,481,319	(14,705)	EUR	51.00	100.00	1	
Whit-e S.r.l.	Milan	15,000	1,336,831	58,181	EUR	100.00	100.00		8
Factor@Work S.r.l.	Milan	65,000	112,079	(71,471)	EUR	100.00	100.00		8
TeamSystem AM Holdco S.r.l.	Milan	10,000	1,281,321	(3,926)	EUR	51.00	100.00	1	8
TeamSystem Capital at Work SGR S.p.A.	Milan	100,000	393,045	(206,194)	EUR	100.00	100.00		9
TeamSystem Payments Holdco S.r.l.	Milan	10,000	2,365,856	(55,780)	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milan	125,000	1,462,488	(218,526)	EUR	100.00	100.00		10
TeamSystem 5 S.r.l.	Trento	10,000	2,934,155	(117,540)	EUR	100.00	100.00		
Area 32 S.r.l.	San Donà di Piave (VE)	10,000	356,613	65,876	EUR	100.00	100.00		
MBM Italia S.r.l.	Padova	40,800	2,298,880	379,998	EUR	61.00	100.00	1	
AF Soluzioni S.r.l.	Salerno	70,000	764,424	31,820	EUR	60.00	100.00	1	
Beneficy S.r.l.	Roma	90,000	144,144	(67,829)	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	10,000	772,937	87,519	EUR	90.00	100.00	1	
Hable S.r.l.	Vecchiano (PI)	21,930	1,508,455	20,590	EUR	60.00	100.00	1	
Software del Sol S.A.	Mengibar (Jaén)	75,000	2,064,529	440,971	EUR	100.00	100.00		
TeamSystem 6 S.r.l.	Milan	10,000	2,904,899	12,799	EUR	100.00	100.00		
TeamSystem 7 S.r.l.	Milan	10,000	65,687	55,687	EUR	100.00	100.00		
TeamSystem 8 S.r.l.	Milan	10,000	11,455	1,455	EUR	100.00	100.00		

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

- (1) = equity interest would be 100% should put/call options be exercised;
(2) = takes account of treasury shares held by Gruppo Euroconference;
(3) = Equity and Profit (Loss) figures updated to 31 December 2017;
(4) = Equity and Profit (Loss) figures updated to 31 December 2018;
(5) = takes account of treasury shares held by Gruppo Euroconference;
(6) = investment held by Nuovamacut Automazione S.p.A.;
(7) = investment held by TeamSystem Service S.r.l.;
(8) = investment held by TeamSystem Financial Value Chain S.r.l.;
(9) = investment held by TeamSystem AM Holdco S.r.l.;
(10) = investment held by TeamSystem Payments Holdco S.r.l.;
(11) = the amounts relate to the financial statements for the year ended 31 December 2019.

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►CHANGES TO THE SCOPE OF CONSOLIDATION DURING THE FIRST THREE MONTHS OF 2021

The 31 March 2021 scope of consolidation has changed compared to the Consolidated financial statements for the period ended 31 December 2020, because of the consolidation of Brunello Bidco S.p.A., (as parent company) Barolo Lux 1 S.à.r.l., TeamSystem 6 S.r.l., TeamSystem 7 S.r.l. and TeamSystem 8 S.r.l. in the 31 March 2021 Consolidated Financial Statements.

As regards the investments in TeamSystem 9 S.r.l. Modefinance S.r.l. and My Expenses S.L. (see “Significant events during the first three months of 2021” section, in Directors’ Report), their results and their financial position have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the three months ended 31 March 2021, taking into account the non-materiality of the acquisitions in question and considering the fact that the acquisition took place at the end of the quarter.

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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 March 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).

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

EXCHANGE RATES	Average exchange rate for the first three months of 2021	Exchange rate as at 31 Mar 2021	Average exchange rate for the first three months of 2020	Exchange rate as at 31 December 2020
GBP	0.87393	0.85209	0.86225	0.89900
DKK	7.4363	7.43730	7.4715	7.45420

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► SEGMENT INFORMATION

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

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

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

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

At 31 March 2021, the companies that engage with the financial sector that form part of the Business Unit - Financial do not meet the quantitative thresholds set out in the applicable accounting standard (IFRS 8.13) and, given their immateriality within the Group, no specific disclosures have been made at Group level. Related disclosures have thus been presented in the “**Other sectors**” category, separately from the other reconciling items within the reconciliations required by IFRS 8.23.

