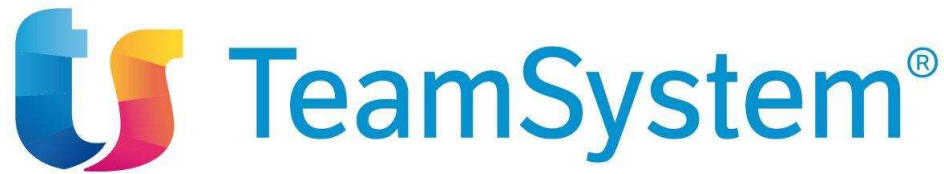


31 March 2019
Interim Consolidated
Financial Statements
TeamSystem Group





**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS
ENDED
31 MARCH 2019**

TABLE OF CONTENTS

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

DIRECTORS' REPORT

Results of Operations.....	1
Consolidated Statement of Cash Flows	3
Working Capital.....	4
Capital Expenditure	5
Significant Events during first three months of 2019	5
Significant Subsequent Events.....	6
Ongoing Developments	6
Related Party Transactions	6
Board of Directors, Board of Statutory Auditors and Other Information	7

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTHS ENDED 31 MARCH 2019**

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

**DIRECTORS’
REPORT**

► RESULTS OF OPERATIONS

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	31 Mar 2019	31 Mar 2018	Change	% Change
Revenue	86,602	74,111	12,491	16.9%
Other operating income	373	558	(185)	-33.2%
TOTAL REVENUE	86,975	74,669	12,306	16.5%
Cost of raw and other materials	(6,542)	(5,971)	(571)	9.6%
Cost of services	(23,025)	(19,860)	(3,165)	15.9%
Personnel costs	(27,560)	(27,072)	(488)	1.8%
Other operating costs	(1,339)	(1,287)	(52)	4.0%
Depreciation and amortization of non-current assets	(19,977)	(19,515)	(461)	2.4%
Allowance for bad debts	(1,199)	(983)	(216)	22.0%
OPERATING RESULT	7,333	(20)	7,353	N.M.
Finance income	45	84	(39)	-46.4%
Finance cost	(12,038)	(18,000)	5,962	-33.1%
PROFIT (LOSS) BEFORE INCOME TAXES	(4,660)	(17,937)	13,277	-74.0%
Current income tax	(4,660)	(2,946)	(1,714)	58.2%
Deferred income tax	3,290	3,134	157	5.0%
TOTAL INCOME TAX	(1,369)	188	(1,557)	-830.1%
PROFIT (LOSS) FOR THE PERIOD	(6,029)	(17,749)	11,720	-66.0%
(Profit) Loss for the period				
Non-controlling interests	(23)	(81)	57	-71.1%
PROFIT (LOSS) FOR THE PERIOD OWNERS OF THE COMPANY	(6,053)	(17,830)	11,777	-66.1%
ADJUSTED EBITDA	29,123	22,743	6,380	28.1%

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

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

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

Adjusted EBITDA = This is calculated as follows:

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

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

	31 Mar 2019	31 Mar 2018	Change	% Change
PROFIT (LOSS) FOR THE YEAR	(6,029)	(17,749)	11,720	-66.0%
Income tax	1,369	(188)	1,557	-830.1%
Financial income and expenses	11,993	17,917	(5,923)	-33.1%
Depreciation and amortization of non-current assets	19,977	19,515	461	2.4%
Allowance for bad debts	1,199	983	216	22.0%
Costs for changing and closing locations		12	(12)	-100.0%
Advisory expenses related to reorganization and cost saving projects		1,508	(1,508)	-100.0%
Personnel redundancy	214	143	71	49.5%
Acquisitions and mergers costs	290	65	225	345.5%
Cost for change management program		167	(167)	-100.0%
Cost for credit collection project		18	(18)	-100.0%
Tax optimization costs		81	(81)	-100.0%
Settlements with clients and agents	60	120	(60)	-50.3%
Other minor items	50	151	(101)	-66.7%
ADJUSTED EBITDA	29,123	22,743	6,380	28.1%

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

□ □ □

The following comments refer to the changes between the consolidated statement of profit or loss as at 31 March 2019 and the corresponding figures for the period ended 31 March 2018.

The results as at 31 March 2019 are affected by the consolidation of:

- the results of MMDData S.r.l. (also defined in the Offering Memorandum as main Var of the Software XP carve-out business), which was acquired by Danae Soft S.r.l. in February 2018, but not consolidated for the period ended 31 March 2018.
- the results of TeamSystem Active S.r.l. (previously called Beetho S.r.l., then renamed TeamSystem Active S.r.l. in November 2018), set up by TeamSystem S.p.A. in March 2018 and so that not consolidated for the period ended 31 March 2018.

□ □ □

TOTAL REVENUE: Total Revenue for the period ended 31 March 2019 amounts to € 86,975 thousand, up by € 12,306 thousand compared to the corresponding figure for the period ended 31 March 2018 (€ 74,669 thousand). The increase is mainly attributable to the organic growth experienced by the Group in the first three months of 2019.

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

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

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

Euro thousands				
OPERATING SEGMENTS	31 Mar 2019	31 Mar 2018	Change	% Change
Software Solutions	61,870	65,736	(3,866)	-5.9%
Cloud Software Solutions	24,730	8,014	16,716	208.6%
Hardware	375	919	(544)	-59.2%
TOTAL REVENUE	86,975	74,668	12,306	16.5%

ADJUSTED EBITDA: Adjusted Ebitda for the period ended 31 March 2019 amounts to € 29,123 thousand, up by € 6,380 thousand compared to the amount at 31 March 2018 (€ 22,743 thousand).

COST OF RAW AND OTHER MATERIALS: Cost of raw and other materials amounts to € 6,542 thousand for the period ended 31 March 2019, up by € 571 thousand compared to the amount at 31 March 2018 (€ 5,971 thousand).

COST OF SERVICES: Cost of services amounts to € 23,025 thousand for the period ended 31 March 2019, up by € 3,165 thousand from the amount of the period ended 31 March 2018 (€ 19,860 thousand). This is mainly due to the growth of the business experienced by the Group in the first three months of 2019.

PERSONNEL COSTS: Personnel costs for the period ended 31 March 2019 (€ 27,560 thousand), up by € 488 thousand, compared to the amount at 31 March 2018 (€ 27,072 thousand).

OTHER OPERATING COSTS: Other operating costs amount to € 1,339 thousand, up by € 52 thousand compared to the period ended 31 March 2018 (€ 1,287 thousand).

