

30 June 2021
Interim Condensed Consolidated
Financial Statements
TeamSystem Group



**INTERIM
CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS
ENDED
30 JUNE 2021**

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TeamSystem Group**

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**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FIRST SIX MONTHS ENDED 30 JUNE 2021**

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**DIRECTORS’
REPORT**

► RESULTS OF OPERATIONS

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Jun 2021				30 Jun 2020			
	30 Jun 2021	30 Jun 2020	Change	% Change	Quarter 2Q 2021	Quarter 2Q 2020	Change	% Change
Revenue	228,073	200,604	27,469	13.7%	119,574	102,114	17,460	17.1%
Other operating income	789	407	383	94.0%	4	(269)	273	-101.5%
TOTAL REVENUE	228,862	201,011	27,851	13.9%	119,578	101,846	17,733	17.4%
Cost of raw and other materials	(20,293)	(16,439)	(3,855)	23.4%	(11,131)	(8,306)	(2,825)	34.0%
Cost of services	(61,348)	(43,061)	(18,287)	42.5%	(27,209)	(19,050)	(8,159)	42.8%
Personnel costs	(70,077)	(57,738)	(12,339)	21.4%	(34,375)	(27,262)	(7,113)	26.1%
Other operating costs	(2,735)	(3,228)	493	-15.3%	(1,286)	(1,405)	119	-8.4%
Depreciation and amortization of non-current assets	(42,294)	(42,162)	(132)	0.3%	(20,597)	(21,303)	706	-3.3%
Allowance for bad debts	(4,178)	(3,922)	(257)	6.5%	(2,240)	(2,762)	522	-18.9%
Other provisions for risks and charges	(180)	(41)	(139)	338.8%	(177)	(41)	(136)	332.9%
OPERATING RESULT	27,756	34,420	(6,664)	-19.4%	22,563	21,717	846	3.9%
Finance income	846	139	707	508.2%	747	16	732	4720.1%
Finance cost	(47,676)	(30,383)	(17,293)	56.9%	(15,576)	(18,710)	3,134	-16.8%
PROFIT (LOSS) BEFORE INCOME TAXES	(19,074)	4,176	(23,250)	-556.7%	7,735	3,023	4,711	155.8%
Current income tax	(13,365)	(11,914)	(1,451)	12.2%	(8,604)	(6,913)	(1,691)	24.5%
Deferred income tax	33,445	7,334	26,111	356.0%	28,253	3,664	24,589	671.0%
TOTAL INCOME TAX	20,080	(4,580)	24,660	-538.4%	19,649	(3,249)	22,898	-704.7%
PROFIT (LOSS) FOR THE PERIOD	1,006	(404)	1,410	-349.2%	27,383	(226)	27,609	-12230.7%
(Profit) Loss for the period								
Non-controlling interests	(71)	(87)	17	-19.2%	(39)	(56)	17	-31.0%
PROFIT (LOSS) FOR THE PERIOD OWNERS OF THE COMPANY	936	(491)	1,427	-290.5%	27,345	(282)	27,626	-9804.7%
ADJUSTED EBITDA	88,006	83,042	4,964	6.0%	48,558	47,388	1,170	2.5%

The interim consolidated financial statements for the period ended 30 June 2021 are produced at Brunello Bidco consolidation hierarchy but comparative figures relating to the prior period 30 June 2020 (or 31 December 2020 in the case of consolidated statement of financial position) 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 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**.

Euro thousands

ADJUSTED EBITDA RECONCILIATION	30 Jun 2021				30 Jun 2020			
	30 Jun 2021	30 Jun 2020	Change	% Change	Quarter 2Q 2021	Quarter 2Q 2020	Change	% Change
PROFIT (LOSS) FOR THE YEAR	1,006	(404)	1,410	-349.2%	27,383	(226)	27,609	-12230.7%
Income tax	(20,080)	4,580	(24,660)	-538.4%	(19,649)	3,249	(22,898)	-704.7%
Financial income and expenses	46,830	30,244	16,586	54.8%	14,828	18,694	(3,866)	-20.7%
Other provisions for risks and charges	180	41	139	338.8%	177	41	136	332.9%
Depreciation and amortization of non-current assets	42,294	42,162	132	0.3%	20,597	21,303	(706)	-3.3%
Allowance for bad debts	4,178	3,922	257	6.5%	2,240	2,762	(522)	-18.9%
Advisory expenses related to reorganization and cost saving projects	2,695	0	2,695	0.0%	1,624	0	1,624	0.0%
Personnel redundancy	474	844	(370)	-43.8%	382	413	(31)	-7.5%
Acquisitions and mergers costs	9,233	547	8,686	1587.9%	303	317	(14)	-4.4%
Settlements with clients and agents	981	1,084	(104)	-9.6%	602	847	(245)	-28.9%
Other minor items	216	22	194	882.3%	69	(12)	81	-675.8%
ADJUSTED EBITDA	88,006	83,042	4,964	6.0%	48,558	47,388	1,170	2.5%

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 30 June 2021 and the corresponding figures for the period ended 30 June 2020.

The results as at 30 June 2021 are affected by the consolidation of the profit and loss of the following companies (which did not contributed to the 30 June 2020 consolidated profit and loss):

- 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., TeamSystem 8 S.r.l., TeamSystem 9 S.r.l. and Modefinance S.r.l. which have been all acquired / incorporated during 2021;
- 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., which have been all acquired in 2020.

Finally, taking account of the non-materiality of the acquisition, the results of My Expenses S.L. and SGS System House S.r.l. have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the six months ended 30 June 2021 (see “Significant events during the first six months of 2021” section).

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TOTAL REVENUE: Total Revenue for the period ended 30 June 2021 amounts to € 228,862 thousand, up by € 27,851 thousand compared to the corresponding figure for the period ended 30 June 2020 (€ 201,011 thousand). The increase is mainly attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2021.