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► USE OF ESTIMATES

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

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

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

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Notes to Interim Unaudited Consolidated Financial Statement Components

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

1. TOTAL REVENUE

Euro Millions

	31 Mar 2021	31 Mar 2020	Change	% Change
Direct Channel	38.2	34.7	3.5	10.1%
Recurring	31.7	28.8	2.9	10.0%
Licenses/Prof. Services	6.5	5.9	0.6	11.0%
Indirect Channel	23.6	23.5	0.1	0.6%
Recurring	22.6	22.5	0.2	0.7%
Licenses/Prof. Services	1.0	1.0	(0.0)	-1.1%
Micro and new Business Solutions	21.1	15.8	5.3	33.5%
Recurring	20.3	14.9	5.4	36.4%
Licenses/Prof. Services	0.8	0.9	(0.1)	-13.9%
Vertical Solutions	24.9	24.1	0.9	3.5%
Recurring	15.5	14.0	1.5	10.6%
Licenses/Prof. Services	9.4	10.1	(0.6)	-6.2%
Hardware & Other	1.5	1.2	0.3	27.5%
TOTAL REVENUE	109.3	99.2	10.1	10.2%

Total Revenue for the period ended 31 March 2021 amounts to € 109.3 millions, up by € 10.1 millions compared to the corresponding figure for the period ended 31 March 2020 (€ 99.2 millions).

This movement (attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first three months of 2021) is mainly driven by the increase in Micro and new Business Solutions (€ 5.3 millions) and in Direct Channel (€ 3.5 millions).

Recurring revenues also increased compared to the 31 March 2020 figures.

2. COST OF RAW AND OTHER MATERIALS

	31 Mar 2021	31 Mar 2020	Change	% Change
Hardware purchases	1,383	1,214	169	13.9%
Third parties' software	7,257	6,437	820	12.7%
Handbooks and forms	0	30	(30)	-100.0%
Materials for education	4	45	(41)	-91.0%
Fuel	217	443	(225)	-50.9%
Other materials	76	62	14	23.4%
Change in inventory of raw materials	225	(97)	322	-331.2%
Total	9,162	8,133	1,029	12.7%

Cost of raw and other materials amounts to € 9,162 thousand for the period ended 31 March 2021, up by € 1,029 thousand compared to the amount at 31 March 2020 (€ 8,133 thousand). This increase, mainly recorded in the line item Third parties' software, is attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first three months of 2021.

3. COST OF SERVICES

	31 Mar 2021	31 Mar 2020	Change	% Change
Agent commissions and other costs	3,748	3,837	(88)	-2.3%
Consulting and third parties services	3,063	2,553	509	20.0%
Software and Hardware maintenance costs	5,453	4,251	1,202	28.3%
Customer support service costs	1,477	1,215	263	21.6%
Administrative tax and legal	1,565	1,286	280	21.8%
Financial interest costs	75		75	
Education - consulting and copyrights	642	777	(135)	-17.4%
Magazines - consulting and copyrights	344	375	(31)	-8.2%
Other costs for education services	21	170	(150)	-87.9%
Advertising and marketing	4,245	4,063	182	4.5%
Car rentals	920	847	74	8.7%
Utilities	931	1,066	(134)	-12.6%
Costs for mergers and acquisitions	8,930	230	8,700	3782.6%
Other minor items	62	40	22	55.0%
Costs for strategic projects and reorganizations	1,076	22	1,054	4772.7%
Cost of Rebates	761		761	
Other services	1,657	3,807	(2,150)	-56.5%
Cost of services - Gross of capitalisation	34,971	24,538	10,433	42.5%
Services capitalized development costs	(832)	(527)	(304)	57.8%
Total	34,140	24,011	10,128	42.2%

Cost of services for the period ended 31 March 2021 amounts to € 34,140 thousand, up by € 10,128 thousand from the amount of the period ended 31 March 2020 (€ 24,011 thousand).

Compared to the corresponding period ended 31 March 2020, the main increases have been registered in:

- Costs for mergers and acquisition (mainly related to the Acquisition of TeamSystem Group);
- Costs for strategic projects and reorganizations which are related to Restructuring and reorganisation initiatives performed by the Group as described in the section “Significant events during the first three months of 2021”.

Cost of Rebates was included in Other services line item at 31 March 2020.

As regards the capitalisation of cost of services recognised in the first three months of 2021, reference should be made to the Note 10 Intangible Assets.