FINANCE COST: Financial charges for the period ended 31 March 2019 amount to € 12,038 thousand with a decrease of € 5,962 thousand, compared to the corresponding amount at 31 March 2018 (€ 18,000 thousand). This decrease is mainly due to lower finance costs related to the new TeamSystem Group's financial structure set up in April 2018 (see also Note 15 Net Financial Indebtedness).

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CONSOLIDATED STATEMENT OF CASH FLOWS

Euro thousands				
CONSOLIDATED STATEMENT OF CASH FLOWS	31 Mar 2019	31 Mar 2018	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	12,952	8,190	4,761	58.1%
Capital Expenditure	(7,259)	(8,612)	1,353	-15.7%
Acquisition / dismissal of investments	(3,020)	(1,903)	(1,117)	58.7%
CASH FLOWS FROM INVESTING ACTIVITIES	(10,279)	(10,515)	236	-2.2%
Financial balance paid / cashed-in	(9,423)	(3,186)	(6,237)	195.7%
Contingent liabilities to non-controlling shareholders of subsidiaries paid	(744)	(138)	(606)	439.2%
CASH FLOWS FROM FINANCING ACTIVITIES	(10,167)	(3,325)	(6,843)	205.8%
CHANGES DUE TO EXCHANGE RATE MOVEMENTS	6	1	5	478.9%
INCREASE (DECREASE) IN CASH AND BANK BALANCES	(7,489)	(5,648)	(1,841)	32.6%

Cash flows from operating activities amount to € 12,952 thousand for the period ended 31 March 2019, increasing by € 4,761 thousand, compared to the corresponding flows for the period ended 31 March 2018 (€ 8,190 thousand).

The balances are impacted by the fact that 31 March 2019, 31 March 2018 and 31 December 2017 were not business day (“week-end effect”), therefore the collection of trade receivables due at the end of those months was postponed to the beginning of the next months. The cash flows from operating activities normalized for the week-end effect would amount to € 36,296 thousand at 31 March 2019 and € 25,351 thousand at 31 March 2018, with an increase of € 10,945 thousand¹.

Cash flows from investing activities changed from negative € 10,515 thousand in the period ended 31 March 2018 to negative € 10,279 thousand for the corresponding period of 2019.

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

- capitalized development costs and capital expenditures on tangible and intangible assets;
- the investment in Factor@Work S.r.l.;
- the investment in Whit-e S.r.l..

For more information about the investment held in Factor@Work S.r.l. and in Whit-e S.r.l. see “Significant events during the first three months of 2019” section.

Cash flows from financing activities amount to negative € 10,167 thousand for the period ended 31 March 2019, up by € 6,843 thousand compared to negative € 3,325 thousand for the period ended 31 March 2018.

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

- financial interest on Notes;
- earn-outs to former shareholders of subsidiaries;
- leases liabilities, consisting of principal and interest.

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► **WORKING CAPITAL**

Euro thousands	31 Mar 2019	31 Dec 2018	Change	% Change
Trade receivables	235,690	128,941	106,748	82.8%
Inventories	1,103	1,067	36	3.4%
Other receivables	27,537	24,847	2,690	10.8%
Trade payables	(34,638)	(38,928)	4,290	-11.0%
Other liabilities	(189,499)	(86,810)	(102,689)	118.3%
WORKING CAPITAL	40,193	29,118	11,075	38.0%

At 31 March 2019 Working capital amounts to € 40,193 thousand, up by € 11,075 thousand compared to the balance at 31 December 2018 (€ 29,118 thousand). The increase is primarily attributable to Trade receivables (which balance is € 235,690 thousand at 31 March 2019 compared to € 128,941 thousand at 31 December 2018) and to Other liabilities (which balance is € 189,499 thousand at 31 March 2019 compared to € 86,810 thousand at 31 December 2018).

The movement in Working capital balance is mainly explained by the seasonality of billings of subscription fees. Actually, TeamSystem Group invoicing of subscription fees is particularly concentrated in the first quarter of the financial year and it causes a peak in 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).

The increase in Trade receivables is also due to the week-end effect: 31 March 2019 was not a business day, therefore the collection of trade receivables due at the end of those months was postponed to the beginning of the next month². If Trade receivables balances were normalized for the week-end effect, they would amount to € 212,346 thousand at 31 March 2019; therefore the normalized Working capital would amount to € 16,849 thousand at 31 March 2019, with a decrease of € 12,269 thousand.

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¹ The amounts of trade receivables whose collection was postponed to the beginning of the next month, because of the week-end effect, are the following: € 23,344 thousand for the period ended 31 March 2019, € 3,880 thousand for the period ended 31 December 2017 and € 21,041 thousand for the period ended 31 March 2018.

² The amount of trade receivables whose collection was postponed to the beginning of the next month, because of the week-end effect is € 23,344 thousand for the period ended 31 March 2019.

►CAPITAL EXPENDITURE

Euro thousand

CAPEX EXPENDITURE	31 Mar 2019	31 Mar 2018	Change	% Change
Tangible assets	873	1,077	(204)	-18.9%
Intangible assets	2,834	4,167	(1,333)	-32.0%
Capitalized development costs - personnel costs	2,755	2,724	31	1.2%
Capitalized development costs - service costs	797	644	153	23.7%
CAPEX EXPENDITURE - TOTAL	7,259	8,612	(1,353)	-15.7%

In the period ended 31 March 2019 the capital expenditure amounts to € 7,259 thousand with a decrease of € 1,353 thousand compared to 31 March 2018 balance (€ 8,612 thousand).

□ □ □

►SIGNIFICANT EVENTS DURING THE FIRST THREE MONTHS OF 2019

● INCORPORATION

Incorporation of TeamSystem Financial Value Chain S.r.l.

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

The 100% of the capital of TeamSystem Financial Value Chain S.r.l. is owned by TeamSystem S.p.A..

Incorporation of TeamSystem Payments Holdco S.r.l.

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

● ACQUISITION OF INVESTMENT

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

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

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

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

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

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

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

● MERGER

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

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

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

In March 2019 TeamSystem S.p.A., with the aim of simplifying the Group structure, merged by absorption Metodo S.p.A. by means of a deed of merger dated 22 March 2019, effective for legal purposes as at the close of business on 31 March 2019.

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►SIGNIFICANT SUBSEQUENTS EVENTS

Acquisition of Skylab Italia S.r.l.

On 12 April 2019 TeamSystem S.p.A. acquired a 60% interest in Skylab Italia S.r.l.

Skylab Italia S.r.l. is a company specialised in cloud solutions for personnel management. This acquisition will help TeamSystem Group expand its cloud product portfolio, as well as reinforce its competitive position in this target market.