Euro Millions								
	30 Jun 2021	30 Jun 2020	Change	% Change	Quarter 2Q 2021	Quarter 2Q 2020	Change	% Change
Direct Channel	77.3	69.1	8.2	11.9%	39.1	34.4	4.7	13.6%
Recurring	66.2	59.2	6.0	10.2%	33.5	30.3	3.1	10.4%
Licenses/Prof. Services	12.1	9.9	2.2	22.0%	5.6	4.0	1.5	38.0%
Indirect Channel	46.3	47.0	(0.6)	-1.4%	22.7	23.5	(0.8)	-3.4%
Recurring	43.1	44.2	(1.1)	-2.6%	20.4	21.7	(1.3)	-6.0%
Licenses/Prof. Services	3.3	2.8	0.5	18.0%	2.3	1.8	0.5	28.5%
Micro and new Business Solutions	46.7	31.4	15.2	48.4%	25.6	15.7	9.9	63.5%
Recurring	43.5	29.1	14.5	49.8%	23.3	14.2	9.1	63.8%
Licenses/Prof. Services	3.1	2.4	0.8	31.7%	2.3	1.4	0.9	61.1%
Vertical Solutions	55.9	52.0	3.9	7.6%	31.0	27.9	3.1	11.0%
Recurring	35.1	31.9	3.2	10.1%	19.7	17.9	1.8	9.8%
Licenses/Prof. Services	20.8	20.1	0.7	3.5%	11.4	10.0	1.3	13.2%
Hardware & Other	2.6	1.5	1.1	75.9%	1.2	0.3	0.8	238.9%
TOTAL REVENUE	228.9	201.0	27.9	13.9%	119.6	101.8	17.7	17.4%

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.

ADJUSTED EBITDA: Adjusted Ebitda for the period ended 30 June 2021 amounts to € 88,006 thousand, up by € 4,964 thousand compared to the amount at 30 June 2020 (€ 83,042 thousand). The increase is mainly attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2021.

COST OF RAW AND OTHER MATERIALS: Cost of raw and other materials amounts to € 20,293 thousand for the period ended 30 June 2021, up by € 3,855 thousand compared to the amount at 30 June 2020 (€ 16,439 thousand); this because of the organic growth experienced by the Group in the first six months of 2021 and because of the change in the consolidation area.

COST OF SERVICES: Cost of services amounts to € 61,348 thousand for the period ended 30 June 2021, up by € 18,287 thousand from the amount of the period ended 30 June 2020 (€ 43,061 thousand), mainly due to one-off cost connected with the Acquisition of TeamSystem Group (and therefore with to impact on the Adjusted Ebitda falling these expenses into the category of “Acquisition and merger cost” reported in the table of the Adjusted Ebitda Reconciliation).

PERSONNEL COSTS: Personnel costs for the period ended 30 June 2021 amount to € 70,077 thousand, up by € 12,339 thousand, compared to the amount at 30 June 2020 (€ 57,738 thousand). This is mainly due to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2021.

OTHER OPERATING COSTS: Other operating costs amount to € 2,735 thousand for the period ended 30 June 2021, down by € 493 thousand compared to the period ended 30 June 2020 (€ 3,228 thousand).

FINANCE COST: Financial charges for the period ended 30 June 2021 amount to € 47,676 thousand with an increase of € 17,293 thousand, compared to the corresponding amount at 30 June 2020 (€ 30,383 thousand), mainly due to:

- the acquisition of residual stake of Danea S.r.l. and Skylab S.r.l. and the subsequent revaluation of the relevant 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	30 Jun 2021	30 Jun 2020	Change	% Change	Quarter 2Q 2021	Quarter 2Q 2020	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	88,330	82,527	5,803	7.0%	54,011	57,614	(3,603)	-6.3%
Capital Expenditure	(15,617)	(16,144)	527	-3.3%	(8,386)	(8,086)	(299)	3.7%
Acquisition of investments	(1,844,712)	(23,293)	(1,821,420)	7819.7%	634	(17,723)	18,357	-103.6%
CASH FLOWS FROM INVESTING ACTIVITIES	(1,860,329)	(39,437)	(1,820,893)	4617.3%	(7,752)	(25,809)	18,057	-70.0%
Financial balance paid / cashed-in and change in financial assets / liabilities	370,089	(10,458)	380,547	-3638.7%	(49,273)	(86,461)	37,189	-43.0%
Financing Fees paid	(46,478)	(0)	(46,477)	n.s.	(12,307)	(0)	(12,306)	n.s.
Liabilities to non-controlling shareholders of subs. paid	(147,835)	(25,650)	(122,185)	476.4%	(39,533)	(24,031)	(15,503)	64.5%
Capital increase	1,649,218	0	1,649,218	n.s.	0	0	(0)	-94.5%
CASH FLOWS FROM FINANCING ACTIVITIES	1,824,995	(36,109)	1,861,103	-5154.2%	(101,113)	(110,492)	9,379	-8.5%
CHANGES DUE TO EXCHANGE RATE MOVEMENTS	9	(9)	17	-203.5%	(1)	(3)	2	-64.3%
INCREASE (DECREASE) IN CASH AND BANK BALANCES	53,005	6,973	46,031	660.1%	(54,855)	(78,691)	23,835	-30.3%

Cash flows from operating activities amount to € 88,330 thousand for the period ended 30 June 2021, increasing by € 5,803 thousand, compared to the corresponding flows for the period ended 30 June 2020 (€ 82,527 thousand).

Cash flows from investing activities changed from negative € 39,437 thousand in the period ended 30 June 2020 to negative € 1,860,329 thousand for the corresponding period of 2021.

The main investment activities for the first six 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 six months of 2021);
- the cash-out paid for the acquisition of TeamSystem 6 S.r.l., TeamSystem 7 S.r.l., TeamSystem 8 S.r.l., TeamSystem 9 S.r.l., My Expenses S.L., Modefinance S.r.l., SGS System House S.r.l. and Var4Team S.r.l.

Cash flows from financing activities changed from negative € 36,109 thousand in the period ended 30 June 2020 to positive € 1,824,995 thousand for the corresponding period of 2021.