4. PERSONNEL COSTS

	31 Mar 2021	31 Mar 2020	Change	% Change
Wages, salaries and social contributions	35,850	31,168	4,681	15.0%
Staff leaving indemnities	1,520	1,401	119	8.5%
Other personnel costs	72	105	(34)	-32.1%
Personnel costs for redundancy and reorganizations	82	416	(335)	-80.4%
Employee costs	37,523	33,092	4,431	13.4%
Freelancers and collaborators fees	74	201	(127)	-63.1%
Directors' fees and related costs	936	716	220	30.7%
Directors and Collaborators	1,010	917	93	10.1%
Personnel - Gross of capitalisation	38,533	34,008	4,524	13.3%
Personnel capitalized development costs	(2,830)	(3,532)	701	-19.9%
Total	35,702	30,477	5,226	17.1%

Personnel costs for the period ended 31 March 2021 (€ 35,702 thousand) have increased by € 5,226 thousand, compared to the corresponding amount for the period ended 31 March 2020 (€ 30,477 thousand), as a

consequence of the change in the consolidation area and of the organic growth experienced by the Group in the first three months of 2021.

As regards the capitalisation of personnel costs recognised in the first three months of 2021, reference should be made to the Note 10 Intangible Assets.

5. OTHER OPERATING COSTS

	31 Mar 2021	31 Mar 2020	Change	% Change
Rents	403	343	60	17.6%
Rentals	69	73	(4)	-5.6%
Other expenses for use of third parties assets	94	114	(20)	-17.6%
Other tax	133	58	76	131.5%
Losses from assets disposals	16	1	15	1515.1%
Other expenses and settlement costs	733	1,234	(501)	-40.6%
Total	1,449	1,823	(374)	-20.5%

Other operating costs for the period ended 31 March 2021 (€ 1,449 thousand) have decreased for an amount of € 374 thousand compared to the corresponding amount for the period ended 31 March 2020 (€ 1,823 thousand).

6. FINANCE INCOME

	31 Mar 2021	31 Mar 2020	Change	% Change
Interest and other finance income	19	31	(13)	-40.5%
Gains on foreign exchange	1	1	0	2.7%
Interest from banks	1	0	1	766.7%
Depreciation - Liabilities to non-controll. shareholders of subs.	78		78	
MTM valuation of derivative instruments		91	(91)	-100.0%
Total	99	124	(25)	-20.2%

Finance income for the period ended 31 March 2021 (€ 99 thousand) is substantially unchanged compared to the corresponding amount at 31 March 2020 (€ 124 thousand).

7. FINANCE COST

	31 Mar 2021	31 Mar 2020	Change	% Change
Interest on bank loans	601	155	445	286.9%
Interest on Notes	9,939	7,583	2,356	31.1%
Interest on derivative instruments	0	77	(77)	-100.0%
Interest on financing fees	8,640	700	7,940	1134.5%
Revaluation - Liabilities to non-controll. shareholders of subs.	10,485		10,485	
Bank commissions	660	584	76	13.0%
Interests on actuarial valuation of employees benefit	67	50	17	34.0%
Interests on leases - IFRS 16	266	260	6	2.2%
Other IFRS financial charges	1,391	2,082	(691)	-33.2%
Other financial charges	24	176	(152)	-86.5%
Losses on foreign exchange	28	6	22	391.7%
Total	32,100	11,673	20,427	175.0%

Finance cost for the period ended 31 March 2021 amounts to € 32,100 thousand with an increase of € 20,427 thousand, compared to the corresponding amount at 31 March 2020 (€ 11,673 thousand).

This is mainly attributable to:

- the increase of € 10,485 thousand in the line item Revaluation – Liabilities to non-controlling shareholders of subsidiaries (essentially related to the acquisition of residual stake of Danea S.r.l. and Skylab S.r.l.);
- the increase of € 7,940 thousand in the line item Interest of financing fees, mainly related to the one-off write-off of financing fees pertaining to the Existing RCF facility (for an amount of € 646 thousand) and pertaining

to the Existing Floating Rate Notes (for an amount of € 6,707 thousand), both as a consequence of the Acquisition of TeamSystem Group and the following refinancing process made in February 2021 (see also Note 15 for further details).

- the increase of € 2,356 thousand in the line item Interest on Notes related to the “2028 Fixed Rate Notes” and “2028 Floating Rate Notes” (see also Note 15 for further details).

8. CONSOLIDATED STATEMENT OF CASH FLOWS

As regards the more significant components of the statement of cash flow, below a description of the main factors impacting the Group’s cash flows in the course of the first three months of 2021.