□ □ □

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

□ □ □

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

BOARD OF DIRECTORS

31 Mar 2019

TITLE

VINCENZO MORELLI	CHAIRMAN
FEDERICO LEPROUX	CHIEF EXECUTIVE OFFICER
PATRICK JOHN HEALY	DIRECTOR
VINCENZO FERRARI	DIRECTOR
TOMMASO COHEN	DIRECTOR
BLAKE CHRISTOPHER KLEINMAN	DIRECTOR
PHILIP RICHARD STERNHEIMER	DIRECTOR
LUCA VELUSSI	DIRECTOR
JEAN BAPTISTE BRIAN	DIRECTOR

BOARD OF STATUTORY AUDITORS

31 Mar 2019

TITLE

CLAUDIO SANCHIONI	CHAIRMAN
FABIO LANDUZZI	STATUTORY AUDITOR
NICOLE MAGNIFICO	STATUTORY AUDITOR
ROBERTO PIERLEONI	ALTERNATIVE AUDITOR
CRISTINA AMADORI	ALTERNATIVE AUDITOR

REGISTERED OFFICE and OTHER INFORMATION

TEAMSYSTEM HOLDING S.p.A.

REGISTERED OFFICE

PESARO - Via Sandro Pertini, 88

SHARE CAPITAL

Euro 5,450,000

ITALIAN TAX CODE

09290340968

REA - PESARO

196739

INDEPENDENT AUDITORS

DELOITTE & TOUCHE S.p.A.

□ □ □

UNAUDITED
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS
ENDED
31 MARCH 2019

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

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	31 Mar 2019	31 Mar 2018	NOTES
Revenue	86,602	74,111	1
Other operating income	373	558	1
TOTAL REVENUE	86,975	74,669	1
Cost of raw and other materials	(6,542)	(5,971)	2
Cost of services	(23,025)	(19,860)	3
Personnel costs	(27,560)	(27,072)	4
Other operating costs	(1,339)	(1,287)	5
Depreciation and amortization of non-current assets	(19,977)	(19,515)	
Allowance for bad debts	(1,199)	(983)	
OPERATING RESULT	7,333	(20)	
Finance income	45	84	6
Finance cost	(12,038)	(18,000)	7
PROFIT (LOSS) BEFORE INCOME TAXES	(4,660)	(17,937)	
Current income tax	(4,660)	(2,946)	
Deferred income tax	3,290	3,134	
TOTAL INCOME TAX	(1,369)	188	
PROFIT (LOSS) FOR THE PERIOD	(6,029)	(17,749)	
(Profit) Loss for the period - Non-controlling interests	(23)	(81)	
PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	(6,053)	(17,830)	
ADJUSTED EBITDA	29,123	22,743	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31 Mar 2019	31 Mar 2018	NOTES
PROFIT (LOSS) FOR THE PERIOD	(6,029)	(17,749)	19
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX	0	0	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(6,029)	(17,749)	19
Total comprehensive (income) loss for the period attributable to Non-controlling interests	(23)	(81)	19
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	(6,053)	(17,830)	19

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	31 Mar 2019	31 Dec 2018	NOTES
Tangible assets	15,394	15,326	9
Intangible assets	670,233	681,539	10
Right of use	22,417	23,895	11
Goodwill	707,682	707,681	12
Other Investments	3,451	449	13
Investments in associates	133	133	13
Deferred tax assets	14,824	15,342	14
Financing fees prepayments - non-current	1,011	1,112	15
Other financial assets - non-current	50	50	15
TOTAL NON-CURRENT ASSETS	1,435,193	1,445,528	
Inventories	1,103	1,067	16
Trade receivables	235,690	128,941	17
Tax receivables	9,526	10,944	18
Other receivables - current	27,537	24,847	19
Financing Fees prepayments - current	413	413	15
Other financial assets - current	100	138	15
Cash and bank balances	17,085	24,574	15
TOTAL CURRENT ASSETS	291,454	190,925	
TOTAL ASSETS	1,726,647	1,636,452	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	31 Mar 2019	31 Dec 2018	NOTES
Share capital	5,450	5,450	20
Other reserves	445,087	500,289	20
Retained earnings (accumulated losses)	(826)	0	20
Profit (Loss) attributable to Owners of the Company	(6,053)	(56,030)	20
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	443,659	449,709	
Non-controlling interests - Capital and reserves	463	396	20
Non-controlling interests - Profit (Loss)	23	70	20
TOTAL NON-CONTROLLING INTERESTS	487	466	
TOTAL EQUITY	444,146	450,175	
Financial liabilities with banks and other institutions - non-current	756,212	757,000	15
Other financial liabilities - non-current	84,524	83,728	15
Staff leaving indemnity	14,613	14,892	21
Provisions for risks and charges	6,918	9,280	22
Deferred tax liabilities	178,203	182,018	14
Other liabilities - non-current	559	574	23
TOTAL NON-CURRENT LIABILITIES	1,041,029	1,047,491	
Financial liabilities with banks and other institutions - current	8,021	6,905	15
Other financial liabilities - current	4,466	4,402	15
Trade payables	34,638	38,928	
Tax liabilities - current	5,407	2,315	24
Other liabilities - current	188,940	86,235	23
TOTAL CURRENT LIABILITIES	241,472	138,786	
TOTAL LIABILITIES	1,282,501	1,186,277	
TOTAL EQUITY AND LIABILITIES	1,726,647	1,636,452	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Mar 2019	31 Mar 2018	NOTES
Operating Result	7,333	(20)	
Depreciation and amortization of non-current assets	19,977	19,515	
Amortization, Depreciation, Write-off, Impairment	19,977	19,515	
Trade receivables	(106,748)	(85,154)	8
Inventories	(36)	(163)	
Other receivables - current	(3,104)	(1,467)	
Trade payables	(4,290)	(1,260)	
Other liabilities - current	102,685	80,169	
Other liabilities - non-current	(15)	(15)	
Change in Working capital	(11,509)	(7,889)	8
Staff leaving indemnity	(336)	(412)	
Provisions for risks and charges	(2,362)	(2,633)	
Change in provisions	(2,699)	(3,045)	
Income tax	(151)	(371)	
CASH FLOWS FROM OPERATING ACTIVITIES	12,952	8,190	8
Tangible assets	(873)	(1,077)	
Intangible assets	(2,834)	(4,167)	
Capitalized development costs - personnel costs	(2,755)	(2,724)	
Capitalized development costs - service costs	(797)	(644)	
Capital Expenditure	(7,259)	(8,612)	
Acquisition of investments	(3,020)	(1,903)	8
CASH FLOWS FROM INVESTING ACTIVITIES	(10,279)	(10,515)	
Financial balance paid / cashed-in and change in financial assets / liabilities	(9,423)	(3,186)	8
Contingent liabilities to non-controlling shareholders paid	(744)	(138)	8
CASH FLOWS FROM FINANCING ACTIVITIES	(10,167)	(3,325)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS	6	1	
INCREASE (DECREASE) IN CASH AND BANK BALANCES	(7,489)	(5,648)	
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	24,574	16,259	
CASH AND BANK BALANCES - END OF THE PERIOD	17,085	10,611	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2017	5,450	558,928	0	0	(57,134)	507,244	1,023	508,267
IFRS 9 / 15 / 16 - first adoption		(405)				(405)		(405)
Loss allocation		(58,289)		1,156	57,134	0		0
Dividends						0	(59)	(59)
Total Comprehensive Income (Loss) for the period					(17,830)	(17,830)	81	(17,749)
31 Mar 2018	5,450	500,235	0	1,156	(17,830)	489,011	1,046	490,056