The main cash items occurred in the first six 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 repayment of the revolving credit facility (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 S.r.l., Aliaslab S.p.A., Skylab S.r.l. and Madbit S.r.l.;
- the net cash-in as a consequence of the refinancing process occurred in February 2021 which 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 payment of Financing Fees in relation of the issuance of 2028 Fixed Rate Notes and 2028 Floating Rate Notes and the payment of Financing Fees related to the New RCF facility negotiated by Brunello Bidco;
- 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				
	30 Jun 2021	31 Dec 2020	Change	% Change
Trade receivables	176,065	120,019	56,046	46.7%
Inventories	907	1,109	(202)	-18.2%
Other receivables	37,325	30,914	6,411	20.7%
Trade payables	(49,016)	(48,532)	(484)	1.0%
Other liabilities	(209,311)	(112,495)	(96,816)	86.1%
WORKING CAPITAL	(44,030)	(8,986)	(35,045)	390.0%

At 30 June 2021 Working capital amounts to negative € 44,030 thousand, with a change of € 35,045 thousand compared to the balance at 31 December 2020 (negative € 8,986 thousand). The movement is primarily attributable to Other liabilities (which balance is € 209,311 thousand at 30 June 2021 compared to € 112,495 thousand at 31 December 2020) and to Trade receivables (which balance is € 176,065 thousand at 30 June 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	30 Jun 2021	30 Jun 2020	Change	% Change	Quarter 2Q 2021	Quarter 2Q 2020	Change	% Change
Investments in tangible assets	1,104	1,672	(569)	-34.0%	718	689	29	4.2%
Investments in intangible assets	7,040	6,234	807	12.9%	3,856	3,218	638	19.8%
Capitalized development costs - personnel costs	5,786	7,062	(1,276)	-18.1%	2,956	3,530	(574)	-16.3%
Capitalized development costs - service costs	1,687	1,176	511	43.4%	856	649	207	31.8%
CAPEX EXPENDITURE - TOTAL	15,617	16,144	(527)	-3.3%	8,386	8,086	299	3.7%

In the period ended 30 June 2021 the Capital expenditure amounts to € 15,617 thousand with a decrease of € 527 thousand compared to 30 June 2020 balance (€ 16,144 thousand).

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►SIGNIFICANT EVENTS DURING THE FIRST SIX 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".

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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►SIGNIFICANT SUBSEQUENT EVENTS

There are not significant subsequent events to be reported.

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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 six 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 SIX MONTHS
ENDED
30 JUNE 2021**

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

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Jun 2021	30 Jun 2020	NOTES
Revenue	228,073	200,604	1
Other operating income	789	407	1
TOTAL REVENUE	228,862	201,011	1
Cost of raw and other materials	(20,293)	(16,439)	2
Cost of services	(61,348)	(43,061)	3
Personnel costs	(70,077)	(57,738)	4
Other operating costs	(2,735)	(3,228)	5
Depreciation and amortization of non-current assets	(42,294)	(42,162)	
Allowance for bad debts	(4,178)	(3,922)	
Other provisions for risks and charges	(180)	(41)	
OPERATING RESULT	27,756	34,420	
Finance income	846	139	6
Finance cost	(47,676)	(30,383)	7
PROFIT (LOSS) BEFORE INCOME TAXES	(19,074)	4,176	
Current income tax	(13,365)	(11,914)	
Deferred income tax	33,445	7,334	
TOTAL INCOME TAX	20,080	(4,580)	
PROFIT (LOSS) FOR THE PERIOD	1,006	(404)	
(Profit) Loss for the period - Non-controlling interests	(71)	(87)	
PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	936	(491)	
ADJUSTED EBITDA	88,006	83,042	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Jun 2021	30 Jun 2020	NOTES
PROFIT (LOSS) FOR THE PERIOD	1,006	(404)	20
Exchange rate differences	14	0	
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX	14	0	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	1,020	(404)	20
Total comprehensive (income) loss for the period attributable to Non-controlling interests	(73)	(87)	20
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY	947	(491)	20

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	30 Jun 2021	31 Dec 2020	NOTES
Tangible assets	14,180	14,946	9
Intangible assets	604,254	624,991	10
Right of use	22,658	24,776	11
Goodwill	2,444,322	822,087	12
Other Investments	9,682	723	13
Investments in associates	342	5,338	13
Deferred tax assets	14,431	14,096	14
Other financial assets - non-current	254	253	15
TOTAL NON-CURRENT ASSETS	3,110,123	1,507,210	
Inventories	907	1,109	16
Trade receivables	176,065	120,019	17
Tax receivables	2,251	872	18
Other receivables - current	37,325	30,914	19
Other financial assets - current	3,170	1,633	15
Cash and bank balances	53,507	63,691	15
TOTAL CURRENT ASSETS	273,225	218,239	
TOTAL ASSETS	3,383,347	1,725,448	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	30 Jun 2021	31 Dec 2020	NOTES
Share capital	50	5,450	20
Other reserves	1,745,470	389,087	20
Profit (Loss) attributable to Owners of the Company	936	(2,703)	20
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	1,746,456	391,834	
Non-controlling interests - Capital and reserves	675	535	20
Non-controlling interests - Profit (Loss)	71	138	20
TOTAL NON-CONTROLLING INTERESTS	745	673	
TOTAL EQUITY	1,747,201	392,507	
Financial liabilities with banks and other institutions - non-current	1,294,835	811,309	15
Staff leaving indemnity	21,165	19,835	21
Provisions for risks and charges	4,387	4,556	22
Deferred tax liabilities	128,170	161,292	14
Other liabilities - non-current	454	476	23
TOTAL NON-CURRENT LIABILITIES	1,449,011	997,468	
Financial liabilities with banks and other institutions - current	(77,692)	168,057	15
Trade payables	49,016	48,532	
Tax liabilities - current	6,500	6,389	24
Other liabilities - current	209,311	112,495	23
TOTAL CURRENT LIABILITIES	187,136	335,474	
TOTAL LIABILITIES	1,636,146	1,332,942	
TOTAL EQUITY AND LIABILITIES	3,383,347	1,725,448	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2021	30 Jun 2020	NOTES
Operating Result	27,756	34,420	
Depreciation and amortization of non-current assets	42,294	42,162	
Depreciation and amortisation of non-current assets	42,294	42,162	
Trade receivables	(54,379)	(60,840)	
Inventories	202	(144)	
Other receivables	(5,778)	(4,598)	
Trade payables	(1,798)	(10,210)	
Other liabilities	95,378	84,944	
Change in Working capital	33,625	9,152	
Staff leaving indemnity	149	(6)	
Provisions for risks and charges	(171)	(525)	
Change in provisions	(22)	(532)	
Income tax	(15,324)	(2,676)	
CASH FLOWS FROM OPERATING ACTIVITIES	88,330	82,527	8
Investments in tangible assets	(1,104)	(1,672)	
Investments in intangible assets	(7,040)	(6,234)	
Capitalized development costs - personnel costs	(5,786)	(7,062)	
Capitalized development costs - service costs	(1,687)	(1,176)	
Capital Expenditure	(15,617)	(16,144)	
Acquisition of investments	(1,913,231)	(25,844)	8
Cash and bank balances at the date of acquisition	68,519	2,551	
Acquisition of investments	(1,844,712)	(23,293)	8
CASH FLOWS FROM INVESTING ACTIVITIES	(1,860,329)	(39,436)	
Financial balance paid / cashed-in and change in financial assets / liabilities	370,089	(10,458)	8
Financing Fees paid	(46,478)	(0)	
Liabilities to non-controlling shareholders of subs. paid	(147,835)	(25,650)	8
Capital increase	1,649,218	0	
CASH FLOWS FROM FINANCING ACTIVITIES	1,824,995	(36,109)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS	9	(9)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES	53,005	6,974	
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	502	36,412	
CASH AND BANK BALANCES - END OF THE PERIOD	53,507	43,386	