Cash flows from operating activities = amount to € 34,319 thousand for the period ended 31 March 2021, increasing by € 9,406 thousand, compared to the corresponding flows for the period ended 31 March 2020 (€ 24,913 thousand).

Cash flows from investing activities = amount to negative € 1,852,577 thousand for the period ended 31 March 2021.

The main investment activities for the first three months of 2021 are related to:

- capitalized development costs and capital expenditures on tangible and intangible assets, see “Capital expenditure” section;
- the cash out paid by Brunello Bidco S.p.A. for the acquisition of TeamSystem Group (occurred in February 2021);
- the investments in TeamSystem 6 S.r.l., TeamSystem 7 S.r.l., TeamSystem 8 S.r.l., TeamSystem 9 S.r.l., My Expenses S.L. and Modefinance S.r.l.

Cash flows from financing activities = amount to € 1,926,108 thousand for the period ended 31 March 2021.

The main cash items occurred in the first three months of 2021 are attributable to:

- the payment of Interests on Existing Floating Rate Notes (see Note 15)
- the payment of IFRS16 leases liabilities, consisting of principal and interests;
- the revolving credit facility drawdown (see Note 15 Net Financial Indebtedness);
- the adjustments of considerations paid in relation to recent acquisitions of investments;
- the acquisition of further equity interests in Danea, Skylab, Madbit;
- the net cash-in as a consequence of the refinancing process occurred in February 2021 wich consisted of the issuance of 2028 Fixed Rate Notes and 2028 Floating Rate Notes whose proceeds were used to fund the acquisition of TeamSystem Group and to repay the Existing Floating Rate Notes.
- the capital increase which took place in Brunello Bidco in order to fund the acquisition of TeamSystem Group.

9. TANGIBLE ASSETS

NET BOOK VALUE	31 Mar 2021	31 Dec 2020	Change	% Change
Land	948	948		
Buildings	2,805	2,876	(71)	-2.5%
Plant and machinery	3,020	3,248	(228)	-7.0%
Equipment	942	990	(48)	-4.9%
Other assets	6,616	6,884	(267)	-3.9%
Total	14,332	14,946	(614)	-4.1%

At 31 March 2021 Tangible fixed assets amount to € 14,332 thousand, down by € 614 thousand compared with the balance recorded at 31 December 2020 (€ 14,946 thousand). The decrease results from the sum of disposals, additions and depreciation charge for the period (the latter amounts to € 1,009 thousand).

10. INTANGIBLE ASSETS

NET BOOK VALUE	31 Mar 2021	31 Dec 2020	Change	% Change
Capitalised development	33,080	32,709	370	1.1%
IFRS Assets	553,526	566,789	(13,263)	-2.3%
Other intangible assets	26,240	25,493	748	2.9%
Total	612,846	624,991	(12,145)	-1.9%

Intangible assets have gone from € 624,991 thousand at 31 December 2020 to € 612,846 thousand at 31 March 2021, with a decrease of € 12,145 thousand resulting from the aggregate of disposals, additions, capitalised development costs (€ 3,662 thousand) and amortisation (€ 18,992 thousand) for the period ended 31 March 2021 .

IFRS assets include intangible assets identified on allocation of the price paid for the acquisition of TeamSystem Group and other subsidiaries (Software, Brands, Customer relationships and other IFRS assets). Their decrease is due to the amortisation for the first three months of 2021.

11. RIGHT OF USE

As at 31 March 2021 Right of use amounts to € 23,562 thousand, down by € 1,214 thousand compared to the balance as at 31 December 2020 (€ 24,776 thousand).

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

12. GOODWILL

Goodwill at 31 March 2021 amounts to € 2,431,108 thousand with an increase of € 1,609,121 thousand compared to the balance at 31 December 2020 (€ 822,087 thousand).

This increase is due to the acquisition of TeamSystem Group in early 2021 by Brunello Bidco S.p.A. (special purpose vehicle set up by private equity funds affiliated with Hellman & Friedman). During the course of 2021, Group Management will finalise the allocation of the purchase price paid for the acquisition of TeamSystem Group (by means of the allocation of the purchase price to intangible assets) and, as a consequence, will thus also finalise the determination of Goodwill.

In terms of Impairment test, the line-item Goodwill is subjected annually (or more frequently if certain events or circumstances indicate potential impairment) to impairment testing and TeamSystem Group will postpone a more thorough analysis with impairment testing to 31 December 2021.

13. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

	31 Mar 2021	31 Dec 2020	Change	% Change
Investments in Associates	129	5,338	(5,209)	-97.6%
Other Investments	14,661	723	13,938	1928.8%
Total	14,790	6,061	8,729	144.0%

The balance of Investments in Associates and Other investments changed from € 6,061 thousand at 31 December 2020 to € 14,790 thousand at 31 March 2021 , with an increase of € 8,729 thousand.

The increase mainly refers to the acquisition of TeamSystem 9 S.r.l., the acquisition of an additional 16% equity interests in Modefinance S.r.l. and the acquisition of My Expenses S.L. (for further information, see “Significant events during the first three months of 2021” section in Directors’ report).

14. DEFERRED TAX ASSETS AND LIABILITIES

	31 Mar 2021	31 Dec 2020	Change	% Change
Deferred tax assets	14,247	14,096	151	1.1%
Deferred tax liabilities	156,296	161,292	(4,996)	-3.1%

At 31 March 2021 Deferred tax assets amount to € 14,247 thousand, up by € 151 thousand compared to the balance at 31 December 2020 (€ 14,096 thousand).

The main components for which the Group companies have recognised deferred tax assets relate to: the allowance for bad debts, the provisions for risks and charges, other items.

At 31 March 2021 Deferred tax liabilities amount to € 156,296 thousand with a decrease of € 4,996 thousand compared to the balance at 31 December 2020 (€ 161,292 thousand), primarily due to the reversal of the deferred tax component pertaining to the amortisation of intangible assets identified on allocation of the price paid for the acquisition of TeamSystem Group (Software, Brands, Customer relationships and other IFRS assets).

15. NET FINANCIAL INDEBTEDNESS

	31 Mar 2021			31 Dec 2020		
	Current	Non-Current	Total	Current	Non-Current	Total
Bank accounts and post office	108,335		108,335	63,661		63,661
Cash and bank balances	27		27	31		31
Total Cash and bank balances	108,362		108,362	63,691		63,691
Loans	1,267	393	1,660	1,610	50	1,660
Other financial assets	2,004	203	2,207	23	203	226
Total Other financial assets	3,272	596	3,868	1,633	253	1,886
Loans with banks	(46,258)	(1,128)	(47,386)	(15,714)	(1,304)	(17,018)
Finance leases liabilities	(5,132)	(19,732)	(24,864)	(6,300)	(19,732)	(26,033)
Notes	(5,855)	(1,150,000)	(1,155,855)	(1,417)	(750,000)	(751,417)
Financial liabilities with other institutions				(13)		(13)
Dividends to be settled	(40)		(40)	(40)		(40)
Total Financial liabilities	(57,285)	(1,170,860)	(1,228,145)	(23,484)	(771,036)	(794,520)
Financing Fees - bond		42,312	42,312		7,029	7,029
Financing Fees - banks	3,106		3,106	701		701
Total Financing Fees	3,106	42,312	45,418	701	7,029	7,730
Liabilities to non-controlling shareholders of subs.	(56,804)	(41,083)	(97,886)	(145,251)	(47,302)	(192,553)
Commission financial liabilities	(164)		(164)	(2)		(2)
Other financial liabilities	(12)		(12)	(21)		(21)
Total Other financial liabilities	(56,979)	(41,083)	(98,062)	(145,275)	(47,302)	(192,576)
Total	477	(1,169,034)	(1,168,557)	(102,733)	(811,056)	(913,788)

Net financial indebtedness as at 31 March 2021 amounts to negative € 1,168,557 thousand.

Cash and bank balances

The amount of cash and bank balances stands at € 108,362 thousand as at 31 March 2021 and at € 63,691 thousand at 31 December 2020.

Financial leases liabilities

Following the adoption of IFRS 16 – Leases, Financial leases liabilities at 31 March 2021 reflects the recognition of a financial liability of € 24,864 thousand (€ 26,033 at 31 December 2020), consisting of the present value of future lease payments.

Existing Floating Rate Notes

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

- € 550 million in aggregate principal amount of senior secured floating rate notes due 15 April 2023, with an interest rate equal to three month Euribor (subject to a 0% floor) plus 4.000% per annum, reset quarterly (ISIN XS1799538464 and XS1799537904); and
- € 200 million in aggregate principal amount of senior secured floating rate notes due 15 April 2025 and, together with the 2023 Floating Rate Notes, the “Existing Floating Rate Notes”), having an identical interest rate and practically identical terms and conditions to the 2023 Floating Rate Notes (ISIN XS1799545089 and XS1799545675).