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2018	5,450	501,117	(826)	0	(56,030)	449,711	464	450,175
Loss allocation		(56,030)			56,030	0		0
Total Comprehensive Income (Loss) for the period					(6,053)	(6,053)	23	(6,029)
31 Mar 2019	5,450	445,087	(826)	0	(6,053)	443,659	487	444,146

TeamSystem Group

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019

►COMPANY BACKGROUND

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

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

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►BASIS OF PREPARATION

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

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

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

The interim consolidated financial documents for the period ended 31 March 2019 show comparative figures as at 31 March 2018 for the components of the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and show comparative figures as at 31 December 2018 for the components of consolidated statement of financial position.

The interim consolidated financial statements for the period ended 31 March 2019 consist of a consolidated statement of profit or loss, a consolidated statement of comprehensive income, a consolidated statement of financial position, a consolidated statement of cash flows, a consolidated statement of changes in equity and notes to the interim consolidated financial statements components.

The format used for the financial statements is the same as the one used for the preparation of the TeamSystem Holding S.p.A. consolidated financial statements for the year ended 31 December 2018.

This interim consolidated financial report for the first three months ended 31 March 2019 is presented in Euro and

all amounts have been rounded to Euro thousands, unless otherwise specified.

The consolidated financial statements of TeamSystem Holding S.p.A. and its subsidiaries (TeamSystem Group) for the period ended 31 March 2019 and for the period ended 31 March 2018 have not been audited.

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► CONSOLIDATED COMPARATIVES FOR THE PERIOD ENDEND 31 MARCH 2018

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

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

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► SCOPE OF CONSOLIDATION

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

Amounts in Euro								
CONSOLIDATED COMPANIES								
LINE BY LINE	Registered office	Share capital	Equity	Profit (Loss)	Currency	% held	% consolidation	Notes
TeamSystem Holding S.p.A.	Pesaro	5,450,000	642,870,638	(133,840)	EUR			
TeamSystem S.p.A.	Pesaro	24,000,000	414,547,578	(10,254,670)	EUR	100.00	100.00	
Inforyou S.r.l.	Castello di Godego (TV)	31,250	4,876,849	128,415	EUR	100.00	100.00	
TeamSystem Service S.r.l.	Campobasso	200,000	9,603,583	2,882,505	EUR	100.00	100.00	
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	115,035	5,232	EUR	60.00	100.00	1
Danea Soft S.r.l.	Vigonza (PD)	100,000	10,964,334	2,759,610	EUR	70.00	100.00	1
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	3,103,169	1,021,971	EUR	51.00	100.00	1 / 3
MMData S.r.l.	Rome	10,000	158,417	19,101	EUR	100.00	100.00	3
Esa Napoli S.r.l.	Naples	10,000	185,627	(67,056)	EUR	100.00	100.00	
Mondora S.r.l.	Milan	105,000	2,130,514	98,273	EUR	100.00	100.00	
Voispeed Limited	Saint Albans - UK	1,000	117,846	18,051	GBP	85.00	85.00	4
Aliaslab S.p.A.	Milan	156,000	20,870,356	664,890	EUR	51.00	100.00	1
Reviso International ApS	Copenhagen	50,011	(1,134,052)	(3,491,354)	DKK	100.00	100.00	
Reviso Cloud Accounting Limited	Reading	1	15,674	1,548	GBP	100.00	100.00	5
Reviso Soluciones Cloud S.L.	Madrid	3,000	10,748	966	EUR	100.00	100.00	5
Reviso Deutschland GmbH	Berlin	25,000	29,091	750	EUR	100.00	100.00	5
Evolis S.r.l.	Catania	887,000	1,191,091	(29,190)	EUR	51.00	100.00	1
Netlex S.r.l.	Velletri (RM)	12,500	425,266	35,447	EUR	51.00	100.00	1
Cassanova S.r.l.	Santarcangelo di Romagna (RN)	10,000	745,180	(1,260)	EUR	51.00	100.00	1
Evolution Fit S.r.l.	Turin	10,000	78,222	65,009	EUR	51.00	100.00	1 / 6
TeamSystem Active S.r.l.	Pesaro	15,000	127,600	55,640	EUR	100.00	100.00	
Gruppo Euroconference S.p.A.	Verona	300,000	13,771,238	579,051	EUR	96.87	96.87	2
Nuovamacut Automazione S.p.A.	Reggio Emilia	108,000	14,426,990	747,911	EUR	100.00	100.00	

Amounts in Euro								
CONSOLIDATED COMPANIES								
EQUITY METHOD	Registered office	Share capital	Equity	Profit (Loss)	Currency	% held	% consolidation	Notes
Mondoesa Emilia S.r.l.	Parma	20,800	134,662	26,060	EUR	40.00	40.00	7
INTIT S.r.l.	Frosinone	20,800	409,767	40,650	EUR	35.00	35.00	7
Cesaco S.r.l.	Vicenza	90,000	174,614	23,069	EUR	48.00	48.00	7
Comysyst S.r.l.	Pesaro	10,000	22,043	9,976	EUR	49.00	49.00	8

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

(8) = Equity and Profit (Loss) figures updated to 31 December 2018

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

The 31 March 2019 scope of consolidation hasn't changed compared to the Consolidated financial statements for the year ended 31 December 2018.

As regards the investment in Financial Value Chain S.r.l., Factor@Work S.r.l. and Whit-e S.r.l. (see "Significant events during the first three months of 2019" section, in Directors' Report), their results and their financial position have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the three months ended 31 March 2019, taking into account the non-materiality of the acquisitions in question and considering the fact that the acquisitions took place in the first three months of 2019.

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►TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

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

The foreign companies included in the scope of consolidation at 31 March 2019 that use a currency other than the Euro are: Voispeed Limited and Reviso Cloud Accounting Limited, which use the British Pound (GBP), and Reviso International ApS, which uses the Danish Krone (DKK).