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		(36,172)	826	35,346	0		0
Profit (Loss) for the year				(491)	(491)	87	(404)
30 Jun 2020	5,450	359,849	0	(491)	364,808	622	365,429

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				936	936	71	1,006
Other Profit (Loss) on comprehensive income		12			11	2	14
30 Jun 2021	50	1,745,470	0	936	1,746,456	745	1,747,201

TeamSystem Group

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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 Pesaro 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 30 June 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 30 June 2021 (produced at Brunello Bidco consolidation hierarchy) show comparative figures for the period ended 30 June 2020 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 changes in equity;
- the consolidated statement of cash flows;

and comparative figures for the period ended 31 December 2020 at TeamSystem Holding S.p.A. consolidated figures for the components of consolidated statement of financial position.

The interim consolidated financial statements for the period ended 30 June 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 six months ended 30 June 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 30 June 2021 and the consolidated financial statements of TeamSystem Holding S.p.A. for the period ended 30 June 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	1,725,100,653	(20,407,734)	EUR				
Barolo Lux 1 S.à.r.l.	Pesaro	630,338,198	625,217,629	(225,274)	EUR	100.00	100.00		
TeamSystem Holding S.p.A.	Pesaro	5,450,000	673,442,530	(88,005)	EUR	100.00	100.00		
TeamSystem S.p.A.	Pesaro	24,000,000	367,205,226	15,700,119	EUR	100.00	100.00		
TeamSystem Service S.r.l.	Campobasso	200,000	41,748,671	6,552,740	EUR	100.00	100.00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	257,222	81,557	EUR	65.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	100,000	48,953,329	9,726,972	EUR	100.00	100.00		
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	90,533,805	20,568,455	EUR	100.00	100.00		2
Mondora S.r.l.	Milan	105,000	3,899,635	312,143	EUR	100.00	100.00		
Voispeed Limited	Saint Albans - UK	1,000	137,125	35,496	GBP	85.00	85.00		3
Aliaslab S.p.A.	Milan	156,000	49,430,764	4,263,041	EUR	100.00	100.00		
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
Evols S.r.l.	Catania	887,000	979,157	(431,365)	EUR	51.00	100.00	1	
Cassanova S.r.l.	Sant. di Romagna (RN)	10,000	1,421,078	285,194	EUR	51.00	100.00	1	
Evolution Fit S.r.l.	Turin	10,000	995,845	259,379	EUR	71.00	100.00	1	
TeamSystem Active S.r.l.	Pesaro	15,000	425,598	55,048	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	300,000	26,583,716	3,209,048	EUR	96.87	96.87		5
Nuovamacut Automazione S.p.A.	Bologna	108,000	24,743,602	1,683,749	EUR	100.00	100.00		
Skylab Italia S.r.l.	Turin	143,600	8,619,581	658,925	EUR	100.00	100.00		
Gi.Esse Macchine Utensili S.r.l.	Assago (MI)	100,000	1,298,979	(19,309)	EUR	100.00	100.00		6
Techmass S.r.l.	Bassano del Grappa (VI)	11,538	296,967	23,508	EUR	51.00	100.00	1	
TeamSystem BK S.r.l.	Campobasso	1,010,000	5,552,470	(55,492)	EUR	100.00	100.00		7
TeamSystem Financial Value Chain S.r.l.	Milan	4,931,373	13,470,435	(25,589)	EUR	61.00	100.00	1	
White S.r.l.	Milan	15,000	1,677,261	398,611	EUR	100.00	100.00		8
Factor@Work S.r.l.	Milan	65,000	134,248	(149,302)	EUR	100.00	100.00		8
TeamSystem AM Holdco S.r.l.	Milan	10,000	1,778,574	(6,673)	EUR	71.00	100.00	1	
TeamSystem Capital at Work SGR S.p.A.	Milan	100,000	655,228	(444,011)	EUR	100.00	100.00		9
TeamSystem Payments Holdco S.r.l.	Milan	10,000	3,611,419	(110,217)	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milan	125,000	2,475,147	(505,867)	EUR	100.00	100.00		10
TeamSystem 5 S.r.l.	Trento	10,000	2,805,783	(245,912)	EUR	100.00	100.00		
Area 32 S.r.l.	San Donà di Piave (VE)	10,000	396,379	105,642	EUR	100.00	100.00		
MBM Italia S.r.l.	Padova	40,800	1,964,638	786,102	EUR	61.00	100.00	1	
AF Soluzioni S.r.l.	Salerno	70,000	852,064	119,461	EUR	60.00	100.00	1	
Beneficy S.r.l.	Roma	90,000	86,796	(125,177)	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	10,000	856,369	170,950	EUR	90.00	100.00	1	
Habble S.r.l.	Vecchiano (PI)	21,930	1,643,549	155,685	EUR	60.00	100.00	1	
Software del Sol S.A.	Mengibar (Jaén)	75,000	2,573,123	967,574	EUR	100.00	100.00		
TeamSystem 6 S.r.l.	Milan	10,000	2,792,052	(100,048)	EUR	100.00	100.00		
TeamSystem 7 S.r.l.	Milan	10,000	(84,456)	(84,456)	EUR	100.00	100.00		
TeamSystem 8 S.r.l.	Milan	10,000	(352,105)	(362,105)	EUR	100.00	100.00		
TeamSystem 9 S.r.l.	Milan	10,000	572,629	22,529	EUR	100.00	100.00		
Modelfinance S.r.l.	Trieste	210,000	1,751,730	393,562	EUR	59.00	100.00	1	