The fees and costs incurred for the issue of the Existing Floating Rate Notes have been recognised 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 on February 2021 by Brunello Bidco S.p.A., the **Existing Floating Rate Notes** has been redeemed and, as a consequence of the foregoing, the residual amount of the financing fees pertaining to the Existing Floating Notes was charged to the Group's consolidated statement of profit or loss for an amount of € 6,707 thousand.

2028 Fixed and Floating Rate Notes

In order to finance the Acquisition of the TeamSystem Group, on February 2021 Brunello Bidco S.p.A. (the “**Issuer**”) issued:

- senior secured fixed rate notes (ISIN XS2295691476 – XS2295690742) with a nominal value of € 300 million maturing on 15 February 2028 (“**2028 Fixed Rate Notes**”). The 2028 Fixed Rate Notes bear interest payable semi-annually in arrears (15 January, 15 April and 15 October, commencing on 15 October 2021) at an interest rate of 3.5%;
- senior secured floating rate notes (ISIN XS2295692102 – XS2295691633) with a nominal value of € 850 million maturing on 15 February 2028 (“**2028 Floating Rate Notes**”). The 2028 Floating Rate Notes bear interest payable quarterly in arrears (15 January, 15 April, 15 July and 15 October, commencing on 15 July 2021) at an interest rate equating to the three-month Euribor rate - with a floor of 0.00% - plus a spread of 3.75%).

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

At any time on or after 15 February 2024, the Issuer may redeem all or part of the 2028 Fixed Rate Notes at the redemption prices set forth in the Indenture. At any time prior to 15 February 2024, the Issuer may redeem all or part of the 2028 Fixed Rate Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any, plus a “make-whole” premium, as described in the Indenture. At any time prior to 15 February 2024, the Issuer may redeem up to 40% of the aggregate principal amount of the 2028 Fixed Rate Notes (including any additional 2028 Fixed Rate Notes), using the net cash proceeds from certain equity offerings at a redemption price equal to 103.500% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any, provided that at least 50% of the original aggregate principal amount of the 2028 Fixed Rate Notes (including any additional 2028 Fixed Rate Notes) remains outstanding after each redemption. At any time prior to 15 February 2024, the Issuer may redeem during each calendar year up to 10% of the aggregate principal amount of the 2028 Fixed Rate Notes originally issued (including any additional 2028 Fixed Rate Notes) at its option, from time to time, at a redemption price equal to 103.000% of the principal amount of the 2028 Fixed Rate Notes redeemed, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any.

At any time on or after 15 February 2022, the Issuer will be entitled, at its option, to redeem all or a portion of the 2028 Floating Rate Notes at a redemption price equal to 100.000% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any, as described in the Indenture. At any time prior to 15 February 2022, the Issuer may redeem all or part of the 2028 Floating Rate Notes at a redemption price equal to 100.000% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any, plus a “make-whole” premium, as described in the Indenture.

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

The costs incurred for the issue of the above 2028 Fixed and Floating Senior Notes have been recognised as financing fees and are being amortised on a straight line basis over the contractual term of the Notes, the maturity date of which, as stated above, is 15 February 2028.

Security interests provided

As of 31 March 2021, the obligations arising under, *inter alia*, the 2028 Fixed and Floating Rate Notes and the New RCF (as defined below) were secured by the following security interests:

- 1) pledge over the entire shares capital of Brunello Bidco S.p.A.;
- 2) pledge over entire shares capital of TeamSystem S.p.A.;
- 3) pledge over entire shares capital of Barolo Lux 1 S.à r.l.;
- 4) assignment by way of security of intercompany loans receivables owed to Brunello Bidco S.p.A.;
- 5) pledge over Brunello Bidco S.p.A.'s material current accounts opened in Italy.

The 2028 Fixed and Floating Rate Notes has also been guaranteed by Brunello Midco 2 S.p.A..
The New RCF (as defined below) has also been guaranteed by Brunello Bidco S.p.A. and Brunello Midco 2 S.p.A..

Revolving Credit Facility (Existing and New)

In March 2018, TeamSystem S.p.A. and TeamSystem Holding S.p.A. entered into a revolving credit facility agreement for a principal amount of € 90 million with a maturity date of 15 October 2022 (“**Existing RCF**”). This Existing RCF contract has been terminated in February 2021 as a consequence of the Acquisition and Brunello Bidco S.p.A. entered a new super senior revolving credit facility agreement contract (**New RCF**) for a principal amount of € 180 million with a maturity date falling 78 months after 18 February 2021 (i.e., 18 August 2027).