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

EXCHANGE RATES	Average exchange rate for the first three months of 2019	Exchange rate as at 31 March 2019	Average exchange rate for the first three months of 2018	Exchange rate as at 31 December 2018
GBP	0.87251	0.8583	0.878	0.8794
DKK	7.4637	7.4652	7,4467	7,453

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►SEGMENT INFORMATION

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

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

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► USE OF ESTIMATES

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

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

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

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► ACCOUNTING STANDARDS, AMENDMENTS AND IFRS AND IFRIC INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, APPLICABLE AND NOT ADOPTED BY THE GROUP AT 31 MARCH 2019

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

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

- IAS 23 Borrowing costs: the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

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

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

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

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

- On 7 June 2017, the IASB issued the interpretation document IFRIC 23 – Uncertainty over Income tax Treatments. The interpretation addresses uncertainty over income tax treatments. The interpretation envisages that uncertainties in the determination of tax liabilities or assets should be reflected in the financial statements only when it is probable that the entity will settle or recover the amount in question. Moreover, the interpretation does not contain any new disclosure obligation, but it emphasises that the entity must establish if there will be a need to provide information on considerations made by management and relating to the inherent uncertainty in accounting for taxation, in accordance with the requirements of IAS 1.
The Directors are currently assessing the potential effect of the introduction of this interpretation on the Group's consolidated financial statements.
- On 11 September 2014, the IASB issued Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments were proposed due to the conflict between the requirements of IAS 28 and IFRS 10.
IAS 28 requires that gains and losses resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for an equity interest in the latter be limited to the extent of the investor's interest in the joint venture or associate. On the contrary, IFRS 10 requires full profit or loss recognition when a parent loses control of a subsidiary, even if the entity continues to hold a non-controlling interest therein, inclusive of in the case of a sale or contribution of a subsidiary to a joint venture or associate. The amendments require that, in the case of a sale or contribution of an asset or a subsidiary to a joint venture or associate, the extent of the gain or loss to be recognised in the financial statements of the seller or contributor depends on whether the assets or the subsidiary sold or contributed consist of a business, as defined by IFRS 3. If the assets or the subsidiary sold or contributed consist of a business, then the entity should recognise the full profit or loss in line with the previously held equity interest; otherwise, the portion of the gain or loss relating to the equity interest that is still held should be eliminated. For the time being, the IASB has postponed the application of these amendments. The Directors are currently assessing the potential effect of the introduction of these amendments on the Group's consolidated financial statements.

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Notes to Interim Unaudited Consolidated Financial Statement Components

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

1. TOTAL REVENUE AND OPERATING SEGMENTS

Euro Millions				
OPERATING SEGMENTS	31 Mar 2019	31 Mar 2018	Change	% Change
Assistance and Maintenance	14.1	15.2	(1.1)	-7.2%
Licences	2.2	4.0	(1.8)	-44.6%
Services and Other	3.4	5.9	(2.5)	-42.1%
Direct Channel	19.8	25.1	(5.4)	-21.3%
Assistance and Maintenance and Licences	21.8	21.6	0.2	0.8%
Services and Other	0.6	0.5	0.1	16.4%
Indirect Channel	22.4	22.1	0.3	1.2%
ERP AND BUSINESS MANAGEMENT SOFTWARE	42.2	47.3	(5.1)	-10.8%
Assistance and Maintenance	8.1	7.3	0.8	10.3%
Licences	3.8	3.9	(0.1)	-3.3%
Services and Other	8.4	8.0	0.4	4.6%
Verticals channel	20.3	19.3	1.0	5.1%
SOFTWARE SOLUTION RECONCILIATION	(0.6)	(0.8)	0.2	-30.0%
SOFTWARE SOLUTIONS	61.9	65.7	(3.9)	-5.9%
CLOUD SOFTWARE SOLUTIONS	24.7	8.0	16.7	208.6%
HARDWARE	0.4	0.9	(0.5)	-59.1%
TOTAL REVENUE	87.0	74.7	12.3	16.5%

Total Revenue for the period ended 31 March 2019 amounts to € 87 millions, up by € 12.3 millions compared to the corresponding figure for the period ended 31 March 2018 (€ 74.7 millions).

This movement (attributable to the organic growth experienced by the Group in the first three months of 2019) is due to the increase in Cloud Software Solutions revenue (€ 16.7 millions) and is partially offset by:

- Software Solutions revenue, which decreases by € 3.9 millions;
- Hardware revenue, which decreases by € 0.5 millions.

2. COST OF RAW AND OTHER MATERIALS

	31 Mar 2019	31 Mar 2018	Change	% Change
Hardware purchases	902	884	18	2.1%
Third parties' software	4,878	4,526	352	7.8%
Handbooks and forms	13		13	
Materials for education	68	76	(8)	-10.7%
Fuel	527	499	28	5.6%
Other materials	173	164	9	5.5%
Change in inventory of raw materials	(19)	(177)	158	-89.3%
Total	6,542	5,971	571	9.6%

Cost of raw and other materials amounts to € 6,542 thousand for the period ended 31 March 2019, up by € 571 thousand compared to the amount at 31 March 2018 (€ 5,971 thousand). The increase is mainly attributable to the organic growth of the Group.

3. COST OF SERVICES

	31 Mar 2019	31 Mar 2018	Change	% Change
Agent commissions and other costs	3,624	3,073	551	17.9%
Consulting and third parties services	2,591	2,877	(286)	-10.0%
Software and Hardware maintenance costs	2,828	2,041	787	38.6%
Customer support service costs	2,029	450	1,580	351.4%
Administrative tax and legal	819	545	274	50.3%
Education - consulting and copyrights	1,210	1,430	(220)	-15.4%
Magazines - consulting and copyrights	373	372	1	0.2%
Other costs for education services	443	489	(46)	-9.4%
Advertising and marketing	4,400	2,312	2,088	90.3%
Car rentals	858	804	54	6.7%
Utilities	1,034	983	50	5.1%
Costs for mergers and acquisitions	290	41	249	607.3%
Tax optimization costs		81	(81)	-100.0%
Other minor items	70	99	(29)	-29.3%
Costs for strategic projects and reorganizations	111	1,788	(1,677)	-93.8%
Other services	3,144	3,121	23	0.7%
Cost of services - Gross of capitalisation	23,821	20,504	3,317	16.2%
Services capitalized development costs	(797)	(644)	(152)	23.7%
Total	23,025	19,860	3,165	15.9%

Cost of services for the period ended 31 March 2019 amounts to € 23,025 thousand, up by € 3,165 thousand from the amount of the period ended 31 March 2018 (€ 19,860 thousand), mainly related to the organic growth experienced by the Group in the first three months of 2019.