Amounts in Euro

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
INTT 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
Var4Team S.r.l.	Bergamo				EUR	20.00	20.00		

- (1) = equity interest would be 100% should put/call options be exercised;
(2) = investment held by Danea Soft S.r.l.;
(3) = investment held by TeamSystem Communication S.r.l.;
(4) = investment held by Reviso International ApS;
(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 SIX MONTHS OF 2021

The 30 June 2021 scope of consolidation has changed (compared to the TeamSystem Holding 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.,
- TeamSystem 8 S.r.l.,
- TeamSystem 9 S.r.l.,
- Modefinance S.r.l.

in the 30 June 2021 Consolidated Financial Statements.

As regards the investments in My Expenses S.L. and SGS System House S.r.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 six months ended 30 June 2021, taking into account the non-materiality of the acquisitions in question.

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►TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

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

The foreign companies included in the scope of consolidation at 30 June 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 six months of 2021	Exchange rate as at 30 Jun 2021	Average exchange rate for the first six months of 2020	Exchange rate as at 31 December 2020
GBP	0.86801	0.85805	0.87463	0.89900
DKK	7.4364	7.43620	7.4648	7.45420

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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.

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

	30 Jun 2021	30 Jun 2020	Change	% Change
Direct Channel	77.3	69.1	8.2	11.9%
Recurring	65.2	59.2	6.0	10.2%
Licenses/Prof. Services	12.1	9.9	2.2	22.0%
Indirect Channel	46.3	47.0	(0.6)	-1.4%
Recurring	43.1	44.2	(1.1)	-2.6%
Licenses/Prof. Services	3.3	2.8	0.5	18.0%
Micro and new Business Solutions	46.7	31.4	15.2	48.4%
Recurring	43.5	29.1	14.5	49.8%
Licenses/Prof. Services	3.1	2.4	0.8	31.7%
Vertical Solutions	55.9	52.0	3.9	7.6%
Recurring	35.1	31.9	3.2	10.1%
Licenses/Prof. Services	20.8	20.1	0.7	3.5%
Hardware & Other	2.6	1.5	1.1	75.9%
TOTAL REVENUE	228.9	201.0	27.9	13.9%

Total Revenue for the period ended 30 June 2021 amounts to € 228.9 millions, up by € 27.9 millions compared to the corresponding figure for the period ended 30 June 2020 (€ 201.0 millions).

This movement (attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2021) is mainly driven by the increase in Micro and new Business Solutions (€ 15.2 millions) and in Direct Channel (€ 8.2 millions).

2. COST OF RAW AND OTHER MATERIALS

	30 Jun 2021	30 Jun 2020	Change	% Change
Hardware purchases	4,729	2,802	1,927	68.8%
Third parties' software	14,676	12,926	1,750	13.5%
Handbooks and forms	0	30	(30)	-100.0%
Materials for education	8	48	(40)	-84.1%
Fuel	463	556	(93)	-16.8%
Other materials	218	89	129	145.3%
Change in inventory of raw materials	200	(13)	213	-1659.4%
Total	20,293	16,439	3,855	23.4%

Cost of raw and other materials amounts to € 20,293 thousand for the period ended 30 June 2021, up by € 3,855 thousand compared to the amount at 30 June 2020 (€ 16,439 thousand). This increase, mainly recorded in the line items Hardware purchases and Third parties' software, is attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2021.

3. COST OF SERVICES

	30 Jun 2021	30 Jun 2020	Change	% Change
Agent commissions and other costs	7,591	7,505	86	1.1%
Consulting and third parties services	6,560	4,941	1,619	32.8%
Software and Hardware maintenance costs	11,811	8,123	3,688	45.4%
Customer support service costs	3,219	1,885	1,334	70.8%
Administrative tax and legal	2,576	2,279	297	13.0%
Financial interest costs	376	376		
Education - consulting and copyrights	1,262	1,445	(183)	-12.7%
Magazines - consulting and copyrights	707	712	(4)	-0.6%
Other costs for education services	44	191	(147)	-76.9%
Advertising and marketing	7,471	5,497	1,974	35.9%
Car rentals	1,730	1,625	104	6.4%
Utilities	1,851	1,930	(79)	-4.1%
Costs for mergers and acquisitions	9,233	547	8,686	1587.9%
Other minor items	126	292	(166)	-56.8%
Costs for strategic projects and reorganizations	2,689	103	2,586	2505.4%
Cost of Rebates	1,867	2,326	(459)	-19.7%
Other services	3,922	4,837	(915)	-18.9%
Cost of services - Gross of capitalisation	63,036	44,237	18,798	42.5%
Services capitalized development costs	(1,687)	(1,176)	(511)	43.4%
Total	61,348	43,061	18,287	42.5%

Cost of services for the period ended 30 June 2021 amounts to € 61,348 thousand, up by € 18,287 thousand from the amount of the period ended 30 June 2020 (€ 43,061 thousand).