The interest rate payable on the New RCF line of credit is based on Euribor / LIBOR, with a floor of 0.00%, plus a spread, calculated quarterly based on certain contractual parameters (“Senior Secured Net Leverage Ratio”). At 31 March 2021 a total of € 45 million had been drawn from the New RCF.

The New RCF has also been secured by the same collateral provided for the 2028 Fixed and 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.

Liabilities to non-controlling shareholders of subsidiaries

Liabilities to non-controlling shareholders of subsidiaries (€ 97,866 thousand at 31 March 2021) relates to put and call options and/or earn-outs due to non-controlling interest holders of certain consolidated subsidiaries. The main ones are: Aliaslab S.p.A., TeamSystem Financial Value Chain S.r.l., MBM Italia S.r.l. and Software del Sol S.A..

16. INVENTORIES

	31 Mar 2021	31 Dec 2020	Change	% Change
Raw and ancillary materials	469	461	8	1.7%
Finished products and goods	872	1,166	(294)	-25.3%
(Allowance for slow-moving inventory)	(458)	(518)	60	-11.6%
Total	882	1,109	(226)	-20.4%

At 31 March 2021 Inventories amount to € 882 thousand, down by € 226 thousand compared to the balance at 31 December 2020 (€ 1,109 thousand).

17. TRADE RECEIVABLES

	31 Mar 2021	31 Dec 2020	Change	% Change
Trade receivables	258,071	142,222	115,849	81.5%
(Allowance for bad debts)	(23,699)	(22,203)	(1,496)	6.7%
Total	234,372	120,019	114,353	95.3%

At 31 March 2021 Trade receivables amount to € 234,372 thousand. The balance of this line item is affected by the seasonality of billings for subscription fees that characterises the business of the Group.

Trade receivables are recorded net of an allowance for doubtful debts of € 23,699 thousand, that was recorded in the accounts after having analysed the specific risk associated with doubtful balances. The balance of Allowance for bad debts is the aggregate of utilisations, accruals and any other movements.

18. TAX RECEIVABLES

	31 Mar 2021	31 Dec 2020	Change	% Change
Tax credits	66	128	(62)	-48.5%
Other tax receivables	105	107	(2)	-2.2%
Withholding tax credit	37	13	24	187.0%
Tax consolidation receivables	9	6	3	44.2%
Advances and income tax credits	382	618	(236)	-38.2%
Total	598	872	(274)	-31.4%

At 31 March 2021 Tax receivables amount to € 598 thousand, down by € 274 thousand compared to the balance at 31 December 2020 (€ 872 thousand).

The decrease in Advances and income tax credits is mainly due to the calculation of “IRES” income tax for the period ending at 31 March 2021.

19. OTHER CURRENT RECEIVABLES

	31 Mar 2021	31 Dec 2020	Change	% Change
Deposits	753	1,073	(320)	-29.8%
Receivables from employees	622	611	10	1.7%
Other receivables	2,750	4,068	(1,318)	-32.4%
Accrued income	179	156	23	14.9%
Prepayments	29,207	22,725	6,482	28.5%
VAT receivables	282	2,281	(1,998)	-87.6%
Total	33,793	30,914	4,878	15.8%

At 31 March 2021 the Other current receivables balance amounts to € 33,793 thousand, up by € 4,878 thousand compared to the 31 December 2020 balance (€ 30,914 thousand). The movement is mainly due to Prepayments (€ 6,482 thousand), which increase following the seasonality of the business of the Group. This increase is partially offset by the decrease of Other receivables (€ 1,318 thousand) and VAT receivables (€ 1,998 thousand).

20. TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2019	5,450	396,020	(826)	(35,346)	365,298	536	365,834
Loss allocation		(35,346)		35,346	0		0
Other movements		331			331		331
Profit (Loss) for the year				(209)	(209)	31	(178)
31 Mar 2020	5,450	361,006	(826)	(209)	365,421	566	365,987

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2020	50		0	(29)	21	0	21
Loss allocation		(29)		29	0		0
Capital increase		1,745,487			1,745,487		1,745,487
Acquisition of TeamSystem Group					0	673	673
Profit (Loss) for the year				(26,409)	(26,409)	32	(26,377)
Other Profit (Loss) on comprehensive income		2			2		2
31 Mar 2021	50	1,745,460	0	(26,409)	1,719,101	705	1,719,806

At 31 March 2021 the Group's equity amounts to € 1,719,101 thousand.