Compared to the corresponding period ended 31 March 2018, the main increases have been registered in Software and Hardware maintenance costs, Advertising and Marketing and Customer support service costs. These movements are caused by the growth in Cloud Software Solutions Revenue and are partially compensated by the decrease of Cost for strategic project and reorganizations, related to projects largely concluded during the financial year 2018.

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

4. PERSONNEL COSTS

	31 Mar 2019	31 Mar 2018	Change	% Change
Wages, salaries and social contributions	28,242	27,584	658	2.4%
Staff leaving indemnities	1,149	1,192	(43)	-3.6%
Other personnel costs	20	13	6	47.5%
Personnel costs for redundancy and reorganizations	111	127	(16)	-12.6%
Employee costs	29,521	28,916	606	2.1%
Freelancers and collaborators fees	149	214	(65)	-30.4%
Directors' fees and related costs	645	666	(22)	-3.2%
Directors and Collaborators	794	880	(87)	-9.8%
Personnel - Gross of capitalisation	30,315	29,796	519	1.7%
Personnel capitalized development costs	(2,755)	(2,724)	(32)	1.2%
Total	27,560	27,072	488	1.8%

Personnel costs for the period ended 31 March 2019 (€ 27,560 thousand) have increased by € 488 thousand, compared to the corresponding amount for the period ended 31 March 2018 (€ 27,072 thousand).

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

5. OTHER OPERATING COSTS

	31 Mar 2019	31 Mar 2018	Change	% Change
Rents	271	204	67	32.6%
Rentals	70	117	(47)	-39.9%
Other expenses for use of third parties assets	99	122	(22)	-18.5%
Other tax	29	38	(9)	-24.0%
Losses from assets disposals	4	1	3	334.2%
Other expenses and settlement costs	866	806	60	7.5%
Total	1,339	1,287	52	4.0%

Other operating costs for the period ended 31 March 2019 (€ 1,339 thousand) increase by € 52 thousand compared to the corresponding amount for the period ended 31 March 2018 (€ 1,287 thousand).

6. FINANCE INCOME

	31 Mar 2019	31 Mar 2018	Change	% Change
Interest and other finance income	8	78	(69)	-89.2%
Gains on foreign exchange	0	1	(1)	-97.2%
Interest from banks	2		2	
Depreciation - Contingent liab. non-controll. shareholders		5	(5)	-100.0%
MTM valuation of derivative instruments	35		35	
Total	45	84	(39)	-46.4%

Finance income for the period ended 31 March 2019 (€ 45 thousand) have decreased for an amount of € 39 thousand compared to the corresponding amount at 31 March 2018 (€ 84 thousand).

7. FINANCE COST

	31 Mar 2019	31 Mar 2018	Change	% Change
Interest on bank loans	17	81	(64)	-79.3%
Interest on Notes	7,500	11,925	(4,425)	-37.1%
Interest on derivative instruments	76		76	
Interest on financing fees	692	1,726	(1,034)	-59.9%
Revaluation - Contingent liab. non-controll. shareholders	1,224		1,224	
Bank commissions	586	352	234	66.4%
Interests on actuarial valuation of employees benefit	66	331	(265)	-80.0%
Other IFRS financial charges	1,453	1,472	(18)	-1.2%
Other financial charges	421	2,113	(1,692)	-80.1%
Losses on foreign exchange	3	2	1	79.7%
Total	12,038	18,000	(5,962)	-33.1%

Finance cost for the period ended 31 March 2019 amount to € 12,038 thousand with a decrease of € 5,962 thousand, compared to the corresponding amount at 31 March 2018 (€ 18,000 thousand).

The decrease is mainly due to the operation of refinancing of TeamSystem Group's financial structure (see Note 15 Net Financial Indebtedness) occurred in April 2018. This operation has mainly impacted on the line items:

- Interest on Notes, which amount to € 7,500 thousand, down by € 4,425 thousand compared to the amount for the period ending at 31 March 2018 (€ 11,925 thousand);
- Interest on financing fees, which amount to € 692 thousand, down by € 1,034 thousand compared to the amount for the period ending at 31 March 2018 (€ 1,726 thousand).

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 2019.

Cash flows from operating activities = amount to € 12,952 thousand for the period ended 31 March 2019, increasing by € 4,762 thousand, compared to the corresponding flows for the period ended 31 March 2018 (€ 8,190 thousand).

The balances are impacted by the fact that 31 March 2019, 31 March 2018 and 31 December 2017 were not business day ("week-end effect"), therefore the collection of trade receivables due at the end of those months was postponed to the beginning of the next months. The cash flows from operating activities normalized for the week-end effect would amount to € 36,296 thousand at 31 March 2019 and € 25,351 thousand at 31 March 2018, with an increase of € 10,945 thousand³ (see "Consolidated statement of cash flows" paragraph in Directors' Report).

Acquisition of investments = The balance refers to the acquisition of the investment in Factor@Work S.r.l and Whit-e S.r.l. (see "Significant events during the first three months of 2019" section, in Directors' Report).

Financial balance paid /cashed-in and change in financial assets/liabilities = The main items included in the balance in question relate to payment of Notes Coupons and of leases liabilities, consisting of principal and interest, according to IFRS 16 (see Note 15 Net Financial Indebtedness).

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

9. TANGIBLE ASSETS

NET BOOK VALUE	31 Mar 2019	31 Dec 2018	Change	% Change
Land	948	948		
Buildings	3,272	3,338	(66)	-2.0%
Plant and machinery	3,814	3,462	352	10.2%
Equipment	930	972	(43)	-4.4%
Other assets	6,430	6,605	(176)	-2.7%
Total	15,394	15,326	68	0.4%

At 31 March 2019 Tangible fixed assets amount to € 15,394 thousand, up by € 68 thousand compared with the balance recorded at 31 December 2018 (€ 15,326 thousand). The increase results from the sum of disposals, additions and depreciation charge for the period (the latter amounts to € 806 thousand).

10. INTANGIBLE ASSETS

NET BOOK VALUE	31 Mar 2019	31 Dec 2018	Change	% Change
Capitalised development	28,709	28,188	522	1.9%
IFRS Assets	621,765	634,786	(13,021)	-2.1%
Other intangible assets	19,758	18,565	1,193	6.4%
Total	670,233	681,539	(11,307)	-1.7%

Intangible assets have gone from € 681,539 thousand at 31 December 2018 to € 670,233 thousand at 31 March 2019, with a decrease of € 11,307 thousand resulting from the aggregate of disposals, additions, capitalised development costs (€ 3,552 thousand) and amortisation (€ 17,693 thousand) for the period ended 31 March 2019.