Compared to the corresponding period ended 30 June 2020, the main increases have been registered in:

- Software and Hardware maintenance costs, related to the organic growth of the Group;
- Costs for mergers and acquisition (mainly consisting of one-off cost related to the Acquisition of TeamSystem Group);
- Costs for strategic projects and reorganizations.

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

4. PERSONNEL COSTS

	30 Jun 2021	30 Jun 2020	Change	% Change
Wages, salaries and social contributions	69,712	59,435	10,276	17.3%
Staff leaving indemnities	3,219	2,895	324	11.2%
Other personnel costs	342	243	100	41.1%
Personnel costs for redundancy and reorganizations	474	743	(269)	-36.2%
Employee costs	73,747	63,316	10,431	16.5%
Freelancers and collaborators fees	133	275	(142)	-51.7%
Directors' fees and related costs	1,983	1,209	775	64.1%
Directors and Collaborators	2,116	1,484	632	42.6%
Personnel - Gross of capitalisation	75,863	64,800	11,063	17.1%
Personnel capitalized development costs	(5,786)	(7,062)	1,276	-18.1%
Total	70,077	57,738	12,339	21.4%

Personnel costs for the period ended 30 June 2021 (€ 70,077 thousand) have increased by € 12,339 thousand, compared to the corresponding amount for the period ended 30 June 2020 (€ 57,738 thousand), as a consequence of the change in the consolidation area and of the organic growth experienced by the Group in the first six months of 2021.

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

5. OTHER OPERATING COSTS

	30 Jun 2021	30 Jun 2020	Change	% Change
Rents	893	746	147	19.7%
Rentals	150	153	(3)	-1.7%
Other expenses for use of third parties assets	132	168	(36)	-21.4%
Other tax	260	197	63	31.8%
Losses from assets disposals	35	3	33	1194.5%
Other expenses and settlement costs	1,265	1,961	(696)	-35.5%
Total	2,735	3,228	(493)	-15.3%

Other operating costs for the period ended 30 June 2021 (€ 2,735 thousand) have decreased for an amount of € 493 thousand compared to the corresponding amount for the period ended 30 June 2020 (€ 3,228 thousand).

6. FINANCE INCOME

	30 Jun 2021	30 Jun 2020	Change	% Change
Interest and other finance income	49	19	30	152.0%
Gains on foreign exchange	6	2	4	263.2%
Interest from banks	1	0	1	407.5%
Depreciation - Liabilities to non-controll. shareholders of subs.	236	31	206	672.4%
MTM valuation of derivative instruments		87	(87)	-100.0%
Dividends	554	0	554	n.s.
Total	846	139	707	508.2%

Finance income for the period ended 30 June 2021 (€ 846 thousand) have increased compared to the corresponding amount at 30 June 2020 (€ 139 thousand) for an amount of € 707 thousand.

7. FINANCE COST

	30 Jun 2021	30 Jun 2020	Change	% Change
Interest on bank loans	631	733	(103)	-14.0%
Interest on Notes	20,453	15,167	5,286	34.9%
Interest on derivative instruments	0	89	(89)	-100.0%
Interest on financing fees	10,303	1,400	8,903	636.1%
Revaluation - Liabilities to non-controll. shareholders of subs.	11,912	5,775	6,136	106.3%
Bank commissions	1,708	921	786	85.4%
Interests on actuarial valuation of employees benefit	129	98	31	31.6%
Interests on leases - IFRS 16	511	513	(2)	-0.4%
Other IFRS financial charges	1,867	4,329	(2,462)	-56.9%
Other financial charges	126	1,350	(1,224)	-90.7%
Losses on foreign exchange	37	9	29	326.5%
Total	47,676	30,383	17,293	56.9%

Finance cost for the period ended 30 June 2021 amounts to € 47,676 thousand with an increase of € 17,293 thousand, compared to the corresponding amount at 30 June 2020 (€ 30,383 thousand).

This change is mainly attributable to:

- the increase of € 6,136 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 € 8,903 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 € 5,286 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 six months of 2021.

Cash flows from operating activities = amount to € 88,330 thousand for the period ended 30 June 2021, increasing by € 5,803 thousand, compared to the corresponding flows for the period ended 30 June 2020 (€ 82,527 thousand).

Cash flows from investing activities = amount to negative € 1,860,329 thousand for the period ended 30 June 2021.

The main investment activities for the first six 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., Modefinance S.r.l., SGS System House S.r.l. and Var4Team S.r.l..

Cash flows from financing activities = amount to € 1,824,995 thousand for the period ended 30 June 2021.

The main cash items occurred in the first six 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 repayment of the revolving credit facility (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 S.r.l., Skylab S.r.l., Aliaslab S.p.A. and Madbit S.r.l.;
- 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 payment of Financing Fees in relation of the issuance of 2028 Fixed Rate Notes and 2028 Floating Rate Notes and the payment of Financing Fess related to the New RCF facility negotiated by Brunello Bidco;
- the capital increase which took place in Brunello Bidco in order to fund the acquisition of TeamSystem Group.

9. TANGIBLE ASSETS

NET BOOK VALUE	30 Jun 2021	31 Dec 2020	Change	% Change
Land	948	948		
Buildings	2,733	2,876	(143)	-5.0%
Plant and machinery	2,794	3,248	(454)	-14.0%
Equipment	1,156	990	166	16.7%
Other assets	6,549	6,884	(335)	-4.9%
Total	14,180	14,946	(766)	-5.1%

At 30 June 2021 Tangible fixed assets amount to € 14,180 thousand, down by € 766 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 € 1,956 thousand).