21. STAFF LEAVING INDEMNITY

	31 Mar 2021	31 Dec 2020	Change	% Change
Staff leaving indemnity	20,665	19,835	829	4.2%
Total	20,665	19,835	829	4.2%

At 31 March 2021 Staff leaving indemnity amounts to € 20,665 thousand, up by € 829 thousand compared to the balance at 31 December 2020 (€ 19,835 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

22. PROVISIONS FOR RISKS AND CHARGES

	31 Mar 2021	31 Dec 2020	Change	% Change
Provision for pension and similar obligation	1,973	1,907	67	3.5%
Provision for litigations	1,475	1,592	(117)	-7.3%
Other provision for risks and charges	1,166	1,057	109	10.3%
Total	4,615	4,556	59	1.3%

At 31 March 2021 Provisions for risks and charges amount to € 4,615 thousand, up by € 59 thousand compared to the balance at 31 December 2020 (€ 4,556 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

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

23. OTHER CURRENT AND NON-CURRENT LIABILITIES

	31 Mar 2021	31 Dec 2020	Change	% Change
VAT liabilities	6,567	2,187	1,799	82.2%
Withholdings liabilities	5,879	4,467	(220)	-4.9%
Employees payables and Social security liabilities	21,657	29,122	(7,465)	-25.6%
Advances	214	455	(240)	-52.8%
Other liabilities	1,531	1,464	66	4.5%
Accrued liabilities	323	211	112	52.9%
Deferred revenues	203,005	74,589	128,416	172.2%
Other current liabilities	239,176	112,495	122,468	108.9%
Due to social securities - non-current	458	468	(11)	-2.3%
Other tax liabilities - non-current	8	8		
Other non-current liabilities	465	476	(11)	-2.3%
Total Other liabilities	239,641	112,971	122,457	108.4%

At 31 March 2021 Other current liabilities amount to € 239,176 thousand, up by € 122,468 thousand compared to the balance at 31 December 2020 (€ 112,495 thousand).

This increase is substantially due to the seasonality of billings for subscription fees that characterises the business of the Group and results in the increase in deferred revenues (€ 128,416 thousand).

At 31 March 2021 Other non-current liabilities amount to € 465 thousand (€ 476 thousand at 31 December 2020) and relate primarily to balances pertaining to TeamSystem S.p.A..

24. CURRENT TAX LIABILITIES

	31 Mar 2021	31 Dec 2020	Change	% Change
Income tax payables	10,865	6,378	4,487	70.4%
Liabilities from tax consolidation	(1)	(1)	0	-0.1%
Other tax liabilities	6	12	(6)	-53.4%
Total	10,870	6,389	4,481	70.1%

At 31 March 2021 Current tax liabilities amount to € 10,870 thousand, up by € 4,481 thousand compared to the balance at 31 December 2020 (€ 6,389 thousand). The movement is attributable to the increase in income tax payables, mainly due to the income taxes charged in the first three months of 2021.

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25. RECONCILIATION OF NET FINANCIAL INDEBTEDNESS – Brunello Bidco - Brunello Midco2

In the table below, we provide a reconciliation of the net financial indebtedness between the consolidated accounts of Brunello Bidco and the consolidated accounts of Brunello Midco2, being the net financial indebtedness the only material difference between these two consolidated accounts.

	Brunello Bidco Consolidated 31 Mar 2020 Total	Brunello MidCo2 stand alone	Intercompany elimination	Brunello Midco2 Consolidated 31 Mar 2020 Total
Bank accounts and post office	108.335	13		108.348
Cash and bank balances	27			27
Total Cash and bank balances	108.362	13		108.375
Loans	1.660			1.660
Other financial assets	2.207			2.207
Total Other financial assets	3.868			3.868
Loans with banks	(47.386)			(47.386)
Finance leases liabilities	(24.864)			(24.864)
Notes	(1.155.855)	(303.288)		(1.459.143)
Dividends to be settled	(40)			(40)
Total Financial liabilities	(1.228.145)	(303.288)		(1.531.433)
Financing Fees - bond	42.312	8.109		50.421
Financing Fees - banks	3.106			3.106
Total Financing Fees	45.418	8.109		53.527
Liabilities to non-controlling shareholders of subs.	(97.886)			(97.886)
Commission financial liabilities	(164)			(164)
Other financial liabilities	(12)			(12)
Total Other financial liabilities	(98.062)			(98.062)
Total	(1.168.557)	(295.166)		(1.463.723)

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