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

³ The amounts of trade receivables whose collection was postponed to the beginning of the next month, because of the week-end effect, are the following: € 23,344 thousand for the period ended 31 March 2019, € 3,880 thousand for the period ended 31 December 2017 and € 21,041 thousand for the period ended 31 March 2018.

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

11. RIGHT OF USE

At 31 March 2019 Right of use amounts to € 22,417 thousand, down by € 1,478 thousand compared to the balance as at 31 December 2018 (€ 28,331 thousand).

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

12. GOODWILL

At 31 March 2019 Goodwill amounts to € 707,682 thousand.

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

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

13. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

	31 Mar 2019	31 Dec 2018	Change	% Change
Investments in Associates	133	133		
Other Investments	3,451	449	3,002	668.8%
Total	3,584	582	3,002	515.5%

The balance of Investments in Associates and Other investments has gone from € 582 thousand at 31 December 2018 to € 3,584 thousand at 31 March 2019 , with a increase of € 3,002 thousand.

The increase mainly refers to Factor@Work S.r.l. and Whit-e S.r.l. investments (see “Significant events during the first three months of 2019” section, in Directors’ Report).

14. DEFERRED TAX ASSETS AND LIABILITIES

	31 Mar 2019	31 Dec 2018	Change	% Change
Deferred tax assets	14,824	15,342	(519)	-3.4%
Deferred tax liabilities	178,203	182,018	(3,814)	-2.1%

At 31 March 2019 Deferred tax assets amount to € 14,824 thousand, down by € 519 thousand compared to the balance at 31 December 2018 (€ 15,342 thousand).

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

At 31 March 2019 Deferred tax liabilities amount to € 178,203 thousand with a decrease of € 3,814 thousand compared to the balance at 31 December 2018 (€ 182,018 thousand), primarily due to the reversal of the deferred tax component pertaining to the amortisation of intangible assets identified on allocation of the price paid for the acquisition of TeamSystem Group (Software, Brands, Customer relationships and other IFRS assets).

15. NET FINANCIAL INDEBTEDNESS

	31 Mar 2019			31 Dec 2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Bank accounts and post office Cash and bank balances	17,048 37		17,048 37	24,508 67		24,508 67
Total Cash and bank balances	17,085		17,085	24,574		24,574
Other financial assets	100	50	150	138	50	188
Total Other financial assets	100	50	150	138	50	188
Loans with banks	(61)		(61)	(101)		(101)
Finance leases liabilities	(5,514)	(17,448)	(22,962)	(5,514)	(18,827)	(24,340)
Notes	(1,417)	(750,000)	(751,417)	(1,250)	(750,000)	(751,250)
Dividends to be settled	(1,030)		(1,030)	(40)		(40)
Total Financial liabilities	(8,021)	(767,448)	(775,469)	(6,905)	(768,827)	(775,731)
Financing Fees - bond		11,236	11,236		11,827	11,827
Financing Fees - prepayments	413	1,011	1,424	413	1,112	1,525
Total Financing Fees	413	12,247	12,660	413	12,939	13,352
Contingent liabilities to non-controlling shareholders	(4,166)	(84,229)	(88,395)	(4,112)	(83,412)	(87,524)
Derivative instruments - liabilities		(295)	(295)	(14)	(316)	(330)
Commission financial liabilities	(300)		(300)	(276)		(276)
Total Other financial liabilities	(4,466)	(84,524)	(88,990)	(4,402)	(83,728)	(88,130)
Total	5,111	(839,675)	(834,564)	13,818	(839,566)	(825,747)

Net financial indebtedness as at 31 March 2019 amounts to negative € 834,564 thousand.

Cash and bank balances

The amount of cash and bank balances stands at € 17,085 thousand as at 31 March 2019 and at € 24,574 thousand as at 31 December 2018. In consideration of the fact that 31 March 2019 was not working day, if the cash and bank balances were normalized for the week-end effect, they would amount to € 40,429 thousand as at 31 March 2019⁴.

Financial leases liabilities

Following the adoption of IFRS 16 – Leases, Financial leases liabilities at 31 March 2019 reflects the recognition of a financial liability of € 22,962 thousand (€ 24,340 at 31 December 2018), consisting of the present value of future lease payments.

Floating Rate Notes

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

On 4 April 2018, TeamSystem S.p.A. concurrently issued:

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

The net proceeds of the offering of the Floating Rate Notes were used to:

- redeem TeamSystem S.p.A.'s senior secured floating rate notes due 2022, in an aggregate principal amount of € 570 million, which had an interest rate equal to three-month Euribor (subject to a 1.000% floor) plus 5.000% per annum;
- entirely repay and discharge the intercompany loan previously existing between TeamSystem Holding S.p.A., as lender, and TeamSystem S.p.A., as borrower. TeamSystem Holding S.p.A. used the proceeds from the repayment and discharge of such intercompany loan to redeem TeamSystem Holding S.p.A.'s senior floating rate notes due 2023, in an aggregate principal amount of € 150 million, which had an interest rate equal to three-month Euribor (subject to a 1.000% floor) plus 8.000% per annum; and
- pay accrued interest and redemption premia relating thereto.

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

⁴ The amount of trade receivables whose collection was postponed to the beginning of the next month, because of the week-end effect, is € 23,344 thousand for the period ended 31 March 2019.

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

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

Interest Rate Swaps – Derivative instrument liabilities

In order to hedge the exposure to the three month Euribor changes, in the month of April 2018 TeamSystem S.p.A. entered into some interest rate swaps with a principal amount of € 500 million and a maturity date of 15 April 2020. The mark-to-market value of the Interest Rate Swap has been accrued in the profit and loss accounts in the 31 March 2019 consolidated accounts.

Loans with banks – Revolving Credit Facility (RCF)

In connection with the issuance of the Floating Rate Notes, on 22 March 2018, TeamSystem S.p.A. and TeamSystem Holding S.p.A. (as the Parent), entered into a new € 90 million revolving credit facility agreement with a final maturity date of 15 October 2022, and the previously existing € 65 million revolving credit facility, which had been entered into on 13 February 2016, was cancelled and discharged in full.

The interest rate payable on loans under the new RCF is based on the applicable Euribor or Libor, as the case may be and in either case subject to a 0% floor, plus an initial spread of 3.500% per annum.

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

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

Contingent liabilities to non-controlling shareholders of subsidiaries

The Contingent liabilities to non-controlling shareholders of subsidiaries (€ 88,395 thousand at 31 March 2019) relates to put and call options and/or earn-outs due to non-controlling interest holders of certain consolidated subsidiaries. The main ones are: Danea Soft S.r.l., Madbit Entertainment S.r.l., Aliaslab S.p.A., Evols S.r.l., Netlex S.r.l. and Cassanova S.r.l..