10. INTANGIBLE ASSETS

NET BOOK VALUE	30 Jun 2021	31 Dec 2020	Change	% Change
Capitalised development	33,473	32,709	764	2.3%
IFRS Assets	542,320	566,789	(24,468)	-4.3%
Other intangible assets	28,461	25,493	2,968	11.6%
Total	604,254	624,991	(20,737)	-3.3%

Intangible assets have gone from € 624,991 thousand at 31 December 2020 to € 604,254 thousand at 30 June 2021, with a decrease of € 20,737 thousand resulting from the aggregate of disposals, additions, capitalised development costs (€ 7,474 thousand) and amortisation (€ 36,894 thousand) for the period ended 30 June 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).

Because of the Acquisition of TeamSystem Group in early 2021 made by Brunello Bidco S.p.A. (special purpose vehicle set up by private equity funds affiliated with Hellman & Friedman), during the course of 2021 the Management of the Group 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; the the purchase price allocation process is still underway at the reporting date of this document.

11. RIGHT OF USE

As at 30 June 2021 Right of use amounts to € 22,658 thousand, down by € 2,118 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 30 June 2021 amounts to € 2,444,322 thousand with an increase of € 1,622,235 thousand compared to the balance at 31 December 2020 (€ 822,087 thousand). This increase is mainly 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, the Management of the Group 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 which is still in progress at the reportin date of this document.

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

	30 Jun 2021	31 Dec 2020	Change	% Change
Investments in Associates	342	5,338	(4,996)	-93.6%
Other Investments	9,682	723	8,959	1239.8%
Total	10,024	6,061	3,963	65.4%

The balance of Investments in Associates and Other investments changed from € 6,061 thousand at 31 December 2020 to € 10,024 thousand at 30 June 2021, with an increase of € 3,963 thousand.

The increase mainly refers to the acquisition of My Expenses S.L., SGS System House S.r.l. and Var4Team S.r.l. (for further information, see “Significant events during the first six months of 2021” section in Directors’ report).

14. DEFERRED TAX ASSETS AND LIABILITIES

	30 Jun 2021	31 Dec 2020	Change	% Change
Deferred tax assets	14,431	14,096	335	2.4%
Deferred tax liabilities	128,170	161,292	(33,122)	-20.5%

At 30 June 2021 Deferred tax assets amount to € 14,431 thousand, up by € 335 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 30 June 2021 Deferred tax liabilities amount to € 128,170 thousand with a decrease of € 33,122 thousand compared to the balance at 31 December 2020 (€ 161,292 thousand), primarily due to the reversal (accounted for in the profit and loss account) of the residual value of deferred tax assets (for an amount of € 26,016 thousand) as a consequence of the decision (made by subsidiary TeamSystem S.p.A.) of stepping-up the tax value of the Software and the Brand in accordance with the provision of Decree Law of 14 August 2020, number 104.

15. NET FINANCIAL INDEBTEDNESS

	30 Jun 2021		31 Dec 2020			
	Current	Non-Current	Total	Current	Non-Current	Total
Bank accounts and post office	53,476		53,476	63,661		63,661
Cash and bank balances	31		31	31		31
Total Cash and bank balances	53,507		53,507	63,691		63,691
Loans	1,004	50	1,054	1,610	50	1,660
Accruals and prepaid commissions	156		156			
Other financial assets	2,010	204	2,214	23	203	226
Total Other financial assets	3,170	254	3,424	1,633	253	1,886
Loans with banks	(292)	(681)	(973)	(15,714)	(1,304)	(17,018)
Finance leases liabilities	(4,402)	(19,732)	(24,134)	(6,300)	(19,732)	(26,033)
Notes	(16,370)	(1,150,000)	(1,166,370)	(1,417)	(750,000)	(751,417)
Financial liabilities with other institutions	(147)		(147)	(13)		(13)
Dividends to be settled	(40)		(40)	(40)		(40)
Total Financial liabilities	(21,250)	(1,170,413)	(1,191,663)	(23,484)	(771,036)	(794,520)
Financing Fees - bond	0	40,920	40,920		7,029	7,029
Financing Fees - banks	489	2,495	2,984	701		701
Total Financing Fees	489	43,415	43,905	701	7,029	7,730
Liabilities to non-controlling shareholders of subs.	(30,114)	(38,673)	(68,786)	(145,251)	(47,302)	(192,553)
Commission financial liabilities	(590)		(590)	(2)		(2)
Other financial liabilities	(8)		(8)	(21)		(21)
Total Other financial liabilities	(30,712)	(38,673)	(69,384)	(145,275)	(47,302)	(192,576)
Total	5,205	(1,165,417)	(1,160,212)	(102,733)	(811,056)	(913,788)

Net financial indebtedness as at 30 June 2021 amounts to negative € 1,160,212 thousand.

Cash and bank balances

The amount of cash and bank balances stands at € 53,507 thousand as at 30 June 2021 and at € 63,691 thousand at 31 December 2020.

Financial leases liabilities

Following the adoption of IFRS 16 – Leases, Financial leases liabilities at 30 June 2021 reflects the recognition of a financial liability of € 24,134 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 30 June 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 30 June 2020 there are not debt balances pertaining to 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 (€ 68,786 thousand at 30 June 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: TeamSystem Financial Value Chain S.r.l., MBM Italia S.r.l., Software del Sol S.A. and Modefinance S.r.l..

16. INVENTORIES

	30 Jun 2021	31 Dec 2020	Change	% Change
Raw and ancillary materials	462	461	1	0.2%
Finished products and goods	903	1,166	(263)	-22.5%
(Allowance for slow-moving inventory)	(458)	(518)	60	-11.6%
Total	907	1,109	(202)	-18.2%

At 30 June 2021 Inventories amount to € 907 thousand, down by € 202 thousand compared to the balance at 31 December 2020 (€ 1,109 thousand).

17. TRADE RECEIVABLES

	30 Jun 2021	31 Dec 2020	Change	% Change
Trade receivables	200,844	142,222	58,622	41.2%
(Allowance for bad debts)	(24,779)	(22,203)	(2,576)	11.6%
Total	176,065	120,019	56,046	46.7%

At 30 June 2021 Trade receivables (gross of Allowance for bad debts) amount to € 200,844 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 € 24,779 thousand, that has been posted in the accounts after having analysed the specific risk associated with doubtful balances. The balance of Allowance for bad debts is the aggregate of utilisations, accruals and any other movements.

18. TAX RECEIVABLES

	30 Jun 2021	31 Dec 2020	Change	% Change
Tax credits	328	128	200	156.4%
Other tax receivables	76	107	(31)	-29.2%
Withholding tax credit	52	13	39	308.2%
Tax consolidation receivables	9	6	3	44.2%
Advances and income tax credits	1,786	618	1,167	188.8%
Total	2,251	872	1,378	158.0%

At 30 June 2021 Tax receivables amount to € 2,251 thousand, up by € 1,378 thousand compared to the balance at 31 December 2020 (€ 872 thousand).

19. OTHER CURRENT RECEIVABLES

	30 Jun 2021	31 Dec 2020	Change	% Change
Deposits	744	1,073	(329)	-30.6%
Receivables from employees	218	611	(393)	-64.3%
Other receivables	3,447	4,068	(621)	-15.3%
Accrued income	511	156	355	228.1%
Prepayments	31,852	22,725	9,127	40.2%
VAT receivables	552	2,281	(1,728)	-75.8%
Total	37,325	30,914	8,139	26.3%

At 30 June 2021 the Other current receivables balance amounts to € 37,325 thousand, up by € 8,139 thousand compared to the 31 December 2020 balance (€ 30,914 thousand). The movement is mainly due to the increase in the line-item Prepayments (€ 9,127 thousand), because of the seasonality of the business of the Group, and is partially offset by the decrease of Other receivables (€ 621 thousand) and VAT receivables (€ 1,728 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		(36,172)	826	35,346	0		0
Profit (Loss) for the year				(491)	(491)	87	(404)
30 Jun 2020	5,450	359,849	0	(491)	364,808	622	365,429

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				936	936	71	1,006
Other Profit (Loss) on comprehensive income		12			11	2	14
30 Jun 2021	50	1,745,470	0	936	1,746,456	745	1,747,201

At 30 June 2021 the Group's equity amounts to € 1,746,456 thousand.

21. STAFF LEAVING INDEMNITY

	30 Jun 2021	31 Dec 2020	Change	% Change
Staff leaving indemnity	21,165	19,835	1,329	6.7%
Total	21,165	19,835	1,329	6.7%

At 30 June 2021 Staff leaving indemnity amounts to € 21,165 thousand, up by € 1,329 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

	30 Jun 2021	31 Dec 2020	Change	% Change
Provision for pension and similar obligation	1,903	1,907	(4)	-0.2%
Provision for litigations	1,393	1,592	(199)	-12.5%
Other provision for risks and charges	1,090	1,057	34	3.2%
Total	4,387	4,556	(169)	-3.7%

At 30 June 2021 Provisions for risks and charges amount to € 4,387 thousand, down by € 169 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

	30 Jun 2021	31 Dec 2020	Change	% Change
VAT liabilities	5,875	2,187	1,799	82.2%
Withholdings liabilities	3,871	4,467	(220)	-4.9%
Employees payables and Social security liabilities	25,690	29,122	(3,433)	-11.8%
Advances	610	455	156	34.2%
Other liabilities	882	1,464	(582)	-39.8%
Accrued liabilities	372	211	161	76.4%
Deferred revenues	172,010	74,589	97,421	130.6%
Other current liabilities	209,311	112,495	95,302	84.7%
Due to social securities - non-current	447	468	(22)	-4.7%
Other tax liabilities - non-current	8	8		
Other non-current liabilities	454	476	(22)	-4.6%
Total Other liabilities	209,766	112,971	95,281	84.3%

At 30 June 2021 Other current liabilities amount to € 209,311 thousand, up by € 95,302 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 (€ 97,421 thousand).

At 30 June 2021 Other non-current liabilities amount to € 454 thousand (€ 476 thousand at 31 December 2020) and relate primarily to balances pertaining to the subsidiary TeamSystem S.p.A..

24. CURRENT TAX LIABILITIES

	30 Jun 2021	31 Dec 2020	Change	% Change
Income tax payables	6,473	6,378	95	1.5%
Other tax liabilities	28	12	16	132.7%
Total	6,500	6,389	111	1.7%

At 30 June 2021 Current tax liabilities amount to € 6,500 thousand, up by € 111 thousand compared to the balance at 31 December 2020 (€ 6,389 thousand).

In the line item “Income tax payables” is also included the amount of € 3,859 thousand referring to the outstanding balance of the substitute tax that has been posted (in the line item current income tax of the consolidated profit and loss accounts for a total amount of € 5,788 thousand) by the subsidiaries:

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

that have decided to stepping-up the tax value of some intangible assets (Software and Brand), for the carrying amount of these assets booked in their balance sheet as at 31 December 2020, in accordance with the provision of Decree Law of 14 August 2020 , number 104.

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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 30 Jun 2021 Total	Brunello MidCo2 stand alone	Intercompany elimination	Brunello Midco2 Consolidated 30 Jun 2021 Total
Bank accounts and post office	53.476	4		53.480
Cash and bank balances	31			31
Total Cash and bank balances	53.507	4		53.511
Loans	1.054			1.054
Accruals and prepaid commissions	156			156
Other financial assets	2.214			2.214
Total Other financial assets	3.424			3.424
Loans with banks	(973)			(973)
Finance leases liabilities	(24.134)			(24.134)
Notes	(1.166.370)	(308.811)		(1.475.180)
Financial liabilities with other institutions	(147)			(147)
Dividends to be settled	(40)			(40)
Total Financial liabilities	(1.191.663)	(308.811)		(1.500.474)
Financing Fees - bond	40.920	7.932		48.852
Financing Fees - banks	2.984			2.984
Total Financing Fees	43.905	7.932		51.836
Liabilities to non-controlling shareholders of subs.	(68.786)			(68.786)
Commission financial liabilities	(590)			(590)
Other financial liabilities	(8)			(8)
Total Other financial liabilities	(69.384)			(69.384)
Total	(1.160.212)	(300.876)		(1.461.087)

□ □ □