16. INVENTORIES

	31 Mar 2019	31 Dec 2018	Change	% Change
Raw and ancillary materials	625	608	17	2.7%
Finished products and goods	945	943	2	0.2%
Advances	7	4	3	72.5%
(Allowance for slow-moving inventory)	(474)	(488)	14	-2.9%
Total	1,103	1,067	36	3.4%

At 31 March 2019 Inventories amount to € 1,103 thousand, up by € 36 thousand compared to the balance at 31 December 2018 (€ 1,067 thousand).

17. TRADE RECEIVABLES

	31 Mar 2019	31 Dec 2018	Change	% Change
Trade receivables	255,424	147,843	107,581	72.8%
(Allowance for bad debts)	(19,734)	(18,901)	(833)	4.4%
Total	235,690	128,941	106,748	82.8%

At 31 March 2019 Trade receivables amount to € 235,690 thousand. The increase of € 106,748 thousand is basically due to the seasonality of billings for subscription fees that characterises the business of the Group.

Furthermore, the balance of this line item also affected by the week-end effect (see “Working capital” section in Directors’ Report).

Trade receivables are recorded net of an allowance for doubtful debts of € 19,734 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 2019	31 Dec 2018	Change	% Change
Tax credits	101	101		
Other tax receivables	2	2	0	10.2%
Withholding tax credit	17		17	
Tax consolidation receivables	(0)	29	(29)	-100.2%
Advances and income tax credits	9,405	10,812	(1,407)	-13.0%
Total	9,526	10,944	(1,418)	-13.0%

At 31 March 2019 Tax receivables amount to € 9,526 thousand, down by € 1,418 thousand compared to the balance at 31 December 2018 (€ 10,944 thousand).

The decrease in Advances and income tax credits is mainly due to the calculation of “IRES” income tax for the period ending at 31 March 2019 .

19. OTHER CURRENT RECEIVABLES

	31 Mar 2019	31 Dec 2018	Change	% Change
Deposits	477	472	5	1.0%
Receivables from employees	306	284	22	7.7%
Other receivables	4,023	4,820	(797)	-16.5%
Accrued income	72	38	34	91.4%
Prepayments	22,587	18,717	3,870	20.7%
VAT receivables	72	516	(444)	-86.0%
Total	27,537	24,847	3,134	12.6%

At 31 March 2019 the Other receivables balance amounts to € 27,537 thousand, up by € 3,134 thousand compared to the 31 December 2018 balance (€ 24,847 thousand). The increase is mainly due to Prepayments (€ 3,870 thousand), following the seasonality of the business of the Group.

20. TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2017	5,450	558,928	0	0	(57,134)	507,244	1,023	508,267
IFRS 9 / 15 / 16 - first adoption		(405)				(405)		(405)
Loss allocation		(58,289)		1,156	57,134	0		0
Dividends						0	(59)	(59)
Total Comprehensive Income (Loss) for the period					(17,830)	(17,830)	81	(17,749)
31 Mar 2018	5,450	500,235	0	1,156	(17,830)	489,011	1,046	490,056

Euro thousands

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non-controlling interests	TOTAL
31 Dec 2018	5,450	501,117	(826)	0	(56,030)	449,711	464	450,175
Loss allocation		(56,030)			56,030	0		0
Total Comprehensive Income (Loss) for the period					(6,053)	(6,053)	23	(6,029)
31 Mar 2019	5,450	445,087	(826)	0	(6,053)	443,659	487	444,146

At 31 March 2019 the Group's equity amounts to € 443,659 thousand.

21. STAFF LEAVING INDEMNITY

	31 Mar 2019	31 Dec 2018	Change	% Change
Staff leaving indemnity	14,613	14,892	(279)	-1.9%
Total	14,613	14,892	(279)	-1.9%

At 31 March 2019 Staff leaving indemnity amounts to € 14,613 thousand, down by € 279 thousand compared to the balance at 31 December 2018 (€ 14,892 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

22. PROVISIONS FOR RISKS AND CHARGES

	31 Mar 2019	31 Dec 2018	Change	% Change
Provision for pension and similar obligation	1,335	1,269	66	5.2%
Provision for litigations	1,111	2,187	(1,076)	-49.2%
Other provision for risks and charges	4,472	5,824	(1,352)	-23.2%
Total	6,918	9,280	(2,362)	-25.5%

At 31 March 2019 Provisions for risks and charges amount to € 6,918 thousand, decreased by € 2,362 thousand compared to the balance at 31 December 2018 (€ 9,280 thousand). The balance is the aggregate of utilisations, accruals and any other movements. The utilisation mainly relates to Group restructuring and reorganization provisions and to provision for litigations.

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

23. OTHER CURRENT AND NON-CURRENT LIABILITIES

	31 Mar 2019	31 Dec 2018	Change	% Change
VAT liabilities	5,265	3,857	1,799	46.7%
Withholdings liabilities	5,206	4,194	(220)	-5.3%
Employees payables and Social security liabilities	18,130	24,904	(6,774)	-27.2%
Advances	4,706	5,697	(990)	-17.4%
Other liabilities	3,491	2,358	1,134	48.1%
Accrued liabilities	547	527	19	3.7%
Deferred revenues	151,595	44,699	106,896	239.1%
Other current liabilities	188,940	86,235	101,863	118.1%
Due to social securities - non-current	549	561	(12)	-2.1%
Other tax liabilities - non-current	10	13	(3)	-25.6%
Other non-current liabilities	559	574	(15)	-2.7%
Total Other liabilities	189,499	86,810	101,847	117.3%

At 31 March 2019 Other current liabilities amount to € 188,940 thousand, up by € 101,863 thousand compared to the balance at 31 December 2018 (€ 86,235 thousand).

This increase is substantially due to the seasonality of billings for subscription fees that characterises the business of the Group and results in the increase in deferred revenues (€ 106,896 thousand).

At 31 March 2019 Other non-current liabilities amount to € 559 thousand (€574 thousand at 31 December 2018) and relate primarily to balances pertaining to TeamSystem S.p.A..

24. CURRENT TAX LIABILITIES

	31 Mar 2019	31 Dec 2018	Change	% Change
Income tax payables	5,407	2,305	3,102	134.6%
Other tax liabilities	(0)	11	(11)	-102.2%
Total	5,407	2,315	3,091	133.5%

At 31 March 2019 Current tax liabilities amount to € 5,407 thousand, up by € 3,091 thousand compared to the balance at 31 December 2018 (€ 2,315 thousand). The movement is attributable to the increase in income tax payables, mainly due to the income taxes charged in the first three months of 2019.

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OVERSIGHT AND COORDINATION ACTIVITY

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

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



